

SANPAOLO IMI

Press Release

SANPAOLO IMI, THE ONLY ITALIAN BANK IN THE CONSORTIUM FOR THE TRADE BANK OF IRAQ

Turin, 1 September 2003 - In mid July and within the context of UN resolution 1483, the international Coalition Provisional Authority (CPA) administrating Iraq set up the *Trade Bank of Iraq*-TBI, in consideration of serious deficiencies in the local banking and financial systems, in order to provide financial support to resume import and export activities in the country.

In particular, the Trade Bank of Iraq – TBI, whose 100-million-dollar worth authorized capital will be held by the Development Fund for Iraq (DFI) which is responsible for the management of the Iraqi available funds, first of all will have to guarantee the payment of the main commercial transactions concerning imports of material and machinery to satisfy the needs of the CPA and of the Iraqi ministries involved in the reconstruction.

In order to make the TBI operational as soon as possible (in a market where banking institutions' functions must be restored to pre-war standards), the CPA announced a tender to contract the management of payment and trade finance services (documentary credit) to an Operative Consortium of international banks which, for twelve months, already starting from September, will issue and/or confirm the letters of credit on behalf of the TBI, managing the correlated payment flows, while also providing know-how and training to the personnel of the new bank.

The international tender, which saw the participation of six consortia, mostly headed by US banks, was awarded to the operative consortium led by *JP Morgan Chase*, to which SANPAOLO IMI is the only Italian bank associated. This group of banks boasts a wide international scope, including among its participants, in addition to *JP Morgan Chase* and SANPAOLO IMI, the *British Standard Chartered Bank*, the *National Bank of Kuwait*, the *Australia and New Zealand Banking Group*, the *Polish Millennium Bank*, *Crédit Lyonnais*, the *Royal Bank of Canada*, the *Banco Comercial Portugues*, the *Standard Bank of South Africa*, the *Turkish Akbank*, the Spanish *La Caixa* and the Japanese *Bank of Tokyo-Mitsubishi*.

Soon after the formalization of the contract, a Guiding Committee for the TBI Project (including for SANPAOLO IMI, Mr. Marcello Mentini, Manager of the Correspondent Banking Department) will schedule the work to identify the first operative needs to be met and devise a business plan for the development of commercial activities.

SANPAOLO IMI, by virtue of the role assigned to it, is ready to assist exporting companies by acting as the promoter of a new privileged channel by which to foster the resumption of concrete commercial exchanges concerning the supply of Italian machinery and materials to Iraq, designed to satisfy the primary needs for the country's reconstruction and economic development.

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