

In the Name of God

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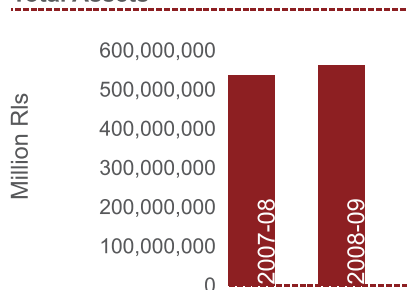
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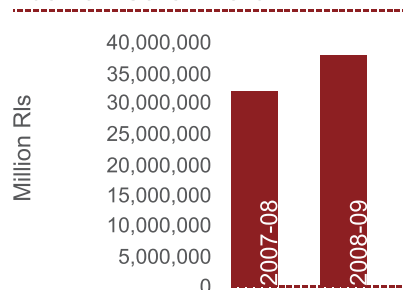
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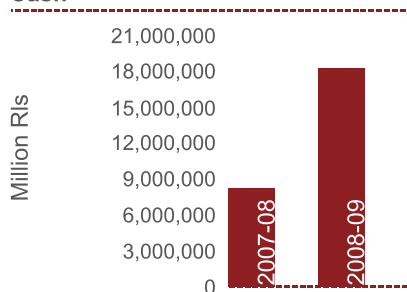
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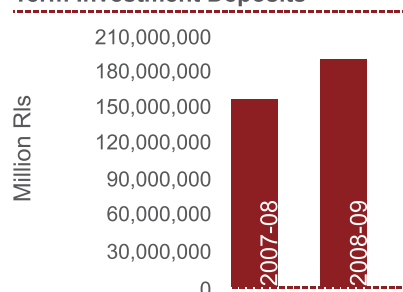
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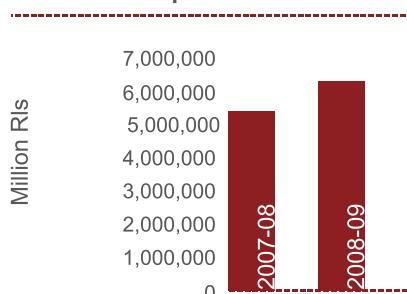
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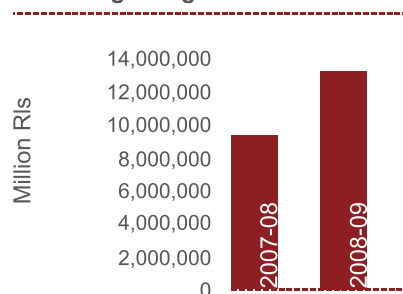
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**Long-term Investments in
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**Retained Earnings
at the beginning of the Year**



* The Iranian fiscal year ends on March 20th

* According to the Central Bank of Iran, the rate of exchange was \$1 / Rls 9,717 at the end of the reported period

Foreword

The fact that current global recession, which obviously stemmed from the mismanagement of the United States financial market and has profoundly affected governments both in developed and developing economies and businesses all over the world, is indisputable. One of the most essential impacts of the recession is that it has forced some of the Western economies and financial institutions to have to struggle for their very continued existence and some of the oldest and largest financial institutions have been driven into bankruptcy and many others have had to be bailed out by their governments.

However, this has not been the case as far as Bank Melli Iran (B.M.I.) is concerned. Indeed, unlike a number of large banks in Western countries, B.M.I. not only has not been required government bailout, but also lent a helping hand to the Iranian government and private sector thereby making positive contributions in the direction of the development of Iran's economy.

B.M.I. made net profits of 1,919,688 million Rials, while total assets increased from 546,662,511 million Rials to 565,701,285 million Rials during the reported period. Against the global context, B.M.I.'s performance is remarkable. Thus, B.M.I. enjoyed profitability at a time when other, larger banks in other parts of the world were facing liquidation and in spite of unjust sanctions imposed against the country. Furthermore, despite the ever growing number of private banks within the Iranian market, B.M.I. continues to hold the largest market share fundamentally due to the general public trust and has been able to maintain its position as the number one bank of Iran and as one of the largest banks in the Islamic world and the Middle East region.

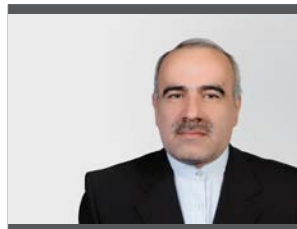
Building upon its achievements, B.M.I. intends to continue moving forward from strength to strength, and to further expand within the increasingly competitive market.

To conclude, B.M.I. would like to take this opportunity to express its gratitude and appreciation to its hard working staff without whose commitments, dedication and reliable professionalism and diligence, it would not have achieved so much.

Board of Directors



Mr. Ali Sedghi
Chairman & Managing Director



Mr. Ali Akbar Asghari
Board Member



Mr. Barat Ghanbari
Board Member



Mr. Jamal Damghanian
Board Member



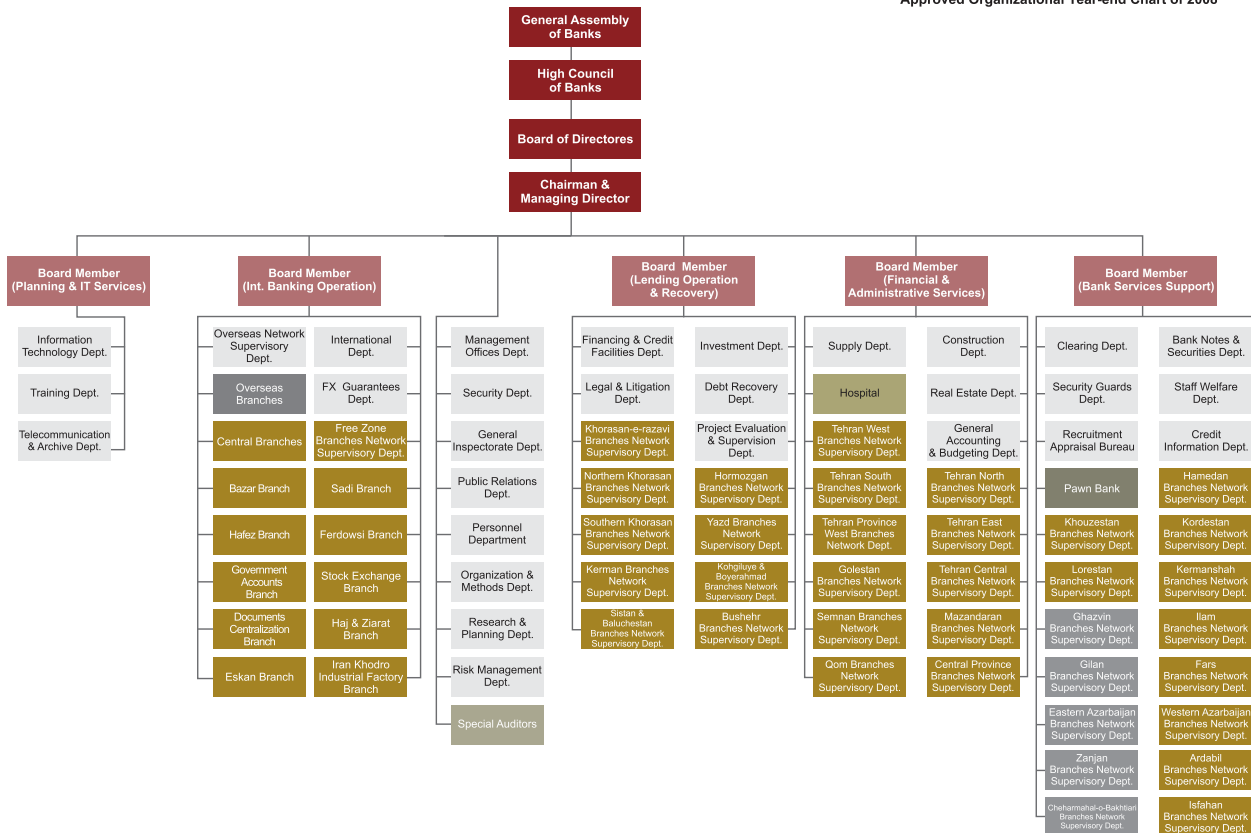
**Mr. Mohammad Reza
Hossein Zadeh**
Board Member



**Mr. Mohammad Taghi
Tavakoli**
Board Member

Organization & Methods Department

Approved Organizational Year-end Chart of 2008



Our History

Prior to the establishment of Bank Melli Iran (B.M.I.) in 1928, the Iranian state was ruled by the Ghajar Dynasty which was heavily reliant on foreign financial and banking services. As a consequence, the people of Iran had been longing for a national bank that would emancipate the nation from forty years of alien dominance on Iran's financial and banking industry. The foundation of Bank Melli Iran restored the long hope of the nation and strengthened the financial and economic power of the Iranian Government in a position to suspend the licenses and operations of all foreign banks in Iran. Hence, the establishment of BMI put an end to foreign hegemony on Iran's banking industry.

Thus, the establishment of B.M.I. was far more significant than the birth of just a bank, as it helped reinstate national pride as far as positive economic independent of a country is concerned. Furthermore B.M.I. brought with it economic and political impact. Indeed, the name of BMI signifies the national importance of this bank.

When translated into English, the name Bank Melli Iran means “The National Bank of Iran”.

As a financial intermediary, BMI quickly began to mobilize financial resources which were fueled by the savings of its clients, toward agriculture, industry and commercial activities. Hence, this bank made immediate and significant contributions towards the strengthening and development of Iran's economy.

Until 1950, when the Central Bank of Iran (C.B.I.) was established, B.M.I. had been granted the sole power to issue bank notes by the Parliament (Majlis) in 1932. Hence, in addition to carrying out commercial activities, Bank Melli Iran simultaneously incorporated the duties of the Central Bank, which included government banking operations; regulating the mintage, currency circulation and maintain the value of local currency, credit regulations supervision over the balance of payment as well as supervision over the country's overall banking system.

When C.B.I. was finally established in 1950, B.M.I. offered the newly established Central Bank, its expert know-how and experienced workforce and thereby, continued to make major assistance toward the development of Iran's banking system.

Having handed over the duties of the central banking to C.B.I., Bank Melli Iran was able to focus on commercial activities. Today, with over 80 years of experience, B.M.I. continues to be the most trusted banking and financial institution both in local and international arena.

Mission, Vision & Objectives

Our Mission

Our mission is to continue to be the pioneer of innovation in Iran banking industry by rendering high quality of financial services, and to create added value through innovative means for customers, the government and the society at large.

Our Vision

Our vision is to:

- Achieve worldwide recognition and continue offer outstanding service to our customers,
- Become the leading provider of innovative banking both in products and services based on Islamic banking principles and global best practices,
- Enhancement of truly international provider of a full range of financial services to our customers both within and without our boundaries,
- And finally to deliver superior value to our depositors and upgrade our reputation for excellence with our employees, regulators and shareholders.

Our Objectives

As the largest and most credible financial and monetary institution of Iran, BMI strives to define and meet its strategic targets in a way that assures its success in the increasingly competitive environment of Iran's banking sectors.

Our main objectives include:

- Expand the range and quality of the bank's services to meet the growing needs of the public and private sector's increasing demands and expectations
- Utilize the latest information technology for enhancement of services
- Grow profitability through managing costs
- Plan for retaining market leadership based on accurate market research and analysis
- Expand the Bank's international network
- Encourage creativity and innovation throughout the organization.

Iran's Banking System

The pre-revolutionary banking system in Iran was dominated by western patterns. By 1979, there were 36 banks operating in Iran including many internationally joint-ventures banks. Following the Islamic Revolution (1979), as a result of the transfer of deposits abroad, and problems in collecting outstanding debt, most of the private banks were left in a precarious position. Hence to prevent a complete collapse of the banking industry, nationalization of all banks was announced.

Consequently the need for an effective administration of the newly nationalized banks and thereby achieving uniformity in rendering newly adopted Islamic banking services, granting credit facilities and adopting a unified policy in other key economic, financial and monetary areas, necessitated the

grouping of the newly nationalized banks into two main categories. Therefore, in early 1980 the 36 banks were merged into 9 banks comprising of 6 commercial and 3 specialized banks.

Concurrent with nationalization, studies were also being made on Islamization of the banking system, which culminated in the Law on Usury-Free Banking ratified by the Parliament in 1983.

Today Iran's banking system is still dominated by 11 state-owned institutions, including seven commercial banks and four specialized banks, which jointly hold approximately 85% of the Iranian banking sector. In addition, there exist six private banks, two private credit institutions, a growing number of credit co-operatives and three Free Zones based branches of foreign banks.

Presently, a major initiative is underway for privatization and modernization of the Iranian banking industry. In line with new macroeconomic policies of the government, banks are gradually reducing interest rates, introducing new banking services and expanding their international network.

Government debt to the banking sector is low, estimated at about 3% of GDP and 30% of budget revenues in 2007 and is mostly domestic. All domestic debts are denominated in local currency.

The growth of credit granted to the private sector is expected to remain strong, as it has been for several years, rising from 35% of GDP in 2001 to an estimated 51% of GDP in 2005. The inflow of oil revenues inevitably adds liquidity to the financial system. Certain banking reforms permitting an increase in financing are also responsible for higher rates of consumption and private investments.

Lending and deposit rates of state-owned banks are still set annually by the Monetary and Credit Council, but the share of new credit that state-owned banks are allowed to allocate themselves increasing, and currently stands at 45% with different ceilings for specific sectors in line with the adjectives set out in the prevailing five year development plan.

Islamic Banking

Having commenced its activities some three decades ago, the Islamic Banking system has enjoyed favorable growth and attracted the attention of many investors and bankers around the world.

Instead of paying "a fixed interest", which is forbidden in Islamic law, Islamic banking shares its profit and loss with customers. In this system, although the banks offer their clients on account interest, this rate may vary depending on the bank's performance by the end of the fiscal year. Based on this system, a bank has a close link with its clients and they make joint projects to sell to a third party. What is focused in Islamic banking is the objective of Fixed Usury Free Banking for establishing social justice, which tends to be the first objective of Islamic economic system. In fact, in usury-free banking system, the focus is the applicant's purpose. For each contract, a special technique is devised, in a way that firstly, the clients and the bank are not forced to pay or receive interest and secondly the profitability levels of the contract are also considered. In the Islamic banking system, the banking transactions have, therefore, been presented in the form of contracts. The current Islamic contracts in Usury Free Banking are:

Mozarebeh

Mozarebeh is a defined contract in the civil law under which the necessary facilities are granted to business people. In Mozarebeh, one of the parties (owner) provides the funds, stipulating that the other party (agent) uses it for trading and both parties share the related profit.

Je'aleh

Je'aleh is a contract based on which the customer is obliged to pay a certain sum plus a defined commission in return for a certain action, according to the contract. The acting party is called "agent" or "contracting party". This contract is applied in the fields of mine and industry, agriculture, housing, commerce and public services. When the bank acts as an agent, it accepts to carry out a particular work under a mutual contract with the applicant. Regarding the special conditions of the undertaking, the bank, then, embarks on assigning the executive operation of the accepted task, wholly or partly, to another party under a second contract in order to fulfill its obligation.

Legal Partnership

Legal Partnership is a contract under which the bank provides part of the capital of new joint-stock companies or buys part of their stocks, hence sharing in the profit of these companies.

Civil Partnership

Civil Partnership is a contract under which facilities for the development of productive, commercial and service activities are provided. This contract is the combination of legal or natural persons' shares in cash or kind and in common for profit making as per the contract. Regarding their applicability, the applicants can take advantage of these facilities.

To conduct this transaction, purpose of transaction, necessary capital for partnership, collaterals, the goods price, approximate expenses, total price, selling price and selling method, and profit sharing ratio of bank to applicant should be indicated.

Installment Sale

A contract under which the bank delivers goods to the customer at a set price, a part or whole of which would be received on predetermined maturity through equal or unequal installments.

Ghardh Al Hassaneh

Under this contract, the bank as a lender pays a specific amount to legal or natural persons as the borrower as per specified regulations. The borrower's repayment obligation is equal to the received amount plus its commission.

The portion of each bank to grant Ghardh Al Hassaneh, the maximum payable amount (facilities) to each applicant, and the commissions are annually specified by Central Bank of Iran.

Mozare'eh

Under Mozare'eh contract, the Bank gives a farmland to the customer for a specified duration. The customer works on the land and related profits are shared.

Lease to Own

Under this contract, it is agreed that the lessee, if complying with the terms of the contract, will obtain the ownership of the leased upon completion of the contract.

Salaf

Salaf is forward purchasing of produced goods for specific amount. According to Usury Free Law and to partly provide the working capital of production units, banks purchase the goods produced by the customer as per their request whether the owner is natural or legal.

Banks are allowed to purchase the goods, which are produced solely by the units, cannot be easily spoiled and can be quickly traded.

Discounting

According to the discounting contract, banks discount the documents and drafts of production, trade and service units.

Mosaghat

Mosaghat is a contract between a garden owner and another party who receives some of the product in return for maintaining and harvesting the garden.

Our Branches

With over 3,300 domestic branches offering a wide range of financial services to the Iranian public, Bank Melli Iran is one of the largest Iranian banks in terms of the number of branches.

In terms of performance, the number of profit making branches has during the reported period outweighed the loss making branches by far. The profit making branches in Tehran during 2008/09 numbered 548, while the number of money losing branches in Tehran was only 13. Hence, the profit making branches have significantly outperformed the money losing branches.

Combating Money Laundering

AML/CFT Measures

Executing the Anti-Money Laundering & Combating Terrorism Financing (AML/CTF) regulations prevents unexpected transfer of massive funds obtained from illegal transactions in and out of our country and hinders economic imbalance.

Imposing the essential controls acceptable to the international accredited institutes (such as FATF, IMF, UN, ...) facilitates the international trade and correspondence relations with foreign banks and will result in attracting foreign investments, improving the production trend and employment level and finally attracting the public satisfaction along with the increase in credit, power and safety of our country's economy.

Another important point which has strongly been emphasized by FATF is the staff training not just once but periodically while updating all of the network staff concerning money laundering and other financial crimes and the ways of fighting them.

According to the investigations made by the international accredited organizations including Wolfsburg Group and FATF, the most effective and drastic method for fighting money laundering in the banks is utilizing "a systematic risk based approach " and controlling the reports prepared by the said system. Risk based approach not only controls exchanged amounts at a banking system but keeps all banking activities in check by scrutinizing risky bottlenecks including repeated banking operations in an account or rate of funds withdrawal and remittance and other predicted factors.

In this context, at BMI we have taken a number of measures to combat money laundering, which include:

- Fully identifying its customers from the very beginning of offering banking services, that is, from when the customers open their bank accounts and when offering them other banking services such as receiving cash, purchasing or selling hard currency as well as opening letters of credit,
- Establishing an integrated information bank with regard to our customers,
- Receiving information from related authorities with regard to suspicious customers.

Electronic Banking

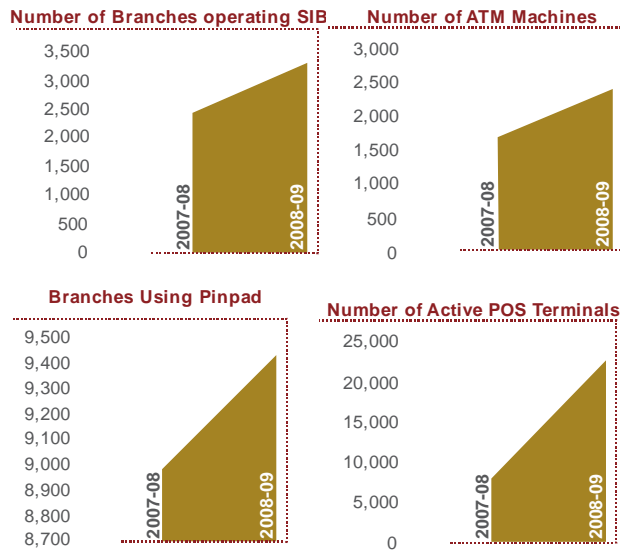
Electronic banking (e-banking) offers a number of advantages for both customers as well as banks. As for the customer, e-banking eliminates the need to physically approach the bank for acquiring some banking services such as account information or transfer of funds. Not only does this save time for the customer, it also enables the customer to take advantage of banking services 24 hours/day, 7days/week.

E-banking offers numerous opportunities for banks too. Thus, it helps the banks to operate more efficiently, or maintain their customers despite change of location, develop the geographical scope of banking operation, to locate new clients in targeted markets, as well as boosting their reputation as far as offering banking services is concerned.

Bank Melli Iran offers numerous e-banking services including:

- SABA Internet Banking, which enables the user to:
- manage one's current and savings accounts,
- receive transaction details via email and SMS,
- transfer funds,
- receive information regarding the latest stock and exchange rates,
- use bank cards, which include foreign currency credit and debit cards,
- take advantage of telephone banking, which enables the user to receive information regarding one's account, such as balance, recent transactions, rates of exchange etc.,
- and to use SAHAB Inter-bank Money Orders.

Today, BMI continues to invest in IT in order to offer better, quicker e-banking services to its clients, whilst ensuring that information security is well guarded. The graphs below demonstrate the Bank's performance in equipping its branches with necessary e- banking hardware since 2007-08.



The number of BMI branches operating SIBA has grown by over 35%, the number of ATM machines has risen by almost 53%, the active POS terminals by over 190% and the number of branches using PINPAD has grown by a phenomenal 281%. These figures demonstrate BMI's outstanding performance in adopting modern banking.

International Banking

The scope of our activities extends well beyond Iran's borders. Our international activities are undertaken in accordance with the regulations set forth by the Central Bank of the Islamic Republic of Iran (CBI); with the obligations of the Budget Law of both commercial and non-commercial sectors within and outside the Country; and a wide network of international correspondents, all applying the monetary and Forex policies of the CBI.

In addition to having subsidiaries in the UK, Bahrain, Russia and Afghanistan, we also have some 12 branches in France, Germany, UAE (7 branches), Iraq, Oman as well as Azerbaijan. The first foreign branch of BMI was established in Hamburg, Germany in 1965/66.

Although sanctions were enforced against BMI's branches during the reported period, nevertheless, the profits from our international branches increased by 44% during the reported period, in comparison with the previous year, suggesting the ineffectiveness of the mentioned sanctions. In addition, despite the sanctions, we have been successful in continuing our international activities, offering various services to our clients including opening of letters of credit to Forex services. The tables below demonstrate the performance of BMI during the reported period:

Opened Letters of Credit

(Amounts in Euros)

Transacted Notes	Balance	Amount of Credits	Amount of Contract	No. of Credits
228,482,148.56	1,351,310,202.06	2,213,482,602.38	3,000,000,000	1723

Performance of Foreign Exchange Guarantees Department

(Amounts in
Thousand US Dollars)

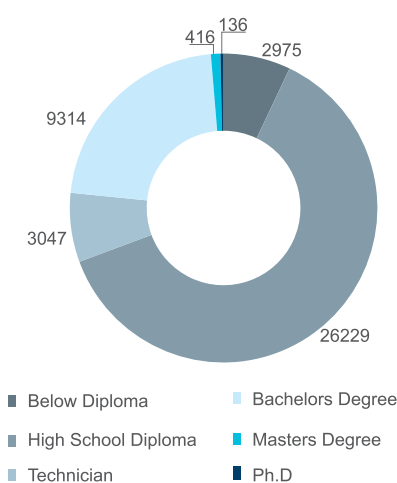
Title		2008/09
No. of Issued Guarantees in Import		228
No. of Issued Guarantees in Export		216
No. of Total Issued Guarantees		444
Issued Guarantees in Import	Turnover	310,189
	Balance	1,139,337
Issued Guarantees in Export	Turnover	335,154
	Balance	847,418
Total Issued Guarantees	Turnover	645,340
	Balance	1,986,755
Commission Received		19,835
Cash Deposit of Guarantees	Turnover	25,813
	Balance	47,596

Human Resources

Bank Melli Iran employs over 43,000 personnel, who work within the 3,300 branches of BMI or within the executive sphere of the Bank.

Having long recognized the fact that human resources are the most important asset of organizations, Bank Melli Iran has during its 80 years of activity, been very particular about recruiting the right staff.

The educational levels of BMI's staff are as follows:



Training

Considering training as an essential part of the human resources development, B.M.I. has invested a great deal of time and resources in the training its staff in order to maximize their productivity ratios. During the reported period alone, almost 3 million man/hours were devoted toward training, representing over 10% growth in comparison with the previous year.

The result of such dedication toward human resource development is reflected in the fact that B.M.I. is a major exporter of human resources to other banks, whereby during the 1950s, the newly established Central Bank of Iran enjoyed the expertise of B.M.I.'s experienced staff and today, other Iranian banks in the private sector keenly look to recruit and benefit from the ex-B.M.I. personnel. Consequently, a number of top directors in key positions within private banks are composed of retired B.M.I. managers, experts and directors which obviously demonstrate the confidence that other banks contain in the human resources of Bank Melli Iran.

What Separates Bank Melli Iran from Other Banks?

There are numerous factors that by far situate Bank Melli Iran aside from other ordinary banks. These include:

Political & Economic Significance

As mentioned earlier, B.M.I. was the first Iranian commercial bank that emancipated Iran's economy from foreign financial hegemony. Hence, the very establishment of B.M.I. carried with it political, economic and social significance for the country. It was even named Bank Melli Iran (the National Bank of Iran), symptomatic of the restoration of national pride and dignity as far as economic independence of Iranian government is concerned. No other bank in Iran has ever made such a positive and significant impact on the Iranian banking and financial representation both locally and internationally.

Historic Significance

With over 80 years of experience and as the oldest commercial bank in Iran, B.M.I. has a wealthy historical heritage few other banks enclose.

Fulfilling the Duties of a Central Bank

Before the birth of the Central Bank of Iran in 1950, in addition to operating as a commercial bank, B.M.I. also served the Iranian government and people as a central bank. Thus, B.M.I. issued and distributed bank notes and minted coins and gold and until very recently, gold coins bore the name of Bank Melli Iran. Even today, B.M.I. acts as a representative of the Central Bank of Iran (CBI) to perform cash handling services throughout the country. Furthermore, B.M.I. distributes.

Resources & Branches

With some 30% of Iran's liquidity held at B.M.I., this bank is the largest, most imperative bank in the country and one of the largest banks in the Islamic world as well as the Middle East Region. Most state related payments, such as payment of traffic offence tickets, tax payments, telephone, gas or electricity bill payments are carried out and processed by B.M.I. Hence, these factors help B.M.I. attract considerable resources which contribute to making this bank even more powerful from a monetary viewpoint. In terms of branches, with over 3,300 domestic branches and subsidiary companies abroad, BMI is also considered to be one of the largest banks in Iran and in the region.

Human Resources

As for mentioned earlier, BMI's dedication toward investing in its human resources and recruiting the right staff, has resulted in the creation of an extremely well trained, professional team. As a consequence, other banks are keen to take advantage of the knowhow and expertise of the B.M.I. staff. Hence, the experience and expertise of BMI's human resources also make Bank Melli Iran separate from other banks within the Country. government bonds. No other bank in Iran has ever had the capability of performing the sensitive and delicate duties of the C.B.I.

The Financial Ratios

During the period under report and due to heavy financial load born by Bank Melli Iran some of the financial ratios were not as satisfactory as it was expected .However as far as the overall performance under extensive financial conditions is concerned the ratios presented below is much better than it could have been in comparison with both local and international banks.

The results are as follows:

Return on Asset	0.11%
Facilities to Deposits	101.96%
Profit before Tax per Employee	0.01%
Total Expenses to Total Income	98.66%
Profit Before Tax to Total Income	1.34%
Customer's Total Current Account to Total Deposits	18.92%
Profit from Operation to Profit from Facilities	53.52%
Facilities to Asset	72.63%

Financial Statements

Bank Melli Iran
Consolidated Balance Sheet
As at March 20th, 2009

Assets	Note	20/03/2009 Million Rls	(Revised) 19/03/2008 Million Rls
Assets			
Cash	4	18,318,349	8,091,120
Investments & Participation	5	14,927,111	20,820,415
Trade Accounts & Notes Receivable		5,813,847	9,038,468
Due from Central Banks	6	50,082,667	51,215,892
Due from Banks & Credit Institutes	7	29,205,074	31,595,860
Due from Government	8	38,029,823	32,113,615
Granted Facilities & Due from Governmental Sector	9	4,121,196	4,565,842
Granted Facilities & Due from Non-governmental Sector	10	305,983,119	283,373,622
Debtors for Letters of Credit & Term Bills		15,297,526	23,086,274
Other Accounts & Notes Receivable		1,138,539	1,630,789
Inventories & Ongoing Projects		6,044,621	5,031,075
Orders & Prepayments		1,314,623	2,546,402
Items in Transit		12,927,894	23,040,365
Fixed Tangible Assets	11	33,510,590	34,298,316
Cost Price of Project Implementation		2,557,309	2,115,576
Intangible Assets		195,351	199,789
Goodwill		1,164,718	2,569,228
Long-term Investments in Affiliated Companies		6,315,984	5,525,247
Other Assets		18,752,944	5,804,616
Total Assets		565,701,285	546,662,511
Liabilities & Shareholders' Equity			
Liabilities:			
Trade Accounts & Notes Payable		4,850,599	3,584,741
Due to Central Bank	12	88,878,793	59,265,707
Due to Banks & Credit Institutes	13	21,289,378	26,553,875
Bank's Debt for Letters of Credit & Term Bills	14	15,688,588	24,988,834
Demand Deposits	15	127,110,504	154,108,835
Other Accounts & Notes Payable		9,263,894	11,908,441
Advances Received		513,572	2,404,991
Savings & Similar Deposits	16	24,987,827	25,546,749
Long-term Investment Deposits	17	190,972,310	155,237,071
Other Deposits		24,854,434	27,359,193
Provision for Taxation	18	2,001,723	1,665,116
Dividend Payable		585,829	1,298,756
Financial Facilities Received		6,028,980	6,452,772
Provision for Employees' Work Termination Benefit		4,751,604	3,065,975
Total Liabilities		521,778,035	503,441,056
Shareholders' Equity:			
Capital	19	22,400,000	22,400,000
Difference from Fluctuations of Foreign Exchange Rate		3,229,253	2,785,271
Legal Reserve		394,098	404,045
Capital Reserve		3,199,141	2,825,055
Other Reserves		638,332	555,262
Retained Profit (Loss)		7,231,399	7,563,758
Total Shareholders' Equity of the Main Unit		37,092,223	36,533,390
Minority Interest		6,831,027	6,688,065
Total Shareholders' Equity		43,923,250	43,221,455
Total Liabilities & Shareholders' Equity		565,701,285	546,662,511

Bank Melli Iran
Consolidated Income Statement
For the Year Ended March 20th, 2009

	Note	2008/09		(Revised) 2007/08
		Million Rls	Million Rls	Million Rls
Revenue from Banking Services	20	22,458,422		24,131,149
Revenue from Sales of Goods & Other Services	21	19,717,501		17,229,033
Total Sales & Revenues		42,175,923		41,360,182
Cost Price of Banking Services	22	(24,514,313)		(24,427,240)
Cost Price of Goods Sold & Services Rendered		(15,306,977)		(12,888,558)
		(39,821,290)		(37,315,798)
Gross Profit		2,354,633		4,044,384
Profit from Operating Investments		734,568		1,801,214
Sales, Administrative & General Expenses	23	(1,573,302)		(1,723,554)
Net Other Operating Revenues & Expenses		(222,012)		(651,268)
		(1,795,314)		(2,374,822)
Operating Profit		1,293,887		3,470,776
Financial Expenses		(394,871)		(654,768)
Net Other Non-perating Revenues & Expenses		669,273		336,962
		274,402		(65)
Profit before Considering Group's Quota from Profit of Affiliated Companies		1,568,289		3,152,970
Group's Quota from Profit of Affiliated Companies		1,072,726		299,660
Profit before Unexpected Items		2,641,015		3,452,630
Unexpected Revenues				221,305
Profit before Tax		2,641,015		3,673,935
Tax	18	(721,328)		(594,805)
Net Profit		1,919,688		3,079,129
Minority Interest		1,397,738		1,135,889

Bank Melli Iran
Consolidated Statement of Earnings
For the Year Ended March 20th, 2009

	Note	2008/09 Million Rls	2008/09 Million Rls	(Revised) 2007/08 Million Rls
Net Profit			1,919,688	3,079,129
Retained Profit at the beginning of the Fiscal Year		13,222,428		9,488,932
Prior Years' Adjustments	24	(4,419,807)		(1,543,993)
Retained Profit at the beginning of the Year - Adjusted			8,802,621	7,944,939
Allocable Profit			10,722,309	11,024,067
Consolidated Prior Years' Adjustments			(19,811)	3,135
Transfer from Capital Reserve			161,000	-
Profit Allocation:				
Legal Reserve		(34,535)		(85,043)
Capital Reserve		(584,648)		(538,320)
Other Reserves		(85,047)		(90,502)
Transfer to Cost Price of the Project		(164,899)		(126,643)
Ratified Dividend - Minority Interest		(573,147)		(1,132,477)
Bonus of the Board of Directors (Subsidiary Companies)		(10,864)		(10,259)
40% Declared Profit based on Article 1-C of the Budget Act 2007/08		(226,792)		(241,338)
			(1,679,932)	(2,224,582)
Retained Profit (Loss) at the End of the Year			9,183,566	8,802,621
Minority Interest			1,952,167	1,238,864

Bank Melli Iran
Consolidated Comprehensive Statement of Earnings
For the Year Ended March 20th, 2009

	Note	2008/09 Million Rls	(Revised) 2007/08 Million Rls
Net Profit		1,919,688	4,215,017
Difference from Changes in Foreign Exchange Rate		443,982	(8,194)
Comprehensive Profit of the Fiscal Year		2,363,670	4,206,824
Prior Years' Adjustments & Consolidated Prior Years' Adjustments	24	(4,439,619)	(1,540,858)
Comprehensive Recognized Profit from Previous Reporting Date		(2,075,949)	2,665,966
Minority Interest from Comprehensive Profit of the Fiscal Year		1,130,564	1,135,889

Bank Melli Iran
Consolidated Cash Flows Statement
For the Year Ended March 20th, 2009

	2008/09 Million Rls	(Revised) 2007/08 Million Rls
Operating Activities		
Net Cash Inflow from Operating Activities	(44,184,175)	(10,614,962)
Return on Investment & Profit Paid for Financing:		
Dividend Received	1,673,970	1,751,592
Dividend Paid to Minority Shareholders	(1,286,074)	(1,672,646)
Cash Outflow from Return on Investments & Profit Paid for Financing	387,896	78,946
Income Tax:		
Income Tax Paid	(2,783,030)	(1,377,963)
Investment Activities:		
Funds Paid for Purchasing, Construction & Completion of Fixed Tangible & Intangible Assets	(3,218,019)	(3,740,901)
Increase in Expenses of Project Implementation	(606,632)	(393,546)
Funds Earned from Sales of Fixed Tangible Assets	1,213,727	258,069
Funds Paid for Long-term Investments & Participations	2,612,818	(1,251,519)
Funds Earned from Sales of Investments	651,708	69,223
Cash Outflow from Investment Activities	653,602	(5,058,674)
Cash Inflow (Outflow) before Financing Activities	(45,925,707)	(16,972,653)
Financing Activities:		
Receiving Financial Facilities	53,958,822	-
Net (Decrease) Increase in Cash	8,033,115	(16,972,653)
Cash Balance at the beginning of the Year	868,160	17,840,813
Cash Balance at the End of the Year	8,901,275	868,160

Bank Melli Iran
Balance Sheet
As at March 20th, 2009

Assets	Note	20/03/2009 Million Rls	(Revised) 19/03/2008 Million Rls
Assets			
Cash	4	15,112,254	3,661,600
Due from Central Bank	6	50,080,305	51,208,846
Due from Banks & Credit Institutes	7	29,746,316	29,796,362
Due from Government	8	38,029,823	32,113,615
Granted Facilities & Due from Governmental Sector	9	4,274,307	4,565,842
Granted Facilities & Due from Non-governmental Sector	10	309,143,301	286,926,013
Debtors for Letters of Credit & Term Bills		15,408,770	23,086,274
Participation Bonds & Other Similar Securities	5	3,254,810	4,960,591
Investments & Participation	5	20,202,914	21,849,464
Fixed Assets	11	22,274,955	21,428,097
Other Assets		18,885,247	5,696,169
Items in Transit		12,927,894	23,040,365
Total Assets		539,340,896	508,333,238
Letters of Credit Commitment Party		71,365,553	90,748,343
Guarantees Commitment Party		30,723,035	27,477,716
Current Value of Retirement Allowances Commitment		7,996,280	6,554,328
Other Commitments Party		13,498,958	13,883,765
Managed Funds & Similar Items		4,336,356	4,469,601
Total Disciplinary Accounts & Commitments		127,920,182	143,133,753
Liabilities & Shareholders' Equity			
Due to Central Bank	12	88,878,793	59,265,707
Due to Banks & Credit Institutes	13	20,502,791	22,860,617
Bank's Debt for Letters of Credit Notes & Term Bills	14	15,688,588	24,988,834
Demand Deposits	15	127,210,358	148,264,216
Savings & Similar Deposits	16	24,987,827	25,546,749
Long-term Investment Deposits	17	191,345,272	155,474,479
Other Deposits		24,863,197	27,497,489
Reserves & Other Liabilities		11,356,557	10,672,028
Total Liabilities		504,833,383	474,570,119
Shareholders' Equity:			
Capital	19	22,400,000	22,400,000
Difference from Fluctuations of Foreign Exchange Rate		2,259,729	2,259,729
Difference from Conversion of Foreign Exchange for Overseas Subsidiary Units		545,950	-
Reserves		599,410	514,362
Retained Profit (Loss)		8,702,424	8,589,028
Total Shareholders' Equity		34,507,513	33,763,119
Total Liabilities & Shareholders' Equity		539,340,896	508,333,238
Letters of Credit Commitment		71,365,553	90,748,343
Guarantees Commitment		30,723,035	27,477,716
Current Value of Retirement Allowances Commitment		7,996,280	6,554,328
Other Commitments		13,498,958	13,883,765
Managed Funds & Similar Items Party		4,336,356	4,469,601
Total Disciplinary Accounts & Commitments		127,920,182	143,133,753

Bank Melli Iran
Income Statement
For the Year Ended March 20th, 2009

	2008/09 Million Rls	(Revised) 2007/08 Million Rls
A) Bank's Revenue from Joint Activities		
Profit Received	31,830,772	28,744,435
Investments' Profit	1,576,809	1,065,303
Total Joint Revenues	33,407,581	29,809,738
Less:		
Depositors' Profit Quota	(18,495,950)	(15,977,588)
Lawyers' Fees Received	-	-
Surplus On-account Paid Profit Quota of Depositors	(2,609,464)	(1,617,330)
Net Profit Quota of Depositors	(21,105,414)	(17,594,918)
Bank's Profit Quota & Income from Lawyers' Fees	13,302,167	12,214,820
B) Non-joint Revenues		
Lawyers' Fees Received	-	-
Profit & Recognizance Received	5,610,769	8,804,893
Commission Received	3,008,030	3,139,104
Other Revenues	3,197,293	957,264
Total Non-joint Revenues	11,816,092	12,901,261
Total Bank's Revenues	24,118,259	25,116,081
C) Expenses		
Profit Paid (Except Depositors' Profit)	(3,912,149)	(7,340,640)
Commission Paid	(518,510)	(443,163)
Total Expenses	(18,224,730)	(15,448,329)
Other Expenses	(895,890)	(1,467,997)
Grand Total Expenses	(23,551,279)	(24,700,129)
Profit before Tax	566,980	415,952
Less:		
Tax	(141,745)	(150,837)
Profit after Tax	425,235	265,115

Bank Melli Iran
Statement of Earnings
For the Year Ended March 20th, 2009

	Note	2008/09 Million Rls	(Revised) 2007/08 Million Rls
Net Profit		425,235	265,115
Retained Profit at the beginning of the Fiscal Year		10,922,416	12,073,180
Prior Years' Adjustments	24	(2,333,388)	(3,417,426)
Retained Profit at the beginning of the Year - Adjusted		8,589,028	8,655,754
Allocable Profit		9,014,263	8,920,869
Appropriation of Profit:	25		
Reserves		(85,047)	(90,502)
40% Declared Profit based on Article 1-C of the Budget Act 2007/08		(226,792)	(241,339)
		(311,839)	(331,841)
Retained Profit (Loss) at the End of the Year		8,702,424	8,589,028

Bank Melli Iran
Comprehensive Statement of Earnings
For the Year Ended March 20th, 2009

	Note	2008/09 Million Rls	(Revised) 2007/08 Million Rls
Net Profit		425,235	265,115
Difference from Changes in Foreign Exchange Rate		545,950	-
Comprehensive Profit of the Fiscal Year		971,185	265,115
Prior Years' Adjustments	24	(2,333,388)	(3,417,426)
Comprehensive Recognized Profit from Previous Reporting Date		(1,362,203)	(3,152,311)

Bank Melli Iran
Cash Flows Statement
For the Year Ended March 20th, 2009

	2008/09 Million RIs	(Revised) 2007/08 Million RIs
Operating Activities		
Net Cash Inflow from Operating Activities	(44,485,682)	(7,608,274)
Return on Investment & Profit Paid for Financing:		
Dividend Received	400,024	1,064,985
Dividend Paid to Shareholders	(241,339)	-
Cash Outflow from Return on Investments & Profit Paid for Financing	158,685	1,064,985
Income Tax:		
Income Tax Paid	(2,284,072)	(1,910,637)
Investment Activities:		
Funds Paid for Investments & Participation	(109,531)	(4,691,472)
Funds Earned from Investments & Participation	46,580	602,437
Funds Paid for Purchasing, Construction & Completion of Fixed Assets	(1,801,892)	1,583,564
Funds Received from Sales & Adjustments of Fixed Assets	3,093,542	(3,232,260)
Cash Outflow from Investment Activities	1,228,699	(5,737,731)
Financing Activities:		
Receiving Financial Facilities	53,958,822	-
Net (Decrease) Increase in Cash	8,576,452	(14,191,657)
Cash Balance at the beginning of the Year	(3,278,747)	10,912,910
Cash Balance at the End of the Year	5,297,705	(3,278,747)

1. Basis for Preparation of the Financial Statements

The Group and the Company's consolidated financial statements have been fundamentally prepared based on historical cost price and where necessary, current values are used.

2. Basis for Consolidation

2.1. Consolidated financial statements are the result of adding the figures of the financial statements of Bank Melli Iran and the Group companies which are liable to consolidation after elimination of the inter-group transactions and balances and unrealized profit and loss resulted from their transactions in-between.

2.2. Regarding the subsidiary companies acquired within the period, the results of their operations are included in the consolidated profit and loss statement from the date their control has been effectively transferred to Bank Melli Iran. In case of the assigned subsidiary companies, the results of operations till the date of assignment are included in the consolidated profit and loss statement.

3. Summary of Most Important Accounting Procedures

3.1. In line with Usury-free Banking Operations Act and related executive bylaws and regarding the Central Bank of Iran decree No. 1799 dated 08/01/2003 and 126331 dated 10/03/2009, income from related activities to granted financial facilities, investment in stock and participation bonds considered as joint revenue with depositors and depositors' quota determined in relation with usage of their net resources in the mentioned activities.

3.2. Tangible Fixed Assets

3.2.1. Tangible fixed assets are entered into accounts based on the cost prices. Upgrading costs and costs of fundamental repairs which cause considerable increase in the capacity or remaining life span of the fixed assets or improve the quality of their output considerably are considered capital costs and are amortized in the remaining life span of the relevant assets. The maintenance and trivial repairs costs whose purpose is maintaining or revival of expected economic interests of the commercial unit (in proportion to evaluated standard function) are considered current costs and are entered into profit and loss account of the period.

3.2.2. In line with implementation of Article 62 of the Third Development Plan, land and buildings of the Bank at the end of 2004/05 have been revaluated and registered into accounts with the amount of Rls20,276 billion. The surplus earned from the mentioned revaluation which amounted to Rls16,700 billion considered in the "Government's Capital Increase in Bank" account according to the above-mentioned Law.

3.2.3. Depreciation of fixed assets within the Country (except revaluated immovable assets) calculated based on rates and methods of depreciation table:

Asset	Depreciation Rate	Method of Depreciation
Building & Installations	7%	Declining
Motor Vehicles	25%	Declining
Furniture & Computer Systems Hardware	10 Years	Straight Line
Computer Hardware	3 Years	Straight Line

Depreciation of revaluated buildings will be calculated as from the date of revaluation year (2004/05) based on depreciation bylaw of Article 151 Direct Taxation Act with the rate of 3.5% with declining method.

3.3. Financing Costs

Except the costs that are directly ascribable to acquired "qualified assets", financing costs of subsidiary companies are considered as cost of the year.

3.4. Provision for Employees' Work Termination Benefit

Provision for employees' work termination benefit is calculated based on the last month's fixed salary and continuous benefits of one year multiplied by the years of service and are registered into accounts. In addition, provision of prior years to 2000/01 entered into accounts during 10 years.

3.5. Goodwill

The accounting of the combination of trade units are done based on purchasing method. Excess of cost price of acquiring investment in liable to consolidation subsidiary companies and the affiliated companies which are liable to net special value method in comparison to the share of the group in net book value of their recognizable liabilities and assets at the time of acquisition is recognized as goodwill and amortized within 10 years in direct line method. The goodwill resulted from acquiring affiliated

companies are reflected in the consolidated balance sheet as part of long-term investment book value in affiliated companies.

4. Cash

	20/03/2009 Million RIs	19/03/2008 Million RIs
Bank Melli Iran	15,112,254	3,661,600
Subsidiary Companies	3,530,402	4,944,491
Total	18,642,656	8,606,091
Less:		
Banking Accounts of Subsidiary Companies at BMI	(324,307)	(514,971)
	18,318,349	8,091,120

5. Investments & Participations

	20/03/2009 Million RIs	19/03/2008 Million RIs
Rapidly Transacted Investments in the Market:		
Shares of Accepted Companies in TSE	4,901,781	5,295,877
Participation Bonds	3,352,761	5,184,438
Bonds & Other Securities	820,424	3,527,117
	9,074,966	14,007,433
Investment in Shares of Other Companies:		
Domestic	922,295	860,012
Overseas	523,116	529,413
	1,445,411	1,389,425
Total Investments in Securities	10,520,377	15,396,858
Banking Investment Deposits	253,455	272,670
Participation with Other Companies	269,243	-
Investment in Construction	83,442	116,503
Granted Facilities to Affiliated Companies	3,794,141	5,027,931
Other	6,453	6,453
	14,927,111	20,820,415

6. Due from Central Banks

	20/03/2009 Million RIs	19/03/2008 Million RIs
Legal Deposit	38,063,483	46,477,947
Term Deposit at Central Banks of Other Countries	128,796	3,622,710
Legal Deposit at Central Banks of Other Countries Overseas Branches	503,788	525,194
Foreign Exchange Demand Deposit at Central Bank	5,966,086	
Current Account at Central Bank	4,341,852	
Current Account at Central Banks of Other Countries Overseas Branches	1,076,300	582,995
Bank Melli Iran Balance	50,080,305	51,208,846
Add:		
Deposit at Central Bank of Russia	2,362	7,046
	50,082,667	51,215,892

7. Due from Banks & Credit Institutes

	20/03/2009	19/03/2008
	Million RIs	Million RIs
Granted Facilities to Banks	2,621,391	2,660,383
Term Foreign Exchange Deposits at Foreign Banks	1,514,329	9,146,377
Payment of Issued Checks of Other Banks - Unsettled	6,840,139	9,333,060
Term Deposits at Overseas Branches of Iranian Banks	7,603,350	2,658,611
Demand Deposits at Foreign Financial Banks & Overseas Branches Institutes	776,261	2,321,942
Foreign Exchange Loan & Credit to Foreign Banks	1,707,693	1,600,332
Foreign Exchange Term Deposits at Foreign Banks	1,708,965	141,110
Foreign Exchange Demand Deposits at Foreign Banks	1,622,151	294,875
Foreign Exchange Demand Deposits at Local Banks after Clearance	5,195,531	1,328,312
Granted Loan & Credit to Iranian Banks Overseas Branches	22,660	282,316
Foreign Exchange Covering Deposits at Foreign Banks	133,846	29,044
Bank Melli Iran Balance	29,746,316	29,796,362
Add:		
Bank Melli London & Moscow	3,330,829	13,899,849
Less:		
Deposit at Bank Melli London & Moscow	(646,505)	(10,480,476)
Granted Facilities to Bank Melli London & Moscow	(1,725,303)	(1,611,144)
Loans Granted & Deposits of Bank Melli London & Moscow at Bank Melli Iran	(1,500,263)	(8,731)
	<u>29,205,074</u>	<u>31,595,860</u>

8. Due from the Government

Receivables from government, by facility wise, is as follows:

	20/03/2009	19/03/2008
	Million Rls	Million Rls
Investment-agent Partnership (Mozarebeh)	9,152,784	8,565,696
Profit Received	19,058,334	14,769,737
Reward Contract (Joaleh)	4,884,404	4,080,397
Futures Contract	1,048,977	1,700,691
Civil Partnership	197,889	156,912
Installment Sales	1,003,422	233,732
Hire-purchase	5,641	1,824
Interest-free Loans	182,290	40,550
Debt Purchase	81	-
Other	3,035,194	2,988,601
Total	38,569,016	32,538,140
Provision for Doubtful Debts	(539,193)	(424,525)
	<u>38,029,823</u>	<u>32,113,615</u>

9. Granted Facilities & Due from Governmental Sector

	20/03/2009	19/03/2008
	Million Rls	Million Rls
Granted Facilities in Rials	3,868,765	12,061,678
Debtors for Paid Letters of Credit	534,641	615,694
Debtors for Paid Guarantees	8,289	8,244
Received Profit	1,117,656	2,286,030
Other	312,995	328,670
Total	5,842,346	15,300,316
Provision for Doubtful Debts	(246,428)	(637,528)
Mozarebeh Funds Received		(6,114,821)
Profit of Future Years Facilities	(1,265,878)	(3,975,034)
Profit of Delayed Facilities	(55,733)	(7,091)
Balance based on Bank Melli Iran Ledgers	4,274,307	4,565,842
Less:		
Granted Financial Facilities to Group Companies	(153,111)	
	<u>4,121,196</u>	<u>4,565,842</u>

10. Granted Facilities & Due from Non-governmental Sector

	20/03/2009	19/03/2008
	Million Rls	Million Rls
Granted Facilities in Rials	310,958,222	283,794,656
Granted Facilities in Foreign Exchange	22,366,898	17,973,719
Granted Facilities to Overseas Branches	18,234,077	26,766,344
Debtors for Paid Letters of Credit	12,991,198	11,260,209
Debtors for Paid Guarantees	1,166,852	929,912
Profit Receivable	12,953,559	9,237,110
Other	1,906,185	1,009,558
	380,576,991	350,971,508
Provision for Doubtful Debts	(21,314,191)	(17,413,530)
Profit & Revenue of Future Years	(41,958,208)	(41,419,760)
Profit of Delayed Facilities	(7,268,117)	(4,390,485)
Mozarebeh - Funds Received	(893,174)	(821,720)
Balance based on Bank Melli Iran Ledgers	309,143,301	286,926,013
Add:		
Granted Facilities & Dues of Bank Melli London & Moscow	1,613,653	4,779,878
Less:		
Financial Facilities Granted to Group Companies	(4,773,835)	(8,332,269)
	305,983,119	283,373,622

11. Fixed Tangible Assets

	Cost Price - Million Rls		Accumulated Depreciation - Million Rls		Book Value - Million Rls	
	19/03/2008	20/03/2009	19/03/2008	20/03/2009	19/03/2008	20/03/2009
Land	568,576	530,191	-	-	530,191	568,575
Buildings & Installations	7,661,885	10,173,851	3,914,824	4,201,418	5,972,433	3,747,061
Motor Vehicle	218,068	215,311	118,625	131,859	83,452	99,444
Machineries	4,741,779	4,848,355	1,490,748	1,352,628	3,495,727	3,251,031
Tools	61,081	37,304	41,001	22,249	15,055	20,080
Other Properties	122,489	75,452	47,659	31,641	43,811	74,830
Furniture & Equipments	401,280	399,462	208,211	203,369	196,093	193,070
Total	13,775,158	16,279,926	5,821,068	5,943,164	10,336,762	7,954,091
Assets under Completion	3,881,660	362,242	-	-	362,242	3,881,660
Capital Orders & Prepayments	1,304,842	770,431	-	-	770,431	1,304,842
Inventories	35,286	9,777	-	-	9,777	35,285
Total	18,996,946	17,422,376	5,821,068	5,943,164	11,479,212	13,175,878
Add:						
Fixed Tangible Assets of BMI					22,274,955	21,428,097
Fixed Tangible Assets of Overseas Subsidiary Companies					71,259	74,680
Less:						
Guaranteed Profit of Banking Facilities & Unrealized Profit from Other Inter Group					(314,836)	(380,339)
					33,510,590	34,298,316

12. Due to Central Bank of Iran

	20/03/2009	19/03/2008
	Million RIs	Million RIs
Facilities Received from Foreign Exchange Reserve	19,110,275	16,630,964
Facilities Received from Central Bank - Difference in Exchange Rate	128,283	129,465
Facilities Received from Central Bank	51,480,693	
Debt to Central Bank in Current Account	-	21,879,091
Petty Cash for Governmental Funds Paid - Central Bank	-	7,755,047
Debt to Central Bank as Penalty of Overdraft	6,467,470	6,412,337
Foreign Exchange Term Deposit of Central Bank	9,350,849	5,616,376
Debt to Central Bank - Petty Cash	725,000	762,000
Debt to Central Bank for Credit Contract 3240	90,000	48,000
Debt to Central Bank for Provision of Contract 3319 Profit	1,526,223	32,427
	<u>88,878,793</u>	<u>59,265,707</u>

13. Due to Banks & Credit Institutes

	20/03/2009	19/03/2008
	Million RIs	Million RIs
Demand Deposits of Foreign Banks - Overseas Branches	11,220,831	12,186,825
Banks' Current Gharz al hasaneh Deposit - Their Account after Clearance	4,274,333	2,453,964
Foreign Banks Term Deposits - Overseas Branches	-	574,770
Iranian Banks Foreign Exchange Demand Deposits - after Clearance	1,030,330	1,275,793
Iranian Banks Foreign Exchange Term Deposits	-	3,842,533
Iranian Banks Demand Deposits - after Clearance - Overseas Branches	19,911	341,777
Loan & Credit Received from Foreign Banks - Overseas Branches	10,758	3
Non-banking Credit Institutes Current Gharz al hasaneh Deposit	5,397	70,105
Foreign Banks Foreign Exchange Demand Deposits	96,629	18,669
Accounts between Banks - after Clearance	884,147	177,082
Overseas Banks Foreign Exchange Term Deposits	2,960,455	1,919,096
Balance based on BMI Ledgers	20,502,791	22,860,617
Add:		
Debt of Bank Melli London & Moscow	2,933,355	14,182,465
Less:		
Loan & Deposits of BMI at Bank Melli London & Moscow	(646,505)	(10,480,476)
Loan & Deposits of Bank Melli London & Moscow at BMI	(1,500,263)	(8,731)
	<u>21,289,378</u>	<u>26,553,875</u>

14. Bank's Debt for Letters of Credit & Term Bills

	20/03/2009	19/03/2008
	Million Rls	Million Rls
Bank's Debts for Letters of Credit & Term Bills	13,478,745	21,729,353
Facilities Received from Foreign Banks for Domestic Usance	2,209,843	3,259,481
	<u>15,688,588</u>	<u>24,988,834</u>

15. Demand Deposits

	20/03/2009	19/03/2008
	Million Rls	Million Rls
Sold Baking Checks	32,636,765	62,465,278
Current Gharzal-hasaneh Deposit - Rials	62,879,039	60,985,375
Temporary Creditors - Rials	20,628,319	13,458,857
Current Gharzal-hasaneh Deposit - Foreign Exchange	4,983,639	4,107,501
Current Account of Clients - Overseas Branches	1,875,365	2,623,551
Our Drafts- Rials	1,048,404	940,989
Unused Managed Funds	638,517	731,485
Temporary Creditors - Foreign Exchange	425,104	1,051,321
Un-demand Balances - Rials	658,734	632,523
Temporary Creditors - Overseas Branches	139,168	118,366
Common Civil Participation	720,222	429,959
Payable Profit & Commission - Overseas Branches	390,039	566,807
Un-demand Balances - Foreign Exchange	103,426	106,632
Our Drafts - Foreign Exchange	80,314	45,545
Un-demand Balances - Overseas Branches	3,303	27
Balance based on BMI Ledgers	<u>127,210,358</u>	<u>148,264,216</u>
Demand Deposits of Bank Melli London Moscow	170,531	6,192,081
Cash of Group's Subsidiary Companies at BMI	(270,385)	(347,462)
	<u>-</u>	<u>-</u>
	<u>127,110,504</u>	<u>154,108,835</u>

16. Savings & Similar Deposits

	20/03/2009	19/03/2008
	Million RIs	Million RIs
Savings Gharzalhasaneh Deposits - Rials	23,222,715	23,544,432
Savings Gharz al hasaneh Deposits Foreign -Exchange	1,206,175	1,385,294
Clients' Savings Account - Overseas Branches	537,190	605,989
Unused Special Gharz al hasaneh Deposits	20,425	9,320
Youths Special Gharz al hasaneh Deposits	1,322	1,714
	<u>24,987,827</u>	<u>25,546,749</u>

17. Long-term Investment Deposits

	20/03/2009	19/03/2008
	Million RIs	Million RIs
Long-term Investment Deposits	97,090,452	81,208,151
Short-term Investment Deposits	55,636,204	52,248,634
Short-term Special Investment Deposits	<u>38,618,616</u>	<u>22,017,694</u>
Balance based on BMI Ledgers	191,345,272	155,474,479
Less:		
Group Companies Investment Deposits at BMI	<u>(372,962)</u>	<u>(237,408)</u>
	<u>190,972,310</u>	<u>155,237,071</u>

18. Provision for Taxation

Fiscal Year	Balance at 20/03/2009 - Million RIs						2007/08
	Tax						Million RIs
	Declared Profit (Loss)	Declared	Assessed	Definite	Paid	Tax Reserve	Tax Reserve
2005/06	1,360,577	340,144	1,815,584	1,847,055	1,847,055	-	29,274
2006/07	1,113,324	278,330	3,319,928	3,319,928	2,249,322	1,551,371	1,339,072
2007/08	603,347	150,837	-	-	433,000	51,350	150,837
2008/09	556,980	141,745	-	-	-	141,745	-
						<u>1,744,466</u>	<u>1,519,183</u>
Less: Tax Prepayment						<u>(445,000)</u>	<u>(433,000)</u>
						<u>1,299,466</u>	<u>1,086,183</u>

18.1. Movement of the account “provision for taxation” of the Group is as follows:

	20/03/2009	19/03/2008
	Million RIs	Million RIs
Balance at beginning of the Fiscal Year	1,665,116	2,434,849
Provision for Income Tax of the Year	721,328	594,805
Adjustment of the Provision for Income Tax of the Previous Years	2,398,309	13,425
Paid During the Year	(2,783,030)	(1,377,963)
	<u>2,001,723</u>	<u>1,665,116</u>

19. Capital

Capital of the Bank amounted to RIs22,400 billion. RIs1,115 billion of the mentioned amount was from participation bonds related to Third Development Plan Law (subject of Article 53 of the mentioned law). The capital is completely owned by the Government of the Islamic Republic of Iran.

20. Revenues from Banking Services

	20/03/2009	19/03/2008
	Million RIs	Million RIs
Bank's Revenue from Joint Activities	10,725,358	11,149,517
Non-joint Revenues	<u>11,816,092</u>	<u>12,901,261</u>
Total	22,541,450	24,050,778
Banking Revenues - Overseas	1,059,258	1,641,239
Less:		
Income from Facilities Granted to Group Companies	(681,891)	(994,356)
Rent Income	(7,858)	(6,156)
Transferring Profit of Participation Bonds to Investments Revenues	(474,015)	(562,042)
Add:		
Profit Paid to Group Companies Investment Deposits	21,478	1,686
Adjustment of Share Sales Profit	<u>-</u>	<u>-</u>
	<u>22,458,422</u>	<u>24,131,149</u>

21. Income from Sales of Goods & Rendering Services

	20/03/2009	19/03/2008
	Million Rls	Million Rls
Sales of Group Production Product:		
Domestic	13,256,148	11,000,745
Export	<u>2,763,159</u>	<u>1,921,256</u>
Total	16,019,307	12,922,001
Sales of Purchased Goods	3,168,301	1,651,900
Income from Participation in Sales of Goods	199,045	171,436
Sales Return & Discounts	<u>(85,830)</u>	<u>(81,208)</u>
Total Sales of Goods & Products	19,300,824	14,664,129
Income from Rendering Services	197,197	2,420,627
Dues of Freeways & Other Revenues	195,682	144,533
Profit of Selling Properties & Construction Projects	<u>23,798</u>	<u>(257)</u>
Total Sales of Goods & Income from Services Rendered	<u>19,717,501</u>	<u>17,229,033</u>

22. Cost Price of Banking Services

	20/03/2009	19/03/2008
	Million Rls	Million Rls
Profit Paid (Except Depositors' Profit)	3,912,149	7,340,640
Total Cost	18,224,730	15,448,329
Commission Paid	518,510	443,163
Other Costs	<u>895,890</u>	<u>1,467,997</u>
Balance based on BMI Ledgers	23,551,279	24,700,129
Less:		
Eliminating Received Goods & Services from Group Companies	(109,757)	(75,817)
Cost of Investment Value Decrease in Subsidiary & Affiliated Companies	<u>272,168</u>	<u>(1,061,049)</u>
Cost Price of Banking Services - Domestic	<u>23,713,690</u>	<u>23,563,263</u>
Cost Price of Banking Services - Bank Melli London & Moscow	843,839	1,289,989
Less:		
Profit Paid by Bank Melli London & Moscow for Loans Received 800,622 L	<u>(43,218)</u>	<u>(426,012)</u>
Cost Price of Banking Services - Overseas	<u>800,622</u>	<u>863,977</u>
	<u>24,514,313</u>	<u>24,427,240</u>

23. Sales, Administrative & General Expenses

	20/03/2009	19/03/2008
	Million Rls	Million Rls
Salary, Wages & Allowances	545,843	514,795
Insurance Employer Quota & Unemployment Insurance	51,355	44,388
Work Termination Benefits	69,445	53,563
Contracting & Professional Services	307,557	11,599
Rent	17,908	12,977
Transportation	31,889	34,175
Sales & Distribution Expenses	42,910	34,752
Repair & Maintenance	39,962	28,211
Depreciation of Fixed Tangible Assets	145,063	132,333
Doubtful Debts	7,188	431,113
Travel & Mission Allowances	19,006	13,967
Other	295,176	411,681
	<u>1,573,302</u>	<u>1,723,554</u>

24. Prior Years' Adjustments

	19/03/2008 Million RIs
Bank Melli Iran:	
Tax Provision of 2006/07	(2,051,371)
Tax Provision of 2007/08	(333,513)
Adjustment of Profit & Recognizance Received	(203,871)
Adjustment of Overseas Branches' Profit	(15,863)
1% Promotion Housing Facilities (Article D of Budget)	(68,700)
Personnel Expenses	44,025
Difference in Conversion of Assets & Liabilities of Overseas Units	238,892
Profit of Mazandaran Wood & Paper	27,685
Tax Discount	29,275
Other Debtors Items	(13,897)
Other Creditors Items	13,950
	<u>(2,333,388)</u>
Subsidiary Companies:	
Tax Provision of Previous Years	(13,425)
Provision for Investment Value Decrease in Shares of Subsidiary Companies	(1,213,591)
Provision for Investment Value Decrease in Shares of Affiliated Companies	(128,319)
Amending Investment Income in Affiliated Companies	16,681
Amending Debt to Social Security Organization	65,808
Adjustment of Capital Expenses of Jungle Roads	(41,890)
Amending Provision of Doubtful Debts	(2,923)
Amending Investment Income in Subsidiary Companies	(570,115)
Amending Sales & Income from Services Rendered	(4,541)
Other- Mainly Deficit of Provision for Payable Expenses	<u>(194,104)</u>
	<u>(2,086,419)</u>
Total Group's Prior Years' Adjustments	<u>(4,419,807)</u>
Minority Interest	<u>267,174</u>

24.1.

	20/03/2009 Million RIs	19/03/2008 Million RIs
Bank Melli Iran:		
Balance at beginning of the Fiscal Year	514,363	423,860
Created during the Year	<u>85,047</u>	<u>90,502</u>
	<u>559,410</u>	<u>514,362</u>
Subsidiaries:		
Balance at beginning of the Fiscal Year	40,900	39,291
Created during the Year	-	-
Adjustments	<u>(1,978)</u>	<u>1,609</u>
	<u>38,922</u>	<u>40,900</u>
	<u>638,332</u>	<u>555,262</u>

25. Reconciliation Statement

	2008/09		2007/08
	Million RIs	Million RIs	Million RIs
Profit before Tax	2,641,015		3,673,935
40% Declared Tax	(226,792)		(241,338)
Depreciation Expenses of Fixed Tangible Assets	1,397,376		996,271
Goodwill Depreciation Expense	184,232		568,818
Provision for Employees' Work Termination Benefit	1,685,630		578,949
Shares Value Decrease Expense	2,065,910		504,662
Provision for Doubtful Debts Expense	5,086,550		5,198,221
Dividend of Investments & Legal Partnerships	(1,673,970)		(1,751,592)
Sales Profit of Investments	(651,708)		(69,223)
Sales Profit of Fixed Tangible Assets	(162,922)		(213,613)
		10,345,321	9,245,090
Net Increase (Decrease) in Operating Liabilities:			
Current Account of People & Demand Deposits	(26,998,332)		18,368,699
Savings & Similar Deposits	(558,922)		6,366,617
Long-term & Similar Investment Deposits	27,869,051		34,669,547
Debt to Central Bank	(24,345,736)		21,425,848
Operating Portion of Other Liabilities	(2,384,957)		228,344
Debt for Letters of Credit & Term Bills	(9,300,246)		5,702,992
Items in Transit	12,510,781		(7,481,256)
		(23,208,361)	79,280,791
Net Increase (Decrease) in Operating Assets:			
Due from Central Banks	1,133,225		(1,278,268)
Other Deposits	(2,504,759)		5,675,725
Participation Bonds & Short term -Investments	1,644,117		989,705
Loan & Credit Granted to Banks	2,798,367		8,642,902
Due from Government	(5,916,208)		(3,605,167)
Granted Facilities & Due from Governmental Sector	444,646		(581,829)
Granted Facilities & Due from Non-governmental Sector	(22,609,497)		(95,218,971)
Debtors for Letters of Credit & Term Bills	7,788,748		(5,464,849)
Owned Pledges	(184,854)		(813,392)
Operating Portion of Other Assets	(13,914,920)		(7,486,699)
		(31,321,135)	(99,140,843)
Net Cash Inflow (Outflow) from Operating Activities		(44,184,175)	(10,614,962)

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