

BCC GROUP PROFILE

THE BCC GROUP HISTORY - YEAR BY YEAR GROWTH

1972

Bank of Credit and Commerce International S.A. established operations on 21 September 1972.

Paid-up capital of US\$2.5 million, Branches in Luxembourg, London and Abu Dhabi.

1973

Further branches were established in U.K. and U.A.E. Affiliate operations commenced in Oman (through National Bank of Oman Ltd) and in the Lebanon (Bank of Credit and Commerce International (Lebanon) S.A.L.) both under the management of BCCI S.A. In addition, a merchant banking subsidiary was established in Hong Kong, BCC Finance International Limited.

The first published accounts showed that, by the end of 1973 total deposits amounted to US\$182m with total operating income of US\$10.3m. Net profit was only US\$0.2m and Personnel cost only US\$0.75m. The paid-up capital was US\$4m.

1974

By the end of 1974, the total number of branches had grown to 19 and had expanded beyond the original countries to include Oman and Yemen.

Total deposits had trebled to US\$545m. Total operating income was just short of US\$50m. Net profit rose to US\$2.9m. Paid-up capital was further expanded to US\$5m.

1975

The Bank embarked on a remarkable period of expansion with 26 new branches established by BCCI S.A. during the year.

At the same time, Bank of Credit and Commerce International (Overseas) was established towards the end of 1975 in Cayman Islands. with branches in Abu Dhabi and Dubai.

The Bank acquired a 49% interest in Kuwait International Finance Company SAK.

1975 also saw the restructuring of the Group with the establishment at the end of 1974 of BCCI Holdings (Luxembourg) S.A., which, in addition to being the holding company of BCCI Overseas. also acquired the entire share capital of BCCI S.A. in December 1975. To be known as the BCC Group of banks, in short as BCC.

By the end of 1975, Paid-up Capital was US\$15.5m. For the first time, in just over three years from commencing business. total deposits exceeded US\$1,000m. Net profit rose to US\$4.6m.

1976

The growth of the Group continued throughout the year, with a further 22 branches opened and the acquisition of a 55% interest in Banque de Commerce et de Placements S.A., which operates from two branches in Switzerland. By the end of 1976, the total number of branches was 72.

Paid-up capital was increased to US\$30m, total deposits had increased to US\$1560m and net profit to US\$13.7m.

Credit and Finance Corporation Limited (CFC) was established in November 1976 in the Cayman Islands with its main activities to co-ordinate investment activity of members of the BCCI group and advise on different aspects of project financing.

1977

A further 34 branches were opened during the year and the BCC Group was now operating in 32 countries.

Paid up capital was increased to US\$50m with a further US\$30m raised by the issue of redeemable 10% Capital Notes. In addition, the share issue provided a premium on issue of US\$15m. Net profit increased to US\$17.1m and total deposits exceeded, for the first time, US\$2000m.

1978

The BCC Group continued to grow along sound and strategic lines with a further 15 branches opening during the year extending coverage to a total of 34 countries.

Two new subsidiaries in Swaziland and Canada - Bank of Credit and Commerce International (Swaziland) Limited and Bank of Credit and Commerce Canada were established with BCC taking interests of 55% and 50% respectively. In addition, the Group acquired a 45% interest in the Premier Bank Ltd established in Ghana.

Paid-up capital was increased to US\$70m. Total deposits increased to US\$2530m and net profits were US\$10.7m.

1979

There was a rationalisation programme effective from 1st January 1979 in which UK Branches of BCCI Overseas were taken over by BCCI S.A. and Branches in China and Egypt of BCCI S.A. were taken over by BCCI Overseas.

The BCC Group acquired a 51% majority interest in the Hong Kong Metropolitan Bank Limited which operated with seven branches in Hong Kong. In addition, an interest of 40% was taken in a new bank in Nigeria. Bank of Credit and Commerce International (Nigeria) Limited to undertake commercial banking throughout that country.

The number of branches (excluding affiliates) and representative offices increased to 143 spread throughout 40 countries.

Total deposits increased by over US\$1000m to a total of US\$3566m of which customer deposits accounted for US\$2944m. Operating income increased by nearly 50% to US\$390m with net profit of US\$14.3m. Paid up capital increased by a further US\$20m. By the end of 1979 total capital funds exceeded US\$225m.

1980

Growth continued throughout the year with a further 72 branches or representative offices established. By the end of the year the Group operated full commercial banking offices in 37 countries and representative offices in a further 8 countries.

The Group acquired a further 45.2% of the Hong Kong Metropolitan Bank Ltd. and the name was altered to Bank of Credit and Commerce Hong Kong Limited. This bank, in turn, acquired 55% of the Group's interest in BCCI Finance International Limited.

With a combination of capitalisation of US\$20m out of profits and retained earnings, a rights issue raising US\$37.5m and a new 'C' series, of Capital Notes raising US\$10m, total capital funds increased 29% to US\$291.9m.

Total deposits increased to US\$4839m of which customer deposits accounted for more than US\$4000m. Operating income increased by 58% to US\$618m and net profit to US\$21.9m.

1981

In addition to 27 new branches opening during the year, a new subsidiary, Bank of Credit and Commerce International (Zimbabwe) Limited became operational.

Total capital increased to US\$462m due primarily to an increase in paid up share capital and a substantial increase in general reserves; reflecting the significant success and profitability of the BCC Group, during the year.

Total deposits exceeded US\$7345m of which US\$5668m represented customer deposits.

For the second year running operating income grew by, more than 50% and totalled US\$946m for the year with net profit US\$64.7m.

1982

The tenth anniversary of BCC saw a number of significant developments.

There was an exceptional growth in net operating profit which rose to US\$135.4m.

Demand deposits in particular increased by more than 50% and total deposits increased by US\$2 billion to US\$8716m. Total assets reached US\$9.6 billion. an increase of more than US\$2.3 billion and operating Income passed the US\$1 billion mark totalling US\$1252m for the year. Total capital increased to US\$630m.

As an indication of the BCC Group's desire to share its success with the Global community within which the BCC Group operated several "BCC Foundations" for charitable causes were set up with annual contribution from the group's net profit.

During the year the BCC Group joined the VISA operation and commenced issuing its own US Dollar and Pound Sterling Travellers Cheques and visa card.

The Group acquired a 40% interest in the newly established Bank of Credit and Commerce (Emirates) in the UAE which took over the BCCI Overseas branches then operating in the U.A.E.

Operational subsidiaries were established in Zambia. Kenya. Cameroon and Italy as well as a leasing company in Malaysia. By the end of the year. the Group was represented in 57 countries with a network of 280 branches and representative offices.

1983

For the first time the BCC Group made a public offer in the form of Floating Rate Notes of US\$50m, maturing in seven years. The notes, listed on the Luxembourg stock exchange, were well received by the capital markets and enlarged the Group's long term resources.

In addition, capital funds increased by US\$167m to US\$608m, the increase being funded principally by the earnings of the year. Income and profits both increased, although at a lower rate, reflecting the global difficulties encountered during the year in all aspects of international finance.

At the end of 1983, operating income amounted to US\$1368m with net profits increasing to US\$177 million. Total assets increased to US\$12.3 billion and total deposits increased to US\$11.2 billion.

The BCC Group continued to expand geographically; it acquired a retail bank in Spain with 26 branches (Banco de Descuento) whose name was subsequently changed to Bank of Credit and Commerce S.A.E. and a 49% interest in a retail bank in Colombia with 24 branches (Banco Mercantil) whose name was subsequently changed to Banco de Credito y Comercio de Colombia. The Bank also opened offices in Australia and Macau.

At the close of 1983, there were 360 offices in 68 Countries.

1984

The BCC Group entered a phase of planned consolidation to maximize the benefits of the preceding years' phenomenal growth. The capital/asset ratio was improved from 6.5% to over 7% and the capital fund passed the US\$1 billion mark at the end of 1984.

The Group's policy is strongly based on the belief that it must continuously and simultaneously react and respond to change and create change itself. This policy showed a shift to stronger liquidity and whilst assets rose by US\$2 billion to US\$14.3 billion the loans and advances portfolio rose by only US\$294 million pre-tax profit were maintained at US\$180million.

By the end of the year, the BCC Group was represented in 70 Countries through a network of 384 offices.

1985

The year continued to reflect the policy of consolidation.

The capital fund rose to US\$1.189m. giving capital/asset ratio of 7.18%. Total assets increased to US\$16.6 billion whilst total deposits increased to US\$14.9 billion, of which customer deposits represented US\$14.3 billion.

The banking operations continued to show satisfactory results with operating income increasing from US\$1653 million to US\$1783 million. There was an exceptional onetime loss on treasury operations. but this was fully covered by a specific subvention payment from shareholders. The net pre-tax profit was accordingly held at US\$87.9m.

By the end of 1985, the BCC Group operated in 71 countries through 401 branches. During the year the Group acquired a minority interest in Banco Finamerica in Argentina, a banking company with four branches.

1986

The BCC Group generated a profit for the year of US\$156m. This result was achieved despite a variety of adverse factors such as declining currencies in a number of countries in which the Bank operates, lower interest margins throughout the year and a final loss on closing the positions on the 1985 treasury operations.

Total deposits nevertheless increased US\$15.6 billion and total assets increased to US\$17.5 billion. Capital funds increased to US\$1.47 billion from US\$1.19 billion in 1985.

The Group, having achieved its planned target of global coverage has not significantly increased its geographical or branch position, but an investment banking licence was acquired in Trinidad and Tobago and a full branch operation was started in Australia.

In Brazil, an investment Banking Licence was acquired and a local affiliated company in which the group had a 50% interest was incorporated to utilize the licence.

Acknowledgement:

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