

# \$1bn assets secured from collapsed bank

By PAUL MARRIAGE and SAMMY LAI

THE Government has secured more than \$1 billion of the overseas assets of Bank of Credit and Commerce Hongkong (BCCHK).

Banking Commissioner Mr David Carse announced the move yesterday, describing the amount as a "significant chunk" of the failed bank's overseas assets.

The figure is an improvement over the \$750 million in secured assets announced by the Financial Secretary, Sir Piers Jacobs, on Friday.

But independent banking consultant Mr Robert Kenrick predicted depositors and creditors of the bank would only be able to get back 25 per cent of their money in the event of the bank's insolvency.

That would total \$2.75 billion out of the \$11 billion deposited with the bank, and further payments of money owed would be made only after a long period, he said.

The figures are based on

an assumption BCCHK has maintained a liquidity ratio of 25 per cent of its total liabilities, as required by the Banking Ordinance.

Meanwhile, hundreds of depositors joined a rally at Victoria Park yesterday to protest against the Government's closure of the bank.

Demonstrators smashed piggy banks to symbolise the loss of their savings and waved banners accusing the Government of irresponsibility and "mincing words", and calling on Mr Carse to resign. One poster read: "Government kindly help us?"

Father of three Mr Thomas Wu, 33, said because his savings and his salary were tied up in BCCHK his family had no money to buy food. He pleaded with the Government to release even a small amount for "thousands of people like us".

Others warned their businesses would collapse within days if the Government did not release at least enough to keep them liquid. Mr Jogi Prabhakar, one of the rally

organisers, said the sum should be at least 75 per cent of the deposits.

Mr Carse said discussions were taking place in London on the logistics of a sale of the local BCC operation.

Liquidator Mr Brian Smouha, a senior partner of Touche Ross, has been appointed to sort out the affairs of the bank's holding company in Luxembourg.

He is due to go to Abu Dhabi today to hold discussions with the BCC group's main shareholder, the Abu Dhabi Government.

Before the BCC International scandal broke, Mr Carse was within days of sorting out a deal with banking regulators worldwide that would have restructured BCCI, which has been troubled by bad debts.

Revelations about alleged widespread fraud at the heart of the organisation killed that proposal days before a meeting in Luxembourg that could have given it the green light.

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"It would have gone a long way to safeguard the Hongkong operation," Sir Piers said.

Instead, the Banking Commissioner's adviser, Mr John Apsden, was called to an emergency meeting in London on July 2, where he was briefed on the extent of BCCI's problems.

A team of examiners was put into the local bank on July 4. But the Hongkong Government was caught on the hop when the timing of a worldwide announcement revealing the crisis was brought forward to July 5, before it had had a chance to talk to the Abu Dhabi Government.

In the event, the lack of a guarantee to provide financial support from Abu Dhabi forced a U-turn in policy and the bank was shut on Monday morning.

Three banks are reportedly interested in buying BCCHK - Bank of East Asia, First Pacific Bank and Hongkong Chinese Bank. Mr Carse would not comment on which had expressed interest.

Mr Kenrick, partner at KPMG



Paul Lakatos

Depositors carry signs expressing anger at the Government closure of BCCHK at a Victoria Park rally yesterday.

Peat Marwick, said depositors were unlikely to recover the full amount of their deposits if the bank was liquidated instead of sold.

Banking sources said it was likely BCCHK was involved in business deals with the BCCI group and its holding company in Luxembourg.

They said BCCHK was likely to have provided guarantees, foreign credits and other engagements for its sister companies, which would result in contingent liabilities. If so, this would make it more difficult for depositors in Hongkong to get all their money back.

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