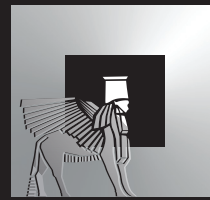


**"Our mission is to be a catalyst  
for economic and national  
regeneration."**

(Chairman of TBI, Mr. Hussein Al Uzri)



**TRADE BANK OF IRAQ**

The Trade Bank of Iraq (TBI), wholly owned by the Ministry of Finance, 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 bank quickly developed into a highly credible and effective organization. In a short period of time, TBI built relationships with a network of 134 prime banks - the Consortium banks being at its core - covering 63 cities in 39 countries. This gave TBI a truly global reach, a competitive advantage and the ability to provide a diverse range of services. An early success was signing agreements with 17 of the largest Export Credit Agencies around the world. Another is the fact that TBI is one of the first Iraqi banks to receive lines of credit from major international financial institutions.

Building on its early success, TBI is gradually introducing modern, innovative products and services to the Iraqi market. These include Project Finance, Salaries Accounts, Saving Accounts, and Credit Cards. TBI has a sound credit policy in place, and among the many 'firsts' the bank can claim is Iraq's first fully automated online banking system, being Iraq's first bank to issue VISA credit cards, as well as the development of the first nationwide network of ATMs in the country. Fully capitalized at over US\$ 100 million and with total assets topping US\$ 2 billion at the end of 2006, TBI is also the most experienced Iraqi bank in issuing Letters of Credit and Letters of Guarantee. We face the future with confidence.

#### Key data and figures

Commenced operation in  
November 2003

Ownership: 100% by the  
Iraqi Ministry of Finance

- Total number of L/Cs  
opened reached 4375;  
for a total value of about  
US\$ 20 billion

By end of its second year  
of operations (end 2005)  
the Bank achieved  
excellent results:

- The Bank's total assets  
US\$ 1,091,968,359
- Total Equity: US\$  
139,898,505
- R.O.A: 3.15
- R.O.E: 25.30

# Our Mission

The Trade Bank of Iraq's mission is threefold:

To continue to support, in an effective and transparent manner, the development of the financial sector throughout Iraq.

To facilitate the increase of trade and finance for the Iraqi private sector by raising international awareness of the potential of Iraq through the development of the Bank's operations and partnerships overseas.

To be recognized as a leading Iraqi Financial Institution which operates at a global level to develop and support the regeneration of Iraq's economy.

## Highlights and achievements

TBI is one of the first Iraqi banks to receive lines of credit from major international financial institutions despite the security situation and the absence of a credit rating for Iraq. Other key achievements include:

### 1. Modernizing the banking environment

- First bank to automate its banking operations
- Issued the first Visa International credit card
- Introduced Automated Teller Machines (ATMs)
- Investing in capacity building

### 2. Supporting the private sector

- First bank in Iraq to conduct 'business sharing' of public sector Letters of Credit (L/Cs) with private sector banks
- Extending its services to private sector corporations in their trade finance needs as well as project financing

### 3. Leadership and Development

- TBI is UCP 600 compliant
- Sponsoring Documentary Credit Training in cooperation with JPMorgan Chase
- Providing continuous training for its team

### 4. Expanding its branch network:

- TBI now has six branches

### 5. Developing a large correspondent network with 134 prime banks

#### Awards

- 2005 Deals of the year 2005; by Trade and Forfaiting Review
- 2007 Voted Best Trade Bank in the Middle East; by Trade & Forfaiting Review's readers in this year's awards.

## Further examples of success:

TBI introduces Banking System to automate its operations:

In 2006, the bank implemented the MidasPlus banking system from Mysis. MidasPlus is a widely-recognized banking solution built on 30 years' of banking expertise and experience. It is a transaction-based, multi-currency, multi-branch banking system, which supports global processing in the centralization of separate country or business-specific systems into a single environment. Unlike traditional hubbing approaches, global processing allows the bank to see all the data in a single coherent picture.

The program provides a comprehensive retail banking environment including Trade Innovation for Letters of Credit and Letters of Guarantee as well as Fund Transfer transactions.

Trade Innovation provides the information and the functionality to make trade services profitable and manageable while ensuring that the Bank provides the highest levels of client service. It handles trade services products and streamlines the entire trade finance process, managing workflow.

The Fund Transfer program will offer new automated accounting systems, automated statement production and administration of account management, giving a more effective service to our clients.

In collaboration with JPMorgan Chase and Dallal & Associates law firm, TBI launches a series of training sessions for Iraqi ministries:

TBI has launched a series of training sessions for Iraqi ministries, after the success of the three-day intensive training session that the Bank hosted over the summer in Istanbul. Financial and legal training of this level is unprecedented in Iraq and is testimony to TBI's leadership role in updating Iraq's banking system.

Hussein Al Uzri, Chairman of TBI, said, "We are proud to be the full sponsor of such vital training events, the results of which should make a big contribution towards improving Iraq's banking sector. TBI is committed to developing and modernizing Iraq's economy and believes that the training of Iraqi ministries in contemporary financial and banking procedures will go a long way to achieving this."

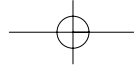
The Istanbul session covered the central topics of International Trade Dynamics, Contracts, Commercial Letters of Credit and Documentary Credits; delegates were also engaged in case studies, exposing them to latest developments in international trade.



The Erbil Power Plant

### Erbil Power Plant in Kurdistan:

During 2006, TBI financed various projects. One of the major projects, a true success story, is the Erbil Power Plant in the Kurdistan region of Iraq. Upon completion, this power plant will supply a net active output of 500 MW/hour to the Iraqi Electricity Grid. That equates to 14% of the current Iraqi network and 36% of the electricity needs of Kurdistan. This power project is being built by a private sector company at a cost of around US\$ 240 million and TBI has been helping by establishing Letters of Credit for the import of equipment for this power plant. TBI has also part-financed this plant by extending direct credit facilities.



# Iraq is now open for business

There are significant opportunities to invest in Iraq.

One of the principal facets of the Government's strategy for economic development is to once again enter the international investment community. Iraq's National Development Strategy for 2005-2007 outlines this plan of action, among which are the following objectives:

- To cultivate a move to an open market economy
- To guarantee the growth of the private sector by encouraging a fair legal system
- To make the global economy see that Iraq has changed and is worth doing business with

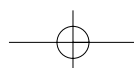
## Iraq's New Investment Law

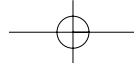
The Coalition Provisional Authority (CPA) has introduced a different legal regime to attract foreign investment. Today, in the majority of cases, foreign investors have been granted the same rights as national investors vis-à-vis their investments. Iraq's new Investment Law, approved on 22 October 2006, guarantees a climate where foreign investment is facilitated.

## The Security Situation

A large majority of the country is stable and at peace, with life being back to normal, despite the reported violence. The security situation remains difficult, but it is not nearly as bad as it is portrayed on television.

We know that, in the long-run, the most effective security solution is economic growth and job creation. The Central Bank of Iraq is fighting inflation and the currency is strengthening. Past obstructions to effective business are being dealt with and removed, and Iraq is doing everything possible to help its private sector flourish. Thus, through an open trade and investment regime, an investor-friendly business environment is dawning.





# TBI - a catalyst for the Iraqi private banking sector

TBI believes that revitalizing the private sector is a key means of achieving a healthy, sustainable economy. It aims to continue extending its trade finance services, as well as project finance to private sector corporations.

TBI has agreed with private sector banks on the procedure to be adopted in its public sector L/C business sharing. During 2006, the

Bank issued about of US\$ 21.8 million through chosen banks. The criteria for choosing each bank depended on its balance sheet, correspondent network and SWIFT connection as well as the capacity of its staff and its experience in issuing L/Cs.

Furthermore, TBI extended credit facilities to some private sector banks; such facilities constituted about 26.8% of TBI's total cash credit facilities.

Amongst other things, TBI is:

- engaging in "business sharing" of public sector Letters of Credit with the private sector banks
- assisting the banks in expanding their correspondent networks
- facilitating the private sector's imports of commodities and goods

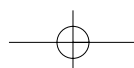
## Example 1:

TBI, in support of the Government's initiative to revitalize the private sector, issued Letters of Credit for the import of commodities and goods by the private sector for onward sale to the Ministry of Trade. As for Letters of Guarantee (L/Gs) issued for the private sector, the total value of these L/Gs reached US\$ 24.7 million, i.e. 9.3% of the total value of L/Gs issued during 2006.

## Example 2:

TBI extended need-based credit facilities to part-finance the import of goods, commodities, equipment, medicines and technology by the private sector into Iraq. These included projects of national importance for the reconstruction and economic development of Iraq in the following sectors:

- Infrastructure
- Housing
- Hotels and Tourism
- Manufacturing



# The Management and Team

TBI's management team is characterized by its experience and commitment to the goals of the Bank and the country at large. The substantial achievements to date are testimony to these qualities.

## Board of Directors

**Mr. Hussein Isam Al-Uzri**  
Chairman

**The Ministry of Finance**  
Represented by  
Mr. Emad Ismail Al-Na'eb, Vice-Chairman

**The Central Bank of Iraq**  
Represented by Dr. Mudher Mohammad Saleh, Member

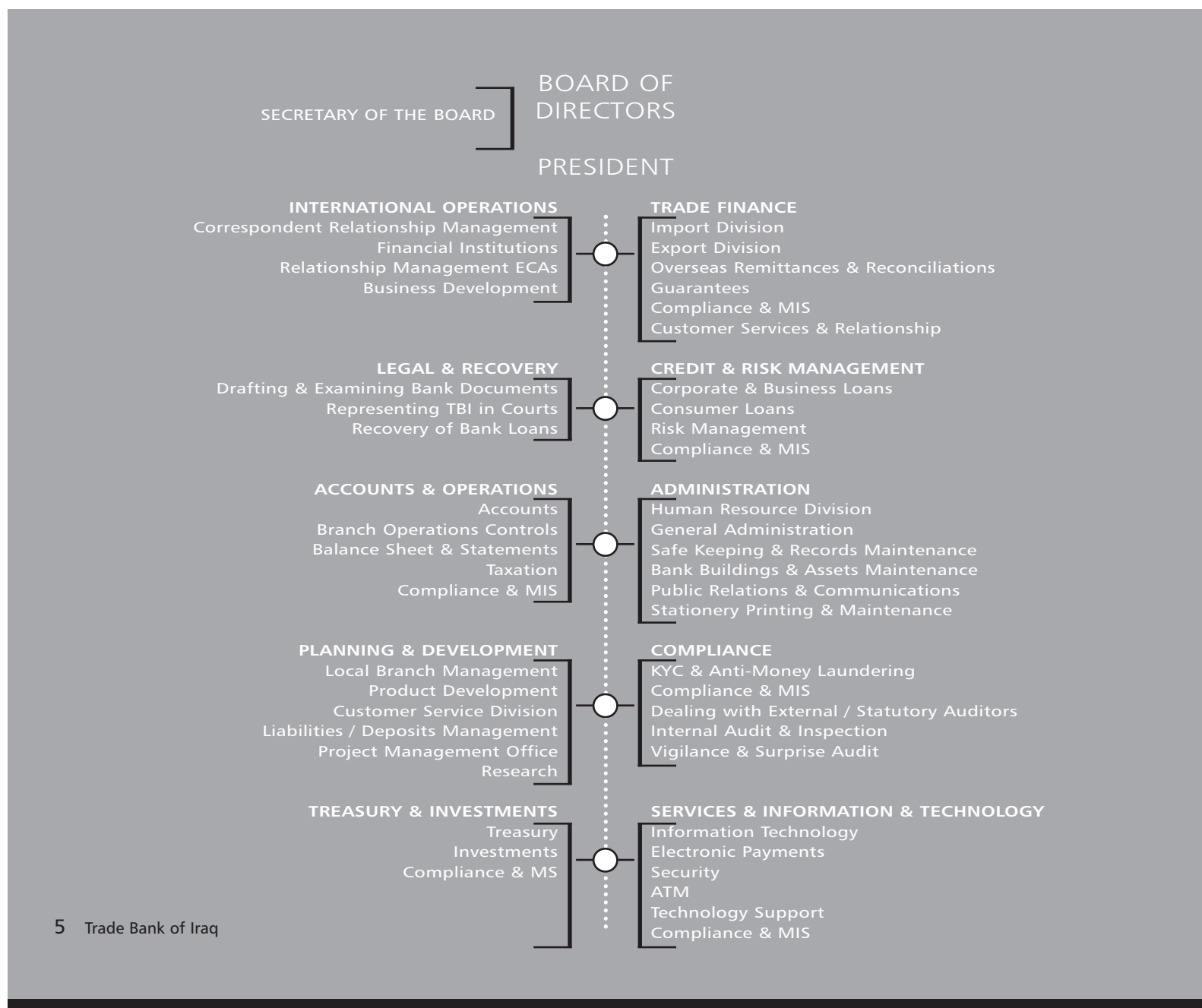
**The Ministry of Oil**  
Represented by Mr. Hassan Mohamad Al-Rufaie, Member

**The Ministry of Trade**  
Represented By Mr. Nidal Raheem Mardood, Member

**Advisor**  
Sir Claude Hanks KCVO

**Auditors**  
Ernst & Young

**Legal Advisor**  
Clifford Chance



## Our Team

TBI has built its professional base of competent staff, the current number of which stands at 350. Many have over twenty years' experience in their relative fields with knowledge of the local people and market.

## Supporting and developing the team

The Bank values its staff members and highly values their unstinting efforts to achieve the Bank's objectives and aspirations in such trying times. It is in this spirit that senior management is committed to the continuous development, reward, and recognition of TBI's staff through:

- Quarterly bonus programs for outstanding performers
- Frequent domestic and international training programs
- Exposure to the latest banking technology

# TBI Products and Services

- Issuance of Commercial Letters of Credit for Imports
- Confirmation and Advice of Commercial Letters of Credit for Exports
- Confirmation and Advice for Standby Letters of Credit
- Issuance of Local Performance Guarantees
- Issuance of Advance Payment Guarantees
- Insuring Letters of Credit through the support of Export Credit Agencies (ECAs)

# Our Policy and Values

## Corporate Governance Policy



The Bank recognizes the importance of good corporate governance as the basis for its future development and performance.

The Bank's detailed Code of Corporate Governance is being compiled, but the guiding principles of the Bank since its establishment are:

- **Accountability** in the relationship between the Bank's senior management and the Board, as well as between the Board and the shareholders and the other stakeholders
- **Transparency** and disclosure, enabling stakeholders to assess the Bank's financial performance and condition
- **Fairness** of treatment of all stakeholders (depositors, creditors, employees, regulators and suppliers)
- **Responsibility** and a clear division and delegation of authority

## Our values

Reflecting the Bank's commitments to all its stakeholders and the challenging circumstances under which the Bank operates, the key principles which guide all the Bank's operations are:

- **Integrity**
- **Commitment**
- **Excellence**
- **Customer focus**

# Our Partners

## The Public Sector:

Iraqi ministries represent the principal domestic clients to TBI, particularly during this phase of reconstruction. These ministries include (but are not limited to):

- Ministry of Trade
- Ministry of Oil
- Ministry of Electricity
- Ministry of Health
- Ministry of Foreign Affairs
- Ministry of the Interior
- Ministry of Education
- Ministry of Communications
- Ministry of Public Works
- Ministry of Planning
- Ministry of Agriculture

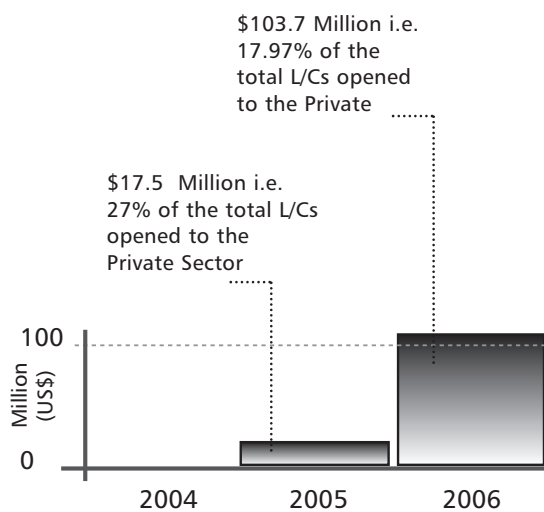
Coupled with the ministries, the bank has strong relationships with several State-Owned Enterprises.

## The Private Sector:

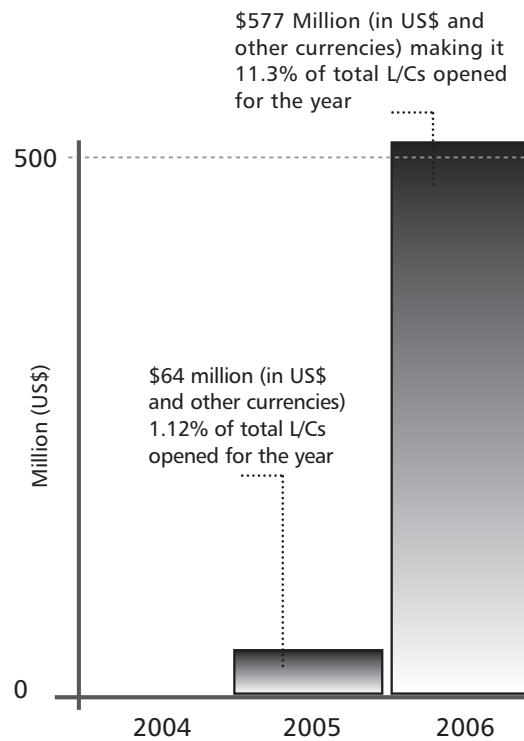
TBI is increasingly extending its trade finance services as well as Project Finance to private sector corporations.



## Comparison of figures



Total L/Cs issued for the private sector to import commodities and goods for the Ministry Of Trade is as follows:



Total L/Cs opened to private sector Corporations.

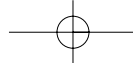
# Our Correspondent Banks

TBI has built relationships with a network of 134 prime banks covering 63 cities in 39 countries. The Consortium banks constitute the core of our network of correspondent banks. Some of these correspondent banks have extended lines of credit to TBI, making it one of the first Iraqi banks to receive lines of credit from major international financial institutions.

## Countries

- Australia
- Austria
- Bahrain
- Belgium
- Brazil
- Canada
- China
- Cyprus
- Czechoslovakia
- Denmark
- Egypt
- France
- Germany
- Hungary
- India
- Iran
- Iraq
- Ireland
- Italy
- Japan
- Jordan
- Kuwait
- Lebanon
- Netherlands
- Poland
- Portugal
- Qatar
- Russian Federation
- S.Korea
- Saudi Arabia
- Singapore
- Spain
- Sultanate of Oman
- Sweden
- Switzerland
- Turkey
- U.A.E
- U.K
- U.S.A





### The Operating Consortium:

Ten global financial institutions led by JPMorgan Chase agreed to lend their support to TBI in its commencement of operations. Their primary role was issuing Letters of Credit, externally on behalf of TBI, to global exporters. In addition, the consortium has provided TBI with the latest technologies and trade finance know-how. These banks have committed to stand by TBI until it is able to issue Letters of Credit to world exporters on its own.

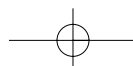
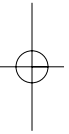
#### These banks are:

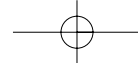
- JPMorgan Chase, N.Y
- Standard Chartered Bank, Dubai
- Australia & New Zealand Bank, Melbourne
- Bank Millennium, Warsaw
- National Bank of Kuwait, Kuwait
- Internationale Nederlanden Group, Amsterdam
- Bank Of Tokyo-Mitsubishi, Tokyo
- Calyon, Paris
- HypoVereinsbank , Munich
- SanPaolo IMI, Turin

### Correspondent Banks:

#### Our correspondent banks include:

- Citibank, New York
- Bank Austria Creditanstalt, Vienna
- Deutsche Bank, Frankfurt
- Dresdner Bank, Frankfurt
- Finansbank, Istanbul
- Fortis Bank, Brussels
- Arab Banking Corporation, Bahrain
- Mashreq Bank, Dubai





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**TRADE BANK OF IRAQ**

