

**KNOW
YOUR
BANK**

BANK OF CREDIT AND COMMERCE INTERNATIONAL

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ENERGY DIVISION

BANK OF CREDIT AND COMMERCE INTERNATIONAL

INTRODUCTION

Bank of Credit and Commerce International S.A. was incorporated in Luxembourg on 21 September 1972 with a paid-up capital of US\$2.5 million. It was conceived and founded by a group of professional bankers of impeccable record and reputation with the participation of highly eminent investors from oil producing countries in the Middle East and the Bank of America.

The Bank, which has come to be known as BCC, is young in years but rich in experience, the average banking experience of its broad based senior management being in the range of 25—30 years.

By early 1973, BCC had established its first four branches in three countries, namely, Luxembourg, United Arab Emirates (Abu Dhabi and Dubai) and the United Kingdom (London). The branch network has since rapidly expanded in Europe, Middle East, Africa, Far East and other financial centres of the world.

CORPORATE STRUCTURE

The overall picture of BCC Group that has emerged through its historical development since 1972 gives rise to a situation in which BCCI Holdings (Luxembourg) S.A. features as the parent organisation of the BCC Group banks; subsidiaries and affiliates, incorporating the following:

	% Holding
Bank of Credit & Commerce International Societe Anonyme 39 Boulevard Royal, Luxembourg	100
Bank of Credit & Commerce International (Overseas) Limited Bank of Nova Scotia Building George Town, Grand Cayman	100
Bank of Credit & Commerce International (Lebanon) S.A.L. Piccadily Building Hamrah, Beirut, Lebanon.	100
BCCI Finance International Limited 1601 Alexandra House 16–20 Chater Road, Hong Kong	100
Credit & Finance Corporation Limited Bank of Nova Scotia Building George Town, Grand Cayman	100
Banque de Commerce et de Placements S.A. 12 Place Cornavin, Case Poste le 215 1211 Geneva 1, Switzerland	55
Bank of Credit & Commerce International (Swaziland) Limited PO Box No 645, Nkoseluhlaza Street Manzini, Swaziland	55
BCCI Canada Inc Suite 3333, First Canadian Place Toronto, Ontario, Canada M5 X IB1	50
Kuwait International Finance Co S.A.K. Al Rashid Building, PO Box No 23792 Fahad Al-Salem Street Safat, Kuwait.	49
Premier Bank Limited PO Box No 11011 Osu, Accra, Ghana	45

	% Holding
Bank of Credit & Commerce International (Nigeria) Limited PMB 12763, Lagos, Nigeria	40
National Bank of Oman PO Box No 3751 Greater Muttrah — Muscat, Sultanate of Oman	29
Iran Arab Bank PO Box No 11/1743, Takhte Jamshid Avenue, Tehran, Iran	15

SCOPE OF ACTIVITIES

The bulk of BCC Group activities consists of retail banking operations in the countries in which its branch network is located. In addition, the Banks in the Group are either directly, or through their affiliated companies, involved in the following:

- (a) Underwriting
- (b) Syndication of multi-currency loans
- (c) Lending of Euro-currency
- (d) Issue of Short and Medium term Certificates of Deposit, Promissory Notes and Commercial Paper
- (e) Project financing
- (f) Project evaluation
- (g) Portfolio management
- (h) Equipment leasing
- (i) Economic evaluation

OWNERSHIP

The shareholding in BCCI Holdings (Luxembourg) S.A., which varies from time to time with transactions of sales

and purchases, was as on 31 December 1978 vested in the following:

Middle Eastern Investors 53% (approximately) consisting of participation of highly eminent families of Saudi Arabia, Abu Dhabi, Dubai, Kuwait, Muscat, Bahrain and Sharjah.

International Credit & Investment Company (Overseas) Limited 35% (approximately) a company incorporated in Grand Cayman which is to be ultimately owned by three trust organisations as under.

ICIC Foundation

— 35%

ICIC Staff Benefit Trust

— 35%

ICIC Business Promotions Corporation

— 30%

Bank of America 12%

ICIC Foundation is in the process of being set up to provide aid and services for deserving causes.

ICIC Staff Benefit Trust is being established to look after the welfare and needs of staff working in the Group, thus introducing the concept of combining ownership and management.

ICIC Business Promotion Corporation would be for promoting the business interests and activities of the Group.

The three organisations owning ICIC shall be fed by the funds received as profits, dividends etc from organisations belonging to the Group.

At the inception, Bank of America's participation was 25% which was subsequently raised to 30%. The reduction to the present level of 12% occurred as a result of an arrangement between Bank of America and International Credit and Investment Company (Overseas) Limited, under which Bank of America would, according to a phased programme, divest their entire shareholding by June 1980. This arrangement was prompted by the advantages that the two Groups would derive in the context of their current policies and plans.

The investment of Bank of America in BCC Group was originally aimed at having an access to the Middle East markets. Recently, they have been able to establish a direct presence in these areas and therefore are in no need of an association with a bank operating in that area. Moreover, Bank of America have decided, as a matter of policy, to divest their interests in affiliates where they have no management control. On the other hand, it appears natural that at some stage, BCC Group should have a presence in United States to serve the requirements of its clients, particularly from the Middle East. This could not have been possible under the existing Federal Reserve Regulation until Bank of America divested its interest in BCC Group. At the same time, BCC Group has established a sound foundation and a sizeable base. The decision for parting has, therefore, been in the mutual interest.

FINANCIAL RESOURCES

The growth of BCC Group in financial terms has been just as balanced as the global expansion of its international network of branches. As at 31 December 1978, BCCI Holdings (Luxembourg) S.A., the parent organisation of the Group, had total Capital Funds of US\$171 million. Deposits and other Funds were in order of US\$2.5 billion and consolidated total assets of the Group stood at US\$2.8 billion. The historical record of growth leading to the sound financial base has been as follows:—

(\$ 000's)

	Total Assets	Deposits & Other Funds	Capital Fund	Profit before Tax & Approp.
			2,500*	
1973	200,833	191,146	5,206	335
1974	610,167	581,049	11,105	2,918
1975	1,206,371	1,151,098	23,982	8,532
1976	1,656,439	1,560,029	50,071	20,013
1977	2,205,505	2,006,812	113,887	25,996
1978	2,801,186	2,530,364	171,374	28,126

Over the years the Group's base of resources has been considerably widened. Although the Middle East still remains an important base of financial resources of the Group, contributions from other areas of operation have considerably increased to build up to the present picture of broad based geographical reliance.

**(Initial Capital at the time of incorporation)*

INTERNATIONAL NETWORK OF OFFICES

The operations of BCC Group, including the affiliates, now cover 38 countries in which the Group's 170 branches and 11 representative offices are located.

	Number of Offices	Number of Countries
1973	19	5
1974	27	7
1975	64	13
1976	108	21
1977	146	32
1978	181	38

There is a degree of concentration of the international network of offices in the Middle East and the United Kingdom. Nevertheless, the presence of the Group is already global with the exception of Australia. This will be evident from the following breakdown of the regional representation of offices:

Regions	Number of Offices
Africa	23
Asia and the Far East	23
Europe	51
Latin America and Caribbean areas	4
Middle East	78
United States of America	1
Canada	1
	181

MANAGEMENT

BCC Group has its own distinct culture. It also has a powerful concept of management. Both are constantly evolving and shaping through the merger and flow of three dominant factors; the genius of its people, the force and power of its mission, values and objectives and a total identification with the reality of change and movement.

The culture and concept are dynamic and constantly flowing into the future. In order to become part of this culture, each individual has to recognise and perceive the process of change and synchronise his own movement into the future. He has to continue the pursuit of success by adjusting and changing his attitudes, his approach and abilities to suit the changing situations rather than to expect the situations to fit into his past personality.

Creation of human resources, improvement of their quality and their optimum utilisation are the core of our concept of management. It has been designed to provide the highest priority, in the first instance to the growth of individual and then the merger of individuals into a joint personality. It provides a climate of total freedom for the development of the concept of multi-leadership.

The management base of the Group comprises of about 100 Executives and Senior Officers of an average experience of over 15 years, at least 30 of whom have an experience of 25 years or more. The total number of Officers is over 1,000 and the total number of staff is in the region of 3,200.

In line with the concept of management, the office of Chief Executive vests in the Central Management Committee

which comprises of and is represented by the General Managers of the Regions and some members of the Central Support Organisation. In turn, the management of the regions is vested in the Regional Management Committees consisting of functional Executives in the Region and Senior Managers, with the Regional General Manager as the Chairman of the Committee. This structure of management translates the principle that, as far as is possible, the management should rest where the business is located and decisions made where they are to be implemented. In this autonomous form, the management and credit decisions up to a certain level are taken jointly at regional and branch levels. Decisions above that level and all matters related to co-ordination are dealt with by the Central Management Committee in which all regions are represented by their General Managers. Under this concept, Central Support Organisation, unlike the central control offices in conventional systems, functions more as an instrument for co-ordination and providing support and strength to the regions and branches. It may, however, be clearly understood that measures for strict discipline, control, supervision, checks and co-ordination are all effectively built in this system. There is therefore no room for taking autonomy and flexibility in the system for lack of control or indiscipline.

ENERGY

A bank which was started just six years ago with a capital of US\$2.5 million is now a global operation, spread over in 38 countries with 181 offices, US\$2.8 billion in assets, a base of US\$171 million in capital fund and a record of high

profitability since its inception. It has also built up a strong management structure, comprising of a broad base of staff with a high degree of ability, dedication and versatility.

Progress such as this could not have been possible without the vision, quality and thrust of the pool of energy involved in the Group's operation. In order to ensure continuity in the growth and quality of human resources, 'Energy Division' has been set up in the Central Support Organisation. Similarly, Energy Departments are in the process of being established in all the regions.

The main purpose of this Division is to create a realisation in the staff:

- (a) that every individual is a unit of energy which is self directing and self motivating;
- (b) that each unit of energy has a quality and a quantity;
- (c) that each unit should constantly evaluate and improve its quality and quantity of energy;
- (d) that each unit should make the optimum use of its energy towards positive and productive purposes.

It is also the purpose of this Division to expose each individual to the culture and vision of the Group and to explain to them the concept of management.