

**Middle East Bank (Public Joint Stock Company)**

**Independent Auditor's Report**

**For the financial year ended 20 March 2015**



**Independent Auditor's Report**  
**to the Members of**  
**Middle East Bank (Public Joint Stock Company)**

We have audited the accompanying consolidated financial statements of Middle East Bank ("the Bank") and its subsidiary ("the Group") which comprise the balance sheet as at March 20, 2015, the income and cash flow statements for the financial period then ended and a summary of significant accounting policies and other explanatory notes, for both the Bank and the Group (the consolidated entity). The consolidated entity comprises the Bank and the entity it controlled at the year end.

***Director's Responsibility for the Financial Statements***

The directors of the Bank are responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Iran. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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**Middle East Bank (Public Joint Stock Company)**

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

***Basis for qualified opinion***

The difference between the 2013 and 2014 tax provision and tax assessments raised is Rls. 82,910 m. The Bank has protested the assessments and the matter is being reviewed by the Tax Authorities. No provision has been made for the above difference. The 2015 income tax provision has also been made on the same basis as the previous years, hence it is likely that the tax assessment exceeds the corresponding provision. The final tax liability of the Bank for these years is subject to the final assessments being raised by the Tax Authorities.

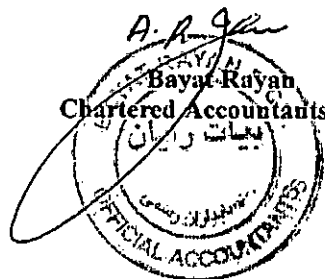
***Qualified opinion***

In our opinion, except for the effect of the matter referred to in the preceding paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of Middle East Bank and the consolidated entity as of March 20, 2015 and of their performance and cash flows for the period then ended in conformity with the Iranian Accounting Standards.

***Other regulatory requirements***

- The related party transactions, listed in Note 41 to the financial statements, have been reviewed by us. These transactions have been duly approved by the Board of Directors. We did not note any evidence suggesting that these transactions have not been carried out in the ordinary course of the Bank's business.
- We also reviewed the Board of Directors report to the annual general meeting of shareholders. In our opinion the financial information included in the report is in conformity with the Bank's financial records.
- Our review of compliance with the requirements of Article 33 of the Executive Procedures of Anti-Money Laundering Act revealed that the application for "customers expected level of activity" has not been installed; hence the process is being checked by the Branches manually. Except for this matter, we noted no other instances whereby the relevant regulations have not been complied with.
- Non compliance with the Central Bank of Iran (CBI) regulations have been separately reported to the CBI.

Tehran: July 1, 2015



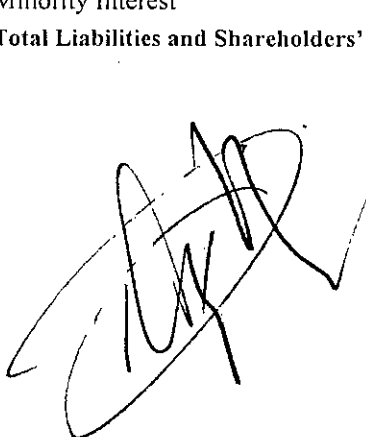



**Consolidated Financial Statements  
(Audited)**

**Financial Year ended March 20, 2015**

**Middle East Bank (Public Joint Stock Company)**  
**Consolidated Balance Sheet as at March, 20, 2015**

	Note	Million Rials	
		20 March 2015	20 March 2014 Restated
<b>Assets:</b>			
Cash	5	187,986	144,873
Due from Central Bank of Iran	6	2,988,543	2,012,965
Due from other Financial Institutions	7	1,230,068	1,589,869
Participation Bonds	8	600,402	723,000
Investments	9	906,495	941,777
Loans	10	20,700,215	12,680,109
Accounts Receivable	11	1,207,607	842,661
Tangible Fixed Assets	12	2,142,335	1,785,411
Intangible Assets	13	664,723	494,280
Other Assets	14	79,731	62,146
<b>Total Assets</b>		<b>30,708,105</b>	<b>21,277,091</b>
<b>Liabilities and Equity:</b>			
Customers Deposits	15	22,048,319	14,050,600
Other Deposits	16	1,236,235	357,903
Due to other Financial Institutions	17	106,122	79,207
Due to Central Bank of Iran	18	1,749,067	1,580,160
Dividends Payable	19	3,780	10,022
Provision for Income Tax	20	114,836	122,300
Other Liabilities and Provisions	21	297,577	224,888
Staff Termination Benefits	22	25,172	9,467
<b>Total Liabilities</b>		<b>25,581,108</b>	<b>16,434,547</b>
Share Capital	23	4,000,000	4,000,000
Parent Shares Acquired by Subsidiary		(456)	(670)
Legal Reserve	24	313,498	184,756
Retained Earnings		791,244	651,558
<b>Parent Entity Total Equity</b>		<b>5,104,286</b>	<b>4,835,644</b>
Minority Interest	25	22,711	6,900
<b>Total Liabilities and Shareholders' Equity</b>		<b>30,708,105</b>	<b>21,277,091</b>



The accompanying notes are integral part of these financial statements.

**Middle East Bank (Public Joint Stock Company)**  
**Consolidated Profit and Loss Accounts**  
**For the Year Ended 20 March 2015**

	Note	Million Rials	
		Year Ended to 20 March 2015	Year Ended to 20 March 2014 <u>Restated</u>
<b>Income:</b>			
Interest Income	26	4,232,333	1,962,038
Investments and Deposits Income	27	686,883	673,446
Interest Expenses	28	(3,703,741)	(1,472,953)
Net Interest and Investment Income		<u>1,215,475</u>	<u>1,162,531</u>
Commission Income	29	265,234	132,810
Income from Foreign Exchange Transactions	30	56,025	(410)
Other Incomes	31	34,021	19,277
		<u>355,280</u>	<u>151,677</u>
<b>Operating Income</b>		<b>1,570,755</b>	<b>1,314,208</b>
<b>Expenses:</b>			
Administration and General Expenses	32	(430,999)	(257,601)
Provision for Doubtful Loans	33	(148,028)	(158,192)
Commission Expense	34	(5,626)	(2,282)
Total Expenses		<u>(584,653)</u>	<u>(418,075)</u>
<b>Profit before Tax</b>		<b>986,102</b>	<b>896,133</b>
Income Tax		(114,836)	(67,125)
<b>Net Profit</b>		<b>871,266</b>	<b>829,008</b>
Minority Interest		<u>(2,838)</u>	<u>(5,687)</u>
Profit Attributable to Shareholders of the Parent Company		<u>868,428</u>	<u>823,321</u>
Earning per Share		217	206

**Statement of Retained Profit**

<b>Net Profit for the Year</b>		<b>871,266</b>	<b>829,008</b>
Retained Earnings- Beginning Balance		706,733	346,362
Previous Years Adjustments	35	(55,175)	(55,175)
<b>Adjusted Retained Earnings- Opening Balance</b>		<b>651,558</b>	<b>291,187</b>
Dividend		(599,680)	(340,000)
		<u>51,878</u>	<u>(48,813)</u>
<b>Distributable Profit</b>		<b>923,144</b>	<b>780,195</b>
Transfer to Legal Reserve		(128,742)	(123,540)
<b>Retained Earnings- End of the Year</b>		<b>794,402</b>	<b>656,655</b>
Minority Interest in Retained Earnings		<u>(3,158)</u>	<u>(5,097)</u>
Retained Earnings Attributable to Shareholders of the Parent Company		<u>791,244</u>	<u>651,558</u>

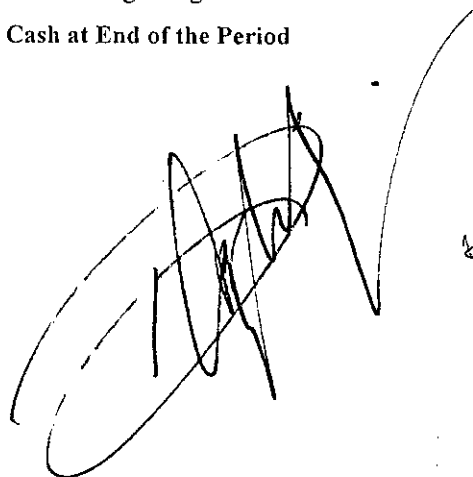
The statement of comprehensive income is not presented because its elements would only have consisted of net profit for the year

The accompanying notes are an integral part of these financial statements.



**Middle East Bank (Public Joint Stock Company)**  
**Consolidated Statement of Cash Flows**  
**For the Year Ended 20 March 2015**

	Note	Million Rials	
		Year Ended to 20 March 2015	Year Ended to 20 March 2014
		Rls (m)	Rls (m) Restated
<b>Operating Activities:</b>			
Cash Flow from Operating Activities	37	807,344	3,628,292
<b>Investing Activities:</b>			
Purchase of Tangible Fixed Assets		(412,463)	(1,250,453)
Sale of Tangible Fixed Assets		9,258	-
Purchase of Intangible Assets		(171,269)	-
Purchase of Long Term Investments		-	(364,516)
Sale of Long Term Investments		13,167	-
Purchase of Short Term Investments		(434,096)	(1,249,601)
Sale of Short Term Investments		282,101	731,013
Dividends Income		182,875	188,226
<b>Net Cash Flow from Investing Activities</b>		<b>(530,427)</b>	<b>(1,945,331)</b>
<b>Financing activities:</b>			
Capital raised from Minority		7,800	-
Paid Dividend		(606,242)	(329,978)
<b>Net Cash Flow (used in) from Financing Activities</b>		<b>(598,442)</b>	<b>(329,978)</b>
<b>Net Increase (Decrease) in Cash</b>	38	<b>(321,524)</b>	<b>1,352,983</b>
Currency Gain (Loss)		(41)	-
Cash at Beginning of the Period	38	1,836,718	483,735
<b>Cash at End of the Period</b>	38	<b>1,515,153</b>	<b>1,836,718</b>



E. U. Alimogh



The accompanying notes are integral part of these financial statements.

**Middle East Bank (Public Joint Stock Company)**

**Balance Sheet as at March, 20, 2015**

	Note	Million Rials	
		20 March 2015	20 March 2014
			Restated
<b>Assets:</b>			
Cash	5	122,249	72,519
Due from Central Bank of Iran	6	2,988,543	2,012,965
Due from other Financial Institutions	7	1,223,712	1,574,321
Participation Bonds	8	600,402	723,000
Investments	9	962,411	954,563
Loans	10	20,751,434	12,708,181
Accounts Receivable	11	1,232,936	889,037
Tangible Fixed Assets	12	2,082,375	1,777,794
Intangible Assets	13	662,729	493,972
Other Assets	14	64,631	46,231
<b>Total Assets</b>		<b>30,691,422</b>	<b>21,252,583</b>
<b>Liabilities and Equity:</b>			
Customers Deposits	15	22,109,674	14,064,860
Other Deposits	16	1,236,588	358,053
Due to other Financial Institutions	17	79,122	75,207
Due to Central Bank of Iran	18	1,749,067	1,580,160
Dividends Payable	19	3,780	10,022
Provision for Income Tax	20	112,750	115,889
Other Liabilities and Provisions	21	296,508	206,944
Staff Termination Benefits	22	22,480	8,513
<b>Total Liabilities</b>		<b>25,609,969</b>	<b>16,419,648</b>
Share Capital	23	4,000,000	4,000,000
Legal Reserve	24	311,494	184,216
Retained Earnings		769,959	648,719
<b>Parent Entity Total Equity</b>		<b>5,081,453</b>	<b>4,832,935</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>30,691,422</b>	<b>21,252,583</b>

K.P. Amirghani

The accompanying notes are integral part of these financial statements.





**Middle East Bank (Public Joint Stock Company)**  
**Profit and Loss Accounts**  
**For the Year Ended 20 March 2015**

	Note	Million Rials	
		Year Ended to 20 March 2015	Year Ended to 20 March 2014
		<u>Restated</u>	
<b>Income:</b>			
Interest Income	26	4,236,583	1,963,238
Investments and Deposits Income	27	678,785	687,775
Interest Expenses	28	(3,707,698)	(1,473,941)
Net Interest and Investment Income		<u>1,207,670</u>	<u>1,177,072</u>
Commission Income	29	215,140	65,449
Income from Foreign Exchange Transactions	30	56,015	(410)
Other Incomes	31	34,021	19,277
		<u>305,176</u>	<u>84,316</u>
<b>Operating Income</b>		<b>1,512,846</b>	<b>1,261,388</b>
<b>Expenses:</b>			
Administration and General Expenses	32	(397,143)	(219,742)
Provision for Doubtful Loans	33	(148,809)	(158,621)
Commission Expense	34	(5,626)	(2,282)
Total Expenses		<u>(551,578)</u>	<u>(380,645)</u>
<b>Profit before Tax</b>		<b>961,268</b>	<b>880,743</b>
Income Tax		(112,750)	(60,714)
<b>Net Profit</b>		<b>848,518</b>	<b>820,029</b>

**Statement of Retained Profit**

<b>Net Profit for the Year</b>		<b>848,518</b>	<b>820,029</b>
Retained Earnings- Beginning Balance		703,894	346,869
Previous Years Adjustments	35	(55,175)	(55,175)
<b>Adjusted Retained Earnings- Opening Balance</b>		<b>648,719</b>	<b>291,694</b>
Dividend		(600,000)	(340,000)
		<u>48,719</u>	<u>(48,306)</u>
<b>Distributable Profit</b>		<b>897,237</b>	<b>771,723</b>
Transfer to Legal Reserve		(127,278)	(123,004)
<b>Retained Earnings- End of the Year</b>		<b>769,959</b>	<b>648,719</b>

The statement of comprehensive income is not presented because its elements would only have consisted of net profit for the year

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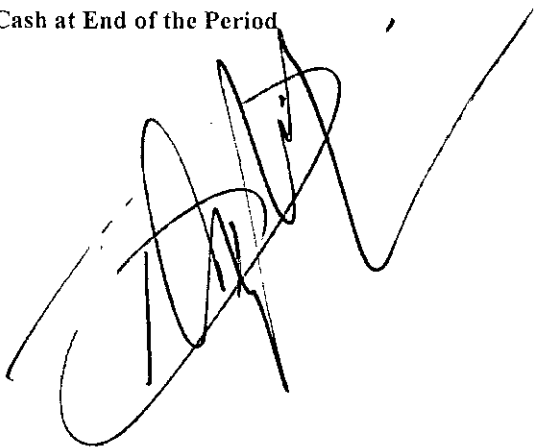
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**Middle East Bank (Public Joint Stock Company)**

**Statement of Cash Flows**

**For the Year Ended 20 March 2015**

	Note	Million Rials	
		Year Ended to 20 March 2015	Year Ended to 20 March 2014
		Rls (m)	Rls (m) Restated
<b>Operating Activities:</b>			
Cash Flow from Operating Activities	37	824,136	3,525,919
<b>Investing Activities:</b>			
Purchase of Tangible Fixed Assets		(359,264)	(1,249,602)
Sale of Tangible Fixed Assets		9,229	-
Purchase of Intangible Assets		(169,930)	-
Purchase of longterm Investments		(71,150)	(364,516)
Sale of longterm Investments		13,167	-
Purchase of shortterm Investments		(420,737)	(1,235,981)
Sale of short term Investments		292,100	731,013
Dividends Income		182,976	188,226
<b>Net Cash Flow from Investing Activities</b>		<b>(523,609)</b>	<b>(1,930,860)</b>
<b>Financing activities:</b>			
Paid Dividend		(606,242)	(329,978)
<b>Net Cash Flow (used in) from Financing Activities</b>		<b>(606,242)</b>	<b>(329,978)</b>
<b>Net Increase (Decrease) in Cash</b>	38	<b>(305,715)</b>	<b>1,265,081</b>
Currency Gain (Loss)		(41)	-
Cash at Beginning of the Period	38	1,748,816	483,735
<b>Cash at End of the Period</b>	38	<b>1,443,060</b>	<b>1,748,816</b>



K. K. Alshayjan



The accompanying notes are integral part of these financial statements.

**Middle East Bank (Public Joint Stock Company)**

**Notes on the Financial Statements**

**For the Year Ended 20 March 2015**

**1-Background**

**1-1- Formation of the Company ( Bank)**

Middle East Bank (Public Private Joint Stock Company – (“the Bank”) was approved by the Central Bank of Iran (“CBI”) under approval number 91/184904 in October 2012 and registered with Tehran Registrar of Companies under registration number 430795, in the same month. The Bank also registered with Tehran Stock Exchange in July 2012 and its shares were traded in the secondary market (“OTC”) in January 2013. The Bank’s Head Office is located in No2, 5th St. Ahmad Qasir(Bucharest) Ave. Tehran, Iran.

**1-2- Scope of the Bank Activities**

According to clause No 2 of the Bank’s Articles of Association , subject of bank activities are as follows:

- Accept all kinds of bank deposits.
- Issue bearer or registered certificate of deposits.
- Grant credit facilities.
- Open letter of credits and engage in all foreign exchange transactions.
- Issue, purchase and sell participation bonds for itself on behalf of others, under CBI’s operative regulations.
- Receive credit facilities from real or legal persons in according with the standing regulations.
- Issue bank guarantees, endorse, accept and underwrite securities including participation bonds.
- Operate self-deposit boxes.
- Grant facilities for the export of technical services.
- Participate and invest directly or through acquisition of share from stock exchange in manufacturing, commercial or service sectors, under CBI’s operative regulations and usury-free banking law.

And ...

The object of bank is to provide funding resources by accepting deposits, credit and other financial instruments and apply these funds for extension of credit and investment in various sectors of economy.

**1-3- The number of staff employed at 22.Sep.2014 was as follows:**

	<u>20.Mar.2015</u>	<u>20.Mar.2014</u>
Main office	154	125
Branches	128	91
	<u>282</u>	<u>216</u>

**1-4- The Bank has 11 branches at 20.Mar.2015 ( 8 branches at 20.March.2014).**



**Middle East Bank (Public Joint Stock Company)**

**Notes on the Financial Statements**

**For the Year Ended 20 March 2015**

**2- The Basis of Financial Statements**

The parent company's (the Bank's) and the group consolidated financial statements are based on historical cost and current price is used in some cases.

**3- Principles of Consolidation**

a) The consolidated financial statements incorporate the assets, liabilities and results of the subsidiary controlled by the Bank. Subsidiaries are fully consolidated from the date on which control commences and are consolidated from the date control ceases. In preparing the consolidation financial statements all intergroup transactions and balances have been deleted. The subsidiary subjected to consolidation are "Dadeh pardazan simaye aftar Co.", "Khavarmiyaneh Broker Co." and "Khavarmiyaneh Currency Exchange Co." and the shareholding percentage are 100, 75 and 95 respectively.

b) The Bank's shares acquired by the subsidiary, if any, are recorded at cost in the subsidiary's accounts and deducted from the Bank's equity in the consolidated financial statements

**4-Summary of Significant Accounting Policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below:

**4-1- Accounting Convention**

The consolidated financial statements have been prepared under the historical cost convention and in accordance with Iranian Accounting Standards and the CBI's monetary and banking regulations. Current values have been used where appropriate.

**4-2- Foreign Currencies**

Monetary assets and liabilities are converted at the official exchange rates, advised by the CBI, on a daily basis and exchange differences, if any, are provided in the accounts.

Non-monetary assets and liabilities are recorded at the historical exchange rates prevailing at the time of recording transactions in the accounts.



**Middle East Bank (Public Joint Stock Company)**

**Notes on the Financial Statements**

**For the Year Ended 20 March 2015**

**4-3-Investment**

- Long-term investments are valued at cost less than the provision made for any permanent reduction in their values.
- Short-term liquid investments are valued at the lower of cost and market value at the portfolio level and non liquid short-term investments are valued at the lower of cost and market value of each investment.
- Dividend from subsidiaries not consolidated are recognized as income in the year in which payments of dividends are approved in their annual general meetings (AGM's). Whilst in case of other investments, income is only recognized when approved by the investees' AGMs held prior to the Bank's year end.

**4-4- Tangible Fixed Assets**

4-4-1- Tangible fixed assets, except land are stated at purchase cost. Major repairs and improvements which extend the useful life of assets are capitalized whereas minor repairs are charged to the profit and loss account as incurred.

4-4-2- Requirements of impairment on non-current assets is in compliance with Iranian Standard 32.

4-4-3- Depreciation of fixed assets is calculated based on section 151 of Iranian Direct Taxation Act of 1988 as amended (the Tax Act) as follows:

<u>Asset</u>	<u>Depreciation Rate</u>	<u>Basis</u>
Buildings and installations	7%	Reducing balance
Fixture and fittings	10 years	Straight line
Motor vehicles	25%&.35%	Reducing balance
ATM's	10 years	Straight line
Computer hardware	3 &10 years	Straight line

4-4-4- Fixed assets acquired during a month and put to use are depreciated starting the first date of following month. Assets not utilized immediately when ready to use, are depreciated at 30% of the above rates for the period they have been idle.

4-4-5- Expenses incurred for renovation and major repairs of rented buildings are recorded under fixed assets and depreciated in 3 years.



**Middle East Bank (Public Joint Stock Company)**

**Notes on the Financial Statements**

**For the Year Ended 20 March 2015**

**4-5- Intangible Assets**

Intangible assets are recorded at cost at the time of acquisition. In accordance with the CBI's guidelines, computer software is depreciated in a straight line basis over 5 years. No depreciation is provided for goodwill and other intangible assets.

**4-6- Revenue Recognition**

- a) Interest income is recognized on accrual basis and after taking in to account the likelihood of future cash inflows from such loans.
- b) Guarantees commission is recognized as income at the time of issuing guarantees.

**4-7- Depositors Share of Profit**

Under the CBI's regulations, interest income and income from investments in shares and participation bonds are classified as "Participating income" which is divided between the Bank and its depositors proportionate to their resources. In accordance with the CBI's regulations, the Bank is entitled to receive a commission from depositors based on total interest paid to them. The commission was 2.5% for the year under review.

**4-8- Classification of Loans**

Loans are classified in accordance with the CBI's regulations and the management assessment of customers' credit risk and their ability to service facilities. The classification of loan portfolio is as follows:

Loan	Principal & Interest (PI) Outstanding in Months	Required Provision -%
Current	PI < 2	0
Overdue	2 < PI < 6	10
Postponed	6 < PI < 18	20
Doubtful	PI > 18	50 to 100

**4-9- Provision for Bad and Doubtful Loans**

Provisions for bad and doubtful debts are provided in accordance with the CBI's regulations as follows:

- a) General provision- amounting to 1.5% of the total loan portfolio.
- b) Specific provision- depending on the severity of the non-performing loans including the period of irregularity, in compliance with the CBI's regulations, the Bank is required to provide specific provisions, based on the above classification ranging from 10% to 100% of the shortfall in the balance of each loan after allowing for the value of collaterals and general provision in (a) above.

**4-10- Termination Benefits**

Staff termination benefits are provided at the rate of one month salary and other remuneration for each year of



**Middle East Bank (Public Joint Stock Company)**

**Notes on the Financial Statements**

**For the Year Ended 20 March 2015**

**5-Cash**

The details of cash balances are as follows:

	Consolidated		Parent entity	
	20.Mar.2015	20.Mar.2014	20.Mar.2015	20.Mar.2014
	Rls (m)	Rls (m)	Rls (m)	Rls (m)
Cash in hand-IRR	133,800	103,684	68,260	31,615
Cash in hand- other currencies	53,688	40,734	53,688	40,734
Others	498	455	301	170
	<u>187,986</u>	<u>144,873</u>	<u>122,249</u>	<u>72,519</u>

5-1- Cash in hand is in the Bank's branches and have counted at 20 March 2015. The cash insured against theft and fire.

**6-Due from Central Bank of Iran**

The balance due from the CBI comprises:

	Note	Consolidated		Parent entity	
		20.Mar.2015	20.Mar.2014	20.Mar.2015	20.Mar.2014
		Rls (m)	Rls (m)	Rls (m)	Rls (m)
Statutory deposit	6-1	2,891,444	1,910,989	2,891,444	1,910,989
Current account		97,099	101,976	97,099	101,976
<b>Total</b>		<u>2,988,543</u>	<u>2,012,965</u>	<u>2,988,543</u>	<u>2,012,965</u>

6-1- Statutory deposit rate is as below:

	20.Mar.2015		20.Mar.2014	
	(Rate)percentage	Rls (m)	(Rate)percentage	Rls (m)
Long term deposits	13.5	1,665,340	10,11,15	516,896
Short term deposits	13.5	980,763	15.5	1,243,290
Current account and temporary payables	13.5	157,097	17	98,306
Margin held against guarantees	13.5	87,813	17	51,787
Margin held against LCs	13.5	431	17	710
		<u>2,891,444</u>		<u>1,910,989</u>

**7-Due from Other Financial Institutions**

The details of balances due from other financial institutions are as follows:

	Consolidated		Parent entity	
	20.Mar.2015	20.Mar.2014	20.Mar.2015	20.Mar.2014
	Rls (m)	Rls (m)	Rls (m)	Rls (m)
Current account with other banks- other currencies	926,134	1,235,210	926,134	1,235,210
Current account with other banks-IRR	7,890	15,684	1,534	136
Term deposits with other banks-IRR	162,876	338,975	162,876	338,975
Term deposits with other banks- other currencies	55,988	-	55,988	-
others	77,180	-	77,180	-
	<u>1,230,068</u>	<u>1,589,869</u>	<u>1,223,712</u>	<u>1,574,321</u>



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**8-Participation Bonds**

The analysis of participation bonds is as follows:

	Consolidated		Parent entity	
	20.Mar.2015	20.Mar.2014	20.Mar.2015	20.Mar.2014
	Rls (m)	Rls (m)	Rls (m)	Rls (m)
Government Development Projects	597,900	428,000	597,900	428,000
Non-government Participation Bonds	2,502	-	2,502	-
Participation Bonds issued by CBI	-	295,000	-	295,000
<b>Total</b>	<b>600,402</b>	<b>723,000</b>	<b>600,402</b>	<b>723,000</b>

8-1-The maturity dates for bonds are as follows:

Maturity date	Profit Rate	Nominal Amount
	%	Rls (m)
2015/08/23	20	2,502
2017/02/24	20	170,000
2017/03/12	20	150,000
2017/10/28	20	277,900
		<b>600,402</b>

**9-Investments**

The details of investments are as follows:

	Note	Consolidated		Parent entity	
		20.Mar.2015	20.Mar.2014	20.Mar.2015	20.Mar.2014
		Rls (m)	Rls (m)	Rls (m)	Rls (m)
<b>Long Term</b>					
Unlisted shares	9-1	389,696	361,698	447,099	375,016
<b>Short Term</b>	9-2				
Listed shares		709,650	580,079	708,182	579,547
Accumulated decrease in value		(192,851)	-	(192,870)	-
<b>Total</b>		<b>906,495</b>	<b>941,777</b>	<b>962,411</b>	<b>954,563</b>

9-1- The details of long term investments are as follows:

	%	Consolidated		Parent entity	
		20.Mar.2015	20.Mar.2014	20.Mar.2015	20.Mar.2014
		Rls (m)	Rls (m)	Rls (m)	Rls (m)
Dadeh Pardazane Simaye Aftab Co.	100%	-	-	10,500	10,500
Khavarmiyaneh Broker Co.	75%	-	-	67,404	20,154
Tamin Sarinayeh Kardan Co.	32.92%	343,271	344,362	331,195	344,362
khavarmiyaneh Currency Exchange Co.	95%	-	-	38,000	-
Others		46,425	17,336	-	-
<b>Total</b>		<b>389,696</b>	<b>361,698</b>	<b>447,099</b>	<b>375,016</b>

9-2- Short term investments are quoted in Tehran Stock Exchange. These shares are valued at the lower of cost and realizable value.





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**10-Loans**

The details of loans net of provision for bad and doubtful debts are as follows:

	Consolidated				
	20.Mar.2015				20.Mar.2014
	Principal balance	Future interests	Doubtful debt provision	Net balance	Net balance
	Rls (m)	Rls (m)	Rls (m)	Rls (m)	Rls (m)
Mozarebeh	2,817,127	-	(43,529)	2,773,598	68,940
Mosharekat Madani (civil partnership contracts)	18,190,936	-	(302,578)	17,888,358	11,645,148
Joaleh	785	(319)	(7)	459	-
Foreign facilities	-	-	-	-	328,858
Debtors for paid L/C	38,376	-	(576)	37,800	-
Debtors for paid guarantees	-	-	-	-	637,163
	<b>21,047,224</b>	<b>(319)</b>	<b>(346,690)</b>	<b>20,700,215</b>	<b>12,680,109</b>

	Parent entity				
	20.Mar.2015				20.Mar.2014
	Principal balance	Future interests	Doubtful debt provision	Net balance	Net balance
	Rls (m)	Rls (m)	Rls (m)	Rls (m)	Rls (m)
Mozarebeh	2,817,127	-	(43,529)	2,773,598	68,940
Mosharekat Madani (civil partnership contracts)	18,242,936	-	(303,359)	17,939,577	11,673,220
Joaleh	785	(319)	(7)	459	-
Foreign facilities	-	-	-	-	328,858
Debtors for paid L/C	38,376	-	(576)	37,800	-
Debtors for paid guarantees	-	-	-	-	637,163
	<b>21,099,224</b>	<b>(319)</b>	<b>(347,471)</b>	<b>20,751,434</b>	<b>12,708,181</b>



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10-1- Classification of loan according to its principal, interest and provisions:

Consolidated					
20.Mar.2015					
	Current loans	Overdue loans	Postponed loans	Doubtful debt	Total
	Rls (m)	Rls (m)	Rls (m)	Rls (m)	Rls (m)
Mozarebeh	2,815,558	1,569	-	-	2,817,127
Mosharekat Madani (civil partnership contracts)	17,835,145	225,857	129,934	-	18,190,936
Joaleh	785	-	-	-	785
Debtors for paid L/C	38,376	-	-	-	38,376
	<b>20,689,864</b>	<b>227,426</b>	<b>129,934</b>	<b>-</b>	<b>21,047,224</b>
less:					
Future interests	(319)	-	-	-	(319)
General provision for Doubtful debt	(321,019)	(3,411)	-	-	(324,430)
special provision for Doubtful debt	-	-	(22,260)	-	(22,260)
	<b>20,368,526</b>	<b>224,015</b>	<b>107,674</b>	<b>-</b>	<b>20,700,215</b>
Parent entity					
20.Mar.2015					
	Current loans	Overdue loans	Postponed loans	Doubtful debt	Total
	Rls (m)	Rls (m)	Rls (m)	Rls (m)	Rls (m)
Mozarebeh	2,815,558	1,569	-	-	2,817,127
Mosharekat Madani (civil partnership contracts)	17,887,145	225,857	129,934	-	18,242,936
Joaleh	785	-	-	-	785
Debtors for paid L/C	38,376	-	-	-	38,376
	<b>20,741,864</b>	<b>227,426</b>	<b>129,934</b>	<b>-</b>	<b>21,099,224</b>
less:					
Future interests	(319)	-	-	-	(319)
General provision for Doubtful debt	(321,800)	(3,411)	-	-	(325,211)
special provision for Doubtful debt	-	-	(22,260)	-	(22,260)
	<b>20,419,745</b>	<b>224,015</b>	<b>107,674</b>	<b>-</b>	<b>20,751,434</b>

10-2 Loans according to interest rate:

Consolidated							
20.Mar.2015							
Interest rate							
	28%>	27%-28%	25%-27%	24%-25%	20%-23%	<20%	Total
	Rls (m)	Rls (m)	Rls (m)	Rls (m)	Rls (m)	Rls (m)	Rls (m)
Noncurrent	999,434	-	13,900	-	-	-	1,013,334
2015	15,335,242	3,225,592	623,461	350,000	279,700	219,110	20,033,105
2018	-	466	-	-	-	-	466
	<b>16,334,676</b>	<b>3,226,058</b>	<b>637,361</b>	<b>350,000</b>	<b>279,700</b>	<b>219,110</b>	<b>21,046,905</b>
Parent entity							
20.Mar.2015							
Interest rate							
	28%>	27%-28%	25%-27%	24%-25%	20%-23%	<20%	Total
	Rls (m)	Rls (m)	Rls (m)	Rls (m)	Rls (m)	Rls (m)	Rls (m)
Noncurrent	999,434	-	13,900	-	-	-	1,013,334
2015	15,335,242	3,225,592	623,461	350,000	279,700	271,110	20,085,105
2018	-	466	-	-	-	-	466
	<b>16,334,676</b>	<b>3,226,058</b>	<b>637,361</b>	<b>350,000</b>	<b>279,700</b>	<b>271,110</b>	<b>21,098,905</b>



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**11- Accounts Receivable**

The details of account receivables are as follows:

	Consolidated		Parent entity	
	20.Mar.2015	20.Mar.2014	20.Mar.2015	20.Mar.2014
	Rls (m)	Rls (m)	Rls (m)	Rls (m)
Receivable from individuals	103,895	240,059	128,479	272,074
Accrued interest	734,497	349,326	734,564	349,358
Staff loan	205,631	215,320	205,631	215,320
Receivable dividends	152,277	17,115	152,955	31,444
Participation bonds interest	11,307	20,841	11,307	20,841
	<b>1,207,607</b>	<b>842,661</b>	<b>1,232,936</b>	<b>889,037</b>

**12- Tangible Fixed Assets**

The details of tangible fixed assets are given in Appendix "A".

**13- Intangible Assets**

The details of intangible assets are as follows:

	Consolidated		Parent entity	
	20.Mar.2015	20.Mar.2014	20.Mar.2015	20.Mar.2014
	Rls (m)	Rls (m)	Rls (m)	Rls (m)
Goodwill	493,487	493,487	493,487	493,487
Software	171,236	793	169,242	485
Total	<b>664,723</b>	<b>494,280</b>	<b>662,729</b>	<b>493,972</b>

**14- Other assets**

The details of other assets are as follows:

	Consolidated		Parent entity	
	20.Mar.2015	20.Mar.2014	20.Mar.2015	20.Mar.2014
	Rls (m)	Rls (m)	Rls (m)	Rls (m)
Rental deposits	57,450	38,000	57,450	38,000
Acquisition Goodwill	14,865	15,691	-	-
Consumables	3,156	5,049	3,156	5,049
Others	4,260	3,406	4,025	3,182
Total	<b>79,731</b>	<b>62,146</b>	<b>64,631</b>	<b>46,231</b>



**Middle East Bank (Public Joint Stock Company)**

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**15- Customers Deposits**

The details of customers' deposits are as follows:

Note	Consolidated		Parent entity	
	20.Mar.2015	20.Mar.2014	20.Mar.2015	20.Mar.2014
	Rls (m)	Rls (m)	Rls (m)	Rls (m)
Term deposits	20,518,618	13,469,200	20,563,050	13,469,560
Bank cheques and drafts	619,938	80,088	619,939	80,088
Current deposits	878,970	499,709	895,892	513,609
Saving deposits-other currencies	30,793	1,603	30,793	1,603
<b>Total</b>	<b>22,048,319</b>	<b>14,050,600</b>	<b>22,109,674</b>	<b>14,064,860</b>

**15-1- Term deposits**

	Consolidated		Parent entity	
	20.Mar.2015	20.Mar.2014	20.Mar.2015	20.Mar.2014
	Rls (m)	Rls (m)	Rls (m)	Rls (m)
Long term deposits	12,756,275	5,734,445	12,756,275	5,734,445
Short term deposits	7,762,343	7,734,755	7,806,775	7,735,115
<b>Total</b>	<b>20,518,618</b>	<b>13,469,200</b>	<b>20,563,050</b>	<b>13,469,560</b>

**15-2-** The analysis of term deposits by maturity and interest rates are as follows:

Maturity date	20.Mar.2015				Total
	20%<	17% to 20%	14% to 17%	<14%	
	Rls (m)	Rls (m)	Rls (m)	Rls (m)	
2015	4,777,683	11,369	694	2,709,577	7,499,322
2016	8,807,745	-	38,165	83,086	8,928,996
2017	800	-	-	-	800
2018	106,700	-	-	-	106,700
2019	2,920,917	-	-	-	2,920,917
2020	1,061,882	-	-	-	1,061,882
<b>Total</b>	<b>17,675,727</b>	<b>11,369</b>	<b>38,859</b>	<b>2,792,663</b>	<b>20,518,618</b>

**16- Other deposits**

The details of other deposits are as follows:

	Consolidated		Parent entity	
	20.Mar.2015	20.Mar.2014	20.Mar.2015	20.Mar.2014
	Rls (m)	Rls (m)	Rls (m)	Rls (m)
Guarantees issuing deposits -IRR	758,170	241,623	758,523	241,773
Guarantees issuing deposits - other currencies	87,064	41,027	87,064	41,027
Advances received against LCs	389,399	74,773	389,399	74,773
Others	1,602	480	1,602	480
<b>Total</b>	<b>1,236,235</b>	<b>357,903</b>	<b>1,236,588</b>	<b>358,053</b>



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**17- Due to other Financial Institutions**

	Consolidated		Parent entity	
	20.Mar.2015	20.Mar.2014	20.Mar.2015	20.Mar.2014
	Rls (m)	Rls (m)	Rls (m)	Rls (m)
Other financial institutions deposits	67,907	21,715	40,907	17,715
Due to other banks for term LCs	22,169	-	22,169	-
Clearing cheques	-	49,216	-	49,216
others	16,046	8,276	16,046	8,276
<b>Total</b>	<b>106,122</b>	<b>79,207</b>	<b>79,122</b>	<b>75,207</b>

**18-Due to Central Bank of Iran**

	Consolidated		Parent entity	
	20.Mar.2015	20.Mar.2014	20.Mar.2015	20.Mar.2014
	Rls (m)	Rls (m)	Rls (m)	Rls (m)
CBI' s deposit - IRR	1,535,109	-	1,535,109	-
CBI' s term deposit -other currencies	213,958	1,580,160	213,958	1,580,160
	<b>1,749,067</b>	<b>1,580,160</b>	<b>1,749,067</b>	<b>1,580,160</b>

**19-Dividends Payable**

	Dividend at 20.Mar.2014					
	Dividend	Balance at 20.Mar.2013	During the year	Balance at 20.Mar.2014	Paid Dividend during the Year	Dividend balance at 20.Mar.2015
	Rls (m)	Rls (m)	Rls (m)	Rls (m)	Rls (m)	Rls (m)
Financial year ended March 20, 2013	340,000	-	329,978	10,022	9,248	774
Financial year ended March 20, 2014	600,000	-	-	-	596,994	3,006
	<b>940,000</b>	<b>-</b>	<b>329,978</b>	<b>10,022</b>	<b>606,242</b>	<b>3,780</b>

**20- Taxation**

Tax provision movement is as follows

	Consolidated		Parent entity	
	20.Mar.2015	20.Mar.2014	20.Mar.2015	20.Mar.2014
	Rls (m)	Rls (m)	Rls (m)	Rls (m)
Opening balance	122,300	31,821	115,889	25,410
Provision for the year	114,836	122,300	112,750	115,889
Paid during the year	(122,300)	(31,821)	(115,889)	(25,410)
Closing balance	<b>114,836</b>	<b>122,300</b>	<b>112,750</b>	<b>115,889</b>

20-1 – The Bank's tax position is as follows:

Year	Declared profit	Taxable income	Tax				
			Declared by Bank	Claimed by MOF	Agreed	Paid	Reserve
2013	433,490	101,640	25,410	80,585	80,585	80,585	-
2014	880,743	269,838	60,714	136,716	-	60,714	-
2015	848,518	563,750	112,750	-	-	-	112,750



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**21-Other Liabilities and Provisions**

The balance comprises:

	Consolidated		Parent entity	
	20.Mar.2015	20.Mar.2014	20.Mar.2015	20.Mar.2014
	Rls (m)	Rls (m)	Rls (m)	Rls (m)
Payable interest on deposits	209,403	154,031	210,149	154,031
Social security premiums	30,017	17,294	29,484	17,046
Accrued expenses	407	5,561	-	4,688
Others	57,750	48,002	56,875	31,179
	<u>297,577</u>	<u>224,888</u>	<u>296,508</u>	<u>206,944</u>

**22 – Staff Termination Benefits**

The details of staff termination benefits are as follows:

	Consolidated		Parent entity	
	20.Mar.2015	20.Mar.2014	20.Mar.2015	20.Mar.2014
	Rls (m)	Rls (m)	Rls (m)	Rls (m)
Balance at beginning of the year	9,467	2,115	8,513	2,115
Paid during the year	(351)	(32)	(156)	(30)
Provision for the year	16,056	7,384	14,123	6,428
<b>Balance at end of the year</b>	<u>25,172</u>	<u>9,467</u>	<u>22,480</u>	<u>8,513</u>

**23- Share Capital**

The Bank's share capital consists of 4000M shares of 1,000 Rls each, fully paid.

**24- Legal Reserve**

In accordance with the provisions of the "Monetary and Banking Law" and the Bank's Articles of Association, the Bank is required to set aside 15% of its net profit as legal reserve until the latter is equal to the Bank's share capital. The movements in the legal reserve during the year were as follows:

	Consolidated		Parent entity	
	20.Mar.2015	20.Mar.2014	20.Mar.2015	20.Mar.2014
	Rls (m)	Rls (m)	Rls (m)	Rls (m)
Balance at beginning of the year	184,756	61,216	184,216	61,212
Transfer during the year	128,742	123,540	127,278	123,004
<b>Balance at end of the year</b>	<u>313,498</u>	<u>184,756</u>	<u>311,494</u>	<u>184,216</u>

**25-Minority Interest**

	20.Mar.2015	20.Mar.2014
	Rls (m)	Rls (m)
Capital	19,500	1,750
Legal Reserve	53	53
Retained Earnings	3,158	5,097
	<u>22,711</u>	<u>6,900</u>



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**26-Interest Income**

Interest income comprises:

	Consolidated		Parent entity	
	Year ended to 20.Mar. 2015	Year ended to 20.Mar. 2014	Year ended to 20.Mar. 2015	Year ended to 20.Mar. 2014
	Rls (m)	Rls (m)	Rls (m)	Rls (m)
Loan interest	4,107,386	1,911,383	4,111,635	1,912,583
Late payment penalties	123,464	50,439	123,465	50,439
Foreign currencies loans	1,483	216	1,483	216
<b>Total</b>	<b>4,232,333</b>	<b>1,962,038</b>	<b>4,236,583</b>	<b>1,963,238</b>

**27-Investments and Deposits Income**

The details of investments and deposits income are as follows:

	Consolidated		Parent entity	
	Year ended to 20.Mar. 2015	Year ended to 20.Mar. 2014	Year ended to 20.Mar. 2015	Year ended to 20.Mar. 2014
	Rls (m)	Rls (m)	Rls (m)	Rls (m)
Interest on participation bonds	222,729	465,219	222,729	465,219
Statutory deposit interest	24,752	11,303	24,752	11,303
Deposits interest- local banks	449,384	21,875	449,384	21,875
Dividends	183,573	173,897	175,494	188,226
Increased (Decreased) value of investments	(192,851)	3,468	(192,870)	3,468
Interest paid to others on participation bonds held in trust	(706)	(2,316)	(706)	(2,316)
Others	2	-	2	-
<b>Total</b>	<b>686,883</b>	<b>673,446</b>	<b>678,785</b>	<b>687,775</b>

**28- Interest Expenses**

	Consolidated		Parent entity	
	Year ended to 20.Mar. 2015	Year ended to 20.Mar. 2014	Year ended to 20.Mar. 2015	Year ended to 20.Mar. 2014
	Rls (m)	Rls (m)	Rls (m)	Rls (m)
Short term deposits	1,519,233	953,202	1,523,190	954,190
One- year deposits	945,417	3	945,417	3
Two- year deposits	28,787	81,394	28,787	81,394
Five-year deposits	1,210,304	438,354	1,210,304	438,354
<b>Total</b>	<b>3,703,741</b>	<b>1,472,953</b>	<b>3,707,698</b>	<b>1,473,941</b>



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**29- Commission Income**

	Consolidated		Parent entity	
	Year ended to 20.Mar. 2015	Year ended to 20.Mar. 2014	Year ended to 20.Mar. 2015	Year ended to 20.Mar. 2014
	Rls (m)	Rls (m)	Rls (m)	Rls (m)
On guarantees issued	177,657	61,978	177,688	61,978
On L/Cs issued	8,858	-	8,858	-
On Stocks Trading	48,325	67,361	-	-
On foreign exchange operation	12,306	863	12,306	863
On Remittance	6,668	-	6,668	-
Others	11,420	2,608	9,620	2,608
	<u>265,234</u>	<u>132,810</u>	<u>215,140</u>	<u>65,449</u>

**30- Income from Foreign Exchange Transactions**

	Consolidated		Parent entity	
	Year ended to 20.Mar. 2015	Year ended to 20.Mar. 2014	Year ended to 20.Mar. 2015	Year ended to 20.Mar. 2014
	Rls (m)	Rls (m)	Rls (m)	Rls (m)
Foreign Exchange Transactions	56,025	(410)	56,015	(410)

**31- Other Incomes**

	Consolidated		Parent entity	
	Year ended to 20.Mar. 2015	Year ended to 20.Mar. 2014	Year ended to 20.Mar. 2015	Year ended to 20.Mar. 2014
	Rls (m)	Rls (m)	Rls (m)	Rls (m)
Professional services fees	29,570	18,416	29,570	18,416
Others	4,451	861	4,451	861
	<u>34,021</u>	<u>19,277</u>	<u>34,021</u>	<u>19,277</u>

**32-Administration and General Expenses**

The details of these expenses are as follows:

	Consolidated		Parent entity	
	Year ended to 20.Mar. 2015	Year ended to 20.Mar. 2014	Year ended to 20.Mar. 2015	Year ended to 20.Mar. 2014
	Rls (m)	Rls (m)	Rls (m)	Rls (m)
Personnel expenses	210,037	114,579	195,504	97,386
Rent	25,308	26,942	25,308	26,941
Depreciation	50,336	23,400	48,677	22,161
Others	145,318	92,680	127,654	73,254
Total	<u>430,999</u>	<u>257,601</u>	<u>397,143</u>	<u>219,742</u>





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**33-Provision for Bad and Doubtful Debts**

	<b>Consolidated</b>		<b>Parent entity</b>	
	<b>Year ended to 20.Mar. 2015</b>	<b>Year ended to 20.Mar. 2014</b>	<b>Year ended to 20.Mar. 2015</b>	<b>Year ended to 20.Mar. 2014</b>
	<b>Rls (m)</b>	<b>Rls (m)</b>	<b>Rls (m)</b>	<b>Rls (m)</b>
General Provision for bad and doubtful debts	125,768	158,192	126,549	158,621
Special Provision for bad and doubtful debts	22,260	-	22,260	-
	<b>148,028</b>	<b>158,192</b>	<b>148,809</b>	<b>158,621</b>

**34- Commission**

The details of commission expenses are as follows:

	<b>Consolidated</b>		<b>Parent entity</b>	
	<b>Year ended to 20.Mar. 2015</b>	<b>Year ended to 20.Mar. 2014</b>	<b>Year ended to 20.Mar. 2015</b>	<b>Year ended to 20.Mar. 2014</b>
	<b>Rls (m)</b>	<b>Rls (m)</b>	<b>Rls (m)</b>	<b>Rls (m)</b>
Interest paid on foreign currencies deposits	5,279	1,420	5,279	1,420
Others	347	862	347	862
<b>Total</b>	<b>5,626</b>	<b>2,282</b>	<b>5,626</b>	<b>2,282</b>

**35- Previous Years Adjustments**

55,175 MRls is related to payment of agreed income tax of 2013.

**36- Off Balance Sheet Commitments**

The details of off balance sheet commitments are as follows:

	<b>Parent entity</b>	
	<b>20.Mar.2015</b>	<b>20.Mar.2014</b>
	<b>Rls (m)</b>	<b>Rls (m)</b>
Underwriting Commitments	880,567	421,828
Guarantees issued	11,779,733	3,892,820
L/C Commitments	670,033	756,603
Others	141,795,180	93,743,206



**Middle East Bank (Public Joint Stock Company)**  
**Notes on the Financial Statements**  
**For the Year Ended 20 March 2015**

**37- Cash Flow from Operating Activities**

The details of cash flow from operating activities are given in Appendix "B".

**38- Cash Balance at the year end**

The details of cash balance at the year-end are as follows:

	Note	Consolidated			Parent entity		
		Year ended to 20.Mar. 2015	Year ended to 20.Mar. 2014	Net Increase (Decrease)	Year ended to 20.Mar. 2015	Year ended to 20.Mar. 2014	Net Increase (Decrease)
		Rls (m)	Rls (m)		Rls (m)	Rls (m)	
Cash in hand-IRR	5	134,298	104,139	30,159	68,561	31,785	36,776
Cash in hand- other currencies	5,7	728,712	40,734	687,978	728,712	1,112,166	(383,454)
Current account with CBI	6	97,099	101,976	(4,877)	97,099	101,976	(4,877)
Cash in intenak banks	7	555,044	1,589,869	(1,034,825)	548,688	502,889	45,799
<b>Total</b>		<b>1,515,153</b>	<b>1,836,718</b>	<b>(321,565)</b>	<b>1,443,060</b>	<b>1,748,816</b>	<b>(305,756)</b>

**39- Contingent Liabilities and Capital Commitments**

39-1-Except for contingent liabilities disclosed in the Financial Statements, there are no other known material contingencies at the balance sheet date.

39-2-There were no capital commitments at 20 March 2015.

**40- Post Balance Sheet Events**

There were no events , after balance sheet date which would require adjustment to the financial statements.



Middle East Bank (Public Joint Stock Company)

Notes on the Financial Statements

For the Year Ended 20 March 2015

**41-Related Parties Transactions**

The details of related parties transactions are as follows:

Legal and real person	Relationship	Name	Transaction	Credit Limit	2015			2014		
					Amount - Rls (m)	Profit(loss)	Balance	Amount - Rls (m)	Profit(loss)	Balance
Dadeh Pardazan Simaye Aftab Co.	Subsidiary entity and CBM	Mr. J. Javadi	Prepayment for bank's software		96,319		29,164	1,995		1,993
			Dividend		991	**	3			
Khavarmiyaneh broker Co.	Subsidiary entity and CBM	Mr. J. Javadi	Stock training in TSE		1,040,176			1,292,629		35,018
			Rental deposit		3,000		(3,000)			
			Loans	57,000		4,182	52,000		1,057	28,500
			Guarantees issued	3,528		64	3,175		24	1,347
			Dividend		16,146		-			
			Capital increase		47,250		47,250			
Tamin Sarmayeh Kardan Co.	Related entity and BM	Mr. P. Aghili	Dividend		13,167		13,167			
			Prepayment for operating expenses		1,666		19	1,685		1,685
Mr. R. Pirooz	BM		Loans	50,000		6,865	39,880		7,328	23,551
Mr. H. Salimi	BM		Loans	5,000		1,108	5,000		95	5,000
Fanavari Nava Asoodeh Co.	CBM	Mr. R. Soltanzadeh	Loans	10,000		2,210	10,000		2,121	10,000
Farzan Tejarat Paramis Co.	CBM	Mr. R. Soltanzadeh	Loans	50,000		11,892	47,000		11,213	47,000
Mohandesin Moshaver Geno Co.	CBM	Mr. P. Khakpour	Engineering services		16,729		(6,187)	27,767		(3,580)
			Loans	40,000		1,835	27,466		11	1,500
			Guarantees issued	300,000		151	6,026		93	8,695
Mrs. Leila Tabatabaee	CEO Relatives		Loans	3,000		342	2,500			
Sarmayeh Gozari Arzesh Proje	CBM		Guarantees issued	6,957		-	6,261			

CBM= Common Board Member

BM = Board Member



**Middle East Bank (Public Joint Stock Company)**

**Notes on the Financial Statements**

**For the Year Ended 20 March 2015**

**42-Capital Adequacy**

The Bank's capital adequacy ratio is as follows:

	Parent entity	
	20.Mar.2015	20.Mar.2014
<b>Tire I</b>	<b>Rls (m)</b>	<b>Rls (m)</b>
Paid up capital	4,000,000	4,000,000
Legal reserve	311,494	184,216
Retained earnings	769,959	648,719
<b>Total tier I capital</b>	<b>5,081,453</b>	<b>4,832,935</b>
<b>Tier II</b>		
General provisions for doubtful debts	325,211	198,662
Less: adjustments for 1.25% of Risk weighted assets	(3,182)	-
	322,029	198,662
Less: Investment in other banks Stocks	(2,216)	(29,458)
	319,813	169,204
<b>Base capital</b>	<b>5,401,266</b>	<b>5,002,139</b>
<b>Risk weighted assets</b>	<b>25,762,343</b>	<b>16,385,687</b>
<b>Capital adequacy ratio</b>	<b>20.97%</b>	<b>30.53%</b>



**Middle East Bank (Public Joint Stock Company)**

**Notes on the Financial Statements**

**For the Year Ended 20 March 2015**

Fixed Assets:

Appendix "A"

The details of fixed assets are as follows:

**Consolidated**

	Land	Buildings	Office furnitures and equipments	Motor vehicles	Total	Project in progress	Capex prepayments	Total
<i>Cost:</i>	Rls (m)	Rls (m)	Rls (m)	Rls (m)	Rls (m)	Rls (m)	Rls (m)	Rls (m)
Balance at 20.Mar.2014	523,433	251,725	89,780	14,439	879,378	802,770	125,213	1,807,361
Additions	-	-	2,880	1,078	3,958	329,594	692,743	1,026,295
Adjustments	-	90,034	57,588	-	147,622	(719,955)	(44,413)	(616,746)
Disposals	-	-	(23)	(7,179)	(7,202)			(7,202)
Balance at 20.Mar.2015	523,433	341,759	150,225	8,338	1,023,756	412,409	773,543	2,209,707
<i>Depreciation:</i>								
Balance at 20.03.2014	-	9,513	9,631	2,805	21,949			21,949
Depreciation for the period	-	24,480	22,237	217	46,934			46,934
Adjustments	-	-	-	-	-			-
Disposals	-	-	(6)	(1,505)	(1,511)			(1,511)
Balance at 20.Mar.2015	-	33,993	31,862	1,517	67,372			67,372
Net book value at 20.Mar.2014	523,433	242,212	80,149	11,634	857,429	802,770	125,213	1,785,412
Net book value at 20.Mar.2015	523,433	307,766	118,363	6,821	956,384	412,409	773,543	2,142,335

Fixed assets are fully insured against fire, earthquake, etc.



Middle East Bank (Public Joint Stock Company)

Notes on the Financial Statements

For the Year Ended 20 March 2015

Fixed Assets:

Appendix "A"

The details of fixed assets are as follows:

Parent entity

	Land	Buildings	Office furnitures and equipments	Motor vehicles	Total	Project in progress	Capex prepayments	Total
<i>Cost:</i>	Rls (m)	Rls (m)	Rls (m)	Rls (m)	Rls (m)	Rls (m)	Rls (m)	Rls (m)
Balance at 20.Mar.2014	523,432	250,785	83,187	13,544	870,948	802,770	125,213	1,798,931
Additions					-	329,594	642,743	972,337
Adjustments		90,034	57,588		147,622	(719,955)	(44,413)	(616,746)
Disposals				(7,179)	(7,179)			(7,179)
Balance at 20.Mar.2015	523,432	340,819	140,775	6,365	1,011,391	412,409	723,543	2,147,343
<i>Depreciation:</i>								
Balance at 20.03.2014		9,377	8,996	2,764	21,137			21,137
Depreciation for the period		24,419	20,880	37	45,336			45,336
Adjustments					-			-
Disposals				(1,505)	(1,505)			(1,505)
Balance at 20.Mar.2015	-	33,796	29,876	1,296	64,968			64,968
Net book value at 20.Mar.2014	523,432	241,408	74,191	10,780	849,811	802,770	125,213	1,777,794
Net book value at 20.Mar.2015	523,432	307,023	110,899	5,069	946,423	412,409	723,543	2,082,375

Fixed assets are fully insured against fire, earthquake, etc.



**Middle East Bank (Public Joint Stock Company)**

**Notes on the Financial Statements**  
**For the Year Ended 20 March 2015**

**Cash Flow from Operating Activities**

**Appendix "B"**

	Consolidated		Parent entity	
	20.Mar.2015	20.Mar.2014	20.Mar.2015	20.Mar.2014
	Rls (m)	Rls (m)	Rls (m)	Rls (m)
<b>Profit before tax</b>	986,102	896,133	961,268	880,743
<i>Adjusted for :</i>				
Depreciation	50,336	23,399	48,677	22,161
Income Tax	(122,300)	(31,821)	(115,889)	(25,410)
Staff Termination Benefits	15,705	7,353	13,967	6,398
Provision for Bad and Doubtful Debts	148,028	158,193	148,809	158,621
Dividend Income	(196,975)	(188,226)	(197,076)	(188,226)
Profit on Tangible Fixed Assets sales	(2,056)	-	(2,050)	-
Currency Gain(Loss)	41	-	41	-
Loss on Share valuation	192,851	(3,468)	192,870	(3,468)
<b>Net cash from Operating Activities</b>	<b>1,071,732</b>	<b>861,563</b>	<b>1,050,617</b>	<b>850,819</b>
<i>Net Increase (Decrease) in Operating Liabilities</i>				
Current Deposits	948,301	258,620	951,324	272,520
Short Term Deposits	27,588	7,314,859	71,660	7,305,442
Long Term Deposits	7,021,830	5,443,123	7,021,830	5,443,123
Accounts payable	1,146,843	2,136,511	1,140,920	2,114,592
	<b>9,144,562</b>	<b>15,153,113</b>	<b>9,185,734</b>	<b>15,135,677</b>
<i>Net Increase (Decrease) in Operating Assets</i>				
Statutory deposit	(980,455)	(1,800,753)	(980,455)	(1,800,753)
Bonds	122,598	417,000	122,598	417,000
Accounts receivable	(364,946)	(479,690)	(343,897)	(526,065)
Loans	(8,168,562)	(10,263,079)	(8,192,061)	(10,291,579)
Other assets	(17,585)	(259,862)	(18,400)	(259,180)
	<b>(9,408,950)</b>	<b>(12,386,384)</b>	<b>(9,412,215)</b>	<b>(12,460,577)</b>
<b>Cash Inflow From Operating Activities</b>	<b>807,344</b>	<b>3,628,292</b>	<b>824,136</b>	<b>3,525,919</b>

