Iran nuclear agreement

Iran: Final nuclear deal could spell start of reintegration in the world economy

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Overview and outlook

- **The probability is high that the recent framework nuclear agreement between Iran and the P5+1 will result in a final deal in June.**
- **In return for a lifting of sanctions, Iran will agree to significant limits on its nuclear program and inspections over 20 years.**
- **The economic benefits for Iran would be enormous, with growth boosted by oil exports, trade, capital and FDI flows.**
- **Substantial under-developed energy resources and a large consumer market should present international businesses with considerable trade and investment opportunities; the UAE will be best placed to capitalize on Iran's return to international markets.**
- **Deeper structural reforms will be needed to sustain longer-term economic growth, however.**
- **The geopolitical ramifications are uncertain, but a moderation in the country's foreign activities should not be expected.**

Anticipation has been running high over the last few months that a deal between the P5+1 group (US, UK, France, Russia and Germany) and Iran over the latter's nuclear program was close to conclusion. The broad framework agreement that emerged on 2 April, known as the Joint Comprehensive Plan of Action (JCPOA), while short on specifics, has a good chance of being translated into a more conclusive deal by 30 June. This could pave the way for Iran's reintegration into the global economy and the rehabilitation of its economy after years of debilitating sanctions. Oil prices dropped 5% on the day of the announcement as traders braced themselves for the prospect of a deluge of Iranian crude hitting already oversupplied oil markets. International energy companies and regional businesses, meanwhile, are lining up to take advantage of the country opening up to trade and investment.

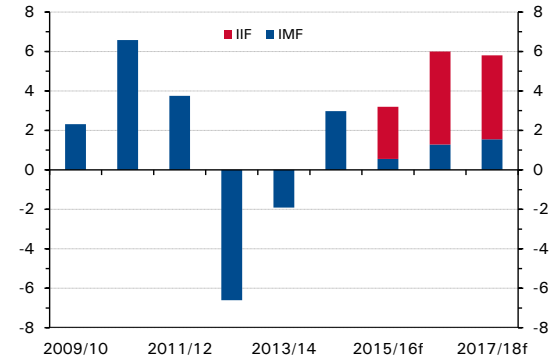
Key economic indicators

		Fiscal Year*				
		2012/13	2013/14	2014/15f	2015/16f	2016/17f
Nominal GDP	$ bn	418.9	380.3	404.1	393.5	404.5
Real GDP	% y/y	-6.6	-1.9	2.9	0.5	1.3
Crude oil production	mb/d	3.0	2.7	2.8	3.0	3.3
CPI	% y/y	30.5	34.7	15.5	16.5	17.0
Fiscal balance	% GDP	-0.4	-1.5	-3.5	-3.7	-1.8
Current Acc. balance	% GDP	5.6	8.0	5.6	3.2	3.9
Unemployment rate	%	12.2	10.4	11.2	12.3	13.2
Exchange Rate	IR/$	16,826	26,818	28,317	29,327	30,441
Population	mn	76.0	76.9	77.9	78.9	79.9

Sources: Central Bank of Iran, IMF, OPEC, IIF and NBK estimates; * fiscal year ends March 20

Chart 1: Real GDP growth

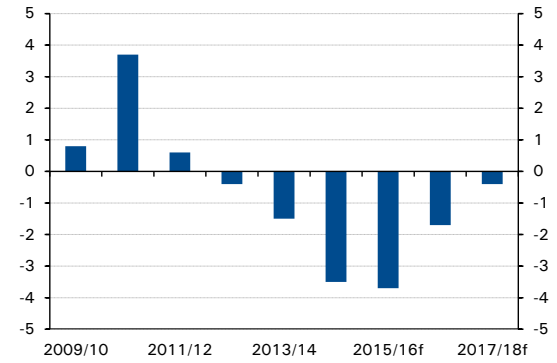
(% y/y)



Sources: Central Bank of Iran, IMF, IIF estimates

Chart 2: Fiscal balance

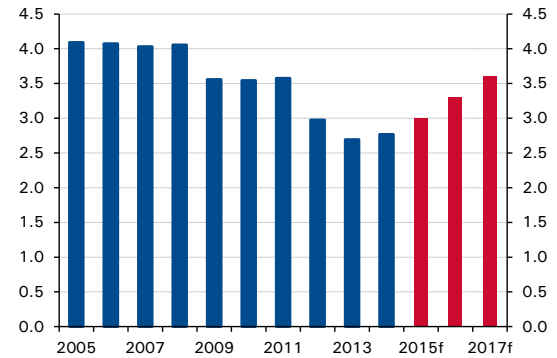
(% of GDP)



Source: Central Bank of Iran, IIF estimates

Chart 3: Crude oil production

(million barrels per day, mb/d)



Source: OPEC, NBK estimates

Under the terms of the agreement Iran, has indicated that it is likely to accept the following limitations being placed on its nuclear program:

- a reduction in the number of centrifuges it has installed by two thirds
- a capping of the level of uranium it would not be able to enrich above 3.67% for fifteen years
- a reduction in the country's stockpile of enriched uranium by 97% from about 10,000 kg to 300 kg for fifteen years
- a halt to the construction of any new nuclear enrichment facilities for fifteen years
- a commitment to convert the existing enrichment facility at Fordow into a research center
- the dismantling of the plutonium-producing core at the Arak heavy water facility

Importantly, the 'breakout time'—the time it would take for Iran to acquire enough fissile material to produce one weapon—will be extended from the current assessment of 2-3 months to one year, for a duration of ten years. Significantly, Iran has agreed to allow the International Atomic Energy Agency (IAEA) to conduct highly intrusive monitoring of all aspects of its nuclear program for at least twenty years.

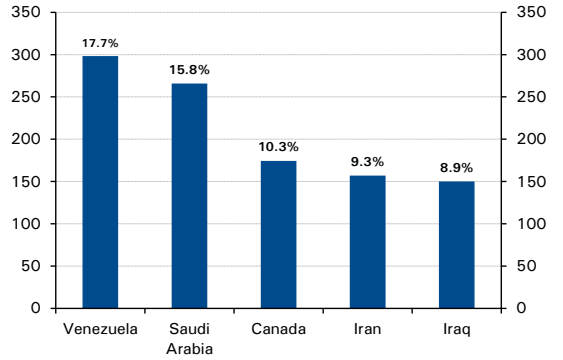
In return, all US, EU and UN nuclear-related sanctions will be suspended once the IAEA has "verified that Iran has taken all of its key nuclear-related steps". This process could take between six months and a year, according to US Secretary of State John Kerry. And this would be reversible in the event that Iran reneged on its part of the deal. Considerable effort will be expended over the next few months to ensure that the sanctions architecture remains in place, although even US officials privately admit that 'snap-back' (to sanctions) will be difficult to put into practice. (A list of sanctions imposed by the US, EU and the UN is provided at the end of this document.)

"Nothing is certain until everything is certain"

Despite a high probability of success in June, there still remains a possibility that talks could break down or that Iran fails to honor its part of the agreement after the final deal is signed. The devil will be in the technical details that are still to be ironed out. Considerable opposition remains on both sides, among the clerics in Iran angered by any cooperation with the "Great Satan" and among legislators in the US who find the thought of leaving Iran with any latent nuclear program, however diminished, hard to accept. Differences between Iran and the US have already emerged in the way the talks are being presented to the respective domestic audiences. The Iranians in particular were keen to show that they did not capitulate at the negotiating table and that they extracted significant concessions, such as an immediate lifting of the sanctions. This particular issue, perhaps more than any other, however, is the least clearly defined and potentially the most problematic in securing a conclusive agreement in June. Hardliners in Tehran and hawks in Washington will resist ceding any ground on how quickly sanctions should be removed, potentially scuppering any final deal. Even once a final

Chart 4: Proven oil reserves

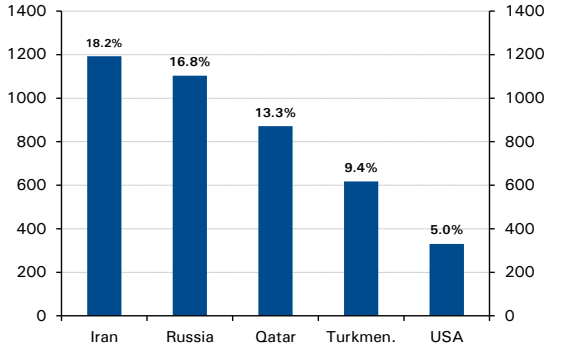
(billion barrels, % share of world reserves above chart)



Source: BP

Chart 5: Proven gas reserves

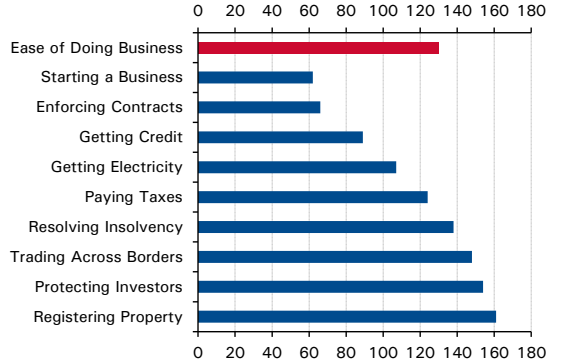
(trillion cubic feet, % share of world deposits above chart)



Source: BP

Chart 6: Ease of doing business

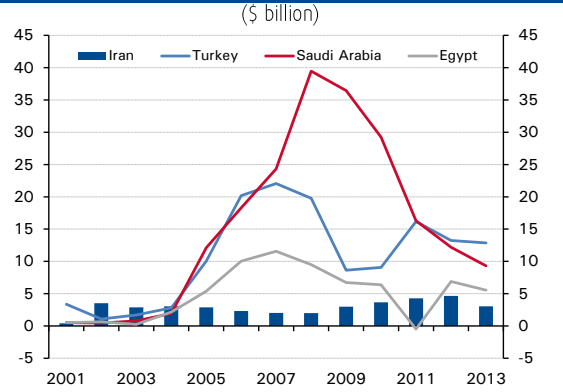
(rank out of 189 countries)



Source: World Bank Doing Business 2015 report

Chart 7: FDI inflows

($ billion)



Source: UNCTAD World Investment Report 2014

agreement is in place, securing Iran's absolute cooperation and compliance with an inspections regime that is far more intrusive than currently mandated under the nuclear Non-Proliferation Treaty (NPT), over a period of ten to twenty years, will be a challenge. Moreover, a more hard-line leadership could emerge in Iran that is less inclined to cooperate with the West than Supreme Leader Ali Khamenei and President Hassan Rouhani. Iranian conservatives would have even more reason to attack the deal as a needless capitulation should the Iranian people fail to reap the economic benefits resulting from the removal of sanctions.

The economic dividends for Iran would be substantial, but it would take at least a year or more for them to be realized

With oil exports unshackled, access to the global financial system restored and foreign investment stimulated, Iran could see growth accelerate in 2016/17 significantly above the 1.3% forecast by the International Monetary fund (IMF) in its recent World Economic Outlook. The Institute for International Finance (IIF), reckons that real output could expand by as much as 6.0% during the fiscal years 2016/17 and 2017/2018. (Chart 1.) Increasing revenues from surging oil (and eventually gas) exports as well as from recovering corporate activity could narrow the fiscal deficit to less than 1.0% of GDP by 2017/18 from its current of level of 3.5% of GDP, according to the IIF. (Chart 2.)

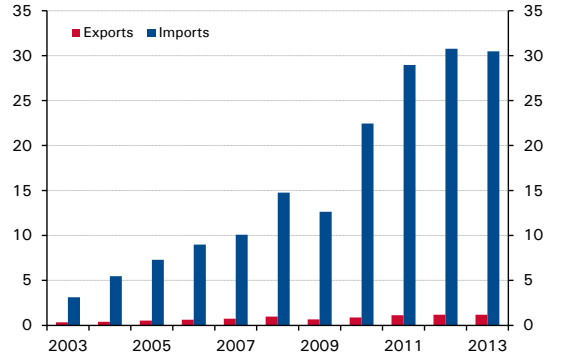
Restoring crude output to pre-sanctions levels quickly will be a challenge without substantial investment

Restoring crude oil production and exports above and beyond pre-sanctions levels will be the key to unlocking Iran's economic potential. However, that is not likely to occur as quickly as Iranian officials hope. In the year before the EU's embargo on Iranian crude oil and petroleum exports came into effect in July 2012, the country's crude oil production and exports averaged 3.6 million barrels per day (mb/d) and 2.5 mb/d, respectively. Currently, production is down by almost a quarter from its pre-sanctions level to 2.8 mb/d and exports by more than a half to 1.2 mb/d.

The Iranian authorities, for their part, reckon that the country could increase production to 4.0 mb/d within three months and double exports to 2.2 mb/d within two months of the end of sanctions. These projections are unrealistic, however. While Iran could increase exports quite quickly through the release of perhaps up to 30 million barrels of crude from land and floating storage units, it would, at best, be only a temporary boost. As for production, the last time crude output was near 4.0 mb/d was during 2005-2008. Since that time however, oil output has been on a downward trajectory as the country's oil fields and infrastructure suffered the consequences of poor maintenance and a lack of investment in field optimization technologies such as enhanced oil recovery (EOR). The International Energy Agency (IEA) quoted a decline rate of 8-12% per year in its estimate of Iranian oil field production in 2014. The preference of the National Iranian Oil Company (NIOC) for buy-back contracts in its dealings with international oil companies (IOC) has also stymied development, although this may be about to change with reports that the authorities are

Chart 8: Iran's trade with the UAE

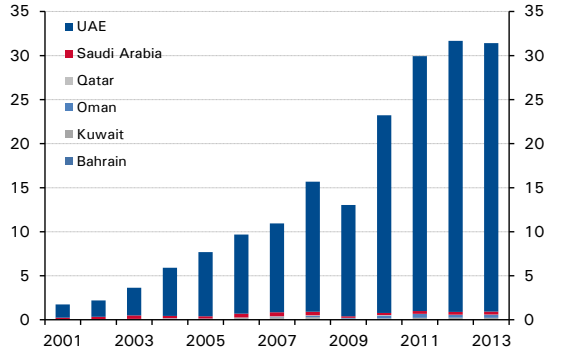
($ billion)



Source: IMF Direction of Trade Statistics (DOTS)

Chart 9: Iran's imports from the GCC

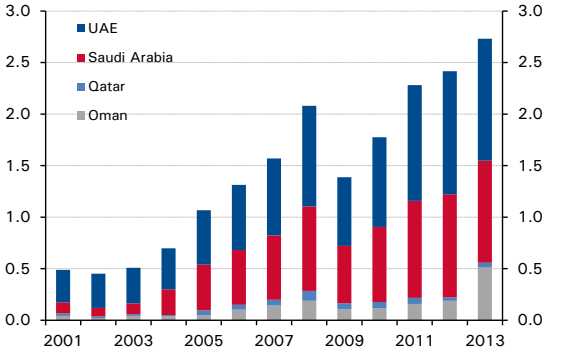
($ billion)



Source: IMF Direction of Trade Statistics (DOTS)

Chart 10: Iran's exports to the GCC

($ billion)



Source: IMF Direction of Trade Statistics (DOTS)

in the process of introducing more attractive, production sharing-type contracts.

Consequently, Iran's sustainable production capacity is thought to have decreased to 3.6 mb/d. While Iran could in theory attain this volume of production within months of sanctions being lifted, as the IEA has acknowledged, in reality, we estimate that it would likely take two years before production could be sustained at that level. (Chart 3.) Expanding production capacity further will likely take longer, require considerable investment and almost certainly be contingent on the participation and technological expertise of IOCs.

As with its neighbor Iraq, a former pariah state that also suffered under the weight of sanctions for more than a decade, the scope for output gains in the long run is immense. The country's sits on top of the world's third largest proven oil reserves (157 billion barrels) and the world's largest proven gas deposits (1,192 trillion cubic feet), according to BP. (Charts 4 & 5.) And it is thought that only 40% of the country's 187 existing oil and gas fields have been fully developed. It should come as no surprise then to see the likes of BP, Shell, Total and Lukoil eagerly beating a path to Iran's door over the last year or so.

Outside of the energy sector, opportunities for business would certainly abound in a country of 78 million people. The economy is more diversified than other oil exporting economies in the region, with a manufacturing sector that is also relatively broad-based. Iran also possesses a relatively well-educated labor force.

Structural reforms will be vital if Iran intends to fully realize its economic potential

Challenges remain, however. The authorities will invariably need to introduce deeper structural reforms to sustain high growth rates beyond the short term and bring down the unemployment rate appreciably below the current 14% (IIF). These will likely include a loosening of business and labor market regulations and an improvement in investor protection and property rights, which have raised the cost of doing business and discouraged foreign investment (sanctions notwithstanding). Iran ranked 130th out of 189 countries in the World Bank's Doing Business report last year, scoring poorly across a range of indicators including registering property, protecting investors, resolving insolvency and trading across borders. (Chart 6.) Indeed, for a country of its size and resources, foreign investment has been meager compared to other emerging economies and regional peers: Turkey, Egypt and Saudi Arabia. (Chart 7.) In terms of global competiveness, Iran's rank of 83rd out of 144 in the World Economic Forum's (WEF) Global Competitiveness Report in 2014 was largely a reflection of the country's low labor market efficiency, financial market development, technological readiness and institutional quality.

The banking sector remains undercapitalized, short on liquidity and dominated by the government

Iran has also been hit hard by the imposition of sanctions on its financial system including on international transactions with its banks. Loss of

access to the SWIFT international payments system in 2012 and freezes on the country's overseas assets cut off the official channel for financial flows and Iran's access to its foreign exchange reserves, estimated at $90 billion. The country's banking system has suffered from years of mismanagement, including a sizeable accumulation of bad debt during former President Mahmoud Ahmadinejad time in office, poor regulation and excessive government interference.

Iran's banks remain undercapitalized, with the average capital adequacy ratio in 2013/14 a mere 6.8%, according to the IMF. Non-performing loans are high at 14.4% of total loans and provisioning levels are low at 40% of NPLs. Liquidity in the banking system is severely limited, stifling business growth. (See tables 2 and 3 at the end of the document.)

The government's writ extends far and wide over the banking sector, despite a privatization drive over the last fifteen years. Five of the top ten banks in Iran, including the largest, Bank Melli, are government-owned, and several privately-owned banks, including the second and fourth largest banks, Bank Mellat and Bank Sadarat, respectively, have sizeable government stakes of over 20%. All banks must also adhere to Islamic principles, a fact that has made the country the single largest Islamic banking market in the world, with a fifth of global Islamic banking assets. The government also requires banks to stick to credit allocation quotas and offer lower lending rates to certain, labor-intensive sectors such as SMEs and low income housing developments. Meanwhile, the government also wields considerable influence at the Central Bank of Iran (CBI), such that its independence is often called into question. The CBI itself has often involved itself in the appointment of top executives at privately owned banks, which has not helped the country's banking sector improve overall efficiency.

Iran's return to the oil markets poses a dilemma for OPEC, but the cartel is not expected to cut its output, leading to further downward pressure on oil prices

The ramifications of Iran's potential reintegration into international energy markets are likely to be significant. Assuming no rebound in oil demand, no supply outages among other oil exporters and no cut in OPEC output to accommodate up to 1.3 mb/d of additional Iranian crude over the next couple of years, then Iran's return to the energy markets is likely to put further pressure on oil prices.

It is not yet known, however, which sanctions will be lifted and when. Despite pronouncements by Iranian officials including the Supreme Leader that only an immediate lifting would be acceptable to Iran, the likelihood is that sanctions would be lifted gradually, in piecemeal fashion and only after Iran provided evidence of its compliance with IAEA inspections. This could take up to 6 months and probably longer. Having said that, supplies of Iranian crude are bound to start hitting international markets sooner, with India and China among the Islamic Republic's current crop of customers likely to be more relaxed about raising their imports ahead of schedule.

Once Iranian exports resume, Iran, like Iraq before it, has already made it clear that it will not be bound by individual quotas. Should concerns arise about potential crude oversupply, then Iran expects others i.e. Saudi Arabia, Kuwait and the UAE to bear the burden of adjustment. Iran's oil minister, Bijan Zanganeh, has already called for a 5% cut in OPEC's output to accommodate Iran's potential return. With the cartel's de facto leader, Saudi Arabia, currently fixated on preserving market share rather than reining in production that does not seem likely. Domestic constraints—rising energy consumption and costly development plans—could also make output reduction costly for oil exporters.

Moreover, evidence over the last few years would tend to suggest that OPEC's official quota of 30.0 mb/d is perhaps more of a production floor than a ceiling—the cartel has stuck to its limit only once in the last 23 months—and the response to additional supplies of crude from members is likely to involve a raising of the group's ceiling rather than a production cut from one or several members. This is what OPEC did in December 2011 in order to accommodate expanding Libyan and Iraqi crude output.

UAE best placed to take commercial advantage of Iran's reintegration into the global economy

It is highly likely that the UAE, with Dubai at the vanguard, will be among the first countries to benefit from increased commercial ties with Iran following the end of sanctions. Dubai has the geographic proximity, the infrastructure, the historical commercial and financial ties as well as a large Iranian diaspora to act as a bridgehead for both domestic and international companies looking to access the potentially lucrative Iranian market. The UAE is already Iran's largest non-oil trading partner and the largest exporter to the Islamic Republic with $30.5 billion worth of mainly re-exported manufactured goods, machinery and transport equipment. These account for 37.1%, of Iran's total world imports. (Chart 8.) The UAE is also Iran's eighth largest export partner, with $1.1 billion exported by Iran to the UAE in 2013.

In contrast, Iran's trade with the rest of the GCC is miniscule, at just $2.4 billion in 2013. Iran imports very little from the GCC outside of the UAE; on the export side, Saudi Arabia and Oman are Iran's second and third largest export destinations respectively in the GCC after the UAE. (Charts 9 & 10.) While there may be some bump in trade between Iran and a couple of the GCC states, namely, Kuwait and Oman, which are looking to secure additional supplies of gas, there is unlikely to be a significant boost in trade flows in the near future ahead of a normalization in relations between Saudi Arabia and Iran.

Were sanctions to be loosened and ultimately lifted, then the dividends to the UAE and its companies and multinationals based there through increased trade would be substantial. In 2012, for example, the IMF estimated that a 30% reduction in UAE exports to Iran as a result of the sanctions introduced in that year would shave 0.3% off UAE GDP. A similar reverse effect is expected in the event of an uptick in trade.

UAE companies such as Rotana, RAK Ceramics, Bin Hendi and Al-Futtaim

Group as well as a host of multi-nationals including French luxury goods maker LVMH and Renault, are already lining up to take advantage of Iran's largely untapped consumer market. Hotel operator Rotana, for example, is readying itself for expansion in Iran with at least four properties across the country by 2018, two in the pilgrimage city of Mashad and two in the capital Tehran. The Abu-Dhabi-based group hopes to establish itself as the first international hotel chain in Iran since the 1979 revolution, when the likes of the Intercontinental, Hilton and Hyatt were forced to exit the country.

Meanwhile, the relaxation of banking restrictions should facilitate the return of Iranian capital to Dubai, including to its real estate market. Iranians have often been among the top property buyers in Dubai in the past. Dubai-based real estate companies have already reported fielding a greater number of calls from prospective Iranian investors in the days immediately following the announcement of the framework agreement.

Turkey is another of Iran's neighbors that could stand to benefit. Turkey's relationship with Iran has always been complicated, with Ankara's stance vis-a-vis Tehran often alternating between cooperation and competition. Accommodation and antagonism have tended to characterize Turkey's commercial and security policies, respectively, towards the Islamic Republic. Turkey's recent overtures towards Iran, through which it has expressed an interest in securing additional supplies of natural gas and signed several bilateral trade deals, would tend to suggest a triumph of commercial interests over ideology for the time being.

The cessation of Iran's nuclear program will be a relief to its neighbors but substantial moderation in Iran's regional activities is unlikely

With Iran's nuclear program restricted and placed under greater international scrutiny, regional tensions should ease; the worrying prospect of a nuclear arms race between Iran and its neighbors in the GCC may be a little more distant now.

A look at the history of nation states would suggest that increasing economic strength at home eventually leads to increasing confidence on the international stage. It may be naive, therefore, to expect the nuclear deal to lead to more contrition and less assertiveness on the part of Iran. Iran is more likely to emerge emboldened.

Fundamental insecurities over regime survival have arguably motivated the Islamic Republic's foreign policy since the 1979 revolution and Saddam Hussein's invasion a year later; these remain acute in the current context of Iran's encirclement by a string of western and Saudi-friendly states including NATO member Turkey, US-ally Afghanistan and Saudi-ally Pakistan. And this is unlikely to change so long as the relationship between Iran, Saudi Arabia and the US, with its unconditional security commitment to the GCC states, is framed in adversarial and existential terms by the regime in Tehran.

Saudi Arabia, for its part, remains troubled by the prospect of Iran rejoining the international community. While the Saudis may take some comfort in

the fact that a regional nuclear arms race may have been postponed for at least 10 years, they firmly believe that Iran has only increased its meddling in the region, in the wake of the Lausanne agreement. The competitive dynamic that exists between the two powers is bound to persist. The kingdom's recent foray into Yemen against the advancing Houthis was strongly driven by concerns that Houthi success would enable Iran to extend its influence to the kingdom's southern doorstep. The boast by a senior Iranian official that the fall of Sana'a to the Houthis last September brought the number of Arab capitals under Iran's control to four did little to calm nerves.

Not wanting to derail an already complex and difficult series of negotiations, the issue of Iran's foreign activities in hotspots like Syria, Iraq and Lebanon was deliberately decoupled from talks on its nuclear program, much to the consternation of Saudi Arabia, Israel and many in the US congress. It may therefore be left to the next crop of leaders in the US, Saudi Arabia and Iran to push for greater rapprochement in the interests of regional peace and security. For the time being, however, these powers will have to settle for that rare alignment of interests that ISIS and rampaging Islamic militants have availed them.

Table 1.The following are details of major sanctions imposed on Iran by the United States, the European Union, and the United Nations over the years.

US SANCTIONS

Initial sanctions were imposed after Iranian students stormed the US embassy and took diplomats hostage in 1979.

- Under a US trade embargo dating back to then, Iranian products cannot be imported into the US, except for small gifts, information material, food and some carpets.
- In 1995, President Bill Clinton issued executive orders preventing US companies from investing in Iranian oil and gas and trading with Iran. The same year, Congress passed a law imposing sanctions on foreign companies investing more than $20 million a year in Iran's energy sector.
- Under current sanctions, Americans are prohibited from trading directly or indirectly with Iran's oil sector, the Iranian government and individuals connected to the oil sector or in any financing of it. US companies are also barred from investing in Iran's oil and gas industries or trading with them.
- US sanctions can also target foreign firms or people that do business with Iran's energy sector, with some exceptions for countries that are reducing their Iranian oil imports.
- US sanctions can also target financial institutions that engage in transactions with a host of Iranian companies and government agencies, including Iran's central bank, the Islamic Revolutionary Guard Corps, the National Iranian Oil Co. and its subsidiary Naftiran Intertrade Co.
- Companies or individuals found to breach the sanctions face significant fines, asset freezes, the risk of being cut off from the US dollar banking system or potentially even be blacklisted themselves.
- Other US sanctions prohibit Americans from dealing with a range of Iranian industries, including precious metals, shipping and port operations.
- Some of the sanctions are tied to Iran's nuclear activities, while others focus on what Washington deems to be human rights abuses, support for terrorism or interference in Iraq or Syria.

EU SANCTIONS

The 28-nation European Union has gradually introduced tighter sanctions against Iran since 2007 in response to concerns about Iran's nuclear activities. They include:

- An export and import ban on arms.
- An export and import ban on goods and technology related to nuclear enrichment or nuclear weapon systems.
- An export ban on materials relevant to the Iranian nuclear, military and ballistic missile programs or to industries controlled by the Iranian Revolutionary Guard Corps.
- A ban on investment by Iranian nationals and companies in uranium mining and production of nuclear material and technology within the EU.
- A ban on imports of crude oil, petroleum products and natural gas from Iran as well as related finance and insurance. No oil or petrochemical tankers may be supplied to Iran (measures dealing with insurance and transport of Iranian crude oil suspended under interim nuclear deal between six powers and Iran).
- A ban on imports of petrochemical products from Iran (suspended under interim deal).
- An export and import ban on goods and technology that have both military and civilian uses.
- An export ban on key equipment and technology for the oil, gas and petrochemical industries in Iran.
- A ban on investment in the Iranian oil, gas and petrochemical industries.
- No new commitments by EU member states for financial support for trade with Iran.
- EU member states barred from giving new grants or concessional loans to the government of Iran. Ban on providing insurance to the Iranian government and Iranian companies (except health and travel insurance).
- Trade in gold, precious metals and diamonds with Iranian public bodies and the central bank is prohibited (suspended for gold and precious metals under interim deal).
- No delivery of Iranian denominated banknotes and coins to the Iranian central bank.
- A ban on financial transfers with Iranian banks, unless specifically authorized in advance. Payments may be authorized in certain cases such as for food and healthcare.
- A ban on Iranian banks opening branches or creating joint ventures in the EU. EU financial institutions may not open branches or bank accounts in Iran, either.
- A ban on the issuance of and trade in Iranian government or public bonds with the Iranian government, central bank and Iranian banks.
- Cargo flights operated by Iranian carriers or coming from Iran may not have access to EU airports.
- No flagging or classification services may be supplied to Iranian oil tankers or cargo vessels.
- A ban on supplying key naval equipment for shipbuilding and maintenance to Iran.
- Visa bans on people designated by the UN or associated with Iran's nuclear activities or the development of nuclear weapon delivery systems.
- An asset freeze on entities associated with Iran's nuclear activities or the development of nuclear weapon delivery systems.

UN SANCTIONS

The Security Council has imposed four sets of sanctions on Iran, in December 2006, March 2007, March 2008 and June 2010.

- The first covered sensitive nuclear materials and froze the assets of Iranian individuals and companies linked with the nuclear program.
- The second included new arms and financial sanctions.
- The third, in 2008, increased travel and financial curbs on individuals and companies. It expanded a partial ban on trade in items with both civilian and military uses to cover sales of all such technology to Iran.
- A Security Council resolution passed on June 9, 2010, called for measures against new Iranian banks abroad if a connection to the nuclear or missile programs was suspected. It expanded a UN arms embargo against Tehran and called for the setting up of a cargo inspection regime.
- There are currently 43 individuals and 78 entities and groups on the UN blacklist and subjected to a global travel ban and asset freeze.

Table 2. Iran key banking system indicators

	Unit	Fiscal Year*						
		2007/8	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14*
Total assets of the banking system	$US bn	133.26	147.49	174.91	234.70	280.10	332.26	466.19
	% y/y	31.20	10.68	18.59	34.18	19.34	18.62	40.31
Claims on non-public sector	$US bn	58.23	65.33	74.81	102.52	123.09	144.86	176.96
	% y/y	35.68	12.19	14.51	37.05	20.06	17.69	22.16
Deposits to non-public sector	$US bn	54.61	61.03	75.73	95.33	114.78	149.69	196.44
	% y/y	27.61	11.74	24.09	25.89	20.40	30.42	31.23
Risk-weighted capital adequacy of banks	%	9.0	8.8	9.6	8.4	7.9	8.6	6.8
Ratio of non-performing loans of banks	% total loans	16.9	19.1	18.1	13.7	15.1	13.7	14.4
Loans provisions as a percentage of NPLs	%	12.3	8.3	17.0	35.1	37.5	39.4	36.1
ROA	%	0.7	0.8	0.8	1.0	0.9	1.0	n/a
Ratio of claims on no-public sector to GDP	% GDP	52.97	49.67	54.32	61.06	55.92	57.65	53.40

Sources and notes: IMF, Central Bank of Iran; Fiscal year ends in March; * estimates

Table 3.Top ten banks in Iran (IR bn)

Bank	Classification	Latest reporting year	Total Assets	Loans	Total customer deposits	Share-holder's equity	Net interest income	Net fees & commission	Net income (loss)
Mellat Bank	Private bank	2013	1,183,483	702,354	826,116	56,562	16,375	2,782	15,159
Bank Maskan	Specialized state bank	2012	**668,515**	566,511	199,561	37,021	-20,247	465	2,421
Bank Saderat Iran	Private bank	2012	**621,657**	354,065	410,008	35,995	6,661	9,055	5,031
Tejarat Bank	Private bank	2013	**614,745**	358,990	458,722	36,332	10,216	8,207	6,157
Bank Melli Iran	State-owned commercial bank	2009	**565,701**	348,134	367,925	43,923	1,960	n/a	1,920
Bank Keshavarzi	Specialized state bank	2013	**373,310**	238,598	216,872	15,225	-18,198	5,439	31
Bank Sepah	State-owned commercial	2013	**368,573**	228,751	271,511	6,326	1,697	1,297	376
Parsian Bank	Private bank	2013	**366,495**	239,672	287,383	27,195	10,374	2,838	7,908
Pasargad Bank	Private bank	2013	**317,288**	164,356	209,617	52,591	4,843	4,405	13,558
Bank of Industry/Mining	Specialized state bank	2013	**144,714**	101,032	37,837	27,136	6,568	219	478

Sources & notes: EIU, Central Bank of Iran, Bankscope database; Figures in IR bn, currently 1$=28,000IR

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