



In The Name OF God

The Financial statements have been translated from the statutory financial statements prepared in accordance with generally accepted accounting principles applicable to enterprises established in the Islamic Republic of Iran. In the event of any difference in interpreting the financial statements, the Farsi version shall prevail.



Bank Keshavarzi
Annual Report

Abbreviations and Acronyms

ADFIAP: Association of Development Financing Institutions in Asia and the Pacific

ADFIMI: Association of National Development Finance Institutions in Member Countries of IDB

AML: Anti-money Laundering

APIF: Agricultural Products Insurance Fund

ATM: Automated Teller Machine

APRACA: Asia Pacific Rural and Agricultural Credit Association

BK: Bank Keshavarzi

bn: billion

CBI: The Central Bank of the Islamic Republic of Iran

CD: Certificate of Deposit

CICA: Confederation Internationale Du Credit Agricole

Dept.: Department

DC: Documentary Credit

E-banking: Electronic Banking

ECO: Economic Cooperation Organization

EUR: Euro

Exe. : Executive

FAIR: Federation of Afro-Asian Insurers and Reinsures

FAO: Food and Agriculture Organization

FC: Foreign Currency

Forex: Foreign Exchange

FYDP: Five-year Development Plan

GCIBFI: General Council for Islamic Banks and Financial Institutions

GDP: Gross Domestic Product

ha: hectare

IAS: Iranian Accounting System

ICD: Islamic Corporation for the Development of the Private Sector





- IDB:** Islamic Development Bank
IFSB: Islamic Financial Services Board
Info.: Information
Int'l: International
IPRA: International Public Relations Association
IRR: Iran Rial
ITFC: International Islamic Trade Finance Corporation
IWPC: Iran Water and Power Resources Development Company
JPY: Japan Yen
KYC: Know Your Customer
L/C: Letter of Credit
L/G: Letter of Guarantee
MCC: Money and Credit Council
Mln: Million
NENARACA: Near East and North Africa Regional Agricultural Credit Association
OSF: Oil Stabilization Fund
POS: Point of Sale
R&D: Research and Development
Rls: Rials
RTGS: Real Time Gross Settlement System
SAO: State Audit Organization
SATNA: Samaneh Tasvieh Nakhales Aani (Real Time Gross Settlement System)
SHETAB: Shabakeh Tabadol Etela'at Bain Banki (Inter-bank Information Transfer Network)
SME: Small and Medium Enterprises
SMS: Short Message System
TSE: Tehran Stock Exchange
USD: United States Dollar

Corporate Outline

Bank Keshavarzi

(Agriculture Bank of Iran)

Date of Establishment:

June 11, 1933

President:

Dr. Mohammad Talebi

Board Members:

Mr. Heshmatollah Nazari ; Mr. Davar Mahikar ; Dr. Habibollah Salami

Address:

No.247, Patrice Lumumba St., Jalal-al-Ahmad Exp.Way, Tehran 1445994316, I.R. Iran
P.O. Box 14155-6395

Call Center:

Tel.: (+98 21) 81301 ; (+98 21) 88287070

Public Relations Department:

Tel.: (+98 21) 88289359

Fax: (+98 21) 88289358

Email: info@agri-bank.com

International Cooperation Department:

Tel: (+98 21) 88252246 - 84892663

Fax: (+98 21) 88253625

Email: icd@agri-bank.com

Website:

www.agri-bank.ir





Financial Highlights

For more than 80 years, Bank Keshavarzi has made great contributions to the development of the agriculture sector. Offering diverse banking and E-banking services through application of state-of-the-art technologies, the bank has been granting the highest amount of credit demanded in the sector.

Balance Sheet Highlights (Million US Dollars¹)

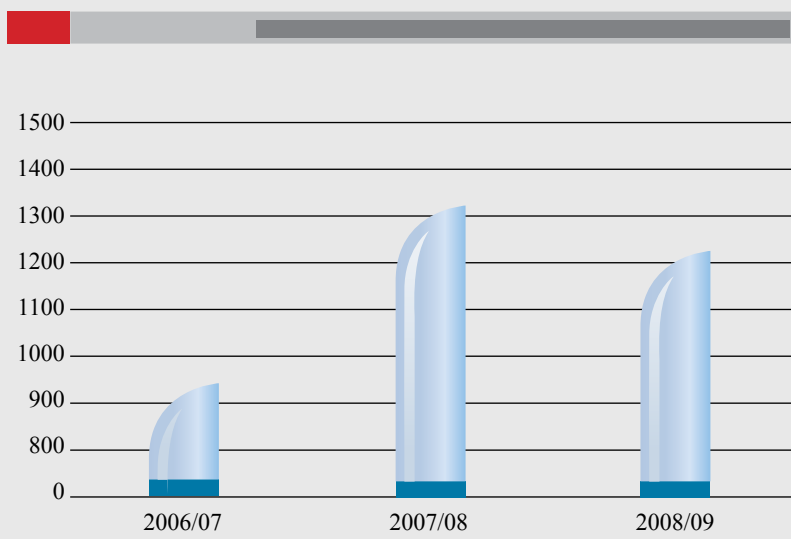
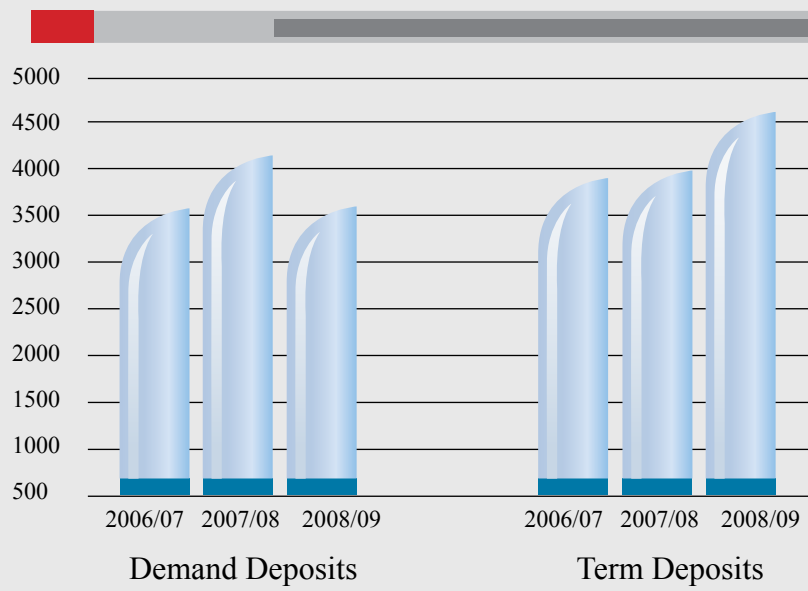
Item	2008/09 ²	2007/08	2006/07
Assets	18,837	18,299	15,713
Liabilities	17,921	17,308	14,757
Sight Deposits	3,654	4,168	3,607
Term Deposits	4,633	3,949	3,867
Shareholders' Equity	916	991	956

Income Statement Highlights (Million US Dollars)

Item	2008/09	2007/08	2006/07
Interest Income	916	993	651
Non-interest Income	326	331	274
Total Operating Income	1,242	1,324	926
Total Operating Expenses	1,239	1,300	958
Net Profit Before Taxation	4	24	(41)

1- Rial amounts have been converted to USD, for convenience only, at CBI reference rate used for revaluation purposes on the last day of Iranian financial year as USD1 equaling Rls. 9,717 (March 19, 2009), Rls. 8,956 (March 19, 2008) and Rls. 9,243 (March 19, 2007).

2- Financial year of Bank Keshavarzi (1387 Persian Calendar) corresponds to the period of March 20, 2008 to March 19, 2009.



Total Operating Income





Bank Keshavarzi

Annual Report

Table of Contents

- 11. Board of Directors**
- 12. President's Address**

Section 1: The Islamic Republic of Iran

- 16. Iran's Economic Outlook**
- 18. Iran's Banking System**
- 20. Iran's Agriculture Sector**
- 22. Islamic Banking**

Section 2: Bank Keshavarzi (Agricultural Bank of Iran)

- 26. Profile**
- 27. Mission**
- 28. Vision**
- 30. Organization Chart**
- 32. Human Resources**
- 34. Corporate Social Responsibility**
- 35. Codes of Ethics**
- 36. Banking Services**
- 39. E-banking**
- 40. International Banking**
- 42. International Membership**
- 43. Operational Performance**
- 45. Financial Performance**
- 48. Main Affiliated Companies**
- 50. Achievements and Accomplishments**

Section 3: Financial Statements

- 54. Auditors' Report**
- 56. Financial Statements**

Section 4: Contact Information

- 84. Foreign Exchange Branches**
- 86. Contact Us**

2009-2010

Board Of Directors



Dr.Mohammad Talebi
President



Mr.Heshmatollah Nazari
Board Member



Mr.Davar Mahikar
Board Member



Dr.Habibollah Salami
Board Member





President's Address

It is a great honor for me to submit Bank Keshavarzi's annual report for 2008/09 fiscal year to our customers, shareholders, partners, colleagues and all interested individuals across the nation. Throughout the present annual report, the main objective has been to present an accurate reflection of the overall banking operations and essential activities performed by the bank during the aforementioned period.

Bank Keshavarzi of Iran, as the only specialized financial institution in the agriculture sector with more than 76 years of experience, has been a pioneer in utilizing state-of-the-art technologies including a comprehensive, centralized and online banking terminal, aimed at offering modern e-banking services through 1866 branches nationwide in regard to global conditions as well as development and requirements of the 21st century's and the third millennium.

Accordingly, being committed to the principles of transparency, accountability, and customer-satisfaction as well as relying on moral values, the bank has managed to allocate financial facilities as much as RIs. 73,000 billion to 1,759,499 individuals involved in agricultural activities.

In addition, within the financial period under report, resources mobilization mounted to RIs. 88,972 billion, indicating a 13.4 percent growth. In the meantime, with the aim of promoting customers' satisfaction, the bank provided credit facilities demanded in 1,400,091 cases, at the sum of RIs. 36,484 billion, which had been deferred due to unfavorable climatic conditions and natural disasters. Moreover, with respect to agricultural and livestock activities, some RIs. 5,200 billion, was paid to the damage-incurred producers under coverage of Insurance Fund.

Furthermore, in order to meet national requirements, realize economic objectives, achieve independence, and reach agri-food self-sufficiency, the bank, having developed regional plans, managed to grant credit facilities, out of which 4,100 central pivot irrigation projects, to the value of RIs. 1,209.7 billion on 44,545 hectares (ha), were executed.

Bank Keshavarzi has also implemented or reactivated many manufacturing projects,

having allocated resources amounting to around RIs. 20 trillion¹.

Moreover, the bank provided 101,423 rural households with credit facilities, equaling RIs. 6,855 billion, to pave the way for self-employment, to support the deprived classes of society and the last but not the least, to alleviate poverty.

As a final word, I would like to reiterate that all my colleagues are proud to have offered a diverse collection of banking services and products in the aforementioned fiscal year.

I am quite certain that through God's divine attentions, our colleagues in Bank Keshavarzi will make appreciable stride toward upgrading and expanding the objectives and services quantitatively and qualitatively in order to fulfill our national requirements and in this way add another golden leaf to the bank's glory in its 18th anniversary.

Mohammad Talebi (PhD)

1 Thousand Billion





Bank Keshavarzi
Annual Report



Section 1

The Islamic Republic of Iran

- Iran's Economic Outlook
- Iran's Banking System
- Iran's Agriculture Sector
- Islamic Banking



Iran's Economic Outlook

The world in 2008 was still experiencing an extensive recession, a sharp decline in the economic growth and unemployment rise due to the financial crisis hitting almost all parts of the globe. Like many other open economies, the Iranian one was rather affected by the difficult straits. In addition, the foreign currency earnings grew less following the oil price decline. However, the weak connections between Iranian institutions in capital and financial markets and their international counterparts resulted in impact on operational indices in the securities market.

Based on initial estimates, Iran's GDP, at basic and current prices¹, rose from RIs. 1416 trillion in the first half of the Iranian Calendar 1386² to 1926 trillion in the first half of 1387³, indicating a 36 percent growth in nominal terms.

With respect to the changes in general level of prices, the preliminary statistics on the real sector of the economy represent that real GDP (GDP at 99/98 constant prices) increased by 2.3 percent in the first half of 1387 and as much as 2.7 percent exclusive of oil sector contribution. In the first half of 1387, gross fixed capital formation regarding machinery and construction climbed to 10.2 and 8.3 percent respectively, as compared with figures of similar period in the previous year. Accordingly, the overall gross fixed capital formation enjoyed a growth by 9.4 percent.

Within the same period, the unemployment rate, calculated by Statistical Center of Iran (SCI), reached 10.4 percent showing a 0.1 percent decline compared with that of 2007/08. The rate was reported 12 and 7.2 percent in urban and rural areas respectively, displaying a 0.5 percentage point decrease in urban and a 0.6 percentage point increase in rural areas as compared with those of the preceding year.

As regards the Forex market, the movements of real and nominal exchange rates of dollar and euro indicate that their real values depreciated against rial in spite of an

1 Under IAS, GDP at basic prices equals GDP at market prices less net indirect tax. Current prices are also calculated according to a base year, i.e. 1997/98 in IAS.

2 March 21, 2007 - September 22, 2007.

3 March 20, 2008 to September 21, 2008.

increase in their nominal exchange rates. Some factors affecting real exchange rates movements are believed to be changes in nominal exchange rates as well as national and international inflation rates. The findings imply that the national inflation rate has brought about more impacts on reduction of forex rates real value against rial, leading to overvaluation of national currency real value due to more velocity of national inflation as compared with the international one.

Moreover, the 2008/09 liquidity, with a 15.9 percent growth, decreased as much as 11.8 percentage point as compared with that of the preceding year. The money share in liquidity, at end-1387 (early 2009), equaled 27.6 percent, down by 5.1 percentage point in comparison with that of the year before.

As for the agriculture sector, during 2008/09 farming year, the guaranteed purchase prices of various agricultural crops, especially grains, soared remarkably, as compared with those of the previous year. For instance, the increase in guaranteed price for different kinds of rice was calculated ranging from 53.1 to 89.7 percent. In the meantime, the guaranteed prices for common wheat, durum wheat, and potatoes grew as much as 36.6, 48.8, and 62.7 percent respectively.

With regards to the stock market in the first half of 1387, Tehran Stock Exchange (TSE) experienced a positive trend although the capital market was rather influenced by the financial crisis. In the reported year, the whole price index, financial and industrial indices, the index of main-floor, and TSE 50 index, as compared with those of 2007-2008, faced with a decline. In contrast, the second-floor price index had a 13.7 percent rise comparing with the index of the preceding year. Accordingly, the number and value of 2008/09 traded shares, grew by 105 and 88 percent respectively.

Macroeconomics Indices within 2005-2009

Year	2008/09	2007/08	2006/07	2005/06
Economic Growth (%)	-	6.7	6.6	6.9
Liquidity Growth (%)	15.9	27.7	39.4	34.3
Inflation Rate (%)	25.4	18.4	10.4	10.4
Unemployment Rate (%)	10.4	10.5	11.5	11.5
Shareholders' Equity	916	991	956	956

Source: CBI





Iran's Banking System

Iran's banking system, in collaboration with the government, operated extensively to achieve economic stability in 2008/09. In the year under report, the banks, as the key financial channels of society, contributed to national economic growth through identifying the investment opportunities, conducting efficient risk distribution, facilitating exchange of services, and executing better resources allocation.

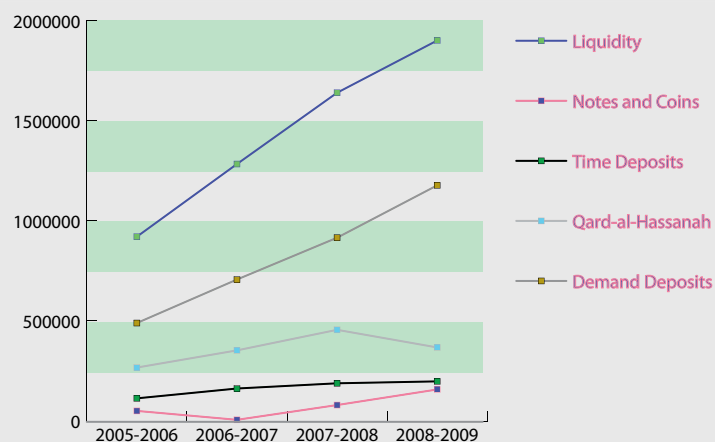
The study of effective factors on 2008/09 liquidity, with a 15.9 percent growth (11.8 percentage point less than the preceding year's 27.7 percent), displays the growth of net foreign assets of the banking system as much as RIs. 128 trillion, leading to a 7.8 percentage point rise in liquidity. The increase is believed to be caused by the RIs. 118.9 trillion rise in net foreign assets of CBI and the RIs. 9.4 trillion increase in those of banks and credit institutions. The reduction in share of net domestic assets belonging to the banking system is deemed the most significant factor involved in decline of liquidity growth by 2008/09 year-end. The banking system's net domestic assets, in 2008/09, enjoyed a mere RIs. 132.7 billion rise, making liquidity grow by 8.1 percentage points.

Yet, in the review year, the banking system maintained its progressive movement and managed to increase facilities granted to the private sector in mid 2008/09 from RIs. 1468298 billion to RIs. 1665189.6 billion representing an 11.7 percent growth.

Banking Network's Accounts (Billion Rials)

Item	2008/09	2007/08	2006/07	2005/06
Sight Deposits	367718.3	455798.1	353093.3	267243.8
Qard-al-Hassanah	198239.4	188601.2	162554	113406.8
Term Deposits	1177644.1	915984.5	707100.5	489693.2
Notes and Coins	157764.2	79909.2	6151.6	50675.6
Liquidity	1901366	1640293	1284199.4	921019.4

Source: CBI



Breakdown of Non-public Sector Debts and Deposits (Billion Rials)

Item	2008/09	2007/08	2006/07	2005/06
Debts:				
Commercial Banks	1017613	957827	701574	6.2
Specialized Banks	316609	273630	221926	15.7
Private Banks and Non-bank Credit Institutions	330968	236842	143048	39.7
Total	1665190	1468299	1066548	13.4
Deposits				
Commercial Banks	1117432	1062802	850729	5.1
Specialized Banks	211769	201737	180656	5
Private Banks and Non-bank Credit Institutions	414402	295845	191363	40
Total	1743603	1560384	1222748	11.7

Source: CBI

It is noteworthy that within 2008/09, the payment systems in Iran went through overall developments including the issuance of Iran-checks by CBI, replacing those already issued by the banking network; quantitative and qualitative growth of

E-payment instruments; promotion of E-payment facilities and services; expansion of SHETAB Network (Inter-bank Information Transfer System); and development of RTGS (known as SATNA in Iran), as a mechanism for inter-bank electronic settlement.





Iran's Agriculture Sector

Iran is mostly an arid and semi-arid country, with a sub-tropical climate along the Caspian coast. Thus, the country's agriculture sector is dependent on changes in rainfall, making the government endeavor to reduce such dependence through construction of dams, improvement of irrigation and drainage systems, etc. However, the sector enjoys many advantages, chief among which are wide spectrum of climatic conditions, rich resources and reserves such as 130 billion cubic meters of renewable water, vast areas of forests and grasslands, diverse genetic reserves, low-cost labor force, and potentiality of exporting variety of agricultural products.

Accordingly, the sector accounts for about 26 percent of the GDP, and employs nearly one-third of the workforce¹. In the meantime, the support of agriculture and the achievement of self-sufficiency have been prioritized by the government.

Livestock Products in 2008/09

Based on preliminary statistics released by the Ministry of Agriculture, total livestock products (red meat, poultry, milk, eggs, and honey) mounted to 11,978.8 thousand tones in 2008/09, up by 5.6 percent, as compared to those of the year before.

Livestock Products (Thousand Tones)

Product						Percentage	Percentage
	2008/09	2007/08	2006/07	2006/07	2004/05	Change	Change
Red Meat	870	866	829	829	785	0.5	4.4
Milk	8,772	8,251	7,741	7,741	6,720	6.3	6.6
Poultry	1,566	1,468	1,360	1,360	1,152	6.6	7.9
Eggs	727	703	677	677	655	3.4	3.9
Honey	41	47	36	36	29	-13.3	30.3
Total	11,976	11,335	10,643	10,643	9,341	5.7	6.5

Source: Ministry of Agriculture

1 Ministry of Agriculture

Fishery Industry

The government remains committed to increase the annual catch to at least 700,000 tons by the end of 2010 principally through the development of fisheries in southern waters. The caviar industry, with a worldwide market, is by far the most developed field within Iran's fisheries sector. In the last few years, Iran and some other countries of the region attempted to protect caviar prices and sturgeon stocks in the Caspian Sea despite the threat of over-fishing. In general, Iran's caviar exports are showing a healthy trend as compared to those of the preceding years.

Banking System's Contribution to the Agriculture Sector

In the given year, out of total facilities furnished by the banking network, 13.5 percent was granted to the agriculture sector. The facilities, with a 4.9 percent growth as compared to those granted in the year before, equaled RIs. 218.7 trillion, about 50 percent of which was granted by Bank Keshavarzi, 49.6 percent by state-owned commercial banks, and 0.4 percent by other banks and credit institutions.

As regards, public banks' facilities to those Small and Medium Enterprises (SMEs) involved in agriculture sector totaled RIs. 7,053.1 billion, 65.8 percent of which was provided by commercial banks and 32.2 percent by Bank Keshavarzi¹.

1 CBI Annual Review, 2008/09.





Islamic Banking

Islamic banking has the same purpose as conventional banking except that it operates on a principle of equity and fairness in accordance with the rules of Sharia. The perception held about interest and profit, i.e. Profit-Loss-Sharing Scheme (PLS), constitutes the basic element defining Islamic banking and finance, in which profit or financial gain is acceptable as long as an effort is made or (partial) liability is accepted for the financial result of a business venture.

Iran, in contrast to other countries which have some degree of Islamic banking, has completely transformed its banking activities to comply with Islamic principles. Based on Islamic banking laws and CBI policies, Iranian banks' financial resources are mainly raised through Sharia-compliant services and products such as Qard-al-Hassanah accounts¹ and term deposits, which do not entail Riba². On the lending side, the banks adopt several modes of financing through Islamic contracts, mostly in form of civil partnership, without a preset lending rate (settlement is based on the real rate of return after implementation of project) and with the bank's supervision as a partner in the respective affairs³. The most significant forms of Islamic contracts used to furnish customers with required facilities are as follows:

Partnership Contracts

Under these types of contracts, the bank provides the whole or a part of the funding required by its customer for a specific economic activity. The arising profit is shared between the bank and customer as to the terms of related contract. Partnership contracts consist of:

- **Civil Partnership:** The bank provides funds for the customer (legal or natural

1 Qard-al-Hassanah accounts include checking and savings accounts, as in the conventional banking system, except that they earn no interest. Savings accounts offer incentives to account-holders such as non-fixed prizes and bonuses in cash or in kind (usually in the form of a lottery) and an exemption or discount in the payment of commissions and fees.

2 An increase over principal in a loan transaction accrued to the owner (lender) without giving an equivalent counter-value or recompense in return to the other party.

3 CBI Monetary and Credit policies in 2008/09.

person), who co-invests in cash or kind, for a specific economic activity, mostly in fields of construction, manufacturing, commerce and service industry. Related profit is shared between the two parties.

- **Legal Partnership:** The bank provides part of a new company's capital, or buys the company's shares. Companies are eligible to receive legal partnership facilities if operative in fields of construction, manufacturing, commerce, and service industry.
- **Mudharabah:** A form of partnership where one party (the bank) provides the funds while the other provides expertise and management. Any profit accrued is shared between the two parties.
- **Muzarra'a:** Subject to a Muzarra'a contract, the bank furnishes the customer with pieces of farmland for a specified duration and related proceeds are shared.
- **Musaqat:** The bank (as the owner of fruit-bearing trees) may provide an orchard to a farmer for a period of time (one year or until its fruition time) for a share of the profit.

Constant-Profit Contracts

Based on the contracts, the bank supplies the whole or a part of the funding required by the customer for a specific economic activity. As opposed to partnership contracts, the bank's profit is shared on a pre-agreed basis. Chief among constant-profit contracts are as follows:

- **Installment Sale:** The bank delivers goods to the customer at a set price, which is amortized, totally or partially, on pre-determined maturity dates, through equal or unequal installments.
- **Hire Purchase:** The contract allows the bank to buy and then lease buildings, machinery, and equipment. At the end of the leasing period, the lessor (the bank) transfers the property (movable or immovable) ownership to the lessee if complying with the terms of the contract.
- **Forward Sale (Salaf):** A form of contract whereby the bank purchases goods produced by the customer, pays the price in cash, and receives the goods in future.





- **Jo'aleh:** Under Jo'aleh contract, one party (Ja'el) purchases another party's (agent or contractor) services for a specified commission. The bank may function as either Ja'el or contractor depending on the situation and the customers' needs. The following table displays credit distribution based on Islamic contracts, mostly installment sale with a 61.2 percent share in 2008/09.

Financial Facilities Extended by BK through Islamic Contracts (Billion Rials)

	Share (%)		Share (%)		
	2008/09	2008/09	2007/08	2007/08	Percentage change
Qard-al-Hassanah	2,252	3	2,426	4.4	-7.2
Installment Sale	45,635	61.2	26,486	47.7	72.3
Forward Transactions	6,689	9.1	7,064	12.8	-3.9
Jo'aleh	1,901	2.6	140	0.3	1257.9
Mudharabah	5,938	8	3,208	5.7	85.1
Civil Partnership	11,884	16	16,066	29	-26
Hire Purchase	94	0.1	23	0.1	308.7
Total	74,493	100	55413	100	34.43



Bank Keshavarzi
Annual Report

Section 2



Bank Keshavarzi
(Agricultural Bank of Iran)

- Profile
- Mission
- Vision
- Organization Chart
- Human Resources
- Corporate Social Responsibility
- Codes of Ethics
- Banking Services
- E-banking
- International Banking
- International Membership
- Operational Performance
- Financial Performance
- Main Affiliated Companies
- Achievements and Accomplishments



Profile

Bank Keshavarzi, initially named “Agricultural and Industrial Bank of Iran” and then “Bank Keshavarzi”, was established in June 1933, following the merging of two specialized banks, i.e. “Agricultural Development Bank”, and “Iran Agricultural Cooperative Bank”. Bank Keshavarzi, as the only specialized financial institution to finance the agriculture sector, is now considered a pioneer bank in offering variety of banking services through 1866 branches nationwide. For the past decade, the bank has been successful in meeting its objectives, especially financing the agriculture sector through active participation in monetary and financial markets and relying on adequate resources mobilization.

Chief among the fundamental and strategic objectives of the bank are as follows:

- Granting credit facilities to improve rural living standards;
- Developing small industries in rural areas;
- Enhancing rural income levels;
- Boosting agricultural production;
- Strengthening the sector to reach self-sufficiency in production of agricultural crops and livestock products; and
- Escalating agricultural export.

The bank’s financial resources are mainly raised through equity capital; credit from CBI and other banks; variety of Qard-al-Hassanah savings accounts; state-owned, corporate, and individual checking accounts; and other sight and term deposits as well as collections.

Mission

Bank Keshavarzi's mission is to create and offer distinctive banking services aimed at meeting customers' needs and enhancing productivity for the public in general and all those organizations, economic enterprises, etc. involved in the agriculture sector, agribusiness and associated industries, in particular.

The fundamental values the bank is determined to create are as follows:

1. Respecting all customers as the main stakeholders of Bank Keshavarzi;
2. Dignifying the bank's staff as professional, motivated and enthusiastic bankers;
3. Availing itself of modern technologies to offer distinctive services;
4. Complying with the banking system based on Islamic Sha'ria Principles;
5. Relying on knowledge-orientation and knowledge-based management;
6. Achieving scientific and specialized credibility in the agriculture areas;
7. Gaining credibility in international arenas.





Vision

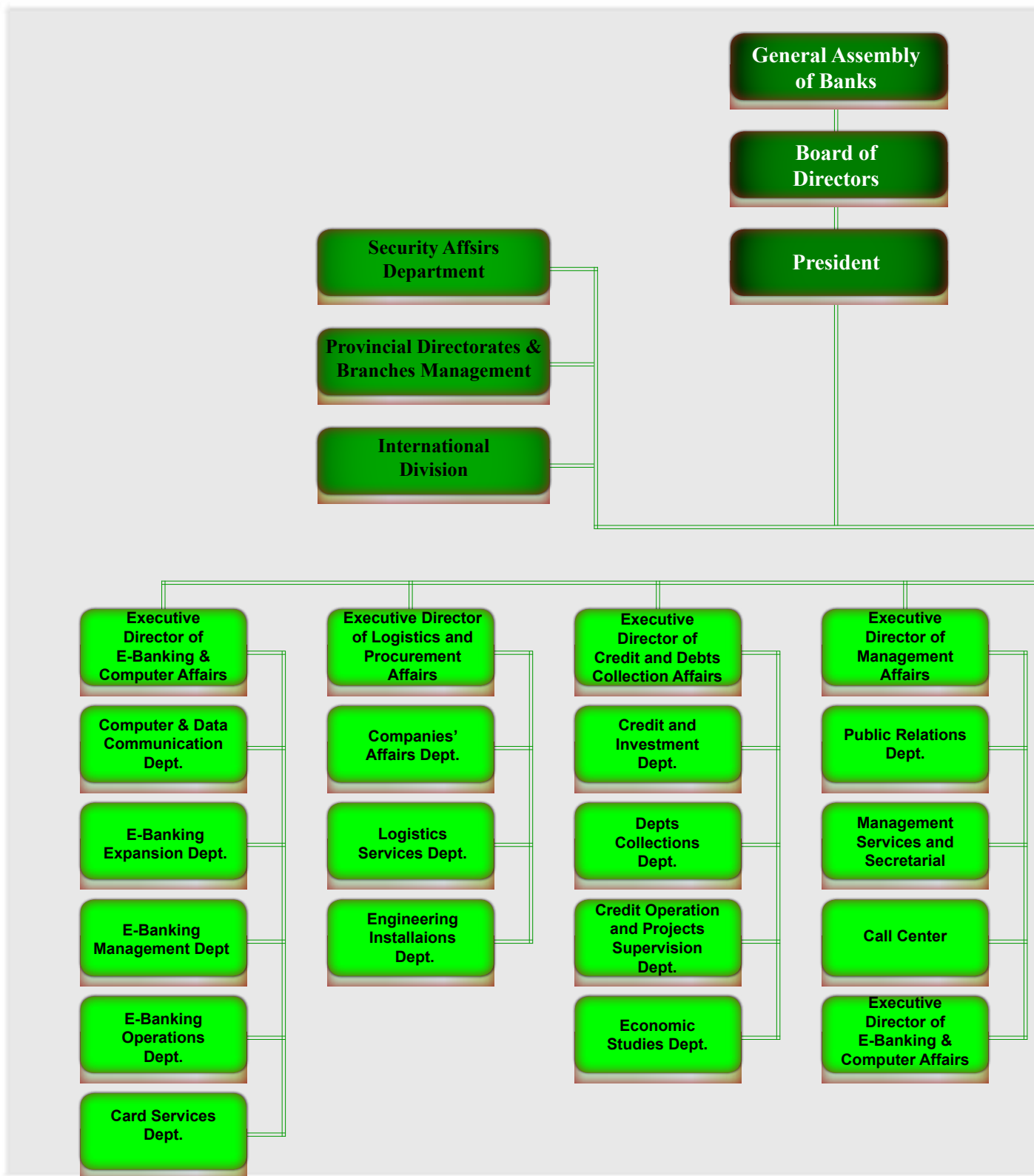
Bank Keshavarzi is the prime specialized bank of the region (the Middle East), pioneer in innovation and utilization of new technologies in banking and financial services industry. Realizing its vision, Bank Keshavarzi avails itself of the following specifications:

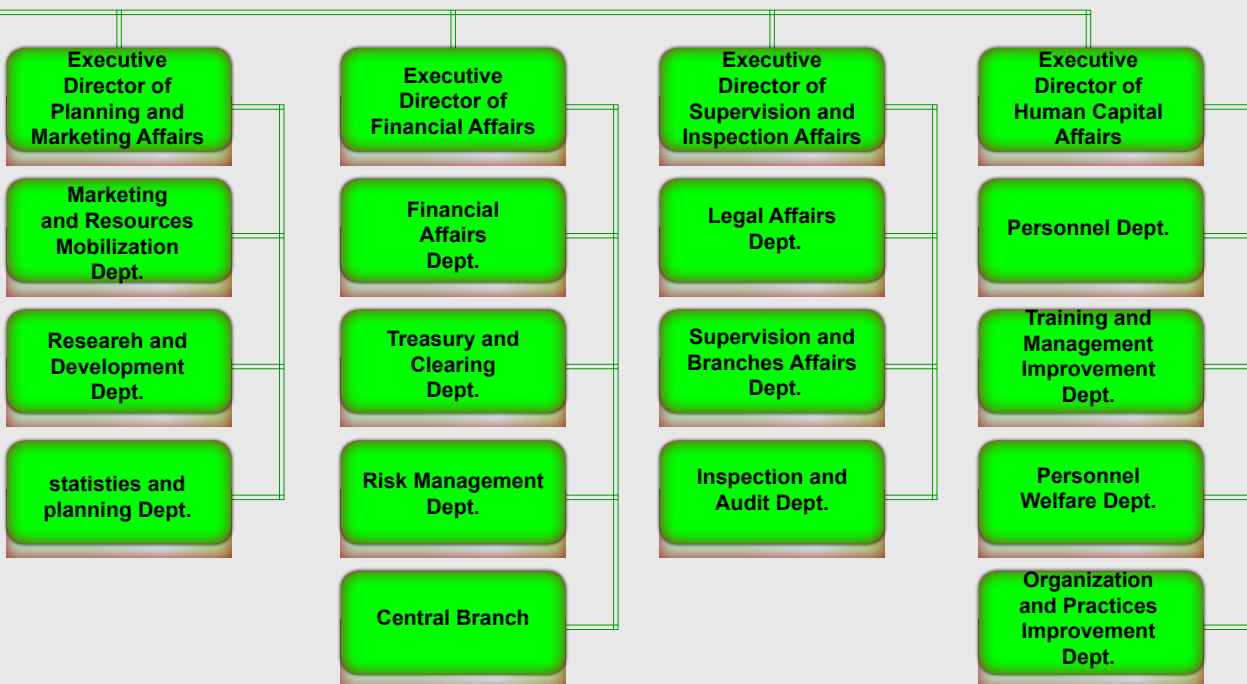
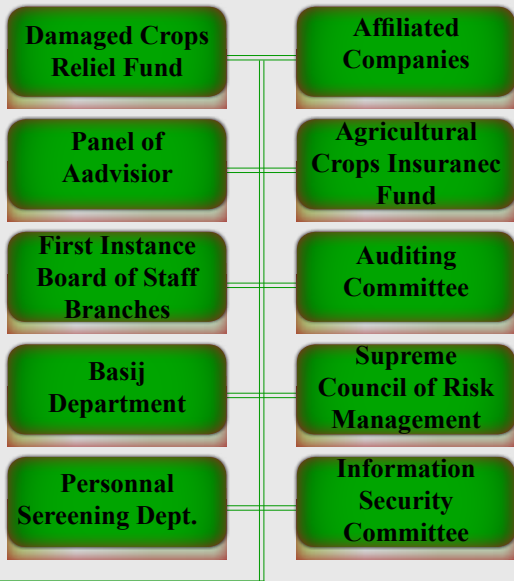
- Facilitating the flow of internal and external financial resources into the agriculture sector having identified and institutionalized the needs and investment opportunities in the sector;
- Availing itself of diligent, motivated, highly-educated, trained, and expert staff, with good morals and bound to professional ethics, within international and modern banking sector;
- Pioneer in utilizing up-to-date technologies, and capable to offer modern E-banking services in national and international arenas;
- Equipped with integrated, coordinated, harmonious, recognized, and fluent systems implemented and developed for the benefit of all stakeholders at required and internationally acceptable standards;
- Holding the largest market and customers shares among the specialized banks, ranked among the first four-top Iranian banks;
- Making constructive and effective interaction with international institutions and banks operative in overseas financial and monetary markets;
- Determined to comply with Islamic Sha'ria in banking operations and to use novel Islamic banking instruments;



بانک کشاورزی
BANK KESHAVARZI









Human Resources

Promotion of organizational productivity and prosperity cannot be assumed without being endowed with efficient staff and accurate planning. Required groundwork for the escalation of national and international status could be provided through professionalism of human resources, which would provide proportion and coordination between human resources and the management, as a process accounting for growing and maintaining the employees' motivation and boosting productivity.

Bank Keshavarzi, aimed at realizing its mission and meeting customers' expectations and needs, has been endeavoring to improve the procedures of human resources management including employment, training, remunerations and human relationships.

By 2008/09 year-end, the bank was holding 18035 approved organizational positions and 15985 staff. It has employed only 150 individuals since 2004, indicating a mere 0.9 percent growth, mostly because of the bank's approach to promote staff productivity.

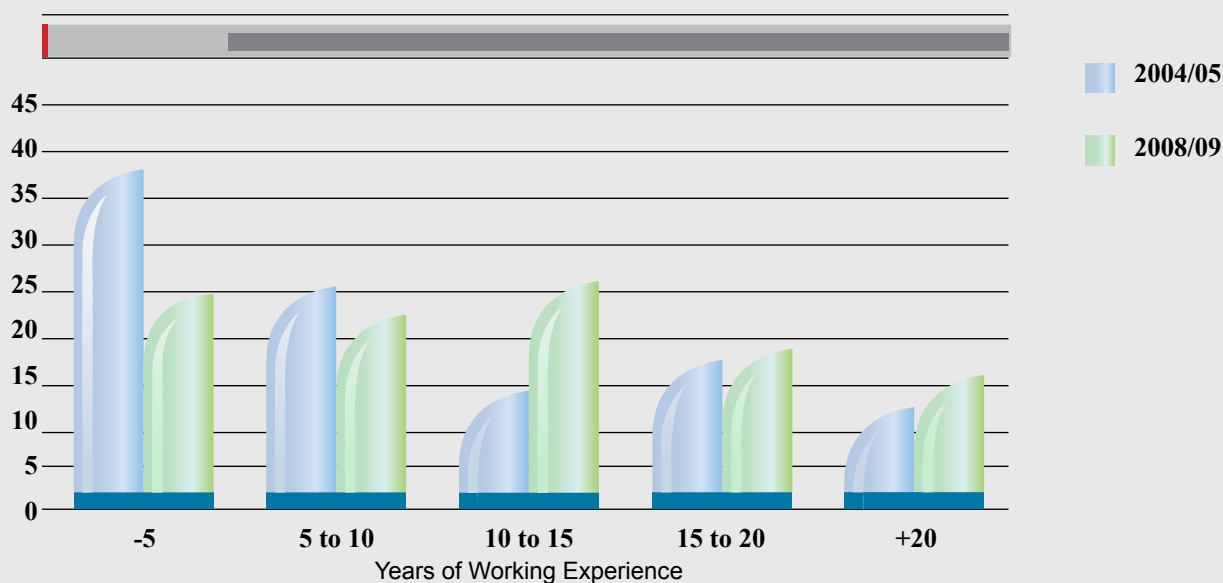
Promoting educational levels of staff, 41.3 percent of whom hold academic degrees, has also been resulted from human resources improvement plan eventually leading to realization of Bank Keshavarzi's mission and better accountability toward customers' ever-increasing expectations.

Distribution of BK Staff Educational Levels

Year	2008/09		2007/08		2006/07		2005/06		2004/05	
Level	No.	%	No.	%	No.	%	No.	%	No.	%
Under-High School Diplomas	910	5.7	1087	6.7	1256	8	1446	9.3	1572	9.9
High School Diplomas	8488	53.1	8932	55.4	9388	59.8	9720	62.5	9525	60.2
Associate Diplomas	1505	9.4	1303	8.1	1125	7.2	959	6.3	1341	8.5
Bachelor's Degrees	4683	29.3	4410	27.4	3591	22.9	3082	19.8	2942	18.5
Master's Degrees	348	2.2	332	2.1	291	1.8	281	1.8	404	2.6
Doctoral Degrees	51	0.3	51	0.3	54	0.3	52	0.3	51	0.3
Total	15985	100	16115	100	15705	100	15540	100	15835	100

Frequency of BK Staff's Years of Working Experience

Year	2008/09		2007/08		2006/07		2005/06		2004/05	
	No.	%	No.	%	No.	%	No.	%	No.	%
Working Experience	3720	23.3	3723	23.1	2928	18.6	4895	31.5	5713	36.1
Less than 5	3284	20.5	3532	21.9	3474	22.1	3129	20.2	3760	23.7
5 to 10	3901	24.4	3380	21	3689	23.5	2636	17	1922	12.2
10 to 15	2730	17.1	2635	16.4	2872	18.3	3116	20	2601	16.4
15 to 20	2350	14.7	2845	17.6	2742	17.5	1764	11.4	1839	11.6
20 and above	15985	100	16115	100	15705	100	15540	100	15835	100
Total	15985	100	16115	100	15705	100	15540	100	15835	100





Corporate Social Responsibility

To perform its corporate social responsibilities and to conduct its development and poverty-alleviation schemes, the bank has implemented the following:

- Hazrat Zeynab Plan to support women-headed households;
- Iran Plan, a special program designed for Iranian women;
- Children and Youth Bank, aimed at promoting banking and savings attitude among Children and teenagers;
- Other support plans such as:
 - Financing SMEs projects;
 - Electrifying agricultural water wells aimed at reducing environment pollution;
 - Newly-released Prisoners Support Plan;
 - Iranian Women Savings Plan;
 - Rural Employment Development Fund;
 - Investment Guarantee Fund, aimed at covering collateral deficit.

Codes of Ethics

Emphasizing on observation of ethical principles at work, institutionalizing the socially anticipated working behavior and honoring the public and customers, Bank Keshavarzi's management developed the Code of Ethics. The code was communicated to all departments, units and branches of the bank as follows:

1. Respecting the public and customers and trying to meet their satisfaction as the foremost capital of the bank;
2. Observing discipline and order besides respectful treatment and courtesy toward the public and customers;
3. Avoiding discrimination and unfair treatments as for activities and affairs, aiming at sustaining esteem for people and customers;
4. Promoting the culture of endearment, accountability, and problem-solving as a dominant corporate value;
5. Observing honesty, trustfulness, and secrecy, as well as preserving customers' information;
6. Following rules of punctuality, responsibility, and decent attire as well as avoiding any excessive bureaucracy and time wasting;
7. Providing collective participation and organized teamwork to enhance precision, accuracy, and quality, and to increase operational speed;
8. Offering the best and the most up-to-date types of banking services, especially through updated e-banking technologies at global standard levels;
9. Utilizing the public and customers' useful comments, criticism, and proposals as a key opportunity for the bank;
10. Endeavoring to meet customers' needs and expectations as a strategic opportunity to realize the bank's objectives;
11. Demonstrating patience, humbleness, and good manner to keep tranquility and peace for customers in various atmospheres of the bank;
12. Recognizing the values required by customers in all parts of the country and a comprehensive attempt to fulfill whatever required;





Banking Services

Aimed at making further diversity in banking services and meeting the requirements of the agriculture sector and other sectors as well as the public, Bank Keshavarzi has endeavored extensively, in recent years, to expand and promote national and international banking services and gain customers' satisfaction.

Furthermore, focusing on the importance of electronic banking, Bank Keshavarzi has been one of the first banks initiating the SHETAB Network, i.e. Inter-bank Information Transfer System, and ATM network of operating banks in Persian Gulf region. Accordingly, nearly 8 million debit and credit cards have been presented so far and a variety of modern banking services is offered through 1,151 ATMs, 59,775 POS terminals and 1866 branches nationwide.

The bank has also furnished a telephone operating system to provide customers with required accounts information. Bank Keshavarzi also took the initiative and established a 24/7 call center, titled Green Call Center, to answer enquiries made by customers, the public, those involved in agriculture sector and farmers, in particular. Moreover, for the first time in Iranian banking network, an electronic queuing system was installed in Bank Keshavarzi's branches to reduce the number of people present in branches and more specifically, their irregular stance and crowding before the branches windows.

The opening of Youth and Children Branches in Tehran and branches supervised by provincial directorates is also considered one of the successfully attractive services offered by Bank Keshavarzi, aiming at teaching children and youngsters about financial concepts such as saving attitude and financial management along with increasing the bankability of the target group.

To name further modern plans and services, there are special plans developed for women, including Iran and Hazrate Zaynabe Kobra Plans; Atiyeh (Future) Investment Accounts; Easy Deposit Plan; transferable time deposit accounts, Special Supervisors Plan, etc.

Some of the diverse services of the bank, numbered around 150 in 2008/09, are outlined as follows:

- Variety of Qard-Al-Hassanah (interest-free) savings and checking accounts (Corporate and Individual);
- Term investment deposit accounts;
- Numerous types of financial facilities including:
 - Facilities funded by government and internal resources;
 - Facilities designed for privileged customers;
 - Qard-Al-Hassanah loans for rural women-headed households;
 - Qard-Al-Hassanah facilities for victims of natural disasters;
 - Facilities for newly-released prisoners;
 - Foreign currency facilities;
 - Facilities for agriculture graduates;
 - Facilities for unemployed Individuals;
 - Financing projects aimed at elevation of rural employment;
- Distinctive banking and E-banking services through the Core-banking System (Mehr Gostar) for the first time in Iranian Banking Network;
- Internet Banking Services;
- Money Orders, inter-bank checks, certified checks, E-checks,...
- Mobile banking services in rural areas;
- Mehr Tele-banking System (Centralized Accounts Statement) and SMS System for accounts working balance;
- Overdraft facilities for checking accounts;
- Multi-purpose Mehr cards (ATM/POS/Debit cards, all in one account), multi-function cards such as Keshavarz (Farmer) Cards, Iran Cards, National Youth Cards, etc. and credit cards with different credit ceilings;
- Variety of international and forex services;
- Stock Brokerage Services;
- KioskBank(ATMs installed in special kiosks, located in shopping malls, entertainment centers, etc.);
- Insurance coverage and supporting contributions by Agricultural Relief Fund and Agricultural Crops Insurance Fund;





- Consultation, projects appraisal, and supervision services;
- Special services and facilities for major customers such as:
 - Exemption from paying commissions and fees for money orders;
 - Bank Courier Plan: Offering services at customers' work places;
 - Priority in receiving credit facilities;
 - Priority in utilizing Golden Credit Cards;
 - Priority in utilizing the bank's vaults;
 - Direct Deposit services;
 - Facilities for corporate customers' employees such as underlying goods and car purchasing loans, house reconstruction loans, etc.



E-banking

Development of E-commerce and provision of optimal services call for comprehensive E-banking systems, which are expanding increasingly within credit and financial institutions all over the world. The system enables customers to have access to banking services and products in terms of information, communications and transactions.

To keep up with global changes in banking system, Bank Keshavarzi has been a pioneer to lay the groundwork for E-banking transactions and providing services through a core-banking system. By the end of 2008/09, the bank has taken effective initiatives such as:

- Furnishing all branches with the core-banking system (Mehr Gostar) to offer centralized and online banking services. The system provides many significant advantages such as:
 - Offering on-time, diverse and quality services to customers and the public;
 - Accessing one's account in branches all over the country;
 - Centralizing all branches' information;
 - Providing accurate information on all transactions and operations for the bank's managers and decision-makers;
 - Increasing the accuracy of reports and statistics;
 - Providing close supervision and control on branches' performance;
- Issuing various e-cards;
- Diversifying ATM services;
- Expanding POS services;
- Developing variety of Mehr Accounts: Qard-al-Hassanah, Savings, Checking, Short-term and Long-term Investment Deposit;
- Providing access to banking accounts' information through Bank Keshavarzi's website;





International Banking

In order to diversify banking services and meet the foreign currency needs of entities and individuals involved in both commerce and agriculture sectors, Bank Keshavarzi, as one of the leading Iranian banks, has endeavored to develop international banking services and provide its customers with all different banking services including import-export letters of credit, payment orders, collections, and guarantees.

Some other foreign currency services and facilities of the bank are as follows:

Financing production and entrepreneurship projects, which are economically justified, out of the bank's resources or export finance facilities including:

- Short-term and medium-term foreign currency finance funded by ECO credit line aiming at promotion of goods and services export and import among the non-member and member countries;
- Project finance funded from IDB credit line;
- Financing reconstruction and renovation projects of the textile industries offered by the Ministry of Industries and Mines.
- Foreign currency financing of hotels and tourism industry and other investment projects in the service sector;
- Promoting Iranian agricultural and other non-oil exports, with special focus on commodities, agro-industrial know-how and engineering services;
- Procurement of trade centers in export markets of Central Asia and Caucasia;
- Executing investment projects in productive fields of industry in free-trade zones and special economic regions;
- Offering banking services through Mehr Card: Providing services through ATMs within Persian Gulf region;
- Providing customers with counseling services to facilitate international banking and investment operations;

The bank also issues Rial letters of guarantee against foreign currency guarantees in favor of its customers. In addition, it is geared up to issue performance bonds, advance payment guarantees, retention money guarantees, guarantees for international tender (tender bond) and counter guarantees for services and commodities exporters.

2008/09 Operation Figures

Bank Keshavarzi has presently multiplied its branches offering international banking services up to 29, 12 of which are located in Tehran, and 17 in other provinces.

In order to provide international banking services in line with Know-Your- Customer (KYC) and Anti-money Laundering (AML) rules and regulations, the bank proceeds to update international knowledge of its staff through holding/participating in seminars and training courses.

It is worth mentioning that in 2008/09, the volume of import letters of credit issued involving 63 countries amounted to USD 3,506 million. FX-deals done during the same period have been reported amounting to USD 3,325 million. Time deposits interest reached USD 6.8 million as for borrowing, and USD 6.5 million as for placement, USD 108,037 of which belonged to dual currency mechanism.

The bank's Forex branches have been active in opening Qard-al-Hassanah (interest-free) savings, short-term deposits and checking accounts in 2008/09 aggregating to USD 11 million, USD 4.5 million and USD 1.2 million respectively.

The operational income of the international division and its 29 branches (135 employees) in the reported year amounted to USD 87.8 million in turn with an increase of 14.84 percent, while their operational costs totaled USD 7.8 million with an 8.32 percent increase.

In general, within the 2008/09 period, operational gross profit in the international section of the bank was estimated as for USD 80 million, indicating a 15.52 percent growth.





International Membership

Aimed at exchanging technical expertise, keeping abreast of the latest financial and banking developments, elevating the bank's global status, and promoting its prominent presence in international events to display Bank Keshavarzi's capabilities and potentialities, the bank has been focusing on strengthening of mutual ties with international communities by obtaining official membership in the following associations:

- Asia Pacific Rural and Agricultural Credit Association (APRACA)
- Confederation Internationale Du Credit Agricole (CICA)
- Islamic Financial Services Board (IFSB)
- Association of National Development Finance Institutions in Member Countries of Islamic Development Bank (ADFIMI)
- Near East and North Africa Regional Agricultural Credit Association (NENARACA)
- Federation of Afro-Asian insurers and Reinsurers (FAIR)
- International Public Relations Association (IPRA)
- Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) (Honorary Membership)
- General Council for Islamic Banks and Financial Institutions (GCIBFI) (Honorary Membership)

In addition, the bank, owning shares of stock in some international corporations, has established close interaction and cooperation with many international organizations, such as:

- Islamic Development Bank (IDB)
- Islamic Corporation for the Development of the Private Sector (ICD)
- International Islamic Trade Finance Corporation (ITFC)

Operational Performance

Bank Keshavarzi managed to facilitate the growth of GDP and enrichment of the agriculture sector through creating mobility in the sector arising from granting more than RIs. 73,000 billion to 1,759,499 individuals. The growth percentage of granted facilities, as compared with that of the previous year, reached 32 percent in terms of value and 8.4 percent in terms of quantity. Out of facilities provided by the bank by the end of 2008/09, some RIs. 69116.2 billion (94.6 percent) was granted as non-statutory facilities, RIs. 3,244 billion (4.4 percent) as statutory facilities, and RIs. 730 billion (around 1 percent) as managed funds. The average of facilities granted per individual, equaled RIs. 41.5 million, indicating a 21 percent growth, in comparison with that of the preceding year. The following table displays the amount of Bank Keshavarzi's facilities granted to different sub-sectors:

Breakdown of Facilities Granted to Agricultural Sub-sectors in 2008/09

Subdivision	Total Facilities Billion Rials	Share (%)
Farming and Horticulture	29,648	40
Poultry and Animal Husbandry	21,678	29
Fishery and shrimp Farming	1,192	2
Agricultural Industries and Services	15,048	20
Handicrafts and Carpet-weaving	1,341	2
Other Agricultural Activities	5,586	7
Total	74,493	100

Resources Mobilization

Bank Keshavarzi has been able to make remarkable success in terms of resources mobilization and debts collection through improvement of banking services and products as well as making the best use of up-to-date technologies, target-oriented advertisement,





staff training, and branches equipment and reconstruction. The breakdown of customers' deposits with the bank has been displayed in the following table:

Breakdown of Customers' Deposits with Bank Keshavarzi (Billion Rials)

Item	2008/09	2007/08	Growth Percentage
Qard-al-Hassanah Checking Accounts	35,510	37,328	(9)
Qard-al-Hassanah Savings Accounts	22,136	19,839	12
Term Deposits	45,018	35,367	27
Other Types of Deposits	336	520	(35)
Total	103,000	93,054	11

The bank's performance in terms of debts collection has also been outlined in the table below:

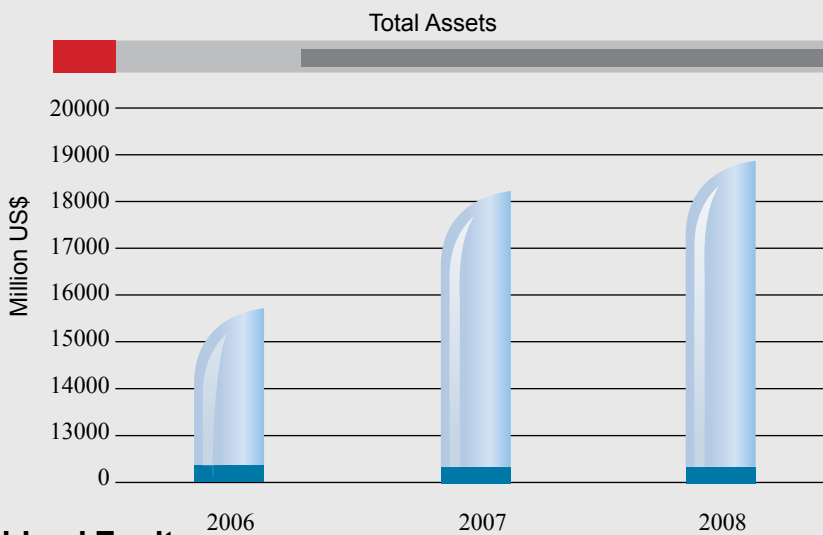
Bank Keshavarzi's Debts Collection (Billion Rials)

Item	2008/09	2008/09	2007/08	2007/08
	Amount Collected	Collection Percentage	Amount Collected	Collection Percentage
Statutory Funds	8564.5	62.9	8559.7	65.1
Non-Statutory Funds	64099.6	82.6	46561.7	82.3
Total	72664.1	78.4	55121.4	79.1

Financial Performance

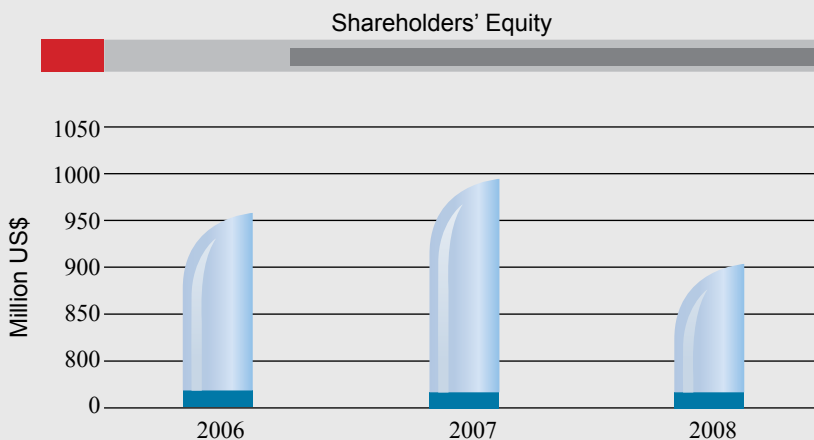
Total Assets

By the end of 2008/09, Bank Keshavarzi's total assets rose from Rials 163,883 billion (US\$ 18,299 million) in 2007/08 to Rials 183,038 billion (US\$ 18,837 million), showing a 11.7 percent growth, mostly due to an increase in financial facilities granted to the private sector.



Shareholders' Equity

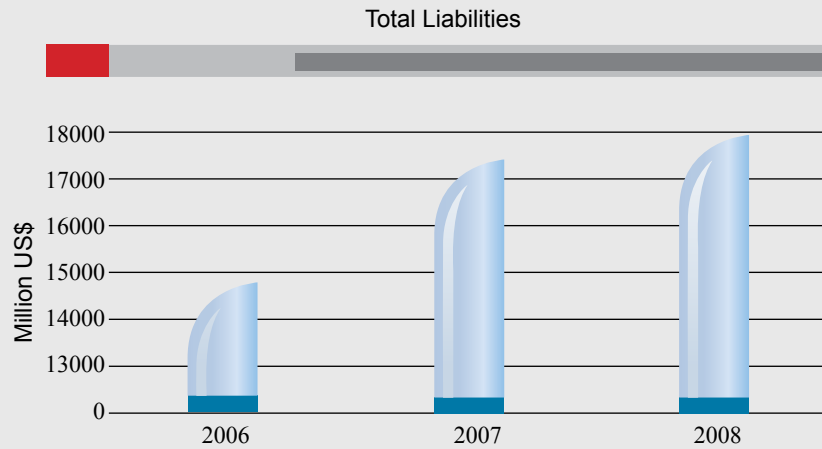
Shareholders' equity of the bank, with a -9 percent change, amounted to Rials 8,898 billion (US\$ 916 million) by the end of 2008/09 from Rials 8,776 billion (US\$ 991 million) in the preceding year, mainly as a result of an increase in the bank's retained earnings as well as making prior year's adjustments.





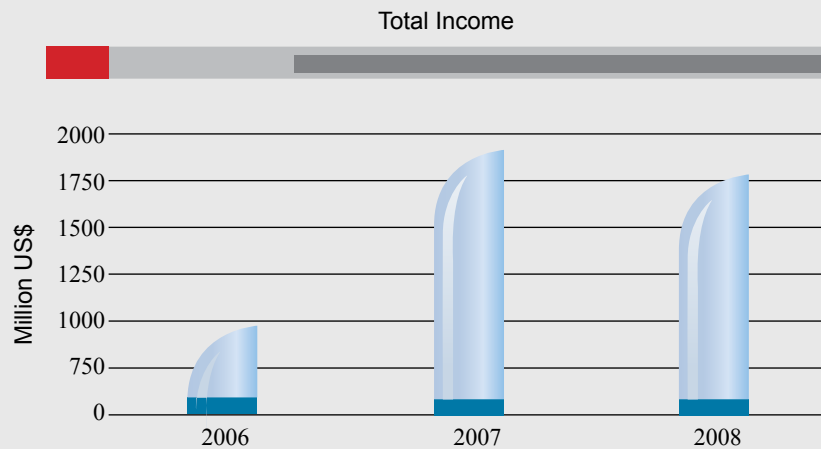
Total Liabilities

Bank Keshavarzi's liabilities increased by 12.4 percent from Rials 155,007 billion (US\$ 17,308 million) in 2007/08 to Rials 174,140 billion (US\$ 17,921 million) by the end of 2008/09, largely as a consequence of growth in different types of deposits with the bank.



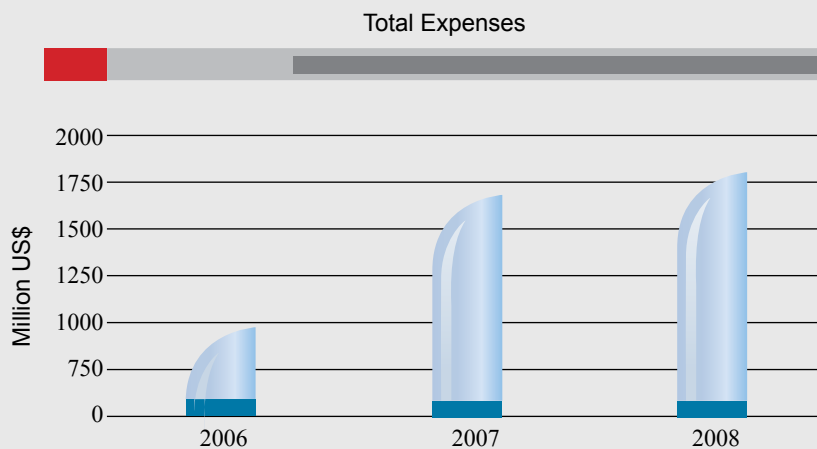
Total Income

Bank Keshavarzi's total income grew from Rials 16,707 billion (US\$ 1,865 million) to Rials 17,267 billion (US\$ 1,777 million) in 2008, indicating a 3.35 percent growth, mostly because of an uplift in interest income earned out of granted financial facilities during the given year.



Total Expenses

Bank Keshavarzi's total expenses rose by 3.9 percent increasing from Rials 16,584 billion (US\$ 1,851 million) in 2007/08 to Rials 17,230 billion (1,773million) in 2008/09. Such a rise in expenses is believed to be largely due to an increase in general and administrative expenses.



As regards the above-mentioned improvements, the key ratios represent the financial health and robustness of Bank Keshavarzi. The Return on Investment ratio (0.41 percent) has also increased, displaying not only higher profitability, but also higher efficiency in utilizing resources and assets. Moreover, the 4.86 percent Equity to Assets ratio demonstrates a steady and sound structure in the financial statements of the bank.





Main Affiliated Companies

Agricultural Products Insurance Fund

Since September 1983, the fund, aimed at enhancing production yields and promoting more qualified management of manufacturing units, has upgraded the farmers' lives and livestock breeders' level of income. The major task of the insurance fund is to advocate production of different sectors and sub-sectors including crop farming; horticulture; aquaculture; livestock raising as well as poultry, honeybees, and silk worm farming.

Relief Fund for Damaged-incurred Agricultural Producers

The fund was established to help livestock breeders and crops producers suffering from natural disasters and more significantly, to provide facilities for sustainability of production activities. In recent years, when agricultural sector has been exposed to loss and damage due to drought, some allocatios of the incurred loss have been compensated through the fund.

Agricultural Lands Development Company (Land Bank)

Land Bank was founded in 1992 to conduct a part of deposits directly to agricultural development activities. Establishment and development of land; performing detailed designs for optimum exploitation; preparing executive plans for land rehabilitation and modernization; construction of animal husbandry, fishery and shrimp farming complexes; and support of processing and complementary industries are among the main responsibilities of the bank.

Stock Brokerage Firm

The main activities of Bank Keshavarzi Stock Brokerage Firm, registered in 1993, are as follows: Subscribing securities; Trading listed securities; Managing investments on behalf of individuals; Offering counseling services to investors in terms of financial management and systems; etc.

Mehr Exchange Company

The company is engaged in foreign currencies exchange, spot transactions, bills of exchange, gold and silver coins, and any kind of foreign exchange operations.

Mehr Insurance Company

The company furnishes the insured with all-risk insurance coverage, chief among them are life insurance, debit balance insurance, fire insurance for buildings, and insurance coverage for installations and machinery of projects.

Islamic Development Cooperation and Regional Investment Bank (IDRB)

IDRB has been established through joint investment of Bank Keshavarzi and other shareholders. Having branches in Baghdad, Najaf, and Karbala, Soleimanie, Basra, and Erbil, the bank offers almost all banking services such as savings, checking, short-term and long-term accounts; granting financial facilities through Islamic contracts; Forex services; DCs and L/Gs services; etc. to the interested customers and the pilgrims.





Achievements and Accomplishments

Given the foregoing developments, Bank Keshavarzi has been:

- recognized as “The Best Bank of Iran” in 2003, 2004, 2005 and 2006 for four consecutive years by “The Banker” magazine;
- recognized as “Iran’s Bank of the Year 2005” by Euromoney;
- awarded ISO 9001:2001 for implementing the Quality Management System;
- awarded “2008 ADFIAP 1st Winner Trophy” for its Finance-led Poverty Alleviation Projects , namely “Hazrat Zeynab Project: Qard-al-Hassanah Funds for Poverty Alleviation of Rural women- headed Households in Iran”;
- awarded “2009 ADFIAP Plaque of Merit” for environmental development in recognition of the development impacts of “Tooba Plan”
- acknowledged as a commendable organization at Shahid Rajaei National Festival for 3 consecutive years;
- awarded the 1st prize at the 2nd Festival of Accountability and Services;

An outline of Bank Keshavarzi’s accomplishments is as follows:

- Installation of a Core Banking System (Mehr Gostar) for the first time in the banking network;
- Development and expansion of Quality Management System throughout the bank;
- Constant reengineering of business practices and procedures, as well as organizational flexibility;
- Concentration on human resources (arrangement of customer-orientation workshops, training courses and empowerment programs);
- Utilizing the latest findings and achievements in marketing;
- Implementation of Customers Relationship Management (CRM) strategy;
- The first 24/7 Call Center;
- Electronic Queuing System for branches’ customers;

- Voice mail and communication terminal between customers and Bank Keshavarzi's senior administrators;
- Lobby Tellers Plan;
- Bank Keshavarzi's Courier Plan
- Children and Youth Bank;
- Supervision on branches affairs via customers and the bank's staff;





Bank Keshavarzi
Annual Report



Section 3

Financial Statements

- Excerpt of Auditors' Report
- Financial Statements



Excerpt of Auditors' Report

Independent Auditors' Report to the General Assembly of Banks and Bank Keshavarzi's Shareholders:

Bank Keshavarzi Balance Sheet, Profit and Loss Statement, and Cash Flow statements as well as explanatory notes for the financial year ending March 20, 2009 have been audited by State Audit Organization (SAO).

Bank Keshavarzi's Board of Directors shall be responsible for preparation and fair presentation of the financial statements under the accounting policies, laws and standards set out therein and requirements of related rules and regulations. Our responsibility is to audit the financial statements in accordance with applicable laws and auditing standards.

We, the auditors, shall also be responsible to express an independent opinion on the afore-said financial statements based on the performed audit and to report cases of non-compliance with the legal requirements of the Amended Commercial Code, Banking and Monetary laws, Usury-free Banking Operations Law and the Banks' Articles of Association.

We hereby report our opinion as to whether the financial statements provide a true and fair view and whether the financial statements have been properly prepared in accordance with the above-mentioned legal references.

In addition, we report if, in our opinion, the bank has not kept proper accounting records, if we have not been provided with all the information we require to conduct the audit, or in case the information regarding any transaction is not disclosed.

We planned and performed our audit to obtain all the information and explanations, which we consider necessary in order to provide us with sufficient evidences to give reasonable assurance that the financial statements to be audited are free from any significant distortion, material misstatement, irregularity or error. The audit included random checks of evidences and documents supporting the figures in the financial statements. It also encompassed evaluation of accounting policies and conventions used, assessments made by the board of directors and inspection of the overall accounts presented.

SAO believes that the performed audit produced a reasonable base of opinion on the financial statements. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

In our opinion:

- The Financial Statements represent a true and fair view, in accordance with the Amended Commercial Code, Banking and Monetary laws, Usury-free Banking Operations Law and the Banks' Articles of Association.
- The financial statements have been properly prepared in accordance with the above-mentioned laws, regulation and standards.
- We have examined the Board of Directors' report, prepared for presentation to the General Assembly. In the course of audit, we have not noticed any material difference between the content of said report and the documents provided by the Board of Directors.
- The report on compliance of Bank Keshavarzi operations with approved budget for the year ending March 20, 2009 has been audited and examined by SAO. Accordingly, no significant discrepancy has been detected regarding the compliance of the Board of Directors' Report with the approved budget and the presented financial records.
- We have not found any evidence for non-compliance of the transactions with prevailing business procedures in operations of the Bank.

We appreciate the assistance provided by the staff and management of Bank Keshavarzi during the conduct of our audit.

August 15, 2009
State Audit Organization
Hodjat Tafakori Zadeh
Mir Madjid Vakilzadian





Bank Keshavarzi of Iran Balance Sheet

	Note	mln IRR	mln USD	mln IRR	mln USD
ASSETS		March 20, 2009		March 20, 2008 ¹	
Cash and Bank	4	1,859,707	191.4	546,141	61
Due from CBI	5	7,084,625	729.1	7,945,012	887.12
Due from Banks and Credit Institutions	6	8,463,826	871.03	7,701,641	859.94
Due from Government	7	4,273,393	439.79	2,065,243	230.6
Granted Loans and Claims on Public Sector	8	1,161,223	119.5	1,875,655	209.43
Granted Loans and Claims on Non-public Sector	9	121,242,757	12,477.39	109,497,190	12,226.13
Debtors for Deferred DCs	10	4,749,503	488.78	2,778,634	310.25
Partnership Bonds	11	978,582	100.71	665,411	74.3
Investments and Partnerships	12	683,219	70.31	709,973	79.27
Fixed Assets	13	8,222,581	846.2	7,822,167	873.4
Other Assets	14	24,318,901	2,502.71	22,275,636	2,487.23
Total Assets		183,038,317	18,836.92	163,882,703	18,298.65
LIABILITIES & SHAREHOLDERS' EQUITY					
Due to CBI	16	41,602,416	4,281.4	37,570,311	4,194.99
Due to Banks and Credit Institutions	17	7,295,155	750.76	5,753,794	642.45
Sight Deposits	18	35,509,969	3,654.42	37,327,780	4,167.9
Savings Deposits	19	22,136,404	2,278.11	19,839,188	2,215.18
Term Investment Deposits	20	45,018,071	4,632.92	35,366,796	3,948.95
Other Deposits	21	335,920	34.57	520,349	58.10
Partnerships Bonds of In-progress Projects		32,374	3.33	884,289	98.74
Other Liabilities and Provisions	22	16,035,110	1,650.21	11,617,031	1,297.12
Due to Foreign Banks	23	4,848,620	498.98	2,924,325	326.52
Cash in Transit ²	15	1,325,937	136.46	3,202,644	357.6
Total Liabilities		174,139,976	17,921.16	155,006,507	17,307.56
SHAREHOLDERS' EQUITY					
Capital	24	8,021,118	825.47	8,021,118	895.61
Reserves	24	696,154	71.64	690,600	77.11
Retained Earnings		181,069	18.63	164,478	18.37
Total Shareholders' Equity		8,898,341	915.75	8,876,196	991.09
Total Liabilities & Shareholders' Equity		183,038,317	18,836.92	163,882,703	18,298.65

1 All comparative figures in financial statements have been restated to present a true and fair view of the bank's financial status. Thus, there may be cases of mismatch with figures presented in the preceding year annual report (2007/08).

2 Cash funds which have been transferred but have not practically been received by the recipient.

Income Statement

	Note	mln IRR	mln USD	mln IRR	mln USD
Income from Joint Investment:		March 20, 2009		March 20, 2008	
Profit ¹ and Penalties	25	14,013,265	1,442.14	13,753,642	1,535.7
Other Incomes	26	85,242	8.77	83,643	9.34
Sub-total		14,098,507	1,450.91	13,837,285	1,545.03
Minus:					
Depositors' Profit Share	27	(4,848,677)	(498.99)	(4,795,537)	(535.46)
Surplus Profit Paid to Depositors	27	(345,285)	(35.53)	(144,278)	(16.16)
Net Profit Paid to Depositors		(5,193,962)	(534.52)	(4,940,265)	(551.62)
Bank's Profit		8,904,545	916.39	8,897,020	993.41
Income from Own Investment:					
Profit and Penalties	28	291,206	29.97	293,292	32.75
Fees and Commissions	29	2,734,493	281.41	2,090,612	233.43
Other Income	30	143,118	14.73	577,278	64.46
Sub-total		3,168,817	326.11	2,961,182	330.64
Total Operating Income		12,073,362	1,242.5	11,858,202	1,324.05
Expenses					
Profit Paid (excluding Depositors')	31	(4,061,541)	(417.98)	(3,890,542)	(434.41)
Fees & Commissions Paid	32	(316,963)	(32.62)	(364,262)	(40.67)
General Expenses	33	(7,111,123)	(731.82)	(6,770,618)	(755.99)
Other Expenses	34	(546,866)	(56.28)	(618,764)	(69.09)
Total Operating Expenses		(12,036,493)	(1,238.7)	(11,644,186)	(1,300.15)
Profit before Tax		36,869	3.79	214,016	23.90
Tax		-	-	-	-
Net Profit		36,869	3.79	214,016	23.90

1 In Islamic Banking, the perception held about interest is based on Profit-Loss-Sharing Scheme (PLS). For more information, see Section 1, Islamic Banking.





Retained Earnings Statement

	Note	mln IRR	mln USD	mln IRR	mln USD
		March 20, 2009		March 20, 2008	
Net Profit		36,869	3.79	214,016	23.90
Beginning Retained Earnings		194,856	20.05	820,451	91.61
Prior Year Adjustments	35	(30,378)	(3.13)	(801,969)	(89.55)
Beginning Earnings after Adjustments		164,478	16.93	18,482	2.06
Allocable Profit		201,347	20.72	232,498	25.96
Minus:					
Required Reserve		(5,530)	0.57	(18,551)	(2.07)
Profit Payable to Government		(14,748)	1.52	(49,469)	(5.52)
End-year Closing Retained Earnings		181,069	18.63	(164,478)	(18.37)

Cash Flow Statement

	Note	mln IRR	mln USD	mln IRR	mln USD	mln IRR	mln USD
Net Cash Flow from Operating Activities	36			3,32,180	373.8	3,108,817	347.12
Investments Return and Profit Paid for Financing Activities:							
Dividend Received	25	33,364	3.43			38,700	4.32
Partnership Bonds Profit	25	263,928	27.16		30.59	238,796	26.66
Net Cash Flow from Investments Return and Profit Paid for Financing Activities				297,292		277,496	30.98
Income Tax:					(2.34)		
Income Tax Paid				(22,696)	(1.52)	49,536	5.53
40% Profit Re.2006 Budget Act				(14,748)		(49,469)	(5.52)
Provision for 2006 Income Tax						(150,000)	(16.75)
Investment Activities:							
Purchase of Direct Investments and Legal Partnerships		55,303	5.69			(376,913)	(42.08)
Disposal of Investments and Legal Partnerships		(3,306)	(0.34)			(19,945)	(2.23)
Purchase of Tangible Fixed Assets	13	(656,428)	(67.55)			(856,985)	(95.69)
Disposal of Tangible Fixed Assets	30	26,497	(2.73)			7,593	0.85
Net Cash Inflow from Investment Activities				(577,934)	(59.48)	(1,246,250)	(139.15)
Net Cash Inflow before Financing Activities				3,314,094	341.06	1,990,130	222.21
Net Cash Inflow from Financing Activities							
Net Cash Inflow				3,314,094	341.06	1,990,130	222.21
Profit from Revaluation of FC Cash				(40,570)	(4.18)	23,205	2.59
Net Cash Increase	37			3,273,524	336.89	2,013,335	224.80
Beginning Cash Balance				3,366,097	346.41	1,352,762	151.05
End-year Closing Cash Balance				6,639,621	683.3	3,366,097	375.85





Notes to the Financial Statements

1. Basis for preparation

The financial statements have been prepared based on the historical cost convention in accordance with prevailing generally accepted accounting principles, along with monetary and banking regulations. If necessary, current values have also been taken into account.

2. Basis to set joint profit on depositors' share

Subject to '1983 Usury-Free Banking Law', supplementary regulations and instructions, as well as CBI amendment circular No. 22243, incomes earned out of granted financial facilities, investment in stock exchange and partnership bonds, to be recognized through the bank's accounting procedures, will be treated as joint earnings with depositors whose share will be determined proportionate to utilization of their net resources in afore-said operations.

3. Significant Accounting Policies and Procedures

3.1. Investments

- Current and highly-liquid investments, recorded in the bank's and affiliated companies' financial statements, would be evaluated at the least cost price. Net sale value of total investments and other current ones, represented in the bank's and affiliated companies' financial statements, would individually be evaluated at the least cost price and net sale value of each investment.
- The profit of investment in subsidiaries and affiliated companies, stated in the bank's financial statements, is recognized upon approval by the shareholders' GA of investee companies (by the time of financial statements approval).
- The profit of investments, current or long-term, is recognized upon approval by the shareholders' GA of investee companies.

3.2. Tangible Fixed Assets

Tangible fixed assets are recorded at the cost price in accounts. Substantial repairs and renovation expenses, which significantly increase the capacity or service life of fixed assets or improve their outcome quality, are considered as capital expenses, to be depreciated over the remaining service life. Maintenance and minor repairs expenses, incurred aimed at preservation and renovation of expected economic resources, are considered as current expenses at the time of realization and are displayed under profit and loss account. The bank's real estate properties and buildings, following the article 62 of the 3rd FYDP, have been recorded at the revaluation price.

With respect to decree 1077, issued by Money and Credit Council (MCC), depreciation of fixed assets are calculated based on depreciation schedule pursuant to article 151 of Direct Taxation Act as bellow:

Assets	2008/09	2007/08
Buildings & Equipment	916	993
Motor Vehicles	326	331
Fixtures & Computer Hardware	1,242	1,324
P.C Software	4	24

3.3. Income recognition

Income earned out of financial facilities, granted based on Islamic Banking Principles and subject to MCC's resolution, is recognized using cash method. Thereafter, almost all of the bank's income has been calculated and represented in financial statements based on accrual method and in accordance with accounting standards.

3.4. Exchange Rate

3.4.1. Foreign Currency Transactions

Foreign currency monetary items, on the balance sheet date (inter-bank reference rate announced daily by CBI) and foreign currency non-monetary items are revaluated





at the market exchange rate prevailing on transaction date. The differences arising from settlement or revaluation of foreign currency monetary items are recognized as income and expense of occurrence period.

3.4.2. Provision for Bad Debts

The provision for bad debts is calculated and recorded in accounts in accordance with MCC's resolutions.

Specific Provision is calculated as follows:

- Overdue Debts: 10%
- Deferred Debts: 20%
- Bad Debts: 50 to 100%
- Advances overdue for 5 years or more(including principal + interest): 100%

3.5. Provision for Work Termination Benefit

Provision for employees' termination benefits is calculated and recorded based on each employee's most recent monthly base salary for each year of employment.

3.6. Due from Government

Mandatory granted facilities, guaranteed by the Planning and Management Organization, are as follows:

- Granted facilities due to the inability of the borrowed to repay, insufficient collateral and the inability of the bank to collect the debts;
- Granted facilities related to execution of projects for capital assets possession;
- Granted facilities to ministries and governmental institutions;

4. Cash and Balances with Banks

mln IRR	March 20, 2009	March 20, 2008
Cash (Notes and Coins)	1,022,670	526,659
Cash in Transit (Rials)	-	296
CBI Iran Checks	797,818	-
FC Cash	39,219	19,186
Total	1,859,707	546,141

5. Due from CBI

mln Rials	March 20, 2009	March 20, 2008
Required Reserve	7,237,220	8,072,216
Minus:		
Required Reserves of Free-trade Zones' Branches	(152,595)	(127,204)
Total	7,084,625	7,945,012





6. Due from Banks and Credit Institutions

mln IRR	March 20, 2009	March 20, 2008
Sight and Term Deposits with Domestic Banks (in FC)	879,076	1,332,120
Sight Deposit with CBI (in FC)	327,731	262,020
Sight Deposits with Foreign Banks	3,683,665	1,008,276
Term Deposits with Free-trade Zones' Branches (in FC)	40,530	311,071
Clearing of Checks Issued by other Banks	2,815,063	4,283,301
Nostro Account after Clearing	216,041	477,081
Inter-banks Account	542,785	339,964
Sub-total	8,504,891	8,013,833
Term Deposits of Free-trade Zones' Branches (in FC)	(40,580)	(311,416)
Clearing House Notes Exchange	(485)	(776)
Total	8,463,826	7,701,641

7. Due from Government

mln IRR	March 20, 2009	March 20, 2008
Claims on Government	4,873,492	2,679,188
Minus:		
Future-years Profit of Statutory Facilities Undertaken by Government	(214,295)	(239,509)
Profit Subsidy by Government – Profit Rate Harmonization	(315,916)	(337,841)
1.5 Percent General Reserves	(69,888)	(36,595)
Total	4,273,393	2,065,243

8. Granted Facilities and Claims on Public Sector

mIn IRR	March 20, 2009	March 20, 2008
Statutory Facilities, Qard-al-Hassanah	3,522	390
Non-statutory Facilities, Qard-al-Hassanah	127	84
Statutory Facilities, Mudharabah	-	1,270
Non-statutory Facilities, Mudharabah	3,596	610
Non-statutory Facilities, Forward ¹	3,759	401
Statutory Facilities, Forward	627	43
Non-statutory Facilities, Hire Purchase ²	57	-
Statutory Facilities, Hire Purchase	763	-
Statutory Facilities, Civil Partnership ³	1,001,116	1,720,168
Non-statutory Facilities, Civil Partnership	6,396	1,049
Statutory Facilities, Installment Sale	11,950	894
Non-statutory Facilities, Installment Sale	156,984	158,667
Sub-total Current Facilities	1,188,897	1,883,576
Overdue Debts on Statutory Facilities	9,943	2,113
Overdue Debts on Non-statutory Facilities	4,725	-
Sub-total Overdue Debts	14,668	2,113
Arrears on Non-statutory Deposits	507	-
Arrears on Statutory Deposits	182	10
Sub-total Arrears Debts	689	10
Bad Debts on Statutory Facilities	852	-
Bad Debts on Non-statutory Facilities	120	28
Bad Debts on Facilities (in FC)	-	40,386
Sub-total Bad Debts	972	40,414
Total	1,205,226	1,926,113
Minus:		
1.5 Percent General Reserve for Bad Debts	(17,684)	(28,563)
Future-year Profit of Facilities	(26,319)	(21,895)
Total	1,161,223	1,875,655

- 1 Bai Muajjal or Salaf
2 Ijara wa Iqtina
3 Diminishing Musharakah





9. Granted Facilities and Claims on Non-public Sector

mln IRR	March 20, 2009	March 20, 2008
Statutory Facilities, Qard-al-Hassanah	1,846,636	894,613
Non-statutory Facilities, Qard-al-Hassanah	3,846,107	4,513,065
Statutory Facilities, Mudharabah	18,095	24,552
Non-statutory Facilities, Mudharabah	2,234,031	2,075,756
Statutory Facilities, Forward	142,546	161,949
Non-statutory Facilities, Forward	7,745,991	6,779,333
Statutory Facilities, Civil Partnership	718,042	675,886
Non-statutory Facilities, Civil Partnership	13,230,444	16,082,228
Statutory Facilities, Jo'aleh	530	160
Non-statutory Facilities, Jo'aleh	651,125	458,470
Statutory Facilities, Installment Sale	4,196,663	4,409,898
Non-statutory Facilities, Installment Sale	76,221,586	67,356,619
Statutory Facilities, Hire Purchase	218,202	243,948
Non-statutory Facilities, Hire Purchase	427,810	459,294
Factoring ¹ of Notes in Rial	3,056	11,560
Housing Facilities	3,062,717	2,588,815
Short-term Facilities (in FC)	800,878	414,867
Medium-term Facilities (in FC)	6,577,329	8,211,739
Facilities Granted (in FC)	-	61,875
Previous Housing Loans	12,344	11,220
Debtors for DCs Reimbursed	923,436	722,745
Debtors for DCs Reimbursed	14,726	21,582
Debtors for Paid Credit Cards	93	43
Debtors for Paid L/Gs	14,102	24,303
Advance Payment for Transactions Properties	12,630	41,559
Work in Progress, Jo'aleh	24	26
Purchased Properties for Installment Sale	311	1,341
Facilities from Funds of Partnerships Bonds of In-progress Projects	801,891	-

1 Bai Dayn or Debt Trade

9. Granted Facilities and Claims on Non-public Sector

mln IRR	March 20, 2009	March 20, 2008
Sub-total Current Facilities	123,721,345	116,247,446
Overdue Debts on Statutory Facilities	559,924	511,273
Overdue Debts on non-statutory Facilities	2,752,545	2,719,746
Overdue Debts on Facilities (in FC)	427,224	498,615
Sub-total Overdue Debts	3,739,693	3,729,634
Arrears on Statutory Deposits	421,233	511,490
Arrears on Non-statutory Deposits	4,170,764	4,189,281
Previous Arrears	80	80
Arrears on Facilities (in FC)	2,588,783	2,673,753
Arrears (in FC)	-	7,481
Sub-total Arrears	7,180,860	7,382,085
Bad Debts on Facilities Granted	1,801,457	2,174,744
Bad Debts on Internal Facilities Granted	21,262	21,263
Bad Debts on Facilities Granted (in FC)	1,636,125	1,169,635
Bad Debts on L/Gs Paid	216,501	-
Bad Debts on Statutory Facilities	1,276,813	842,474
Bad Debts on Non-statutory Facilities	9,314,223	5,042,767
Bad Debts on Facilities (in FC)	3,041,832	1,126,192
Sub-total Bad Debts	17,308,213	10,377,075
Total	151,950,111	137,736,240
Minus:		
Next-years Profit of Facilities Granted to Non-public Sector	(17,416,098)	(16,533,008)
Next-years Profit of Facilities Granted to Non-public Sector (in FC)	(367,486)	(482,201)
Joint Account for Civil Partnership	(3,573,620)	(4,030,478)
Provisions for Bad Accounts (Public)	(1,523,265)	(7,015,068)
Provisions for Bad Accounts (Non-public)	(7,616,696)	-
On-account Collections of Facilities	(210,189)	(178,295)
Total	121,242,757	109,497,190





10. Debtors for Deferred DCs

mln IRR	March 20, 2009	March 20, 2008
Debtors for Deferred DCs	4,749,503	2,778,634
Total	4,749,503	2,778,634

11. Partnership Bonds

mln IRR	March 20, 2009	March 20, 2008
Balance of Government Partnership Bonds (Purchased from Customers)	978,582	665,411
Total	978,582	665,411

12. Investments and Partnerships

mln IRR	March 20, 2009	March 20, 2008
Legal Partnership of Non-public Sector	709,787	649,728
Investment in Stock Exchange	43,585	158,946
Direct Investment	102,741	102,741
Sub-total	856,113	911,415
Minus:		
Provision for Shares Depreciation	(172,894)	(201,442)
Total	683,219	709,973

1 Equity Partnership

13. Fixed Assets

mIn IRR	March 20, 2009	March 20, 2008
Movable Assets	1,674,911	1,368,126
Immovable Assets	6,986,870	6,786,637
Intangible Assets	383,610	370,504
Immovable Assets under Construction	458,624	354,330
Renovation & Improvements Costs of Leased Buildings	10,660	8,984
Capital Advance Payments	114,729	104,242
Sub-total	9,629,404	8,992,823
Minus:		
Depreciation Reserve for Movable Assets	(841,826)	(699,288)
Depreciation Reserve for Immovable Assets	(564,997)	(471,368)
Depreciation Reserve for Intangible Assets	-	-
Total Depreciation Reserves	(1,406,823)	(1,170,656)
Net Book Value	8,222,581	7,822,167

14. Other Assets

mIn IRR	March 20, 2009	March 20, 2008
Tax Stamp	1,674,911	1,368,126
Gold and Silver	6,986,870	6,786,637
Inventory	383,610	370,504
Repossessed Collaterals	458,624	354,330
Temporary Debtors Account ¹ (CBI's Nullified Iran Checks)	10,660	8,984
Temporary Debtors Account (Rials)	(841,826)	(699,288)
Temporary Debtors Account (in FC)	(564,997)	(471,368)
Debtors for Insurance Fund's Indemnities	-	-
Receivable Profit from Granted Facilities	(1,406,823)	(1,170,656)
Total	8,222,581	7,822,167

¹ Nominal Account





15. Cash in Transit

mln IRR	March 20, 2009	March 20, 2008
Branches	46,065,521	42,690,673
Internal Debtors (Rials)	2,212,213	927,182
Internal Debtors (in FC)	901	151,734
Current Account with CBI	(1,046,668)	(787,145)
Branches Account (in FC)	23,424,632	-
Forex Transactions Value in Rials	3,726,543	2,815,374
FC Position	-	753,832
Sub-total Debtors	74,383,142	46,551,650
Inter-branch Account	47,078,719	45,258,296
Inter-branch Account (in FC)	23,431,032	5,243
Internal Creditors (Rials)	1,460,132	936,032
Internal Creditors (in FC)	12,653	(14,484)
FC Position	3,726,543	2,808,029
Forex Transactions Value in Rials	-	761,177
Sub-total Creditors	(75,709,079)	(49,754,294)
Minus:		
Total Creditors	(75,709,079)	(49,754,294)
Final Balance	(1,325,937)	(3,202,644)

16. Due to CBI

mln IRR	March 20, 2009	March 20, 2008
Government Revolving Funds	-	367,477
Due to CBI as Credit in Current Account	7,830,656	17,509,344
Facilities Received from CBI	21,010,400	7,688,000
Facilities Received from OSF	12,761,360	12,005,490
Total	41,602,416	37,570,311

17. Due to Banks and Credit Institutions

mln IRR	March 20, 2009	March 20, 2008
Qard-al-Hassanah Deposits of Non-bank Credit Institutions	2,195	911
Qard-al-Hassanah Checking Account of Free-trade Zones	(1,036,356)	(803,493)
Facilities Received from Banks	5,955,063	6,255,063
Unused Inter-bank Funds	87,193	87,877
Sight Deposits of Iranian Banks (in FC)	2,271,532	213,436
Sight Deposits of Foreign Banks (in FC)	15,528	-
Total	7,295,155	5,753,794

18. Sight Deposits

mln IRR	March 20, 2009	March 20, 2008
Qard-al-Hassanah Checking Accounts (Rials)	19,412,905	16,649,768
Qard-al-Hassanah Checking Accounts (in FC)	11,617	7,474
Administered Funds - Unused	6,638,495	5,858,153
Bank Checks Sold	4,414,175	12,945,587
Money Orders (Rials)	3,099	8,643
Money Orders (in FC)	3,324	24,906
Balances Not Claimed	68,128	63,495
Employees' Savings	296,669	225,910
Employees' Pension	192	259
Temporary Debtors Account and Payables (Rials)	2,838,579	4,009,590
Temporary Debtors Account (in FC)	1,834,954	1,849,876
Sub-total	35,522,137	41,643,661
Minus:		
Payment for Bank Checks Sold (Not-settled)	(12,168)	(4,315,881)
Total	35,509,969	37,327,780





19. Savings Deposits

mln IRR	March 20, 2009	March 20, 2008
Qard-al-Hassanah Savings Deposit (Rials)	22,029,068	19,761,638
Qard-al-Hassanah Savings Deposit (in FC)	106,906	76,232
Special Qard-al-Hassanah Savings Deposit - Unused	430	1,318
Total	22,136,404	19,839,188

20. Term Investment Deposits

mln IRR	March 20, 2009	March 20, 2008
Long-term Deposits	12,307,885	11,579,001
CDs (Public Investment)	11,095,352	8,356,268
CDs (Private Investment)	100,000	100,000
Short-term Deposits	17,526,033	14,051,805
Special Short-term Deposits	7,250,001	4,143,616
Term Deposits with Iranian Banks (in FC)	107,348	471,195
Term Deposits with Foreign Banks (in FC)	316,475	795,385
CDs Unsold and Redemption before Due Date	(3,685,023)	(4,130,474)
Total	45,018,071	35,366,796

21. Other Deposits

mln IRR	March 20, 2009	March 20, 2008
Term Deposits (in FC)	42,942	20,222
Cash Advance Received for Public DCs	659	-
Cash Advance Received for Private DCs	-	450
Cash Advance Received for DCs (in FC) - Public	-	340
Cash Advance Received for DCs (in FC) - Non-public	177,551	386,989
Cash Deposits on Guarantees - Private (Rials)	110,989	101,133
Cash Deposits on Guarantees - Public (Rials)	579	22
Cash Advance Received for Hire-purchase Facilities - Private	36	38
Cash Advance Received for other Facilities - Private	3,164	11,155
Total	335,920	520,349

22. Reserves and Other Liabilities

mln IRR	March 20, 2009	March 20, 2008
Deferred Interest of Facilities - Private	1,506,383	927,446
Deferred Interest of Facilities - Public	27,077	249
Deferred Interest of Facilities (in FC) - Private	79,936	-
Deferred Interest of Statutory Facilities Undertaken by Government	1,717	4,121
Deferred Interest and Commissions	544,762	547,499
Money Orders on Branch (Rials)	162,412	465,039
Profit Payable to Government	14,747	49,469
Other Reserves	13,698,076	9,623,208
Total	16,035,110	11,617,031





23. Due to Foreign Banks

mIn IRR	March 20, 2009	March 20, 2008
Credit Lines	661,099	939,126
Acceptance of DCs	4,187,521	1,985,199
Total	4,848,620	2,924,325

24. Shareholders' Equity

mIn IRR	March 20, 2009	March 20, 2008
Capital	8,021,118	8,021,118
Capital of Free-trade Zones' Branches	20,200	20,200
Funds Transferable to Capital	340	317
Required Reserve	641,039	635,508
Reserve for Foreign Exchange Rates Fluctuation	54,775	54,775
Retained Earnings	181,069	164,478
Sub-total	8,918,541	8,896,396
Minus:		
Capital of Free-trade Zones' Branches	(20,200)	(20,200)
Total	8,898,341	8,876,196

25. Profit and Penalties on Facilities

mln IRR	March 20, 2009	March 20, 2008
Installment Sale	6,728,021	6,085,108
Mudharabah	389,488	294,059
Civil Partnership	1,665,654	1,548,339
Salaf	792,845	812,122
Hire Purchase	55,061	76,585
Jo'aleh	46,932	41,868
Factoring	3,343	12,410
Gain on Facilities Granted (in FC)	262,114	350,336
Sub-total	9,943,458	9,220,857
Commission of Facilities Renewal	820,086	20,715
Sub-total	10,763,544	9,241,572
Penalties Received on Facilities	2,937,209	4,214,569
Penalties on Facilities Received in Non-public FC	17,525	31,668
Commission of Undertakings Default	1,001	8,282
Sub-total	13,719,279	13,496,091
Profit on Investments & Partnerships:		
Dividend of Direct Investment and Legal Partnerships	33,364	38,700
Loss on Disposal of Partnerships Equity Shares and Reimbursement from Reserves	(3,306)	(19,945)
Income from Purchased and Issued Partnership Bonds	263,928	238,796
Sub-total	293,986	257,551
Total	14,013,265	13,753,642





26. Other Incomes

mIn IRR	March 20, 2009	March 20, 2008
Profit on Required Reserve	74,159	75,383
Profit on Public Deposits	11,083	8,260
Total	85,242	83,643

27. Net Depositors' Profit

mIn IRR	March 20, 2009	March 20, 2008
Depositors' Profit Share	4,848,677	4,795,537
Surplus Profit Paid to Depositors	345,285	144,728
Total	5,193,962	4,940,265

28. Profit & Penalties Received

mIn IRR	March 20, 2009	March 20, 2008
Penalties Received on other Claims	208,643	212,031
Profit Received from Deposits	82,563	81,261
Total	291,206	293,292

29. Fees & Commissions Received

mln IRR	March 20, 2009	March 20, 2008
Commission on Qard-al-Hassanah	360,275	155,415
Commission on Administered Funds	1,974	6,399
Commission on Facilities Paid to Employees	261,382	218,742
Other Commissions	56	7,552
Commission on Banking Services	177,358	144,473
Commission Received by Branches	474,516	309,284
Commission on Banking Services in APIF	1,432,975	1,225,791
Commission of Undertakings Received on Facilities Granted in Non-public FC	25,957	22,956
Total	2,734,493	2,090,612

30. Other Incomes

mln IRR	March 20, 2009	March 20, 2008
Forex Transactions	(40,570)	23,205
Gain on Disposal of Properties Repossessed	29,177	7,852
Rent of Branch Managers' Residential Units	1,189	2,027
Gain on Disposal of Properties	26,497	7,593
Others	126,825	536,601
Total	143,118	577,278





31. Profit Paid

mln IRR	March 20, 2009	March 20, 2008
Profit Paid on Credit Received from other Banks	4,061,541	618,764
Profit Paid to Free-trade Zones' Branches	357,738	618,764
Sub-total	4,419,279	4,143,455
Minus:		
Profit Paid out of Surplus Resources with Headquarters	(357,738)	(252,913)
Total	4,061,541	3,890,542

32. Fees & Commissions Paid

mln IRR	March 20, 2009	March 20, 2008
Miscellaneous Commissions and Fees	316,963	364,262
Total	316,963	364,262

33. General Expenses

mln IRR	March 20, 2009	March 20, 2008
General and Administrative Costs	1,724,594	1,405,031
Personnel Costs	2,808,029	2,391,605
Other Costs	2,578,500	2,973,982
Total	7,111,123	6,770,618

34. Other Expenses

mln IRR	March 20, 2009	March 20, 2008
Cost of Prizes on Qard-al-Hassanah Savings Account	546,866	618,764
Total	546,866	618,764

35. Prior Years' Adjustments

mln IRR	Balance on March 20, 2007	Net Increase / ((Decrease	Adjusted Balance	Effect on Profit & Loss
Cash in Transit	(2,984,387)	(218,256)	(3,202,643)	(218,256)
Creditors	22,224,121	51,516	22,275,637	51,516
Provisions and Other Liabilities	11,709,294	(92,262)	11,617,032	92,262
Sight Deposits	37,371,880	(44,100)	37,327,780	44,100
Total	68,320,908	(303,102)	68,017,806	(30,378)





36. Net Cash Flow from Operating Activities

mln IRR	March 20, 2009	March 20, 2008
Profit before Income Tax	36,869	214,016
Depreciation Cost	256,013	185,296
Reserve for Shares Devaluation	(28,548)	(7,729)
Dividend from Investments and Legal Partnerships	(33,364)	(38,700)
Loss on Disposal of Investments and Legal Partnerships	3,306	19,945
Gain on Disposal of Fixed Assets	(26,497)	(7,593)
Profit on Partnership Duration	(263,928)	(238,796)
Net Profit from Cash FC Revaluation	40,569	(23,205)
Subtotal	(15,580)	103,234
Net Increase / Decrease of Operating Liabilities		
Sight Deposits	(1,817,811)	3,987,027
Savings Deposits	2,297,216	1,974,740
Term Investment Deposits	9,651,275	(378,494)
Due to CBI and other Banks	5,573,467	8,735,107
Operational Share of other Liabilities	5,292,950	1,094,295
Reserve Transferable to Capital	13,101	49
Subtotal	21,010,198	15,412,724
Net (Increase)/ Decrease in Operating Assets		
Claims on CBI	860,387	(756,016)
Partnership Bonds	(313,172)	376,016
Payment of Other-banks-issued Checks	1,199,120	(245,672)
Facilities Granted under Islamic Contracts	(15,210,153)	(15,142,201)
Repossessed Collaterals and Operational Share of Other Assets	(2,044,610)	(1,906,201)
Cash in Transit – After Advance Payment for Tax	(1,854,010)	5,266,933
Subtotal	(17,362,438)	(12,407,141)
Total	3,632,180	3,108,817

37. Net Cash Increase

	Note	March 20, 2009	March 20, 2008	Net Cash increase
Notes and Coins	4	1,022,670	526,659	496,011
CBI Iran Checks	4	797,818	-	797,818
Gold & Silver	14	1,133	2,478	(1,345)
Balance with Banks after Clearing	6	216,041	477,081	(261,040)
FC Deposits with Domestic Banks	6	879,075	1,332,120	(453,045)
Balance with Foreign Banks	6	3,683,665	1,008,276	2,675,389
Foreign Currencies (Cash)	4	39,219	19,187	20,032
Cash in Transit	4	-	296	(296)
Total		6,639,621	3,366,097	3,273,524

38. Customers' Undertakings Re. DCs

mIn IRR	March 20, 2009	March 20, 2008
Customers' Undertakings Re. DCs	18,196,611	7,238,445
Total	18,196,611	7,238,445

39. Customers' Undertakings Re. L/Gs

mIn IRR	March 20, 2009	March 20, 2008
Customers' Undertakings Re. Guarantees and Acceptance (Rials)	1,069,098	868,049
Customers' Undertakings Re. Issued L/Gs	-	136
Customers' Undertakings Re. Issued Counter L/Gs (in FC)	607,036	-
Customers' Undertakings Re. Issued L/Gs and Acceptance (in FC)	55,202	61,545
Total	1,731,336	929,730





40. Customers' Other Commitments

mln IRR	March 20, 2009	March 20, 2008
Customers' Undertakings Re. Transactions Contracts (Private)	16,794,587	16,759,274
Customers' Undertakings Re. Non-statutory Qard-al-Hassanah (Public)	10	6
Customers' Other Undertakings	2,373,447	2,050,476
Total	19,168,044	18,809,756

41. Administered Funds

mln IRR	March 20, 2009	March 20, 2008
Special Qard-al-Hassanah Deposits - Unused	48,698	61,571
Administered Funds	17,976,329	16,349,465
Total	18,025,027	16,411,036



Bank Keshavarzi
Annual Report



Contact Us





Bank Keshavarzi

(Agriculture Bank of Iran)

SWIFT BIC:

KSHIRTH

Address:

No.247, Patrice Lumumba St., Jalal-al-Ahmad Exp.Way, Tehran 1445994316, I.R. Iran
P.O. Box 14155-6395

Call Center:

Tel.: (+98 21) 81301 ; (+98 21) 88287070

Public Relations Department:

Tel.: (+98 21) 88289359

Fax: (+98 21) 88289358

Email: info@agri-bank.com

International Cooperation Department:

Tel: (+98 21) 88252246 - 84892663

Fax: (+98 21) 88253625

Email: icd@agri-bank.com

Website:

www.agri-bank.ir

