

TRADE BANK of IRAQ

2008 Results

29th April 2009

Trade Bank of Iraq Posts Record Profits

Financial Highlights

- Net profits of US\$359.3 million, up 41%
- Net operating income of US\$447.1 million, up 51%
- Total assets of US\$10 billion, up 64%
- Issued share capital of US\$427 million, up from US\$96.1 million

Business Highlights

- Implementation of successful Erbil power plant investment
- Letters of credit and guarantees issued of US\$9.1 billion
- New branches and offices opened
- 4 new Export Credit Agency agreements signed bringing total to 19
- Continuation of successful bank training programmes
- Voted Best Bank in Iraq by EMEA Finance Magazine.

The Trade Bank of Iraq (TBI) today announced record profits for 2008 demonstrating another year of significant progress for the bank. The bank reported net profits of US\$359.3 million, up 41% on 2007 and net operating income of US\$447.1 million (up 51%) reflecting increased business volumes stemming from the growing need for trade and project financing in Iraq. This contributed to the all round growth in the bank's business with total assets standing at US\$10,045 million at the year-end (US\$6,124 million in 2007).

During 2008 the bank issued letters of credit and guarantees of US\$9,100 million (against US\$6,610 million in 2007). The business growth was supported by an increase in share capital to US\$427.4 million during the year resulting in total Capital and Reserves at the end of the year of US\$850.1 million placing the bank in a strong position for further business development in the coming years.

Commenting on the results, Mr Hussein Al-Uzri, President and Chairman of TBI said:

“We are very pleased with these results which have been achieved in a difficult global market. We understand that important challenges lie ahead but with our growing track record we are in a strong position to meet those challenges head on.

“We are particularly pleased to be playing a key role in developing the Iraqi economy and the wider banking sector as a whole and will continue to invest in training and development of bankers throughout Iraq so that business and governance across the industry reflects

international best practices. The Bank's balance sheet is strong and we are well placed to play a growing role in Iraq's regeneration.

"These results show how far the bank has come in a relatively short time and we want to thank the Minister of Finance for his support in helping us deliver such strong progress. The bank's growth is also reflective of the underlying strength of the Iraqi economy and TBI's key role in supporting the rebuilding of the country.

"TBI has invested in its own infrastructure to ensure excellent customer service levels and a robust control environment which will support the further growth which we expect from the bank as Iraq continues its regeneration and as international interest in investing in our country grows".

TBI opened 2 new branches during 2008 and now has 8 offices with plans to open 8 new branches in 2009, also adding a number of ATMs to broaden TBI's coverage and improve access for customers. During the year the bank was active in financing infrastructure projects and was recognised as best Bank in Iraq by EMEA Finance Magazine. 2008 was therefore another significant year of progress for TBI.

Investment opportunities

The Bank's growth is of course reflective of the underlying strength of the Iraqi economy where real GDP grew by an estimated 9.78%. Improved security throughout the country has been an important factor. This renewed confidence is also seen in increased domestic investment and a rise in real estate values and more importantly in foreign direct investment with positive interest by international groups involved for example in hotels, energy, pharmaceuticals and transportation.

Iraq's direct exposure to the problems in the international financial markets was limited and, with rebuilding a priority, Iraq offers opportunities which are underpinned by vast natural resources and a pool of well qualified local human resources. These projects are essential rather than speculative. We believe that Iraq with its strong economic base, its resources and the improving security situation will attract an increasingly large share of available funds. The Government's initiatives to support inward investment through the formation of the Investment Commission and the passing of the Investment Law will certainly facilitate increased investment activity.

TBI will undoubtedly continue to play a major part in these projects building on the success of projects such as the Erbil Power plant (which now provides 36% of the electricity needs of Iraqi Kurdistan – 14% of Iraq as a whole - with 24 hour electricity where once it was limited to four).

Developments in the Bank itself

Closer to home 2008 saw the bank make significant progress in its own infrastructure with continued investment in the core banking system with many processes moving towards full automation. TBI has also invested in training to ensure that service levels match customer expectations and importantly that control and risk management processes are in line with market best practice for an international bank such as TBI. In so doing the bank is also

taking every opportunity to work together with the wider banking community in Iraq to ensure that overall compliance and governance standards are developed, particularly in key areas such as anti-money laundering.

Looking ahead

In 2009 the bank intends to increase further the number of branches with 8 new offices planned for the year. The bank will make further investment in IT including an enhanced payments system and will continue the extensive training programme. TBI will also actively seek to broaden its connections with financial institutions and Export Credit Agencies worldwide to ensure that these key parties are aware of the bank's key role in developing Iraq but also the potential that exists for their own exporters.

Background on the Bank

TBI was established in July 2003 to facilitate Iraq's international trade and the reconstruction of the country after the expiration of the UN Oil-For-Food Programme. The purpose of the Bank is to be a catalyst for the regeneration of the Iraqi economy and a force for modernisation.

The Bank quickly developed into a highly credible and effective organization. In a short period of time, TBI built relationships with an international network of 120 prime banks covering 60 cities in 37 countries. An early success was signing agreements with 17 of the largest Export Credit Agencies around the world.

Product and Services

TBI focuses primarily on trade finance and project finance. In the early days, the focus was on TBI's principal activity: trade. It recently expanded to include other products and services such as project finance, corporate finance and retail banking.

The Bank issues Letters of Credit, provides direct finance for major infrastructure projects in Iraq and arranges larger loans via groups of banks. TBI is also working on increasing the number of Visa Cardholders and the network of ATMs in Iraq as part of a well-planned strategy.

To service its clients the Bank has expanded geographically in Iraq and now includes eight branches. TBI's plan is to continue to do so throughout the coming years.

The Team

The Trade Bank of Iraq has built a professional base of highly competent staff whose number now exceeds 450. Many have over twenty years' experience in their specialist fields along with knowledge of the local people and market.

Staff members are trained in the latest banking best practices, technology and systems, all of which it is hoped will result in better performance and client service.

The Bank's Role in Building the Iraqi Economy

TBI contributes to revitalising the Iraqi economy by facilitating imports and exports and also through offering new and innovative services to the public and private sector.

Increased lending has provided much needed capital to Iraq's business community and the Bank has played an advisory role in the restructuring of Iraq's commercial debts.

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