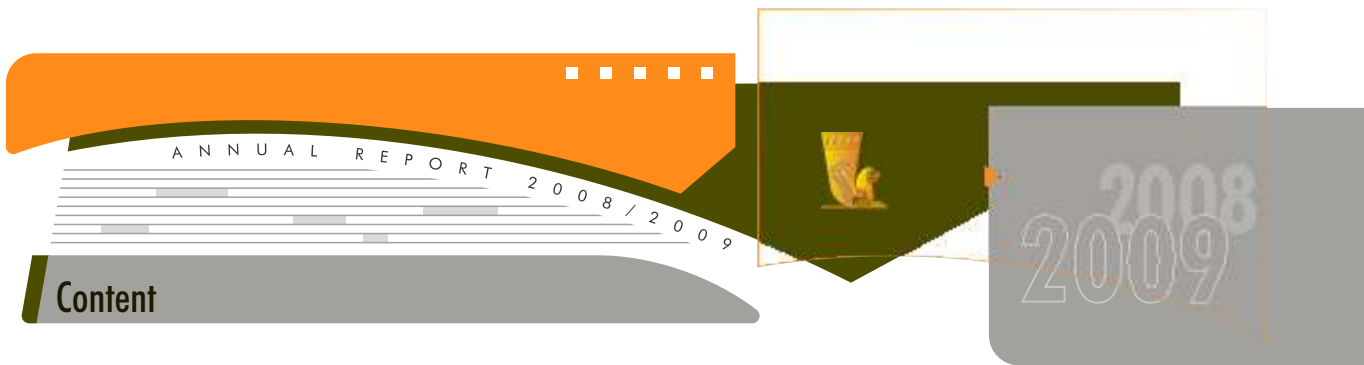




Annual Report 2008/2009

B A N K P A S A R G A D

2nd Edition



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*The Iranian calendar year has a 621 year difference with the Gregorian calendar year , and begins on the 21st of March and ends on 20 th of March the following year.

Iranian Year	Gregorian Year
1387	March 20th, 2008 - March 20th, 2009
1386	March 21st, 2007 - March 19th, 2008
1385	March 21st, 2006 - March 20th, 2007

1 U S Dollar = 9900 IRR



BANK PASARGAD

Performance Highlights

IN 2009



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Pasargad

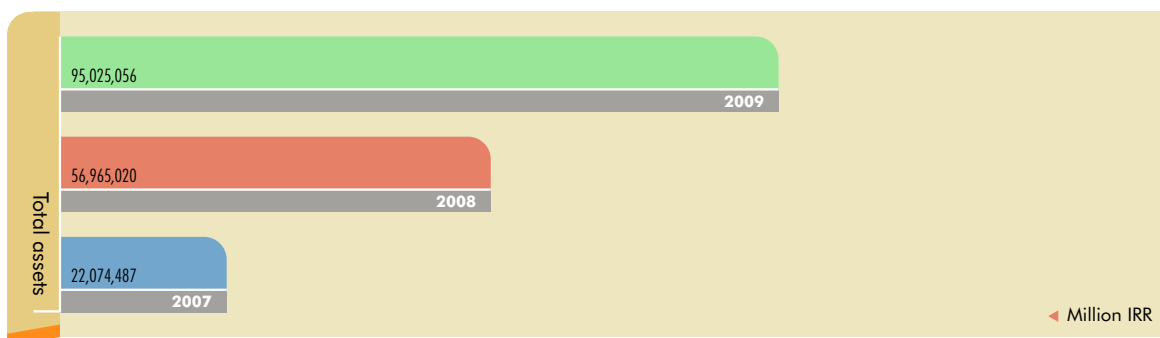
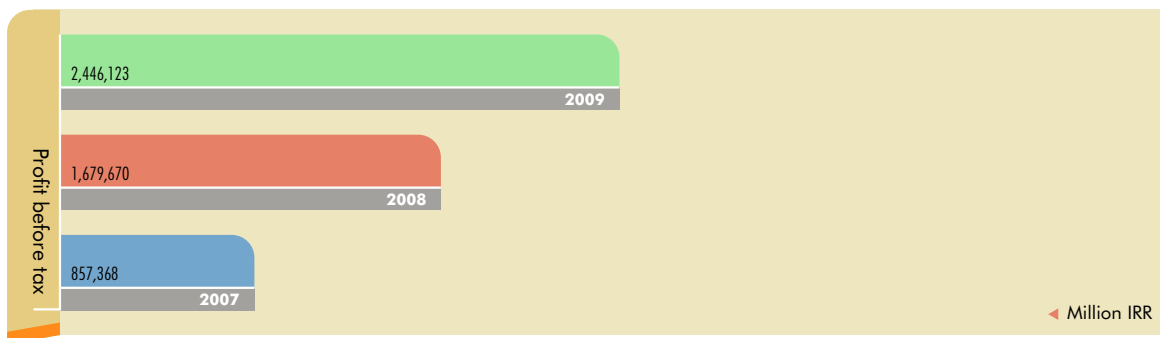
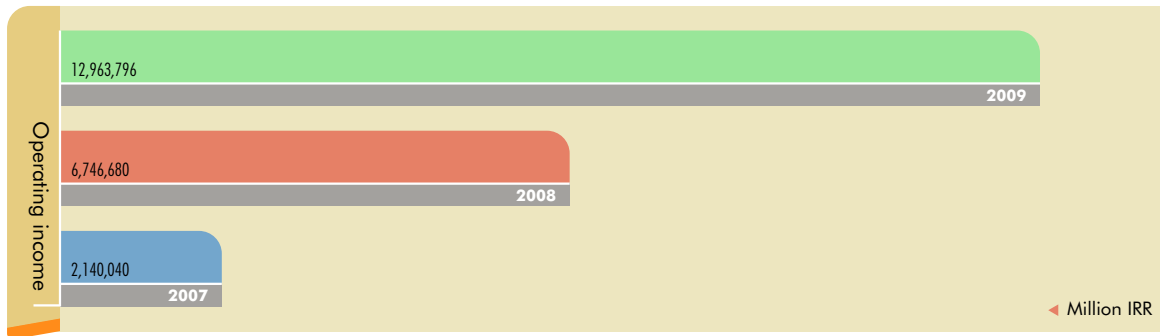


2008
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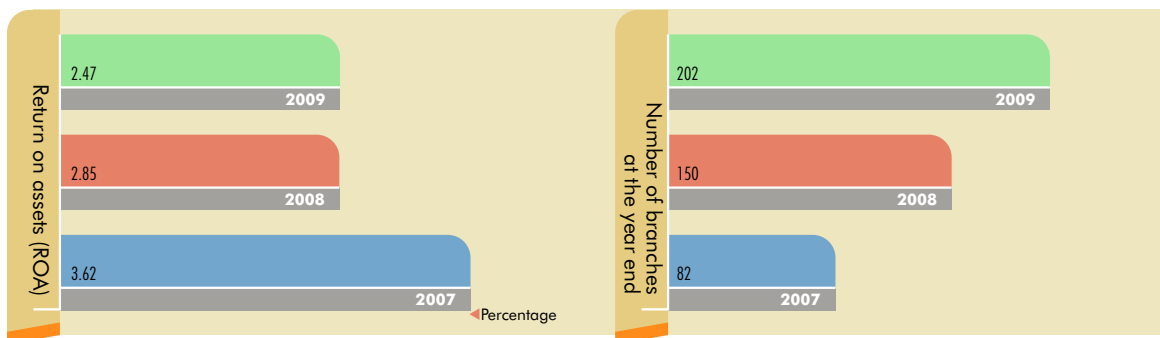
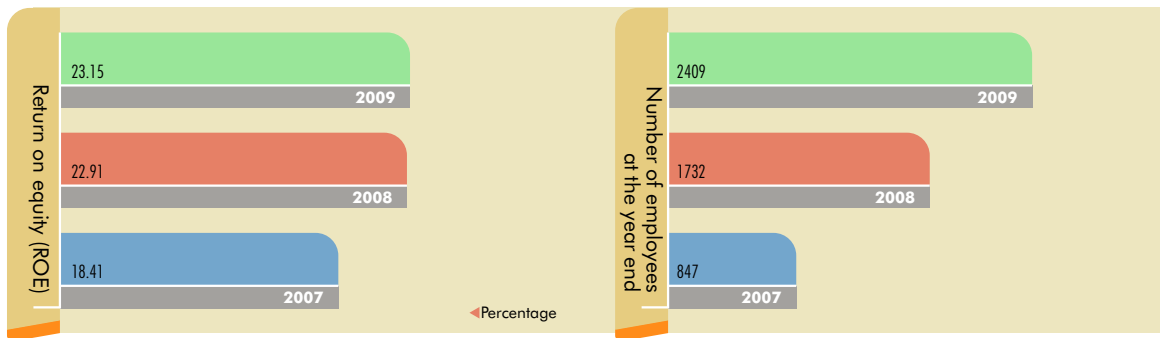
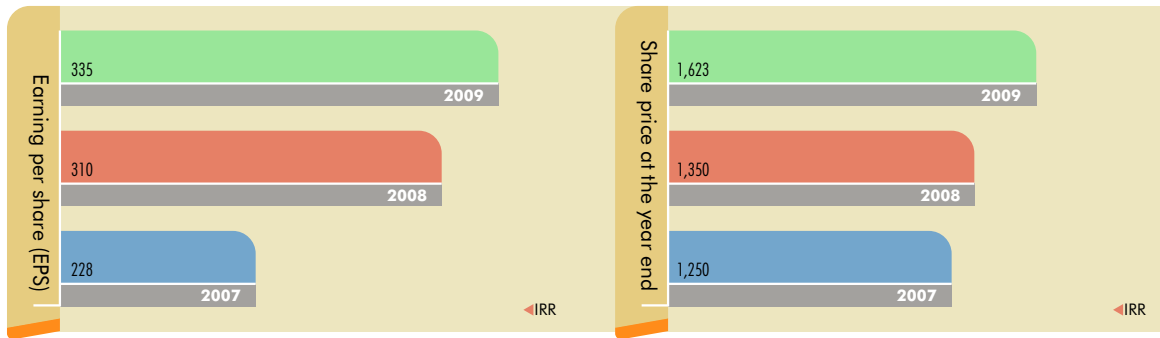
Performance Highlights in 2009



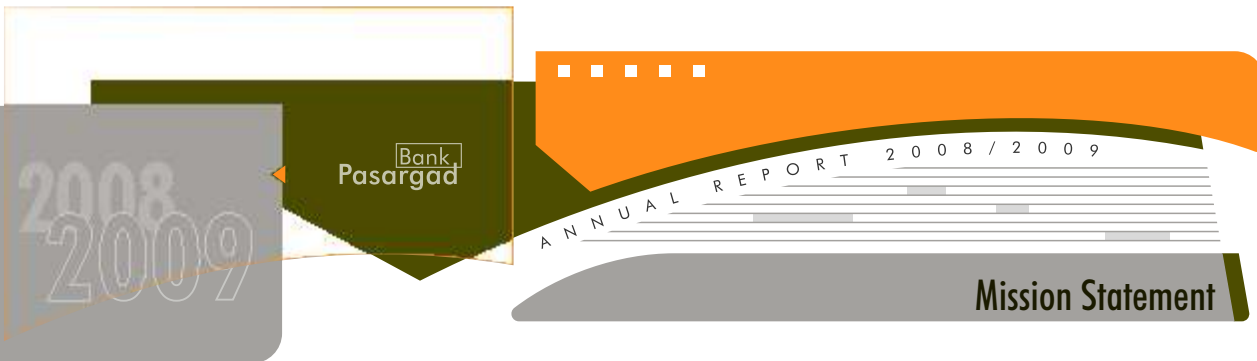
Performance Highlights	2009	2008	2007
Operating income (Million IRR)	12,963,796	6,746,680	2,140,040
Profit before tax (Million IRR)	2,446,123	1,679,670	857,368
Total assets (Million IRR)	95,025,056	56,965,020	22,074,487

Performance Highlights in 2009

2008
2009



Performance Highlights	2009	2008	2007	Performance Highlights	2009	2008	2007
Earning per share (EPS)	IRR 335	IRR 310	IRR 228	Number of employees at the year end	2409	1732	847
Return on equity (ROE)	23.15%	22.91%	18.41%	Share price at the year end	IRR 1,623	IRR 1,350	IRR 1,250
Dividend per share (DPS)	IRR 220	IRR 200	IRR 175	Number of branches at the year end	202	150	82
Return on assets (ROA)	2.47%	2.85%	3.62%				



Our Vision

We, at Bank Pasargad strive to reach our strategic goal and attain a position within the top 500 companies in the globe, as the bank of the choice, agent of change and the leader in our community and selected markets.

We will do so by:

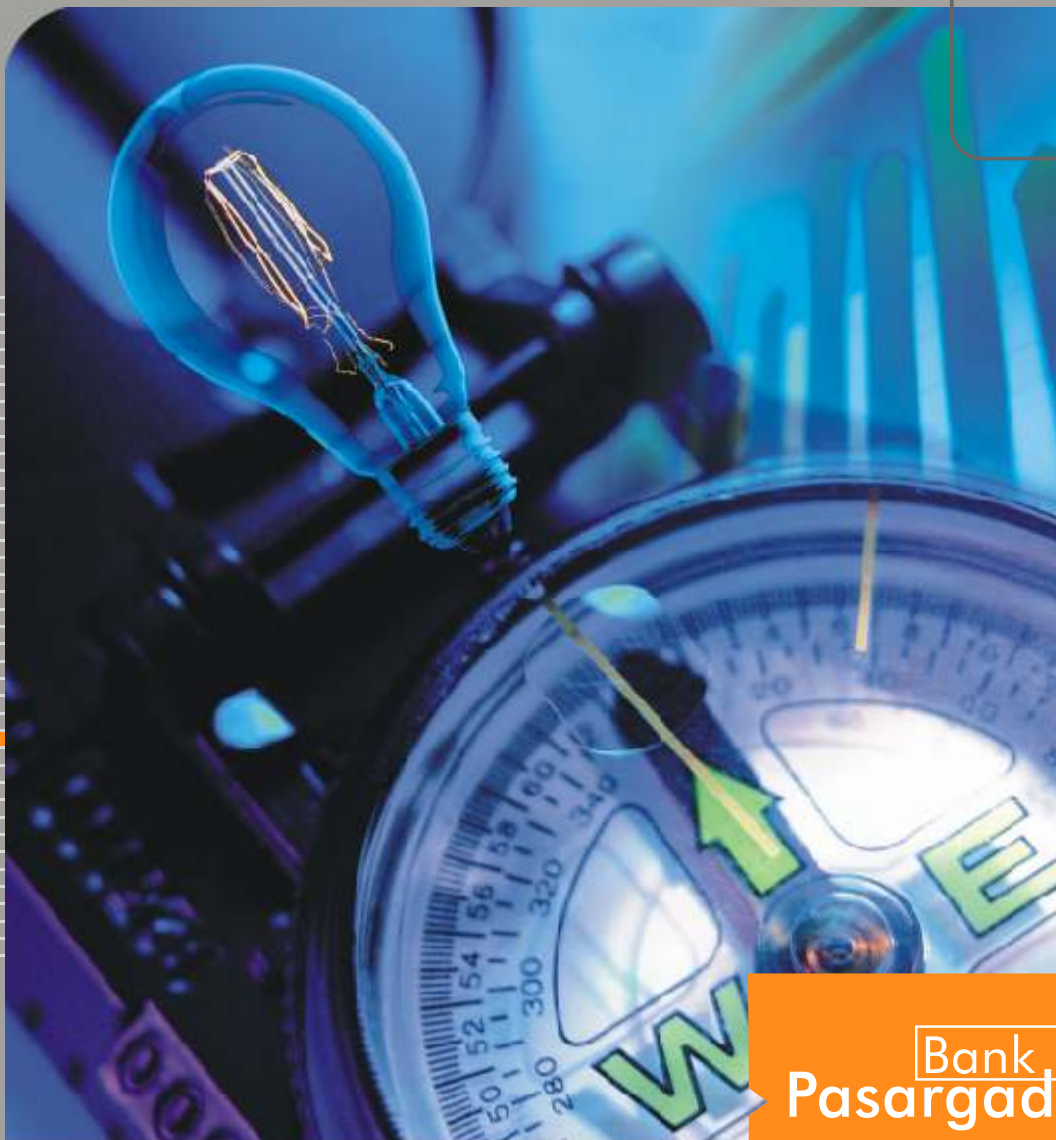
- Providing solutions that consistently meet or exceed the needs and aspirations of our Community and Customers,
- Upgrading the standards for service delivery and value creation in banking industry,
- Being influential in enhancing the development of our industry.

Our Mission

Maximizing the added value for our clients, shareholders, community and our staff alike through:

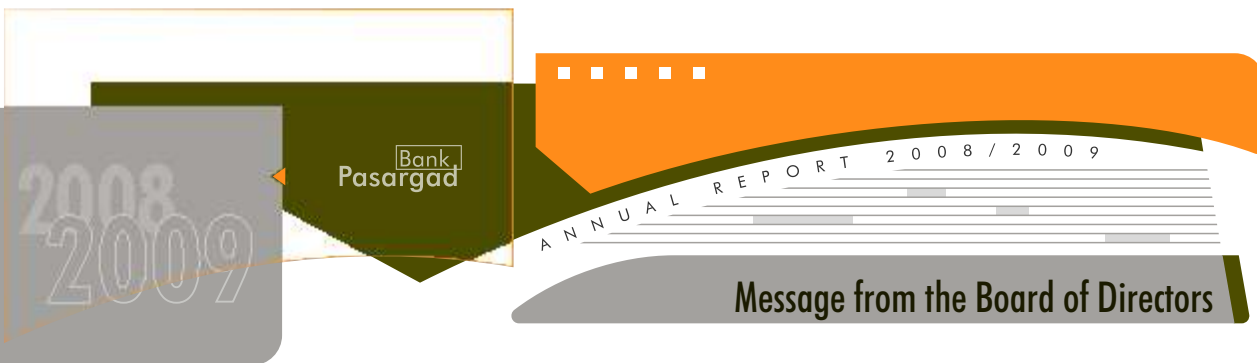
- Providing the highest quality Islamic banking solutions,
- Arranging a variety of sophisticated commercial and merchant banking products and services for our clients,
- Offering private banking and asset management services for clients as well as conducting efficient trading, investment and treasury activities, through our in house specialized banking services or within our more than 40 subsidiaries,
- Creating Substantial shareholders' wealth by means of business growth and management efficiency,
- Providing a challenging and pleasant business environment for our dedicated employees,
- Observing prudential standards and standing accountable to our community and environment by enhancing the professional and educational programs, sport activities, benevolent contributions and so for.

Message from Board of Directors



Bank
Pasargad





In The Name of Allah, The Compassionate, The Merciful

Dear Shareholders,

On behalf of Bank Pasargad's Board of Directors, I am honored to present our 3rd annual report to our distinguished shareholders, for the fiscal year ending March 20, 2009. It certainly gives us a great pleasure to provide our respected stakeholders with an overview of our accomplishments during 2008/2009 and to share key initiatives to be implemented in 2009/2010 and beyond.

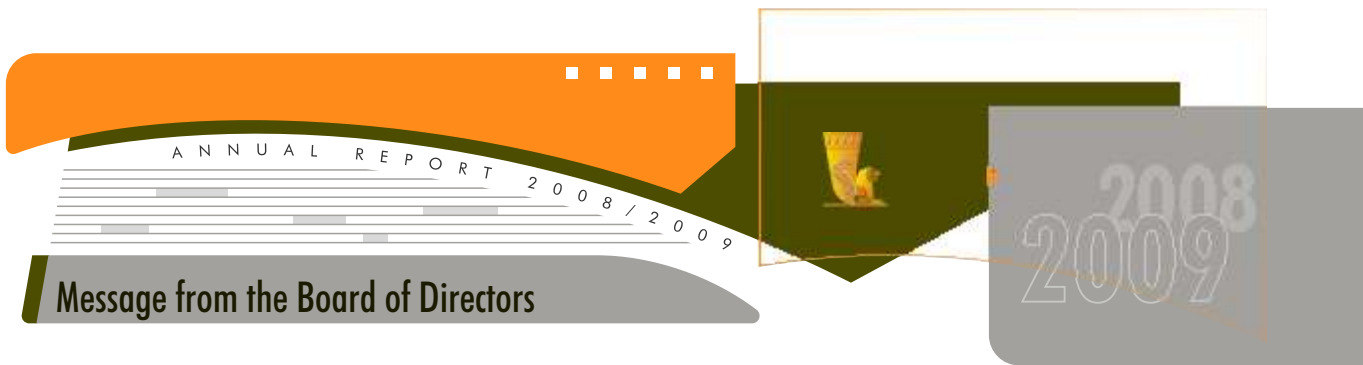
From a financial and economic perspective, fiscal year 2008/2009 was the most challenging year in recent memory. We witnessed volatile bear markets, disconcerted liquidity positions, poor credit portfolios and capital strength, and consequently high profile bank failures across the entire banking sector. Various global financial improprieties further undermined confidence in the financial services industry across the world, while the global real economy moved rapidly into recession. As a result, some sectors of Iranian economy suffered; nevertheless, the Islamic banking philosophy with its fundamentals saved us from this internationally shattering financial hurricane.

Highly challenging circumstances in financial markets had a significant detrimental impact on performances, assets under management, and the rates of growth worldwide. Despite such global financial turmoil, the Iranian banks' performance in fiscal year ending March 20, 2009, in general, and Bank Pasargad's results, in particular, have proven to be outstanding. In absolute terms, against a highly challenging backdrop, Bank Pasargad's performance and achievements were rated as excellent.

I am proud to announce that Bank Pasargad, in such a short period of performing time, established its place in the banking industry in such a manner that in fiscal year ending March 19, 2008, our bank stood at 38th place within the top 100 largest economic entities in Iran. We superbly acquired the 536th place among the top 1000 banks and the 12th place within the top 500 Islamic banks and financial institutions across the world.

Strong financial performance for the year 2008/2009, yet again, earned another record revenue of 12,963 billion Rials, up by 93%, compared to the previous year, and net profit stood at 2,345 billion Rials, up 44%, compared with the prior year's results. Bank Pasargad remains well capitalized (with a BIS Tier (1) capital ratio of 18.02 % and 15.87% for the years 2007/8 and 2008/9, respectively) and is well served by a stable funding structure and a high quality liquid balance sheet.

Avoiding major credits pitfall, the bank displayed effective and sound risk management practices in the most severe testing conditions. Net new money and customers' deposits were



Message from the Board of Directors

healthy and record-breaking across the year, amounting to 80,761 billion Rials, an increase of 69%, compared with the balance of customers deposits as of March 19, 2008. This reveals that we have retained the confidence of our customers/clients, as evidenced by the inflow of healthy new funds during 2008/2009, and remain an attractive and secure destination for high quality Client Relationship Banking.

We will emerge from these tests even stronger and our reputation shall increasingly be enhanced. Certainly managing our banking business more prudently, we will preserve the bank's capital, and we will naturally recalibrate our business as required or necessary. Our banking business is a strong business, and I have no doubt that we possess the attributes to navigate the downs as well as the ups of the economic cycle. In relative terms, while conditions remains so volatile and uncertain, we will place greater emphasis on the quality of our services, cost control and profitability based on efficiency, as well as maintain our challenging growth rate and expansion policies.

I believe the recent evolution of our share price due to the existing bearish market does not reflect the inherent value of our growth, underlying circumstances, and strength of the credentials of our banking business. In exceptional times such as these, it would seem that investors are ultra-cautious and have understandably lost their confidence in the security market, but I am confident that they will soon recognize banks, such as Pasargad, who have avoided mishaps and are essentially strengthening the fundamental underpinnings of their business. However, our response will always be to focus on the aspects that are in our direct control, with clients at the fore.

I would like to take this opportunity to offer my sincere thanks, both to our colleagues, for their continued hard work and professionalism toward building such a loving environment, and certainly to our clients, for their continued loyalty and ever-increasing support.

We still believe that the strong foundation laid down during the past 42 months allows us to aim for a place among the Fortune 500 Companies, in the immediate near future. Let us pray again for the best that God may offer us all and look forward to furthering our achievements and meeting your expectations in the years to come.

Majid Ghasemi

**Vice Chairman
Chief Executive Officer and President**

2008
2009

Bank
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Board of Directors

The Board Members were elected to the office, in conformity with the Bank's Corporate Articles of Association and through a resolution made at the Shareholders' General Meeting dated October 24th 2007, and their eligibilities were seconded and approved accordingly by the Central Bank of the Islamic Republic of Iran, who are introduced as following:



Seyyed Kazem Mirvalad
Chairman of the Board



Majid Ghassemi
Vice Chairman and
Managing Director



Ahmad Vadidar
Board Member



Zabihollah Khazaei
Board Member



Mostafa Beheshti Rouy
Board Member



Mohammad Reza Sedaghat
Board Member

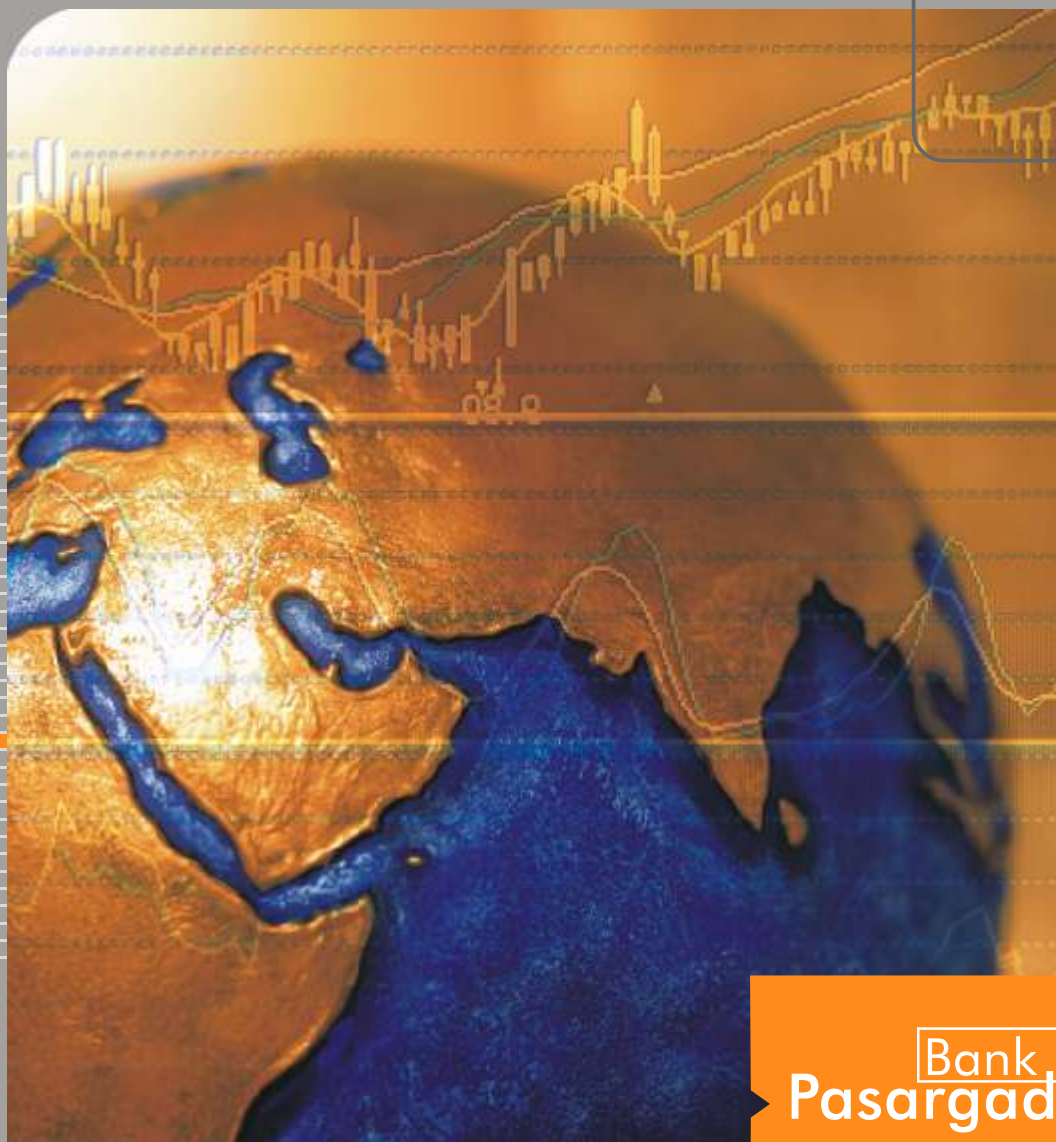


Davoud Mojtahed
Board Member



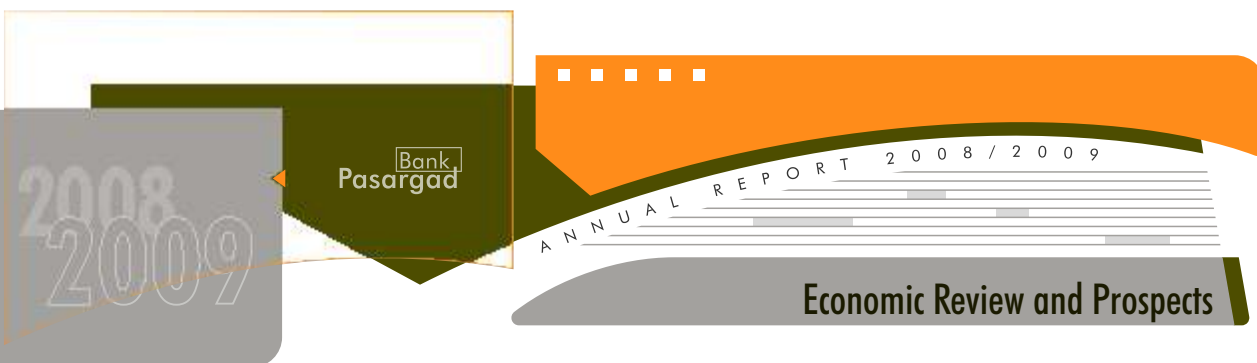
Ali Akbar Amin Tafreshi
Alternate Board Member

Economic Review & Prospects



Bank
Pasargad





World Overview

The world economy faced a drastic downturn trend in the previous year. Macroeconomic problems, together with disequilibrium in the financial sectors of developed countries, primarily started with sub-prime mortgage loan defaults in the USA, consequently affecting many banks and financial institutions in both public and private sectors worldwide. This problem, accompanied by a decline in economic rates of growth, caused a dramatic downturn in the international housing sectors, security markets, and the balance of trade around the globe.

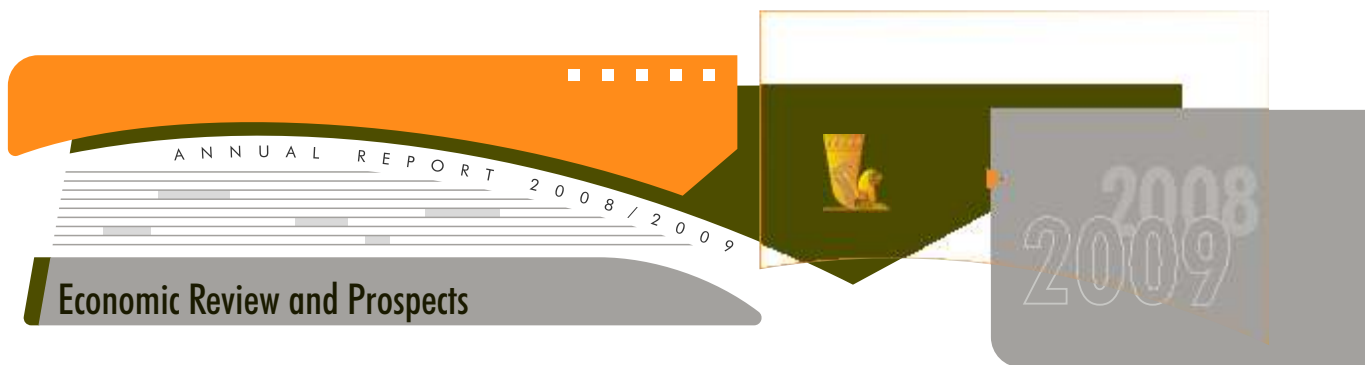
These phenomenal issues had been triggered in early 2007 and led to the worst economic recession since World War II, and are expected to have ill impacts on the world economy for years to come. According to the World Bank and International Monetary Fund studies, the global economy is forecasted to be contracted by 1.3% in 2009, with a 10% decline in world trade volume in the same period. The economic crisis has resulted in a sharp decrease of USD 31,000 billion in world general wealth, approximately equivalent to 40% of the world's wealth, and between a 30 to 80% fall in the market value of the security market.

Strong intervention and support through the injection of hundreds of billions of US dollars in different phases by monetary authorities, mainly in developed countries, are hoped to reestablish the path toward the recovery of economies, relieving pressure on financial and security markets. Despite this, the global recession doesn't seem to be easing prior to 2009 year's end, or in the near future.

World growth rate expectation, reported by the International Monetary Fund and the World Bank, suggests a contraction of 1.4% in 2009 and a growth rate of 2.5% in 2010, which shows an optimistic view about the future. The GDP growth rate in developed countries in 2009 is forecasted to be -3.8%, and 0.6% for 2010.

Emerging and developing economies resuming their economic strength in mid-2009 are expected to experience a positive growth rate of 1.5% in 2009 (compared to 5.9% in 2008) and a more aggressive rate of growth of 4.7% in 2010. However, exempting China and India from the list, developing countries may experience a contraction of 1.6% in their GDP, which is an alarming sign for the increasing rate of poverty around the globe.

International investment in developing countries has been affected by this turmoil. The in-flow of foreign investment in 2007 for developing countries amounted to USD 1,200 billions, while, with a rapid rate of decline, fell to USD 363 billions in 2008 and will remain a challenging issue in 2009 and beyond. Most developing countries enjoyed an escalation of commodity export prices during the early to mid years of the first decade of 2000, but are now badly affected by the start of the recession, with the lack of international demand for goods and services, a sharp fall in commodity prices, scarcity of new foreign investment, and the credit crunch affecting their future income.



The Middle East Region

The Middle East region, like developing countries worldwide, has also been experiencing a bitter time in this recession and financial crisis. With oil income nearly halved as a result of less world energy demand, more drops are expected, which can have a chain effect on the income of oil rich countries, an aftermath of the turmoil in international financial markets.

The post-2008 revenue loss of oil exporting countries in the Persian Gulf region, in comparison with oil prices at a historic high of about USD 140 per barrel, is estimated between USD 300 to 400 billions per year.

The prospect for oil prices is correlated to world demand and economic growth. Considering the world's current economic situation and with best estimates, oil prices will not likely go beyond USD 75 per barrel in 2009. This means the OPEC member countries may need to take tightening financial measures and policies for years to come. There are also some worst-case scenarios for oil prices, probably with less than USD 50 per barrel, if the world economy cannot manage to recover through policies meant to curb the crisis. The growth rate for the region is expected to be 2% and 3.7% for the years 2009 and 2010, respectively.

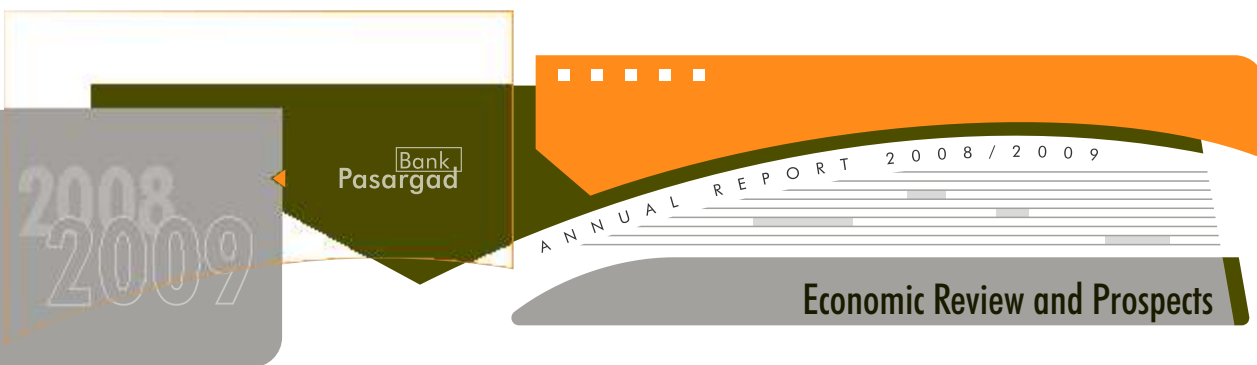
Iran in Brief

Iran, like other countries in the Persian Gulf region, is mostly dependent on oil income. According to the Central Bank of Iran, the GDP growth rate of the country was 7.8% in 2007 and 8.4% in 2008. For the current year and compared with neighboring countries, Iran's GDP growth rate for the coming year is expected to be more than two-fold that of the region's average rate.

As the Iranian financial market is not heavily integrated with global financial markets, the effect of the current financial crisis on the Iranian economy has not been direct and considerable, and naturally there would be a lagged effect on its economy. In other words, a slowdown trend with regard to trade-related issues caused by lack of demand for oil and non-oil exportable goods and commodities can be anticipated.

On the issue of foreign investments, Iran has been counting on its own resources, and the most immediate source for new investment by Iranian manufacturers is expected to be the Foreign Exchange Reserve Account.

Combating the accumulated budget deficits from previous years resulting from different budget expenditures like huge subsidies on energy, food and some services areas like transportation, the country has initiated a new economic plan to eliminate such subsidies and shift them towards support for targeted groups in the country.



Privatization

The government, striving to make the administration small in size and more effective in its performance, is trying to boost privatization in different areas such as industry, mining, insurance, banking, telecommunications, transportation, health, and education. The most effective step taken on this issue was to privatize the state-owned Telecommunication Company, which faced some challenging issues upon the initial public offering of shares in the Tehran Stock Exchange. But the administration is very optimistic on this issue and is strongly pursuing privatization law and policies.

Banking Sector

Following the big fall in oil prices, which resulted in lower oil income for the country, the Central Bank of Iran is pursuing its prior-established monetary policy against inflationary pressures from the domestic money supply side, and is simultaneously contemplating how to avoid a recession and the harsh economic downturn threats. These measures have been taken to maintain the more important goals within yearly budgetary objectives and the framework of the 5-year Development Plan for the country.

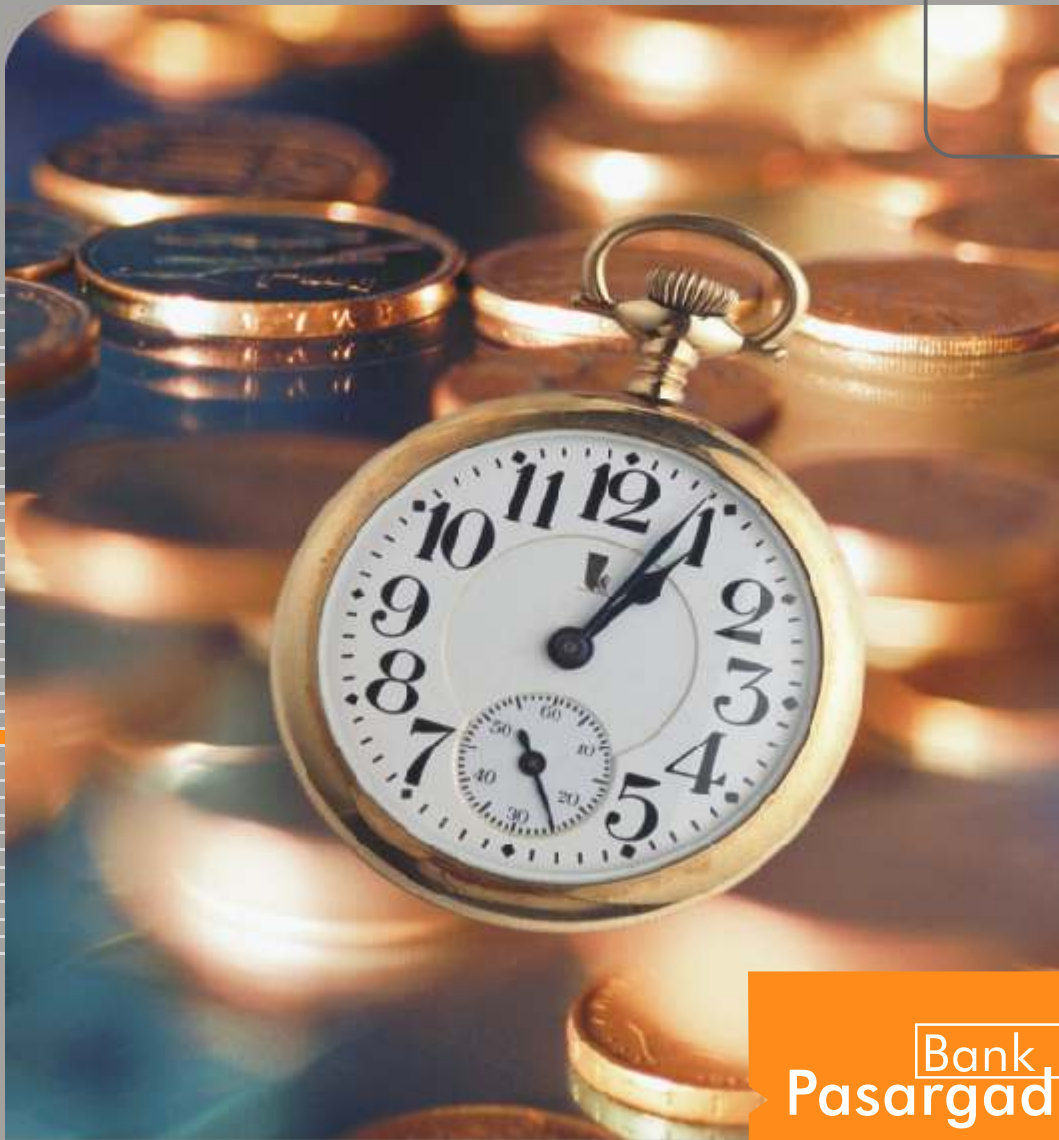
In the banking sector, the number of public-owned banks is expected to diminish by going private through introduction to the Tehran Stock Exchange. The first bank presented to the public was Bank Mellat, and two more governmental banks, namely Bank Tejarat and Bank Saderat Iran, are on their way to privatization in the near future.

The private banks and other non-bank financial institutions are welcomed by the public, and their number is growing moderately. Presently there are eight private banks and non-bank financial institutions and at least two more to come in the near future.

There are also ambitious prospects for the banking industry in the "20 Years Outlook Plan of Iran," which depicts the Iranian economy through the year 2021. This Plan is targeting to make Iran the top economy in the region and one of the largest economies in the world by that year, and the banking system is projected to play an important role in achieving this objective.

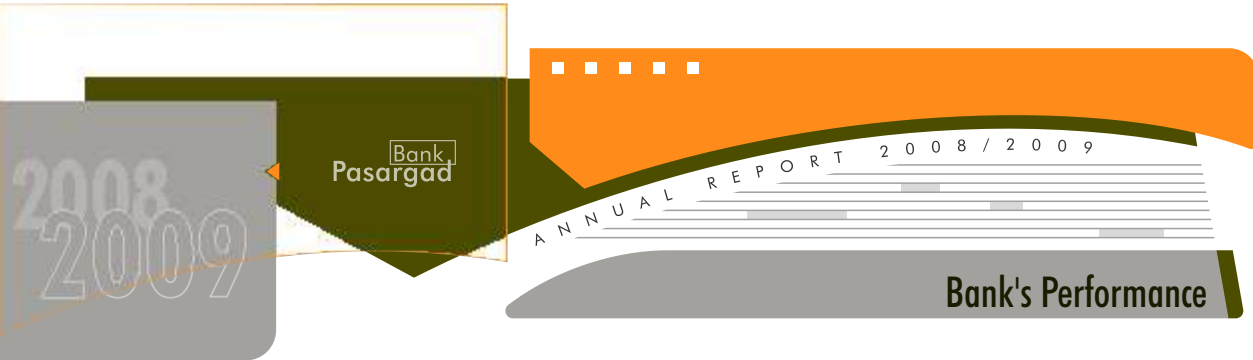


Bank's Performance



Bank
Pasargad





The Emergence of Bank Pasargad

Bank Pasargad, known as the "Bank of the Third Millennium" and operating under the spirit "Customers are the Essence of the Bank," was established on 4th September 2005 under Registration Number 254300 and by virtue of the law for the establishment of non-government banks (approved in 2000), Article 98 of Iran's Third Social, Economic and Cultural Development Plan, within the framework of Iran's Monetary and Banking Law (approved in 1972), while observing the Usury Free Banking Law, amendment to part of the Trade Law (enacted on 20th February 1969), as well as other pertaining rules including Articles of Association Regulations and with the objective of facilitating extensive public and national participation in all constructive profitable and economic activities, especially in Banking, Finance and Monetary fields. The Central Bank of I.R.I.'s (CBI) approval for the bank's establishment was granted under License No. H/2849, dated 13th September 2005, and accordingly the bank commenced its activities on the outset of the third millennium as the fifth private bank established in Iran with the initial (paid-in) capital of IRR 3,500 billion, equal to USD 400 million. Pasargad's headquarter is located at: No. 430, Mirdamad Avenue, Tehran.

Areas of Activity

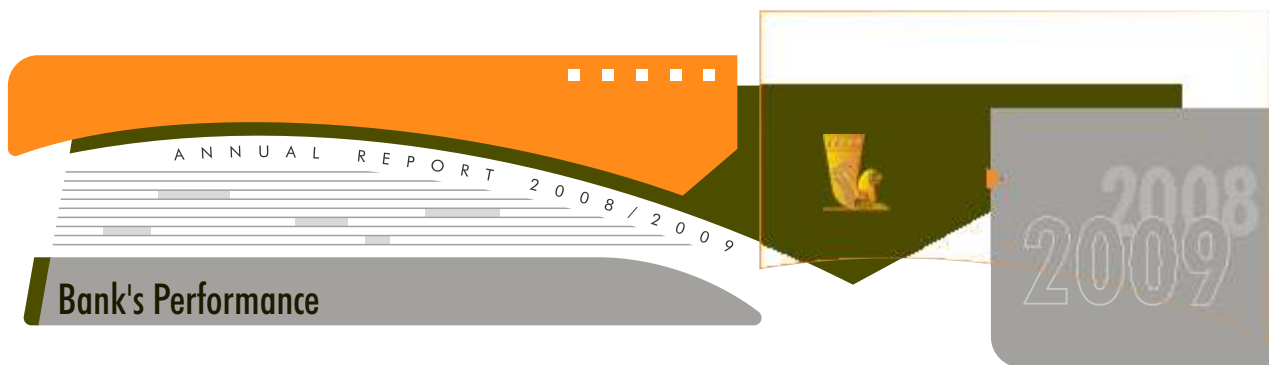
According to Article 3 of the Bank's Articles of Association, Bank Pasargad's main areas of activity include all banking transactions and operations which are authorized by virtue of Iran's Banking Rules and Regulations.

Capital

Capital is an essential element in expanding the bank's operations, especially for credit supplies, direct and indirect investments and acquisition of fixed assets. Capital is such an important issue in banking that its ratio to assets (especially risk-taking assets) is considered as an international indicator standard by the world's banking industry. Capital is also used as a means for evaluating and analyzing a bank's soundness and security.

Bank Pasargad's initial paid-in capital, which received a remarkable reception by subscribers, was registered on 4th September 2005. In total, 63% of the total registered capital (IRR 3,500 billion) belongs to the founders and the rest is provided by subscribers.

By virtue of the agreed minutes of the Extraordinary General Meeting dated 19th July 2006, the decision was made to increase the Bank's capital within a two-year period from IRR 3,500 billion to IRR 7,000 billion, divisible to 7 billion general shares, each valued at IRR 1 thousand. The intended increase in capital was made in two phases on 23rd October 2007 and 14th July 2008, each for IRR 1,750 billion, resulting in a total paid-in capital of IRR 7,000 billion.



Capital Changes

Items	Amount (b. IRR)	Date of Registration	Source of Supply
Initial Capital	3,500	04.09.2005	Cash
Capital Increase	1,750	23.10.2007	Cash and Shareholders' Receivables
Capital Increase	1,750	14.07.2008	Cash and Shareholders' Receivables
Total Paid-in	7000 (b. IRR)*		
Capital at Balance Sheet Date			

*By virtue of the agreed minutes of the Extraordinary General Meeting dated 7th May 2009, it has been decided to increase the Bank's capital within a three-year period from IRR 7000.- To IRR 23100.- from which the increase up to IRR 7700 will be registered until November, 2009.

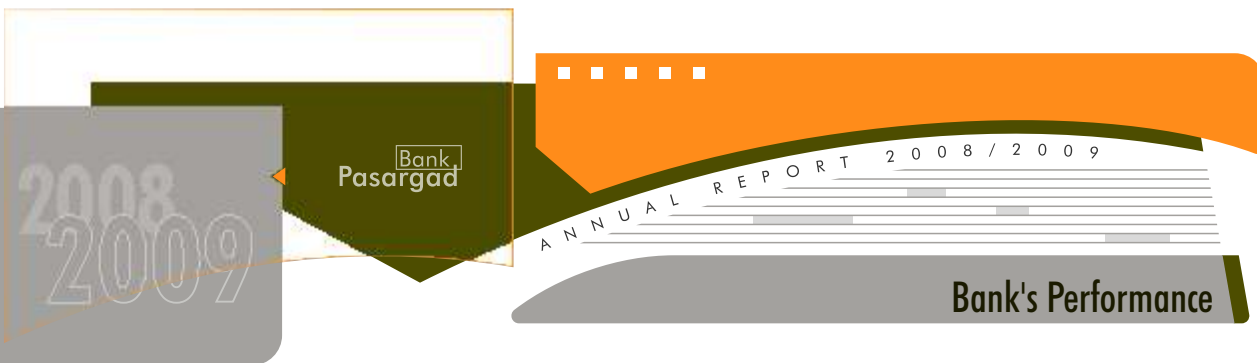
The following table depicts the ownership percentage of the bank's shareholders by real persons and legal entities, respectively:

Type	Number	No. of Shares	% Ownership
Real Persons	33,702	1,423,827,254	20.3
Legal Entities	197	5,576,172,746	79.7
Total	33,899	7,000,000,000	100

Shareholders

The following table depicts the bank's major shareholders (5% or more):

Shareholders	% Ownership
Pars Aryan Investment Co.	29.99
Kharazmi Investment Co.	9.47
Kowsar Investment Institute	5.3
Others (Less than 5%)	55.24
Total	100



Bank's Performance

Legal Inspector and Independent Auditor

According to the Ordinary General Meeting dated 1st May 2008, the followings were designated as Bank Pasargad's Legal and Alternate Inspectors:

Main Inspector: Rymand & Co Auditing Institute

Alternate Inspector: Mr. Homayoun Moshirzadeh

Board of Directors

Bank Pasargad's Executive and Alternate Board Members were elected to office in conformity with the Bank's Corporate Articles of Association and through a resolution made at the Shareholders' General Meeting dated 24th October 2007, and their eligibilities were seconded and approved by the Central Bank of the Islamic Republic of Iran accordingly.

The Board of Directors is as follows:

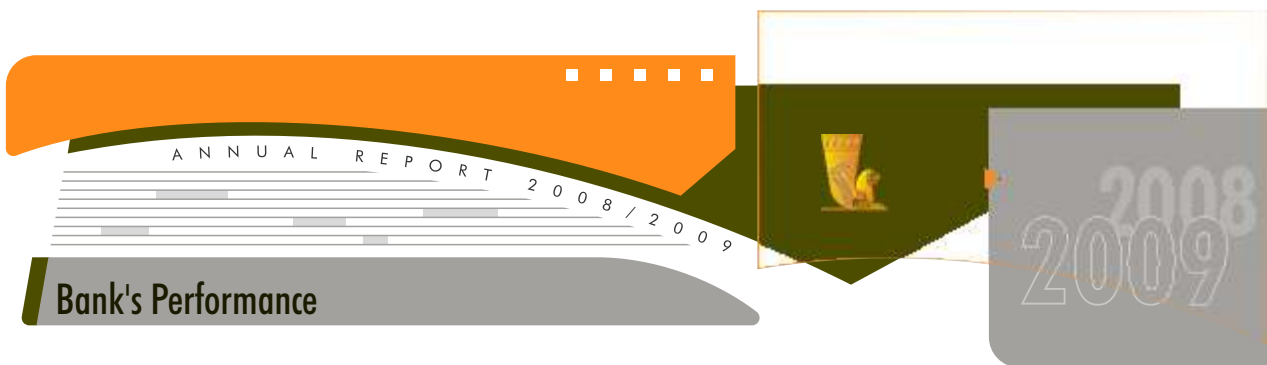
No.	Name	Title
1	Mr. Seyed Kazem Mirvalad	Chairman of the Board
2	Mr. Majid Ghassemi	Vice Chairman and Managing Director
3	Mr. Mohammad Reza Sedaghat	Board Member
4	Mr. Ahmad Vadidar	Board Member
5	Mr. Zabihollah Khazaei	Board Member
6	Mr. Mostafa Beheshtirouy	Board Member
7	Mr. Davoud Mojtahed	Board Member

Alternate Board Member

No.	Name	Title
1	Mr. Ali Akbar Amin Tafreshi	Alternate Board Member

Executive Board of Directors

No.	Name	Title
1	Mr. Majid Ghassemi	Chairman of the Board
2	Mr. Ahmad Vadidar	Board Member
3	Mr. Mohammad Reza Sedaghat	Board Member
4	Mr. Mostafa Beheshtirouy	Board Member
5	Mr. Zabihollah Khazaei	Board Member
6	Mr. Gholamhossein Vahidnia	Board Member



Human Capital

As part of our strategic goals, we at Bank Pasargad pay special attention to enjoy the cooperation of highly qualified human capital (HC). The table below demonstrates the Bank's invaluable HC separately for the Headquarter and the Branches according to their qualifications.

Bank Pasargad's total number of HC was increased by 40% from 2007 to 2008, mostly having BA degrees. Considering the 97 persons participating in our entrance courses, the Bank's total number of employees counts to 2,409 at the date of balance sheet.

Human Capital (According to Gender, Qualifications and Years of Services)

Work Experience	Post Graduate		Graduate		College Degree		Total	
	Male	Female	Male	Female	Male	Female	Male	Female
0-10 Years	25	23	713	1,047	48	2	786	1,072
10-20 Years	2	0	4	0	2	0	8	0
20-30 Years	4	0	0	0	0	0	4	0
Over 30 Years	22	6	90	9	281	34	393	49
Total	53	29	807	1,056	331	36	1,191	1,121

Human Capital Distribution in Branches and Head Quarter

Education	2008		2007		2006	
	HQ	Branches	HQ	Branches	HQ	Branches
Post Graduate	44	38	37	22	25	15
Graduate	213	1,650	143	1,154	107	465
College Degree	77	290	71	221	55	180
Total	334	1,978	251	1,397	187	660
*Total	2,312		1,648		847	
Percentage	14	86	15	85	22	78

*Note: This does not include the 97 employees currently in training.

2008
2009

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Bank's Performance

Number of Branches

Bank Pasargad has been quite successful in expanding its network of branches and providing the means for customer access in the short time since its establishment. Bank Pasargad's number of branches has increased from 150 in 2008 to 202 by March, 2009.

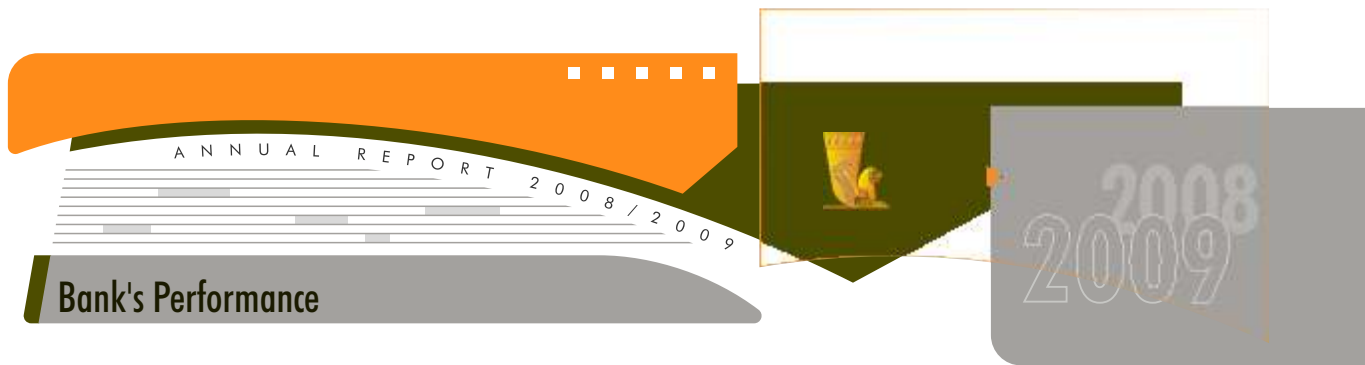
Item	2009	2008	2007	2006
Branches	202	150	82	25

Subsidiaries and Affiliates

Bank Pasargad's financial group consists of the bank and a series of companies active in the fields of insurance, stock brokerage, investment, machinery leasing, construction (housing) leasing, construction industry, mining industry, energy, etc. Pars Aryan Investment Co., as the group's holding, is responsible for the control and management of the financial group. The following table shows the bank's main subsidiaries and affiliates in order of their ownership as of the fiscal year end.

Company	Capital (m. IRR)	Bank's Share	
		Percentage	Amount(m. IRR)
Saman Sakht Aryan Co.	600,000	99.9	599,400
Bank Pasargad Investment Co.	850,000	98	832,960
Bank Pasargad Housing Leasing Co.	300,000	67	201,000
Pasargad Machinery & Equipment Leasing Co.	100,000	18	18,115
Hashtom Urbanization and Construction Co.	150,000	67	100,500
Bank Pasargad Electronic Payment Co.	55,000	67	36,850
Bank Pasargad Brokerage Co.	25,000	60	15,000
Bank Pasargad Financial and Investment Services Co.	100	49	49
Pasargad ICT Co. (FANAP)	1,500	48.99	735
Modaberan Sakht Aryan Co.	600,000	45	270,000
Middle East Mabna Co.	300,000	30.97	95,536
Pasargad Insurance Co.	450,000	20	67,500
Middle East Mines & Mineral Industries Development Holding Co.	1,000,000	18.55	187,142
Pasargad Mas Construction Development Co.	50,000	5	2,500
Pasargad Energy Development Co.	50,000	4	2,000
Total Investment			2,429,287

Note: 75% of the nominal amount is paid.



Bank's Performance

Bank Pasargad Investment Co.

Bank Pasargad Investment Co. was established by Pasargad's financial group for a presence in financial markets. Its head office is located in Tehran. Its activities include investment in joint stock companies recognized by securities and exchange organization, as well as investment in other companies.

Pasargad Housing Leasing Co.

Pasargad Housing Leasing Co. was established under the Central Bank of Iran's license and its areas of activity include building and construction leasing. The leasing company has granted considerable amount of facilities in the years before for participation in housing and is providing more facilities in this regard.

Bank Pasargad Brokerage Co.

Bank Pasargad Brokerage Co. was established under a license issued by the Tehran Securities and Stock Exchange Organization in order to act as intermediary/broker in the process of stock exchange, commencing its operation in Arak.

Bank Pasargad Financial Services and Investment Co.

Bank Pasargad Financial Services and Investment Co. was established to provide Bank Pasargad with financial services concerning the evaluation of properties held as collateral by the bank, as well as the financial and economical assessments of projects proposed for loan allocations.

Pasargad Aryan ICT Co.

Pasargad Aryan ICT Co. (known as FANAP) is established to provide the bank with ICT and electronic services and for designing the bank's own custom software. Since banking software plays an important role in providing novel and modern banking services, the aforesaid company has designed Bank Pasargad's internal core-banking software system, which is under implementation. FANAP has also designed and implemented comprehensive insurance software.

Pasargad Insurance Co.

Pasargad Insurance Co. provides various insurance services and plays an active role in Iran's private insurance market. Iran's Central Insurance Co. announced Pasargad Insurance as Iran's top insurance company, among the country's private insurance companies.

Bank Pasargad Machinery and Equipment Leasing Co.

The main fields of activity of Bank Pasargad Machinery and Equipment Leasing Co. include industrial machinery leasing and securing the credit required for the manufacturing sector.

2008
2009Bank
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ANNUAL REPORT 2008 / 2009

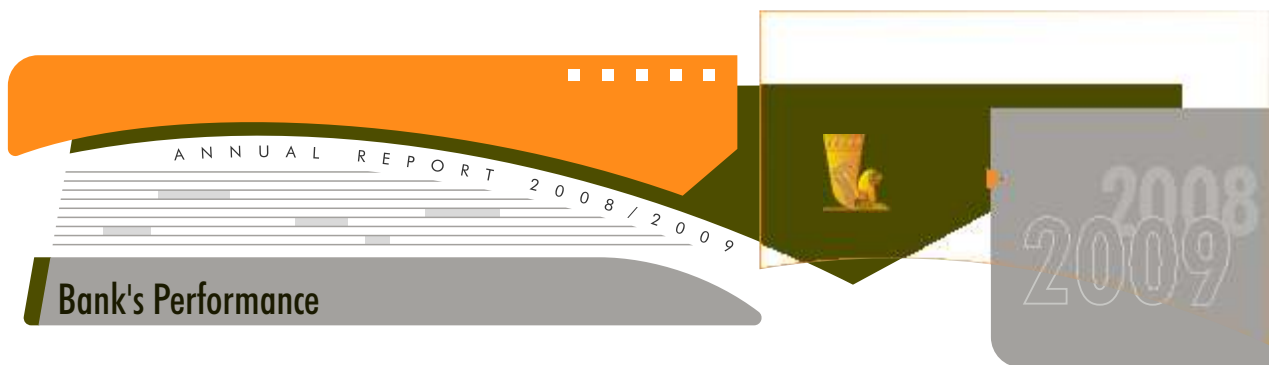
Bank's Performance

Balance Sheet Summary

The summary of the bank's balance sheets as of the end of March 19th 2008 and March 20th 2009 are presented below:

Total Assets and Liabilities of the Bank Pasargad	2009		2008	
	Amount (b. IRR)	Percentage	Amount (b. IRR)	Percentage
Cash	748	1	239	0
Due from CBI	12,377	13	7,723	14
Due from Other Banks & Credit Institutions	6,548	7	3,243	6
Participation Certificates	1,947	2	50	0
Credit Facilities Granted	64,016	67	39,768	70
Other Accounts Receivable	2,776	3	1,161	2
Investments	2,529	3	2,270	4
Fixed Assets	2,057	2	1,625	3
Intangible Assets	780	1	361	0
Other Assets	1,247	1	525	1
Total Assets	95,025	100	56,965	100
Liabilities to CBI	2,314	2	1,143	2
Call Deposits	3,613	4	4,350	8
Saving Deposits	368	0	168	0
Term Deposits	73,664	78	41,886	74
Other Deposits	3,116	3	1,351	2
Total Deposits	80,761	87	47,755	86
Liabilities & Other Reserves	1,820	2	971	2
Shareholders' Equity	10,130	11	7,096	12
Total Liabilities and Shareholders' Equity	95,025	100	56,965	100
Off Balance Sheet Items	22,308	-	13,438	-
% Off Balance Sheet Items to Assets	-	23	-	24

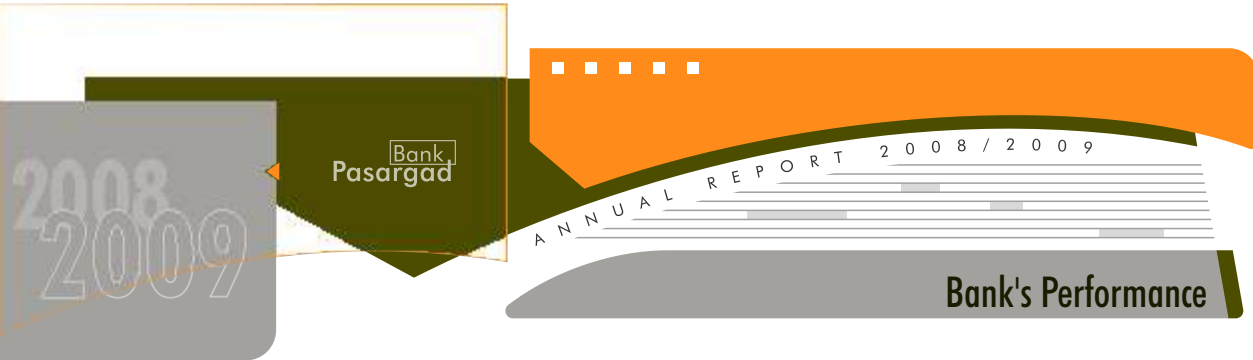
Note: Off balance sheet items apply to undertakings due to Letters of Guarantee, LCs, etc.



Income Statement Summary

The bank's income statement summaries at the end of fiscal years 2008 and 2009 are as follows:

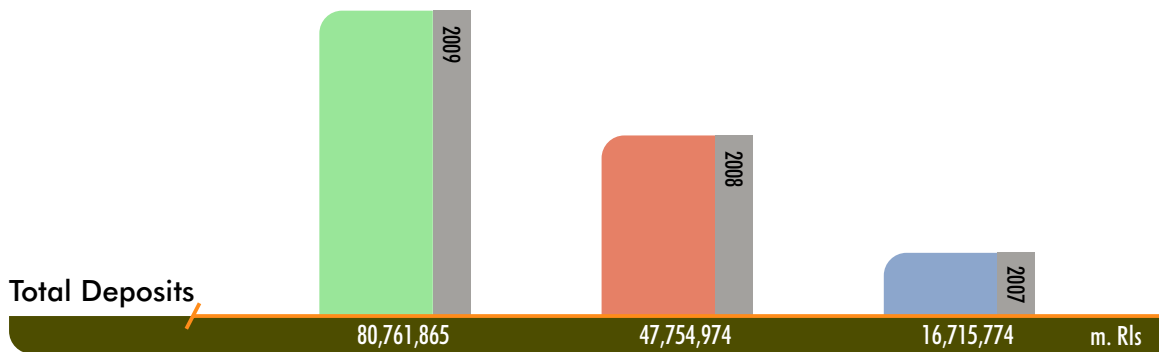
Description	2009			2008 (b. IRR)
	Joint Income (b. IRR)	Operational Income(b. IRR)	Total Income (b. IRR)	
Income from Credit Facilities Granted	10,561	-	10,561	4,460
Income from Investments & Deposits	450	560	1,010	1,451
Commission & Fees Income	-	1,102	1,102	237
Result of Foreign Exchange	-	146	146	7
Other Incomes	-	144	144	566
Total Income	11,011	1,952	12,963	6,721
Less: Depositors' Share of Income	-8,619	-	-8,619	-4,170
Provision for Doubtful Accounts	-	-900	-900	-447
General and Administration Expenses	-	-803	-803	-412
Financial Charges	-	-195	-195	-12
Total Expenses	-8,619	-1,898	-10,517	-5,041
Profit Before Tax			2,446	1,680
Less: Tax			-101	-54
Net Profit			2,345	1,626
Number of Shares (million)			7,000	5,250
EPS after Tax (IRR)			335	310



Financial Status Analysis for Fiscal Years 2007 to 2009

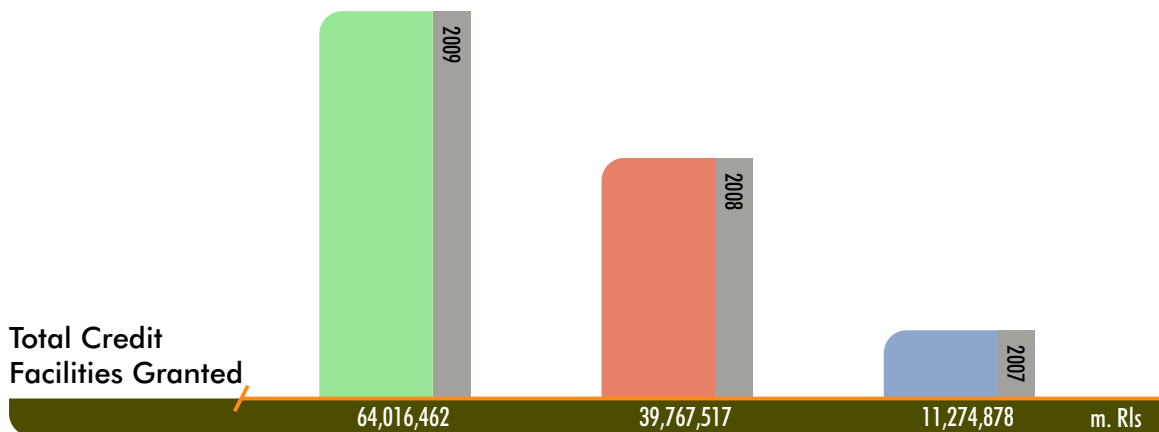
Deposits:

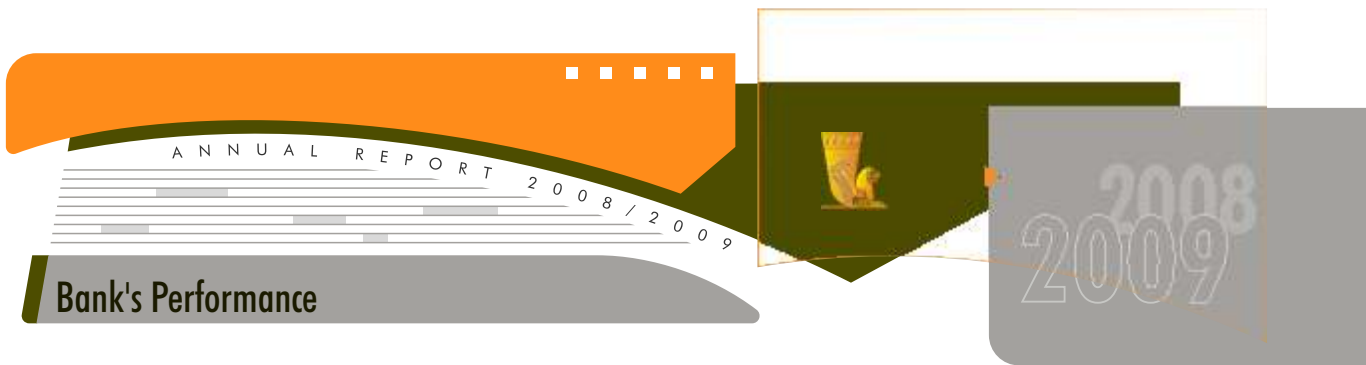
Total deposits increased by 69% from IRR 47,755 billion in 2008 to IRR 80,761 billion by the end of fiscal year 2009.



Facilities:

Total facilities granted by Bank Pasargad increased by 61% from IRR 39,768 billion to IRR 64,016 billion by the end of fiscal year 2009.

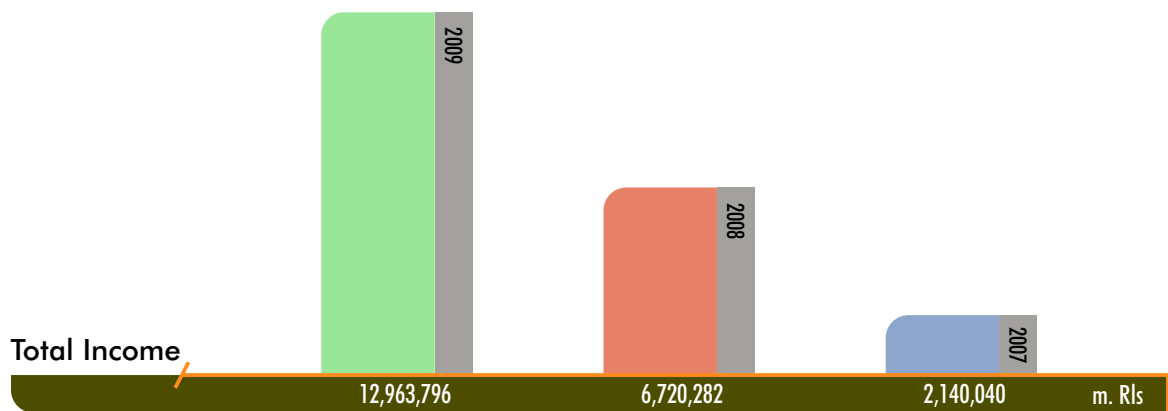




Bank's Performance

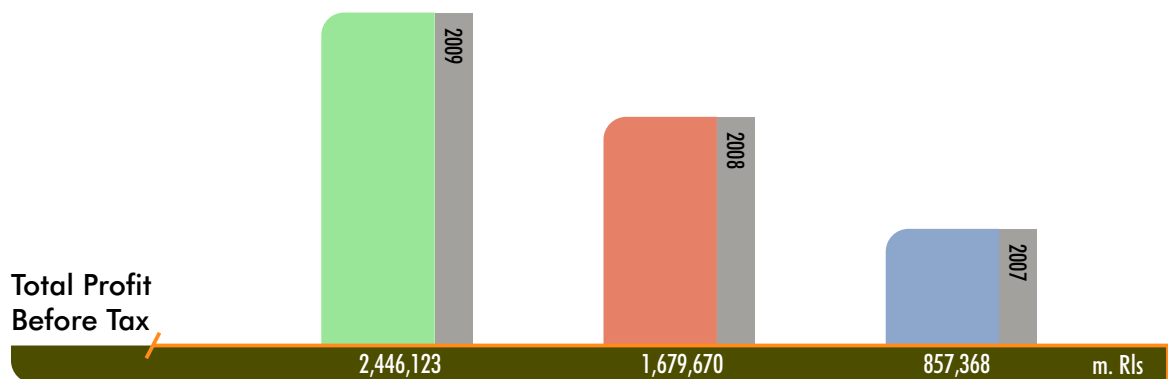
Total Income:

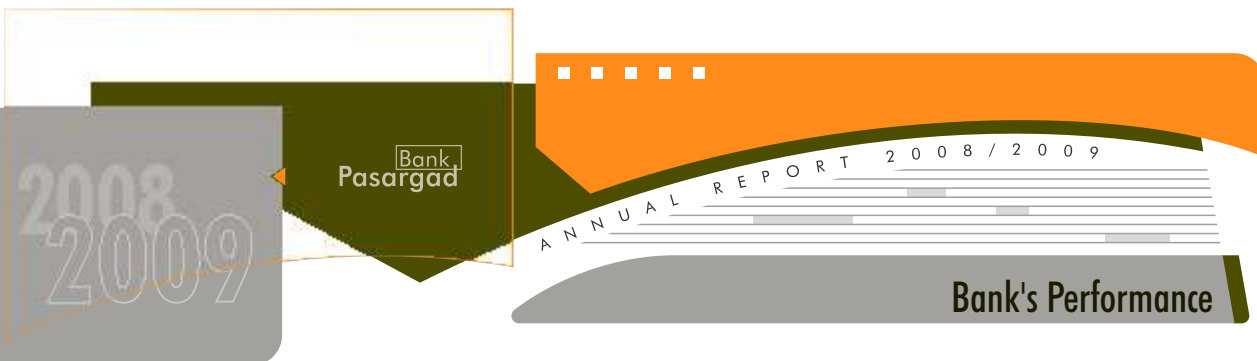
The Bank's total income increased by 93% from IRR 6,720 billion in 2008 to IRR 12,963 billion in fiscal year 2009.



Profit before Tax:

Total profit before tax increased by 46% from IRR 1,680 billion in 2008 to IRR 2,446 billion by the end of fiscal year 2009.



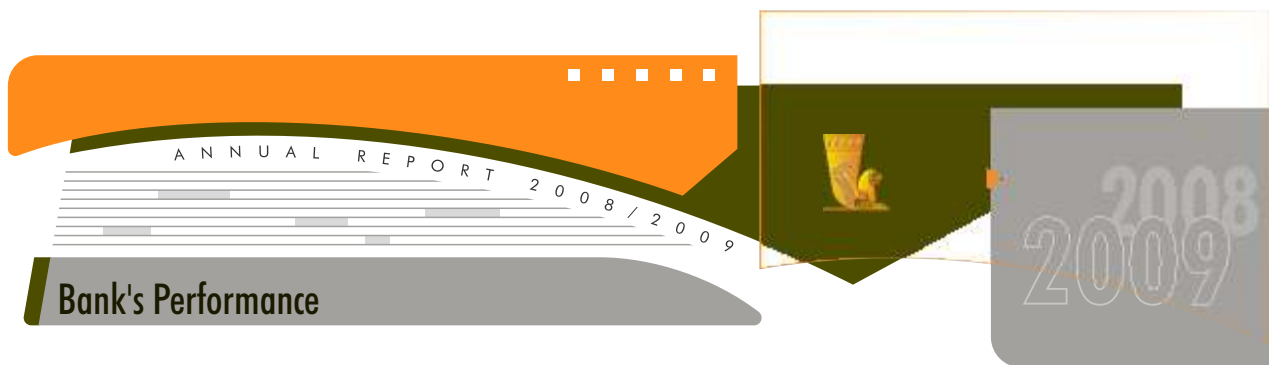


Bank's Performance

Financial Ratios:

The following table presents Bank Pasargad's main financial ratios:

Indices		2009	2008
Capital Adequacy Ratios	Capital Adequacy	15.87%	18.02%
	Equity to Assets	10.66	12.46%
	Facilities Granted to Equity	6.32	5.6
	Deposits To Equity	8	6.73
Liquidity	Deposits to Assets	85%	84%
Asset Quality	Facilities Reserves to Total Facilities Granted Ratio	2.32%	1.57%
Performance Ratios	Return on Assets	2.47%	2.85%
	Return on Net Profit to Av. Capital	36.50%	38.40%
Facilities Composition	Facilities Granted to Total Deposits	79%	83%
	Facilities Granted to Total Assets	67%	70%
Growth	Assets Growth	67%	158%
	Deposits Growth	69%	186%
	Facilities Growth	61%	253%
	Total Income Growth	93%	214%
	Net Profit Growth	44%	104%
Efficiency Indices (m. IRR)	Per Capital Income	6,546	5,389
	Deposits to Human Capital	34,931	28,977
	Facilities Granted to Human Capital	27,688	24,131



■ Capital Adequacy Ratio

By virtue of the Central Bank of I.R.'s (CBI) regulations and according to finance research, capital adequacy ratio is a key indicator. Adequate and appropriate capital is a must for the soundness of a banking system; therefore to assure their business stability and endurance, banks and credit institutions are obliged to keep an appropriate balance between capital and risk of their assets. Capital adequacy ratio is mostly efficient in securing the bank against sudden losses as well as providing support to depositors and creditors. Its value is worked out through dividing the base capital by total risk weighted assets. As per the CBI's regulations, a capital adequacy ratio of at least 8% is required for banks. Bank Pasargad's capital adequacy ratio and base capital in fiscal years 2008 and 2009 are as follows:

Capital Adequacy		b. IRR
Description	March 20.2009	March 19.2008
Paid in Capital	7,000	5,250
Reserves Requirements	987	517
Accumulated Profit	2,143	1,329
Total (Initial Capital)	10,130	7,096
Complementary Capital	866	527
Total (Base Capital) Tier 1 Capital	10,996	7,623
Risk Weighted Assets	69,308	42,306
Capital Adequacy Ratio %	15.87%	18.02%

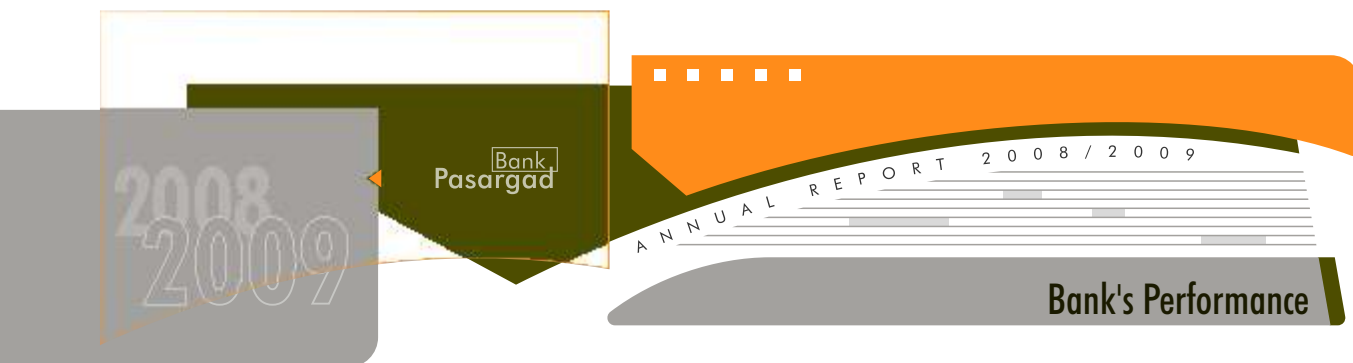
As demonstrated in the above table, Bank Pasargad's capital adequacy ratio is at an appropriate level. It is in fact, twice as minimum requirements.

Equity to Assets Ratio:

The equity to assets ratio is an indicator of capital adequacy, which represents the bank's financing through equity capital. Bank Pasargad's equity to assets ratio for fiscal year 2009 was 10.66%. A rise in this amount will lead to a lower return on the equity ratio, which will in effect increase the probability of ownership risks.

Facility Reserves to Total Facilities Granted Ratio:

This ratio is worked out through dividing reserves for bad debts by total facilities granted and is an indicator of contingent reserves. Bank Pasargad's obligatory reserves are determined with regard to CBI's by laws and instructions, and as a result a sum of 2.32% of the facilities is reserved in accounts.



Facilities Granted to Total Deposits:

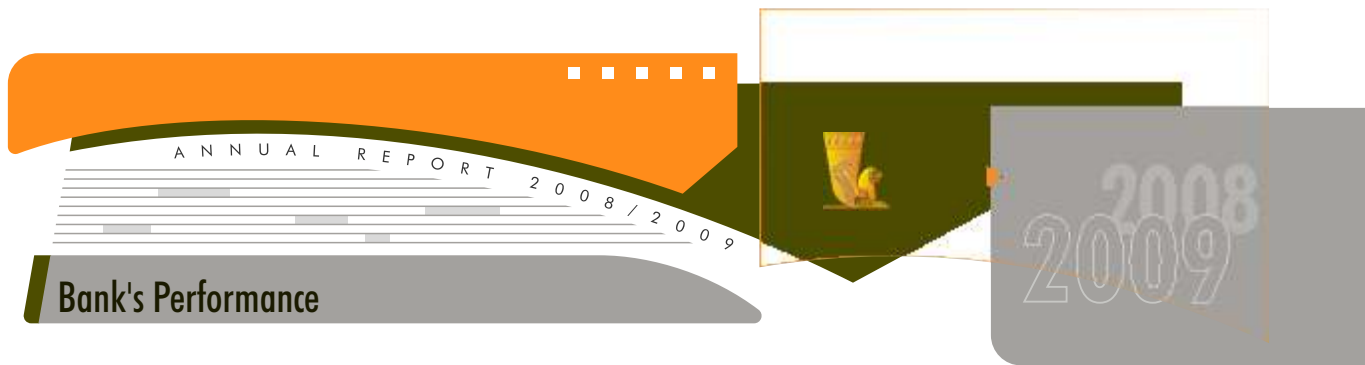
This ratio is calculated through dividing the total amount of facilities granted by the total deposits and is in fact representative of the balance between facilities granted and deposits. A rise in this ratio will lead to an increase in the risk of liquidity deficit, whereas a fall in this ratio results in a decrease of dividends. In this case, controlling the optimal ratio would be compulsory. Bank Pasargad's facilities granted to total deposits ratio in fiscal year 2009 was 79%, which is at the optimal point, taking into account the required legal reserves/deposits and free cash.

Deposit Growth:

Deposit growth rate manifests the increase in the number of absorbed deposits for each year compared to the year before. According to CBI's contractionary monetary policies, Bank Pasargad's 69% growth rate for fiscal year 2009 is indeed a success.

Facility Growth:

Facility growth rate shows the rise in the amount of facilities granted in 2009 in comparison with the last year. Considering the economic crisis in 2009, 61% growth in facilities is indeed an appropriate rate.



E-Banking Services

Emerging information and telecommunication technology has propelled the banking industry towards use of modern methods. The internet's global network has paved the ground for faster and more efficient business relations. Another pivotal step to increase customer satisfaction which is the bank's main objective is offering services through electronic devices such as ATM, web-based information systems, and SMS.

Faster access to information, more effective organizational processes, higher organizational efficiency, as well as customer-oriented perspectives are among modern transitions enabled by information and telecommunication technology.

Bank Pasargad's electronic services include:

- Online Banking
- SMS Banking
- Telephone Banking
- Email Banking
- Card Services
- Mobile Banking

Online Banking:

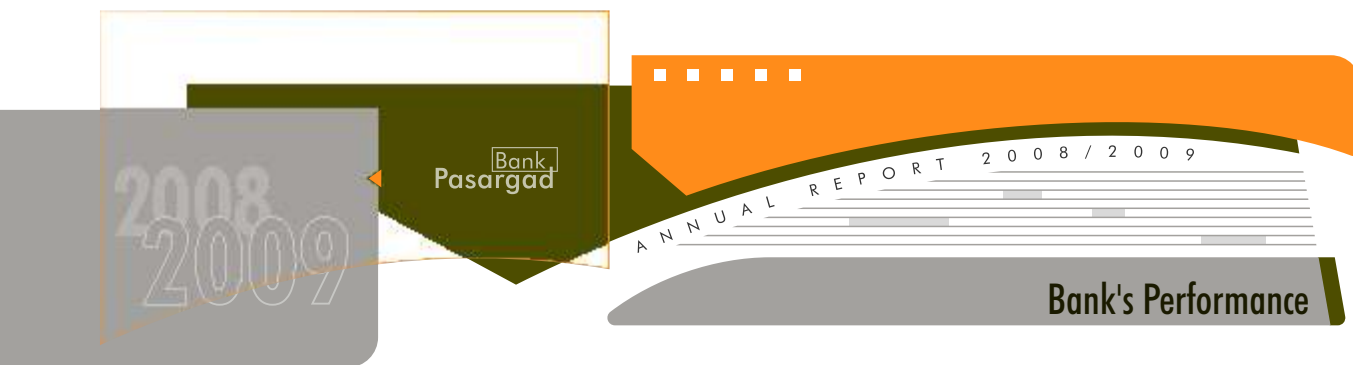
Online banking is at the center of modern technology for providing banking services. Bank Pasargad has been able to make use of the internet in order to meet the needs of its respected customers for online access to banking services. Online banking allows customers to conduct financial transactions and have access to a variety of banking services, worldwide.

Services available on the internet are as follows:

- Customer account statements
- Transfer of funds
- Check services
- Loans and Credit Balances
- Card services

SMS Banking:

Easy access to banking services is crucial in the modern world. In this regard, Bank Pasargad provides valuable services to its customers, including SMS banking. The bank's respected customer will have round-the-clock access to banking services by simply accessing a telephone line.



Bank Pasargad's SMS banking services include:

- Providing balance and statement information
- Setting a block order to cards
- Statement of credit/debit turnover
- Presentation of card lists
- Presentation of loan priorities
- Presentation of account lists

Telephone Banking:

Bank Pasargad has enabled easy access to banking services through telephone lines without any need for accessing its branches physically.

Bank Pasargad's telephone banking services include:

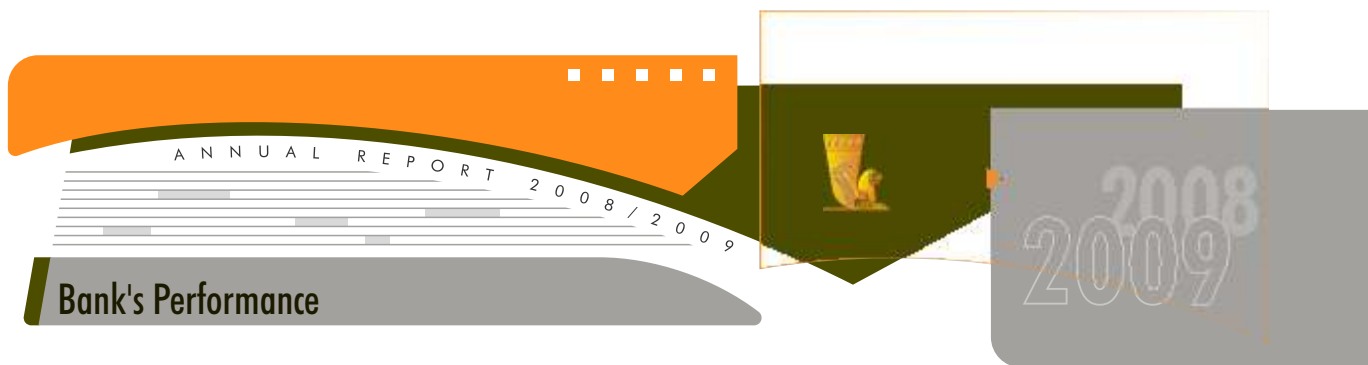
- Statement of accounts
- Statement of credit/debit turnover
- Statement of credit/debit transaction by fax
- Transfer of funds among personal accounts
- Setting block order to one's own account
- Cheque information
- Registration of the amount of cheques issued

Email Banking:

Speed and accuracy are undeniable demands of the modern world, and customers require easy and quick round-the-clock access to banking services. Bank Pasargad has initiated email banking as a means to meet customer needs and to keep current with modern world requirements. Transfer of funds from one's own account to several other accounts just by a single transfer order is a property that makes email banking unique among other electronic banking services. This option is widely used for paying employee salaries. Moreover, corporations may use this characteristic to provide balance statements.

Bank Pasargad's email banking services include:

- Providing balance information
- Providing account statements
- Transfer of funds between a customer's accounts
- Transfer of fund from one's accounts to several other accounts



Card Services:

Bank cards are another well-received modern banking tool. As part of its objective to raise customer satisfaction and in order to facilitate access to banking services, Bank Pasargad has issued various cards as well as taken on extensive installation and initiation of ATM, POS, and Pin Pad. Using these cards, customers will be able to withdraw funds or benefit from other related services through any bank, 24 hours a day.

Bank Pasargad's banking cards include:

- Cash Card
- Student Card
- Gift Card
- Family Card
- Shopping Card (voucher card)
- Joint Card
- Health Card

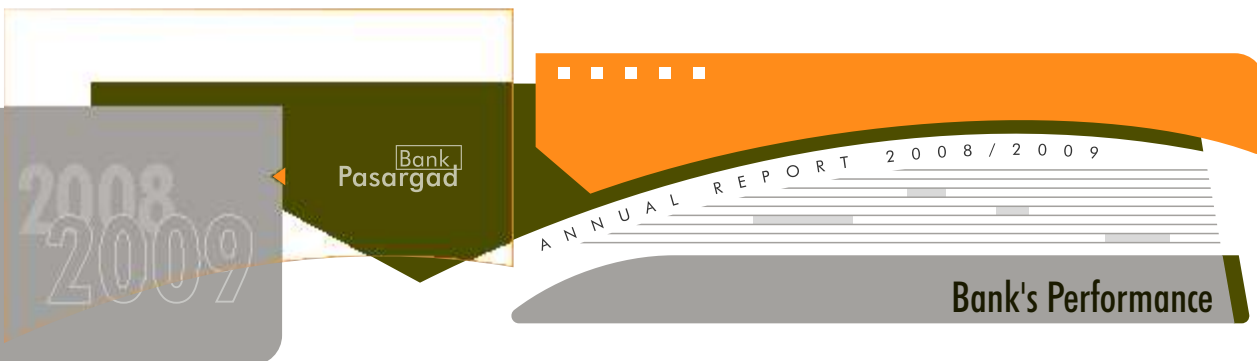
Bank Pasargad's credit cards include:

- Credit Cards
- Special Golden Credit Card
- Monthly Special Green Credit Card
- Travelling Cards

Mobile Banking:

Bank Pasargad's mobile banking services include:

- Providing balance of account
- Providing most recent credit/ debit transactions
- Getting information concerning hard currency exchange rates
- Getting information on account profit rates
- Providing ODS (on-demand SMS), capable of sending short messages to customers for specific transactions

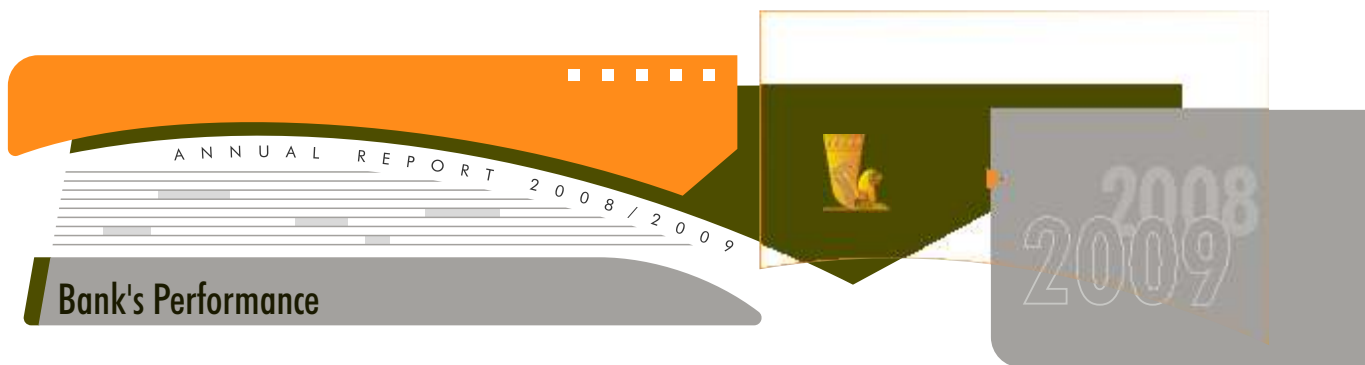


The following table exhibits a summary of Bank Pasargad's E-banking services:

Description	2009	2008
POS	63,954	22,667
ATM	227	119
Cash Card	587,377	189,523
Credit Card	14,393	3,623
Advanced Paid Cards (Gift Card & Voucher Cards)	461,225	165,246
Internet-Based Customers	31,014	9,675
Customers Using Telephone Banking Service	67,625	40,791
Customers Using Bank's Short Message System	15,870	2,280
Customer with Email Banking	851	523

The most significant future plans in the field of E-banking are as follows:

- Parallel implementation of a new Core Banking solution (FANAP system)
Upgrading bank's Disaster Recovery Data Center
- Implementation of the "Voice over IP" project
- Improvement of Help Desk for higher quality customer services
- Setting off the TABAN System (for gross settlement of electronic payments)
- Initiation of electronic clearinghouse service (ACH), with the ability to transferring large amounts of cash between banks
- Initiation of card bank's second switch (FANAP switch) and connecting it to Shetab system, as well as connecting the bank's first and second switching systems
- Issuing Intelligent Cards (electronic wallet)
- Initiation of ODE (on-demand email) system, in order to send customers their statements of accounts through email
- Making a connection between the Bank Pasargad Internet Banking system and internet stores
- Supplying the bank's internet system with credit card settlement abilities
- Upgrading the bank's internet system with abilities to transfer funds between credit cards of different banks
- Furnishing the telephone banking system with bill payment ability



Foreign Exchange Operations

Bank Pasargad was granted license for full foreign exchange operations by the CBI on 14th December 2006. By the end of fiscal year 2009, 82 branches of Bank Pasargad's extensive network of branches participated in providing various hard currency services and all branches accepted applications for letters of guarantees and documentary credits. Considering its short term of activity in foreign exchange operations, Bank Pasargad has managed to establish correspondent relationships with 250 banks and financial institutions around the world, out of which 140 are actively supporting the bank's global business. This, in turn, has further facilitated providing superior services to customers as well as improving the accuracy and quality of operations.

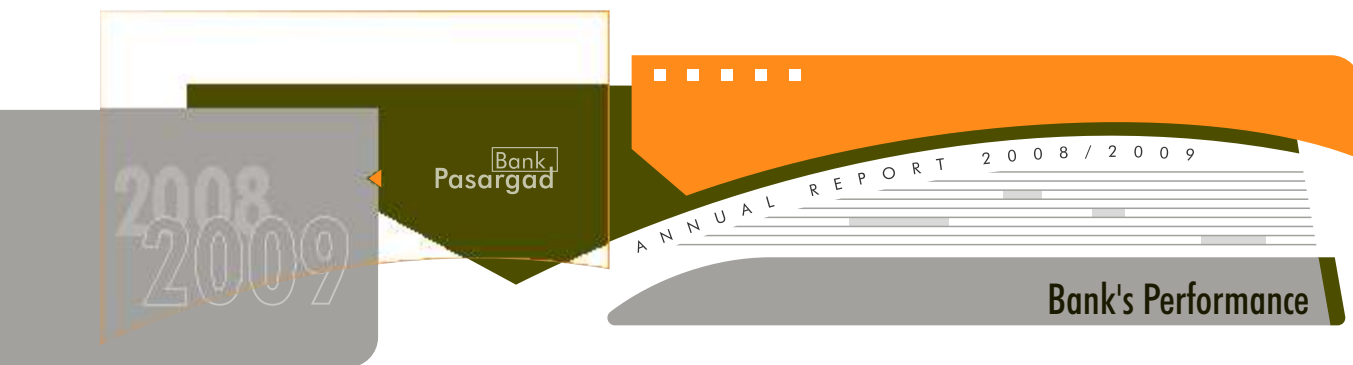
Foreign exchange operations can be described in the following categories:

- Opening of documentary letters of credit,
- Documentary collections
- Advise and negotiate of export documentary credits
- Issuance of FX guarantees
- Trade Finance and Project Financing
- Opening and maintaining individual and corporate FX accounts
- Inward and outward payment orders and foreign exchange transfers

In 2008, Bank Pasargad experienced tremendous improvement in the following tasks: absorbing hard currency deposits, foreign exchange, hard currency transfers, import and export documentary credits, IRR local currency documentary credits, and hard currency guarantees, especially the ones regarding commodity exports.

A summary of the foreign exchange services provided by Bank Pasargad is depicted in the following table:

Description	2009 (T. USD)	2008 (T. USD)	2007 (T. USD)
Sight LCs	628,933	387,438	62,094
Term LCs	500,817	240,738	119,594
Refinance LCs	393,760	311,854	38,158
Total Import LCs	1,523,510	940,030	219,846
Import Documentary Bills of Exchange	97,696	36,985	-
Export LCs	115,880	54,591	281
Internal LCs (IRR billion)	2,853	1,695	543
Hard Currency Guarantees	86,712	26,250	12,247
Hard Currency Purchase	931,094	316,802	41,830
Hard Currency Sale	988,814	330,390	646
Inward Hard Currency Payment Orders	626,737	77,542	32,648
Outward Hard Currency Payment Orders	240,252	37,094	339



Risk Management

Credit Risk Management:

This kind of risk is due to a customer's failure to fulfill his undertakings. Credit risk indicates the natural risk underlying banking products such as facility granting, documentary credits and letters of guarantee.

As a result of the world's economic crisis since last year, customers of many large banks and credit institutions have failed to pay due loan installments, therefore causing massive losses and even bankruptcy in some cases. The insurance industry was a victim of this crisis, and now the burden falls on production companies, which are considered an economy's skeleton and are now experiencing tremendous losses due to a fall in customer demands, caused by the first phase of crisis in the banking industry.

This first phase of crisis led to massive unemployment and lowered the banks' abilities to issue loans, and by omission of the means required for to attract demand, lowered consumer demands to a great extent. The second phase of this crisis affected production institutions and aggravated the first phase as well as causing economic downfall.

The ongoing crisis has, in fact, affected the world's economy and due to its impact on oil prices, import commodity prices and export commodity demands, it has lead to an economic recession in Iran. However, we should not overlook CBI's contractionary monetary policies to tackle the situation.

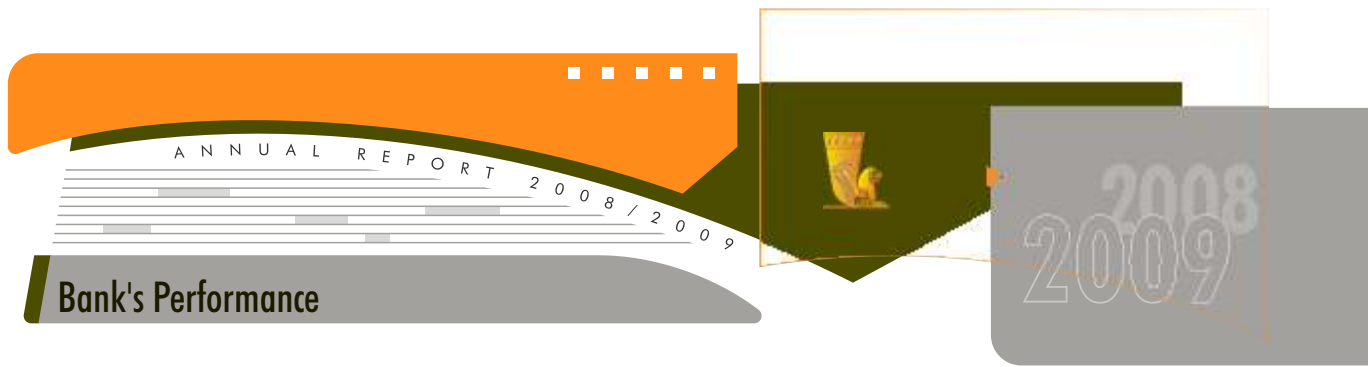
The economic crisis in Iran has lowered the ability loan installment settlement, which is an obvious example of the credit risks mentioned above. Bank Pasargad has taken measures to manage the repercussions of this crisis within the framework of its operations. Although most predictions suggest aggravation of the situation by the end of 2009, they all indicate a turning point in the world's economy in 2010. Meanwhile, the expansionary monetary policies adopted by the CBI for year 2009-2010 will mitigate the consequences.

The following measures have been adopted by Bank Pasargad's management, in order to minimize its credit risks:

- Customer credit assessments
- Allocation of resources to activities to diversify the portfolio of facilities granted
- Taking required and appropriate collaterals and warranties

Operational Risk Management:

This is the kind of risk caused by inefficient controlling processes related to technology and ineffective systems, organizational structure or external events. External events include issues



such as information theft, forgery of bank documents and detriments to bank assets.

The followings are steps Bank Pasargad has taken to increase accuracy in operational risk management:

- Utilization of a centralized and integrated banking system
- Daily control of accounts by all branches and elimination of existing discrepancies
- Training sessions for human capital, especially branch managers, for efficient risk management and control

Interest Rate Risk Management:

This is the kind of risk involved in interest rate variations. Interest rate risk is originated from two points of views: facilities granted and investment deposits. Diversification and an increase in the size of facilities granted and optional exploitation of assets will help maintain the bank's deposit, reducing the interest rates of facilities.

Capital Adequacy Risk Management:

Keeping the balance between assets and asset risks is crucial for maintaining a bank's financial stability. As was mentioned before, Bank Pasargad's capital adequacy ratio in fiscal year 2009 was at least twice as much as the minimum value required by the CBI.

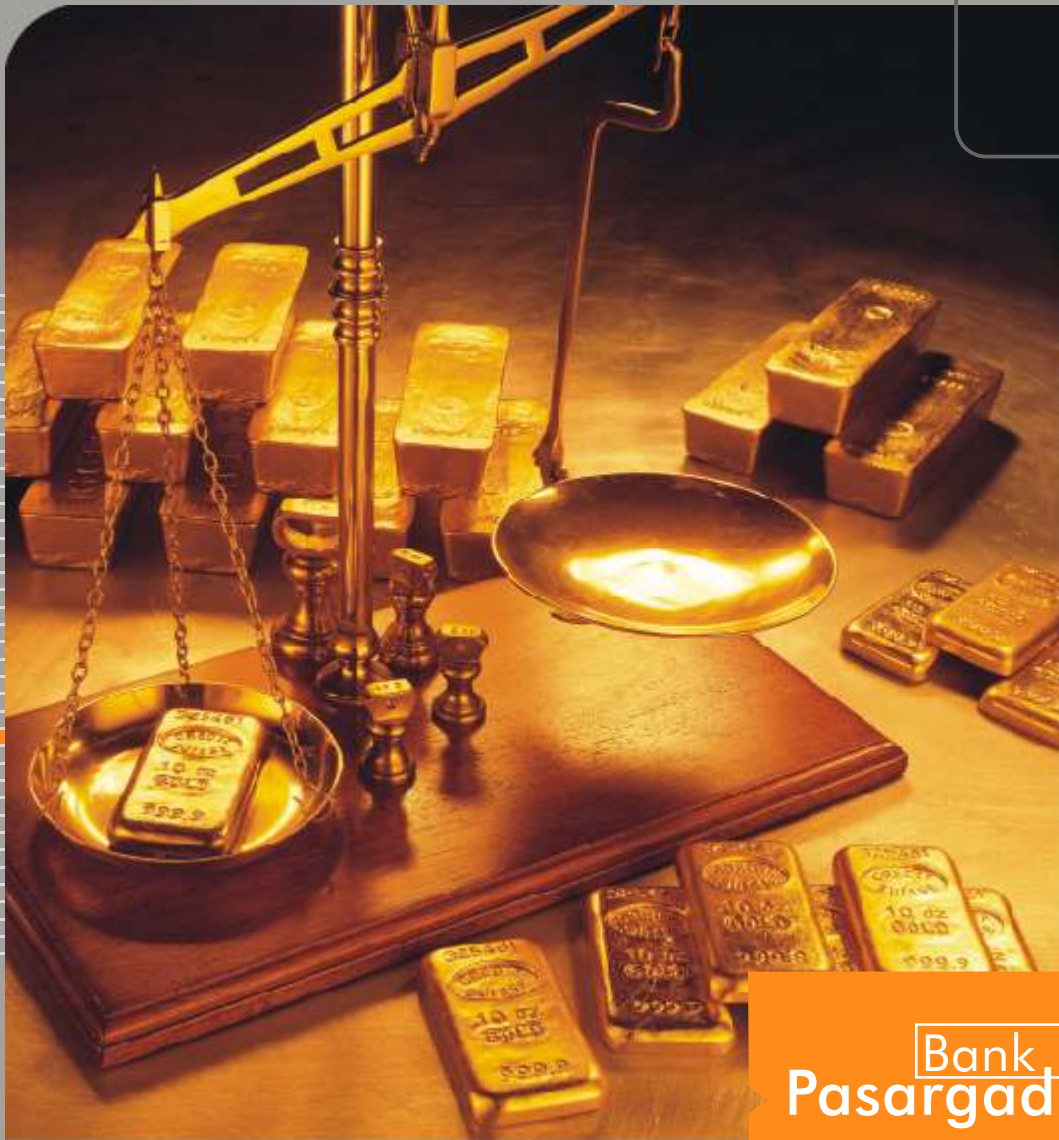
Also worth mentioning is that by virtue of Bank Pasargad's Board approvals in 2007, internal audit and risk management committees were organized to control the bank's operations.



BANK PASARGAD

Financial Statements

For the Financial Year Ending March 20, 2009 and Independent Auditor's Report



Bank
Pasargad



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2009

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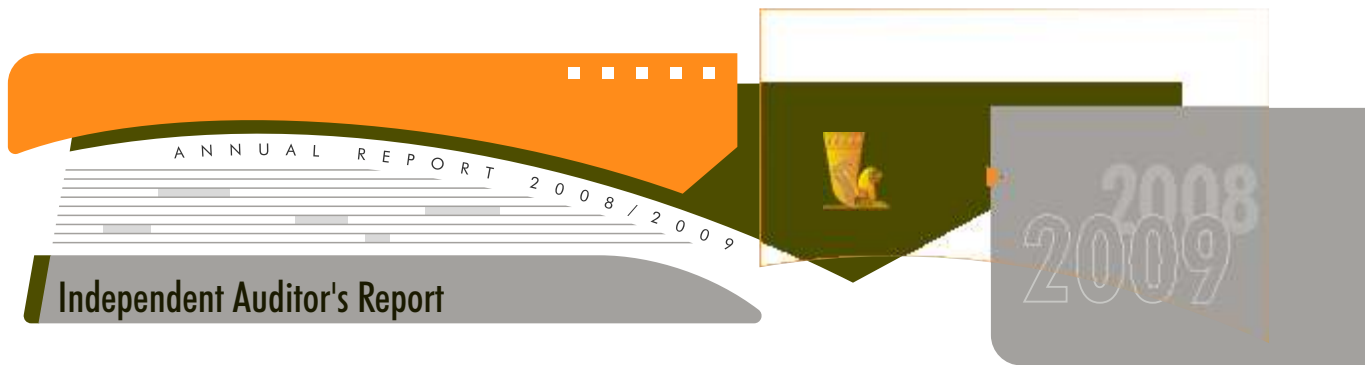
Cash Flows Statement 41

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*The Iranian calendar year has a 621 year difference with the Gregorian calendar year , and begins on the 21st of March and ends on 20 th of March the following year.

Iranian Year	Gregorian Year
1387	March 20th, 2008 - March 20th, 2009
1386	March 21st, 2007 - March 19th, 2008
1385	March 21st, 2006 - March 20th, 2007

1 U S Dollar = 9900 IRR



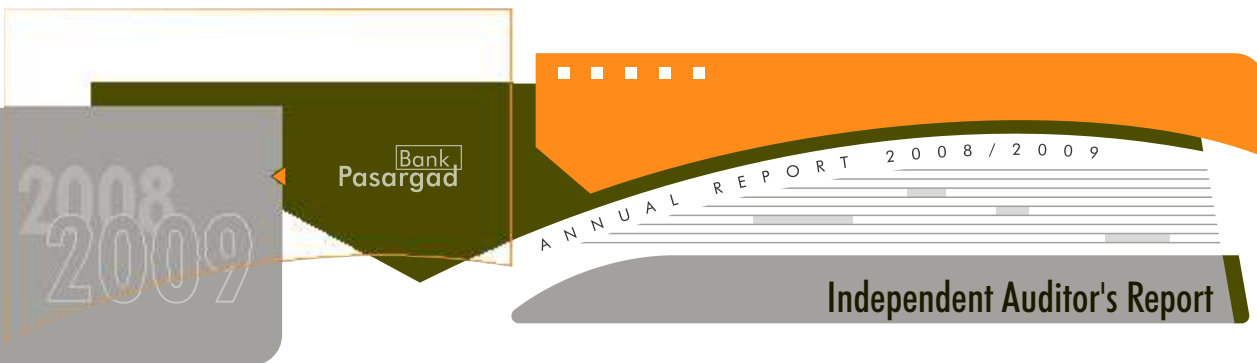
To The Annual General Meeting Of Bank Pasargad PLC

We have audited the accompanying balance sheet of Bank Pasargad Co. as of March 20, 2009 and the related statements of profit and loss and cash flows for the fiscal year then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards. These 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 test 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

1- Bank's Board of Directors has assumed the Bank exempt from preparation of consolidated financial statements since the group's financial statements are being prepared by Pars Aryan Investment Company as the ultimate holding entity. Hence, no consolidated financial statements have been presented along with the Bank's financial statements (note 2-2 to financial statements). Nevertheless, the consolidated financial reports would provide a more transparent view of the financial position and results of operations of the group.

In our opinion, except for the point discussed in paragraph (1), the financial statements referred to above present fairly, in all material respects, the financial position of Bank Pasargad Co. as of March 20, 2009, and the results of its operations and its cash flows for the year then ended, in conformity with (Iranian) accounting standards.



2- The Bank's taxation position is reflected in note 19-1 to the financial statements. Taxes and relevant penalty charges for year 2006 amounting to Bln. IRR.5 have been finalized; however no provision has been made in the accounts in this respect. Taxes for year 2007 have been assessed at Bln. IRR. 94 but not finalized yet as a result of Bank's objection. Bln. IRR. 58 is provided in the accounts in this connection. For years 2008 and 2009, provisions have been made in the accounts on self-assessed bases. Tax liability of the Bank remains pending upon investigations and final decision of tax authorities.

3- Title deeds of 12 properties costing Bln. Rls. 395 have not been officially transferred to the Bank yet.

Tehran - April 27, 2009


Rymand & Co.
(Members of Iranian Association
of Certified Public Accountants)
Independent Auditor
مؤسسه حسابرسی و بازرسی رسمی (شماره ثبت ۱۳۸۳۳۰۰۰۰۰۰)
Rymand and Company

Note: This report does not include report of the legal inspector required in conformity with articles 148 and 242 of the Iranian commercial code.

Balance Sheet

As of March 20th, 2009

	<u>Note</u>	<u>2009</u> m. IRR	<u>2008</u> m. IRR
ASSETS:			
Cash	4	747,873	238,968
Due from Central Bank	5	12,376,842	7,722,966
Inter-bank Accounts	6	6,548,311	3,242,514
Participation Certificates	7	1,947,545	49,875
Credit Facilities Granted	8	64,016,462	39,767,517
Account Receivable	9	2,775,615	1,161,497
Investments	10	2,529,259	2,270,198
Fixed Assets	11	2,056,558	1,625,511
Intangible Assets	12	779,645	361,402
Other Assets	13	1,246,946	524,572
Total Assets		<u>95,025,056</u>	<u>56,965,020</u>
LIABILITIES:			
Due to Central Bank	14	2,313,914	1,142,991
Call Deposits	15	3,613,347	4,350,329
Saving Deposits	16	368,236	167,845
Term Deposits	17	73,664,318	41,885,475
Other Deposits	18	3,115,964	1,351,325
Provision for Corporate Tax	19	123,440	76,774
Interest Payable (Depositors)	20	857,605	377,657
Other Liabilities and Accruals	21	799,294	480,172
Dividend Payable	22	16,366	21,252
Provision for Severance Pay	23	22,646	14,709
Total Liabilities		<u>84,895,130</u>	<u>49,868,529</u>
SHAREHOLDERS' EQUITY:			
Share Capital - Issued and Fully Paid	24	7,000,000	5,250,000
Statutory Reserve	25	740,130	388,326
Discretionary Reserves	26	246,710	129,442
Retained Earnings		2,143,086	1,328,723
Total Shareholders' Equity		<u>10,129,926</u>	<u>7,096,491</u>
Total Liabilities and Shareholders' Equity		<u>95,025,056</u>	<u>56,965,020</u>
OFF BALANCE SHEET ITEMS:			
Commitments for L/Cs	39-1	5,757,106	3,967,455
Guarantees Issued	39-2	11,600,404	5,421,893
Other Commitments	39-3	4,949,559	4,046,490
Managed Funds Commitments	39-4	1,230	2,761

The accompanying notes (1) to (44) form the integral parts of these financial statements.

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Income Statement

For the fiscal year ended March 20, 2009

	Note	2009 m. IRR	2008 m. IRR
NET COMMON JOINT INCOME:			
Income on Credit Facilities Granted	27	10,561,420	4,459,643
Income on Investments and Deposits	28	450,454	803,601
Gross Common Joint Income		11,011,874	5,263,244
Less: Depositors' Share of Income	29	(8,619,189)	(4,169,858)
Bank's Share of Net Income		2,392,685	1,093,386
INCOME FROM BANK OPERATIONS:			
Income on Investments and Deposits	28	559,717	647,630
Commissions	31	1,102,186	236,563
Net Fees and Foreign Exchange Transactions	32	145,718	6,774
Other Income	33	144,301	566,071
		<u>1,951,922</u>	<u>1,457,038</u>
Total Income		4,344,607	2,550,424
DEDUCT EXPENSES:			
General and Administration	34	(803,387)	(411,876)
Provision for Bad Debt Expenses	35	(900,380)	(446,851)
Financial Charges	36	(194,717)	(12,027)
		<u>(1,898,484)</u>	<u>(870,754)</u>
Net Profit Before Income Tax		2,446,123	1,679,670
Provision for Corporate Tax	19	(100,764)	(53,675)
Net Profit After Tax		2,345,359	1,625,995
Earning Per Share		Rls 335	Rls 310

Statement of Movements of Retained Earnings For The Fiscal Year Ended March 20, 2009

Net Profit After Tax		2,345,359	1,625,995
Retained Earnings, Beginning Balance		1,328,723	645,327
Prior Years Adjustment (Property Tax)		(3,795)	0
Adjusted Retained Earnings		<u>1,324,928</u>	<u>645,327</u>
Less: Dividends Paid for Previous Fiscal Year	22	(1,058,129)	(617,400)
		<u>266,799</u>	<u>27,927</u>
Retained Earning Available for Allocation		2,612,158	1,653,922
Less: Allocation of Earnings			
Statutory Reserve	25	(351,804)	(243,899)
Discretionary Reserves	26	(117,268)	(81,300)
		<u>(469,072)</u>	<u>(325,199)</u>
Retained Earnings Available for Distribution, Ending Balance		2,143,086	1,328,723

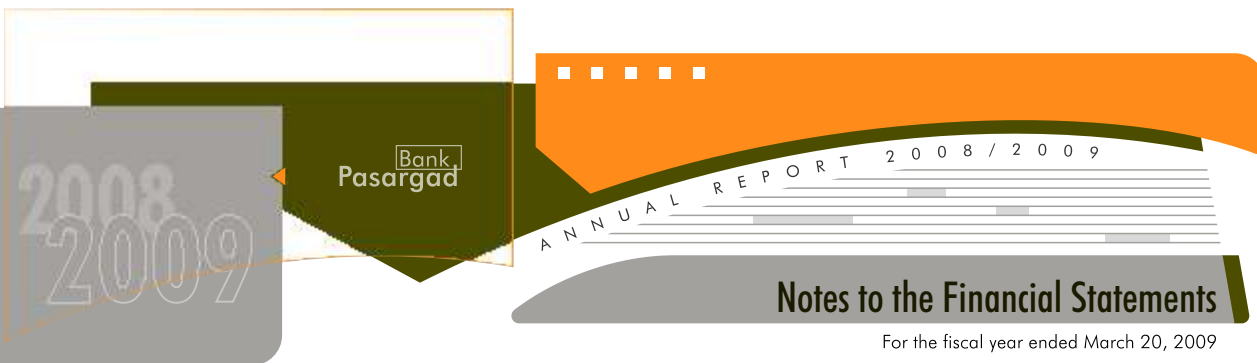
The accompanying notes (1) to (44) form the integral parts of these financial statements.

Cash Flows Statement

For the fiscal year ended March 20, 2009

	<u>Note</u>	<u>2009</u> m. IRR	<u>2008</u> m. IRR
OPERATING ACTIVITIES:			
Net Cash In-flow from Operating Activities	37	<u>2,509,942</u>	<u>606,015</u>
RETURN ON INVESTMENT AND FINANCIAL SERVICES:			
Dividend Received		274,619	36,110
Dividend Paid		<u>(106,407)</u>	<u>(52,434)</u>
Net Cash In-flow From Return on Investment and Financial Services		<u>168,212</u>	<u>(16,324)</u>
TAXATION:			
Corporate Tax Paid		(54,098)	(35,601)
INVESTMENT ACTIVITIES:			
Payments For Acquisition of Investments		(472,134)	(804,968)
Proceeds on Sale of Intangible Assets		20	0
Proceeds on Sale of Investments		160,535	89,228
Proceeds on Sale of Fixed Assets		1,971	638,919
Payments For Acquisition of Intangible Assets		(418,263)	(283,704)
Payments For Acquisition of Fixed Assets		<u>(562,846)</u>	<u>(833,676)</u>
Net Cash Out-flow from Investment Activities		<u>(1,290,717)</u>	<u>(1,194,201)</u>
Net Cash In-flow (Out-flow) Prior to Financial Activities		<u>1,333,340</u>	<u>(640,111)</u>
FINANCIAL ACTIVITIES:			
Receipts on Subscription of Capital Shares		789,597	1,177,035
Net Cash In-flow During the Year		2,122,937	536,924
Losses on Foreign Exchange Transactions		<u>(447,821)</u>	<u>(63,960)</u>
Net Increase in Cash	38	1,675,116	472,964
Cash, Beginning of The Year		685,919	212,955
Cash, End of The Year		<u>2,361,035</u>	<u>685,919</u>

The accompanying notes (1) to (44) form the integral parts of these financial statements.



1- BANK ACTIVITIES

1-1 - Background

Bank Pasargad was established in accordance with the law pertaining to the establishment of private banks in Iran, and was registered under No-254300 with the Tehran Companies Registrar Office on September 4, 2005. The Central Bank of Islamic Republic of Iran issued The Banking Operation License No-2849 on September 13, 2005.

The Head Office is located at:

No. 430, Mirdamad Blvd., Tehran 19697-74511, Iran

1-2- Activities

Bank Pasargad provides and offers all kind of banking products and services; core business includes commercial, retail, and wholesale banking. All banking activities are performed in accordance and in compliance with the regulatory laws, set by The Central Bank and in line with The International Banking Standards.

1-3- No. of Branches and Employees

1-3-1 - Bank Pasargad had 202 branches nation-wide at the year end.

1-3-2- Bank's human capital comprises of both seasoned veterans of the Iranian Banking Industry, as well as highly educated and talented young individuals; totaling to 2,409 employees at the year end.

2- BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

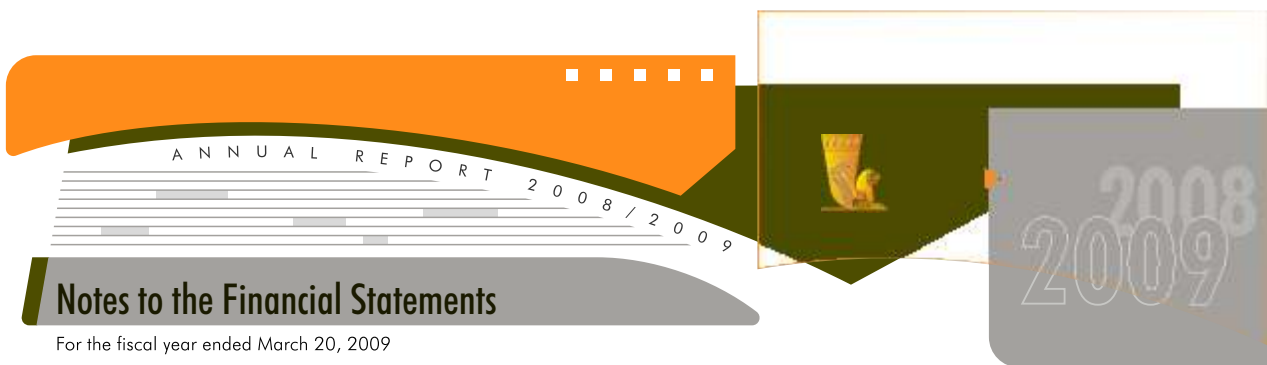
2-1- The Bank's financial statements are prepared on historical cost basis; revenues and expenses are recorded on accrual basis. Current values are used where required.

2-2- In accordance with "Accounting Standard No. 18", the Bank is exempted from presentation of consolidated financial statements. Pars Aryan Investment Co., as the "Parent Holding Company" of the group, prepares the ultimate consolidated financial statements for the group subsidiaries.

3- SIGNIFICANT ACCOUNTING POLICIES

3-1 - Investments

3-1-1-Long-term investments are recorded at cost less provision for any permanent decline in value.



Notes to the Financial Statements

For the fiscal year ended March 20, 2009

3-1-2- Short-term investments in listed securities readily available for sale, are recorded on the basis of lower of cost or portfolio market value. All other short term investments are recorded at lower of cost or market value.

3-1-3- In accordance with paragraph 62 of the Bank's Articles of Association, income from banking activities and financial facilities granted, is recorded on accrual basis. Income from banking services is realized when received. Income from investment in subsidiaries and affiliated companies is realized when declared by the investee (up to the date of preparation of financial statements). Differences arising from fluctuation in exchange rates, are recorded as revenue or loss of the period incurred.

3-2- Fixed Assets

3-2-1- Tangible fixed assets are recorded at historical cost. Expenditures enhancing useful life, capacity or quality of such assets are capitalized and depreciated. General repair and maintenance charges are recorded as expense when incurred.

3-2-2- Fixed assets are depreciated in accordance with the rules stipulated in Article 151 of the Direct Taxation Act, using the following rates and methods.

<u>Fixed Assets</u>	<u>Dep. Rate</u>	<u>Dep. Method</u>
Buildings	7%	Reducing Balance
Installations	20%	Reducing Balance
Motor Vehicles	25%&30%	Reducing Balance
Computer Hardware	3 Years	Straight Line
Communication Equipment	10 Years	Straight Line
Furniture & Fixtures	10 Years	Straight Line
ATM, (POS Machines)	3 Years	Straight Line

3-2-3- Fixed assets acquired during the month are depreciated from the following month.

3-3- Goodwill Amortization

In accordance with regulation set by Money and Credit Council of the Central Bank of Iran, no amortization or depreciation is assumed for goodwill (lease-hold premium paid for branch sites, offices and lands).

3-4- Realization of Income

In accordance with banking regulations, income from banking activities and credit facilities granted are recorded on accrual basis and as follows:

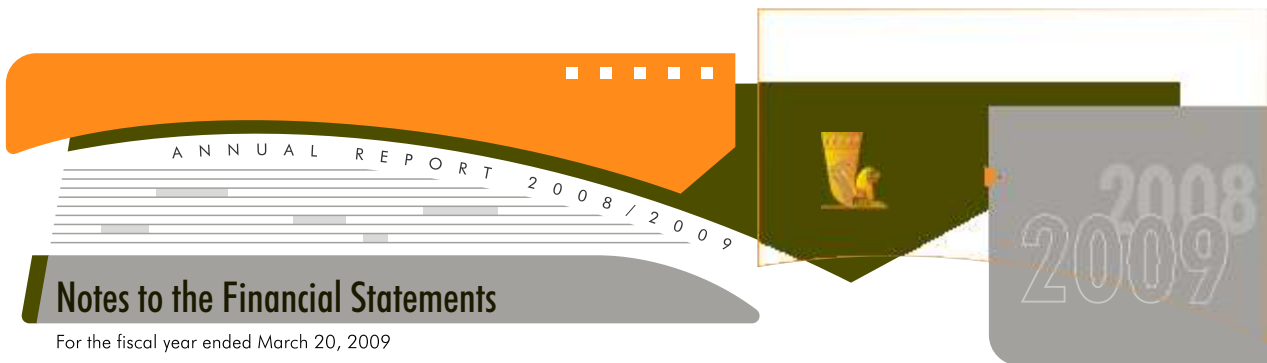
Type of Income	Basis for Recognition of Income
Income from facilities granted	Based on time period, balance of facilities granted and minimum expected income
Charges on overdue installments	Based on time period, delayed payments and charge rates
Commissions on Letters of guarantees	When L/G is issued
Other bank commissions	When services are rendered

3-5- Basis for Calculating the Depositors Share of the Bank's Common Joint Income

In accordance with the law pertaining to Islamic Banking and related regulations, income arising from facilities granted, income from investment in stocks and income from participation certificates (bonds) are considered as "common joint income"; is divided on the basis of depositors' savings and other related accounts.

3-6- Classification of Financial Facilities

- Financial facilities are classified by the rules imposed by Credit and Money Council and on the basis of time delayed payment, financial status of customer and customer's industry, with the following categories:
- Current (Maximum 2 months over-due; customer in good financial position and industry has acceptable prospect)
- Past due (Between 2 months to 6 month over-due; customer in good financial position and industry has a limited growth)
- Deferred (Between 6 months to 18 months over-due; customer does not have an appropriate financial position and industry faces serious limitations)
- Doubtful (More than 18 months over-due; customer does not have an acceptable financial position)



For the fiscal year ended March 20, 2009

3-7- Provision for Doubtful Accounts

Allowance is provided for doubtful accounts, based on the ratification of the Credit and Money Council, as follows:

- General provision, equal to 1.5 percent of facilities balance except for over-due, deferred and doubtful accounts for which allowance for special impairment loss is provided.
- Past due category 10%
- Deferred category 20%
- Bad debt category (Based on customers capabilities) 50% to 100%
- Bad debt category more than five years over-due 100%

3-8- Provision for Severance Pay

A provision, equivalent to one month salary for each full year of service, is provided in the accounts to cover employee's termination pay.

3-9- Foreign Exchange Transactions

Monetary assets and liabilities in foreign currencies are converted into Iranian Rials at exchange rates prevailing at balance sheet date; any differences are recorded as gain or loss of the period. Non-monetary items are reflected at historical rates.

4- CASH

Balance of the cash includes the following:

	<u>2009</u>	<u>2008</u>
	m. IRR	m. IRR
Cash in Hand	622,905	203,601
Cash in ATM Machines	104,508	24,061
Notes in Foreign Currencies	20,460	11,306
Total Cash	<u><u>747,873</u></u>	<u><u>238,968</u></u>

Such cash has full insurance coverage.

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Notes to the Financial Statements

For the fiscal year ended March 20, 2009

5- DUE FROM CENTRAL BANK

Amounts due from the Central Bank includes the following:

	<u>Note</u>	<u>2009</u> m. IRR	<u>2008</u> m. IRR
Statutory Deposit	5-1	11,724,487	7,614,309
Current Account with CBI		203,367	53,430
Interest Receivable on Statutory Deposit		97,461	0
Special Short-term Deposit		300,500	1,000
Other Amounts Due From The Central Bank		51,027	54,227
Total		<u>12,376,842</u>	<u>7,722,966</u>

5-1 - Statutory deposit with the Central Bank (was equivalent to 17% of all deposits in previous year) is computed on the basis of Paragraph (3) of Article 14 of Banking Act, and in accordance with the provisions ratified by the Money and Credit Council, as Follows:

	<u>%</u>	<u>m. IRR</u>
Short-term Deposits	17	10,261,356
At-sight Deposits	20	420,938
Saving Deposits	10	8,368
Two to Three Years Term Deposits	15	197,681
Four Years Term Deposits	13	22,589
Five Years Term Deposits	11	621,875
L/G Deposits	20	168,914
L/C Advances	20	15,191
Free-zone Deposits	10	7,575
Total		<u>11,724,487</u>

6- INTERBANK ACCOUNTS

The Balance of this account includes the following:

	<u>2009</u> m. IRR	<u>2008</u> m. IRR
Current accounts with foreign banks (foreign currencies)	1,161,984	352,735
Long term deposits with local banks (RIs)	357,828	219,777
Long term deposits with foreign banks (foreign currencies)	1,679,752	218,024
Current accounts with local banks (RIs)	5,453	7,460
Current accounts with local banks (foreign currencies)	242,358	33,326
Debtors/clearing house	3,099,396	2,408,638
Cash in transit	1,540	2,554
Total	<u>6,548,311</u>	<u>3,242,514</u>

Notes to the Financial Statements

For the fiscal year ended March 20, 2009

7- PARTICIPATION CERTIFICATES (BONDS)

The Balance of this account includes the following:

	<u>2009</u>	<u>2008</u>
	m. IRR	m. IRR
Development plans (Governmental Certificates)	287,300	43,521
Participation certificates issued by other banks	650,800	6,354
Other Certificates	1,009,445	0
Total	<u>1,947,545</u>	<u>49,875</u>

8- CREDIT FACILITIES GRANTED

The Balance of this account includes the following:

	<u>2009</u>			<u>2008</u>	
	<u>Balance</u>	<u>Deferred Interest</u>	<u>Provision for Bad debt</u>	<u>Net Balance(Net)</u>	
	m. IRR	m. IRR	m. IRR	m. IRR	m. IRR
Credit Facilities (Rials)	61,234,502	(669,084)	(1,302,715)	59,262,703	35,975,316
Qarz-ol-hassaneh(loan with no interest)	1,218,320	0	(19,514)	1,198,806	299,441
Foreign Currencies Loans	1,652,166	(88)	(24,782)	1,627,296	722,674
Debtors-L/C's	782,628	0	(101,946)	680,682	67,917
Debtors-L/G's	165,933	0	(51,708)	114,225	2,169
Inter-banks Facilities	1,150,000	0	(17,250)	1,132,750	2,700,000
Total*	<u>66,203,549</u>	<u>(669,172)</u>	<u>(1,517,915)</u>	<u>64,016,462</u>	<u>39,767,517</u>

The above facilities are categorized (in total) in conformity with directives of Circular No.1074 of the Money and Credit Council as follows:

	<u>2009</u>
	m. IRR
Current	62,272,785
Past due	1,589,165
Deferred	1,780,043
Bad debts	561,556
	<u>66,203,549</u>
Less: Deferred interest income	(669,172)
Provision for doubtful accounts (General)	(935,425)
Provision for doubtful accounts (Special)	(582,490)
Total	<u>64,016,462</u>

*M. IRR. 5,547,777 out of above facilities were granted to the Bank's subsidiaries and affiliated companies.

9- ACCOUNTS RECEIVABLE

The Balance of this account includes the following:

	<u>Note</u>	<u>2009</u>	<u>2008</u>
		m. IRR	m. IRR
Dividends receivable	9-1	61,191	255,940
Interest on participation certificates (Bonds) and certificates of deposit		49,269	319,616
Due from affiliated companies and subsidiaries		1,871,536	498,502
Other parties		15,171	18,911
Payments in suspense		2,379	53,795
Interest on participation certificates purchased		24,070	0
Notes receivable		751,999	14,733
Total		<u>2,775,615</u>	<u>1,161,497</u>

9-1 - Dividends receivable are as follows:

	<u>2009</u>	<u>2008</u>
	m. IRR	m. IRR
Bank's subsidiaries and affiliates	41,431	242,103
Listed Companies	19,760	13,837
Total	<u>61,191</u>	<u>255,940</u>

10- INVESTMENTS

The Balance of this account includes direct investment by the Bank in subsidiaries and affiliated companies as well as investment in shares of listed stocks and etc. as follows:

	<u>Note</u>	<u>2009</u>	<u>2008</u>
		m. IRR	m. IRR
Direct investments (un-listed shares)	10-1	2,429,287	2,039,645
Investment in listed shares (net of provision for decline in market value)	10-2	98,462	229,053
Other investments		1,510	1,500
Total		<u>2,529,259</u>	<u>2,270,198</u>

Notes to the Financial Statements

For the fiscal year ended March 20, 2009

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10-1- Direct investments in unlisted (unquoted) shares include investments in subsidiaries and affiliated companies established by the Bank as follows:

	<u>Bank's Share</u>	<u>2009</u>	<u>2008</u>
	%	m. IRR	m. IRR
Saman Sakht Aryan Co.	99.9	599,400	599,400
Bank Pasargad Investment Co.	98	832,960	636,969
Modaberan Sakht Aryan Co.	45	270,000	270,000
Bank Pasargad Leasing Co.	67	201,000	201,000
Hashtom Urbanization & Construction Co.	67	100,500	100,500
Pasargad Insurance Co.	20	67,500	45,000
Middle East Mabna Co.	30.97	95,536	30,000
Bank Pasargad Electronic Payment Co.	67	36,850	36,850
Bank Pasargad Brokerage Co.	60	15,000	15,000
Pasargad International Trade Co.	0	0	34,000
Pasargad ICT Co.(FANAP)	49	735	735
Tamin Atiyeh Co.	0	0	460
Bank Pasargad Financial & Investment services Co.	49	49	49
Pasargad Machinery & Equipment Leasing Co.	18	18,115	18,115
Middle East Mines & Mineral Industries Development Holding Co.	18.55	187,142	47,000
Pasargad Mas Construction Development Co.	5	2,500	2,500
Pasargad Energy Development Co.	4	2,000	2,000
Pasargad Building Management Co.	0	0	67
Total		<u>2,429,287</u>	<u>2,039,645</u>

10-2- Investment in listed (quoted) stocks are limited to investment in stocks traded in Tehran Stock Exchange.

11- FIXED ASSETS

Movements of fixed assets and provision for depreciation during the year were as follows:

	Cost (m. IRR)				
	March 19 2008	Additions	Fixed Assets Sold	Movements & Adjustments	March 20 2009
A- Properties					
Land	225,276	116,415	(600)	-	341,091
Buildings	422,231	116,844	(550)	(35,704)	502,821
Leasehold Improvements	13,364	12,928	-	(1,977)	24,315
Total	660,871	246,187	(1,150)	(37,681)	868,227
B-Movable Assets					
Computer Hardware	103,311	212,364	-	-	315,675
Furniture & Fixtures	51,742	69,430	-	-	121,172
Vehicles	4,631	4,070	-	-	8,701
Total Movable Assets	159,684	285,864	-	-	445,548
Total	820,555	532,051	(1,150)	(37,681)	1,313,775
Assets under Construction	3,384	104,185	-	(6,214)	101,355
Capital Prepayments	890,050	1,169,779	-	(1,203,459)	856,370
Grand Total	1,713,989	1,806,015	(1,150)	(1,247,354)	2,271,500

All fixed assets are under full insurance coverages.



Notes to the Financial Statements

For the fiscal year ended March 20, 2009

Accumulated Depreciation (m. IRR)					Book Value (m. IRR)	
March 19 2008	Dep. Charges of the Year	Acc .Dep of Fixed Assets Sold	Other Adjustments	March 20 2009	March 20 2009	March 19 2008
-	-	-	-	-	341,091	225,276
36,156	32,587	(71)	392	69,064	433,757	386,075
4,886	9,282	-	(1,089)	13,079	11,236	8,478
41,042	41,869	(71)	(697)	82,143	786,084	619,829
39,416	73,099	-	-	112,515	203,160	63,895
6,293	11,067	-	-	17,360	103,812	45,449
1,727	1,197	-	-	2,924	5,777	2,904
47,436	85,363	-	-	132,799	312,749	112,248
88,478	127,232	(71)	(697)	214,942	1,098,833	732,077
-	-	-	-	-	101,355	3,384
-	-	-	-	-	856,370	890,050
88,478	127,232	(71)	(697)	214,942	2,056,558	1,625,511

12- INTANGIBLE ASSETS

The Balance of this account includes the following:

	<u>2009</u>	<u>2008</u>
	m. IRR	m. IRR
Lease-hold Premiums	765,737	348,682
Computer Software	5,688	7,186
Other	8,220	5,534
Total	<u>779,645</u>	<u>361,402</u>

13- OTHER ASSETS

The Balance of this account includes the following:

	<u>2009</u>	<u>2008</u>
	m. IRR	m. IRR
Deposits on Leased Premises	967,372	412,775
Confiscated Collateral Assets	75,649	0
Prepaid Insurance	43	0
Prepaid Lease	1,744	3,808
Stamps	8,472	2,601
Other Miscellaneous Assets	193,666	105,388
Total	<u>1,246,946</u>	<u>524,572</u>

14- AMOUNTS DUE TO THE CENTRAL BANK

The Balance of this account includes the following:

	<u>2009</u>	<u>2008</u>
	m. IRR	m. IRR
Current Deposits with CBI	385,000	0
Term Deposits	1,928,914	1,142,991
Total	<u>2,313,914</u>	<u>1,142,991</u>

Notes to the Financial Statements

For the fiscal year ended March 20, 2009

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15- CALL DEPOSITS

The Balance of this account includes the following:

	<u>2009</u> m. IRR	<u>2008</u> m. IRR
Cashiers Checks	2,477,389	3,468,440
Current Account Deposits	1,104,199	880,955
Other	31,759	934
Total	<u>3,613,347</u>	<u>4,350,329</u>

16- SAVING DEPOSITS

The Balance of this account includes the following:

	<u>2009</u> Rials Deposits m. IRR	<u>2009</u> Foreign Currencies m. IRR	<u>2009</u> Total (Balance) m. IRR	<u>2008</u> Balance m. IRR
Saving deposits	90,471	277,765	368,236	167,845
Total	<u>90,471</u>	<u>277,765</u>	<u>368,236</u>	<u>167,845</u>

17- TERM DEPOSITS

The Balance of this account includes the following:

	<u>2009</u> Rials m. IRR	<u>2009</u> Foreign Exchange m. IRR	<u>2009</u> Total m. IRR	<u>2008</u> m. IRR
Short-term deposits	18,680,576	0	18,680,576	17,998,666
Special short-term deposits (1 to 9 months)	10,065,926	813,537	10,879,463	5,801,401
Long-term deposits	43,765,276	339,003	44,104,279	18,085,408
Total	<u>72,511,778</u>	<u>1,152,540</u>	<u>73,664,318</u>	<u>41,885,475</u>

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17-1- Long-term deposits include the following:

	2009		2008	
	Rials m. IRR	Foreign Exchange m. IRR	Total m. IRR	m. IRR
One-year deposits	35,381,260	339,003	35,720,263	12,815,951
Two-year deposits	324,189	0	324,189	324,626
Three-year deposits	1,080,712	0	1,080,712	1,298,444
Four-year deposits	187,354	0	187,354	43,297
Five-year deposits	6,791,761	0	6,791,761	3,603,090
Total	43,765,276	339,003	44,104,279	18,085,408

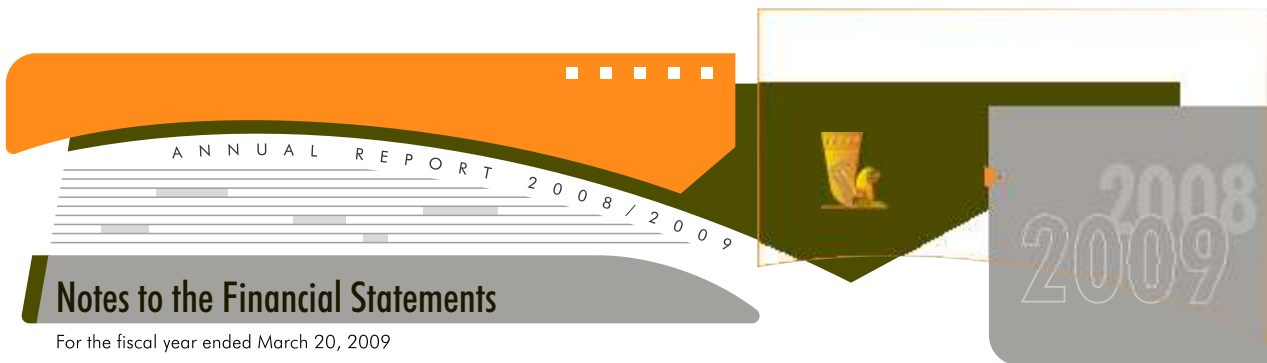
17-2- During the year interest rates on long term deposits varied from 17.25 to 19 percent p.a. on short-term deposits it was 9 percent p.a. and on special short-term deposits varied from 16 to 17.25 percent p.a.

17-3- Foreign exchange deposits were as follows:

	Long Term		Short Term		Total	
	Foreign Exchange	Rial Equivalent m. IRR	Foreign Exchange	Rial Equivalent m. IRR	Foreign Exchange	Rial Equivalent m. IRR
USD	527,153	5,122	2,975,420	28,912	3,502,573	34,035
Euro	26,364,064	333,743	61,770,574	781,954	88,134,638	1,115,696
Pound Sterling	7,200	98	184,817	2,520	192,017	2,618
Dirhams	15,020	40	57,226	151	72,246	191
Total		339,003		813,537		1,152,540

18- OTHER DEPOSITS

Balance of this account reflects the cash collateral against L/Gs and L/Cs.



Notes to the Financial Statements

For the fiscal year ended March 20, 2009

19- PROVISION FOR CORPORATE TAX

Bank corporate taxation position is as follows:

Year	March 20, 2009 (m. IRR)						March 19, 2008 (m. IRR)	Note
	Self-Assessed Income	Self-Assessed Taxable Income	Taxes			Provisions		
			Self-Assessed	Tax Assessment Notice	Final Tax Notice		Provision	
2006	164,178	0	0	6,153	5,565	0	0	19-1
2007	857,368	140,730	58,700	94,480	-	58,700	58,700	19-2
2008	1,679,670	214,696	53,675	-	-	53,675	53,675	19-3
2009	2,446,123	-	100,764	-	-	100,764	0	19-4
						213,139	112,375	-
				Less: prepaid tax		89,699	35,601	-
				Balance		123,440	76,774	-

19-1- Out of m. IRR. 5,565 final tax notice for year 2006, m. IRR. 4,208 was paid by the Bank against principal amount of tax. It has been requested to waive the balance pertaining to penalty charges. Whereas Bank did not accept the verdict of the tax tribunal, tax file was sent to the High Taxation Council for further investigation, upon the Bank's protest.

19-2- Tax file of fiscal year 2007 has been referred to a taxation settlement tribunal; however, it is not yet finalized.

19-3- Result of investigation by taxation authorities pertaining to year 2008, has not been yet notified to the Bank.

19-4- Taxes for year 2009 have been calculated on the basis of self-assessed income, with due consideration to tax exemptions.

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Notes to the Financial Statements

For the fiscal year ended March 20, 2009

20- INTEREST PAYABLE (DEPOSITORS)

The Balance of this account includes the following:

	<u>2008</u>	<u>Year's</u>	<u>Final interest</u>	<u>Paid during</u>	<u>2009</u>
	m. IRR	on-account	difference	the year	m. IRR
	m. IRR	m. IRR	m. IRR	m. IRR	m. IRR
Short-term deposits	108,827	2,265,195	-	2,246,192	127,830
Special short-term deposits	56,848	1,862,355	-	1,780,618	138,585
One-year deposits	124,630	2,646,834	-	2,373,279	398,185
Two-years deposits	5,456	59,220	-	53,636	11,040
Three-years deposits	17,361	209,533	-	208,842	18,052
Four-years deposits	823	21,838	-	8,218	14,443
Five-years deposits	63,712	809,550	-	755,401	117,861
Certificates of deposit	0	744,664	-	713,055	31,609
Total	377,657	8,619,189	-	8,139,241	857,605

21- OTHER LIABILITIES AND ACCRUALS

The Balance of this account includes the following:

	<u>2009</u>	<u>2008</u>
	m. IRR	m. IRR
Accrued expenses (payable)	360	15,000
Social security premium payable	923	1,979
Salary taxes payable	7,832	14,450
Checks payable	131,560	134,724
Good-performance retentions	18,216	11,094
Other	640,403	302,925
Total	799,294	480,172

22- DIVIDEND PAYABLE

The Movement of this account has been as follow:

Year	<u>Ratified by</u>	<u>Paid upto</u>	<u>Paid in</u>	<u>Balance</u>	<u>Paid in</u>	<u>Balance</u>
	AGM	2007	2008	March 2008	2009	March 2009
	m. IRR	m. IRR	m. IRR	m. IRR	m. IRR	m. IRR
2006	122,500	108,411	7,998	6,091	893	5,198
2007	612,500	0	597,339	15,161	6,241	8,920
2008	1,050,000	0	0	0	1,047,752	2,248
Total	1,785,000	108,411	605,337	21,252	1,054,886	16,366

Notes to the Financial Statements

For the fiscal year ended March 20, 2009

23- PROVISION FOR SEVERANCE PAY

Movements of this account during the year were as follows:

	<u>2009</u>	<u>2008</u>
	m. IRR	m. IRR
Beginning Balance	14,709	4,956
Paid during the year	0	0
Provision during the year	7,937	9,753
Ending balance	<u>22,646</u>	<u>14,709</u>

24- SHARE CAPITAL

The Bank's capital is divided into 7,000,000,000 common shares, at par (nominal) value of Rls. 1,000 each. Major shareholders and their respective shares at balance sheet date March 20, 2009 were as follows:

	<u>No. of Shares</u>	<u>%</u>
Pars Aryan Investment Company	2,099,400,000	29.99
Kharazmi Investment Company	663,230,769	9.47
Hamyarye Kowsar	371,250,000	5.30
SAIPA Investment Co.	247,500,000	3.54
Pars Khodro Co.	148,500,000	2.12
Zamiad Co.	99,000,000	1.41
Steel-Industry Pension Fund	125,228,250	1.79
Other Shareholders	3,245,890,981	46.38
Total	<u>7,000,000,000</u>	<u>100</u>

16,883,500 shares of the Bank are allocated to Pasargad University.

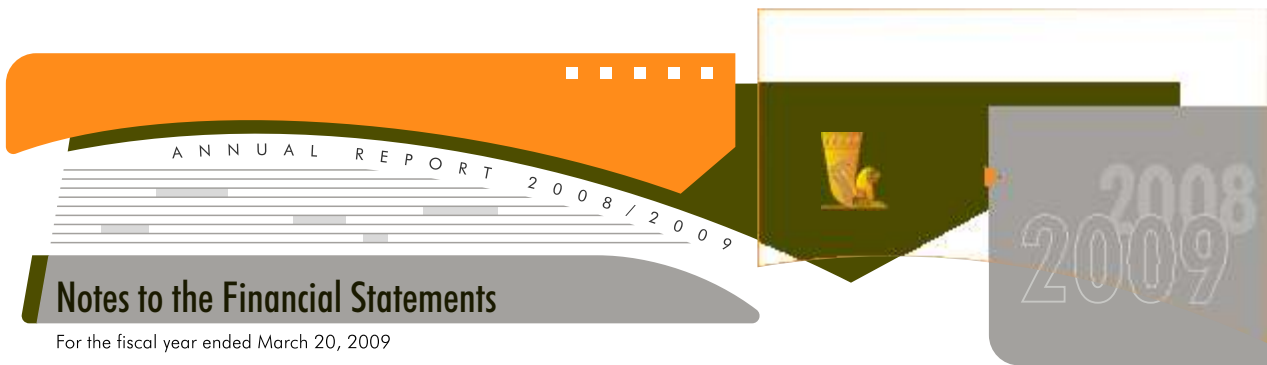
No. of Shareholders:	Real Persons	33,702
	Legal entities	197

Bank's capital adequacy ratio was calculated as follows:

	<u>2009</u>	<u>2008</u>
	m. IRR	m. IRR
Paid - in Capital	7,000,000	5,250,000
Statutory reserve	740,130	388,326
Other reserves	246,710	129,442
Retained earnings	<u>2,143,086</u>	<u>1,328,723</u>
	<u>10,129,926</u>	<u>7,096,491</u>
General provision for doubtful accounts and investments	935,425	555,268
Less: Adjustments	0	1,486
1.25 Percent of weighted assets	<u>69,074</u>	<u>26,442</u>
Total additional capital	<u>866,351</u>	<u>527,340</u>
Basic Capital	<u>10,996,277</u>	<u>7,623,831</u>
Total risk-weighted assets*	<u>69,308,107</u>	<u>42,306,042</u>
Capital adequacy ratio	15.87	18.02

*Banks assets were weighted, based on their risks presented in the following table:

	<u>2009</u>			<u>2008</u>		
	<u>Assets</u>	<u>Risk Coefficient</u>	<u>Weighted Assets</u>	<u>Assets</u>	<u>Risk Coefficient</u>	<u>Weighted Assets</u>
	m. IRR	%	m. IRR	m. IRR	%	m. IRR
Cash	747,873	0.00	0	238,968	0.00	0
Due from CBI	12,376,842	0.00	0	7,722,966	0.00	0
Due from other banks	6,548,311	20	1,309,662	3,242,514	20	648,503
Governmental bonds	1,947,545	0.00	0	49,875	0.00	0
Investments	2,529,259	100	2,529,259	2,270,198	100	2,270,198
Other accounts receivable	2,775,615	100	2,775,615	1,161,497	100	1,161,497
Loans and facilities	21,781,392	50	10,890,696	12,874,738	50	6,437,369
Inter-banks facilities	1,132,750	20	226,550	2,700,000	20	540,000
Other loans	41,102,320	100	41,102,320	24,192,779	100	24,192,779
Fixed assets & leaseholds	2,836,203	100	2,836,203	1,986,913	100	1,986,913
Other assets	1,246,946	100	1,246,946	524,572	100	524,572
Commitments for contracts	4,949,559	50	2,474,780	4,046,490	50	2,023,245
Commitments for L/Gs	10,682,322	20	2,136,464	4,993,488	20	998,698
Commitments for L/Cs	<u>3,559,224</u>	50	<u>1,779,612</u>	<u>3,044,535</u>	50	<u>1,522,268</u>
Total Assets Weighted Based on their Risk	<u>114,216,161</u>		<u>69,308,107</u>	<u>69,049,533</u>		<u>42,306,042</u>



Notes to the Financial Statements

For the fiscal year ended March 20, 2009

25- STATUTORY RESERVE

In accordance with Article 63, paragraph B of the Bank's Articles of Association and relevant regulations, 15% of bank's net profit is allocated to legal reserves up to when it equals, the Bank's capital.

26- OTHER RESERVES

In accordance with Article 63, paragraph C of the Bank's Articles of Association, 5% of the year's net profit is allocated to discretionary reserve, based on the board of directors proposal.

27- INCOME FROM CREDIT FACILITIES GRANTED

Income from credit facilities includes the following:

	<u>2009</u>	<u>2008</u>
	m. IRR	m. IRR
Income from credit facilities	10,129,693	4,341,621
Late payment charges	431,727	118,022
Total	<u>10,561,420</u>	<u>4,459,643</u>



Notes to the Financial Statements

For the fiscal year ended March 20, 2009

28- INTEREST PAYABLE (DEPOSITORS)

Income from investments during the year comprises the following:

	<u>Note</u>	<u>2009</u> m. IRR	<u>2008</u> m. IRR
Income from investments:	28-1	79,870	275,599
Investments in Securities		(52,538)	(26,398)
Less: loss on reduction in value of Securities		27,332	249,201
Income from Deposits:			
Income on statutory deposit		97,461	50,156
Income on deposits with Iranian banks		33,575	0
Income on participation certificates (bonds)		292,086	504,244
		<u>423,122</u>	<u>554,400</u>
Total Investments (Joint Income with depositors)		<u>450,454</u>	<u>803,601</u>
Add: Bank's Income on Investments (Not-Joint with depositors):			
Income on foreign exchange deposits		30,036	14,219
Income on interbank credit facilities		529,681	633,411
Total Not-Joint Income		<u>559,717</u>	<u>647,630</u>
Total		<u>1,010,171</u>	<u>1,451,231</u>

28-1- Income-form investment in stock includes the following:

	<u>2009</u> m. IRR	<u>2008</u> m. IRR
Dividend Income	66,848	261,154
Capital gain on sale of listed securities	13,022	14,445
Total	<u>79,870</u>	<u>275,599</u>

28-1-1 Dividend income during the year was as follows:

	<u>2009</u> m. IRR	<u>2008</u> m. IRR
Dividend income from investments in listed securities	24,161	32,052
Dividend income from subsidiaries and affiliates	42,687	229,102
Total	<u>66,848</u>	<u>261,154</u>

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For the fiscal year ended March 20, 2009

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29- DEPOSITORS' SHARE OF INCOME

	<u>2009</u>	<u>2008</u>
	m. IRR	m. IRR
Long term deposits	2,646,834	866,175
One-year deposits	59,220	51,542
Two-years deposits	209,533	219,035
Three-years deposits	21,838	6,149
Four-years deposits	809,550	582,909
Five-years deposits	744,664	481,672
Short-term deposits	2,265,195	1,701,432
Special Short-term deposits	1,862,355	260,944
Total	<u>8,619,189</u>	<u>4,169,858</u>

30- UNDER (OVER) PAYMENT OF INTERESTS OF DEPOSITORS

Depositors share of income, derived from joint resources with the Bank, is calculated on the basis of directives of the CBI as follows:

	<u>2009</u>	<u>2008</u>
	m. IRR	m. IRR
Facilities granted	48,376,539	19,049,534
Investments	4,038,177	2,041,301
Participation certificates (bonds)	1,874,365	3,171,078
	54,289,081	24,261,913
Less: Net resources of depositors:		
Total deposits	57,240,366	28,710,890
Statutory deposit	<u>(9,469,864)</u>	<u>(4,880,851)</u>
Net resources of depositors	<u>47,770,502</u>	<u>23,830,039</u>
Bank's Resources	<u>6,518,579</u>	<u>431,874</u>
Total Joint Income	<u>10,914,413</u>	<u>5,213,105</u>
Depositors' share of income	9,603,901	5,120,309
Income from Statutory deposit	95,094	48,464
	9,698,995	5,168,773
Bank's fee and commission on total Joint Income	<u>(1,717,211)</u>	<u>(1,004,881)</u>
Depositors' share of income	7,981,784	4,163,892
Payments on account to depositors	<u>(8,619,189)</u>	<u>(4,169,858)</u>
Under (over) payment to depositors	<u>(637,405)</u>	<u>(5,966)</u>

31- COMMISSIONS

Fees and commissions for the year include the following terms:

	<u>2009</u>	<u>2008</u>
	m. IRR	m. IRR
Fees and commissions for issuance of L/Gs and L/Cs	815,356	206,103
Commissions on credit facilities granted	195,255	4,669
Other fees	91,575	25,791
Total	<u>1,102,186</u>	<u>236,563</u>

32- NET FEES AND FOREIGN EXCHANGE TRANSACTIONS

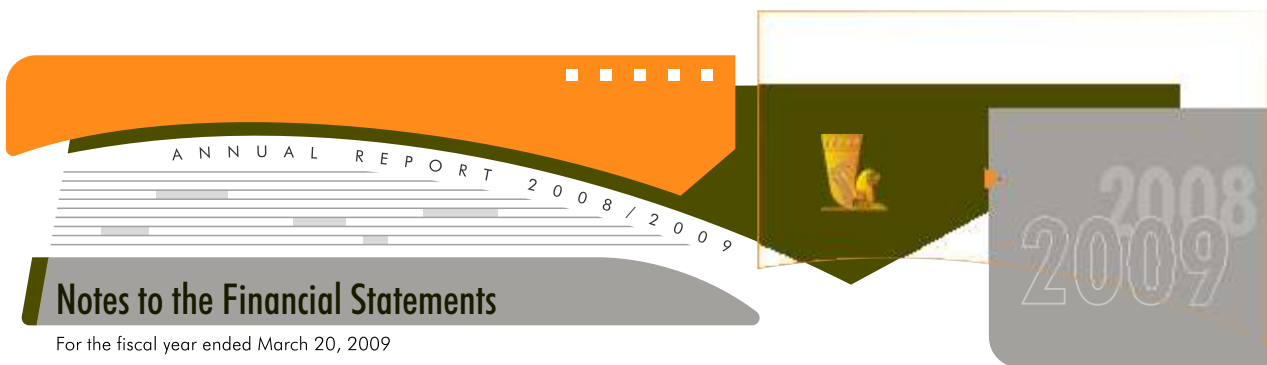
Net result of foreign exchange transactions during the year was as follows:

	<u>2009</u>	<u>2008</u>
	m. IRR	m. IRR
Gain (loss) from transactions	593,539	70,734
Gain (loss) on exchange rate fluctuations	(447,821)	(63,960)
Total	<u>145,718</u>	<u>6,774</u>

33- OTHER INCOME

Other income during the year comprises of the following:

	<u>2009</u>	<u>2008</u>
	m. IRR	m. IRR
Income on sale of property	821	358,263
Assessment fees	114,626	174,061
Sundry income	28,854	33,747
Total	<u>144,301</u>	<u>566,071</u>



Notes to the Financial Statements

For the fiscal year ended March 20, 2009

34- GENERAL AND ADMINISTRATIVE EXPENSES

General & Administrative expenses during the year include the following:

	<u>2009</u> m. IRR	<u>2008</u> m. IRR
Salaries and other personnel charges	355,477	179,261
Administrative expenses	447,910	232,615
Total	<u>803,387</u>	<u>411,876</u>

34-1- Salaries and other personnel charges were as follows:

	<u>2009</u> m. IRR	<u>2008</u> m. IRR
Basic salary	117,822	75,064
New year bonus	64,918	30,938
Commuting allowance	26,634	13,703
Over- time	35,307	16,597
Social security premium	25,532	13,678
Termination benefits	12,561	10,555
Other	72,703	18,726
Total	<u>355,477</u>	<u>179,261</u>

34-2- Administrative expenses were as follows:

	<u>2009</u> m. IRR	<u>2008</u> m. IRR
Depreciation	130,649	68,430
Rent of branches	43,415	15,462
Advertisement	79,913	58,915
Pantry & entertainment	6,421	4,352
Tele-communications	8,154	6,793
Consulting	8,806	6,750
Repair and maintenance	18,301	4,619
Office supplies	15,670	10,327
Insurance	18,198	4,923
Other	118,383	52,044
Total	<u>447,910</u>	<u>232,615</u>

35- PROVISION FOR BAD DEBT EXPENSES

Bad debt expenses of the year was calculated as follows:

	<u>2009</u>	<u>2008</u>
	m. IRR	m. IRR
Special provision for impairment losses	520,223	56,915
General provision for bad debts	380,57	389,936
Total	<u>900,380</u>	<u>446,851</u>

35-1- Special provision for impairment losses was calculated as follows:

	Facilities Granted			
	<u>Past Due</u>	<u>Deferred</u>	<u>Doubtful</u>	<u>Total</u>
	m. IRR	m. IRR	m. IRR	m. IRR
Balance (year-end)	1,589,165	1,780,043	561,556	3,930,764
Co-efficient used for calculation	10%	20%	50%	-
Total provision for the year	<u>69,959</u>	<u>170,401</u>	<u>279,863</u>	<u>520,223</u>

35-2- General provision was calculated as follows:

	<u>2009</u>
	m. IRR
Balance	66,203,549
Less: Balance of facilities for which special provision is provided	<u>3,930,764</u>
Applicable balance used for calculation of general provision	<u>62,272,785</u>
Co-efficient applied	1.50%
General provision for the year	<u>380,157</u>

36- FINANCIAL CHARGES

Balance of this account includes the following:

	<u>2009</u>	<u>2008</u>
	m. IRR	m. IRR
Interest paid on facilities received	100,876	0
Foreign exchange deposits	62,366	0
Fees and commissions paid	31,475	12,027
Total	<u>194,717</u>	<u>12,027</u>

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37- RECONCILIATION OF PROFIT WITH CASH FLOWS FROM OPERATING ACTIVITIES

	<u>2009</u>	<u>2008</u>
	m. IRR	m. IRR
Net profit before tax	2,446,123	1,679,670
Depreciation charges	130,649	68,430
Loss on market value of investments	52,538	26,398
Provision for bad debts	900,380	446,851
Dividend received and capital gain on investments	(79,870)	(36,110)
(Gain) Loss on sale of fixed assets	(821)	(7,518)
Income realized on accrual basis and gain & loss on exchange rate	<u>(4,428,551)</u>	<u>(2,023,190)</u>
Net cash inflow from operation	<u>(979,552)</u>	<u>154,531</u>
<i>Net increase (decrease) in operating liabilities:</i>		
Call deposits	(736,982)	2,832,352
Amounts due to CBI	1,170,923	1,142,991
Saving deposits	200,391	127,104
Time deposits	31,778,843	27,065,361
Other deposits	1,764,639	1,014,383
Accruals and other liabilities	(50,598)	(453,441)
	<u>34,127,216</u>	<u>31,728,750</u>
<i>(Increase) decrease in operating assets:</i>		
Statutory deposit	(4,406,478)	(4,994,689)
Other accounts receivable	(1,759,598)	1,748,006
Amounts due from other banks and financial institutions	(2,289,524)	(106,244)
Facilities granted and other amounts due from non-governmental sector	(19,562,078)	(28,468,544)
Participation certificates (bonds)	(1,897,670)	883,531
Other assets	(722,374)	(339,326)
Net increase in operating assets	<u>(30,637,722)</u>	<u>(31,277,266)</u>
Net Cash Inflow From Operating Activities	<u>2,509,942</u>	<u>606,015</u>

38- NET INCREASE IN CASH

Net increase in cash reflected in the statement of cash flows was as follows:

	<u>Note</u>	<u>2009</u>	<u>2008</u>	<u>Net Increase</u>
		m. IRR	m. IRR	m. IRR
Cash hand	4	747,873	238,968	508,905
Current account with CBI	5	203,367	53,430	149,937
Current accounts with local banks	6	247,811	40,786	207,025
Current accounts with foreign banks	6	1,161,984	352,735	809,249
Total		<u>2,361,035</u>	<u>685,919</u>	<u>1,675,116</u>

39- OFF BALANCE SHEET ITEMS

Off balance sheet items consisting of the following items:

39-1- Commitments on Letters of Credits:

	<u>2009</u>	<u>2008</u>
	m. IRR	m. IRR
Rials	443,832	459,332
Foreign Exchange	5,313,274	3,508,123
Total	<u>5,757,106</u>	<u>3,967,455</u>

39-2- Commitments on Letters of Guarantee:

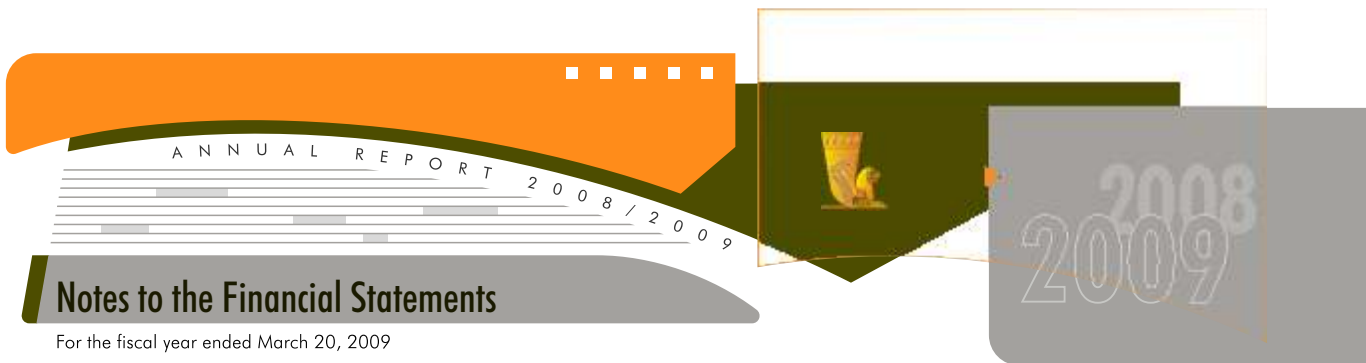
	<u>2009</u>	<u>2008</u>
	m. IRR	m. IRR
Bank commitments on L/Gs (IRR)	10,353,932	5,087,409
Bank commitments on L/Gs (Foreign Exchange)	1,246,472	334,484
Total	<u>11,600,404</u>	<u>5,421,893</u>

39-3- Other Commitments

	<u>2009</u>	<u>2008</u>
	m. IRR	m. IRR
Commitments on joint ventures	4,681,206	4,004,410
Commitments on Credit Cards	268,353	42,080
Total	<u>4,949,559</u>	<u>4,046,490</u>

39-4- Managed funds and similar cases were as follows:

	<u>2009</u>	<u>2008</u>
	m. IRR	m. IRR
Managed funds-unused portion	130	2,761
Others	1,100	0
Total	<u>1,230</u>	<u>2,761</u>



40- CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Bank has the following capital commitments at balance sheet date of March 20,2009:

	<u>Amount</u>
	<u>m. IRR</u>
Commitments for payment of the remaining acquisition price of 14 Branches	110,071
Commitments for investment in Pasargad Insurance Co.	22,500
Commitments for investment in Pasargad Brokerage Co.	15,000
Total	<u><u>147,571</u></u>

The Bank has no contingent liabilities at balance sheet date.

41- POST BALANCE SHEET DATE EVENTS

There has been no major events after balance sheet date requiring adjustments in the accounts or disclosure hereto.

42- RETAINED EARNINGS AT YEAR END

Allocation of retained earnings, ending balance available for distribution, upon decisions of the shareholders Annual General Meeting:

Minimum mandatory DPS equal to 10% of the year end net profit in accordance with Article 90 of the commercial code: (m. IRR)	187,629
Board of Directors' proposed dividends (200 Rls. per share) (m. IRR)	<u><u>1,400,000</u></u>

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For the fiscal year ended March 20, 2009

43- Foreign Exchange Position

Foreign exchange commitments as well as monetary assets and liabilities as at March 20, 2009 were as follows:

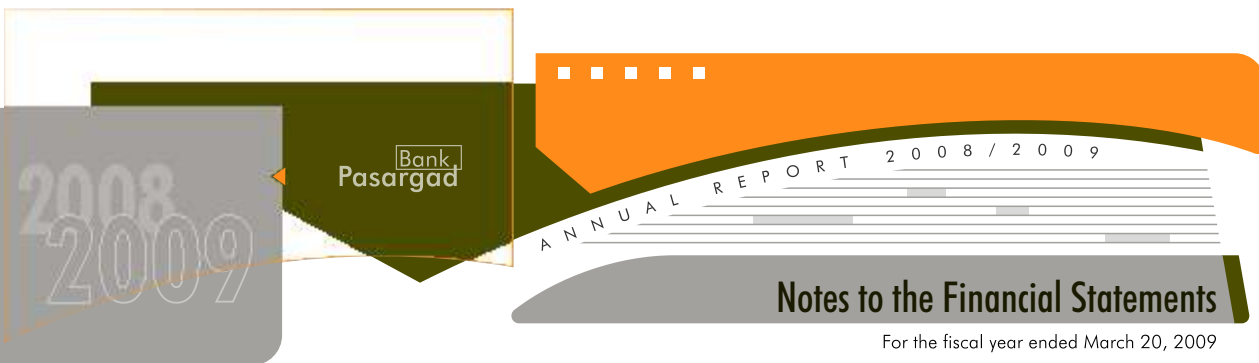
	Note	USD	EUR
Cash	4	454,484	881,219
Receivable from other banks	6	5,054,951	219,780,938
Facilities	8	0	133,179,939
Current accounts	15	(528,417)	(5,899,778)
Deposits-savings	16	(1,621,099)	(19,427,773)
Deposits-long term	17	(3,502,573)	(88,134,638)
Other deposits	18	(1,012,381)	(130,672,951)
		(1,155,033)	109,706,956
L/Cs	39-1	32,978,730	332,102,148
L/Gs	39-2	5,962,059	79,904,425

Notes to the Financial Statements

For the fiscal year ended March 20, 2009

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GBP	AED	JPY	SEK	CHF
289,825	208,812	0	0	46,710
3,283,002	50,343,005	526,618,987	7,448,117	1,724,615
0	8,824,406	13,005,595	0	0
(3,128)	(1,820,518)	0	0	0
(55,278)	(5,787,903)	0	0	(1,000)
(192,017)	(72,246)	0	0	0
(4,412,881)	(127,885,005)	(360,180,024)	(9,693,881)	(2,799,137)
(1,090,477)	(76,189,449)	179,444,539	(2,245,764)	(1,028,812)
5,599,254	227,709,081	633,271,977	12,624,693	3,980,278
0	0	1,792,868,250	0	0



44- RELATED PARTY TRANSACTIONS

In conformity with Article 148 of The Iranian Commercial Code, the related party transactions have been reported separately and approved in the Shareholders' Annual General Meeting.

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