



U.S. \$50,000,000 BCCI FINANCE N.V.

(Incorporated with limited liability in the Netherlands Antilles)

Guaranteed Floating Rate Notes due 1990

Unconditionally and irrevocably guaranteed as to payment of
principal and interest by

BCCI HOLDINGS (LUXEMBOURG) S.A.

(Incorporated as a Société Anonyme in the Grand Duchy of Luxembourg)

(Régistre de Commerce, Luxembourg, No. B12810)

The issue price of the Notes will be 100 per cent. of their principal amount.

The Notes mature in December 1990 and may be redeemed in whole or in part at the option of BCCI Finance N.V. on any Interest Payment Date falling in or after December 1986 at their principal amount. In addition, the Notes may be redeemed at their principal amount on any Interest Payment Date in the event that Netherlands Antilles or Luxembourg taxes are imposed on payments on the Notes, as described under "Description of the Notes – Redemption and Purchase".

Notes may be redeemed at their principal amount at the option of a holder thereof on any Interest Payment Date falling in or after December 1988 as described under "Description of the Notes – Redemption and Purchase".

Interest will be payable semi-annually in June and December and will (subject to a minimum rate of 5 $\frac{3}{4}$ per cent. per annum) be at an annual rate of $\frac{1}{4}$ per cent. above the London inter-bank offered rate for six months Eurodollar deposits as described under "Description of the Notes – Interest".

The Notes will be unsecured obligations of BCCI Finance N.V. The due payment of the principal and interest in respect of the Notes will be unconditionally and irrevocably guaranteed by BCCI Holdings (Luxembourg) S.A. as described under "Description of the Notes – Guarantee".

Principal of and interest on the Notes will be payable in Hong Kong, London and Luxembourg as described under "Description of the Notes – Payments". Such payments will be made without any deduction, or withholding, for or on account of Netherlands Antilles or Luxembourg taxes, as described under "Description of the Notes – Taxation".

Application has been made to list the Notes on the Luxembourg Stock Exchange.

The Notes will initially be represented by a temporary Global Note without interest coupons. The temporary Global Note will be delivered to Cedel S.A. for the account of the Managers as agents of the subscribers against payment to BCCI Finance N.V. on or about December 1, 1983. The temporary Global Note will be exchangeable for definitive Notes, with interest coupons, not earlier than 90 days following the completion of the distribution of the Notes, as determined by Bank of America International Limited, and after due certification of non-United States beneficial ownership.

Bank of America International Limited	London & Continental Bankers Limited
Abu Dhabi Investment Company	Arab Banking Corporation (ABC)
Bank of China	Banque Arabe et Internationale d'Investissement (B.A.I.I.)
Banque Nationale de Paris	Bayerische Vereinsbank Aktiengesellschaft
Credit Suisse First Boston Limited	First Chicago Limited
Kidder, Peabody International Limited	Kuwait International Investment Co. s.a.k.
Lehman Brothers Kuhn Loeb International, Inc.	Merrill Lynch Capital Markets
Orion Royal Bank Limited	Prudential-Bache Securities
Sanwa Bank (Underwriters) Limited	

The purpose of this Prospectus is to give information with regard to BCCI Finance N.V. (the "Company"), BCCI Holdings (Luxembourg) S.A. (the "Guarantor" or "BCC"), the Guarantor and its subsidiaries and consolidated affiliate companies, as described under Note 5 to the consolidated accounts set out on page 24 (the "BCC Group") and the Notes. The Company and the Guarantor have warranted to Bank of America International Limited, London & Continental Bankers Limited, Abu Dhabi Investment Company, Arab Banking Corporation (ABC), Bank of China, Banque Arabe et Internationale d'Investissement (B.A.I.I.), Banque Nationale de Paris, Bayerische Vereinsbank Aktiengesellschaft, Credit Suisse First Boston Limited, First Chicago Limited, Kidder, Peabody International Limited, Kuwait International Investment Co. s.a.k., Lehman Brothers Kuhn Loeb International, Inc., Merrill Lynch International & Co., Orion Royal Bank Limited, Prudential-Bache Securities and Sanwa Bank (Underwriters) Limited (the "Managers") that, *inter alia*, this Prospectus is true and accurate in all material respects, does not contain any untrue statement of a material fact nor omit to state any material fact necessary to make the statements herein, in the context in which they are made, not misleading and all proper enquiries have been made to ascertain and confirm such facts and to verify the accuracy of all such statements.

This Prospectus does not constitute an offer or an invitation by or on behalf of the Company or the Guarantor or by or on behalf of the Managers or any of them to subscribe or purchase any of the Notes.

The distribution of this Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law; persons into whose possession this Prospectus comes are required by the Managers, the Company and the Guarantor to inform themselves about and to observe any such restrictions.

The Notes have not been and will not be registered under the Securities Act of 1933 of the United States of America and may not be offered or sold as part of the distribution of the Notes directly or indirectly in the United States of America (including its possessions, territories and all areas subject to its jurisdiction) or to U.S. Persons. See "Subscription, Underwriting and Sale".

No person has been authorised to give any information or to make any representations, save as contained in this Prospectus, in connection with the issue and sale of the Notes and, if given or made, such information or representations must not be relied upon as having been authorised by the Company, the Guarantor or any of the Managers. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company, the Guarantor or the BCC Group since the date hereof.

In connection with the offering of the Notes, the Managers may over-allot or effect transactions in the Notes in the open market or otherwise with a view to stabilising or maintaining the market price of the Notes at levels other than those which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

In this Prospectus, all references to a company as a "subsidiary" of another company means that that other company owns (directly or indirectly) more than one half in nominal value of the first mentioned company's equity share capital and, for this purpose, "equity share capital" means, in relation to a company, its issued share capital excluding any part thereof which, neither as respects dividends nor as respects capital, carries any right to participate beyond a specified amount in a distribution; and all references to "dollars" or "\$" are to United States dollars.

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DESCRIPTION OF THE NOTES

The \$50,000,000 Guaranteed Floating Rate Notes due 1990 (the "Notes") will be constituted by a trust deed (the "Trust Deed") between BCCI Finance N.V. (the "Company"), BCCI Holdings (Luxembourg) S.A. (the "Guarantor") and The Law Debenture Trust Corporation p.l.c. (the "Trustee"), as trustee for the holders of the Notes (the "Noteholders"). The issue of the Notes was authorised by resolutions of the Managing Directors of the Company passed on November 9, 1983 and the giving of the guarantee in respect of the Notes was authorised by resolution of the Board of Directors of the Guarantor passed on July 25, 1983.

The form of the Notes and the interest coupons appertaining thereto (the "Coupons") will be set out in the Trust Deed. Copies of the Trust Deed will be available for inspection at the registered office of the Trustee, currently at Estates House, 66 Gresham Street, London EC2V 7HX, and at the specified offices of the paying agents referred to under "Payments" below. The Noteholders and the holders of the Coupons (the "Couponholders") will be entitled to the benefit of, will be bound by, and will be deemed to have notice of, all the provisions contained in the Trust Deed.

Certain expressions used and certain statements made in this Description of the Notes are defined in, or are summaries of the detailed provisions of, the Trust Deed and must be read subject to the provisions thereof.

Form and Denomination

The Notes will initially be represented by a temporary Global Note, without Coupons, which will be exchangeable for definitive Notes in bearer form, with Coupons, in the denomination of \$10,000 each.

Status

The Notes and the Coupons will be unsecured obligations of the Company and will rank without preference or priority among themselves and (with the exception of such obligations as are mandatorily preferred by the laws of the Netherlands Antilles) *pari passu* with all other unsecured and unsubordinated obligations of the Company, present and future.

Guarantee

The due and punctual payment of the principal of and interest on the Notes will be unconditionally and irrevocably guaranteed by the Guarantor. The guarantee will be an unsecured obligation of the Guarantor and (with the exception of such obligations as are mandatorily preferred by the laws of the Grand Duchy of Luxembourg) will rank *pari passu* with all other unsecured and unsubordinated obligations of the Guarantor, present and future.

Negative Pledge

(a) So long as any of the Notes remains outstanding, the Company will not create or have outstanding any mortgage, lien (other than a lien arising by operation of law), pledge or other charge upon the whole or any part of its undertaking or assets (including any uncalled capital), present or future, to secure any indebtedness for borrowed money or other monetary obligations in respect of borrowed money of any person without at the same time according to the Notes to the satisfaction of the Trustee the same security as is granted to, or is outstanding in respect of, such indebtedness or other monetary obligations or such other security as the Trustee shall in its absolute discretion deem not materially less beneficial to the Noteholders or as shall be approved by an Extraordinary Resolution of the Noteholders.

(b) So long as any of the Notes remains outstanding, the Guarantor will not, and will procure that no Principal Subsidiary will, create or have outstanding any mortgage, lien (other than a lien arising by operation of law), pledge or other charge upon the whole or any part of their respective undertakings or assets (including any uncalled capital), present or future, to secure any Obligation without at the same time according to the Notes to the satisfaction of the Trustee the same security as is granted to, or is outstanding in respect of, such Obligation or such other security as the Trustee shall in its absolute discretion deem not materially less beneficial to the Noteholders or as shall be approved by an Extraordinary Resolution of the Noteholders.

For this purpose:—

"monetary obligation" includes guarantee and indemnity;

"Principal Subsidiary" means (a) Bank of Credit and Commerce International S.A. and Bank of Credit and Commerce International (Overseas) Limited and (b) any other subsidiary of the Guarantor at any time either (i) whose profit before taxation and extraordinary items, after elimination of relevant consolidation adjustments, exceeds 25 per cent. of the consolidated profit before taxation and extraordinary items of the BCC Group, before deducting minority interests, determined by reference to the then most recently published consolidated audited accounts of the BCC Group, or (ii) whose gross assets, after elimination of relevant consolidation adjustments, represent at least 25 per cent. of the consolidated gross assets of the BCC Group, determined by reference to the then most recently published consolidated audited accounts of the BCC Group, or (iii) to which there is transferred the whole or substantially

the whole of the assets and undertaking of any other subsidiary which immediately prior to such transfer was a Principal Subsidiary. A report by the Auditors that in their opinion a subsidiary is, is not, was or was not at a specified date a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on all concerned; and

“Obligation”

means any present or future indebtedness for borrowed money of, or any monetary obligation in respect of present or future indebtedness for borrowed money undertaken by, any party in the form of or represented by bonds, notes, debentures or other securities which are or are capable of being quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market but excluding any such indebtedness which (i) in the case of indebtedness of the Guarantor or any subsidiary of the Guarantor, evidences a deposit having a stated maturity not exceeding one year or (ii) is required to be secured by applicable law.

Interest

(a) Coupons

On issue, Coupons will be attached to each Note and interest payments will be made against surrender of the appropriate Coupons in accordance with and subject to the provisions of “Payments” below.

(b) Accrual of Interest

The Notes will bear interest from the “Issue Date” (which expression means December 1, 1983 or, in the event that payment for the Notes is deferred as permitted in the Subscription Agreement described under “Subscription, Underwriting and Sale” below, such later date as shall be the date on which payment is made to the Company for the Notes) and interest on each Note will cease to accrue from the due date for redemption thereof unless, upon due presentation, payment of principal is improperly withheld or refused in which case interest shall continue to accrue as provided by the Trust Deed. Interest on the Notes will be calculated on the basis of actual days elapsed divided by 360 days.

(c) Interest Payment Dates and Interest Periods

Interest will be payable on “Interest Payment Dates” being, save as mentioned below, the date falling six calendar months after the Issue Date and thereafter each date which falls six calendar months after the preceding Interest Payment Date. If any Interest Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next Business Day unless it would thereby fall in the next calendar month. In the latter event, the Interest Payment Date shall be the immediately preceding Business Day and each subsequent Interest Payment Date shall be the last Business Day of the sixth calendar month after the calendar month in which the preceding Interest Payment Date shall have fallen. The period from the Issue Date to the first Interest Payment Date and each period thereafter between successive Interest Payment Dates is referred to herein as an “Interest Period” and, as used in this paragraph “Interest”, the expression “Business Day” shall mean a day on which banks and foreign exchange markets are open for business in both London and New York City.

(d) Rate of Interest

The rate of interest from time to time payable in respect of the Notes (the “Rate of Interest”) shall be determined by the Agent Bank on the basis of the following provisions:—

(i) On the second Business Day prior to the commencement of each Interest Period (“Interest Determination Date”), the Agent Bank will request the principal London offices of the Reference Banks to provide the Agent Bank with the rates at which dollar deposits are offered by them in the London inter-bank market to leading banks for such Interest Period as of 11.00 a.m. (London time) on the Interest Determination Date in question. The Rate of Interest for such Interest Period shall, subject to (iv) below, be $\frac{1}{4}$ per cent. per annum above the arithmetic mean (rounded upwards, if necessary, to the nearest $\frac{1}{16}$ per cent.) of such offered quotations, as determined by the Agent Bank.

(ii) If, on any Interest Determination Date, two or three only of the Reference Banks provide the Agent Bank with such offered quotations, the Rate of Interest for the relevant Interest Period shall, subject to (iv) below, be determined as in (i) above on the basis of the offered quotations of those Reference Banks providing such quotations.

(iii) If, on any Interest Determination Date, one only or none of the Reference Banks provides the Agent Bank with such offered quotations, the Rate of Interest for the relevant Interest Period shall, subject to (iv) below, be whichever is the higher of :—

(A) the Rate of Interest in effect for the last preceding Interest Period to which (i) or (ii) above shall have applied; and

(B) (i) a rate per annum which the Agent Bank determines as being $\frac{1}{4}$ per cent. per annum above the arithmetic mean (rounded upwards, if necessary, to the nearest $\frac{1}{16}$ per cent.) of the respective rates, as communicated to and at the request of the Agent Bank by or on behalf of the Reference Banks or any two or more of them (if only such provide quotations), at which such Reference Banks are offered, as of 10.00 a.m. (New York City time) on the relevant Interest Determination Date, by leading banks in New York City, dollar deposits for the relevant Interest

Period or (ii) if only one or none of the Reference Banks provides the Agent Bank with such offered rates, $\frac{1}{4}$ per cent. per annum above the lowest dollar lending rate which leading banks in New York City (selected by the Agent Bank after consultation with the Company and the Guarantor) quote for dollar deposits on the relevant Interest Determination Date for the relevant Interest Period to leading banks which have their head offices in Europe; provided that, if the banks selected as aforesaid by the Agent Bank are not quoting as mentioned above, the Rate of Interest shall be the Rate of Interest specified in (A) above.

(iv) In no event shall the Rate of Interest be less than $5\frac{3}{4}$ per cent. per annum.

(e) Determination of Rate of Interest and Calculation of Coupon Amount

The Agent Bank will, as soon as practicable on or after each Interest Determination Date, determine the Rate of Interest and the amount of interest payable on the presentation and surrender of each Coupon ("Coupon Amount") for the relevant Interest Period. The Coupon Amount shall be calculated by applying the Rate of Interest to the principal amount of one Note, multiplying such sum by the actual number of days in the Interest Period concerned divided by 360 and rounding the resultant figure to the nearest cent (half a cent being rounded upwards).

(f) Publication of Rate of Interest and Coupon Amount

The Agent Bank will cause the Rate of Interest and the Coupon Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Luxembourg Stock Exchange (the "Stock Exchange") and to the Trustee and will cause the same to be published in accordance with "Notices" below as soon as practicable after their determination. The Coupon Amount and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.

(g) Determination or Calculation by Trustee

The Trustee shall, if the Agent Bank does not at any material time for any reason determine the Rate of Interest or calculate the Coupon Amount in accordance with (d) and (e) above, determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in (d) above, but subject to the minimum Rate of Interest referred to in sub-paragraph (d) (iv) above), it shall deem fair and reasonable in all the circumstances and calculate the Coupon Amount, and such determination or calculation shall be deemed to be a determination or calculation by the Agent Bank.

(h) Agent Bank and Reference Banks

The Company and the Guarantor shall procure that, so long as any of the Notes remains outstanding, there shall at all times be an Agent Bank and four Reference Banks for the purposes of the Notes. The initial Reference Banks shall be the principal London offices of Bank of America N.T. & S.A., Banque Nationale de Paris p.l.c., International Westminster Bank p.l.c. and Midland Bank p.l.c. and the initial Agent Bank shall be London & Continental Bankers Limited. If the principal London office of any such bank becomes unable or unwilling to continue to act as a Reference Bank or if London & Continental Bankers Limited becomes unable or unwilling to continue to act as Agent Bank, the Company shall appoint such other bank as may be approved by the Trustee to act as such in its place. The Agent Bank may not resign its duties as such without a successor having been obtained and approved as aforesaid.

(i) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this paragraph "Interest", whether by the Reference Banks (or any of them), the Agent Bank or the Trustee shall (in the absence of wilful default, bad faith or manifest error) be binding on the Company, the Guarantor, the Reference Banks, the Agent Bank, the Principal Paying Agent, the other Paying Agents, the Trustee and all of the Noteholders and Couponholders. No Noteholder or Couponholder shall be entitled to proceed against the Reference Banks, the Agent Bank, the Principal Paying Agent, the other Paying Agents, the Trustee or any of them, in connection with the exercise or non-exercise by them of their powers, duties and discretions.

Payments

Payments in respect of principal and interest will be made against surrender of Notes for principal amounts and, subject as provided below, Coupons for interest amounts at the specified offices of the Principal Paying Agent or of any Paying Agent.

Payments will be made, subject to applicable laws and regulations (but without prejudice to the provisions described in "Taxation" below), in dollars by dollar cheque drawn on or, at the option of the holder, by transfer to a dollar account maintained by the payee with a bank in New York City.

Upon the date on which any Note becomes due and payable, unmatured Coupons relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

If the date for redemption is not an Interest Payment Date, the interest accrued from the preceding Interest Payment Date (or the Issue Date, as the case may be) shall be payable only against presentation of the relevant Note.

The Company reserves the right to terminate the appointment of any Paying Agent and, subject to the approval of the Trustee, at any time to vary the appointment of any Paying Agent and to appoint any additional or other Paying Agents provided that, so long as the Notes are listed on the Stock Exchange, the Company will at all times maintain a Paying Agent having a specified office in Luxembourg. Notice of any such termination or appointment and of any changes in the specified offices of the Paying Agents will be given to the Noteholders in accordance with "Notices" below.

Redemption and Purchase

(a) Redemption on Maturity

Unless previously redeemed or purchased and cancelled, the Company will redeem the Notes at their principal amount on the Interest Payment Date falling in December 1990.

(b) Purchase

The Company, the Guarantor or any of its other subsidiaries may at any time purchase beneficially or procure others to purchase beneficially for its account Notes, together with all unmatured Coupons relating thereto, in the open market or otherwise at any price.

(c) Optional Redemption

The Company, having given not less than 60 days' notice to the Trustee and not more than 45 nor less than 30 days' notice to the Noteholders, may redeem all or some (being \$1,000,000 in principal amount or an integral multiple thereof) of the Notes at their principal amount on any Interest Payment Date falling in or after December 1986. Upon the expiry of any such notice, the Company shall be bound to redeem the principal amount of the Notes to which such notice refers.

Where partial redemptions are to be effected under this sub-paragraph (c), the Notes to be redeemed will be drawn individually by lot in London (or in such other place as the Trustee may approve) and otherwise in a manner approved by the Trustee, not more than 45 days before the Interest Payment Date fixed for redemption. Notice of the serial numbers of the Notes so drawn and of the date fixed for redemption will be given to the Noteholders not less than 30 days before such date.

(d) Redemption at Noteholders' Option

Any Noteholder, having given not more than 60 nor less than 45 days' notice in writing to the Principal Paying Agent or any Paying Agent, may require any Note held by it to be redeemed at its principal amount on any Interest Payment Date falling in or after December 1988. To exercise such option, the holder must deposit such Note (together with all unmatured Coupons appertaining thereto and together with the form of election endorsed thereon duly completed) with the Principal Paying Agent or, as the case may be, a Paying Agent. Any Note so deposited may not be withdrawn without the prior written consent of the Company.

(e) Redemption for Tax Reasons

If, as a result of any actual or proposed change in or amendment to the laws of the Netherlands Antilles or of the Grand Duchy of Luxembourg or the regulations of any taxing authority in or of either of them, or in or to the application of such laws or regulations, the Company satisfies the Trustee immediately prior to giving the notice to Noteholders hereinafter referred to that, on the occasion of the next Interest Payment Date, it or, as the case may be, the Guarantor would be unable for reasons outside its control to procure payment by the Company and in making such payments would itself be required to pay additional amounts as provided under "Taxation" below, all, but not some only, of the Notes may, at the option of the Company, on giving not more than 45 nor less than 30 days' notice to Noteholders, be redeemed at their principal amount on any Interest Payment Date.

(f) Cancellation

All Notes redeemed or purchased as described above (other than any Notes acquired in the ordinary course of business of a dealer in securities) will be cancelled forthwith (together with all unmatured Coupons attached thereto or delivered therewith) and may not be reissued or resold.

Events of Default

The Trustee at its discretion may and, if so requested in writing by the holders of at least one-fourth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders, shall (but, in the case of the happening of any of the events mentioned in sub-paragraphs (b) to (h) below, only if the Trustee shall have certified to the Company and the Guarantor in writing that such event is in its opinion materially prejudicial to the interests of the Noteholders) give notice to the Company and the Guarantor that the Notes are, and they shall accordingly immediately become, due and repayable at their principal amount, together with accrued interest, if any of the following events ("Events of Default") shall occur:

- (a) default is made for a period of 7 days or more in the payment of any principal due on the Notes or any of them or for a period of 14 days or more in the payment of any interest due in respect of the Notes or any of them; or
- (b) default is made by the Company or the Guarantor in the performance or observance of any obligation, covenant or provision binding on it under the Trust Deed or the Notes (other than the covenant for the payment of principal or interest due on or in respect of the Notes) and such default is not remedied to the satisfaction of the Trustee within 28 days after service by the Trustee on the Company or, as the case may be, the Guarantor of notice requiring the same to be remedied; or

- (c) an order is made or an effective resolution passed or any other proceeding is taken for the winding up or dissolution of, or for the appointment of a receiver or trustee or other similar official in insolvency proceedings in relation to, the Company, the Guarantor or any Principal Subsidiary except, in relation only to a Principal Subsidiary, where:—
 - (i) the same is a members' voluntary winding-up or a dissolution of a solvent Principal Subsidiary in the course of which the whole of the assets of such Principal Subsidiary available for distribution are distributed and transferred to the Company, the Guarantor or another Principal Subsidiary or to a company which immediately thereafter thereby becomes a Principal Subsidiary; or
 - (ii) the same is for the purpose of a reconstruction or amalgamation on terms previously approved in writing by the Trustee; or
- (d) the Company, the Guarantor or any Principal Subsidiary stops or threatens that it will stop payment or ceases substantially to carry on business or threatens that it will do so or any order shall be made by any competent court or administrative agency for, or any resolution shall be passed by the Company, the Guarantor or any Principal Subsidiary to apply for, judicial composition or proceedings with its creditors except, in relation only to a Principal Subsidiary, where:—
 - (i) the same is by a solvent Principal Subsidiary and arises by reason of the transfer of the whole of the business of such Principal Subsidiary to the Company, the Guarantor or another Principal Subsidiary or to a company which immediately thereafter thereby becomes a Principal Subsidiary; or
 - (ii) the same is for the purpose of a reconstruction or amalgamation on terms previously approved in writing by the Trustee; or
- (e) the Guarantor applies for "Gestion Controlée" or a "Concordat" or "Sursis de Paiement" (within the meanings ascribed to those expressions by the laws of the Grand Duchy of Luxembourg) or any similar proceedings are commenced by the Guarantor; or
- (f) an incumbrancer takes possession of, or a receiver is appointed over, the whole or any part of the assets or undertaking of the Company, the Guarantor or, as the case may be, any Principal Subsidiary or a distress, execution or other process is levied or enforced upon or sued out against any of the chattels or property of the Company, the Guarantor or, as the case may be, any Principal Subsidiary following upon a decree or judgement of a court of competent jurisdiction and is not removed, discharged or paid out within 30 days or for so long as the same is being contested in good faith by the Company, the Guarantor or, as the case may be, the relevant Principal Subsidiary; or
- (g) if any indebtedness for borrowed money (not being inter-group indebtedness) of the Company, the Guarantor or (except for indebtedness incurred in the ordinary course of business) any Principal Subsidiary either (i) becomes repayable prior to the due date for payment thereof by reason of default, (ii) is not repaid at maturity (as extended by any days of grace permitted by law, any provision of the relevant instrument or any agreement of the parties to such instrument) or any guarantee or indemnity given by the Company, the Guarantor or (except for any guarantee or indemnity given in the ordinary course of business) any Principal Subsidiary in respect of any of the foregoing is not honoured when due and called upon; or
- (h) the guarantee of the Guarantor ceases for any reason to be of full force and effect.

For the purposes of this paragraph "Events of Default", "Principal Subsidiary" has the same meaning as in the paragraph "Negative Pledge".

Taxation

All payments of principal and interest in respect of the Notes by the Company or, as the case may be, the Guarantor will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the Netherlands Antilles or, as the case may be, the Grand Duchy of Luxembourg or any authority respectively therein having the power to tax, unless the Company or, as the case may be, the Guarantor is required by its domestic law to withhold or deduct such taxes or duties. In that event, the Company or, as the case may be, the Guarantor will pay such additional amounts as may be necessary in order that the net amounts receivable after such withholding or deduction shall equal the respective amounts of principal and interest which would have been receivable in respect of the Notes or, as the case may be, Coupons in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note or Coupon presented for payment (a) by or on behalf of a holder who is (i) entitled to avoid such withholding or deduction by making a declaration of non-residence or other similar claim for exemption or (ii) liable to such taxes or duties on such Note or Coupon by reason of his having some connection with the Netherlands Antilles or, as the case may be, the Grand Duchy of Luxembourg other than the mere holding of the Note or Coupon, or (b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on such thirtieth day. As used herein, the "Relevant Date" means whichever is the later of (i) the date on which such payment first becomes due and (ii) if the full amount of the moneys payable has not been received by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which the full amount of such moneys shall have been so received, and notice to that effect shall have been duly given to Noteholders in accordance with "Notices" below.

References herein to the principal and/or interest in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under the obligations referred to in this paragraph "Taxation" or any obligations undertaken in addition thereto or in substitution therefor pursuant to the Trust Deed.

Enforcement

At any time after the Notes shall have become due and repayable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Company and/or the Guarantor as it may think fit to enforce repayment of the Notes together with accrued interest and to enforce the provisions of the Trust Deed, but it shall not be bound to take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least one-fourth in principal amount of the Notes outstanding and (b) it shall have been indemnified to its satisfaction. No Noteholder or Couponholder shall be entitled to proceed directly against the Company and/or the Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time.

Prescription

Notes and Coupons will become void unless presented for payment within periods of 12 years and 6 years, respectively, from the Relevant Date relating thereto.

Title

Title to the Notes will pass by delivery. The Company, the Guarantor, the Trustee and any Paying Agent may deem and treat the bearer of any Note or Coupon as the absolute owner thereof (whether or not such Note or such Coupon shall be overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof), for the purpose of receiving payment and for all other purposes.

Replacement of Notes and Coupons

Should any Note or Coupon be mutilated, destroyed, stolen or lost it may be replaced at the specified office of any Paying Agent upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence, security and indemnity as the Company may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

Notices

All notices regarding the Notes will be valid if published in one leading English language daily newspaper published in Europe and, so long as the Notes are listed on the Stock Exchange in Luxembourg, in one leading daily newspaper in Luxembourg. Any notice so published shall be deemed to have been given on the date of such publication or, if published more than once, on the date of the first such publication. If publication is not practicable in any such newspaper as is mentioned above, notice will be valid if given in such other manner and shall be deemed to have been given on such date as the Company, the Guarantor and the Trustee shall determine. It is expected that notices will be published in London in the *Financial Times* and in Luxembourg in the *Luxemburger Wort* and the *Mémorial Journal Officiel du Grand Duché de Luxembourg*.

Meetings of Noteholders, Modification, Waiver, Substitution

The Trust Deed will contain provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of the terms and conditions of the Notes or the provisions of the Trust Deed. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the principal amount of the Notes so held or represented, except that, at any meeting the business of which includes the modification of certain terms and conditions of the Notes and provisions of the Trust Deed, the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than seventy-five per cent. or at any adjourned such meeting not less than fifty per cent. of the principal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of Noteholders will be binding on all Noteholders, whether or not they are present at the meeting, and on all Couponholders. The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification (subject to certain exceptions) of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Trust Deed which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders or to any modification which is to correct a manifest error. Any such modification, waiver or authorisation shall be binding on the Noteholders and Couponholders and, unless the Trustee agrees otherwise, any such modification shall be notified to the Noteholders as soon as practicable thereafter. The Trustee may also agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require but without the consent of the Noteholders or Couponholders, (i) to the substitution of the Guarantor in place of the Company as principal debtor or, subject to the Notes and Coupons remaining unconditionally and irrevocably guaranteed by the Guarantor, to the substitution of another subsidiary of the Guarantor in place of the Company as principal debtor under the Trust Deed and the Notes or (ii) to the substitution in place of the Guarantor as guarantor of the due and punctual payment of the principal and interest on the Notes and Coupons of any successor company (as defined in the Trust Deed) of the Guarantor.

Indemnification of the Trustee

The Trust Deed will contain provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings unless indemnified to its satisfaction.

Governing Law

The Trust Deed, the Notes and the Coupons will be governed by, and construed in accordance with, English law. The Company and the Guarantor will submit to the non-exclusive jurisdiction of the English courts for all purposes in relation to the Trust Deed, the Notes and the Coupons.

USE OF PROCEEDS

The net proceeds of the issue, estimated to amount to \$48,837,500 will be lent to, deposited with, or invested in member companies of the BCC Group.

BCCI FINANCE N.V.

History and Business

The Company, a wholly owned subsidiary of BCCI Holdings (Luxembourg) S.A., was incorporated with limited liability in the Netherlands Antilles on August 19, 1983. The registered and principal office of the Company is located at De Ruyterkade 62, Curaçao, Netherlands Antilles. The principal business of the Company is to assist in financing the international banking operations of the BCC Group. At the date of this Prospectus, the Company has not engaged in any activities other than those incidental to its formation and to the issue of the Notes.

Board of Directors

The Board of Directors of the Company consists of Curaçao Corporation Company N.V., Mr. J. D. van Oenen and Mr. S. A. Husain.

Capitalisation

The Company has an authorised share capital of \$100,000, consisting of 1,000 shares having a nominal value of \$100 per share, all of which have been issued and are fully paid. Pending the issue of the Notes, the Company has no outstanding loan capital or other indebtedness.

The Report of the Auditors of the Company

To: The Board of Directors of
BCCI Finance N.V.

November 22, 1983

Gentlemen,

We report that BCCI Finance N.V. was incorporated on August 19, 1983. Since that date, the Company has not traded, no accounts have been prepared and no dividends have been declared or paid.

Yours faithfully,
Ernst & Whinney Nederland

Koningin Julianaplein 10,
2595 AA The Hague

BCCI HOLDINGS (LUXEMBOURG) S.A.

BCCI Holdings (Luxembourg) S.A. ("BCC") was incorporated in Luxembourg on December 13, 1974 for a period of 30 years (extendable by resolution of the shareholders) as a Société Anonyme, under the law of August 10, 1915 (as amended) and qualifies as a holding company under the law of July 31, 1929. Its registered office is at 39 Boulevard Royal, Luxembourg.

The main activity of BCC is to act as a holding company for investments in banks and finance companies without geographic limitation, and to finance or arrange the financing of the activities of its subsidiaries and affiliates. As a holding company, BCC does not engage in banking or other commercial activities.

Board of Directors

The Board of Directors of BCC consists of:

Yves C. Lamarche	American	Chairman, Banque Arabe et Internationale d'Investissement
J. D. van Oenen	Dutch	Bank Executive
Ghanim Faris Al-Mazrui	U.A.E.	Acting Chairman, Department of Private Affairs, HH The President of U.A.E. Director, Central Bank of U.A.E. General Secretary, Abu Dhabi Investment Authority. Vice Chairman, Arab International Bank, Cairo
Dr. Alfred Hartmann	Swiss	Vice Chairman, F. Hoffman La Roche & Co.
P. C. Twitchin	British	Bank Executive
Agha Hasan Abedi	Pakistani	President

Shareholders

As at June 30, 1983 the following shareholders held the issued share capital of BCC.

<u>Name of Shareholder</u>	<u>% Holding</u>
HE Dr Ghaith Pharaon	15.00
HE Sheikh Khalifa Bin Zaid Al Nahyan	13.05
Abu Dhabi Investment Authority	10.00
ICIC Foundation (see Note)	10.00
ICIC Staff Benefit Fund (see Note)	10.00
Mr Wabel Pharaon	7.34
HE Shaikh Kamal Adham	3.87
Mr Rauf Khalil	3.44
Mr Mohammad M. Hammoud	3.38
Stock Holding Company S.A.	2.96
Mr Butti Bin Bishr	2.59
Mr Faisal Saud Al Fulaij	2.43
HE Sheikh Hamdan Bin Mohammed Al Nahyan	1.24
HRH Prince Turki Bin Nasser Bin Abdul Aziz Al Saud	1.21
HE Shaikha Mariam Bint Rashid Al-Maktoum	0.97
Crescent Holding Company S.A.	0.88
Sheikh Ahmed Farid Mohd Al-Aulaki	0.88
Mr El Sayed El Sayed El Gohary	0.84
HE Sheikh Mubarak Bin Mohammed Al Nahyan	0.82
Shaf Corporation S.A.	0.71
HE Ali Shorafa	0.64
Ali Mohammad Bin Aqueel Boamer and Sons	0.64
Abdullah Saeed Badar Al-Rawas and Sons	0.64
HE Sheikh Tahnoon Bin Mohammed Al Nahyan	0.55
Mr Saif Bin Darwaish Bin Ahmed	0.53
Shaikh Ali Abdullah Bugshan	0.49
George Town Funding Company Limited	0.49
HH Sheikh Zayed Bin Sultan Al Nahyan	0.47
Mr Mohammed Toufic Jadaan	0.40
Mr Jamal H. Jawa	0.35
HE Shaikh Khalifa Bin Salman Al Khalifa	0.34
Shaikh Salem Ahmed Bugshan	0.34
Mr Abdul Aziz Ahmed Darwish Al Turki	0.32
Dr Mana Saeed Al Otaiba	0.27
HE Shaikh Kamil Sindi	0.26
HH Shaikh Sultan Bin Mohammed Al Qasbi	0.18
HE Sheikh Faisal Bin Sultan Al Qasbi	0.17
Mr Ali Bin Ahmad Al Dahiri	0.16
HRH Prince Naif Bin Abdul Aziz Al Saud	0.15
Mr Hareb Bin Sultan	0.09
Mr Nasser Mohammad Al-Nowais	0.05
Mr Abdulla Nasser Hawaileel	0.04
Mr S. M. Swaleh Naqvi	0.03
Mr Khalfan Sultan Al Katiby	0.01
Mr Obaid Bin Saleh Al Nuaimy	0.01
Other Shareholders	0.77
Total	100.00

Note:

The ICIC Foundation, incorporated and resident in the Cayman Islands, is a wholly-owned subsidiary of the ICIC Foundation which is a company incorporated in the United Kingdom and registered as a charity under English law. The latter is established for general charitable purposes under English law, but particularly to promote the relief of poverty and the advancement of education and religion.

The ICIC Staff Benefit Fund, incorporated and resident in the Cayman Islands, is a wholly owned subsidiary of the ICIC Staff Benefit Trust which is constituted and administered as a discretionary trust in the Cayman Islands for the benefit of employees and former employees of the BCC Group and their dependents.

The members of the Governing Board of the ICIC Foundation of the United Kingdom are also the Protectors of the ICIC Staff Benefit Trust and are Executives of the BCC Group.

Development of Capital Structure

Shareholders of BCC have played a significant investment role through the provision of subordinated loan capital, the subscription of rights issues and the retention of profits through the issue of stock dividends.

The following table outlines subordinated loan capital, rights issues and stock dividends in each of the years 1975 to 1982.

	Subordinated Loan Capital	Rights Issues		Stock Dividends
		Nominal Value	Premium	
		(in thousands of dollars)		
1975	1,500*	—	—	—
1976	6,600*	1,500	—	13,000
1977	30,000	10,000	15,000	10,000
1978	—	20,000	30,000	—
1979	—	15,000	22,500	5,000
1980	15,000	15,000	22,500	20,000
1981	—	25,000	75,000	42,500
1982	—	10,000	30,000	60,000
	45,000	96,500	195,000	150,500

* Since redeemed.

THE BCC GROUP

CONSOLIDATED CAPITALISATION AND EARNINGS

Consolidated Capitalisation

The following table (which should be read together with the consolidated accounts and the notes thereto on pages 19 to 27 and the interim financial statements on pages 28 and 29) sets out the consolidated capitalisation of the BCC Group as at December 31, 1982, based on the audited consolidated accounts, and as at June 30, 1983, based on the unaudited consolidated accounts, adjusted to give effect to the present issue of the Notes:—

	<u>December 31, 1982</u>	<u>June 30, 1983</u>
	<i>Audited (in thousands of dollars)</i>	<i>Unaudited (in thousands of dollars)</i>
Capital Fund		
Shareholders' Funds		
Share capital issued and fully paid	222,500	262,500
Proposed Stock Dividend	40,000	—
General and Other Reserves	232,466	233,363
Retained Earnings	40,613	96,914
Total Shareholders' Funds	<u>535,579</u>	<u>592,777</u>
Minority Interest in Subsidiaries/Affiliates	59,948	70,734
Subordinated Loan Capital		
Capital Notes due 1990 Series 'C'	10,000	10,000
Capital Notes due 1993 Series 'D'	20,000	20,000
Capital Notes due 1992 Series 'E'	15,000	15,000
Total Subordinated Loan Capital	<u>45,000</u>	<u>45,000</u>
Total Capital Fund	640,527	708,511
Long-Term Debt		
\$50,000,000 Guaranteed Floating Rate Notes due 1990 now being issued	—	50,000
Total Capitalisation	<u><u>640,527</u></u>	<u><u>758,511</u></u>

Consolidated Statements of Earnings

The following table (which should be read together with the consolidated accounts and the Notes thereto on pages 19 to 27) sets out the audited consolidated earnings of the BCC Group for each of the five years ended December 31, 1982:—

	<u>1982</u>	<u>1981</u>	<u>1980</u>	<u>1979</u>	<u>1978</u>
	<i>(in thousands of dollars)</i>				
Income					
Interest and Discount	959,555	754,475	504,005	310,157	198,851
Commission and Exchange	126,899	112,816	67,593	49,948	35,020
Income on Investments	97,066	39,535	26,925	20,796	21,722
Other Income	68,127	39,289	19,893	9,311	9,444
	<u>1,251,647</u>	<u>946,115</u>	<u>618,416</u>	<u>390,212</u>	<u>265,037</u>
Expenses					
Interest Paid	753,292	622,185	419,244	252,486	164,511
Salaries and Related Costs	86,607	65,743	53,954	40,344	30,461
Occupancy Expenses and Depreciation	47,045	37,736	32,913	26,709	18,450
Other Expenses	79,241	63,425	48,201	35,842	23,489
	<u>966,185</u>	<u>789,089</u>	<u>554,312</u>	<u>355,381</u>	<u>236,911</u>
Loan Loss Provision	62,359	32,297	16,299	8,894	10,042
	<u>1,028,544</u>	<u>821,386</u>	<u>570,611</u>	<u>364,275</u>	<u>246,953</u>
Profit Before Tax	223,103	124,729	47,805	25,937	18,084
Taxation	(72,697)	(50,353)	(22,656)	(9,657)	(5,369)
Profit After Tax	<u><u>150,406</u></u>	<u><u>74,376</u></u>	<u><u>25,149</u></u>	<u><u>16,280</u></u>	<u><u>12,715</u></u>

RECENT PERFORMANCE

During the half year ended June 30, 1983 the BCC Group made a pre-tax profit of \$139.2 million after making a provision of \$25 million for loan losses. This compares with the first half 1982 profit of \$94.8 million after a loan loss provision of \$9.9 million. The customer deposits of the BCC Group grew from \$7,383 million to \$7,677 million during this six-month period. Total assets increased from \$9,650 million to \$10,406 million and loans and advances increased over the same period from \$4,105 million as at December 31, 1982 to \$4,538 million as at June 30, 1983.

Unaudited interim financial statements to June 30, 1983 and 1982 are set out on pages 28 and 29.

HISTORY

The BCC Group was originally conceived as an international banking organisation backed by Middle Eastern investors to provide commercial banking services world-wide, initially in the Middle East and in the United Kingdom. The first bank to be established was Bank of Credit and Commerce International S.A. ("BCCI") in Luxembourg in 1972 with one branch in each of Luxembourg, United Arab Emirates and the United Kingdom. Its initial paid-up capital of \$2.5 million was subscribed by Bank of America (25% later increased to 30%) and the balance by investors from the Middle East.

The original purpose of Bank of America's investment in BCCI was to gain access to the Middle East market. In due course Bank of America determined that its strategic interests in the area required a direct presence. At the same time, the BCC Group wished to undertake banking operations within the United States but was unable to do so whilst Bank of America retained its shareholding. Therefore, by mutual agreement, Bank of America divested its shareholding by June 1980.

Between 1972 and the end of 1974, the BCCI network was expanded in the Middle East and the United Kingdom through the addition of seven branches in the United Arab Emirates, one branch in the Sultanate of Oman and five branches in the United Kingdom. In 1973, a 35% interest was acquired in National Bank of Oman Limited (S.A.O.) in the Sultanate of Oman, which was subsequently reduced to 29%, and an 80% interest was acquired in Banque Chartouni, Lebanon, which was re-named Bank of Credit and Commerce International (Lebanon) S.A.L. and in 1977 became a wholly-owned subsidiary. In order to establish a presence in the Far East, BCCI Finance International Limited, a finance company, was established in Hong Kong in 1973.

In December 1974, the BCC Group was restructured with the establishment of BCCI Holdings (Luxembourg) S.A. which in 1975 acquired BCCI, its subsidiaries, Bank of Credit and Commerce International (Lebanon) S.A.L. and BCCI Finance International Limited, and its investment in National Bank of Oman Limited (S.A.O.).

The next period of expansion which occurred between 1975 and 1980 began with the establishment of Bank of Credit and Commerce International (Overseas) Limited ("Overseas") in the Cayman Islands. During this period, Overseas opened branches in Egypt, Sudan, Bangladesh, France, Kenya, Sierra Leone, South Korea, Pakistan, Gabon, Ivory Coast, Liberia, Sri Lanka, Togo and Senegal. Meanwhile, BCCI established branches in Mauritius, North Yemen, Jordan, West Germany, Sudan, Djibouti, Seychelles, Oman and Bahrain.

During the same period, the following companies were established or acquired: Kuwait International Finance Company S.A.K. (49%); BCCI Canada Inc (50%); Premier Bank Limited, Ghana (45%); Bank of Credit and Commerce International (Swaziland) Limited (55%); Bank of Credit and Commerce International (Nigeria) Limited (40%); Hong Kong Metropolitan Bank Limited (96%), since renamed Bank of Credit and Commerce Hong Kong Limited, and Credit and Finance Corporation Limited, the Cayman Islands (100%). In 1976 a 55% shareholding was acquired in Banque de Commerce et de Placements S.A. in Geneva which was increased to 70% in 1979. In 1983 this shareholding was reduced to 20% to comply with Swiss regulations relating to agreements of reciprocity between Switzerland and the places of residence of the shareholders of the BCC Group. Some re-alignments of branches were also made; branches of BCCI operating in the Sultanate of Oman were transferred to Overseas and branches of Overseas in Egypt were transferred to a new joint venture bank, Bank of Credit and Commerce (Misr) S.A.E. (49%), which was established with the participation of Egyptian investors.

From 1981 onwards, BCCI and Overseas opened branches in the Philippines, Panama, Jamaica, Macao, Cyprus, Turkey, Monaco, the Maldives, India, Barbados and the Bahamas. Agencies were also established in the states of California and Florida in the United States. A representative office of Overseas was opened in Beijing, People's Republic of China. The following subsidiaries and affiliates were also established: Bank of Credit and Commerce Zimbabwe Limited (53%), Bank of Credit and Commerce (Zambia) Limited (100%), Italfinance International S.p.A. (85%), Bank of Credit and Commerce Cameroon S.A. (65%), Bank of Credit and Commerce (Botswana) Limited (100%), BCCI Leasing (Malaysia) Sdn Bhd (49%), BCC Credit and Finance (Uruguay) S.A. (100%) and Bank of Credit and Commerce (Emirates) (40%) to which were transferred existing branches of Overseas in the United Arab Emirates.

During 1981, Bank of Credit and Commerce Canada was established as a wholly-owned subsidiary of BCCI, into which was merged BCCI Canada Inc.

In 1983, interests were also acquired in the following two existing commercial banks: Banco Mercantil (49%) in Colombia, since renamed Banco de Credito y Comercio Colombia and Banco de Descuento S.A. (99%) in Spain. In October, BCCI was authorised to establish an agency in New York.

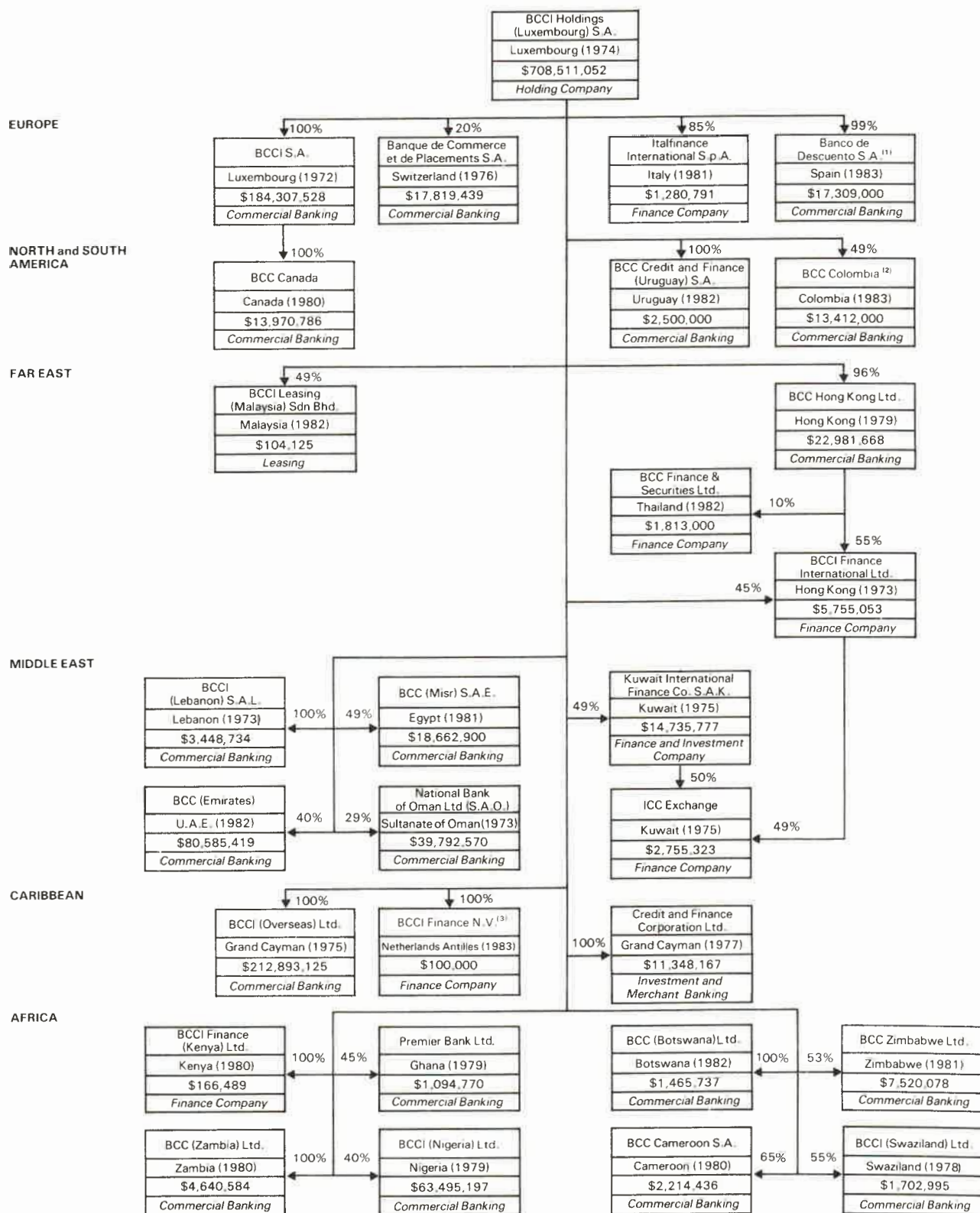
STRUCTURE

The BCC Group and its non-consolidated affiliates presently consists of 28 operating companies which are set out in the organisation chart on the opposite page.

As at September 30, 1983 the branch, agency and representative office network of the BCC Group and its non-consolidated affiliates totalled 351 offices in 63 countries, of which 90 are in Europe including Frankfurt, Geneva, London, Luxembourg and Paris, 48 in North and South America including New York, 45 in the Far East and South East Asia including Hong Kong and Tokyo, 94 in the Middle East including Abu Dhabi, Bahrain, Dubai and Kuwait and 74 in Africa including Cairo.

STRUCTURE OF THE BCC GROUP

(as at June 30, 1983)



LEGEND

Corporate Entity
Country of incorporation and year of establishment or acquisition
Total Capital Funds ⁽⁴⁾ as at June 30, 1983 (unaudited)
Activity

NOTES

⁽¹⁾As at July 27, 1983

⁽²⁾As at July 2, 1983

⁽³⁾As at August 19, 1983

⁽⁴⁾Capital Funds in currencies other than dollars are translated at the rates of exchange prevailing as at June 30, 1983.

⁽⁵⁾Certain names in this chart have been shortened for ease of reference.

PRINCIPAL SUBSIDIARIES

Bank of Credit and Commerce International S.A.

BCCI was incorporated in 1972 in Luxembourg and since 1975 has been a wholly-owned subsidiary of BCCI Holdings (Luxembourg) S.A.

On June 30, 1983, it had 81 branches and representative offices in 21 countries situated primarily in Europe and the Middle East; of these, 45 branches are in the United Kingdom, where it has Licensed Deposit Taker status, and 12 branches are in the United Arab Emirates.

BCCI is principally involved in international commercial banking activities including customer and inter-bank deposits, trade finance, commercial and retail lending, remittances and a wide range of ancillary banking services.

The following table contains a summary of selected audited financial information in respect of BCCI for the five years ended December 31, 1982.

	<u>1982</u>	<u>1981</u>	<u>1980</u>	<u>1979</u>	<u>1978</u>
	<i>(in millions of dollars)</i>				
Total Capital Fund	177.8	135.4	101.4	76.7	59.7
Total Deposits and other Funds	3,098.6	2,543.1	1,980.5	1,415.0	1,271.7
Total Due from Banks	1,693.0	1,436.2	1,105.2	729.6	562.6
including Affiliates	649.9	195.1	411.1	250.6	242.6
Total Loans and Advances including those under Refinance Schemes (less Provisions)	1,199.6	1,114.0	873.1	723.7	673.5
Total Assets	3,330.6	2,722.4	2,120.8	1,558.7	1,379.8
Profit before Tax	37.9	21.2	16.1	7.4	5.5

Auditors: Ernst & Whinney, Luxembourg.

As at June 30, 1983, based upon unaudited figures, BCCI had a total capital fund of \$184.3 million, total assets of \$3,987.2 million, and profit before tax of \$17.4 million.

Bank of Credit and Commerce International (Overseas) Limited

Overseas was incorporated in 1975 as a wholly-owned subsidiary of BCCI Holdings (Luxembourg) S.A. On June 30, 1983 it had 61 branches and representative offices located in 32 countries situated primarily in the Middle East, Asia and Africa.

Overseas is principally involved in international commercial banking activities including customer and inter-bank deposits, trade finance, commercial and retail lending, remittances and a wide range of ancillary banking services.

The following table contains a summary of selected audited financial information in respect of Overseas for the five years ended December 31, 1982.

	<u>1982</u>	<u>1981</u>	<u>1980</u>	<u>1979</u>	<u>1978</u>
	<i>(in millions of dollars)</i>				
Total Capital Fund	178.6	131.2	92.8	72.8	56.6
Total Deposits and other Funds	3,520.4	3,006.0	2,508.8	1,950.7	1,308.0
Total Due from Banks	1,946.2	1,350.0	1,084.8	673.2	549.6
including Affiliates	422.4	370.1	230.1	206.6	225.7
Total Loans and Advances including those under Refinance Schemes (less Provisions)	1,214.9	1,321.0	1,205.2	1,074.1	660.6
Total Assets	3,827.8	3,195.1	2,646.1	2,076.9	1,394.5
Profit before Tax	125.9	72.0	19.1	11.4	8.1

Auditors: Price Waterhouse, Grand Cayman.

As at June 30, 1983, based upon unaudited figures, Overseas had a total capital fund of \$212.9 million, total assets of \$4,713.3 million, and profit before tax of \$62.8 million.

OTHER MAIN SUBSIDIARIES AND AFFILIATES

Bank of Credit and Commerce Hong Kong Limited ("BCC Hong Kong")

BCC Hong Kong, formerly Hong Kong Metropolitan Bank Limited, is a 96% owned subsidiary which was established in 1960 and acquired by BCC in 1979. As at June 30, 1983 BCC Hong Kong and its subsidiaries had a total consolidated capital fund of the equivalent of \$26.2 million, total consolidated assets of \$554.3 million and 28 branches offering commercial banking services.

Bank of Credit and Commerce International (Nigeria) Limited ("BCCI (Nigeria)")

BCCI (Nigeria) is a 40% owned affiliate established in 1979 operating as a commercial bank in Nigeria with a network of 16 branches. As at June 30, 1983 it had a total capital fund of the equivalent of \$63.5 million and total assets of \$1,052.6 million. The majority shareholding is held by citizens of Nigeria and, by agreement, management is provided by the BCC Group.

Bank of Credit and Commerce (Emirates) ("BCC (Emirates)")

BCC Emirates is a 40% owned affiliate incorporated in 1982 providing commercial banking facilities with 12 branches in the United Arab Emirates. As at June 30, 1983 it had a total capital fund of the equivalent of \$80.6 million and total assets of \$800 million. The majority shareholding is held by citizens of the United Arab Emirates and, by agreement, management is provided by the BCC Group.

Bank of Credit and Commerce (Misr) S.A.E. ("BCC (Misr)")

BCC (Misr) is a 49% owned affiliate which was established in Egypt in 1981. As at June 30, 1983 it had a total capital fund of the equivalent of \$18.7 million, total assets of \$663.8 million and 19 branches offering commercial bank services. The majority shareholding is held by citizens of Egypt and, by agreement, management is provided by the BCC Group.

BUSINESS

The following table contains a summary of selected audited financial information in respect of the BCC Group for the five years ended December 31, 1982.

	1982	1981	1980	1979	1978
	<i>(in millions of dollars)</i>				
Total Capital Fund	641	462	292	226	171
Total Deposits and other Funds	8,716	6,740	4,925	3,615	2,585
Total Due from Banks	4,049	2,989	2,099	1,460	980
including Affiliates	532	327	187	215	127
Loans and Advances including those under Refinance Schemes (less Provisions)	4,105	3,307	2,555	2,005	1,439
Investments in Securities and Bonds					
Short Term	308	324	127	79	109
Medium and Long Term	571	246	169	124	93
Total Assets	9,650	7,345	5,321	3,919	2,801
Profit before Tax	223	125	48	26	18

Deposits and other Funds

In the early years of the BCC Group, deposits were generated largely as a result of the personal and banking relationships previously established by the members of the BCC Group's management. As the BCC Group has grown, the deposit base has expanded and is now attributable mainly to customers of the worldwide network of branches. The regional spread of BCC Group total customer deposits is shown in the table under Regional Analysis of Deposits and Loans below. The BCC Group also maintains lines of credit with banks worldwide.

The following table shows a breakdown of total deposits and other funds in respect of the BCC Group for the five years ended December 31, 1982.

	1982	1981	1980	1979	1978
	<i>(in millions of dollars)</i>				
Demand Deposits	1,820	1,237	848	631	548
Term Deposits	5,184	4,077	3,113	2,192	1,387
Savings Accounts	379	354	164	121	95
Total Customer Deposits	7,383	5,668	4,125	2,944	2,030
Due to Banks	1,087	734	510	500	384
Deposits for refinance schemes	77	175	172	121	141
Accrued Interest	169	163	118	50	30
Total Deposits and other Funds	8,716	6,740	4,925	3,615	2,585

Commercial Banking

The BCC Group offers its customers mainly short-term trade related credit facilities through the majority of its branches including the financing of exports and imports. It also provides the following services: trade related letters of credit and letters of guarantee including the issuance of bid bonds,

performance bonds, advance payment and retention money guarantees; personal, commercial and corporate loans; pre-export finance; leasing and project finance. Construction and real estate lending each constitutes a small proportion of total lending and in many cases such loans have either been made under Government re-finance schemes or have the guarantee of local banking institutions. As a matter of consistent policy, the BCC Group has not been an active participant in the international syndicated loan market.

The following table sets forth the analysis, by sector, of the BCC Group loan portfolio as at December 31, 1982.

									<i>In millions of dollars</i>	<i>% of Total</i>
Short Term Trade Related	..	..	..	..	..	..	..	..	2,376.4	56.3
Shipping and Transport	..	..	..	..	..	..	..	..	241.3	5.7
Manufacturing	..	..	..	..	..	..	..	..	332.9	7.8
Construction	..	..	..	..	..	..	..	..	296.0	7.0
Hotel and Tourism	..	..	..	..	..	..	..	..	69.7	1.7
Engineering	..	..	..	..	..	..	..	..	40.6	1.0
Real Estate	..	..	..	..	..	..	..	..	273.0	6.5
Real Estate Counter Financed by Government and Central Banks	..	..	..	..	..	..	..	..	45.2	1.1
Banks and other Financial Institutions	..	..	..	..	..	..	..	..	129.8	3.1
All Other Loans	..	..	..	..	..	..	..	..	415.0	9.8
									<u>4,219.9</u>	<u>100.0</u>
<i>Less</i>										
Accumulated Loan Loss Provision	..	..	..	..	..	..	..	..	115.0	
Total Loans and Advances including Advances under Refinance Schemes	..								<u>4,104.9</u>	

The following table sets forth the analysis, by maturity, of the BCC Group loan portfolio as at December 31, 1982.

									<i>In millions of dollars</i>	<i>% of Total</i>
Overdrafts	..	..	..	..	..	..	..	..	1,494.6	35.4
Up to One year	..	..	..	..	..	..	..	..	1,931.2	45.7
One to Two years	..	..	..	..	..	..	..	..	196.7	4.7
Two to Three years	..	..	..	..	..	..	..	..	337.5	8.0
Three to Five years	..	..	..	..	..	..	..	..	142.6	3.4
Over Five years	..	..	..	..	..	..	..	..	117.3	2.8
									<u>4,219.9</u>	<u>100.0</u>
<i>Less</i>										
Accumulated Loan Loss Provision	..	..	..	..	..	..	..	..	115.0	
Total Loans and Advances including Advances under Refinance Schemes	..								<u>4,104.9</u>	

Provisions for loan losses are made on a quarterly basis. The provisions made at the end of each financial year follow a detailed annual appraisal of the facilities granted to customers which is made by the management of the BCC Group and reviewed by the auditors. Such provisions are in part specific, relating to identified risks, and in part general, relating to risks which are present in any banking portfolio but which have not been specifically identified. In the opinion of the management, approximately 50% of the accumulated provision as at December 31, 1982 was deemed to be a general provision.

Regional Analysis of Deposits and Loans

The following table sets forth the customer deposits and loans of the branches of the BCC Group in the following regions as at December 31, 1982.

						<i>Deposits</i>		<i>Loans</i>		
						<i>In millions of dollars</i>	<i>% of Total</i>	<i>In millions of dollars</i>	<i>% of Total</i>	
Europe	..	..	..	..	..	1,956.9	26.5	752.7	18.3	
North and South America	..	..	..	..	..	126.3	1.7	147.1	3.6	
Far East and Asia	..	..	..	..	..	586.6	7.9	632.3	15.4	
Middle East	..	..	..	..	..	1,725.1	23.4	1,058.0	25.8	
Caribbean	..	..	..	..	..	1,248.4	16.9	542.3	13.2	
Africa	..	..	..	..	..	1,740.0	23.6	972.5	23.7	
						<u>7,383.3</u>	<u>100.0</u>	<u>4,104.9</u>	<u>100.0</u>	

Liquidity

The BCC Group's policy is to maintain liquidity sufficient to permit flexibility of response to changing market, economic and political conditions. As at December 31, 1982, 42.6% of the BCC Group's assets were represented by cash, amounts due from banks and certificates of deposit and 9.1% by readily marketable securities including United Kingdom and United States government bonds, and other securities. As a matter of policy, the BCC Group has not relied upon interbank borrowings to finance its commercial lending activities; as at June 30, 1983, amounts due from banks exceeded amounts due to banks by \$2,668 million.

Other Activities

Merchant Banking

The BCC Group includes merchant banking subsidiaries and finance subsidiaries operating in Hong Kong, Italy, Kenya, Uruguay and the Cayman Islands and affiliated finance companies in Kuwait and Thailand. The BCC Group has a merchant banking services division in London.

Services provided for customers include portfolio management, syndication of short-term loans, guarantees and advice on corporate acquisitions and portfolio investment in stocks, shares, bonds and commodities.

Trading

The BCC Group has foreign exchange dealing facilities in Abu Dhabi, Bahrain, Cairo, Dubai, Frankfurt, Hong Kong, London, Luxembourg, Miami, Panama, Paris and Zurich. Currencies traded include Dollars, Deutsche Marks, Pounds Sterling, Swiss Francs, Yen, French Francs, and United Arab Emirates Dirhams. The BCC Group as a normal practice does not trade in foreign exchange for its own account except within dealing limits in the normal course of business. The BCC Group executes commodity purchases and sales and also trades in the eurobond market for clients and for its own account.

Travellers Cheques, Money Orders and Credit Cards

The BCC Group has recently introduced Visa Travellers Cheques in Dollars and Pounds Sterling which provide accident insurance cover to purchasers and issues Visa Credit Cards including the Gold Card. The BCC Group also issues International Money Orders denominated in Pounds Sterling, Dollars and certain other currencies.

Correspondent Banking

Through its International Division the BCC Group provides correspondent banking facilities to banks in Europe, the Middle East and Africa which maintain demand accounts with it. With the establishment of the New York agency, the additional facilities will provide opportunities for further expansion of these services.

MANAGEMENT

Group Management

The Board of Directors of BCCI Holdings (Luxembourg) S.A. constitutes the ultimate authority for the management of the BCC Group. Board meetings are held on a monthly basis.

The Board of Directors determines the BCC Group's operating policies and guidelines, including financial discipline, credit policies and country and currency exposures. It reviews the periodic financial results, approves credit over established limits and determines the expansion of the branch network and the investments in subsidiaries and affiliates. Although the ultimate authority for the management of the BCC Group is vested in the Board of Directors of BCCI Holdings (Luxembourg) S.A., the Boards of Directors of the subsidiaries and affiliates have autonomy in the management of those subsidiaries or affiliates taking into account the established group policies and guidelines.

At the operational level, the Board of Directors of each of BCCI Holdings (Luxembourg) S.A. and the subsidiaries and affiliates is assisted and supported by the Central Management Committee. The Central Management Committee consists of the President, the Executive Directors, all the Regional General Managers, certain other senior executives from within the BCC Group and certain representatives from the Boards of Directors of subsidiaries and affiliates. The Central Management Committee meets in full once every two months. In discharging its responsibilities to the respective Boards of Directors, the Central Management Committee is supported by the managements of the subsidiaries and affiliates, and functional sub-committees whose executives are accountable to the Central Management Committee.

In accordance with the policies laid down by the respective Boards of Directors and the authority delegated to it, the Central Management Committee is responsible for the following:

General

—Promoting the BCC concept and philosophy of management.

Financial

—Coordinating and supervising the growth of BCC Group banking resources and business.

—Supervision of credit and lending policies.

—Monitoring the liquidity position of the BCC Group.

—Reviewing fiscal policy and operating procedures.

Development

—Supervising and coordinating the implementation of the BCC Group's expansion programme.

Administration

—Coordinating the development and the implementation of personnel policies.

—Reviewing and implementing audit and inspection reports.

The Central Support Organisation, which is accountable to the Central Management Committee, is the principal unit in the BCC Group responsible for coordinating administration. The organisation consists of various functional divisions, including credit, personnel, group accounts, taxation, treasury, international, marketing, audit and inspection, and management services. The Central Support Organisation directly assists the Central Management Committee or a particular subsidiary or affiliated company as appropriate; the Central Management Committee itself has to report to the relevant Board of Directors in relation to matters for which it has responsibility.

Regional Offices

Each Regional Office is headed by a Regional General Manager responsible for all day-to-day management within his region. Each Regional General Manager is a member of the Central Management Committee and represents the BCC Group on the Boards of Directors of subsidiaries and affiliates within his region.

The Regional General Manager is supported by a Regional Management Committee and a Regional Credit Committee whose members comprise Managers of large branches and selected Department Heads within the Regional Office.

Each Regional Office has a regional office organisation commensurate with its requirements and volume of business which undertakes all requisite management functions, divided into appropriate divisions, such as credit, personnel, treasury and finance, marketing, audit and inspection, and such other functional divisions as may be required for management of its operations and various banking activities.

Subsidiaries and Affiliates

Each subsidiary and affiliate has its own Board of Directors which includes the Regional General Manager and/or members of the Central Management Committee as well as representatives of outside shareholders. The Board of Directors has autonomy with regard to its own affairs taking into account the policies and guidelines of the Board of BCC.

Each subsidiary and affiliate has a Head Office organisation commensurate with its requirements and volume of business which undertakes all requisite management functions, divided into appropriate divisions, such as credit, personnel, treasury and finance, marketing, audit and inspection, and such other functional divisions as may be required for management of its operations and various banking activities.

Personnel and Management Development

The total personnel employed by the BCC Group as at December 31 in each of the last five years was:

<u>1982</u>	<u>1981</u>	<u>1980</u>	<u>1979</u>	<u>1978</u>
6,974	5,775	4,204	3,538	3,052

The BCC Group runs international management development and training operations with centres located in Cairo, Harare, Hong Kong, Karachi, Lagos and London.

REPORT OF THE AUDITORS

To: The Board of Directors of
BCCI Holdings (Luxembourg) S.A.

Gentlemen,

We have examined the consolidated accounts of BCCI Holdings (Luxembourg) S.A., including supporting notes, for the years ended December 31, 1981 and 1982 on pages 20 to 27 which have been prepared in accordance with the accounting policies set out in Note 1. Our audit has been carried out in accordance with approved auditing standards.

In our opinion, based on our examination and the reports of the auditors of certain subsidiaries and affiliates not audited by us, the consolidated accounts give a true and fair view of the state of affairs as at December 31, 1981 and 1982, and of the profit, changes in retained earnings and source and application of funds of the BCC Group for the years then ended.

We also report that the financial information relating to the years ended December 31, 1978, 1979 and 1980 respectively, set out in the Consolidated Statements of Condition, Earnings and Source and Application of Funds on pages 20 to 22 has been correctly extracted from the full consolidated accounts for those years, which were also audited by us.

Ernst & Whinney.
Luxembourg

As of March 11, 1983

BCCI HOLDINGS (LUXEMBOURG) S.A.

**CONSOLIDATED STATEMENTS OF CONDITION
FOR THE FIVE YEARS ENDED DECEMBER 31,**

	Note	1982	1981	1980	1979	1978
<i>(in thousands of dollars)</i>						
Assets						
Cash on Hand ..		58,045	43,426	30,628	24,089	19,979
Due from Banks ..		4,048,624	2,988,842	2,098,790	1,460,161	979,502
Loans and Advances (Less Provision for possible loan losses) ..	2	4,027,289	3,132,547	2,390,150	1,863,940	1,257,818
Advances under Refinance Schemes of Central Banks and Government Agencies ..	3	77,619	174,761	164,788	141,075	181,114
Investments in Securities and Bonds ..	4					
Short-Term ..		308,154	323,497	126,631	78,902	108,493
Medium and Long-Term ..		570,818	245,554	168,776	123,548	92,865
Investments in Affili- ates ..	5	103,164	64,968	49,230	33,481	18,573
Short-Term Receiv- ables ..		230,465	178,696	139,097	94,963	56,572
Premises and Equipment ..	6	127,397	101,864	80,600	56,936	38,466
Other Assets ..	7	98,475	90,960	72,337	41,846	47,804
Total Assets ..		<u>9,650,050</u>	<u>7,345,115</u>	<u>5,321,027</u>	<u>3,918,941</u>	<u>2,801,186</u>
Capital Funds and Liabilities						
	Note	1982	1981	1980	1979	1978
<i>(in thousands of dollars)</i>						
Share Capital Issued and Paid Up ..	8	222,500	187,500	110,000	90,000	70,000
Proposed Stock Divi- dend ..		40,000	5,000	15,000	—	—
General and Other Reserves ..	9	232,466	188,993	101,132	75,575	50,797
Retained Earnings ..		40,613	7,944	7,837	16,229	10,707
Loan Capital ..	10	45,000	45,000	45,000	30,000	30,000
Minority Interests ..	11	59,948	27,876	12,966	14,094	9,870
Total Capital Fund ..		<u>640,527</u>	<u>462,313</u>	<u>291,935</u>	<u>225,898</u>	<u>171,374</u>
Due to Banks ..	12	1,086,760	734,247	510,166	500,085	383,619
Demand Deposits ..		1,820,527	1,237,233	848,414	631,052	548,270
Savings and Time Deposits ..		5,562,791	4,430,817	3,276,545	2,313,052	1,481,922
Deposits from Cen- tral Banks and Government Agen- cies for Refinance Schemes ..		77,392	174,991	171,684	121,508	141,379
Accrued Interest on Deposits and Other Funds ..		168,502	163,278	118,270	49,527	29,638
Total Deposits and Other Funds ..		<u>8,715,972</u>	<u>6,740,566</u>	<u>4,925,079</u>	<u>3,615,224</u>	<u>2,584,828</u>
Provisions for Taxes ..		66,657	50,186	29,531	16,528	10,289
Other Liabilities ..		226,894	92,050	74,482	61,291	34,695
Capital Fund and Total Liabilities		<u>9,650,050</u>	<u>7,345,115</u>	<u>5,321,027</u>	<u>3,918,941</u>	<u>2,801,186</u>

BCCI HOLDINGS (LUXEMBOURG) S.A.

**CONSOLIDATED STATEMENTS OF EARNINGS
FOR THE FIVE YEARS ENDED DECEMBER 31,**

	Note	1982	1981	1980	1979	1978
<i>(in thousands of dollars)</i>						
Income						
Interest and Discount ..		959,555	754,475	504,005	310,157	198,851
Commission and Exchange ..		126,899	112,816	67,593	49,948	35,020
Income on Investments ..		97,066	39,535	26,925	20,796	21,722
Other Income ..	13	68,127	39,289	19,893	9,311	9,444
		<u>1,251,647</u>	<u>946,115</u>	<u>618,416</u>	<u>390,212</u>	<u>265,037</u>
Expenses						
Interest Paid ..		753,292	622,185	419,244	252,486	164,511
Salaries and Related Costs ..		86,607	65,743	53,954	40,344	30,461
Occupancy Expenses ..		31,971	26,785	21,529	18,703	13,202
Depreciation on Premises and Equipment ..		15,074	10,951	11,384	8,006	5,248
Other Expenses ..		79,241	63,425	48,201	35,842	23,489
		<u>966,185</u>	<u>789,089</u>	<u>554,312</u>	<u>355,381</u>	<u>236,911</u>
Loan Loss Provision ..	2	62,359	32,297	16,299	8,894	10,042
		<u>1,028,544</u>	<u>821,386</u>	<u>570,611</u>	<u>364,275</u>	<u>246,953</u>
Profit ..		223,103	124,729	47,805	25,937	18,084
Taxation ..		(72,697)	(50,353)	(22,656)	(9,657)	(5,369)
Profit after Taxation		<u>150,406</u>	<u>74,376</u>	<u>25,149</u>	<u>16,280</u>	<u>12,715</u>
Pre-acquisition profit (Net) ..		(—)	(—)	(596)	(475)	(—)
Minority Interests ..	14	(14,973)	(9,627)	(2,689)	(1,031)	(432)
Profit for the Year ..		<u>135,433</u>	<u>64,749</u>	<u>21,864</u>	<u>14,774</u>	<u>12,283</u>
At beginning of Year		<u>7,944</u>	<u>7,837</u>	<u>16,229</u>	<u>10,707</u>	<u>7,927</u>
		<u>143,377</u>	<u>72,586</u>	<u>38,093</u>	<u>25,481</u>	<u>20,210</u>
Appropriations						
Dividends ..	15					
Stock Dividend ..		(20,000)	(37,500)	(5,000)	(5,000)	(—)
Proposed Stock Dividend ..		(40,000)	(5,000)	(15,000)	(—)	(—)
Cash Dividend ..		(—)	(—)	(3,750)	(—)	(4,991)
Reserves ..	16					
Transfer to Legal Reserve ..		(7,647)	(5,577)	(1,201)	(912)	(874)
Transfer to General Reserve ..		(16,617)	(11,065)	(2,305)	(1,340)	(1,638)
Other Appropriations ..	17	(18,500)	(5,500)	(3,000)	(2,000)	(2,000)
Carried Forward at End of Year ..		<u>40,613</u>	<u>7,944</u>	<u>7,837</u>	<u>16,229</u>	<u>10,707</u>

BCCI HOLDINGS (LUXEMBOURG) S.A.

**CONSOLIDATED STATEMENTS OF SOURCE AND APPLICATION OF FUNDS
FOR THE FIVE YEARS ENDED DECEMBER 31,**

	<u>1982</u>	<u>1981</u>	<u>1980</u>	<u>1979</u>	<u>1978</u>
	<i>(in thousands of dollars)</i>				
Source of Funds					
Profit for the year	135,433	64,749	21,864	14,774	12,283
Adjustment for items not involving the use of Funds:					
Depreciation on Premises and Equipment	15,074	10,951	11,384	8,006	5,248
Increase in Provision for Loan Losses	62,359	32,297	16,299	8,894	10,042
Funds Generated by Operations . .	<u>212,866</u>	<u>107,997</u>	<u>49,547</u>	<u>31,674</u>	<u>27,573</u>
Funds from Shareholders and Other Sources:					
Increase in Capital Notes	—	—	10,000	—	—
Subordinated Loan	—	—	5,000	—	—
Share Capital Issued for Cash	10,000	25,000	15,000	15,000	20,000
Premium on Shares Issued for Cash	30,000	75,000	22,500	22,500	30,000
Increase in Minority Interest dur- ing the year	32,072	14,910	(1,128)	4,224	2,196
	<u>284,938</u>	<u>222,907</u>	<u>100,919</u>	<u>73,398</u>	<u>79,769</u>
Application of Funds					
Dividends Paid	—	—	3,750	—	4,991
Other Appropriations	18,500	5,500	3,000	2,000	2,000
Outlay on Premises and Equipment . .	40,607	32,215	35,048	26,476	19,117
Investment in Affiliates	38,196	15,738	15,749	14,908	3,169
Increase in Working Capital	187,635	169,454	43,372	30,014	50,492
	<u>284,938</u>	<u>222,907</u>	<u>100,919</u>	<u>73,398</u>	<u>79,769</u>
Increase/(Decrease) in Working Capital					
Cash	14,619	12,798	6,539	4,110	5,780
Due from Banks	1,059,782	890,052	638,629	480,659	168,135
Advances	870,750	788,448	566,671	574,951	283,493
Investment in Securities and Bonds . .	309,921	273,644	92,957	1,092	107,588
Short-term Receivables and Other Assets	59,284	58,222	74,625	32,433	28,690
Due to Banks	(352,513)	(224,081)	(10,081)	(116,466)	(206,405)
Deposits	(1,622,893)	(1,591,406)	(1,299,774)	(913,930)	(317,148)
Other External Liabilities	(151,315)	(38,223)	(26,194)	(32,835)	(19,641)
	<u>187,635</u>	<u>169,454</u>	<u>43,372</u>	<u>30,014</u>	<u>50,492</u>

BCCI HOLDINGS (LUXEMBOURG) S.A.
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE TWO YEARS ENDED DECEMBER 31, 1982

1. Accounting Policies

These accounts have been prepared under the historical cost convention and the accounting policies are as follows:—

A. Basis of Consolidation

- i. The consolidated accounts comprise those of BCCI Holdings (Luxembourg) S.A. and its subsidiary companies, as detailed in Note 5, all made up to December 31, 1982.

Cost of acquisition in excess of attributable net tangible assets at the date of acquisition is included in investment in affiliates as goodwill and is amortised primarily over a period of forty years.

- ii. In accordance with International Accounting Standard No. 3, the accounts of Bank of Credit and Commerce International (Nigeria) Limited, Bank of Credit and Commerce (MISR) S.A.E. and Bank of Credit and Commerce (Emirates) are also consolidated since the holding company owns respectively 40 per cent., 49 per cent. and 40 per cent. of the issued share capitals of these companies and, by agreement, the BCC Group is entitled to exercise control over the financial and operating policies of the management of these companies.

B. Foreign Currencies

Assets, liabilities, operating income and expenses are translated into dollars at the rates of exchange prevailing at the Balance Sheet date. Translation differences arising from the application of year-end rates of exchange to the opening net assets held overseas are taken directly to reserves as being outside the BCC Group's normal trading activities.

C. Investment in Securities and Bonds

Investments in securities and bonds held for trading purposes are valued in the Statement of Condition at the lower of cost or market value on a portfolio basis. Those held in the investment portfolio are acquired with the intention of holding them to maturity at which time they are redeemable at face value. They are stated in the Statement of Condition at cost adjusted for the premium or discount on face value amortised over the period to maturity.

D. Loans and Advances

Loans and advances are stated in the Statement of Condition less appropriate specific and general provisions for loan losses.

Provisions for loan losses are made following an appraisal by the Management of the facilities granted to customers. The specific element relates to identified risk facilities. The general element relates to the risks which are present in any banking portfolio but which have not been specifically identified. The charge in the Statement of Earnings accordingly represents the increase in the provision less recoveries for the year.

E. Investment in Affiliated Companies

Investments in affiliated companies are stated at cost together with the BCC Group's share of reserves and retained earnings. An affiliated company is one in which the interest of the BCC Group is long term and substantial and one over which the BCC Group exercises significant influence through participation in the affiliate's policy decisions. The BCC Group share of the profits of the affiliated companies is included in the Consolidated Statement of Earnings.

F. Premises and Equipment

These are stated at cost after deducting depreciation. Depreciation has been provided on the basis of equal annual instalments to amortise the assets over their estimated useful life primarily at rates between 10 per cent. and 25 per cent. per annum. Capital expenditure on fixed assets which are not yet in operation is depreciated once the assets concerned are brought into use.

G. Taxation

Provision is made by the liability method for all local and overseas taxation after allowance of such reliefs as are considered available in each location.

H. Statement of Earnings

- i. Gains and losses on translation of foreign currencies arising from the BCC Group's normal trading activities are credited or charged to income as they arise.
- ii. Forward foreign exchange contracts are valued at market rates ruling at the Balance Sheet date, except in the case of contracts covered by corresponding swap transactions where the resulting premium or discount is amortised over the period of the transaction.
- iii. Commissions and fees charged to customers are credited to income at the time of effecting the transactions.

I. Other Appropriations

As contributions to the Staff Benefit Fund and Donations and Grants are entirely discretionary in nature, and based on the available net resources of the BCC Group, Management has classified these as Other Appropriations in the Statement of Earnings.

BCCI HOLDINGS (LUXEMBOURG) S.A.

NOTES TO THE CONSOLIDATED ACCOUNTS—continued

2. Loans and Advances

Loans and advances are stated after deducting provisions for loan losses in the sum of:

	1982	1981
	<i>(in thousands of dollars)</i>	
Balance at beginning of year	63,622	34,754
Charge in Statement of Earnings	62,359	32,297
	125,981	67,051
Amounts Written-off	(10,966)	(3,429)
	115,015	63,622

3. Refinance Schemes

The BCC Group has made various advances under certain Central Banks' and Government Agencies' refinancing schemes whereby they are entitled to borrow funds directly from the Central Banks or Government Agencies, against these advances.

4. Investment in Securities and Bonds

	1982	1981
	<i>(in thousands of dollars)</i>	
Trading Portfolio	378,450	2,777
Investment Portfolio	500,522	566,274
	878,972	569,051

The Trading Portfolio consists of prime marketable securities. The market value of the securities and bonds held in the Investment Portfolio is not significantly different from cost.

5. Subsidiaries and Affiliates

	1982	1981
	<i>(in thousands of dollars)</i>	
<i>Subsidiaries—Note (i)</i>		
Goodwill arising on consolidation		
(total cost of investment \$394,000,000)	78,867	44,715
Investment at cost, in unconsolidated subsidiaries	6,952	8,193
<i>Affiliates—(unconsolidated) Note (ii)</i>		
Investment at cost	13,511	9,221
BCC Group's share of reserves and retained earnings	3,834	2,839
	103,164	64,968

(i) Subsidiaries

The following subsidiary companies have been consolidated as at December 31, 1982:

	Country of Incorporation	Percentage Shareholding
Bank of Credit and Commerce International S.A.	Luxembourg	100
Bank of Credit and Commerce International (Overseas) Limited	Cayman Islands	100
Bank of Credit and Commerce International (Lebanon) S.A.L.	Lebanon	100
BCCI Finance International Limited	Hong Kong	98
Credit and Finance Corporation Limited	Cayman Islands	100
Banque de Commerce et de Placements S.A.	Switzerland	70
Bank of Credit and Commerce International (Swaziland) Limited	Swaziland	55
Hong Kong Metropolitan Bank Limited	Hong Kong	96
Bank of Credit and Commerce Canada	Canada	100
Bank of Credit and Commerce Zimbabwe Limited	Zimbabwe	53
Bank of Credit and Commerce (Zambia) Limited	Zambia	100
Italfinance International S.p.A.	Italy	85

The unconsolidated subsidiaries include the following, which will become operational subsidiaries of the group in 1983:

BCCI Finance (Kenya) Limited	Kenya	100
Bank of Credit and Commerce Cameroon S.A.	Cameroon	65
Bank of Credit and Commerce (Botswana) Ltd.	Botswana	100
BCC Credit and Finance (Uruguay) S.A.	Uruguay	100

BCCI HOLDINGS (LUXEMBOURG) S.A.

NOTES TO THE CONSOLIDATED ACCOUNTS—continued

(ii) Affiliates

As at December 31, 1982 the BCC Group's affiliated companies were:

Consolidated—see Note 1.A (ii)

	Country of Incorporation	percentage Shareholding
Bank of Credit and Commerce International (Nigeria) Ltd.	Nigeria	40
Bank of Credit and Commerce (Misr) S.A.E.	Egypt	49
Bank of Credit and Commerce (Emirates)	U.A.E.	40
Unconsolidated		
Kuwait International Finance Company S.A.K.	Kuwait	49
National Bank of Oman Limited (S.A.O.)	Oman	29
Premier Bank Limited	Ghana	45

The BCC Group banks have entered into banking transactions on normal terms with each other and with affiliated companies. As at December 31, 1982 amounts Due from Banks and Due to Banks included balances of \$532,348,000 and \$128,774,000 respectively (1981: \$327,472,000/\$145,449,000) pertaining to affiliates which have not been consolidated.

The BCC Group's share of the profits of unconsolidated affiliates is included in the Consolidated Statement of Earnings at \$5,987,000 (1981: \$3,098,000).

6. Premises and Equipment

	1982	1981
	(in thousands of dollars)	
Cost		
Balance January 1	143,775	111,560
Additions (net)	40,607	32,215
	<u>184,382</u>	<u>143,775</u>
Depreciation		
Balance January 1	41,911	30,960
Charged during year	15,074	10,951
	<u>56,985</u>	<u>41,911</u>
Net book value	<u>127,397</u>	<u>101,864</u>

7. Other Assets

	1982	1981
	(in thousands of dollars)	
Items under Clearing	21,255	19,865
Advance Rents and Other Prepayments	22,207	15,744
Capital Expenditure in Progress	5,431	8,098
Sundry Debtors	28,238	27,479
Advance Taxation	5,672	5,512
Other Miscellaneous items	15,672	14,262
	<u>98,475</u>	<u>90,960</u>

8. Share Capital

	1982	1981
	(in thousands of dollars)	
Authorised	222,500	187,500
Number of Shares	22,250	3,750
Issued and fully paid		
At start of year	187,500	110,000
Issued for cash consideration during year	10,000	25,000
Stock Dividend (Note 15)	25,000	52,500
	<u>222,500</u>	<u>187,500</u>
Proposed Stock Dividend (Note 15)	40,000	5,000

NOTES TO THE CONSOLIDATED ACCOUNTS—continued

9. Reserves

[illegible]

Loan Capital										1982	1981
										(in thousands of dollars)	
Capital Notes	45,000	40,000
Subordinated Loan	—	5,000
										45,000	45,000

11. Minority Interests—Statement of Condition

Minority Interests—Statement of Condition									1982	1981
									(in thousands of dollars)	
Subsidiary Companies	..	..	..	..	..	..	..	..	10,768	13,626
Consolidated Affiliates	..	..	..	..	..	..	..	..	49,180	14,250
									59,948	27,876

Due to Banks consists of availed lines of credit and other money market placements by banks.

Other Income includes exceptional income of \$30,000,000 (1981: \$14,938,000) arising from the disposal on December 31, 1982 of certain wholly owned branches, to a consolidated affiliate (Note 1A(ii)).

Minority interests—Statement of Earnings									1982	1981
									(in thousands of dollars)	
Subsidiary Companies	1,066	814
Consolidated Affiliates	13,907	8,813
									<u>14,973</u>	<u>9,627</u>

BCCI HOLDINGS (LUXEMBOURG) S.A.

NOTES TO THE CONSOLIDATED ACCOUNTS—continued

15. Dividends

								1982	1981
								(in thousands of dollars)	
Stock—Distributed re 1980	..	..	..	..	..	..	..	—	15,000
re 1981	..	..	..	..	..	..	..	5,000	37,500
re 1982	..	..	..	..	..	..	..	20,000	—
Proposed re 1981	..	..	..	..	..	..	..	—	5,000
re 1982	..	..	..	..	..	..	..	40,000	—

16. Transfer to Reserves

The Board of Directors have approved a transfer of \$4,117,000 (1981: \$3,500,000) to Legal Reserves, in BCCI Holdings (Luxembourg) S.A.

17. Other Appropriations

								1982	1981
								(in thousands of dollars)	
Contribution to Staff Benefit Fund	..	..	..	..	..	..	..	6,000	2,500
Donations and Grants	..	..	..	..	..	..	..	12,500	3,000
								18,500	5,500

BCCI HOLDINGS (LUXEMBOURG) S.A.
CONSOLIDATED STATEMENTS OF CONDITION
(in thousands of dollars)
(Unaudited)

								<i>as at June 30,</i>	
								<u>1983</u>	<u>1982</u>
Assets									
Cash on Hand	..	..	..	..	..	..	..	58,840	52,389
Due from Banks	..	..	..	..	..	..	..	4,127,251	2,767,503
Loans and Advances (less provision for possible loan losses)	..	..	..	..	..	..	..	4,457,843	4,102,330
Advances under Refinance Schemes of Central Banks and Government Agencies	..	..	..	..	..	..	..	79,948	88,226
Securities, Bonds and other Dealing Assets	..	..	..	..	..	..	..
Short-Term	..	..	..	..	..	..	..	529,991	601,886
Medium and Long-Term	..	..	..	..	..	..	..	554,065	297,892
Investment in Affiliates	..	..	..	..	..	..	..	103,613	69,920
Short-term Receivables	..	..	..	..	..	..	..	231,015	203,927
Premises and Equipment	..	..	..	..	..	..	..	143,717	111,577
Other Assets	..	..	..	..	..	..	..	119,654	121,017
Total Assets	..	..	..	..	..	..	..	<u>10,405,937</u>	<u>8,416,667</u>
Capital Fund and Liabilities									
Capital: Authorised	..	..	..	..	..	..	..	262,500	192,500
Issued and Paid-up	..	..	..	..	..	..	..	262,500	192,500
General and Other Reserves	..	..	..	..	..	..	..	233,363	188,993
Retained Earnings	..	..	..	..	..	..	..	96,914	56,874
Loan Capital	..	..	..	..	..	..	..	45,000	45,000
Minority Interests	..	..	..	..	..	..	..	70,734	40,339
Total Capital Fund	..	..	..	..	..	..	..	<u>708,511</u>	<u>523,706</u>
Due to Banks	..	..	..	..	..	..	..	1,459,470	963,522
Demand Deposits	..	..	..	..	..	..	..	1,884,619	1,404,759
Savings and Time Deposits	..	..	..	..	..	..	..	5,791,889	5,034,149
Deposits from Central Banks and Government Agencies for Refinance Schemes	..	..	..	..	..	..	..	79,900	87,967
Accrued Interest on Deposits and Other Funds	..	..	..	..	..	..	..	155,704	176,730
Total Deposits and Other Funds	..	..	..	..	..	..	..	<u>9,371,582</u>	<u>7,667,127</u>
Provision for Taxes	..	..	..	..	..	..	..	84,609	69,434
Other Liabilities	..	..	..	..	..	..	..	241,235	156,400
Capital Fund and Total Liabilities	..	..	..	..	..	..	..	<u>10,405,937</u>	<u>8,416,667</u>
Contra Accounts									
FEX (Futures) Buying/Selling	..	..	..	..	..	..	..	236,963	149,726
Acceptances	..	..	..	..	..	..	..	207,649	112,985
Letters of Credit	..	..	..	..	..	..	..	855,901	1,025,097
Letters of Guarantee	..	..	..	..	..	..	..	1,430,213	1,242,081
Bills for Collection	..	..	..	..	..	..	..	642,446	582,521
	..	..	..	..	..	..	..	<u>3,373,172</u>	<u>3,112,410</u>

BCCI HOLDINGS (LUXEMBOURG) S.A.
CONSOLIDATED STATEMENTS OF EARNINGS
(in thousands of dollars)
(Unaudited)

							<i>for the half year ended June 30,</i>	
							<u>1983</u>	<u>1982</u>
Income								
Interest and Discount	..	..	..	..	..	..	455,907	461,096
Commission and Exchange	..	..	..	..	..	..	74,631	64,900
Income on Investments	..	..	..	..	..	..	79,233	35,853
Other Income	..	..	..	..	..	..	38,594	22,491
							<u>648,365</u>	<u>584,340</u>
Expenses								
Interest Paid	..	..	..	..	..	..	339,642	377,064
Salaries and Related Costs	..	..	..	..	..	..	50,447	39,908
Occupancy Expenses	..	..	..	..	..	..	20,363	16,490
Depreciation on Premises and Equipment	..	..	..	..	..	..	9,770	6,724
Other Expenses	..	..	..	..	..	..	63,941	39,405
							<u>484,163</u>	<u>479,591</u>
Loan Loss Provision	..	..	..	..	..	..	25,000	9,924
							<u>509,163</u>	<u>489,515</u>
Profit							139,202	94,825
Taxation	..	..	..	..	..	..	(41,000)	(32,880)
							<u>98,202</u>	<u>61,945</u>
Profit after Taxation	..	..	..	..	..	..	(16,901)	(11,725)
Minority Interests	..	..	..	..	..	..
Profit for the Half Year							<u>81,301</u>	<u>50,220</u>
Consolidated Statement of Retained Earnings								
At beginning of Year	..	..	..	..	..	..	40,613	7,944
Profit for the Half Year	..	..	..	..	..	..	81,301	50,220
							<u>121,914</u>	<u>58,164</u>
Appropriations:								
Reserves								
Transfer to Legal Reserve	..	..	..	..	..	..	(1,000)	(—)
Transfer to General Reserve	..	..	..	..	..	..	(10,000)	(288)
Other Appropriations	..	..	..	..	..	..	(14,000)	(1,000)
Carried Forward at End of Half Year							<u>96,914</u>	<u>56,874</u>

SUBSCRIPTION, UNDERWRITING AND SALE

The Managers have, pursuant to a Subscription Agreement dated November 22, 1983, jointly and severally agreed with the Company and the Guarantor, subject to the satisfaction of certain conditions, to procure subscribers (and, in default thereof, to subscribe) for the Notes at 100 per cent. of their principal amount less a commission of $\frac{3}{4}$ per cent. for managing and underwriting calculated on the principal amount of the Notes. In addition, the Company, whom failing, the Guarantor has agreed to reimburse the Managers for certain of their expenses in connection with the issue of the Notes up to an amount of \$100,000. The Subscription Agreement entitles the Managers to cancel the issue of the Notes in certain circumstances prior to payment of the net subscription moneys to the Company.

The Managers, on behalf of the Company, have invited certain banks, brokers and dealers (the "Selling Group") to subscribe for Notes at 100 per cent. of their principal amount, less the Selling Group Concession of $1\frac{3}{8}$ per cent. of the principal amount of the Notes.

The Notes have not been and will not be registered under the Securities Act of 1933 of the United States of America and may not be offered or sold, directly or indirectly, in the United States or to any U.S. Person as part of the distribution of the Notes. Any offers or sales of any Notes in the United States or to U.S. Persons may constitute a violation of United States laws, unless made in compliance with the registration requirements of the Securities Act of 1933 or pursuant to an exemption therefrom. The Company, the Guarantor and the Managers do not make any representation in respect of, and do not assume any responsibility for, the availability of any such exemption.

Each subscriber has agreed that, in connection with the distribution of the Notes, it will not offer or sell any Notes, directly or indirectly, in the United States or to U.S. Persons or to residents of the Netherlands Antilles (including corporations organised under the laws thereof) who do not have a specific licence to purchase such Notes or who do not have non-resident status under Netherlands Antilles foreign exchange control regulations.

Each subscriber has further agreed that it will deliver to each purchaser of Notes acquired by it pursuant to the terms of the Selling Agreement a written confirmation setting out the restrictions imposed on dealers and retail purchasers with respect to offers and sales of the Notes in the United States and to U.S. Persons.

As used herein, "United States" means the United States of America, its possessions, its territories and all areas subject to its jurisdiction; and "U.S. Person" means any person who is a national or resident of the United States (including the estate of any such person, any other estate or trust which is not a foreign estate or trust as to the United States and any corporation, partnership or other entity organised in or under the laws of the United States or any political sub-division thereof).

This Prospectus may not be distributed within or from Great Britain except to persons whose business involves the acquisition and disposal, or the holding, of securities (whether as principal or agent) and offers of Notes may not be made in Great Britain except to persons whose ordinary business it is to buy or sell shares or debentures, whether as principal or agent.

GENERAL INFORMATION

1. Application has been made to list the Notes on the Luxembourg Stock Exchange. In connection therewith, prior to listing, a legal notice (*Notice Légale*) relating to the Notes and copies of the Articles of Incorporation of the Company and the *Statuts* of the Guarantor will be lodged with the Registrar of the District Council of Luxembourg (*Greffier en Chef du Tribunal d'Arrondissement de et à Luxembourg*) where such documents may be examined or copies thereof obtained.
2. The Notes have been accepted for clearance through Cedel S.A. (reference No. 232416) and Euro-clear (reference No. 5251).
3. All consents, approvals, authorisations or other orders of regulatory authorities required under the laws of the Netherlands Antilles or the Grand Duchy of Luxembourg in connection with the issue of the Notes in the manner described herein have been obtained.
4. The Company has been advised by Smeets & Smeets that, under present Netherlands Antilles law, (a) payment of principal of and interest on the Notes to a holder of any Note or Coupon, who is neither a resident nor a deemed resident as to the Netherlands Antilles and who during the taxable year has not engaged in trade or business through a permanent establishment within the Netherlands Antilles, will not be subject to Netherlands Antilles income taxes; (b) such a holder will not be subject to Netherlands Antilles income tax on gains realised during such taxable year on a sale or redemption of the Notes or the Coupons; and (c) the Notes and the Coupons will not be subject to inheritance or gift taxes imposed by the Netherlands Antilles, or by any instrumentality thereof or therein, if held by persons not resident therein at the time of death, gift or contribution.
5. The Guarantor has been advised by Elvinger & Hoss that, under present Luxembourg law, (a) payment of principal of and interest on the Notes under the guarantee to a holder of any Note or Coupon, who is neither a resident nor a former resident of the Grand Duchy of Luxembourg and who during the taxable year has not engaged in trade or business through a permanent establishment within the Grand Duchy of Luxembourg, will not be subject to Luxembourg income taxes; (b) such a holder will not be subject to Luxembourg income tax on gains realised during such taxable year on a sale or redemption of the Notes or the Coupons; and (c) the Notes and the Coupons will not be subject to inheritance taxes imposed by the Grand Duchy of Luxembourg, or by any instrumentality thereof or therein, if held by persons not resident therein at the time of death.
6. The Company is regarded as a non-resident of the Netherlands Antilles for the purposes of foreign exchange control regulations in the Netherlands Antilles and as such is entitled to issue the Notes, and to acquire the dollars necessary to make any payments in connection therewith, without any further authorisation under the said regulations.
7. Save as disclosed herein, there has been no material adverse change in the financial position of the Guarantor and its subsidiaries since December 31, 1982.
8. Neither the Company, the Guarantor nor any subsidiary of the Guarantor is involved in any litigation or arbitration proceedings which relate to claims or amounts which are material in the context of the issue of the Notes, nor, so far as the Company and the Guarantor are aware, are any such proceedings pending or threatened.
9. Ernst & Whinney Nederland and Ernst & Whinney have given and have not withdrawn their written consent to the issue of this Prospectus with their reports included herein in the form and context in which they appear.
10. A copy of the Articles of Incorporation of the Company and the *Statuts* of the Guarantor will be available for inspection by the holders of the Notes, so long as any Notes are outstanding, during usual business hours at the principal office of the Guarantor at 39 Boulevard Royal, Luxembourg, where copies of the latest Annual Reports of the Company and the Guarantor can be obtained upon request.
11. So long as any of the Notes remains outstanding, copies of the Trust Deed, Paying Agency Agreement and Agent Bank Agreement relating to the Notes may, after the issue of the Notes, be inspected during usual business hours at the specified offices of the Paying Agents.

Registered Office of the Company

De Ruyterkade 62,
Curaçao,
Netherlands Antilles

Registered Office of the Guarantor

39 Boulevard Royal,
Luxembourg

Auditors to the Company

Ernst & Whinney Nederland,
Koningin Julianaplein 10,
2595 AA The Hague,
The Netherlands

Auditors to the Guarantor

Ernst & Whinney,
25 Boulevard Royal,
Luxembourg

Trustee for the Noteholders

The Law Debenture Trust Corporation p.l.c.,
Estates House,
66 Gresham Street,
London EC2V 7HX

Principal Paying Agent

Citibank, N.A.,
336 Strand,
London WC2R 1HB

Paying Agents

Citibank (Luxembourg) S.A.,
16 Avenue Marie Therese,
Luxembourg

Citibank, N.A.,
Citibank Tower,
8 Queen's Road Central,
Hong Kong

Agent Bank

London & Continental Bankers Limited,
2 Throgmorton Avenue,
London EC2N 2AP

Legal Advisers*To the Company and the Guarantor*

as to Netherlands Antilles law:

Smeets & Smeets,
Emancipatie Boulevard 18,
Curaçao,
Netherlands Antilles

as to English law:

Allen & Overy,
9 Cheapside,
London EC2V 6AD

as to Luxembourg law:

Elvinger & Hoss,
15 Côte d' Eich,
Luxembourg

To the Managers and the Trustee

as to English law:

Coward Chance,
Royex House,
Aldermanbury Square,
London EC2V 7LD

as to Luxembourg law:

Loesch & Wolter,
2 Rue Goethe,
P.O.Box 1107,
Luxembourg

