



Al-Rabee Securities

Member of the Iraq
Stock Exchange

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COMPANY REPORT



BANK OF BAGHDAD

Sector: Banking

Update report for 1Q09 financial results

Closing Price: ID 2.000 (August 4th 2009)

Bank of Baghdad (BoB) was the first licensed private bank in Iraq. It began its operations in 1992. It is a member of the KIPCO Group (www.kipcogp.com), one of the largest diversified holding companies in the MENA region. KIPCO owns BoB through one of its subsidiaries, Burgan Bank (www.burgan.com) with 45.10% stake. Burgan Bank acquired this stake in April 2009 from United Gulf Bank, another KIPCO company, for US\$ 68 mn.

According to 1Q09 financial statements, BoB's distributable surplus declined by 31% y/y to ID 6.6 bn, mainly stemmed from the fall in net banking operating profit from ID 2.7 bn to ID 1.0 bn and decrease in banking investment revenue from ID 8.8 bn to ID 6.9 bn. In the first quarter of this year, total revenues contracted by 16% y/y to ID 11.1 bn while total expenses increased by 23% to ID 4.5 bn. Together with the decline in total revenues, surge in total expenses affected the distributable surplus negatively in 1Q09 and resulted in a decline in distributable surplus.

As of end of March 2009, BoB's total assets reached ID 581.0 bn (with an equity base of ID 100.5 bn), a 7% growth compared to ID 542.9 bn total assets as of end of 2008 (equity base was ID 93.3 bn). Despite the fall in investments and monetary credit, the bank accomplished to increase its total assets thanks to the upswing in cash by 32% to ID 269.9 bn. Net fixed assets grew slightly by 1% from ID 11.9 bn at end of 2008 to ID 12.0 bn at end of March 2009.

Financial Ratios

	FY07	FY08	1Q09		FY07	FY08	1Q09
P/BVPS	2.23	1.82	1.69	ROA (%)	4.54	4.26	3.36
P/E	10.77	8.81	10.42	ROE (%)	23.29	22.78	17.26
EPS (ID)	0.30	0.28*	0.23**	Current Ratio	1.23	1.18	1.18

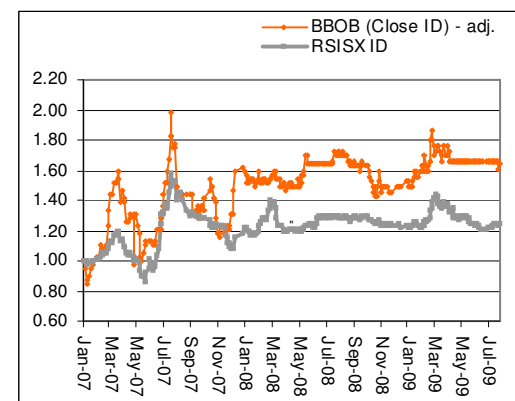
	FY05	FY06	FY07	FY08	1Q09
Shareholders Eq. / Deposits (%)	22.7	24.6	29.8	23.1	22.8
Cash / Deposits (%)	66.3	77.4	63.0	50.6	61.3
Investments / Deposits (%)	29.5	21.9	33.3	53.7	45.1
Credit to Assets (%)	4.1	6.3	5.2	5.0	3.8
Currents Liab. / Shareholders Eq. (%)	468.8	456.8	377.9	481.6	478.0
Working Cap. / Shareholders Eq. (%)	92.4	92.6	85.5	87.3	88.1
Fixed Assets / Shareholders Eq. (%)	7.6	7.4	14.5	12.7	11.9

Source: Central Bank of Iraq, Bank of Baghdad, Al-Rabee Securities

* 32% bonus issue (July 2008) ** 21.43% bonus issue (August 2009)

August 4th 2009

BBOB Stock Price vs RSISX



Mcap (ID mn)	170,000
Mcap (USD '000)	145,299
Outstanding Shares (mn)	85,000
High/Low (ID-12 mth.)*	2.260/1.730
High/Low (ID-Ytd)*	2.260/1.810
Performance (ID) 1 mth.	-1%
Performance (ID) 3 mth.	-1%
Performance (ID) 12 mth.	-3%
Performance (USD) 1 mth.	-1%
Performance (USD) 3 mth.	-1%
Performance (USD) 12 mth.	-2%
Weight in the RSISX Index	7.5%
ISX Symbol	BBOB
Reuters Symbol	BNKB.IQ

Shareholder Structure

Burgan Bank (Kuwait)	45.10%
Iraq Holding Company	4.00%
Estimated Free Float	30.00%

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Source: Iraq Stock Exchange, Bank of Baghdad, Al-Rabee Securities

*According to adjusted price



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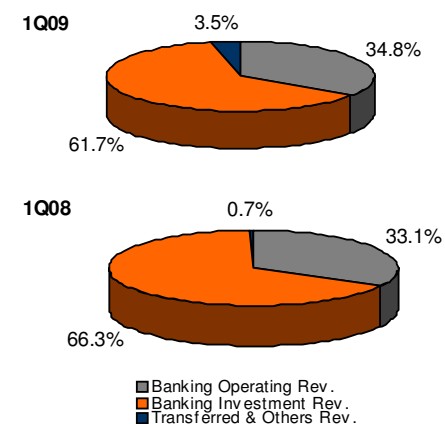
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P&L (ID mn)

	FY06	FY07	FY08	1Q08	1Q09	Y/Y Chn
REVENUES						
Banking Operating Rev.	11,270	19,091	18,699	4,386	3,866	-12%
Banking Investment Rev.	6,330	13,144	24,922	8,794	6,862	-22%
Transferred & Others Rev.	377	456	414	90	394	338%
Total	17,978	32,690	44,035	13,270	11,122	-16%
EXPENSES						
Banking Operating Exp.	3,680	4,466	10,046	1,709	2,858	67%
Administrative Exp.	3,948	5,013	7,604	913	1,539	69%
Depreciation	421	355	419	24	-	-
Transferred & Others Exp.	235	359	4,017	1,017	113	-89%
Total	8,284	10,194	22,086	3,663	4,510	23%
Distributable Surplus	9,694	22,497	21,949	9,607	6,612	-31%

Source: Iraq Stock Exchange, Bank of Baghdad, Al-Rabee Securities

Distribution of Revenues (1Q08 – 1Q09)



Source: Bank of Baghdad, Al-Rabee Securities

B/S (ID mn)

	FY04	FY05	FY06	FY07	FY08	1Q09	% Chn
ASSETS							
Current Assets	57,775	313,841	326,810	352,697	531,050	569,023	7%
Monetary Credit	17,337	68,642	48,517	58,101	47,367	39,867	-16%
Investments	16,211	72,695	52,987	84,984	217,150	198,520	-9%
Debtors	7,868	9,309	37,782	48,669	61,824	60,710	-2%
Cash	16,360	163,195	187,525	160,943	204,709	269,926	32%
Net Fixed Assets	4,103	4,249	4,399	11,028	11,862	11,972	1%
Total Assets	61,878	318,090	331,210	363,725	542,911	580,995	7%
LIABILITIES							
Current Liabilities	53,243	262,169	271,720	287,618	449,570	480,483	7%
Provisions	0	3,045	8,639	13,232	18,491	17,959	-3%
Current & Deposit Accounts	49,006	246,127	242,317	255,474	404,177	440,408	9%
Creditors (Payables)	4,237	12,996	20,764	18,911	26,902	22,116	-18%
Capital & Reserves (Shareholders' Eq.)	8,635	55,922	59,489	76,107	93,342	100,512	8%
Capital	5,280	52,973	52,973	52,973	70,000	70,000	0%
Reserves	3,355	2,949	6,516	23,134	23,342	30,512	31%
Total Liabilities	61,878	318,090	331,210	363,725	542,911	580,995	7%

Source: Iraq Stock Exchange, Bank of Baghdad, Al-Rabee Securities