

**Export Development  
Bank of Iran**



Annual Report 2007-2008



In the Name of God



## Key Figures

Performance (USD Million)	for the year ended 19.03.2008	for the year ended 20.03.2007	Change
Total Income	220.1	146.9	49.8%
Operating Income	194.8	133.8	45.6 %
Total Expenses	(106.8)	(58.6)	82.3%
Administrative Expenses	(33.9)	(21.0)	61.4 %
Pre-tax Income	113.3	88.2	28.5 %
Net Profit	55.2	66.4	(16.8)%
Net Interest Income	159.1	96.8	64.4 %
Net Interest Income after provision for loss	105.1	84.7	24.1 %
Non-interest Income	44.3	27.2	62.9 %
Non-interest Expenses	(36.1)	(23.6)	52.9%
<b>Balance Sheet figures (USD Million)</b>			
Total Assets	3,944.3	2,066.0	90.9 %
Total Liabilities	1,711.5	1,581.0	8.2 %
Total Equity	2,232.8	485.0	360.4 %
Customers' Deposits	716.1	1,061.6	(32.5)%
Loan to Customers	2,010.2	1,172.0	71.5 %
<b>Key Ratios (Percentage)</b>			
Return on Assets	1.4	3.2	(1.8)
Return on Equity	2.5	13.7	(11.2)
Net profit/ Operating Income	0.3	0.5	(0.2)
Non-interest Expenses/ Total Income	0.2	0.2	-
<b>Capital Adequacy</b>			
Tier I [Core Capital] (USD million)	2,242.7	450.9	397.4%
Core Capital Adequacy Ratio [Basel I](Percentage)	77.98	25.4	52.58
<b>Fitch Ratings</b>			
Short Term	B	B	
Long Term	B+	B+	
<b>Branch Network / Subsidiary / Rep. Office</b>			
Branches (Domestic)	29	29	
Subsidiary and Representative Office (Overseas)	2	1	



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# **Board of Directors & Statement of the Chairman**

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## Board of Directors

### *Chairman of the Board and Managing Director*



**Dr. Kourosh Parvizian**

### *Board Members*



**Dr. Mojtaba Harati Nik**

from : 1998.09.13  
to date



**Dr. Hossein Eivazloo**

from : 2006.07.30  
to date



**Dr. Saied Nikzad Larijani**

from : 2008.01.29  
to date



**Dr. Hossein Ghazavi**

from : 2007.01.10  
to : 2007.10.24



## Statement of the Chairman

In line with the strategic policies of the government, the Bank made head on progress in diversifying the economy by providing finances for the country's non-oil exports. Market development strategies pursued in the target countries in which Iran had comparative advantage to bring about value added to the economy.

Many international financial institutions elected the Bank as a trusted partner concerning various trade finance driven products. This coupled with functionality and proactive policies enabled the Bank to be uniquely recognized in the world markets.

Total equity of the Bank by a growth of 360.37 percent hit a record high of USD 2,232.80 million and the total assets stood at USD 3,944.30 million. The Bank's total income recorded at USD 220.10 million, while the pre-tax income for the year under report was 113.34 million.

The Bank expanded its global presence by setting up a bank in Venezuela and planned further for being represented more in the world regions.

Fitch Ratings affirmed the Bank's Long-term Issuer Default Rating (IDR) at 'B+' with a stable outlook and short-term IDR at 'B', reflecting a leading position in financing Iran's non-oil export, reasonable profitability and strong capital ratios.

It was also tried to take advantage of the market for better competition by providing value services. As a noticeable achievement, the Bank positioned itself as the financier of nearly all government supported foreign investments in the domestic and international markets.

Building upon the existing resources and competencies while exploiting new ones, was among strategic policies of the Bank. As a result, the strategic capabilities were focused on the areas that could potentially create value in many financial service sectors. Attempts also made to be more innovative in the form and function of the financial services' offers.

To develop services, a centralized accounting and facility named SAFIR and RTGS launched to enable customer to customer interactions.

Furthermore, the credit committees of the Bank delegated to flexibly serve customers and also integrated customer data base was set up to



keep the services of the Bank in the best interest of its clients. As part of customer service management, the Bank brought into practice a program to rank and classify its customers to Gold and Silver to better enhance service clientele.

The strategic advantage derived from operational aspects made sense in all the Bank's boundaries. This was owing to the alignment of the strategic views of the Bank with its operational activities which per se triggered a series of activities in the field of banking services and tailor-made product design.

To avoid market failure, seamless marketing and operational management strategies adopted and necessary plans drawn up to respond instantaneously to the market needs through building and sustaining relationships with major correspondent banks in the entirety of the Bank's value chain. It is strongly believed that the customers and service providers benefited alike from the exchanging business of banking with us. Furthermore, strong culture developed with the aim of bringing closer together all members of staff to attract talents for developing banking activities and processes that their combined effect would be greater than the sum of its parts.

The Bank expects promising future thanks to potentialities existing and in the light of the endeavors made by the staff members whom with firm resolve strive for materializing set policies for promoting non-oil export and development programs of the country.

**Kourosh Parvizian**



# Bank's Profile

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## Bank's Profile

In 1991 by the Act of Iranian Parliament, the Export Development Bank of Iran was established to promote non-oil exports and develop business exchanges with all Iran's current and prospective trading partners.

Appointment of the Board Members is made by the Bank's General Assembly which is chaired by the Ministry of Finance and Economic Affairs based on the recommendations of the Supreme Council of the Banks, presided over by the Governor of the Central Bank of Iran. The Bank's regulator is also Central Bank of Iran which is in charge of coordinating banking operations across sectors, reviewing the operations of individual banks and setting interest and exchange rates.

As per content of its Constitution, the Bank is mandated to carry out all banking transactions prescribed under the Non-Interest Banking Operations Act of 1983. Therefore, facilities in the forms of pre-shipment and post-shipment financing are extended to the customers in the framework of buyers' and suppliers' credit.

Additionally the projects are to be financed that might generate future economic value and bring about more export of goods and services of Iranian origin. The trade finance instruments include documentary credit operations, documentary collections and guarantees, although payment services and bank transfers, forex operations and commercial banking activities like current, savings and deposit accounts, debit and credit cards, ATMs and point-of-sales operations, internet and mobile phone banking and brokerage services are offered.

Head quartered in Tehran, the Bank has 29 domestic branches, three of which located in the free trade zones. A representative office, meanwhile, has been opened in Almaty, Kazakhstan which is scheduled to be converted into an independent subsidiary and additionally a totally owned bank was established in Caracas, Venezuela.

By and large, the key activity areas of the Bank include: *International* which takes care of treasury, correspondent banking, forex, reconciliations and accounts; *Credit and Investments* mainly responsible for credit control, appraisal and recovery; *Finance* in charge of funding and liquidity; *Risk Management* for looking into different risks including credit, market and operational; *Logistics* responsible for planning, personnel and supplies.



# Review of Operations



## Review of Operations

### 1. Account Services

With perceptions held about interest and profit regarding the Islamic Banking and in line with the laws and regulations, the Bank has provided a wide range of account services including Gharz-al-Hassaneh accounts and term deposits.

Gharz-al-Hassaneh accounts constitute what are known in conventional banking system as current and savings accounts. The account holders can apply for check books in combination with their accounts as a means for ease of payments in their business transactions.

Various types of short and long term deposits with maturities of up to 6 months or up to 5 years have been placed with the Bank. These deposit accounts together with the Bank's own resources are considered to be a means for providing facilities to customers. The Bank fully guarantees the owners of term deposits for re-payment of their placements plus a minimum return.

On top of the guaranteed return a slight commission is charged for the services provided. Under tenets of Islamic Banking, in case financed activities provide a return in excess of the guaranteed return and the accrued commissions, the excess return is shared between the Bank and the depositors.

The customers based on their business type and activities continued to be benefited from an array of banking services like having debit and credit cards for their purchases at the point of sales as well as applying for internationally acquired credit and debit cards.

### 2. Trade Financing and Investments

The trade finance operations encompass both *export* and *import* financing.

Export financing usually falls within the categories of pre-shipment and post-shipment. Under pre-shipment export financing scheme, working capitals have been made available to Iranian exporters for purchase of machineries, equipments, raw materials and to carry on with production, packaging, transportation and re-exportation inasmuch as



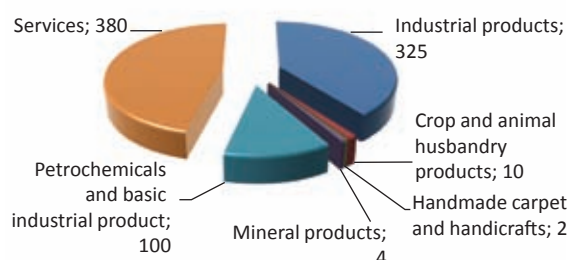
covering manufacturing costs. Normally the maximum credit extended amounts to 90 percent of shipment value against letters of credit.

Likewise, post-shipment financing has been a service of the Bank to enable exporters selling Iranian goods and services on deferred payment basis. The exporters receiving documentary credits on deferred payment basis have been assisted to have their bills of exchange discounted with the Bank. The buyers of Iranian goods and services have been benefited also from buyer's credit agreements which are payable out of the Bank's own resources, Oil Reserve Fund and under other export financing schemes. The buyer's credit line can be set up on ad hoc basis for foreign employers of major financial projects undertaken by Iranian contractors.

With respect to import financing the Bank has been providing facilities for manufacturing goods and services to be exported abroad as well as importation of raw materials, spare parts and production line machineries.

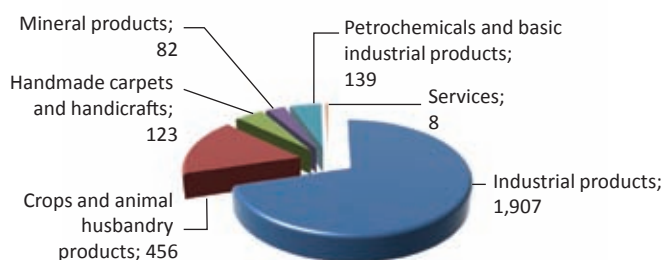
The following graphs illustrate the overall trade financing and investment activities of the Bank for the year under review:

**Facilities paid in foreign currency by different economic sectors at 19.03.2008 [USD Million]**



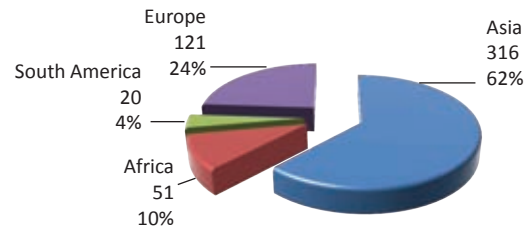
**Facilities paid in local currency by different economic sectors at 19.03.2008 [IRR Billion]\***

\*(1 USD= 8,956 IRR)

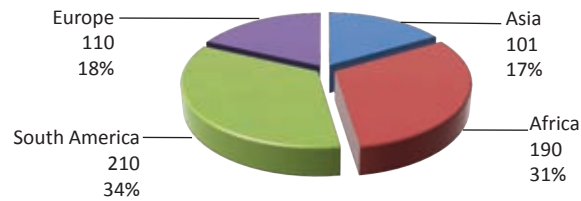




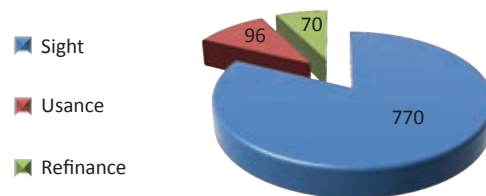
**Buyer's credit contracts at 19.03.2008 [USD million]**



**Buyer's credit contracts at 19.03.2008 [EUR million]**



**Documentary Credits' Operations at 19.03.2008 [USD million]**



Furthermore, the aggregate amount of the Bank's letters of guarantee operations for the year under review was amounted to USD 291 million to support Iranian techno-engineering service projects commissioned abroad. The substantial increase in guarantees operations reflects the success of government export promotion policies as well as higher recognition of the Bank's status amongst the banking and export community.



### 3. Trade Advisory Services

The Bank has been fully committed to provide exporters and importers with comprehensive advice on possible financing schemes. The expert advices enable the clients to properly structure their transactions in order to mitigate the risks associated with international business and trade.

The customer relationship officers in bank-branch network have received extensive training on multiple types of trade finance driven products and can serve the customers on case by case basis. The customers' help-line is a permanent service of the Bank to respond to the growing demand of customers for having access to the updated information in the field of trade and banking operations.

### 4. Stock Brokerage

The Bank offers to its customers through its brokerage office at the Tehran Stock Exchange, several options for trading, asset management, underwriting and investment advisory services with multi-channel electronic access including the internet. The Bank is determined to develop incrementally a complete range of investment banking services.

### 5. Information Technology

For speed, integrity, security and accuracy of transactions, the Bank employs the state-of-the-art technology at core of its banking operations.

The core banking and trade innovation systems facilitate retail banking and trade finance services of the Bank. Online access to bank's accounts and instant follow-ups of all trade finance transaction by customers have been made possible. For the year under review the Information Technology Department kept track of emerging technologies and closely worked with the senior management to pursue the overall IT strategy.

Especially with regard to economic environment, the attention has been paid to weigh risks and returns of the new technologies. However, decisions have been made concerning the areas of IT that could be carefully outsourced. Doing so was part of labor savings and cost



cutting measures that the Bank was seeking to implement as part of its IT strategy.

Finding solutions for gaining control of business finances, payments, internet access to accounts also have been part of e-banking services. Additionally, mobile phone banking readily grants all customers access to current and savings accounts, receiving latest transactions and periodic statement of accounts, paying utility bills, internet stock broking, among many others.



## **Independent Auditors' Report**

### **To the Annual General Meeting of the Export Development Bank of Iran**

1-We have audited the balance sheet of Export Development Bank of Iran as of March 19, 2008 (Esfand 29, 1386) and the related statement of income and cash flow, accompanied with the notes thereto for the year under report. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these statements based on our audit.

2-We conducted our audit in accordance with the auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a sampling basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for making opinion.

3-In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of Export Development Bank of Iran as of March 19, 2008 (Esfand 29, 1386) and the results of its operations and its cash flows for the year under report in conformity with accounting standards.

August 23, 2007 (Shahrivar 1st,1386)

#### **Audit Organization**

**Mohammad Jaafar Dehghan Tazerjani**

**Bahram Sadoughianzadeh**



# Financial Review



## Financial Review

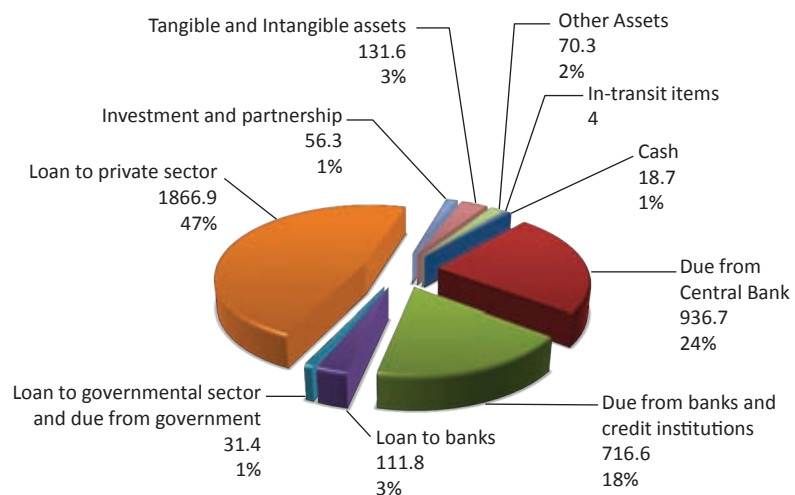
### 1. Assets, Liabilities and Shareholders' Equity

Total assets of the Bank recorded an increase of 90.92 percent compared to same figures of the preceding year, reaching USD 3,944.3 at 19.03.2008.

The loans and investments were up to USD 2,010.10 million which compared to the figures of the previous year increased by 72.45 percent. This accounts for the Bank's success in positioning itself in the context of Iranian banking system by funding facilities granted to non-oil export sector of the economy.

Considering other market players and the size of the Bank, this matter is considered as one of the achievements for the year under review.

Asset component on 19.03.2008 [USD million]

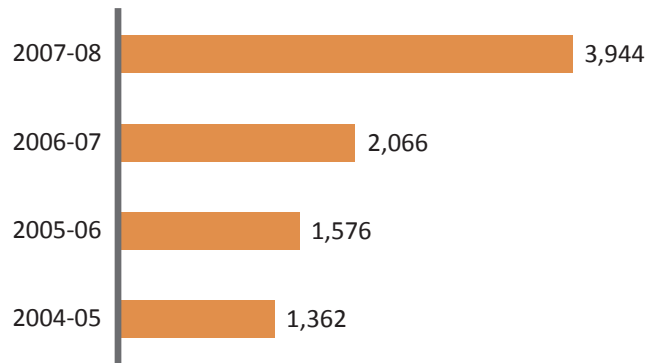


More importantly, the lending scheme of the Bank is primarily based on obtaining requisite collateral and securities which makes ultimate losses and impaired loans limited.



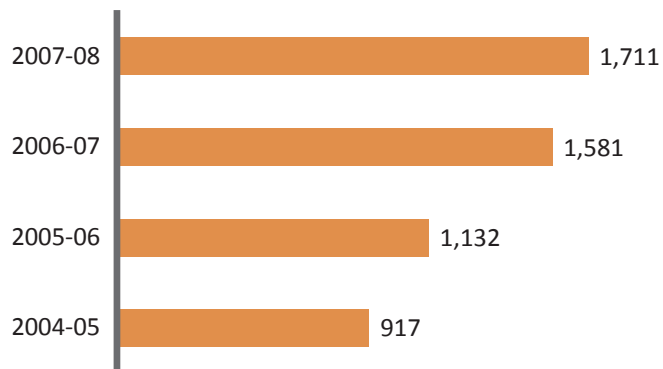
The following graph accounts for the overall assets growth of the Bank during the period between 19.03.2004 to 19.03.2008.

**Total Asset growth 2004-2008 [USD Million]**



Liabilities of the Bank as of 19.03.2008 amounted to USD 1,711.50 million, representing an increase of 8.26 percent from the previous financial year.

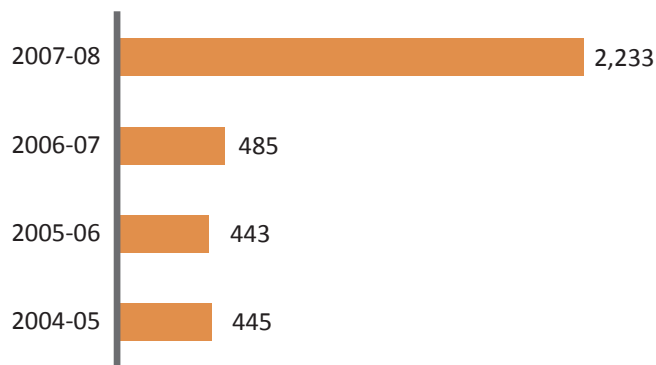
**Total Liabilities 2004-2008 [USD Million]**





The total shareholders' equity of the Bank amounted to USD 2,232.80 million which from the preceding figures of USD 485 million for year ended 20.03.2007 shows a rapid growth of 360.37 percent. This growth derived mainly from capital increase compared to the figures of the preceding years.

**Shareholders' Equity 2004-2008 [USD million]**



## 2. Operating Performance

The Bank reported income before tax of USD 113.34 million for year ended 19.03.2008 which was higher by 28.54 percent over the previous year.

Total income of the Bank at 19.03.2008 increased to USD 220.10 million which in respect of the figures of previous year showed a growth of 49.88 percent. Total income improved mainly due to growth in received interests on loans, fees and commission.

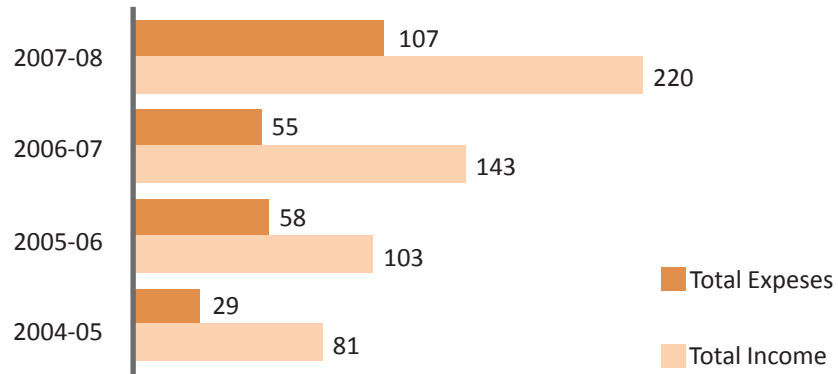
Higher fees and commission income generated from trade finance activities, treasury, broking activities and other retail banking activities.

The return on asset [ROA] decreased to reach 1.4 percent due to the increase in assets during the last months of the year under report.

Total expenses also took up by 81.93 percent to reach USD 106.76 million due to increase in provision for possible credit losses and total non-interest expenses as a result of growth in staff costs and other administrative costs, salaries paid and headcounts.



**Total Income and Expenses 2004-2008 [USD million]**



### 3. Capital Adequacy and Funding

In the year ended 19.03.2008 the capital adequacy ratio of the Bank increased to 77.98 percent from 25.4 percent in the previous year. The core capital was reported as USD 2,242.7 million while this figure for the previous year was USD 450.90 million, owing to capital increase of the Bank.

### 4. Liquidity Management

Liquidity policy is aimed at ensuring that the Bank can meet its financial obligations when falling due. Sufficient volumes of liquid assets are held to meet the future commitments. The source and maturity of assets and liabilities are diversified to avoid any undue concentration of funding requirement at any time or from any other source.

### 5. Credit Rating

Since November 2005, the Bank has been rated each year by the Fitch Ratings, UK. The short and long term rates assigned have been respectively "B" and "B+" for the year under report. Sovereign Foreign Currency Issuer Default rating of "B+" is based on the fact that the Bank is wholly owned by the Iranian government.

As indicated by Fitch Ratings, the Bank's outlook is stable and any changes in the sovereign rating would have an impact on the Bank's issuer default and short-term ratings. The agency also declared that



any upside potential for the individual rating would depend on higher profitability and substantially, improved asset quality and downside risk could be raised by any significant deterioration in profitability, asset quality or capital ratios.



# **Financial Statements & Notes**



## 1. Balance sheet

	Notes	year ended 19.03.2008		re-stated year ended 20.03.2007	
		IRR Million	USD Million	IRR Million	USD Million
<b>Assets:</b>					
Cash	2	167,396	18.70	87,211	9.43
Due from Central Bank	3	8,388,640	936.70	750,946	81.24
Due from banks and credit institutions	4	6,417,694	716.60	5,949,917	643.72
Loan to Banks	5	1,001,455	111.80	-	-
Loan to Governmental sector and due from Government	6	281,315	31.40	198,863	21.50
Loan to private sector	7	16,720,209	1,866.90	10,575,066	1,144.10
Investments and partnership	8	504,253	56.30	144,143	15.60
Tangible and Intangible Assets	9	1,178,912	131.60	864,256	93.50
Other assets	10	629,648	70.30	525,264	56.81
In-Transit items		35,379	4.00	-	-
<b>Total Assets</b>		<b>35,324,901</b>	<b>3,944.30</b>	<b>19,095,666</b>	<b>2,065.90</b>
<b>Liabilities:</b>					
Due to Central Bank		75,696	8.50	88,806	9.60
Due to banks, credit institutions and government	11	6,399,624	714.60	3,276,247	354.50
Demand deposits (non-interest bearing)	12	3,309,791	369.60	2,768,984	299.60
Savings accounts (non-interest bearing)	13	628,479	70.20	367,475	39.80
Term deposits	14	1,290,436	144.10	5,885,158	636.70
Other deposits	15	1,184,347	132.20	789,906	85.50
Payable for acceptance of letters of credit and deferred bills of exchange	16	1,834,503	204.80	1,142,830	123.60
Provisions and other liabilities		84,237	9.40	52,947	5.70
Provision for Employees' Work Termination Benefits		34,245	3.80	25,335	2.70
Tax provision		485,884	54.30	136,206	14.70
In-Transit items		-	-	78,966	8.50
<b>Total Liabilities:</b>		<b>15,327,242</b>	<b>1,711.50</b>	<b>14,612,860</b>	<b>1,580.90</b>
<b>Shareholders' Equity:</b>					
Capital		16,418,554	1,833.20	3,068,555	332.00
Legal Reserves		418,922	46.80	344,737	37.30
Capital Reserves		181,969	20.30	181,969	19.70
Other Reserves		784,828	87.60	-	-
Retained earnings		351,191	39.20	336,842	36.40
Due to Government – transferable to Capital		67,361	7.50	46,968	5.10
Exchange differences on translating foreign operations		1,774,834	198.20	503,735	54.50
<b>Total Shareholders' Equity</b>		<b>19,997,659</b>	<b>2,232.80</b>	<b>4,482,806</b>	<b>485.00</b>
<b>Total Liabilities and Shareholder's Equity:</b>		<b>35,324,901</b>	<b>3,944.30</b>	<b>19,095,666</b>	<b>2,065.90</b>
<b>Off- balance sheet items:</b>					
Customers' Commitments for letters of credit		3,332,303	372.10	2,613,255	282.70
Customers' commitments for guarantees and acceptances		5,417,543	604.90	3,083,898	333.60
Customers' commitments for concluded contracts in foreign currency		41,717	4.70	127,953	13.80
Party to the bank's Commitments for issued guarantees counter with foreign exchange		539,538	60.20	281,020	30.40
Party to the bank's commitments for transactions concluded contracts / nongovernmental		56,500	6.30	64,701	7.00
Planning and Management Organization's Commitments		954,404	106.60	1,585,788	171.60
Party to the bank's commitments for securing of participating bonds		1,020,635	114.00	1,139,783	123.30
Party to the Bank's Commitments for Domestic Letters of Credit		69,591	7.80	449,022	48.60
Nominal accounts		43,231,590	4,827.10	35,300,486	3,819.20
<b>Total off- balance sheet items</b>		<b>54,663,821</b>	<b>6,103.70</b>	<b>44,645,906</b>	<b>4,830.20</b>



## 2. Income Statement

	year ended 19.03.2008		re-stated year ended 20.03.2007	
	IRR Million	USD Million	IRR Million	USD Million
Interests on Loans to customers	1,574,316	175.78	1,106,280	119.69
Interest on Borrowing	(149,381)	(16.68)	(211,467)	(22.88)
<b>Net Interest Income</b>	<b>1,424,935</b>	<b>159.10</b>	<b>894,813</b>	<b>96.81</b>
Provision for Credit Losses	(483,604)	(54.00)	(112,278)	(12.15)
<b>Net interest Income After Provision for Losses</b>	<b>941,331</b>	<b>105.10</b>	<b>782,535</b>	<b>84.66</b>
Commission Received	170,554	19.04	129,897	14.05
Net income from Dealing in Foreign Currencies	206,296	23.03	109,160	11.81
Other Income	20,132	2.25	12,051	1.30
<b>Total Non- Interest Income</b>	<b>396,982</b>	<b>44.32</b>	<b>251,108</b>	<b>27.16</b>
Fees and Commission Expenses	(2,099)	(0.23)	(3,749)	(0.41)
Administrative Expenses	(303,163)	(33.85)	(193,863)	(20.97)
Depreciation	(9,080)	(1.01)	(13,223)	(1.43)
Other Expenses	(8,898)	(0.99)	(7,787)	(0.84)
<b>Total Non- Interest Expenses</b>	<b>(323,240)</b>	<b>(36.08)</b>	<b>(218,622)</b>	<b>(23.65)</b>
<b>Pre-Tax Income</b>	<b>1,015,073</b>	<b>113.34</b>	<b>815,021</b>	<b>88.17</b>
Tax	(520,511)	(58.12)	(201,531)	(21.80)
<b>Net Income/Profit</b>	<b>494,562</b>	<b>55.22</b>	<b>613,490</b>	<b>66.37</b>

## 3. Retained Earnings Statement

	year ended 19.03.2008		re-stated year ended 20.03.2007	
	IRR Million	USD Million	IRR Million	USD Million
Net Profit of the Year	494,562	55.22	613,490	66.37
Retained Earning at the Beginning of the Year	299,283	33.42	168,473	18.23
Prior Year Adjustments	37,559	4.19	11,901	1.29
<b>Allocable Profit</b>	<b>831,404</b>	<b>92.83</b>	<b>793,864</b>	<b>85.89</b>
Dividend paid	(406,029)	(45.34)	(275,612)	(29.82)
Allocation to legal reserves	(74,184)	(8.28)	(81,409)	(8.81)
Allocation to other reserves	-	-	(100,000)	(10.82)
<b>Retained earning at the end of the Year</b>	<b>351,191</b>	<b>39.21</b>	<b>336,843</b>	<b>36.44</b>



## 4. Comprehensive Income Statement

	year ended 19.03.2008		re-stated year ended 20.03.2007	
	IRR Million	USD Million	IRR Million	USD Million
Net Profit of the Year	494,562	55.22	613,490	66.37
Result of changes in exchange rates	2,055,927	229.56	79,776	8.63
Prior year adjustments	37,559	4.19	11,901	1.29
<b>The comprehensive income/profit</b>	<b>2,588,048</b>	<b>288.97</b>	<b>705,167</b>	<b>76.29</b>

## 5. Cash flow Statement

	year ended 19.03.2008		re-stated year ended 20.03.2007	
	IRR Million	USD Million	IRR Million	USD Million
<b>Operating Activities:</b>				
Net cash inflows (outflows) from operating activities	(500,888)	(55.93)	4,208,990	455.37
Return on investments and profit paid on financing:				
Dividend received	3,349	0.37		
Profit paid to government	(275,612)	(30.77)	(164,515)	(17.80)
Net cash outflows from return on investments	(272,263)	(30.40)	(164,515)	(17.80)
Income tax:				
Income tax paid (including prepayment on income tax)	(170,473)	(19.03)	(146,584)	(15.86)
Net cash outflows from income tax	(170,473)	(19.03)	(146,584)	(15.86)
<b>Investment activities:</b>				
Cash paid for acquisition of investments	(359,742)	(40.17)	(78)	(0.01)
Cash paid for acquisition of tangible fixed assets	(324,433)	(36.23)	(106,549)	(11.53)
Proceeds from sale of tangible fixed assets	744	0.08	1,687	0.18
Net cash outflows from investing activities	(683,431)	(76.32)	(104,940)	(11.36)
Net cash ( inflows ) outflows prior to financing activities	(1,627,055)	(181.68)	3,792,951	410.35
<b>Finance activities:</b>				
Increase of cash capital	8,900,000	993.75		
Loans received from banks			(63,980)	(6.92)
Due to the government	(140,795)	(15.72)	(305,552)	(33.06)
Cash received for export foreign currency working fund	20,393	2.28	2,257	0.24
Net cash ( inflows ) outflows from financing activities	8,779,598	980.31	(367,275)	(39.74)
Net cash increase	7,152,543	798.63	3,425,676	370.61
Cash balance at beginning of year	6,238,463	696.57	2,812,787	304.32
Cash balance at end of year	13,391,006	1,495.20	6,238,463	674.93
Non- cash Transactions (capital)	4,450,000	496.87		



## Notes to Financial Statements

### 1. Accounting Policies

#### 1.1. Disclosure

The financial position and information intended to reflect the economic realities along with the Generally Accepted Accounting Principles (GAAP) as a measuring stick to reduce accounting risk and distorted information. These principals follow the Iranian accounting standards, incorporating the Islamic Accounting which treats banking operations on a risk or profit sharing basis.

The reports are prepared on the grounds of accrual accounting and historical cost basis; however the current values also applied where necessary.

Meantime, the information reflected on financial statements contains data regarding the Bank-branch network. The report has been audited by Iranian Audit Organization and was approved by the Board of Directors of the Bank for the Iranian calendar year by the end of 19.03.2008.

The reference exchange rate as per Central Bank of Iran for the year ended on 19.03.2008 and the year ended on 20.03.2007 were USD= IRR 8,956 and USD= IRR 9,243 respectively.

#### 1.2. Investments

Long-term investments are recorded at cost price and if applicable a permanent capital loss provision is deducted from each investment. Current liquid investments are recorded at the market price on the balance sheet date. Other current investments are recorded at the lesser of cost price and net realizable value (NRV).

#### 1.3. Tangible non-current Assets

**1.3.1.** Tangible non-current assets are recorded on the cost basis. Costs for improvements and substantial repairs resulting in a significant increase in the capacity and useful life of non-current assets or an improvement of their output quality, are accounted as capital expenses and depreciated during useful life of the asset.



Cost of repair and maintenance is incurred to keep expected economic benefits for business in a standard operation situation which has been predetermined and accounted as current expenses and included in income statement of the year when incurred.

**1.3.2.** According to Third Development Plan Act, clause 62, at March 20, 2005, land and building of the Bank revalued for the amount of Rial 786 billion and recorded in the accounts. The difference of revaluation for the amount of Rial 451 billion based on approval of Extraordinary General Meeting of Banks, number 460, dated November 24, 2004, accounted as Government's capital in the bank.

**1.3.3.** Depreciation of tangible non-current assets is calculated according to the depreciation table and amendment to Direct Tax Act approved on February 16, 2002, based on the following methods and rates:

Asset	Depreciation Rate	Depreciation Method
Building*	7%	Reducing – balance
Office furniture	10 year	Straight – Line
Telecommunication equipment	10 year	Straight – Line
Office computer	3 year	Straight – Line
Installations	10 Year	Straight – Line
Motor vehicles	25%	Reducing – balance
Motor vehicles	30%	Reducing - balance

Note: The rate of depreciation on revalued buildings is 3.5% and on other items, it is at 7%.

## 1.4. Goodwill

According to Article number 62 of Third Development Plan Act, the goodwill of business properties of the Bank has been recorded on the basis of reassessed value and in accordance with the approval of 1077th meeting of Money and Credit Council, the Bank's goodwill is amortized at the rate and method of Article number 151 of Direct Tax Law, therefore it is not calculated.



## 1.5. Revenue Recognition

The revenue of extended facilities in framework of the Islamic Rules had been recognized on cash basis up to March 19, 2004, in compliance with approval of Money and Credit Council. Since March 21, 2004, in compliance with accounting standards, the entire Bank's revenue have been recognized on accrual basis and recorded in accounts, and reflected in the financial statements.

## 1.6. Translating the foreign operations

Monetary items in foreign currencies are translated at market rate (the official interbank reference rate which announced daily by Central Bank) at the balance sheet date and non-monetary items in foreign currencies are translated at market rate at the date of transaction.

The exchange differences on translating the Bank's assets and liabilities in foreign currencies, in compliance with Article 136 of General Computation Law, are recorded in a reserve account for Bank's assets and liabilities in foreign currencies and would be classified in category of shareholder's equity, when the balance of this reserve account becomes a debit entry at the year end, the result would be transferred to income statement for the year under report. Also, the net exchange differences on translation which has resulted in aforementioned changes in reserve account during the year would be indicated in the statement of comprehensive income.

## 1.7. Provision for Doubtful Debts

In compliance with the instruction number 2823 / MB dated 24.2.2007 issued by Banking Regulation & Research Office of Central Bank and approved in 1074th and 1077th sessions on 30.12.2006 and 17.02.2007 by Money and Credit Council, the provision for Doubtful Debts is taken to account as mentioned below:

General provision equal to 1.5% of balance of extended facilities is calculated and recorded in the accounts except for those facilities which have exclusive provision.

Exclusive provision is calculated and recorded in the accounts based on the balances of overdue, outstanding and doubtful facilities and with



regard to the value of collaterals, the repayments by customers and the probability of collection up to the balance sheet date, in accordance with the following percentages:

	Percentage of Provision
Overdue facilities	10
Outstanding facilities	20
Doubtful debt -facilities which the period between 1.5 and 5 years has elapsed from their maturity	50
Facilities which a 5-year period or more has elapsed form their maturity	100

### **1.8. Provision for Employees' Work Termination Benefits**

This provision is calculated on the basis of the amount of the latest fixed salary and continuous benefits for each year of employees' services, in accordance with Articles number 40 and 45 of Employment By-laws on Banking System approved by esteemed board of ministers on 03.03.1999 under letter number H24174/T/57529.

### **1.9. Classification of Assets**

In compliance with the instruction number 2823/MB dated 24.2.2007 of Banking Regulation & Research Office of Central Bank approved by Money and Credit Council in 1074th and 1077th meetings on 30.12.2006 and 17.02.2007, extended facilities are assessed and categorized as follows:

1. Current
2. Overdue
3. Outstanding
4. Doubtful debt

### **1.10. Commitments of Pension Scheme**

Present value of commitments for retirement plan related to employees' services for preceding year (including employed and retired staff, pensioners and dependents) is recorded based on actuarial calculations.

### **1.11. Due from government**

The facilities granted on the basis of the guarantees of Management and Planning Organization are categorized as due form Government in



following situations:

- a. Outstanding facilities resulted from insolvency of loan recipient in its repayment, non-existence of sufficient related collaterals and/or non-effective actions taken by the Bank for collection.
- b. Overdue facilities in relation to the implementation of possession of capital assets plans.
- c. Facilities granted to the governmental organizations and ministries.

## 2. Cash

	<b>19.03.2008</b>	20.03.2007
	<b>USD</b>	USD
Cash in local currency	3,339,214	2,007,573
Cash in foreign currency	15,351,720	7,427,783
<b>Total</b>	<b>18,690,934</b>	<b>9,435,356</b>

## 3. Due from Central Bank

	<b>19.03.2008</b>	20.03.2007
	<b>USD</b>	USD
Legal Deposit	16,876,507	17,076,815
Current Accounts with Central Bank	45,320,344	64,168,019
Long term Accounts with Central Bank	874,453,439	-
<b>Total</b>	<b>936,650,290</b>	<b>81,244,834</b>

## 4. Due from Banks and Credit Institutions

	<b>19.03.2008</b>	20.03.2007
	<b>USD</b>	USD
Current Accounts with domestic Banks	22,223,984	17,405,063
Current Accounts with other Banks	169,763,287	108,391,972
Long term deposits with domestic Banks	266,418,490	133,068,268
Long term deposits with other Banks	210,846,918	369,978,687
Others	47,327,713	14,877,421
<b>Total</b>	<b>716,580,392</b>	<b>643,721,411</b>



## 5. Loan to Banks

	19.03.2008 USD	20.03.2007 USD
Loan to other Banks	111,656,990	-
Receivable interest	1,837,316	-
Provision	(1,674,855)	-
<b>Total</b>	<b>111,819,451</b>	<b>-</b>

## 6. Loan to Governmental sector and due from Government

	19.03.2008 USD	20.03.2007 USD
Due from Government	2,311,970	2,236,395
Loan and letters of credit	28,382,649	17,784,594
Receivable interest	1,141,916	1,760,792
Provision for doubtful debts	(425,748)	(266,796)
<b>Total</b>	<b>31,410,787</b>	<b>21,514,985</b>

## 7. Loan to Private Sector

	19.03.2008 USD	20.03.2007 USD
Loan in local currency	430,769,093	297,107,865
Loan in foreign currency	1,210,985,485	614,203,505
Debtors for paid letters of credit and term bill of exchange	334,135,552	248,164,016
Debtors for paid letters of guarantees	5,756,588	5,608,244
Receivable interest	83,555,494	58,792,924
Other loans	801,697	776,804
Provision for doubtful debts	(118,306,163)	(64,080,169)
Advance from customers for letters of credit and term bill of exchange	(80,769,540)	(16,456,994)
<b>Total</b>	<b>1,866,928,206</b>	<b>1,144,116,195</b>



## 8. Investments and partnership

	19.03.2008	20.03.2007
	USD	USD
Legal Partnership	19,499,553	-
Direct Investment	47,993,301	26,436,871
Investment Capital Loss Reserves	(11,189,482)	(10,842,043)
<b>Total</b>	<b>56,303,372</b>	<b>15,594,828</b>

### 8.1. Listed Companies

	19.03.2008	20.03.2007
	USD	USD
Banco Internacional de Desarrollo SA (Venezuela)	19,499,553	-
Parsilon Company	26,574	25,749
Asiaye Araam	48,794	47,279
Moallem Insurance Company (Export & Investment Insurance Company)	5,109,536	1,003,029
Qeshm Investment Company	159,893	154,928
Bushehr Sarooj Company	7,481	4,003
EDBI Stock Brokerage	2,791,425	2,704,750
EDBI Exchange Broker	1,172,398	1,135,995
Dasht-e Neshat	22,045,668	21,361,138
Credit Rating Consultation of Iran	100,491	-
International Trade Finance Company	8,715,051	-
Safir Export Development Investment	7,815,989	-
<b>Total</b>	<b>67,492,853</b>	<b>26,436,871</b>
Less: Reserve For Diminution in Stock Value	(11,189,482)	(10,842,043)
<b>Total</b>	<b>56,303,371</b>	<b>15,594,828</b>

## 9. Tangible and Intangible Assets

	19.03.2008	20.03.2007
	USD	USD
Fixed Assets	72,884,323	67,824,299
Goodwill	2,166,146	2,098,886
Construction work in progress	31,320,344	20,268,744
Prepayment	25,262,952	3,311,912
<b>Total</b>	<b>131,633,765</b>	<b>93,503,841</b>



## 10. Other Assets

	19.03.2008	20.03.2007
	USD	USD
Gold and Silver	301,139	246,998
Debtors in local currency	60,520,098	47,317,429
Debtors in foreign currency	3,104,288	3,677,377
Others	6,379,075	5,586,498
<b>Total</b>	<b>70,304,600</b>	<b>56,828,302</b>

## 11. Due to banks, credit institutions and government

	19.03.2008	20.03.2007
	USD	USD
Current Accounts of Non-Bank Financial institutions	81,845	128,638
Demand deposit of domestic Banks in foreign currency	79,255,583	13,510,873
Due to Government	63,137,115	62,906,091
Loan from "OSF"	572,088,209	277,911,501
<b>Total</b>	<b>714,562,752</b>	<b>354,457,103</b>

## 12. Demand Deposits

	19.03.2008	20.03.2007
	USD	USD
Current Accounts in local currency	94,386,110	60,890,404
Current Accounts in foreign currency	184,001,228	127,589,203
Creditors in local currency	16,827,378	6,589,203
Creditors in foreign currency	14,741,736	16,156,984
Others	59,604,846	88,350,536
<b>Total</b>	<b>369,561,298</b>	<b>299,576,330</b>



### 13. Savings Accounts

	19.03.2008 USD	20.03.2007 USD
Gharz-al-Hassaneh deposits in local currency	7,422,063	3,021,746
Gharz-al-Hassaneh deposits in foreign currency	62,752,010	36,735,367
<b>Total</b>	<b>70,174,073</b>	<b>39,757,113</b>

### 14. Term Deposits

	19.03.2008 USD	20.03.2007 USD
Long term deposit in foreign currency	102,770,880	90,487,720
Central Bank's Long term deposit in foreign currency	-	511,948,718
Long term deposit in local currency	41,315,319	34,278,697
<b>Total</b>	<b>144,086,199</b>	<b>636,715,135</b>

### 15. Other Deposits

	19.03.2008 USD	20.03.2007 USD
Advance from customers for letters of credit-private sector	141,842,117	60,438,386
Advance from customers for letters of credit-Governmental sector	33,265,297	13,182,625
Cash Collateral	30,377,066	21,003,895
Others	7,525,681	7,292,005
*Advance from customers for letters of credit and term bill of exchange	(80,769,540)	(16,456,994)
<b>Total</b>	<b>132,240,621</b>	<b>85,459,917</b>

\*Note: The refunded amount pertains to advances under overdue letters of credit, the payment of which has been effected by the Bank.



## 16. Payable for Acceptance of letters of credit and deferred bills of exchange

	19.03.2008	20.03.2007
	USD	USD
Loan from foreign Banks for domestic usance credit	85,344,238	111,492,697
Payable for Acceptance of letters of credit and deferred bill of exchange	119,490,844	12,150,060
<b>Total</b>	<b>204,835,082</b>	<b>123,642,757</b>



# **Risk Management**



## **Risk Management**

The risk management function of the Bank involves the identification, assessment and ongoing control of all financial and non-financial risks that could have a negative impact on the bank's performance and reputation.

In recent years because of dramatic changes in local and global financial environments, banking business is more risky than before. The risk management of the Bank aims at implying international standards related to internal control and risk management specially planning for Basel II.

As credit, operational and market risk are three categories of risk which the Bank is exposed to most, the risk management framework is based on managing these three kinds of risk.

Measuring the influence of risk and analyzing ways of controlling require a wide range of sophisticated mathematical and computational tools and also internal and external regulations. According to the Fitch Ratings report it seems the Bank's performance in respect of the above mentioned activities during the past three years is acceptable, although the Bank is still in the beginning stage of implementing risk management process.

### **1. Credit risk**

Credit risk is considered the risk that a change in the credit quality of counterparty will affect the value of the Bank's position. Default is the extreme case whereby counterparty is unwilling or unable to fulfill its contractual obligations, however, banks are also exposed to the risk that the counterparty might be downgraded by a rating agency.

Implementing a rating system which is presented by a trustful rating agency or establishing an accurate internal credit rating system could help managing credit risk of individual customers or credit portfolio as a whole. Therefore, initiating internal credit rating system in the Bank was the priority task of risk management department for the year under review. It should be pointed out though that the Bank's approach to credit risk management is based on continuous improvement in internal credit rating system.



By the end of February 2007, around 300 customers had been rated, having used first version of internal rating system. To increase accuracy of the model proposed, the Bank is now taking into consideration a second version of internal rating system. To fulfill this goal a comprehensive comparison between rated companies in Tehran Stock Exchange and the rated companies of the Bank in the proposed model have been made.

Setting limits for customers and sectors received much attention and is expected to be further developed. Meanwhile the Bank intends to implement Credit Risk Plus [CR+] model to improve credit portfolio management. The main objectives are to specify probable loss and credit risk of the loan portfolio, determining value at risk of credit portfolio, specifying expected and unexpected losses, determining the amount of economic capital which is required to cover unexpected losses of the Bank and also provisions needed for coverage of expected losses.

## 2. Market Risk

Market risk is associated with the movements on market risk factors, including foreign exchange rates and commodity prices, interest rates, credit spreads and equity prices that will reduce the Bank's income or the values of its portfolios.

Modeling, measurement and reporting are essential parts of risk management process; hence the risk management produces the daily reports using value at risk [VaR] model for foreign exchange positions including reports for value at risk for the next 3 days and marginal VaR that indicates the change of VaR per unit changes in the weight of related currency.

In addition to optimizing the combination of foreign exchange portfolio based on risk-return criteria, daily reports are presented by using mathematical optimization model which is designed, using MATLAB program.

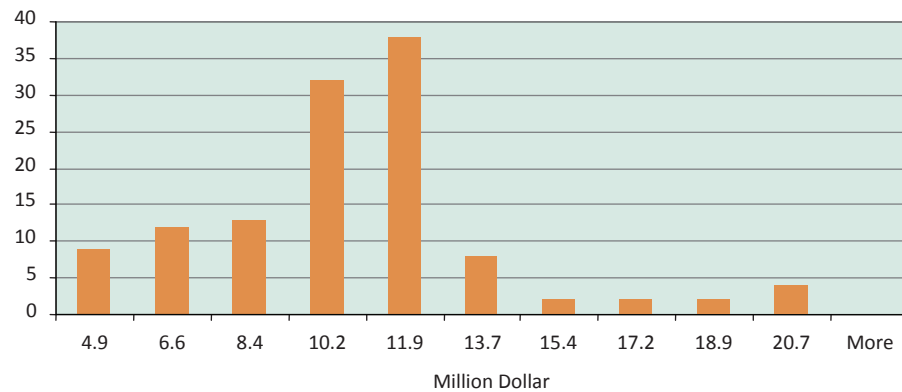
For quantifying the risk of extreme loss that might arise from fluctuation of foreign exchange rates related to the Bank's position in different currencies, the amount of VaR (absolute value and proportional to the Bank's capital) is measured and reported on daily basis. In the year 2007 for accuracy analysis of the forecasted VaR, the amounts of profit/loss that could be resulted from foreign exchange position have been studied.



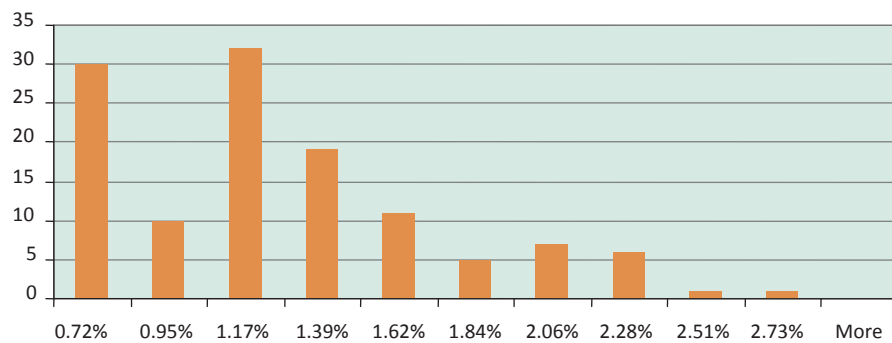
The following table illustrates the average amount and boundary amount at a level of confidence of 99 percent for each of the subsequent histogram:

	Absolute value of foreign currency risk (USD Million)	Ratio of foreign currency risk to core capital (Percentage)
Average value of data	-9.91	-1.24%
Maximum Risk in Level of Confidence : 99%	-20.16	-2.46%

**Statistic Distribution of Absolute Value of Currency Exchange Risk to 19 March 2008**



**Statistic Distribution of Foreign Currency Risk Ratio to Core Capital to 19 March 2008**



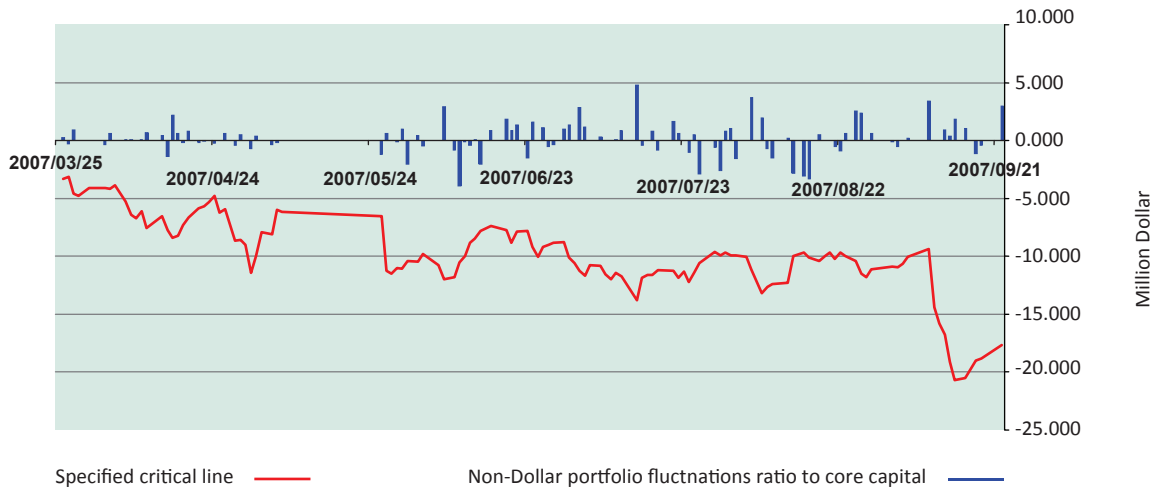


### Predictability of Risk Management Model and Retest

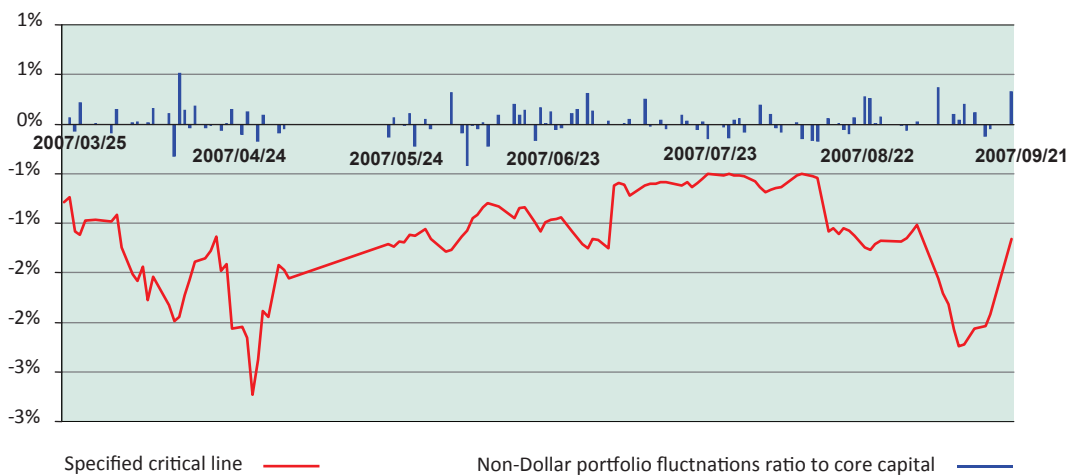
In the following diagrams forecasted VaR has formed a Critical Line and as it is observed, in the given time the amount of change in the portfolio value has never exceeded the line.

With a view to the meaning of “level of confidence” in relation to VaR index, in a sample of 100 investigations under 99 percent level of confidence exceeding critical line is acceptable only 1 time. Obviously, in a sample volume less than 100 (here 25) and in the case of the perfection of model performance, such a result should have never been obtained. Evidently, with regard to the results the efficiency of the model can be reliable.

### Trend of Value Fluctuations in Non-Dollar Section of Foreign Currency Portfolio and Specified Critical Line



### Fluctuations trend of the Ratio of “Value Fluctuations of Foreign Currency Portfolio Non –Dollar Section” to Core Capital and Specified Critical Line





### 3. Operational Risk

In the recent decades, financial institutions and specially banks have incurred outstanding loss which is caused by faults and corruptions occurred in their operations.

The operational risk has been recognized as one of three major risks in banks after credit risk and market risk, and modeling and managing of it has been accepted as an important part of risk management process.

On the other hand, subjects such as system and human errors, faults and corruptions have been acknowledged as most related factors of operational risk. Roughly, operational risk can be defined as hazard of bad and unpleasant events related to operations. In fact today operational risk management is an essential factor for corporate governance

The Bank is fully considering the variety of risks associated with operations like human error, inadequate procedures and control, fraudulent criminal activities, technical shortcoming and systems breakdowns.

Above mentioned can be outlined in the “Basel Committee for Banking Supervision” view of operational risk which defined as “the risk of losses resulting from inadequate or failed internal processes, people and systems or from external events.

Although there are different approaches for modeling operational risk of banks, according to research that conducted in risk management department of the Bank, the Bayesian Network Analysis could be used to model the operational risk in different sectors of the bank.

Modeling of operational risk by Bayesian Network Analysis can be described in terms of making a frame of causal relations called causal network to describe how cause factors motivates occurrence of definite activity related to operational risk.

Worthwhile to mention that operational risk modeling based on the Bayesian Network Analysis is under study and it is expected to be finalized in due course.



# Anti-Money Laundering



## **Anti Money Laundering**

### **1. Governing Law**

Anti Money Laundering Law in Iran is comprised of twelve articles and seven clauses which was approved in the open session of the Parliament on January 22, 2008 and verified by the Guardian Council on February 6, 2008.

The AML Law, as per content of Article 2, has a comprehensive definition which encompasses acquisition, possession, keeping or using the proceeds from illegal activities with the knowledge that they have been acquired directly or indirectly through a criminal offence, change, exchange or transfer of proceeds with the intention of hiding their illegal origin with knowledge that they have been acquired directly or indirectly through a criminal offence or helping the offender in such a way that the legal effects and consequences of the commitment of that crime would not involve any party. Finally the Law considers hiding or covering up the real nature, origin, source, location, movement, displacement or possession of proceeds obtained directly or indirectly as a result of an offence.

All legal entities including the Central Bank of Iran, banks, financial and credit institutions, insurance companies, the Central Insurance of Iran, interest-free funds, charity organizations and institutions, and municipalities are obligated to implement the by-laws approved by the Council of Ministers in line with the subject law.

Therefore, the Banks' regulator, the Central Bank of Iran sets and monitors the Anti Money Laundering (AML) requirements for the banks in general and all banks are expected to apply the "Executive Instruction and Regulations on Prevention of Money Laundering" as approved by Money and Credit Council and the Central Bank.

The mentioned instruction was progressed in 2002, with the objective of preventing money launderers to fraudulently use financial institutions. The Law fully provides for and covers all money laundering crime stages including placement, layering and integration.

Based on this instruction, rendering of any banking services without fully ascertaining the identity of the clients are strongly prohibited.

The recognition of clients' identity depends on ascertaining the identity of the real and legal person.



## 2. AML and KYC Activities

In perusal of the government polices and measures against all illicit financial activities and money laundering since 2002, the Bank also documented written policies to prevent, detect and report suspicious transactions.

Having applied the “Executive Instructions and Regulations on Prevention of Money Laundering”, the Bank set itself apart by drawing up a legal and regulatory compliance program. This includes appointing a designated compliance officer, also being the Board Member, to be responsible for coordinating and overseeing the AML program.

For collecting information and assessing the customers’ operations against AML policies or practices, the Bank collects identification documents as per Know-Your-Customer (KYC) requirements at the time of account opening.

Measures are taken to understand the normal and expected transactions of clients based on the risk assessment of customers. Therefore, all transactions deemed to be of significant high risk are screened. The process includes checking on the lists of non-complying entities or countries issued by the government and international bodies.

In addition to inspections by the government supervisors, the Bank has an internal audit function that assesses AML policies and practices regularly.

Meanwhile, the Bank spends an appropriate level of enhanced due diligence necessary for those categories of customers and transactions which might pose a heightened risk to or through the Bank.

Measures have been taken to reasonably come into partnership with correspondent banks that have been genuinely granted with a valid banking license to operate in their home countries or in international markets. Therefore, non-creation of correspondent banking relations with shell banks has been well pursued and as a result there is no likelihood of being exposed to such non complying entities.

Prior to setting up correspondent banking account for applicant banks, requisite controls and evaluations are made for reception and recognition of partners including banks, non-bank credit institutions, foreign currency exchange agencies, investment funds, investment



companies, retirement funds, interest-free funds, leasing companies, building societies and any other similar entities.

The branch network has also been authorized to conduct banking operations for the clients that are fully recognized and their identities have been ascertained. On the date of establishing relations with a real or legal person, it is necessary to obtain the requisite information concerning the client's career background and occupation. In case of corporate institutions the details of their founders and management team and their scope of activities are thoroughly investigated.

Furthermore, regular checks are made even after creating banking relations. Therefore, in case of encountering any complicated or doubtful operations believed to be contrary to the clients' normal practice, a probe is to be made into such doubtful activities while the relevant authorities would be notified as well.

### **3. AML Training**

AML training courses are held on regular basis which include identification of transactions that shall be reported to government authorities. Additionally, the Bank adopts policies to communicate to employees new AML related laws or any changes to existing AML policies or practices to keep pace with the internationally acclaimed practices and to combat illegal banking activities and financing.



# **Human Resources & Social Responsibility**

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## Human Resources

The human resources practices tend to be based on the notion of configurational perspectives. The set of ideal type HR practices have been devised to be aligned up with the overall strategy of the Bank. The internally consistent HR practices tend to maximize the internal fit of human capital relative to the alternative strategic type of the Bank as an external fit. The great value therefore has been attached to the resourcefulness, enthusiasm and diversity of people who can achieve the set organizational strategic type.

All these principals have also been kept in mind at all stages of recruitment, selection, training and development as well as retention programs. The Bank also is subscribed to the human resource development program of the High Banking Council. The performance review and reward management tries to achieve equity and fairness. Hence, a performance-related pay [PRP] has been set up to provide incentives for individual and the organizational performance.

The human capital is meant to be rewarded towards outputs and against a set of specific objectives. Furthermore, to facilitate the employees' development rather than responding to short-term needs, a training and development program has been introduced to plan for a fully-fledged investors-in-people organization.

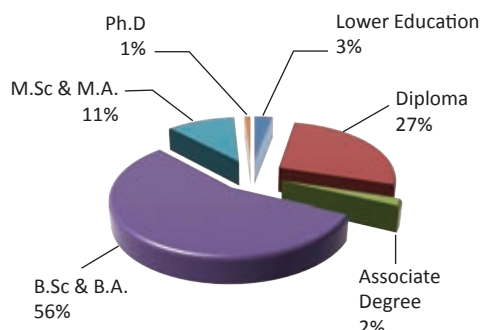
The training targets receive attention to meet the quantity, quality and relevance of programs. The context of the training given to employees and its number of days are important and it aims primarily at developing both interpersonal skills of the staff as well as other trainings for specific purposes.

The Bank capitalizes on its workforce as an intangible asset and all training and development programs are tied to enhanced promotability within the Bank as well as employability in the career development program that each member of staff might personally pursue.

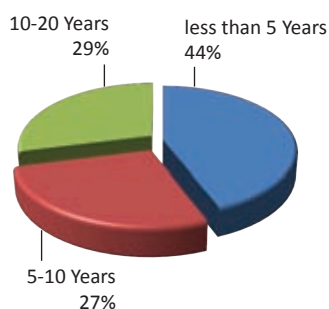
To materialize the set goals, open communication is recommended and employees' involvement and information sharing along with employees' voice, as a high priority paradigm, are encouraged.



### Education Background of Staff Members



### Work Experience of Staff Members



## Social Responsibility

The Bank strives to be well recognized as a reputable financial institution by aligning its financial performance with its ethical stance. As a result the extent to which the Bank might exceed its minimum obligations to stakeholders and meeting societal concerns have been taken seriously.

Therefore, the Bank devised mechanisms for better financial planning in order to create value for the public at large as well as serving the economic well being of the nation. This so far included providing employment opportunities, enhancement of Islamic Banking, offering training and development plans and opportunities for its staff members in conjunction with organizing meetings and other social gatherings for their family members.



Sustainable development programs of the Bank require contribution to the society and any related projects. For the year under report, finances and contributions made to educational programs and social events. As a member of society, the Bank sponsored many educational programs, competitions and undertook participating in national exhibitions and banking fairs.

Holding seminars with the aim of making studies in Islamic banking, international corporate and trade finance in the Bank attracted a wide audience. The end result of these gatherings believed to be highly conducive to making business of banking decisions and arriving at business models that cannot be readily imitated.

Advocating compliance programs and enhancement of business strategies which complies with laws that protects sustainability of financial activities and prevention of illicit banking operations are among other tasks of the Bank for the year under report toward achieving its set cooperate social responsibility targets.

Activities requiring participation in charitable events for reaching out to people in need were undertaken and all members of staff also encouraged for taking part. All these efforts made based on the assumption that the Bank has a social agenda considering itself systematically responsible towards society and creating value for the national economy.



# Branch Network



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○ **Bandar Abbas Branch, 1324**

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**Mashhad Branches**

○ **Kish Branch, 1328**

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