



Rabee Securities

Member of the Iraq Stock Exchange

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COMPANY REPORT

October 22th 2009



DAR ES SALAAM INVESTMENT BANK

Sector: Banking
Update report for 2Q09 financial results

Closing Price: ID 6.000 (October 22th 2009)

Dar Es Salaam Investment Bank (DES), a private bank, was founded on July 12th, 1998 in Iraq. The bank's capital reached ID 50 bn as of January, 2006 from the establishment capital of ID 0.20 bn. The bank is providing banking services through 14 branches across the country seven of which are in the city of Baghdad, including the main branch, while the others are in Mosul, Karbala, Al Qadisiya, Waset, Muthana, Basrah and Erbil provinces. In-line with its aim to support the national economy, DES participated in the foundation of Dar Al-Salam Assurance Company with 19.4% stake. The Bank's major shareholder is HSBC Asia Holdings BV with 70.1% stake.

According to 2Q09 unaudited financial statements, DES's distributable surplus increased by 7% q/q to ID 4.8 bn on the back of the growth in net banking operating profit by 236% to ID 2.9 bn and decline in administrative expenses by 8% to ID 4.1 bn. In 2Q09, the share of banking operating revenue in total revenues reached to 41% from 22% in 1Q09 while investment revenue constituted 53% of the total revenues in 2Q09 vs 77% share in 1Q09. Despite the decline in total revenues by 11% q/q to ID 10.6 bn, total expenses dropped more, by 23% to ID 5.8 bn and DES closed 2Q09 with higher distributable surplus.

As of end of June 2009, DES's total assets almost maintained its level at ID 499 bn (with an equity base of ID 78.8 bn), compared to end of March 2009 (equity base was ID 77.2 bn). In this period, decrease in investments and monetary credit was offset by the growth in cash and debtors. As of end of June 2009, cash grew by 14% q/q to ID 440.5 bn and debtors increased by 45% to ID 7.1 bn while investments fell by 66% to ID 27.9 bn and monetary credit dropped by 16% to ID 12.6bn. In addition, net fixed assets expanded to ID 10.5 bn from ID 10.0 bn at end of March 2009.

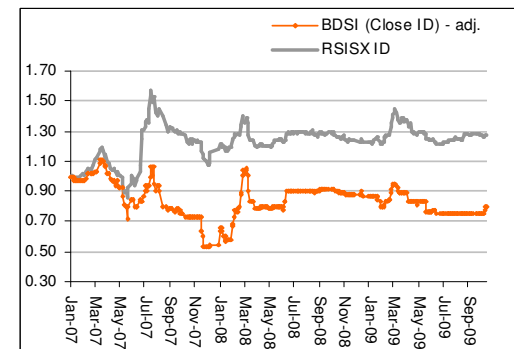
Financial Ratios

	FY08	1Q09	2Q09		FY08	1Q09	2Q09
P/BVPS	5.01	3.89	3.81	ROA (%)	4.52	3.71	3.85
P/E	17.45	16.90	16.32	ROE (%)	33.56	25.91	26.52
EPS (ID)	0.34	0.35	0.37	Current Ratio	1.14	1.16	1.16

	FY06	FY07	FY08	1Q09	2Q09
Shareholders Eq. / Deposits (%)	21.4	17.0	15.3	18.6	19.1
Cash / Deposits (%)	113.1	110.6	111.5	93.2	106.9
Investments / Deposits (%)	0.8	0.6	0.4	19.8	6.8
Creditors to Assets (%)	4.8	3.4	1.6	1.3	1.5
Current Liab. / Shareholders Eq. (%)	495.8	611.7	664.3	546.8	532.7
Working Cap. / Shareholders Eq. (%)	85.4	84.3	90.8	87.0	86.7
Fixed Assets / Shareholders Eq. (%)	14.6	15.5	9.2	13.0	13.3

Source: Iraq Stock Exchange, Dar Es Salaam Investment Bank, Al-Rabee Securities

BDSI Stock Price vs RSISX



Mcap (ID mn)	300,000
Mcap (USD '000)	256,410
Outstanding Shares (mn)	50,000
High/Low (ID-12 mth.)*	7.100/5.650
High/Low (ID-Ytd)*	7.100/5.650
Performance (ID) 1 mth.	6%
Performance (ID) 3 mth.	6%
Performance (ID) 12 mth.	-11%
Performance (USD) 1 mth.	6%
Performance (USD) 3 mth.	6%
Performance (USD) 12 mth.	-10%
Weight in the RSISX Index	15%
ISX Symbol	BDSI

Shareholder Structure

HSBC ASIA HOLDINGS BV	70.1%
Asa'ad Muhammad Hassan Al-Khidhery	3.0%
Estimated Free Float	24.0%

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Source: Iraq Stock Exchange, DES, Al-Rabee Securities

*According to adjusted price



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P&L (ID mn)

	FY06	FY07	FY08	1Q09	2Q09	Q/Q Chn
REVENUES						
Banking Operating Revenue	7,439	11,055	12,420	2,592	4,296	66%
Banking Services Revenue	15	11	13	3	3	2%
Banking Investment Revenue	5,040	13,051	32,786	9,211	5,592	-39%
Transferable and Other Revenues	1	11	2,187	110	661	499%
Total	12,495	24,128	47,406	11,916	10,551	-11%
EXPENSES						
Banking Operating Expenses	2,076	7,833	15,851	1,727	1,390	-20%
Administrative Expenses	9,190	8,203	11,142	4,449	4,099	-8%
Depreciation and Amortization	567	1,166	1,628	408	408	0%
Transferable and Other Expenses	12,057	4,772	89	895	-102	-
Total	23,890	21,974	28,710	7,479	5,795	-23%
DISTRIBUTABLE SURPLUS						
Tax Provisions	-	647	1,500	-	-	-
NET PROFIT	-11,395	2,155	18,696	4,437	4,756	7%

Source: Iraq Stock Exchange, Dar Es Salaam Investment Bank, Al-Rabee Securities

B/S (ID mn)

	FY05	FY06	FY07	FY08	1Q09	2Q09	Q/Q Chn
ASSETS							
Current Assets	33,822	258,715	296,591	451,976	489,106	488,121	0%
Monetary Credit	14,733	19,414	12,169	10,603	14,941	12,582	-16%
Investments	1,421	1,561	1,480	1,658	82,098	27,917	-66%
Debtors	1,894	2,597	5,998	4,484	4,899	7,115	45%
Cash	15,774	235,143	276,943	435,231	387,167	440,508	14%
Net Fixed Assets	3,371	6,496	6,587	5,514	10,010	10,484	5%
Total Assets	37,193	265,211	303,178	457,490	499,116	498,606	0%
LIABILITIES							
Current Liabilities	11,307	220,697	260,564	397,636	421,945	419,798	-1%
Current & Deposit Accounts	27,582	207,954	250,353	390,317	415,487	412,125	-1%
Creditors (Payables)	-16,274	12,743	10,211	7,319	6,459	7,673	19%
Shareholders' Equity	25,885	44,514	42,613	59,854	77,170	78,808	2%
Capital	25,000	50,000	50,000	50,000	50,000	50,000	0%
Reserves	885	-8,915	-11,299	5,154	7,946	14,347	81%
Provisions	-	3,429	3,912	4,700	19,225	14,460	-25%
Total Eq. and Current Liab.	37,193	265,211	303,178	457,490	499,116	498,606	0%

Source: Iraq Stock Exchange, Dar Es Salaam Investment Bank, Al-Rabee Securities