



Al-Rabee Securities

Member of the Iraq
Stock Exchange

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COMPANY REPORT

June 22th 2009



GULF COMMERCIAL BANK

Sector: Banking
Initiating Coverage Report

Closing Price: ID 1.800 (April 21st 2009)

Gulf Commercial Bank, a private company, was founded in Iraq as of October 20th, 1999. The bank's capital reached ID 37.5 bn as of January 20th, 2009 from the establishment capital of ID 0.6 bn. The bank is providing banking services through 14 branches across the country four of which are in the city of Baghdad, including the main branch, another two are in Najaf province, two of them are in Al-Basrah city, and the others are in Babylon, Dewanya, Karblaa, A-Simiwah, Al-kut and Arbil provinces. According to end of 2008, Bank of Baghdad's major shareholders are Jamal Shareef Haza (7.3%), Muneer Hassan Muhammad (7.1%) and Khalid Shareef Haza (6.1%). The bank has eight subsidiaries. Some of them are Electrical generators industrial company, Al Madar for general contracting, Al Iraqia for banking guaranties and Al Belad Islamic bank.

In 2008, Gulf Commercial Bank's distributable surplus rose by more than three-folds to ID 15.4 bn compared to ID 5.0 bn in 2007, mainly stemmed from the increase in banking investment revenue from ID 5.8 bn to ID 17.5 bn (constituted 62% of total revenues). In this period, total revenues grew by 131% to ID 28.2 bn. Moreover, the lower surge in total expenses at 76% to ID 12.7 bn, resulted in a significant growth in distributable surplus. The bank closed the year with ID 10.5 bn retained earnings after allocating ID 4.1 bn for doubtful debts, ID 0.6 bn for statutory reserve and ID 0.3 bn for tax provisions.

As of end of 2008, Gulf Commercial Bank's total assets reached ID 240.0 bn (with an equity base of ID 41.1 bn), a 69% growth compared to ID 141.9 bn total assets as of end of 2007 (equity base was ID 28.4 bn), on the back of the upswing in investments. As of end of 2008, investments surged by 120% y/y to ID 129.9 bn. Net fixed assets also expanded to ID 10.4 bn from ID 7.6 bn at end of 2007.

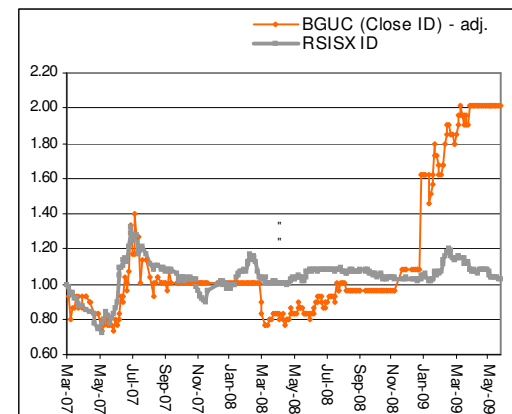
Financial Ratios

	FY07	FY08		FY07	FY08
P/BVPS	2.37	1.64	ROA (%)	3.63	5.48
P/E	16.64	6.45	ROE (%)	15.43	30.11
EPS (ID)	0.18	0.42*	Current Ratio (%)	1.18	1.15
	FY05	FY06	FY07	FY08	
Shareholders Eq. / Deposits (%)	64.5	44.7	26.8	24.8	
Cash / Deposits (%)	104.4	57.9	47.5	41.8	
Investments / Deposits (%)	42.9	33.3	55.7	78.4	
Creditors to Assets (%)	31.0	1.3	2.9	10.5	
Current Liab. / Shareholders Eq. (%)	277.4	238.8	398.9	484.6	
Working Cap. / Shareholders Eq. (%)	60.0	72.0	73.3	74.6	
Fixed Assets / Shareholders Eq. (%)	40.0	28.0	26.7	25.4	

Source: Central Bank of Iraq, Gulf Commercial Bank, Al-Rabee Securities

* 12% capital increase through bonus issue (December 2008)

BGUC Stock Price vs RSISX



Note:

*BGUC shares are not trading due to capital increase period. The bank will increase its share capital through a 27.33 % bonus issue and a 6 % rights issue to ID 50 bn.

*Gulf Commercial Bank will be switched to electronic trading on September 27th, 2009.

Mcap (ID mn)	67,500
Mcap (USD '000)	57,692
Outstanding Shares (mn)	37,500
High/Low (ID-12 mth.)*	1.800/0.700
High/Low (ID-Ytd)*	1.800/0.800
Performance (ID) 1 mth.	0%
Performance (ID) 3 mth.	9%
Performance (ID) 12 mth.	142%
Performance (USD) 1 mth.	0%
Performance (USD) 3 mth.	9%
Performance (USD) 12 mth.	148%
ISX Symbol	BGUC

Shareholder Structure

Jamal Shareef Haza	7.3%
Muneer Hassan Muhammad	7.1%
Khalid Shareef Haza	6.1%
Estimated free float	69.7%

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Source: Iraq Stock Exchange, Gulf Bank, Al-Rabee Securities

*According to adjusted price



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P&L (ID '000)

	FY07	FY08	Y/Y % Chn
REVENUES			
Banking Operating Revenue	4,960,644	8,290,113	67%
Banking Investment Revenue	5,790,727	17,538,786	203%
Banking Services Revenue	1,418,506	2,291,257	62%
Other Revenues	23,167	28,854	25%
Total	12,193,043	28,149,010	131%
EXPENSES			
Banking Operating Expenses	3,585,257	6,726,935	88%
Administrative Expenses	3,240,198	5,159,676	59%
Depreciation and Amortization	332,458	648,367	95%
Transferable and Other Expenses	81,732	202,399	148%
Total	7,239,644	12,737,376	76%
Distributable Surplus	4,953,399	15,411,634	211%

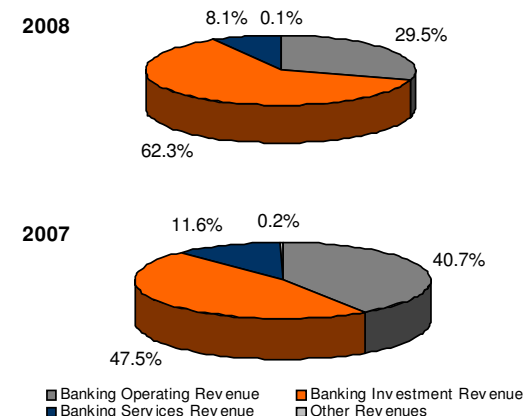
Source: Gulf Commercial Bank, Al-Rabee Securities

B/S (ID '000)

	FY05	FY06	FY07	FY08	Y/Y % Chn
ASSETS					
Current Assets	40,887,902	75,083,327	134,252,055	229,551,434	71%
Monetary Credit	8,739,417	16,443,533	15,765,929	21,220,899	35%
Investments	8,066,764	17,965,550	59,136,880	129,904,635	120%
Debtors	4,463,792	9,404,448	8,924,452	9,069,369	2%
Cash	19,617,929	31,269,796	50,424,795	69,356,531	38%
Net Fixed Assets	4,845,364	6,763,747	7,603,534	10,433,557	37%
Total Assets	45,733,266	81,847,074	141,855,589	239,984,991	69%
LIABILITIES					
Current Liabilities	33,614,346	57,689,486	113,423,928	198,934,712	75%
Provisions	665,957	2,633,737	3,241,751	8,079,855	149%
Current & Deposit Accounts	18,793,201	54,007,593	106,116,093	165,752,112	56%
Creditors (Payables)	14,155,188	1,048,156	4,066,084	25,102,745	517%
Capital & Reserves (Shareholders' Eq.)	12,118,920	24,157,588	28,431,661	41,050,279	44%
Capital	10,300,000	22,344,000	22,344,000	25,000,000	12%
Reserves	1,818,920	1,813,588	6,087,661	16,050,279	164%
Total Equity and Current Liabilities	45,733,266	81,847,074	141,855,589	239,984,991	69%

Source: Iraq Stock Exchange, Gulf Commercial Bank, Al-Rabee Securities

Distribution of Revenues (2007 - 2008)



Source: Gulf Commercial Bank, Al-Rabee Securities