To all former registered private shareholders of the BIS

13 October 2003

Withdrawal of all BIS shares held by private shareholders
Hague Arbitral Tribunal final decision of 19 September 2003

Dear Sir/Madam

The BIS has written to you in the past as a former registered owner of BIS shares. As you will recall, you were informed by letter dated 10 January 2001 that the Extraordinary General Meeting of the BIS held on 8 January 2001 had decided to restrict the right to hold shares in the BIS exclusively to central banks and approved the mandatory repurchase of all BIS shares held by private shareholders against payment of compensation of CHF 16,000 per share.

By letter dated 27 November 2002, we informed you that the mandatory repurchase had been challenged by three former private shareholders before the Arbitral Tribunal in The Hague, which has sole jurisdiction in this matter. The Tribunal had confirmed that the compulsory repurchase by the BIS was legally valid and consistent with its public interest mandate as an international organisation, but that the compensation nevertheless should be increased.

The Tribunal has now issued its final award determining the exact amount of additional compensation, which together with interest is CHF 9,052.90 per share. That decision is final and is not subject to appeal. Furthermore, the Tribunal has confirmed that by virtue of its exclusive jurisdiction concerning the interpretation and application of the Statutes of the Bank, its decision represents the authoritative interpretation of the validity of the shares withdrawal and the proper valuation.

In accordance with its earlier declaration, the BIS will consistently apply the decision of the Hague Arbitral Tribunal to former registered private shareholders as of 8 January 2001. Consequently, the BIS will pay you the additional compensation of CHF 9,052.90 per withdrawn share in final settlement of all claims with respect to the withdrawn shares. In order to receive this additional compensation, you need to return the attached Payment instruction and release form.

Please note that further information on the shares withdrawal (including the press releases issued following the Tribunal’s decisions and earlier correspondence to former private shareholders) and on the Hague Arbitral Tribunal decision can be found on the website of the BIS at www.bis.org. The Tribunal’s website can be found at www.pca-cpa.org. Additional questions or requests for written documentation may be addressed to the BIS by phone (+41 61 280 8990) or by fax (+41 61 280 9100).

Yours sincerely

BANK FOR INTERNATIONAL SETTLEMENTS

[signed] [signed]

André Icard
Deputy General Manager

Gunter D Baer
Secretary General

Payment instruction and release form