

## **CORPORATE & COMMERCIAL BANKING**

### **PROJECTS**

#### **Sugar Cane and Subsidiary Industries Development Company**

Sugar Cane and Subsidiary Industries Development Company is the biggest group in cultivating sugar cane and producing sugar and other products in Iran. This company was established as per the government's ratified law in the year ended 20.03.1980. Seven cultivating and industrial companies i.e. Imam Khomeini, Amir Kabir, Da'abal Khazai, Mirzakochak Khan, Salman Farsi, Farabi and Dekhoda are all its subsidiaries. The main products of the company are sugar, paper, livestock food, M.D.F, alcohol and dry leaven.

The total under-cultivated sugar cane in this company is 84000 Hectares. Every year, 7 Million tons of sugar cane is obtained from these units.

- The economic effects of Sugar Cane Development Company:
- Preparing the consumable sugar for about 28 Million people with per capita consumption of 25 Kilograms in a year
- Preparing the consumable paper for about 27 Million people with per capita consumption of 13 Kilograms in a year
- Preparing the consumable M.D.F for about 19 Million people with per capita consumption of 5.2 Kilograms in a year
- Preparing the facility of producing 80,000 Tons meat by using the produced livestock food. With per capita consumption of 15 Kilograms, the meat for 5.4 Million People of the country is provided
- Producing biotechnological products (such as leaven, alcohols, etc) which both have the domestic use and is exportable
- Creating more than 5000 occupations

The granted facilities to the Sugar Cane and Subsidiary Industries Development Co. Plan is Rials 5,202/8 Billion by the year ended 20.03.2008.

#### **Tose'eh Sakhteman Int. Co.**

In an area of 220,000 square meters in the heart of Tehran and its vital highways, Tehran International Tower has been erected with more than 160 meters in height as the highest residential tower in Iran to encourage vertical construction and to prevent horizontal development. Having three wide sides, this tower has 56 floors, consisting of 572 units. The Bank granted Rials 194.8 billion to the company.

## **Karoon Cement**

Karoon Cement factory started its activity from year ended 20.03.2008 with the capacity of producing 3000 tons gray cement per day. This factory is able to produce different kinds of Portland Cements according to A.S.T.M standard and tailored to the orders of customers. This company has played a great role in the development and progress of the country and has increased the production capacity to reach to a higher state in the cement industry.

Having high technology, the second phase of executive operation along with the first phase has been started with a capacity of 3500 tons gray cement. With the cooperation of BSI, nominal capacity of this company reaches 6500 tons per day. To help this project, BSI granted Euro 22/6 billion and Rials 265 billion facilities by the year ended 20.03.2008.

## **Larestan Cement**

Larestan Cement received Euro 21 Million facilities

## **Abyek Cement**

The company received Euro 38 Million equal Rials 70 billion facilities.

## **Abadeh Cement**

From the beginning of November 2005, the development of this factory has been started with the cooperation of Bank Saderat Iran. The preparation of this project in less than 2.5 years with the endeavor of Iranian experts shows their independence in designing and cement industry engineering. The factory productions will increase from 500 tons to 1200 tons a day. This increase in capacity of production is significant and will solve the problem of cement shortage for the ongoing project in this area. Bank Saderat Iran granted 5.2 Million Euros and 65 billion Rials facilities to this factory.

## **Zabol Cement**

Sanaye'e Zabol Co. (joint-stock) was established with a 51% share of Province Domestic-Private Section and a 49% share of Iran Consuming Industries Development and Renovation Organization (IMIDRO) with the aim of producing 1 million tons of grey cement per annum. IMIDRO 49% share was subsequently put in a bid by Country Privatization Organization and sold to Province Domestic-Private Section. The project has received Rials 63.6 billion facilities from the bank by the end of 1386.

## **Perlit Asia Casting Industry (joint-stock)**

An amount more than Euro 10,000,000 was paid for a factory to be built for casting and producing cast-iron parts of cars with an annual capacity of 20,000 tons on a day and night shift and 275 days per annum basis.

## **Bahman Group**

This company produces Mazda vans, Mazda cars, Pajero, ambulance, and money delivery vans and has received EUR 7 million and Rials 33 billion facilities from BSI.

## **Zanjan-Tabriz Freeway**

285 km long Zanjan-Tabriz Freeway is one of the greatest freeway projects in the country, being built in 16 segments. The second phase of this project, funded by Ministry of Roads and Transport, banks, and the private sector, for Rials 2,000 billion is underway. This freeway is a complement to 89-km Tehran-Bazargan freeway on northwest passage of Iran and passes Tabriz Belt, Ghezelcheh-Meydan, Noori-Gol, Yousef Abad, Bostan Abad, Maragheh Intersection, Hashtrud and Ghezeh-Aghaj, Sarcheshm Intersection, and Bijar Intersection.

BSI has granted Rials 411.4 billion to this syndicated project by the end of the year 1386.

## **Apadana Ceram Co.**

Using modern technology of tile production, the company produces different kinds of double-baked enameled wall tiles, unglazed porcelain tiles (granite tiles), and enameled porcelain tiles, with a nominal capacity of 30 million square meters.

Considering this capacity, Apadana Ceram will rank as one of the greatest tile producers all over the world. With the execution of the development plan, the company would be able to produce tiles with a capacity of 50 million square meters per annum.

## **INTERNATIONAL BANKING**

In today's world, banks play a key intermediary role to develop the economy of countries and, by using various strategies, help reduce the risks caused by financial transactions, and enhance the level of international trade.

Aiming at making impact on economy of the country, BSI established International Division, which was followed by opening FX branches inside and outside the country.

BSI first overseas branch was established in Hamburg, Germany in 1962. London branch, Paris branch and Beirut branch were, then, opened in 1963.

BSI overseas branches in 2007 include two independent banks (Bank Saderat PLC London, Bank Saderat Tashkent), two joint venture banks (Future Bank in Bahrain, Arian Bank in Afghanistan), two regional offices (in the Persian Gulf Zone and Lebanon) and 20 other branches.

Total number of staff working at overseas branches and offices equals 492, of whom 428 were local and 64 were dispatched overseas.

BSI overseas branches are now operating all kinds of banking activities focusing on granting various banking facilities, opening L/Cs, issuing letter of guarantees, and money transfers after following anti-money laundering and Basel II regulations according to the homeland banking rules.

BSI overseas branches take full advantage of their potentialities with regard to status quo and the following factors:

- a wide variety of banking services and facilities adjusted to customers' needs
- well designed regulated system
- quick decision-making
- flexibility in banks policy-makings considering the change in economic conditions and international financial markets

It is notable that total profit earned by overseas branches rose to nearly USD 176 million by the end of 2007, an increase of 13.92% comparing to the preceding year. By far, overseas branches operation has led to a positive result so that their income constitutes a major part of the total profit across BSI network. This process of profitability is predicted to continue in the year to come.

To improve in profitability and international activity, BSI is expanding its overseas branches. Hence, establishing new branches in Belarus, Syria, Malaysia, India, China, Iraq and a second branch in Oman is under

investigation. In addition, BSI second branch in Qatar has recently been opened. The operations of some major BSI overseas units are as follows:

### **Bank Saderat PLC**

Turning to the results of Bank Saderat PLC for the year under review, it should be reported that the bank has improved on the record results of 2006.

The post-tax profit achieved in the year to the end of December 2007 was £ 12.51 mln, an increase of £ 0.55mln (4.76%) on the figure of £11.96mln achieved in 2006. This result produced an after-tax return on equity of 11.07%.

### **United Arab Emirates Branches**

Bank Saderat Iran, UAE Branches have done very well during last five years, their proactive Banking policy continued during the current years, thus, the trade finance activity which is one of the important sources of their profitability, continued its growth through 2007. The bank's net profit rose from AED .220 mln in 2003 to AED .387 mln in 2007.

In 2007 the bank continued its policy of growing and maintaining good quality assets and facilities portfolios. Total facilities to customers increased from AED .3,887 mln in 2003 to AED .5,580 mln in 2007. The increase represents all the categories of advances, mainly in trade finance i.e. Trust Receipt, Payment Against Documents, Overdrafts, cheque and L/C discounted.

In 2007 the total profit of our UAE Branches were more than AED .502 mln. Comparing their owner's equity of 1,539 mln (comprising of capital 676 mln, legal reserve 220 mln, the retained profit 348 mln and subordinated loan 300 mln ) which shows the perfect capital management and good planning of the management to increase the capital base and profitability of the bank, at the year ended December 2007, the Returns on Equity was 44 %. Compared to the other banks in UAE, Bank Saderat Iran is one of the most successful banks in getting the income and the profit pertaining to their assets.

### **Bank Saderat Iran, German Branches (Frankfurt & Hamburg Branches)**

The net profit earned by our German Branches rose to nearly EURO 9,900,174 at the fiscal year 20.03.2008, an increase of 85.33% comparing to the preceding year which shows an amount of EURO 5,341,853. The gross profit of our above branches at the fiscal year 20.03.2008 amounted to EURO 16,383,110 an increase of 41.54% comparing to the preceding year which shows an amount of EURO 11,574,711.

## Bank Saderat Iran, Paris Branch

The activities of BSI Paris branch have increased substantially in 2007, with a profit after tax of € 6.1 mln compared to € 3.3 mln in 2006 (+84.4%). During the same period, the total balance sheet has come up to € 919 mln (+104.4%), mainly due to the increase of the refinancing activities.

These achievements were performed while the economic growth in 2007 was at a rate of 2.2% in France, with rising commodity prices and higher interest rates. Also, high exchange rates of Euros against US Dollars penalized exports which were mainly paid in dollars. Perspectives for 2008 tend to be still in a context of economic slowdown. The economic growth has been forecasted at 1.6% for 2008 by the French economic authorities.

The following table summarizes the Bank's operation results in its overseas units:

	2005 million US\$	2006 million US\$	2007 million US\$	2007 to 2006 Growth (%)
Total Assets	4,863	6,050	6,361	5%
Total Shareholders' Equity	427	501	554	10.6%
Net Profit Before Taxation	160	200	234	17%
Net Profit	118	147	172	17%
Percentage of overseas branches to BSI Group Net Profit	23%	54.24%	117.81%	

## INFORMATION TECHNOLOGY

Bank Saderat Iran, having more than 55 years of banking experience, has constantly sought to meet customer's needs, introducing new services in order to increase the profitability of the Bank and the satisfaction of its customers. To ensure that this continues, the Bank has set in motion the modernization of its banking services. At present, all of BSI's 3,273 branches are online. This is the highest number of online branches in the Middle East. Further, the number of ATMs increased to 1,696 and the number of POS increased to about 120,000 units, at the end of 2007.

Bank Saderat Iran has also two major objectives in the current year in order to improve efficiency. These are the successful introduction of E-Banking and Mobile Banking.

1. E-Banking: Electronic Banking is available through Bank Saderat Iran's website. Under this system and in a secure environment, customers, without being required to refer to the branch are able to conduct their banking affairs such as ascertaining the latest status and balance of their account confirming the amount of issued cheques to prevent fraud, online transfer of funds among SEPEHR Accounts and payment of public utility bills. In the near future, this system will also offer services such as transferring funds within the SHETAB System, among all Iranian Banks paying installments of credit card bills.