



## Al-Rabee Securities

Member of the Iraq  
Stock Exchange

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# COMPANY REPORT

June 1st 2009



## WARKA BANK FOR INVESTMENT & FINANCE J.S.C.

Sector: Banking  
Coverage Initiating

### Closing Price: ID 2.300 (March 16th 2009)

Warka Bank for Investment & Finance (Warka Bank), the first private bank and one of the largest financial institution in Iraq, was founded on November 20th, 1999. The bank's capital reached ID 51 bn as of August, 2007 from the establishment capital of ID 0.5 bn. Warka Bank is operating through a wide network of 70 branches, of which 25 of them is located in Baghdad including the main branch, and 350 ATMs.

According to 1Q09 financial statements, Warka Bank's distributable surplus declined by 62% y/y to ID 1.6 bn on the back of the decline in net banking operating income from ID 21.9 bn in 1Q08 to ID 4.48 bn in 1Q09. In the same period, total revenues grew by 6% y/y to ID 30.3bn due to rise in banking operating revenue (constituted 98% of the total revenues). Compared to the increase in revenues, total expenses surged much more by 18% y/y to ID 28.8 bn, and resulted in a fall in Warka Bank's distributable surplus in the first quarter of 2009.

As of the end of March 2009, Warka Bank's total assets declined by 2% y/y to ID 1,471.2 bn (with an equity base of ID 81.7 bn) compared to ID 1,501.4 bn total assets at 2008-end (equity base was ID 80.1 bn) stemmed from the fall in cash by 19% to ID 777.5 bn. During this period, rise in moneary credit by 21% to ID 549.1 bn and increase in debtors by 109% to ID 80.2 bn was noteworthy. Net fixed assets also expanded to ID 40.0 bn as of the end of March from ID 31.6 bn at 2008-end.

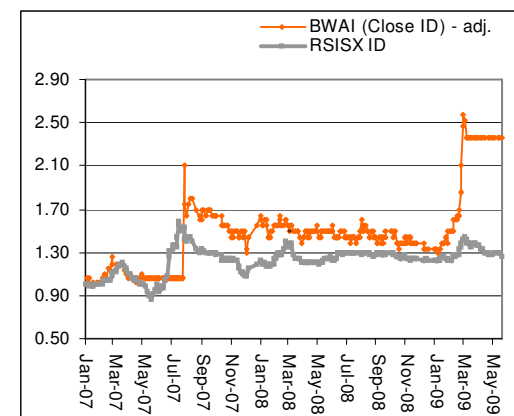
### Financial Ratios

	FY08	1Q09		FY08	1Q09
P/BVPS	0.94	1.45	ROA (%)	1.09	0.63
P/E	9.77	12.51	ROE (%)	15.44	11.59
EPS (ID)	0.24	0.03	Current Ratio	1.03	1.03

	FY05	FY06	FY07	FY08	1Q09
Shareholders Eq. / Deposits (%)	24.9	28.3	22.3	11.1	11.6
Cash / Deposits (%)	106.3	89.5	118.7	132.4	110.2
Investments / Deposits (%)	1.1	0.7	5.1	2.2	3.4
Creditors to Assets (%)	29.2	28.3	38.0	44.3	44.4
Current Liab. / Shareholders Eq. (%)	619.1	553.1	827.5	1,773.4	1,700.3
Working Cap. / Shareholders Eq. (%)	54.3	72.7	63.0	60.6	51.0
Fixed Assets / Shareholders Eq. (%)	45.7	27.3	37.0	39.4	49.0

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

### BWAI Stock Price vs RSISX



### Note:

\*BWAI shares are not trading due to capital increase period. The bank will increase its share capital through a 47.058 % bonus issue from ID 51 bn to ID 75 bn.

\*Warka Bank will be switched to electronic trading on June 7<sup>th</sup>, 2009.

Mcap (ID mn)	117,300
Mcap (USD '000)	100,256
Outstanding Shares (mn)	51,000
High/Low (ID-12 mth.)*	2.500/1.250
High/Low (ID-Ytd)*	2.500/1.250
Performance (ID) 1 mth.	0%
Performance (ID) 3 mth.	44%
Performance (ID) 12 mth.	59%
Performance (USD) 1 mth.	0%
Performance (USD) 3 mth.	44%
Performance (USD) 12 mth.	63%
Weight in the RSISX Index	10.0%
ISX Symbol	BWAI

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

\*According to adjusted price



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## P&L (ID mn)

	FY07	FY08	1Q08	1Q09	Y/Y % Chn
<b>REVENUES</b>					
Banking Operating Revenue	64,749	126,223	27,395	29,795	9%
Banking Investment Revenue	898	2,572	886	552	-38%
Other Revenues	3	600	222	-	-
<b>Total</b>	<b>65,649</b>	<b>129,395</b>	<b>28,503</b>	<b>30,347</b>	<b>6%</b>
<b>EXPENSES</b>					
Banking Operating Expenses	28,950	81,614	5,492	25,313	361%
Administrative Expenses (overheads)	6,596	10,930	2,704	2,722	1%
Other Expenses	27,502	16,578	16,100	734	-95%
<b>Total</b>	<b>63,048</b>	<b>109,122</b>	<b>24,296</b>	<b>28,769</b>	<b>18%</b>
<b>Distributable Surplus</b>	<b>2,602</b>	<b>20,273</b>	<b>4,207</b>	<b>1,578</b>	<b>-62%</b>

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

## B/S (ID mn)

	FY05	FY06	FY07	FY08	1Q09	YTD % Chn
<b>ASSETS</b>						
<b>Current Assets</b>	<b>314,770</b>	<b>361,159</b>	<b>670,928</b>	<b>1,469,740</b>	<b>1,431,111</b>	<b>-3%</b>
Monetary Credit	68,245	99,625	190,808	455,498	549,114	21%
Investments	2,051	1,501	17,324	16,012	24,337	52%
Debtors	45,361	77,440	62,062	38,269	80,172	109%
Cash	199,112	182,593	400,734	959,961	777,488	-19%
<b>Net Fixed Assets</b>	<b>21,364</b>	<b>15,742</b>	<b>27,895</b>	<b>31,612</b>	<b>40,045</b>	<b>27%</b>
<b>Total Assets</b>	<b>336,134</b>	<b>376,901</b>	<b>698,823</b>	<b>1,501,351</b>	<b>1,471,156</b>	<b>-2%</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>	<b>289,389</b>	<b>319,194</b>	<b>623,481</b>	<b>1,421,211</b>	<b>1,389,438</b>	<b>-2%</b>
Provisions	3,936	8,817	20,101	30,690	30,690	0%
Current & Deposit Accounts	187,385	203,902	337,626	725,091	705,431	-3%
Creditors (Payables)	98,068	106,476	265,755	665,430	653,317	-2%
<b>Shareholders' Equity</b>	<b>46,745</b>	<b>57,707</b>	<b>75,342</b>	<b>80,140</b>	<b>81,718</b>	<b>2%</b>
<b>Total Equity and Current Liabilities</b>	<b>336,134</b>	<b>376,901</b>	<b>698,823</b>	<b>1,501,351</b>	<b>1,471,156</b>	<b>-2%</b>

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