

PRIVATE BANKING

INNOVATION AND EXPERTISE

Responding to clients' needs and many requests from group members, Banque de Commerce et de Placements S.A. has decided to focus its efforts on the development of the private banking sector. During the years of high interest rates clients were generally content to leave their money on deposit. The last six years have seen a period of declining interest rates around the globe and concurrently a revival of bond and stockmarkets.

The BCC banker finds himself now often in a situation where his customer is solicited by our competitors offering new products in the form of managed accounts, including bonds and shares traded in the major markets. The globalisation and liberalisation of the USA, Asian and European financial markets have drawn many new investors to the markets.

SWITZERLAND

BCC has been active in Switzerland for more than a decade through its 85% owned affiliate Banque de Commerce et de Placements S.A. (BCP). The remaining 15% are held by Union Bank of Switzerland, through their company Thesaurus. The general management of BCP Switzerland is based in Geneva. Branches are maintained in Geneva, Zurich and Luxembourg and a new branch will be opened in Lugano in the Italian-speaking part of Switzerland, in October.

Banking in Switzerland is governed by strict laws ensuring safety and confidentiality for customers. There are no controls or restrictions on foreign-exchange and capital movements. Switzerland has a very long tradition in banking, serving commercial and private clients all over the world. In addition to the traditional Swiss banks where the majority of the capital is held by Swiss interests, a great number of foreign controlled banks have been set-up by groups from all over the world. These institutions enjoy the same rights as domestic institutions and are also protected by the banking laws.

Private banking services include investment counselling and selling of securities, precious metals and other valuables, and the administration of these assets. The basic concept is that BCC as a group should be able to offer private banking services not only in Switzerland, but in other locations as well.

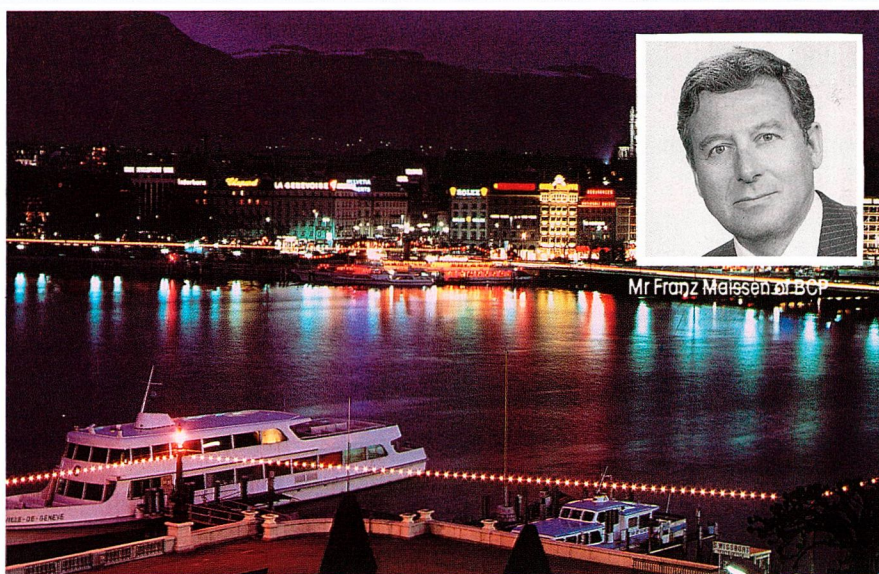
Mirroring the expansion of foreign banks in Switzerland, a great number of foreign companies have set-up in Switzerland holding companies, marketing organisations, trading centres and units holding international patents.

BCP is now involved in all important aspects of banking: loans, letters of credit, foreign exchange, precious metals, fiduciary accounts and portfolio management.

1987 will be a year of many changes for BCP Switzerland. A number of decisions have been taken to strengthen the organisation and infrastructure to cope with the growing volume of business and to push diversification into private banking.

The general management in Switzerland and the Geneva branch are moving to new offices at rue de Chantepoulet, close to the present offices and the central railway station. BCP was fortunate to find space in a very attractive turn-of-the-century building which has been completely renovated and adapted to our needs. The prestigious new premises are well equipped to receive and service clients. Special care has also been taken to offer our staff working conditions which will be pleasant and efficient.

To strengthen further our infrastructure new computer equipment and a back-up system (Investdata) for securities administration are being installed. One of the most important innovations is



I N S W I T Z E R L A N D



that the Geneva branch has ground-floor premises for teller service, trading in foreign bank-notes, gold and gold coins. A spacious strong-room has been built with the most modern and sophisticated protective equipment. This vault serves the bank's own needs and safe deposit boxes are available to clients.

PRIVATE BANKING (PBD)

Private banking services including investment counselling, buying and selling of securities, precious metals and other valuables and administration of assets have been provided successfully by the Geneva branch for quite some time. In order to take care

of the expanding business and to capitalize on the huge growth potential within and outside the BCC group, it was decided to transfer this activity to a new entity called private banking division (PBD) headquartered in Geneva with additional units to be added later in Zurich, Luxembourg, Lugano and possibly London.

The management of this division has been entrusted to Mr Franz Maissen, a Swiss national, who comes to BCP with a long experience in investment and private banking and the securities business. His career includes executive positions with Swiss banks, Kider, Peabody Inc., New York and Switzerland and Saudi Finance Corporation S.A. Geneva. The objective of PBD is to develop highly

professional portfolio management units corresponding to market trends and clients' needs.

Large pools of money have been accumulating both in private and institutional accounts. A steadily declining percentage of these funds is still invested in short-term deposits and the balance in potentially higher-yield instruments such as:

fixed income: bonds, notes, convertible bonds (with equity feature)

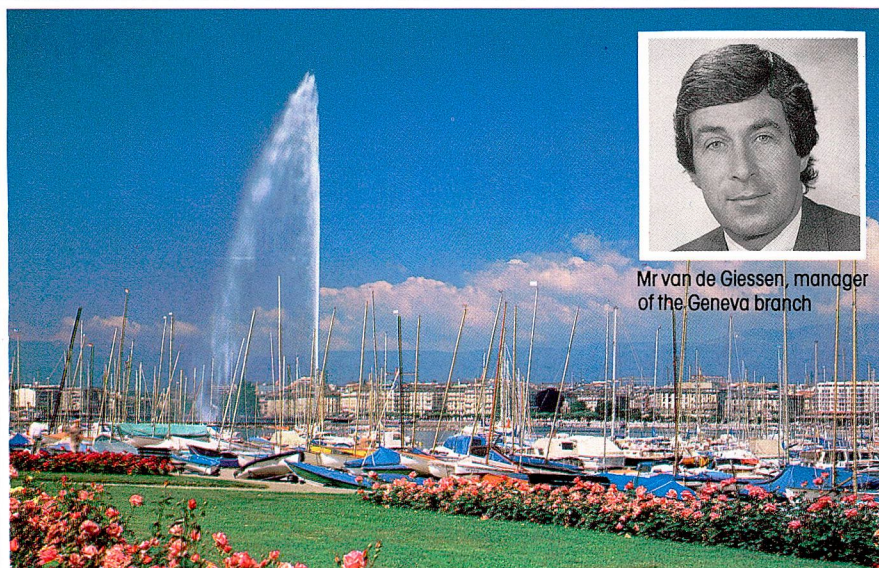
variable income: shares, preference shares, warrants, options

precious metals: gold, silver, coins

Investors are thinking increasingly in terms of "total return" i.e. cash income + capital gain.

As we all know, markets both in securities and currencies reflecting dramatic changes in the interest rate structure have been moving very rapidly over the last few years. Management of money has become more and more complex. The private person disposing of substantial funds has very often not the possibility or inclination to manage such funds.

BCP accepts investment accounts of \$200,000 and above for discretionary management. The client signs a management power in favour of the bank which authorises BCP to buy and sell securities for the account of the client but no cash or securities can be withdrawn by the bank. Accounts are assigned to two officers whose responsibility includes the servicing of the accounts and the management of the assets in accordance with the bank's investment policy. This policy is formulated by the BCP investment committee based on forecasts and assessments of political, economical and corporate developments. The policy will stipulate the allocation of assets (in percentage of the total value of an account) as to currencies, markets and investments (short-term, bonds, shares, precious metals). The investment committee also approves a "buy-list" for individual stocks and sets quality standards for bonds. Clients will be provided with quarterly reports summarising policy and major changes.



Mr van de Giessen, manager of the Geneva branch

GENEVA BRANCH

The largest BCP outlet is now headed by Mr van de Giessen who has recently joined the bank as its branch manager. Mr van de Giessen is a Dutch national who has been living in Switzerland since 1965.

During his professional career, Mr van de Giessen has held senior positions with American Express International Banking Corporation, both in Zurich and Bahrain, with Handelsbank N.W. in Bahrain and Zurich, with TAIB Finance S.A. in Geneva and, prior to joining BCP, with Merrill Lynch Capital Markets, Geneva.

Based on his background and diversified experience he will be in a favourable position to contribute substantially to a further expansion of the commercial and private banking activities of the branch in particular and the group as a whole.

ZURICH BRANCH

The Zurich branch has been re-organised and restaffed.

Mr Joe Hofstetter has joined BCP at the beginning of 1987 and appointed branch manager. He is a Swiss national with broad international banking and commercial background. His postings have included Senior Positions with UBS in Singapore, Continental Grain Group in South America (Paraguay/Brazil/

Argentina) as well as Grindlay's ANZ-Group in Switzerland. His professional experience includes broad based knowledge of the Indian Subcontinent, the South East Asia region and above all South America.

The Zurich branch is fully staffed to provide all banking services and is connected on-line with the central computer in Geneva. One of the priorities of this branch will be the expansion of the foreign-exchange business both with group members and outside correspondents. A new chief dealer will take up his duties in July 1987. The desk will have the most modern equipment including the Reuters dealing system at its disposal.

The advantages of Switzerland – political neutrality, sound government finance, low inflation coupled with steady economic growth, efficient domestic markets and not least the bank secrecy which still inspires the confidence of foreign investors.

LUGANO BRANCH

The opening of this new branch in Lugano will represent another milestone in the development of BCP as this will open access to a new area and culture. Lugano is the most important city in the Italian-speaking part of Switzerland. Famous as a holiday resort it has also developed into an important banking and finance centre. Naturally relations with

neighbouring Italy are close and many Italian companies have affiliates in Lugano to conduct their international business.

The opening date and other details will be announced as soon as a banking license is received.

LUXEMBOURG BRANCH

The Luxembourg branch was opened five years ago by Mr N. A. Hassan, branch manager. The branch is a vital link between the Swiss-based branches and the Euromarket for arranging fiduciary placements.

The fiduciary placement permits the customer of a Swiss bank to place funds under the name of the bank in the Euromarket at interbank rates; the interest is paid to the customer without deduction of any tax. The placement is made at the risk of the customer and the bank charges a fiduciary commission.

The Luxembourg branch will also play an important role in the development of private banking services, participation in new issues and lodging of certain trading accounts.

MARKETING PRIVATE BANKING SERVICES IN THE UK

In response to requests from clients, Personal Banking Desks are being introduced at some of BCC's branches in the West End of London. Products on offer will include:

- deposit related products
- execution of client purchase and sale instructions for a wide range of financial instruments and commodities
- investment in Unit Trusts
- non-discretionary portfolio management

Officers at the new Personal Banking Desks will be happy to refer requests for discretionary portfolio management to the Banque de Commerce et de Placements in Switzerland. They look forward to working with BCP and others throughout the BCC group to develop Private Banking services further.



Mr Joe Hofstetter, manager of the Zurich branch