

Ms. Rachel Kyte
Director
Environment & Social Development Department
International Finance Corporation
2121 Pennsylvania Avenue, NW, F7K-158
Washington, DC 20433

14 December 2004

Dear Rachel,

It was a pleasure to meet with you and your colleagues at WestLB's offices in New York on 7 December 2004. The seventeen financial institutions present at the meeting would like to thank you for consulting with us.

The views expressed by the financial institutions during the meeting focused on four main points.

First, we believe that the period of consultation by IFC on the proposed Performance Standards should be extended by at least 6 months from the 17 December 2004 deadline for Phase I of the Public Consultation and Comment Period to ensure adequate time for full consideration of their implications by all stakeholders including the financial institutions which have adopted the Equator Principles. As we discussed, it is extremely difficult to fully understand the Performance Standards without the Interpretation Notes, which have still not been publicly released. The financial institutions are not in a position today to know whether or not the Performance Standards are suitable for incorporation into the Equator Principles. We believe it is critical to ensure that there is sufficient time to develop a set of Performance Standards which are broadly accepted and appropriate to stand the test of time.

Second, the revision of the Safeguard Policies is an unusual and unprecedented process for IFC because of the existence of the Equator Principles. IFC is not just setting new policy for itself but also potentially setting policy for project financing globally. The new policies will have a substantial impact on the daily business of financial institutions if they are incorporated into the Equator Principles. Our clients will also need to comply with these policies and it is important that they have an opportunity to provide comment, both to us as their bankers and to IFC directly. Therefore, the financial institutions want to work closely with IFC in an iterative fashion to ensure that the Performance Standards are appropriate for use by private-sector financial institutions as well as for IFC as a development institution.

Third, after the Performance Standards are settled, the financial institutions will need approximately three months to revise the Equator Principles and to go through our own consultation process with our stakeholders on the mechanics of the revised Equator Principles.

Fourth, after the revised Equator Principles are settled, it could take several months for individual financial institutions to go through their internal adoption processes before we reach a critical mass of institutions that have adopted the new Principles. Subsequent to this a period of implementation, including internal training of personnel, would have to take place at the adopting institutions.

The financial institutions look forward to continuing a close and detailed dialogue with IFC in this important process.

Yours sincerely,

ABN AMRO Bank N.V.
Banco Itau S.A.
Bank of America, N.A.
Barclays plc
BBVA, S.A.
Calyon Corporate and Investment Bank
Citigroup Inc.
Dexia Group
Credit Suisse First Boston
Eksport Kredit Fonden
HSBC Group
HVB Group
KBC Bank N.V.
Mizuho Corporate Bank, Ltd.
The Royal Bank of Scotland plc
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