



BCC Group

The Background



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The Bank of Credit and Commerce was founded in 1972 to provide commercial banking services internationally. It commenced its operation initially in United Arab Emirates, United Kingdom, and Luxembourg. The bank has since grown extensively to become an international financial organisation with operations spreading to 73 countries in 5 continents around the globe.

At the commencement, the capital base of the Bank was \$2.5 million, subscribed by Bank of America (25%) and investors from Middle East. Initially, the purpose of Bank of America's investment was to gain access to the Middle East market. Bank of America later determined that its strategic interest in the area required a direct presence. At the same time the BCC Group wished to undertake operations within the United States but was unable to do so while Bank of America retained shareholdings. Therefore, by mutual agreement, Bank of America divested its shareholding by June 1980. The BCC Group is now totally owned by a group of approximately 50 investors, primarily from the Middle East. Its capital fund exceeds \$1.5 billion and total assets at the end of 1988 exceeded \$20.6 billion.

Since its inception the BCC group has achieved a balanced and multidimensional growth and established a world wide presence. The corporate structure now comprises 34 subsidiaries and affiliates under the umbrella of the BCCI Holdings (Luxembourg) SA, that include two of its prime subsidiaries: Bank of Credit and Commerce International SA, registered in Luxembourg, and Bank of Credit and Commerce International (Overseas) Ltd, registered in Grand Cayman.

The BCC Group network now have 424 offices spanning through 73 countries of the world. Of this, 82 are in Europe, 100 in the Middle East, 119 in Africa, 62 in Far East and South Asia, 59 in North America, Latin America and the Caribbean and 2 in Australia. It has over 14,000 employees drawn from about 90 nationalities.

### The Bank's Business

The BCC Group of banks and financial institutions extend a full range of banking and financial services. BCC's commitment begins at branch level. Each branch is well versed in handling large and sophisticated transactions as well as transactions for retail, commercial and wholesale business. BCC is committed to the principle of promoting local and international trade and to be the bridge between the developing and the developed countries of the world. Although the Group handles a large volume of wholesale business, the bulk of its activities consist of retail and commercial banking operations, both domestic and international in the countries in which its branch network is located.

It has an efficient and almost round the clock network of foreign exchange dealing rooms throughout Europe, the USA, the Middle East and the Far East.

One of the BCC's main activities is providing full and efficient service for international transactions and financing of foreign trade. Its large network of branches handles transactions often at both ends. The range of services in this area include every variety of documentary credit, collections, money

transfers, guarantees and bonds, trade finance and other related banking services. For individuals, it has a whole spectrum of facilities for deposit and chequing accounts, remittances, personal loans, travellers cheques, credit cards, ATMs, and other services.

In some of the countries where it operates, in order to address to the needs of expatriate population and High Net Worth Individuals, BCC has established specialised Expatriate and Personal Banking Services Departments.

The range of its services also includes merchant and investment banking, leasing, project financing, intermediation and financing countertrade deals, advisory services concerning corporate acquisitions and portfolio and real estate investments, funds management, etc.

### Operating Strategy and Structure

BCC's overall operating strategy has been to provide a wide range of services in the domestic markets and to target niches in the international banking business which offer possibilities for growth.

As it has grown and developed, BCC has taken on a number of attributes which give it an edge over many commercial banks:

1. It has a unique focus upon the Third World countries having offices in as many as 51 of them. It is an important vehicle for the growth of trade and commerce within these countries and as a bridge for promotion of trade between them and with the industrialised nations.
2. It has remained privately held. Although it is subject to the regulations of all countries in which it operates, its small base of shareholders has resulted in its relative low profile.
3. The Bank's management is drawn from many nationalities and has pursued an egalitarian management structure, supported by functional, as opposed to ceremonial titles for managers.
4. It stresses conservatism, prudence and liquidity in its deposit taking and lending activities. A major segment of the Bank's assets are represented by cash, certificates of deposit and readily marketable securities. Its loan portfolio is mainly in short-term, trade-related, secured transactions. The ratio of Capital to Total Assets is 6.8%, while Capital/Risk Weighted Assets ratio exceeds 9%, which comfortably above industry norms.
5. BCC finances its operations through its customer deposit base instead of relying upon the interbank market. It is a supplier rather than a borrower of funds.
6. BCC actively seeks business from governments and semi-government agencies. It is one of the bankers to a large number of Central Banks of various countries.
7. Although it has never publicised the fact, BCC is a major participant in recognised charitable and philanthropic programs around the world. The Bank gave over \$13 million in 1985, \$15 million in 1986, \$21 million in 1987 and \$21 million in 1988 to such causes.

## **Customer Base**

BCC has successfully built strong banking relationships with its clients across the whole spectrum of commerce, industry, institutions, and individual customers. There are over one million customer accounts at the BCC Group.

Corporate and institutional customers include organisations engaged in manufacturing, international trade, domestic trade, construction, shipping and transport, airlines and tourism, hotels and real estate development.

The Bank also provides financial services to the central and regional governments including parastatal institutions, and embassies of many of the countries in which it operates.

Banks and other financial institutions are an important customer category, both as customers themselves and as correspondents through whom BCC does business with other customers. BCC currently has correspondent relationships with over 1,100 banks and financial institutions; of which a fairly large number of banks also maintain their accounts with it.

In the area of personal and private banking, it has strong base of customers both of local origin and expatriates. An added dimension to this relationship is clientele made up of High Net Worth individuals and professionals.

## **Management Structure**

The Board of Directors of BCC Group constitutes ultimate authority for the

management of all the Bank's consolidated operations.

Assisting and supporting the Board of Directors and the boards of the subsidiaries and affiliates is the Central Management Committee, consisting of the President, the Executive Directors, Regional General Managers, and other senior executives from the BCC Group and representatives from the boards of subsidiaries and affiliates.

The Central Management Committee is responsible for developing Group's business strategy and philosophy, supporting the growth of operations, monitoring credit, lending and liquidity policies and procedures, and implementing audit, inspection and other financial controls.

The principal administrative organisation within the BCC Group is the Central Support Organisation. The CSO reports to the Central Management Committee and consists of various functional divisions supervising credit, human resources, group accounts, treasury, correspondent banking, marketing, audit, systems and computer services.

At the regional level, each Regional Office is headed by a Regional General Manager responsible for day to day management within the region.

Each Regional General Manager is supported by a Regional Management Committee, made up of Regional General Manager, selected senior executives from Regional Office and managers of some larger branches.

## Regulation and Controls

The BCC Group as a matter of corporate policy adheres strictly to the rules and regulations of all countries in which it does business. It is also subject to the banking and fiscal guidelines and discipline of central banking authorities of all the countries in which it is licensed.

Many of the countries in which BCC operates have strict banking secrecy laws as well as other compliance regulations relating to account holders and financial

transactions. Through various internal controls, BCC Group ensure compliance of these.

The Group's operations at each location are subject to four different levels of audit review. These levels include: inspection from regional and central auditors from within the Group, examiners from the central banking authorities in each country, and Price Waterhouse, the international audit firm responsible for reporting on Group's consolidated operations.

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