



Al-Rabee Securities

Member of the Iraq
Stock Exchange

For any inquiries, contact:
Ayse Oz
aoz@rabeesecurities.com

Trading
trading@rabeesecurities.com
Tel: +964 7901 331 492

Address: 903/14/19
Karada
Baghdad-Iraq
Tel: +964 1 7180 696
info@rabeesecurities.com

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COMPANY REPORT

June 24th 2009



MOSUL BANK FOR DEVELOPMENT & INVESTMENT

Sector: Banking
Initiating Coverage Report

Closing Price: ID 1.550 (April 14th 2009)

Mosul Bank, a private company, was founded on August 23th, 2001. The bank's capital reached ID 35 bn as of December 27th, 2008 from the establishment capital of ID 1.0 bn. The bank is providing banking services through 15 branches across the country nine of which are in the city of Mosul, including the main branch, another two are in Ninevah province while the others are in Baghdad, Tikrit, Suleymaniah and Erbil.

In 2008, Mosul Bank's distributable surplus rose by 50% y/y to ID 7.6 bn compared to ID 5.0 bn in 2007, mainly stemmed from the increase in banking operating revenue (constituted 76% of total revenues) and banking investment revenue (constituted 23% of total revenues). In this period, total revenues grew by 48% to ID 11.8 bn with the contribution of foreign transfers by swift system and dollar trade. Total expenses increased by 44% to ID 4.2 bn, which is a slightly lower rise compared to the growth in revenues. The bank closed the year with ID 6.1 bn (up 99%) retained earnings after allocating ID 1.1 bn for tax provisions and ID 0.3 bn for statutory reserve.

As of end of 2008, Mosul Bank's total assets reached ID 206.0 bn (with an equity base of ID 37.2 bn), an 82% growth compared to ID 113.0 bn total assets as of end of 2007 (equity base was ID 30.7 bn), on the back of the upswing in cash. As of end of 2008, cash surged by 77% y/y to ID 142.9 bn. Net fixed assets also expanded to ID 5.2 bn from ID 4.0 bn at end of 2007.

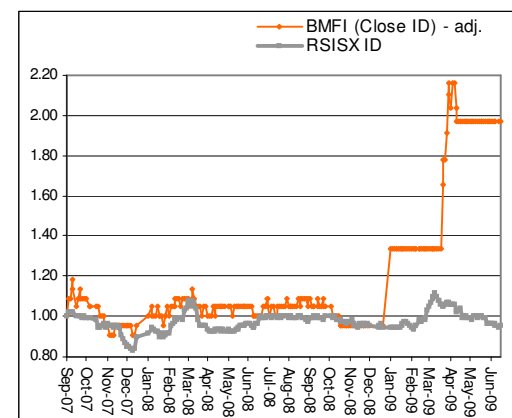
Financial Ratios

	FY07	FY08		FY07	FY08
P/BVPS	1.77	1.46	ROA (%)	3.04	3.84
P/E	17.58	8.86	ROE (%)	11.21	18.06
EPS (ID)	0.12	0.25	Current Ratio	1.32	1.19

	FY05	FY06	FY07	FY08
Shareholders Eq. / Deposits (%)	44.7	39.6	36.4	26.0
Cash / Deposits (%)	79.6	79.0	95.8	100.1
Investments / Deposits (%)	8.1	7.2	5.7	3.5
Current Liab. / Shareholders Eq. (%)	262.7	271.3	268.0	454.4
Working Cap. / Shareholders Eq. (%)	84.8	84.0	87.0	86.1
Fixed Assets / Shareholders Eq. (%)	15.2	16.0	13.0	13.9

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

BMFI Stock Price vs RSISX



Note:

*BMFI shares are not trading due to capital increase period. The bank will increase its share capital through a 24.5 % rights issue.

*Mosul Bank will be switched to electronic trading on September 20th, 2009.

Mcap (ID mn)	54,250
Mcap (USD '000)	46,368
Outstanding Shares (mn)	35,000
High/Low (ID-12 mth.)*	1.700/0.700
High/Low (ID-Ytd)*	1.700/1.050
Performance (ID) 1 mth.	0%
Performance (ID) 3 mth.	48%
Performance (ID) 12 mth.	97%
Performance (USD) 1 mth.	0%
Performance (USD) 3 mth.	48%
Performance (USD) 12 mth.	102%
ISX Symbol	BMFI

Contact Information

Head Office
Al sahel al ayser Dargazliah
Mosul - Iraq,
Tel : +964 0 770 1663344

Website: www.mosulbank.com

Source: Iraq Stock Exchange, Mosul 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	6,213,582	8,889,193	43%
Banking Investment Revenue	1,706,178	2,649,719	55%
Other Revenues	24,865	213,604	759%
Total	7,944,625	11,752,515	48%
EXPENSES			
Banking Operating Expenses	925,782	1,633,774	76%
Administrative Expenses (overheads)	1,591,730	2,089,337	31%
Depreciation and Amortization	188,272	222,651	18%
Transferable and Other Expenses	196,630	219,881	12%
Total	2,902,414	4,165,642	44%
Distributable Surplus	5,042,211	7,586,873	50%
Tax Provisions	680,698	1,138,310	67%
Annual Net Profit	4,361,512	6,448,563	48%
Statutory Reserve	771,458	322,428	-58%
Transfer to expansion reserve	504,221	-	-
Retained Earnings	3,085,833	6,126,135	99%

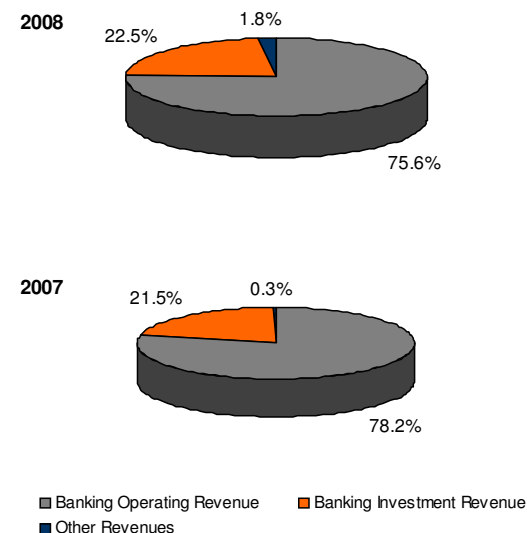
Source: Mosul Bank, Al-Rabee Securities

B/S (ID '000)

	FY05	FY06	FY07	FY08	Y/Y % Chn
ASSETS					
Current Assets	76,516,559	86,489,330	108,990,867	200,832,732	84%
Monetary Credit	16,732,290	22,974,001	18,538,703	26,423,391	43%
Investments	4,013,010	4,413,010	4,777,810	5,016,069	5%
Debtors	16,548,500	10,547,064	4,858,828	26,502,354	445%
Cash	39,222,759	48,555,255	80,815,527	142,890,918	77%
Net Fixed Assets	3,338,724	3,882,607	3,982,661	5,152,122	29%
Total Assets	79,855,283	90,371,937	112,973,528	205,984,854	82%
LIABILITIES					
Current Liabilities	57,838,280	66,032,120	82,270,398	168,827,842	105%
Provisions	842,157	1,837,905	2,803,473	3,824,757	36%
Current & Deposit Accounts	49,283,440	61,457,226	84,335,346	142,738,008	69%
Creditors (Payables)	7,712,683	2,736,989	-4,868,420	22,265,077	-557%
Capital & Reserves (Shareholders' Eq.)	22,017,003	24,339,817	30,703,130	37,157,012	21%
Capital	20,000,000	20,000,000	25,000,000	25,000,000	0%
Reserves	2,017,003	4,339,817	5,703,130	12,157,012	113%
Total Equity and Current Liabilities	79,855,283	90,371,937	112,973,528	205,984,854	82%

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

Distribution of Revenues (2007 - 2008)



Source: Mosul Bank, Al-Rabee Securities