

Excerpts from the Auditors' Report

1. The consolidated and non-consolidated balance sheets of Bank Saderat Iran (BSI) as of March 20, 2008 and the consolidated and non-consolidated profit and loss accounts and cash flow statements of BSI for the year ended at the same date, together with descriptive notes, have been audited by this organization. The Board of Directors of the Bank is responsible for the content of the financial statements and it is the responsibility of this organization to comment on the financial statements based on the performed audit and to report cases of non-compliance with monetary and banking rules as well as regulations on usury-free banking, as stipulated in the Commercial Code as amended and the Bank's articles of association.

2. The audit by this organization has been accomplished based on auditing standards. According to these standards, this organization has programmed and performed an optimized audit to reasonably ensure the non-existence of significant mistakes and distortions. The audit included random checks of evidence and documents supporting the figures in the financial statements. The audit also includes inspection of accounting principles and policies implemented, assessments made by the board of directors and inspection of the overall accounts presented. This organization believes the performed audit produced a reasonable base for expressing opinion on the financial statements.

3. In the opinion of this organization the above-mentioned financial statements show that the consolidated and non-consolidated financial status of Bank Saderat Iran as of March 20, 2008 and the consolidated and non-consolidated results of its operations and cash flows for the fiscal year ended on the same date, are in all important aspects consistent with the accounting standards.

August 16, 2008

Audit Organization

Alireza Asadi

Mir Majid Vakil Zadian

Bank Saderat Iran Group
Consolidated Balance Sheet
As at 20 March, 2008

(Revised)

	Note	20.03.2008		20.03.2007	
		billion RIs	million USD	billion RIs	Million USD
Assets:					
Cash	5	2,178	243	2,880	312
Due from central banks	6	40,453	4,510	32,554	3,522
Due from banks & credit Institutions	7	21,123	2,355	18,854	2,040
Due from Government	8	13,816	1,540	6,718	727
Facilities granted & claims from public sector	9	4,867	543	6,890	745
Facilities granted & claims from private sector	10	180,489	20,121	148,662	16,083
Due under Letters of Credit & Forex Bills	11	33,985	3,789	27,230	2,946
Participation bonds & other similar bonds	12	12,133	1,353	11,749	1,271
Investments & participations	13	8,607	960	6,901	747
Investment in affiliated companies	14	3,635	405	2,462	266
Fixed assets	15	22,301	2,486	21,077	2,280
Goodwill	16	4,726	527	4,346	470
Other assets	17	19,447	2,168	15,737	1,703
Items in transit	18	18,552	2,068	13,850	1,498
Total Assets		386,312	43,067	319,910	34,610
Liabilities:					
Due to central bank	19	10,894	1,214	14,245	1,541
Due to banks & credit institutions	20	30,120	3,358	34,823	3,767
Demand deposits	21	94,197	10,501	67,180	7,268
Saving & similar deposits	22	22,448	2,503	21,159	2,289
Term investment deposits	23	107,479	11,982	82,934	8,972
Other deposits	24	41,290	4,603	27,049	2,926
Provision & other liabilities	25	22,586	2,518	19,928	2,156
Due under letters of credit & forex bills	26	26,895	2,998	22,293	2,412
Total liabilities		355,909	39,678	289,611	31,332
Shareholders' equity:					
Share capital	27	16,803	1,873	16,803	1,818
Reserves	28	6,272	699	6,200	671
Changes due to foreign exchanges rate unification	29	1,348	150	1,245	135
Exchange rate profit /(loss)	30	1,448	161	1,342	145
Retained profit /(loss)		790	88	913	99
Total bank's shareholders' equity		26,661	2,972	26,503	2,867
Minority interest	31	3,742	417	3,796	411
Total shareholders' equity		30,403	3,389	30,299	3,278
Total liabilities & shareholders' equity		386,312	43,067	319,910	34,610
Letters of credit		25,635	2,858	26,396	2,856
Letters of guarantee		31,997	3,567	24,734	2,676
Commitments		14,610	1,629	6,086	658
Managed & similar funds		12,661	1,411	12,097	1,309

Bank Saderat Iran Group
Consolidated Profit & Loss Account
For the Year Ended 20 March, 2008

(Revised)

	Note	20.03.2008		20.03.2007	
		billion RIs	million USD	billion RIs	Million USD
Income from joint investments: ¹					
Profit & compensation on delay of payment	32	19,514	2,175	15,645	1,701
Other revenues	33	192	21	202	22
Sub-total		19,706	2,197	15,847	1,723
Profit paid on depositors	44	(11,392)	(1,270)	(8,204)	(892)
Fees for management of investment deposits		517	58	685	74
Net depositors' share		(10,875)	(1,212)	(7,519)	(817)
Bank's fees & income from joint investments		8,831	985	8,328	905
Income from own investments:					
Profit & compensation on delay of payment	34	7,481	834	5,287	575
Commission received	35	1,903	212	1,494	162
Other revenues	36	781	87	874	95
Sub-total		10,165	1,133	7,655	832
Total banks' revenues		18,996	2,118	15,983	1,737
Operating revenues of subsidiaries					
Operating revenues of subsidiaries	37	6,302	703	3,483	379
Operating expenses of subsidiaries	38	(4,437)	(495)	(2,521)	(274)
Sub-total		1,865	208	962	105
Profit from operating investments	39	351	39	1,181	128
Total bank's revenues & Operating revenues of subsidiaries		21,212	2,365	18,126	1,970
Expenses:					
Profit paid (except depositors' profit)	40	(6,067)	(676)	(3,416)	(371)
Commission paid	41	(63)	(7)	(119)	(13)
General expenses	42	(12,959)	(1,445)	(11,213)	(1,219)
Net Other Operating Revenues and Expenses	43	(1,047)	(117)	(620)	(67)
Total expenses		(20,136)	(2,245)	(15,368)	(1,670)
Operating profit		1,076	120	2,758	300
Financial expenses	45	(210)	(23)	(274)	(30)
Net other Incomes & non-operating expenses		6	1	128	14
Sub-total		(204)	(23)	(146)	(16)
Profit before calculation of bank's share of subsidiary companies		872	97	2,613	284
Bank's share of the profit (loss) of subsidiary companies		751	84	453	49
Profit before tax		1,623	181	3,066	333
Tax		(310)	(35)	(576)	(62)
Net profit		1,313	146	2,490	271
Minority interest		762	85	901	98

1. The bank's investment resources are divided into "Joint Investments" and "Own Investments" to distinguish between tehran deposit funds on the one side and Gharz-Al-Hassaneh funds and its own equity on the other side. Further explanation can be found in the "banking industry" section.

Bank Saderat Iran Group
Consolidated Statement of Earnings
For the Year Ended 20 March, 2008

(Revised)

	Note	20.03.2008		20.03.2007	
		billion RIs	million USD	billion RIs	Million USD
Net profit of the year		1,313	146	2,489	271
Retained earnings at the beginning of the year		4,405	491	2,677	291
Prior year adjustments	46	3,492	389	(1,839)	(200)
Retained earnings at the beginning of the year - adjusted		913	102	838	91
Allocable profit		2,226	248	3,327	362
Consolidated year adjustments		624	70	495	54
Budget Act (Article1.C)		(385)	(43)	(497)	(54)
Legal reserve		(592)	(66)	(246)	(27)
R & D reserve		(213)	(24)	(1,580)	(172)
Other reserves		(870)	(97)	(587)	(64)
Sub-Total		(2,060)	(230)	2,414	262
Retained earnings at the end of the year		1,399	156	1,204	131
Minority Interest		610	68	291	32

Bank Saderat Iran Group
Comprehensive Consolidated Statement of Earnings
For the Year Ended 20 March, 2008

(Revised)

	Note	20.03.2008		20.03.2007	
		billion RIs	million USD	billion RIs	Million USD
Net profit of the year		1,313	146	2,489	271
Exchange rate profit / (loss)		106	12	328	36
Fiscal year profit		1,419	158	2,817	306
Prior year adjustments	46	(3,492)	(389)	(1,839)	(200)
Recognized comprehensive profit from last reporting date		(2,073)	(231)	978	106

Bank Saderat Iran Group
Consolidated Cash Flow Statement
For the Year Ended 20 March, 2008

(Revised)

Note	20.03.2008		20.03.2007	
	billion RIs	million USD	billion RIs	Million USD
Operating Activities:				
Net cash flow from operating activities	11,794	1,315	163	18
Interest & dividends:				
Interest received from bank dividend, deposits & participation bonds	0	0	19	2
Dividends paid to mother company shareholders	(385)	(43)	(459)	(50)
Financial expenses	(2,989)	(333)	(274)	(30)
Dividends paid to minority shareholders	(181)	(20)	(933)	(101)
Net cash flow from interest & dividends	(3,555)	(396)	(1,647)	(179)
Income tax:				
Income tax paid	(901)	(100)	(1,291)	(140)
Investment activities:				
Amount paid for direct investments & legal partnerships & goodwill	(3,566)	(398)	26	3
Amounts paid for purchase of tangible fixed assets	(2,141)	(239)	(1,923)	(209)
Amounts received from sale of tangible fixed assets	408	45	771	84
Net cash flow from investment activities	(5,299)	(591)	(1,126)	(122)
Net cash flow before financing activities	2,039	227	(3,901)	(424)
Financing Activities :				
Net financial facilities received				
Capital increase	0	0		
Increase (decrease) in financial Facilities received	(5,719)	(638)	6,062	659
Net cash flow from financing activities	(5,719)	(638)	6,062	659
Net changes in cash	(3,680)	(410)	2,161	235
Cash balance at the beginning of the year	13,255	1,478	11,094	1,206
Cash balance at the end of the year	9,575	1,067	13,255	1,441

Bank Saderat Iran Network
Balance Sheet
As at 20 March, 2008

	20.03.2008		20.03.2007	
	billion RIs	million USD	billion RIs	Million USD
Assets:				
Cash	1,849	206	2,588	280
Due from central banks	40,453	4,510	32,554	3,522
Due from banks & credit institutions	21,123	2,355	18,854	2,040
Due from Government	13,816	1,540	6,718	727
Facilities granted & claims from public sector	4,867	543	6,890	745
Facilities granted & claims from private sector	183,675	20,477	150,159	16,246
Due under letters of credit & forex bills	33,985	3,789	27,230	2,946
Participation bonds & other similar bonds	11,991	1,337	11,736	1,270
Investments & participations	7,691	857	6,219	673
Fixed assets	20,365	2,270	19,491	2,109
Other assets	12,575	1,402	9,293	1,005
Items in transit	18,552	2,068	13,851	1,498
Total assets	370,942	41,354	305,583	33,061
Liabilities:				
Due to central bank	10,894	1,214	14,245	1,541
Due to banks & credit institutions	30,120	3,358	34,823	3,767
Demand deposits	94,300	10,513	67,219	7,272
Saving & similar deposits	22,447	2,502	21,159	2,289
Term investment deposits	107,479	11,982	82,935	8,973
Other deposits	41,290	4,603	27,049	2,926
Due under letters of credit and forex bills	26,895	2,998	22,293	2,412
Other liabilities & provisions	17,650	1,968	16,456	1,780
Total liabilities	351,075	39,139	286,179	30,962
Shareholders' equity:				
Share Capital	16,803	1,873	16,803	1,818
Reserves	2,444	272	1,645	178
Changes due to foreign exchanges rate unification	1,348	150	1,245	135
Retained profit/ (loss)	(2,176)	(243)	(1,631)	(176)
Exchange rate profit/ (loss)	1,448	161	1,342	145
Total shareholder's equity	19,867	2,215	19,404	2,099
Total liabilities & shareholders' equity	370,942	41,354	305,583	33,061
Letters of Credit	25,635	2,858	26,396	2,856
Letters of Guarantee	31,997	3,567	24,734	2,676
Commitments	14,610	1,629	6,086	658
Managed & similar funds	12,661	1,411	12,097	1,309

Bank Saderat Iran Network
Profit & Loss Account
For the Year Ended 20 March, 2008

(Revised)

	20.03.2008		20.03.2007	
	billion RIs	million USD	billion RIs	Million USD
Income from joint investments:				
Profit & compensation on delay of payment	20,369	2,271	15,923	1,731
Other Revenues	192	21	202	22
Sub-total	20,561	2,292	16,125	1,753
Profit paid on depositors	(11,393)	(1,270)	(8,205)	(892)
Fees for management of investment deposits	518	58	685	74
Net depositors' share	(10,875)	(1,212)	(7,520)	(817)
Bank's income from joint investments	9,686	1,080	8,605	935
Income from own investments:				
Profit & compensation on delay of payment	7,481	834	5,302	576
Commission received	1,903	212	1,494	162
Other Revenues	781	87	922	100
Sub-total	10,165	1,133	7,718	839
Total bank revenues	19,851	2,213	16,323	1,774
Expenses:				
Interest paid (excluding depositors' profit)	(6,067)	(676)	(3,416)	(371)
Commission paid	(63)	(7)	(119)	(13)
General expenses	(12,653)	(1,411)	(10,971)	(1,193)
Other expenses	(868)	(97)	(384)	(42)
Sub-total	(19,651)	(2,191)	(14,890)	(1,618)
Profit before tax	200	22	1,433	156
Tax	(102)	(11)	(494)	(54)
Net Profit	98	11	939	102

Bank Saderat Iran Network
Statement of Earnings
For the Year Ended 20 March, 2008

(Revised)

	20.03.2008		20.03.2007	
	billion RIs	million USD	billion RIs	Million USD
Net profit of the year	98	11	939	102
Retained earnings at the beginning of the year	1,800	201	1,046	114
Prior year adjustments	(3,431)	(382)	(2,556)	(278)
Retained earnings at the beginning of the year after adjustments	(1,631)	(182)	(1,509)	(164)
Allocable profit:	(1,533)	(171)	(570)	(62)
Budget Act (Article 1.C)	(385)	(43)	(497)	(54)
Reserves	(258)	(29)	(564)	(61)
Sub-Total	(643)	(72)	(1,061)	(115)
Retained earnings at the end of the year	(2,176)	(243)	(1,631)	(177)

Bank Saderat Iran Network
Comprehensive Statement of Earnings
For the Year Ended 20 March, 2008

(Revised)

	20.03.2008		20.03.2007	
	billion RIs	million USD	billion RIs	Million USD
Net profit /(less) of the year	98	11	939	102
Unification of foreign exchange results	1,348	150	1,245	135
Exchange rate profit /(loss)	106	12	328	36
Fiscal year profit	1,552	173	2,512	273
Prior year adjustments	(3,431)	(382)	(2,556)	(278)
Sub- Total	(1,879)	(209)	(44)	(5)

Bank Saderat Iran Network
Cash Flow Statement
For the Year Ended 20 March, 2008

	20.03.2008		20.03.2007	
	billion RIs	million USD	billion RIs	Million USD
Operating Activities:				
Net cash flow from operating activities	(793)	(88)	7,541	820
Interest and dividends:				
Dividends received	414	46	278	30
Dividends paid to depositors	(385)	(43)	(459)	(50)
Net cash flow from interest and dividends	29	3	(181)	(20)
Income tax:				
Income tax paid	(102)	(11)	(1,291)	(140)
Investment activities:				
Amounts paid for direct investments & legal partnerships	(1,473)	(164)	(1,170)	(127)
Amounts paid for purchase of tangible fixed assets	(1,322)	(147)	(2,092)	(227)
Amounts received from sale of tangible fixed assets	50	6	588	64
Net cash flow from investment activities	(2,745)	(306)	(2,674)	(291)
Net cash flow before financing activities	(3,611)	(403)	3,395	369
Financing activities :				
Amounts received from capital increase	(3,611)	(403)	3,395	369
Foreign exchange (profit) / loss	(106)	(12)	328	36
Net decrease (increase) in cash	(3,717)	(414)	3,723	405
Cash balance at the beginning of the year	12,963	1,445	9,240	1,004
Cash balance at the end of the year	9,246	1,031	12,963	1,409

Bank Saderat Iran
Balance Sheet
As at 20 March , 2008

(Revised)

	Note	20.03.2008		20.03.2007	
		billion RIs	million USD	billion RIs	Million USD
Assets:					
Cash	5	535	60	493	53
Due from central banks	6	18,051	2,012	15,069	1,630
Due from banks & credit institutions	7	15,881	1,770	14,213	1,538
Due from Government	8	7,291	813	1,850	200
Facilities granted & claims from public sector	9	3,675	410	4,873	527
Facilities granted & claims from private sector	10	85,731	9,558	76,503	8,277
Due under letters of credit & forex bills	11	20,332	2,267	19,391	2,098
Participation bonds & other similar bonds	12	9,164	1,022	7,895	854
Investments & participations	13	6,004	669	4,451	482
Fixed assets	15	18,325	2,043	17,984	1,946
Other assets	17	8,884	990	6,120	662
Items in transit	18	4,506	502	3,453	374
Total assets		198,379	22,116	172,295	18,641
Liabilities:					
Due to central bank	19	9,791	1,092	13,364	1,446
Due to banks & credit institutions	20	24,155	2,693	22,607	2,446
Demand deposits	21	35,941	4,007	28,680	3,103
Saving & similar deposits	22	6,825	761	5,942	643
Term investment deposits	23	37,100	4,136	30,742	3,326
Other deposits	24	37,340	4,163	24,044	2,601
Provision & other liabilities	25	10,724	1,196	9,189	994
Due under letters of credit & forex bills	26	16,208	1,807	18,221	1,971
Total liabilities		178,084	19,853	152,789	16,530
Shareholders' equity:					
Share capital	27	16,803	1,873	16,803	1,818
Legal Reserves		743	83	538	58
Capital Reserves		204	23	0	0
Changes due to foreign exchanges rate unification	29	1,245	139	1,245	135
Retained profit / (loss)		664	74	347	38
Exchanges rate profit / (loss)	30	636	71	573	62
Total shareholders' equity		20,295	2,263	19,506	2,110
Total liabilities & shareholders' equity		198,379	22,116	172,295	18,641
Letters of credit		15,613	1,741	19,655	2,126
Letters of guarantee		16,961	1,891	13,237	1,432
Commitments		12,781	1,425	6,687	723
Managed & similar funds		8,544	953	7,210	780

Bank Saderat Iran
Profit & Loss Account
For the Year Ended 20 March, 2008

(Revised)

	Note	20.03.2008		20.03.2007	
		billion RIs	million USD	billion RIs	Million USD
Income from joint investments:					
Profit & compensation on delay of payment	32	8,324	928	6,278	682
Other revenues	33	59	7	49	5
Sub-total		8,383	935	6,327	688
Profit paid on depositors	44	(4,154)	(463)	(3,050)	(332)
Fees for management of investment deposits		186	21	256	28
Net depositors' share		(3,968)	(442)	(2,794)	(304)
Bank's income from joint investments		4,415	492	3,533	384
Income from own investments:					
Profit & compensation on delay of payment	34	6,849	764	4,457	484
Commission received	35	1,221	136	1,056	115
Other revenues	36	457	51	591	64
Sub-total		8,527	951	6,104	663
Total bank revenues		12,942	1,443	9,637	1,048
Expenses:					
Profit paid (except depositors' profit)	40	(5,597)	(624)	(2,907)	(316)
Commission paid	41	(43)	(5)	(82)	(9)
General Expenses	42	(5,778)	(644)	(5,598)	(608)
Other Expenses		(562)	(63)	(128)	(14)
Total expenses		(11,980)	(1,336)	(8,715)	(947)
Profit before tax		962	107	922	100
Tax		0	0	(32)	(3)
Net profit		962	107	890	97

Bank Saderat Iran
Statement of Earnings
For the Year Ended 20 March, 2008

(Revised)

	20.03.2008		20.03.2007	
	billion RIs	million USD	billion RIs	Million USD
Net profit of the year	962	107	890	97
Retained earnings at the beginning of the year	1,402	156	166	18
Prior year adjustments	(1,054)	(118)	(212)	(23)
Retained earnings at the beginning of the year after adjustments	348	39	(46)	(5)
Allocable profit	1,310	146	844	92
Budget act (article 1.C)	(385)	(43)	(496)	(54)
Legal Reserve	(145)	(16)	0	0
Other Reserve	(116)	(13)	0	0
Sub Total	(646)	(72)	(496)	(54)
Retained earnings at the end of the year	664	74	348	38

Bank Saderat Iran
Comprehensive Statement of Earnings
For the Year Ended 20 March, 2008

	20.03.2008		20.03.2007	
	billion RIs	million USD	billion RIs	Million USD
Net profit of the year	962	107	890	97
Exchange rate profit (loss)	63	7	78	8
Comprehensive Profit	1,025	114	968	105
Prior year adjustments	(1,054)	(118)	(212)	(23)
Recognized comprehensive Profit	(29)	(3)	756	82

Bank Saderat Iran
Cash Flow Statement
For the Year Ended 20 March, 2008

(Revised)

	20.03.2008		20.03.2007	
	billion RIs	million USD	billion RIs	Million USD
Operating Activities:				
Net cash flow from operating activities	1,908	213	(7,660)	(833)
Interest and Dividends:				
Dividends paid to financial activities	(2,778)	(310)	(268)	(29)
Dividends paid to depositors	(385)	(43)	(459)	(50)
Sub-Total	(3,163)	(353)	(727)	(79)
Income tax:				
Income tax paid	(480)	(54)	(257)	(28)
Investment activities:				
Increase /decrease in direct investments & Legal participation	(1,553)	(173)	(8)	(1)
Amounts paid for purchase of tangible fixed assets	(943)	(105)	(1,255)	(136)
Amounts received from sale of tangible fixed assets	263	29	527	57
Net cash flow from investment activities	(2,234)	(249)	(736)	(80)
Net cash flow before financing activities	(3,969)	(442)	(9,380)	(1,020)
Financing activities:				
Increase /decrease in received financial activities	864	96	7,392	803
Net cash flow	(3,105)	(346)	(1,988)	(216)
Cash balance at the beginning of the year	11,245	1,254	13,233	1,438
Cash balance at the end of the year	8,140	907	11,245	1,222

Bank Saderat Iran
Notes to the Financial Statements
For the Year Ended 20 March, 2008

1. Basis for Preparation of the Financial Statements

The Group's Consolidated financial statements as well as Bank Saderat Iran have been prepared on a historical cost basis while the current values have also been applied if needed. In addition, immovable properties and goodwill of the Bank have been reevaluated in 1992 and 2004 and the changes have duly been reflected in the accounts.

2. Basis for Interest Paid on Depositors

In implementation of the Non-Usury Banking Operation Act approved in 1983 and related regulations and also in line with the Central Bank of Iran Decree No. 1799 dated 08.01.2003, all the revenues received from financial facilities, investments in shares and participation bonds are recognized as profit and depositor's share of profit is proportional to their net balance used in the above activities.

According to the agreement between Bank Saderat Iran, its provincial subsidiaries and depositors, the Bank is the legal attorney of the depositors to invest their money. The basis for calculation of the profit paid on deposits are the deposits held by the entire Bank Saderat Group (Bank Saderat Iran and provincial banks).

3. Basis for Consolidation

3.1. Consolidated financial statements are derived from the financial statements of Bank Saderat Iran and its subsidiaries after deduction of intra-group transactions and uncertain profit and loss.

3.2. The operational outcomes of purchased subsidiaries and sold ones are involved in the consolidated profit and loss statement from the time of such transfers.

3.3. The fiscal years of Ghadir Investment Company, Bank Saderat PLC and Bank Saderat Tashkent end on December 21 and December 31 respectively. The results are reflected in the consolidated accounts without any changes. In case of any significant changes in the accounts, they are reflected as adjustment in the accounts.

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4. Significant Accounting Policies

4.1. Investments

Evaluation Method		
Long-term Investments:	Group	BSI
Investments in subsidiaries included in the reconciliation	Included in the reconciliation	Cost price (after provision in case of a permanent decrease in the value of the investment)
Investments in affiliated companies	Net worth	Cost price (after provision in case of a permanent decrease in the value of the investment)
Other long-term investments	Cost price (after provision in case of a permanent decrease in the value of the investment)	Cost price (after provision in case of a permanent decrease in the value of the investment)
Current investment:		
Immediate disposal investments	Lower cost price and net market value of the whole investments	Lower cost price and net market value of the whole investments
Other current investments	Lower cost price and net market value of each investments	Lower cost price and net market value of each investments
Revenue Recognition Method:		
Investments in subsidiaries included in the reconciliation	Included in the reconciliation	At the time of approval of dividends by the AGM of the investee company (until the approval date of financial statements)
Investments in affiliated companies	Net worth	At the time of approval of dividends by the AGM of the investee company (until the approval date of financial statements)
Other long-and short Term investments	At the time of approval of dividends by the AGM of the investee company (until the balance sheet date)	At the time of approval of dividends by the AGM of the investee company (until the approval date of financial statements)

4.2. Fixed Assets

4.2.1. Fixed assets are recorded at cost price. Renovation and substantial repairs, which significantly increase the capacity or useful life of the fixed assets, are considered as capital expenditures and are depreciated over the remaining useful life of such assets. Maintenance expenses and minor repairs, which are sustained to preserve the economic interests expected by trade units, are considered as current expenses, under profit & loss Account.

4.2.2. Immovable assets and goodwill were reevaluated in 1992 and 2004 by an amount of RLS.930 billion and Rls.13,646 billion respectively, both as assets and as the increase in capital from the early 2006, based on depreciation schedule pursuant to article 151 of the Direct Taxation ACT, depreciation is no longer calculated for the goodwill.

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4.2.3. With respect to decree number 1077 issued by the Monetary and Credit Council dated (17.2.2007) from 2006 the depreciation of fixed assets are calculated based on depreciation schedule pursuant to article 151 of the Direct Taxation Act. Some of the rates and methods of depreciation are set out as below:

Assets	Depreciation	Depreciation method
Building & equipments	7 %	Reducing Balance
Motor vehicles	25 %	Reducing Balance
fixtures & computer hardware	10 years	Straight line
Computer hardware (P.C)	3 years	Straight line

The depreciation at revaluated buildings of the Bank at the end of 2004 is calculated with the depreciation schedule pursuant to Article 151 of the Direct Taxation Act at the rate of 3.5 percent and declining procedure.

Note: Depreciation of fixed assets of the foreign units are calculated according to the depreciation schedule of the host country.

4.4. Consolidated Goodwill

Consolidated accounting of commercial entities is conducted by the purchase method. Surplus of cost price of attracting investments in consolidated companies to the group's share in the net fair value of their assessable assets and liabilities at the time of purchase is recognized as goodwill and depreciated on a straight line basis over 20 years. Goodwill which is derived from ownership of a subsidiary is reflected in the consolidated balance sheet as the book value of long-term investment.

4.5. Recognition of Bank's Revenues

Registration of all bank's group consolidated revenues are recognized with the credit method in accordance with related accounting standards.

4.6. Foreign Currency Exchange Rate

4.6.1. Local Units: Monetary items in foreign currency are exchanged at the exchange rate of the balance sheet date and non-monetary items (cost price) in foreign currency are exchanged at the exchange rate of disposal date. The derived differences are recognized and recorded as revenues or expenses of the occurrence period.

4.6.2. Foreign Units: All monetary and non-monetary items (except for shareholders' equity) of foreign units are exchanged at the exchange rate of the balance sheets date and shareholders' equity is exchanged at the exchange rate of equity formation date. Profit and Loss figures are exchanged at the average rate of the fiscal year. The differences caused by conversion in financial statements are recognized and recorded as shareholders' equity.

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4.7. Provision for Doubtful Debts

4.7.1. Local Units:

A) General Provision: In line with the prevailing banking regulations as administered and enforced by the Central Bank of Iran, all banks are required to set aside 1.5% of their loan portfolio as a general provision for doubtful debts.

B) Specific Provision: The amount of specific provision for each category is calculated as follows:

a. Overdue Debts	10%
b. Bad Debts	20%
c. Doubtful Debts	50 To 100%
d. Advances which are overdue for 5 years or more (including principal + interest)	100%

4.7.2. Foreign Units:

Provisions for doubtful debts of foreign units are made based on the host country's accounting rules and regulations and independent auditors' comments. The debtors' situation in the bank attorneys' point of views acts as basis for debt provisions. In some cases, a general provision is made in the accounts in proportion to the total debts.

4.8. Provision for Work Termination Benefits

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

4.9. Categorization of Assets

The facilities granted by the bank, which are in accordance with directive issued by the Monetary and Credit Council are categorized and evaluated according to the period of payment delayed, customer's credit report, situation and condition of the customer's activity, as shown below:

- 1) Current group
- 2) Overdue group
- 3) Outstanding group
- 4) Doubtful group

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5. Cash

billion RIs	Consolidated		Non - consolidated	
	March-20,2008	March-20,2007	March-20,2008	March-20,2007
Cash in Rials	1,090	962	448	375
Cash in Forex	721	1,637	87	118
Cash with banks	321	212	-	-
Cash in Transit	30	39	-	-
Petty Cash	16	30	-	-
Total	2,178	2,880	535	493

The amount of RIs 1,090 billion of notes & coins are related to BSI Network and total deposits held with Treasury Department and its units ,which have been counted and confirmed by the inspectors and auditors at the end of year and the remaining RIs. 431 million is related to the other group units.

6. Due from Central Banks

billion RIs	Consolidated		Non - consolidated	
	March-20,2008	March-20,2007	March-20,2008	March-20,2007
Statutory deposits	36,713	28,730	14,324	10,784
Current accounts with other Central Bank	2,485	-	2,485	-
Term deposits with Central Bank	1,219	3,556	1,219	4,028
Advance payments for forex with Central Bank	15	18	11	11
Forex demand deposits with Central Bank	12	245	12	246
Other	9	5	-	-
Total	40,453	32,554	18,051	15,069

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7. Due from Banks and Credit Institutions

billion RIs	Consolidated		Non - consolidated	
	March-20,2008	March-20,2007	March-20,2008	March-20,2007
Foreign branches loans to Iranian banks	10,535	4,830	10,741	6,406
Loans to foreign banks	5,270	5,707	-	-
Forex balance with other banks	3,604	6,729	3,901	6,720
Loans & credit to local banks	1,102	1,004	1,098	1,074
Clearing other banks' cheques	524	505	157	25
Account balance with local banks	90	29	-	4
Deposits with other banks	16	66	-	-
Sub-total	21,141	18,870	15,897	14,229
Doubtful debts provision	(18)	(16)	(16)	(16)
Total	21,123	18,854	15,881	14,213

7.1. Loans granted by foreign branches in the amount of RIs 10,535 billion is mainly related to loans paid by Regional Office, Paris & Athens branches.

7.2. Loans granted to foreign banks in the amount of RIs.5,270 billion is related to loans granted by Bank Saderat PLC London.

7.3. The Forex balance held with banks in the amount of RIs 3,603 billion is mainly related to the Balance of term deposit for RIs.1,563 billion and forex demand deposit of foreign branches for RIs 1,277 billion with foreign banks.

7.4. Loans and credit granted to Local banks in the amount of RIs 1,102 billion is related to paid L/Cs by Bank Saderat Iran to other local banks.

8. Due from Government

billion RIs	Consolidated		Non - consolidated	
	March-20,2008	March-20,2007	March-20,2008	March-20,2007
Due from Government	14,013	6,810	7,402	1,878
Provision for doubtful debts	(197)	(92)	(111)	(28)
	13,816	6,718	7,291	1,850

8.1. The amount of RIs 14,013 billion is related to the main due participation bonds, profit and delayed interest of the granted facilities which are under the budget notes of the previous years, and has been recognized as the bank's claim from the government which has not yet been collected.

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9. Facilities Granted and Claims from Public Sector

billion RIs	Consolidated		Non - consolidated	
	March-20,2008	March-20,2007	March-20,2008	March-20,2007
Loans	4,807	7,114	3,605	4,734
Overdue debts	88	17	82	1
Outstanding dues	51	96	46	233
Overdue debts	251	-	249	-
Doubtful debts provision	(330)	(337)	(307)	(95)
Total	4,867	6,890	3,675	4,873

9.1. Facilities granted to public sector are categorized in following contracts :

billion RIs	Consolidated		Non - consolidated	
	March-20,2008	March-20,2007	March-20,2008	March-20,2007
Installment sale	1,671	1,823	758	1,443
Civil partnership	243	833	243	742
Hire purchase loans	112	216	112	215
Modharabah	1,000	2,006	1,000	6
Forward deals	0	139	-	-
Jo'aaleh	945	1,348	596	1,082
Ghardh Al Hassaneh	56	74	56	70
L/Cs paid debtors	72	653	62	653
L/Gs paid debtors	2	-	0	0
Former housing loans	1	3	-	-
Granted facilities in Forex	1,100	1,034	1,100	1,033
Profit received from financial facilities	382	61	318	58
Total	5,584	8,190	4,245	5,302
Less : profit of coming years	(384)	-	(248)	(431)
Outstanding profit	(212)	-	(212)	(15)
Uncollected fulfilled profit	(181)	(1,076)	(180)	(123)
	4,807	7,114	3,605	4,733

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10. Facilities Granted and Claims from Private Sector

billion RIs	Consolidated		Non - consolidated	
	March-20,2008	March-20,2007	March-20,2008	March-20,2007
Facilities granted	162,818	142,118	72,682	67,232
Overdue debts	4,054	3,938	1,393	1,437
Outstanding debts	14,949	5,843	12,883	8,621
Doubtful debts	13,978	8,870	9,082	7,720
Doubtful debts Provision	<u>(15,310)</u>	<u>(12,107)</u>	<u>(10,309)</u>	<u>(8,507)</u>
	<u>180,489</u>	<u>148,662</u>	<u>85,731</u>	<u>76,503</u>

10.1. Facilities granted to private sector are as follows:

billion RIs	Consolidated		Non - consolidated	
	March-20,2008	March-20,2007	March-20,2008	March-20,2007
Installment sale	76,085	61,018	25,925	23,991
Civil partnership	20,367	14,570	4,583	3,982
Hire purchase	1,427	866	638	648
Modharebeh	14,631	12,762	8,276	8,829
Salaf	7,413	6,497	1,369	1,158
Jo'aaleh	9,707	8,470	5,120	4,210
Ghardh Al Hassaneh (interest free)	8,289	5,615	2,094	1,448
Debt purchase	1,623	224	1,322	208
L/Cs paid debtors	5,774	8,444	3,386	6,371
L/Gs paid debtors	124	531	38	370
Housing loans (previously extended)	2	1,240	-	-
Granted facilities in Forex	8,202	5,608	7,465	5,148
Interest receivable from facilities	6,208	4,197	2,039	1,744
Customers debt for foreign exchange difference	372	414	339	339
Installment sales for foreign exchange difference	10	178	-	-
Excess withdrawal	7,386	7,909	7,386	7,909
Loan & credit	5,108	3,442	5,108	3,296
Purchased documents & bills	8,430	7,046	8,430	7,042
Loans & credit to clients of Bank Saderat PLC	<u>2,714</u>	<u>3,094</u>	<u>-</u>	<u>-</u>
Sub total	183,872	152,125	83,518	76,693
Less: Profit of coming years	(14,562)	(9,999)	(5,610)	(5,457)
Amounts received from Mozarebeh	(5)	(8)	(2)	(2)
Outstanding profit	<u>(5,154)</u>	-	<u>(4,762)</u>	<u>(3,626)</u>
Uncollected fulfilled profit	<u>(1,333)</u>	-	<u>(462)</u>	<u>(376)</u>
	<u>162,818</u>	<u>142,118</u>	<u>72,682</u>	<u>67,232</u>

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11. The Bank Claims under L/Cs & Forex Bills

Net balance of L/Cs & Forex bills debtors for RIs.33,985 billion is related to the clients' liabilities concerning Finance & Usance L/Cs by semi annual maturity which is described as follows:

billion RIs	Consolidated		Non - consolidated	
	March-20,2008	March-20,2007	March-20,2008	March-20,2007
Due from term bills of exchange & L/Cs	34,142	27,305	20,395	19,409
Provision for doubtful debts	(157)	(75)	(63)	(18)
Total	33,985	27,230	20,332	19,391

12. Participation Bonds and Other Similar Bonds

billion RIs	Consolidated		Non - consolidated	
	March-20,2008	March-20,2007	March-20,2008	March-20,2007
Public sector participation bonds	10,263	8,978	8,619	7,100
Debt securities bonds	1,312	1,961	-	-
Private & public bonds	558	809	545	795
Private sector participation	0	1	-	-
Total	12,133	11,749	9,164	7,895

13. Investments and Participations

billion RIs	Consolidated		Non - consolidated	
	March-20,2008	March-20,2007	March-20,2008	March-20,2007
Investment in unlisted companies	4,397	4,423	-	-
Legal participations	3,414	2,142	3,598	2,045
Investment in listed companies	1,002	737	-	-
Investment deposits	468	370	-	-
Investment in provincial subsidiary banks	-	-	2,208	2,208
Share & foreign participations	433	394	1,772	1,707
Direct investments	-	-	102	171
Sub-total	9,714	8,066	7,680	6,131
Provision	(1,107)	(1,165)	(1,676)	(1,680)
Total	8,607	6,901	6,004	4,451

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14. Investment in Affiliated Companies

Consolidated billion RIs	Share of Net Assets	Goodwill	Share of Net Assets
Balance at the beginning of the year	1,559	903	2,462
Addition during the year	599	717	1,316
Cost price	(125)	(18)	(143)
Return of accumulated depreciation of transferable goodwill share	-	8	8
Adjustments	(57)	(43)	(101)
Share in the profit of affiliated companies	913	-	913
Received & receivable dividend	(660)	-	(659)
Goodwill depreciation	-	(162)	(162)
Total	2,229	1,405	3,634

15. Fixed Assets

Consolidated billion RIs	Cost price	Accumulated Depreciation	Book value	
	March-20,2008	March-20,2007	March-20,2008	March-20,2007
Movable assets:				
Furniture	2,148	1,108	1,040	661
Machineries	727	346	382	478
Vehicles	212	145	67	75
Equipments & Moulds	55	19	36	14
Total	3,142	1,617	1,525	1,228
Immovable assets:				
Building	10,416	0	5,936	5,793
Land	5,936	1,261	9,155	8,877
Total	16,352	1,261	15,091	14,670
Goodwill	2,125	0	2,125	2,118
Assets under Completion	3,171	0	3,171	2,490
Orders & capital prepayments	333	0	333	521
Trusts	29	36	(8)	33
Capital items in warehouse	64	0	64	17
Sub-total	5,722	36	5,685	5,179
Total	25,216	2,915	22,301	21,077

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16. Goodwill

Consolidated billion RIs	March-20,2008	March-20,2007
Cost price at the beginning of the year	4,980	8,098
Acquired goodwill during the year	844	1,107
Assigned goodwill share during the year	(72)	(3,165)
Transfer to goodwill from acquiring affiliated companies	-	(1,060)
Cost price at the end of the year	5,752	4,980
Accumulated depreciation at the beginning of the year	635	836
Depreciation of the year	399	373
Adjustments	3	(574)
Depreciation of assigned goodwill share during the fiscal year	(11)	-
Accumulated depreciation at the end of the year	1,026	634
Book value	4,726	4,346
Loss from decreasing value of investments-affiliated	-	-
Amount at the end of the year	4,726	4,346

17. Other Assets

billion RIs	Consolidated		Non - consolidated	
	March-20,2008	March-20,2007	March-20,2008	March-20,2007
Receivable profit and commissions	4,774	1,914	2,535	1,471
Receivable accounts and commercial bills	3,899	3,556	-	-
Total store inventory	3,066	2,382	85	83
Governments share profit	3,031	2,295	356	348
Participation bonds	2,322	3,447	1,853	2,228
Tax advance payments	874	369	781	269
Possessory Collaterals	508	442	55	58
Difference of L/Cs exchange rate (Debt to Central Bank)	317	726	288	355
Overseas branches debtors	116	100	116	100
Others	3,941	3,057	3,233	1,592
Total	22,848	18,288	9,302	6,504
Less:				
Provisions for doubtful debts	(189)	(165)	(62)	(36)
Coming years profit by government	(3,212)	(2,386)	(356)	(348)
Total	19,447	15,737	8,884	6,120

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18. Items in transit

billion RIs	Consolidated	
	March-20 , 2008	March-20 , 2007
Debit items:		
Capital paid to foreign branches	2,939	2,726
Loans& credits to foreign branches	1,057	0
Forex demand deposits with foreign branches	173	2,079
Forex Term deposits with foreign branches	13,448	0
Loans & credits granted to other foreign branches	111	155
Demand deposits with other foreign branches	6,788	6,046
Term deposits with other foreign branches	5,570	5,981
Due from Head Office/demand deposits with H/O	153	-
Due from Head Office/Term deposits with H/O	4,033	-
Due from Head Office/Network Finance	112	-
Due from Head Office/Network Refinance	9,687	-
Due from Head Office/Network discount of L/Cs	893	-
Total claims from Head Office	14,878	2,652
Branches Account	55,622	59,099
Head Office account	-	-
Head Office account /Forex	283	119
Total debit items	100,869	78,857
Final Balance	18,552	13,850
Credit items:		
Capital of foreign branches	2,412	2,285
Loans & credits received from Head Office	1,056	0
Forex Head Office demand deposits	(542)	2,171
Forex Head Office Term deposits	13,445	2,642
Loans & credits received from other foreign branches	110	0
Demand deposits of other foreign branches	7,307	5,972
Term deposits of other foreign branches	5,641	3,765
Demand deposits of foreign branches with Head Office	252	0
Term deposits of foreign branches with Head Office	4,034	0
Finance by foreign branches	112	0
Refinance by foreign branches	9,668	0
Discount of L/Cs by foreign branches	893	0
Debit account to foreign branches	14,959	0
Branches' Account	0	0
Head Office account	37,929	48,172
Head Office account / Forex	0	0
Total credit items	82,317	65,007

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18. Items in transit are divided as follows:

billion RIs	Consolidated	
	March-20 , 2008	March-20 , 2007
Debit items:		
Capital paid to foreign branches	2,939	2,726
Loans & credits to foreign branches	1,057	0
Forex demand deposits with foreign branches	173	2,079
Forex Term deposits with foreign branches	13,448	2,689
Loans & credits granted to other foreign branches	111	155
Demand deposits with other foreign branches	6,788	6,046
Term deposits with other foreign branches	5,570	5,981
Due from Head Office/demand deposits with H/O	153	-
Due from Head Office/Term deposits with H/O	4,033	-
Due from Head Office/Network Finance	112	-
Due from Head Office/Network Refinance	9,687	-
Due from Head Office/Network discount of L/Cs	893	-
Total claims from Head Office	14,878	2,652
Branches Account	9,999	9,417
Head Office account	-	-
Head Office account /Forex	-	-
Total debit items	54,963	31,746
Final Balance	4,506	3,453
Credit items:		
Capital of foreign branches	2,412	2,285
Loans & credits received from Head Office	1,056	0
Forex Head Office demand deposits	(542)	2,171
Forex Head Office Term deposits	13,445	2,642
Loans & credits received from other foreign branches	111	0
Demand deposits of other foreign branches	7,307	5,972
Term deposits of other foreign branches	5,641	6,454
Demand deposits of foreign branches with Head Office	252	0
Term deposits of foreign branches with Head Office	4,034	0
Finance by foreign branches	112	0
Refinance by foreign branches	4,488	0
Discount of L/Cs by foreign branches	893	0
Debit account to foreign branches	9,780	2,131
Branches' Account	0	0
Head Office account	8,560	3,605
Head Office account / Forex	2,687	3,033
Total credit items	50,457	28,293

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19. Due to Central Bank

billion RIs	Consolidated		Non - consolidated	
	March-20,2008	March-20,2007	March-20,2008	March-20,2007
Facilities received from FX reserve fund	8,015	5,610	7,340	5,158
Government petty cash (Central Bank)	1,743	1,628	1,412	1,199
Due to Central Bank for the balance of the current account	1,070	6,347	974	6,347
Others	66	660	65	660
Total	10,894	14,245	9,791	13,364

20. Due to Banks and Credit Institutions

billion RIs	Consolidated		Non - consolidated	
	March-20,2008	March-20,2007	March-20,2008	March-20,2007
Term deposits of banks	24,053	21,142	17,098	15,525
Loans & credits received from banks	3,802	11,761	3,930	5,082
Demand deposits of banks	2,020	1,456	3,005	1,456
Others	245	464	122	544
Total	30,120	34,823	24,155	22,607

21. Demand Deposits

billion RIs	Consolidated		Non - consolidated	
	March-20,2008	March-20,2007	March-20,2008	March-20,2007
Interest Free current Account in Rials /Forex	45,122	40,642	16,289	13,147
Sold bank cheques	24,564	14,185	10,113	5,745
Payment orders on Bank Saderat	16,217	6,386	4,922	6,386
Sundry creditors	6,333	4,339	3,453	2,670
Others	1,961	1,628	1,164	732
Total	94,197	67,180	35,941	28,680

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22. Saving & Similar Accounts

billion Rls	Consolidated		Non - consolidated	
	March-20,2008	March-20,2007	March-20,2008	March-20,2007
Interest Free Saving Accounts in Rials	21,044	20,898	5,560	5,802
Interest Free Saving Accounts in Forex	1,392	248	1,259	135
Others	12	13	6	5
Total	22,448	21,159	6,825	5,942

23. Term Investment Deposits

billion Rls	Consolidated		Non - consolidated	
	March-20,2008	March-20,2007	March-20,2008	March-20,2007
Short-term deposits	52,579	43,652	18,183	16,147
Long-term deposits	48,758	37,345	16,987	13,860
Others	6,142	1,937	1,930	735
Total	107,479	82,934	37,100	30,742

24. Other Deposits

billion Rls	Consolidated		Non - consolidated	
	March-20,2008	March-20,2007	March-20,2008	March-20,2007
Term deposits in forex	33,024	18,578	32,851	18,451
Advances received under letters of credit	4,596	6,479	3,118	5,074
Letter of guarantee cash deposits	2,708	1,443	1,177	498
Others	962	549	194	21
Total	41,290	27,049	37,340	24,044

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25. Provision and Other Liabilities

billion RIs	Consolidated		Non - consolidated	
	March-20,2008	March-20,2007	March-20,2008	March-20,2007
Provision for expenses	7,922	5,930	3,808	2,719
Provision for work termination benefit	2,091	1,706	569	476
Loans (Ghadir)	1,789	2,048	-	-
Payable accounts and documents	1,616	1,108	-	-
Funds received from sales of participation bonds	1,328	589	1,225	533
Provision for short -term & long-term deposits interest	708	811	299	661
Tax provision	686	911	286	254
Principal & interest received from the central bank for participation bonds	684	1,832	680	1,831
Proposed and payable dividend	581	29	-	-
Domestic creditors (foreign branches)	396	395	396	395
Commercial accounts & notes payable of Ghadir	148	46	-	-
Others	4,637	4,523	3,461	2,320
Total	22,586	19,928	10,724	9,189

26. Due under Letters of Credit & Forex Bills

The Bank's liabilities for RLS.26,895 billion is related to the Deferred Payment L/Cs and Forex Bills, the documents of which have been delivered to the applicant and bank is liable to pay at the maturity.

At the maturity date, the due amount, is usually funded by the applicant and effected to beneficiary.

27. Share Capital

27.1. The Bank's share capital stood at RIs16,803 billion fully owned at the balance sheet date by the Government of the Islamic Republic of Iran.

27.2. Affiliated Companies :

Consolidated Company	Location	Percentage of Investment		Activity
		Group	BSI	
Provincial subsidiary banks (29)	All provinces except Tehran	100	100	Banking
Bank Saderat PLC	London	100	100	Banking
Bank Saderat Tashkent	Tashkent	100	100	Banking
Ghadir Investment Co. (Public Joint Stock)	Tehran	78.06	0.43	Investment
Bank Saderat Brokerage (Private Joint Stock)	Tehran	100	67	Brokerage Services

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28. Reserves

billion RIs	Consolidated		Non - consolidated	
	March-20,2008	March-20,2007	March-20,2008	March-20,2007
Legal reserve	1,644	1,363	743	451
Other reserves	4,628	4,837	204	87
Total	6,272	6,200	947	538

29. Changes due to Foreign Exchanges Rate Unification

Forex adjustment due to fixed exchange rate in the amount of RIs 1,348 billion relates to the statutory balance exchange rate in early 2002 in accordance with Central Bank rules and regulations. After auditing, this amount was reflected in the shareholders' equity as "Due to the Government".

30. Exchange Rate Profit (Loss)

Adjustment for assets and liabilities in the amount of RIs 1,448 billion was made into shareholders' equity in accordance with Central Bank Decree No. 1844, approved on 19/01/2003.

31. Minority Interest

billion RIs	Consolidated	
	March-20 , 2008	March-20 , 2007
Share capital	1,991	1,908
Reserves	1,141	1,597
Accumulated profit (loss)	610	291
Total	3,742	3,796

32. Profit and Compensation on Delay of Payment

billion RIs	Consolidated		Non - consolidated	
	March-20,2008	March-20,2007	March-20,2008	March-20,2007
Interest received from financial facilities	14,041	11,940	5,251	4,228
Delay penalties received from facilities	3,582	2,640	1,391	1,212
Interest from participation bonds	1,887	1,065	1,674	836
Interest received from direct investments	4	-	8	2
Total	19,514	15,645	8,324	6,278

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33. Other Revenues

Other revenues in the amount of RLS 192 billion relates to the prizes of statutory deposits of Bank Saderat Iran, Network which were calculated and made in the accounts in accordance with the directive of the Central Bank of Iran at a rate of 1% on the average balance of statutory deposits during the year.

34. Profit & Compensation on Delay of Payment for Non- Interest Revenues

billion RIs	Consolidated		Non - consolidated	
	March-20,2008	March-20,2007	March-20,2008	March-20,2007
Non-interest revenue from other amounts due	1,521	816	1,025	477
Profit of Loans & credits	928	616	928	616
Interest received on discounted bills by foreign branches	845	681	845	681
Interest received on paid letters of credit	841	785	841	160
Interest received from inter-bank loans	680	279	680	279
Interest received from Provincial Bank Saderat	-	-	580	445
Profit of Loans & credits granted to Banks	928	293	463	293
Bank Saderat PLC, Bank Saderat Tashkent & Future Bank revenues	349	245	349	245
Forex received revenue from facilities granted	220	40	220	40
Profit received from long-term deposits	219	260	219	260
Surplus resources of Free Trade Zones	202	26	202	26
Profit received from overdraft & credit on current accounts of foreign banks	199	642	199	642
Interest received from bonds securities	72	64	72	64
Ghardh Al Hassane and compensation on delay of payment	248	205	63	37
Prizes for other deposits	73	55	46	33
Others	156	280	117	159
Total	7,481	5,287	6,849	4,457

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35. Fees & Commissions Received

billion RIs	Consolidated		Non - consolidated	
	March-20,2008	March-20,2007	March-20,2008	March-20,2007
Opened Letters of credit	425	688	249	588
Purchased and discounted L/Cs	324	10	324	9
Guarantees	376	299	92	130
Foreign branches & brokerage	178	84	176	82
International Division	156	45	156	31
Forex transactions	92	81	23	23
Domestic Branches	68	18	62	18
International Affairs	53	17	43	13
Fees on state accounts (Representation of CBI)	40	33	30	28
Others	191	219	66	134
Total	1,903	1,494	1,221	1,056

36. Other Revenues

billion RIs	Consolidated		Non - consolidated	
	March-20,2008	March-20,2007	March-20,2008	March-20,2007
Disposal of movable & immovable assets	248	46	19	8
Miscellaneous revenues of foreign branches	105	180	98	175
Post, phone & telegraph	42	52	21	25
Interest received from transactions in forex	115	182	115	81
Others	271	414	204	302
Total	781	874	457	591

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37. Operating Revenues of Subsidiaries

Operating revenues of subsidiaries in the amount of RIs 6,302 billion relate to subsidiaries of Ghadir Investment Company. This amount was RIs 3,483 billion in the previous fiscal year.

38. Operating Expenses of Subsidiaries

Operating expenses of subsidiaries in the amount of RIs 4,437 billion related to subsidiaries of Ghadir Investment Company. This amount was RIs 2,521 billion in the previous fiscal year.

39. Profit from Operating Investments

Profit from operating investments in the amount of RIs 351 billion relates to Ghadir Investment Company and comprises the following items:

billion RIs	Consolidated	
	March-20 , 2008	March-20 , 2007
Net profit received from disposal of investments	208	1,047
Dividend	153	106
Participation bond profit	10	16
Share value increase	(2)	28
Sub-total	369	1,197
Less: purchase of share	(18)	(16)
Total	351	1,181

40. Profit paid (except profit of depositors)

Profit paid (except profit of depositors) in the amount of RIs 6,067 billion (the profit paid in the previous fiscal year was 3,416 billion) relates to profit paid to forex term investments by foreign branches and Bank Saderat PLC and Bank Saderart Tashkent. The profits paid for the facilities received from the banks in the Network are as follows:

billion RIs	Consolidated		Non - consolidated	
	March-20,2008	March-20,2007	March-20,2008	March-20,2007
Profit paid by foreign branches	2,340	1,963	1,853	1,375
Profit paid for usage of resources of other branches	1,071	637	1,071	214
Expenses of resources deficit (Central Bank & Bank Melli Iran)	1,750	289	1,750	416
Expenses of Network resources deficit	-	-	-	455
Others	906	527	923	447
Total	6,067	3,416	5,597	2,907

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41. Commission Paid

Commission paid in the amount of RIs 63 billion included RIs.49 billion commission paid by BSI Network and the remaining RIs. 14 billion is the commission paid by overseas branches, Bank Saderat PLC, London and Bank Saderat Tashkent.

42. General Expenses

billion RIs	Consolidated		Non - consolidated	
	March-20,2008	March-20,2007	March-20,2008	March-20,2007
Personnel expenses	5,615	4,615	1,710	1,483
Provision for doubtful debts	3,454	2,987	2,272	2,405
Administrative expenses	2,775	2,538	1,253	1,187
Depreciation	470	440	339	319
Others	645	633	204	204
Total	12,959	11,213	5,778	5,598

43. Other Operating Revenues and Expenses:

billion RIs	Consolidated	
	March-20 , 2008	March-20 , 2007
Commission of share transactions	10	33
Profit from disposal of investments (Ghadir)	93	-
Other operating revenues (Ghadir)	42	1
Received dividend (Ghadir)	3	11
Sub-total	148	45
Other operating expenses	(204)	(38)
Forex transactions (Provincial Bank Saderat)	(465)	(48)
Unabsorbed expenses (Ghadir)	-	(16)
Prizes for interest free deposits (Bank Saderat Network)	(394)	(322)
Depreciation of goodwill	(132)	(241)
Sub-total	(1,195)	(665)
Total	(1,047)	(620)

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44. Interest Paid on Depositors

billion RIs	Consolidated		Non - consolidated	
	March-20,2008	March-20,2007	March-20,2008	March-20,2007
Depositors' share of profit	11,392	8,204	4,154	3,050
Profit paid to depositors	(10,875)	(7,519)	(3,968)	(2,794)
Payment deficit	517	685	186	256
Attorney fees to apply investment deposits	(517)	(685)	(186)	(256)
Payable down payment difference balance in comparison to final payments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

45. Financial Expenses

The financial expenses for RIs 210 billion (previous fiscal year for RIs 274 billion) is wholly related to Ghadir Investment Co. and its subsidiaries paid for interest of facilities received from the banks.

46 .Prior year Adjustments

	Group billion RIs
Receivable profit & commissions	199
Claims from government	1,435
Other incomes	438
Total credit items	2,072
Provision for commitments present value of Bank staff to retirement fund	(4,669)
Tax	(237)
Legal reserve	(36)
Other reserves	(15)
Other expenses	(607)
Total debit items	(5,564)
Total	(3,492)

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47. Transactions included in Article 129, Amendment of commercial law and with affiliated persons

A. Transactions included in Article 129, Amendment of commercial law:

There has been one transaction under Article 129, Amendment of Commercial law.

B. Transactions with the affiliated persons:

Transactions with the affiliated persons during the fiscal year 2007- 2008, were as follows:

Name of the Company	Type of affiliation	Description	Amount Million RIs
A. Kharazmi Company	Joint Member of Board of Director	Repairing and keeping ATM machines , Supporting and maintaining traveler's cheque system, comprehensive provision system, Human resources comprehensive system Treasury and Swift comprehensive system	54,642
B. Bank Saderat Iran Provinces	Shareholders: Bank Saderat Iran	Income resulted from rental of BSI's immovable properties to be used by the provinces for one year	112,000
Bank Saderat Iran Provinces	Shareholders: Bank Saderat Iran	Provinces' joint expense	124,000
Bank Saderat Iran Provinces	Shareholders: Bank Saderat Iran	Resource surplus profit	201,000

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48. Comparison of Approved Budget & Performance

Billion Rials	Non - consolidated March-20,2008		Billion Rials	Non - consolidated March-20,2008	
	Performance	Supplement Budget		Performance	Supplement Budget
Revenues:			Revenues:		
Interest received	8,383	9,044	Land & building	463	1,534
Non-interest revenues	8,874	6,113	Machineries & major equipments	80	27
Operating expenses:	(10,519)	(7,631)	Vehicles	0	12
Wage	(427)	(444)	Furniture & Administrative equipments	8	25
Privilege	(141)	(146)	Automation	173	157
Extraordinary	(629)	(635)	Goodwill	8	50
Retirement & Saving	(392)	(357)	Researches expenses	1	25
Bonus	(18)	(18)	Total	734	1,830
Administrative expenses	(1,243)	(1,392)			
Commitments Present value Bank staff retirement fund	(204)	-			
Depreciation	(339)	(800)			
Doubtful debts	(2,272)	(2,311)			
Depreciation of investment value	-	(190)			
Work termination benefit	(111)	(220)			
Profit (loss)	962	1,013			

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49. Comparison Schedule of the Permitted Limit & Credit Operations of the year 2007/08

Billion Rials Description	Net Facilities Granted March, 2008	Balance of Facilities Granted March, 2007	Net Facilities Granted March, 2008 (1)	Performance Amount (2-1) March, 2007 (2)
Industry & Mine	59	47	42	53
Building & Housing	29	26	22	24
Agriculture	29	22	21	27
Trade & Services	60	49	41	49
Export	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Total	<u>179</u>	<u>146</u>	<u>128</u>	<u>155</u>

50. Commitments

50.1. Capital Commitments:

At the balance sheet date the bank's capital commitments stood on RIs 4,148 billion related mainly to the purchase of properties (building and office equipments) and renewing branches and offices as well as the purchase price of movable properties including administrative machineries , computers and furniture.

51. Contingent Liabilities

At the balance sheet date, the Bank had no significant contingent liabilities.

52. Post - Balance sheet events

During the time between fiscal statement issuance and its presentation, 3,098, 250,000 shares of BSI Network in Ghadir Investment Co. each for RIs.2,980, offered to the Social Security Organization of the Armed Forces through Stock Exchange on 13.8.2008.