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ANNUAL REPORT 1997



## REPUBLIC NATIONAL BANK OF NEW YORK (SUISSE) SA

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London - 46, Berkeley Square - London W1X 5DB - United Kingdom  
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*A complete copy of Safra Republic Holdings S.A.'s annual report may be obtained by written request to the General Manager of Safra Republic Holdings S.A., 32, Boulevard Royal, L-2449 Luxembourg.*



## Board of Directors and General Management

### Board of Directors

<i>Chairman</i>	<b>Edmond J. Safra</b> <i>Banker</i>
<i>Vice-Chairman</i>	<b>Charles-André Junod</b> <i>Lawyer</i>
<i>Vice-Chairman</i>	<b>Bernard Sabrier</b> <i>Banker</i>
<i>Secretary</i>	<b>Jean-Pierre Jacquemoud</b> <i>Lawyer</i>
<i>Director</i>	<b>Guido Hanselmann</b> <i>Banker</i>
<i>Director</i>	<b>Oscar M. Lewisohn</b> <i>Banker</i>
<i>Director</i>	<b>Ezra Marcos</b> <i>Banker</i>
<i>Director</i>	<b>Jacques Müller</b> <i>Banker</i>
<i>Director</i>	<b>Jacques Tawil</b> <i>Banker</i>

### General Management

<i>President</i>	<b>Sem Almaleh*</b>
<i>General Managers</i>	<b>Joseph Benhamou**</b> <b>Alexandre Koifman**</b> <b>Bruno Meier</b> — <b>Gustav Weil**</b>
<i>Deputy General Managers</i>	<b>Fritz Affolter</b> <b>Jean-Yves Cornet</b> <b>Judah Elmaleh</b> <b>Gabriel Perahia</b> <b>Sylvain Roditi</b>

\* Chairman of the Executive Committee

\*\* Membres of the Executive Committee

### Internal Audit

<i>Manager</i>	<b>Jean-Louis Cambieri</b>
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### Auditors

KPMG Fides Peat. Geneva



## **Management of Head Office, Branches and Subsidiary**

### **Management of Geneva Head Office**

#### **Private Banking**

*Deputy General Managers*

Fritz Affolter  
Jean-Yves Cornet  
Judah Elmaleh  
Sylvain Roditi

*Central Manager*

Maurice Benezra  
Edmond Carton

*Principal Manager*

René Adler

#### **Finance / Accounting**

*Central Manager*

Claude Frossard

#### **Fund Investment Advisory**

*Department Manager*

Roberto Almaleh

#### **Asset Management**

*Central Manager  
Manager*

Bernard Andersen  
Diego Moretti

#### **Treasury**

*General Manager*

Alexandre Koifman

#### **Foreign Exchange**

*Manager*

Avner Sakkal

*Department Manager*

Juan Cantero

#### **Credit / Commercial Loans**

*Deputy General Manager*

Gabriel Perahia

*Department Managers*

Olivier Bandler

Jean Hamerman\*\*\*

#### **EDP / Office Automation**

*Principal Manager*

Gérard Chatelain

#### **Operations**

*Principal Manager*

Daniel Rousset

#### **Legal and Corporate Secretary**

*Principal Manager*

Eric Delissy

\*\*\* Until February 1998



Management of Head Office,  
Branches and Subsidiary (continued)

## Lugano Branch

<i>General Manager</i>	Amnon Zaidenberg
<i>Central Manager</i>	Yves R. Bollag
<i>Principal Manager</i>	Roger Misrahi
<i>Manager</i>	Pasquale Ubertini

## Zurich Branch

<i>General Manager</i>	Gustav Weil
<i>General Manager, Zurich</i>	Elo Rozencwajg***
<i>Deputy General Manager</i>	Gerhard Haus
<i>Manager</i>	Markus Leuzinger

## Guernsey Branch

<i>Manager</i>	Andrew Pucher
<i>Manager</i>	Peter Kenel

## Gibraltar Subsidiary

<i>President of General Management</i>	Yeshaya Benaïm
<i>General Manager</i>	John Shaughnessy
<i>Secretary</i>	Marcel Bersier —

\*\*\* Until February 1998



## Analysis of the 1997 financial year



In 1997, the Bank continued its constant expansion, enabling it to record a prosperous development of business and results. Its consolidated net income rose to 86.5 million Swiss Francs, a 43% increase over 1996. Total assets at year-end 1997 reached 14.6 billion Swiss Francs, compared to 11.2 billion Swiss Francs at the previous year-end. All sectors of the Bank, and in particular our asset management activities, shared in these results.

The trends that had marked 1996 continued during 1997, notably the continuation of non-inflationary growth in the United States and in Europe, the fall and the convergence of interest rates in Europe, the rise of the US Dollar, and the lack of recovery in Japan.

The G7 bond markets produced positive yields due to low inflation rates that had not been seen since the 1960s, the search for quality assets after the Asian crisis, and the convergence of interest rates within Europe, which has practically been achieved for long-term rates. However, major differences remain on short-term rates despite the increase of pension savings rates by the Bundesbank, which enabled the process of convergence to be launched. The markets reflected the opinion that the creation of the Euro will take place on the scheduled dates, but with a larger number of member countries. Thus, the participation of several countries has aroused some uncertainty as to the stability of the Euro, which encouraged transfers of capital to the United States, Great Britain, and Switzerland, whose currencies have risen in value in relation to other European countries. Thus the US Dollar, which already benefited from the strong American economy, appreciated by 14% against the German Mark.

Stock markets also produced positive results, with a global return of 12%. This increase conceals an extremely negative performance on the Asian stock exchanges, with drops ranging from 21% for Japan to 75% (in US\$ terms) for Thailand. The best performance was in the developed markets of the Western countries, with gains of 20% to 30% in the United States, and 23% to 60% in Europe.

This performance is primarily due to the downward trend of interest rates, and to an unexpected improvement in the performance of companies, both in terms of productivity and profitability. Let us note also that the European and American stock markets endured, to a lesser extent, the shocks that hit South East Asia towards the end of October. This adjustment, apparently linked to the events in



## Financial Highlights

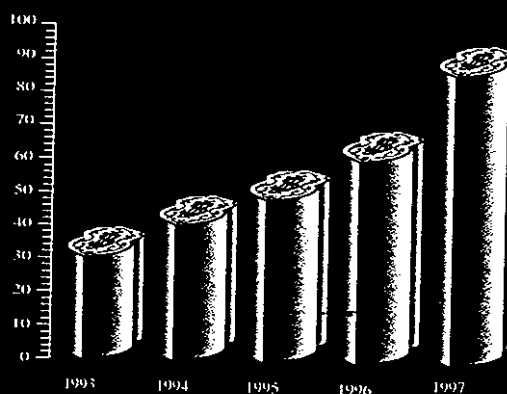
(In Thousands of  
Swiss Francs  
except employee data)

	1993	1994	1995	1996	1997
<b>Assets</b>					
Total assets	6,861,394	8,023,019	9,012,447	11,242,011	14,638,538
Shareholders' equity	456,084	496,308	544,677	605,028	741,570
Net income	30,109	40,224	48,369	60,351	86,542
Total client assets	11,991,000	12,138,500	12,786,850	19,904,000	29,299,900
<b>Income</b>					
Net interest income	76,382	76,920	77,628	86,162	109,889
Commission and fee income	59,515	73,355	65,407	81,767	141,884
<b>Operating expenses</b>					
Personnel expenses	54,315	58,202	61,481	66,887	95,188
Other operating expenses	39,698	39,545	40,595	45,047	62,095
<b>Personnel</b>					
Employees	357	369	372	424	550

## Net Income

Millions of Swiss Francs

Net Income

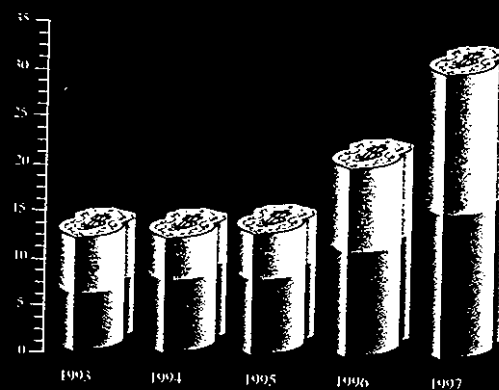


## Client Accounts

Billions of Swiss Francs

Client Deposits

Client Portfolio Assets





## Analysis of the 1997 financial year (continued)

South East Asia, had also another explanation. In fact, economic indicators and the weak interest rates did not justify the levels achieved by the stock markets. Thus, a correction proved necessary.

In the United States, growth was stronger than estimated by economists at the beginning of the year. Inflationary pressures did not accompany this exceptional growth, even though unemployment reached its lowest level in 37 years. This situation led to a firming up of the US Dollar, and created a favourable environment for the bond and stock markets. The bond market saw ten-year yields decrease from 6.40% at the beginning of the year, to 5.74%. The real interest rate increased to 4% and thus found itself once again at a historical high. The stock market benefited from a favourable environment, which led to an improvement in company results. However, certain sectors began to show weaknesses due to the strength of the US Dollar or because of their commitments in Asia.

In Europe, the still weak growth was helped by export activities and the capital goods sector. Consumption remained relatively low, notably due to high unemployment as well as restrictive fiscal policies. The aim of governments was to achieve the objectives imposed by the Maastricht Treaty in regard to inflation rates, interest rates, budget deficits, and the level of public debt. Modest European growth was responsible for a rather substantial drop in 10-year interest rates, while Italy and Spain showed an excellent performance in benefiting from the effects of convergence, the differential to the German 10-year rate has been narrowed by 130 basis points for the first, and 75 basis points for the second. The yield for the German rate thus fell from 5.90% to 5.35%. Stock markets advanced 25% in England, and up to 59% in Italy and Switzerland.

The principal factors were the strength of the US Dollar, which benefited exports, as well as the numerous major restructurings, in the fields of finance, insurance, and industry.

The great disappointment came once again from Japan, where the government showed itself incapable of taking the measures necessary to stimulate a weak domestic economy and to restore confidence in an under-performing financial system. Bankruptcies continued to increase both in numbers and in the size of the affected companies. The financial crisis, which engulfed South East Asia in the fourth quarter, exacerbated existing deflationary pressures.





## Analysis of the 1997 financial year (continued)

In these uncertain economic conditions, Republic National Bank of New York (Suisse) S.A. (RNB Suisse) continued its progression, and reported a gross profit of 147.9 million Swiss Francs and a net income of 86.5 million Swiss Francs, an increase of 59.7% and 43.4%, respectively, compared to the previous financial year.

In order to meet the expectations of its clientele, the Bank reinforced all of its asset management operations. Staffing wise, it retained the services of the best professionals. It also extended the range and the sophistication of its products, developed its information technology infrastructure, and reinforced its risk management instruments.

We are pleased to mention that, during the fourth quarter of 1997, Moody's Investor Service Inc. allocated an "Aa2" rating to our Bank for its senior long-term debt, and a "Prime 1" for its deposits. This recognition will enable us to further strengthen our presence on the international markets.

In accordance with its expansionist strategy, RNB Suisse decided to complement its internal growth by way of acquisitions. It acquired Mercury Bank A.G. in February 1997. Concluded in December 1996, shortly after the purchase of Banque Unigestion had become effective, this new acquisition enabled us to diversify our clientele even further and to reinforce our presence on the Zurich financial market. The integration of the activities of Banque Unigestion and Mercury Bank within RNB Suisse was successfully completed.

To respond to the needs of this rapid expansion, the Bank opened in Geneva an additional private banking centre, in a restored building on Rue du Rhône, as well as a new administrative centre located on Boulevard Jacques-Dalcroze. In February, it opened the new offices of its Zurich branch, on Paradeplatz, and started the restoration of its new building in Lugano, under the direction of the architect Mario Botta. Work is expected to be completed during 1998.

The redistribution of part of our income to charitable or public causes is one of our Group's traditions. In 1997, the Bank contributed to numerous humanitarian and medical causes, such as the fight against cancer and against AIDS. It also supported the "Anne Frank" exhibition, contributed to the Geneva football club "Servette", and renewed its support for the Museum of Modern and Contemporary



## **Analysis of the 1997 financial year (continued)**

Art in Geneva (MAMCO), as one of its co-founders. It similarly followed other traditional sponsorship activities, notably in favour of the Weizmann Institute of Science.

The Board of Directors, convinced that the Bank will pursue its expansion, looks to 1998 with confidence and determination. The Bank sincerely thanks its clients for their trust and their loyalty. In addition, it wishes to express its gratitude to its personnel, whose contribution has enabled it to achieve its objectives, and to uphold its reputation.

The Board of Directors  
January 15, 1998



## Innovative ideas tending to traditional principles



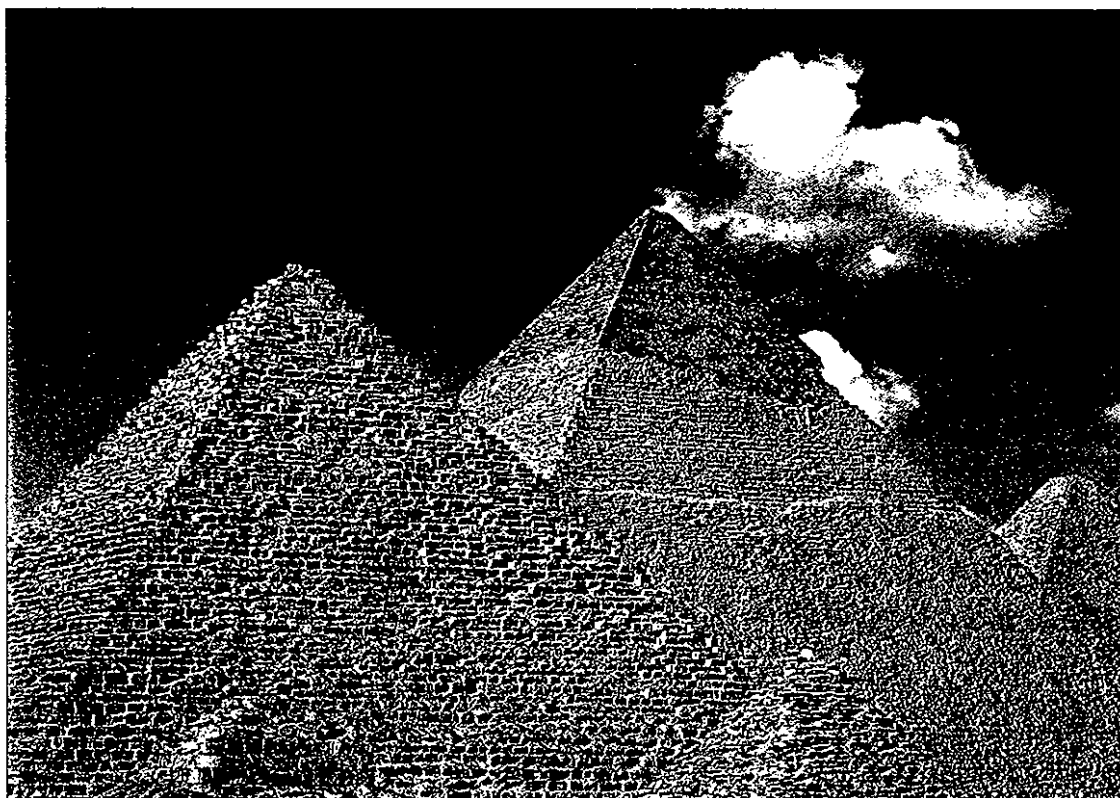
Our innovative and prudent policies are founded on a simple principle: we target the future rather than satisfying ourselves with the successes of the past. Built on a solid balance sheet and prudent and conservative banking principles, our banks achieve consistent growth, because we are less concerned by our performance over one year than by our long-term results.

Indeed, the Republic National Bank of New York Group, united in Europe under Safran Republic Holdings, can be proud of an uninterrupted growth of its balance sheet and net income, as well as of the constant increase in client assets. With a concern for durability, our expansion, under changing market conditions, is based on strong capitalisation, a highly liquid balance sheet and prudent investments to protect our clients' wealth.

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*Long-lasting  
relationships.*

Based on conservative principles, we establish innovative banks, current with the newest development of financial services and specialised technologies. We offer a comprehensive range of individual solutions and a high quality service to establish and maintain long-lasting relationships with a diversified clientele.



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*"Time works for us."*

*Edmond J. Safra*

*Time is not an enemy. On the contrary, it is associated with foresight. Thanks to prudent strategies and calculated decisions, the growth of Republic continues.*

*In Switzerland, we are one of the largest foreign owned banks, the result of our continuous striving for excellence, based on strict principles of conservative banking.*



## Tailor-made portfolios

*We*

offer a comprehensive range of highly sophisticated products and services, in traditional financial instruments as well as in emerging markets and new product investments. We specialise in the conception of "tailor-made" diversified portfolios which may include any asset categories chosen by the client.

Present in all the major financial centres with state-of-the-art technology, we have solid experience in investment management. Our Asset Management teams consist of skilled specialists in the various international markets, business sectors and products. They have developed a precise methodology and are able to offer our private clientele all the techniques of institutional investment.

Our account managers determine with each customer the best solution for his or her financial objectives. They will propose a personalised investment strategy, corresponding to individual targets in terms of currency base, yield and risk within a given time period.

---

*Every client is  
important to us.*

This strategy, agreed with the client, defines the asset mix in stocks, bonds and currencies on the various markets where the investments are to be executed. It is used constantly as the reference in the active administration of the portfolio which will be adapted to market conditions, based on our specialists' analysis using internal and external information about economies, business sectors and companies performance. Because we attach great importance to sound management and communication with our clients, we provide them on a regular basis with reports on the value and the performance of their portfolios, accompanied by benchmarks. We transmit the information to our clients or their advisers, at the dates, the place and in the form they choose.



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*"A solid bank attracts loyal clients."*

*Edmond J. Safra*

*Republic banks are built on solid foundations such as a strong capital base, a highly liquid balance sheet and prudent investments. Our ratings confirm the appropriateness of our banking strategy.*



## A large choice of investment funds



In addition, we give our clients direct access to a very large number of carefully selected mutual funds. Invested in diverse sectors, markets and products, these funds meet the needs of a wide range of financial objectives and individual risk profiles.

Relying on our considerable statistical database covering a large number of funds and their managers, and using the latest technologies and a sophisticated methodology, we propose selected investment products on all the markets to our clients. Our specialists will advise our clientele on setting up a portfolio adapted to their financial goals, risk tolerance, and time horizon as well as to other specified needs.

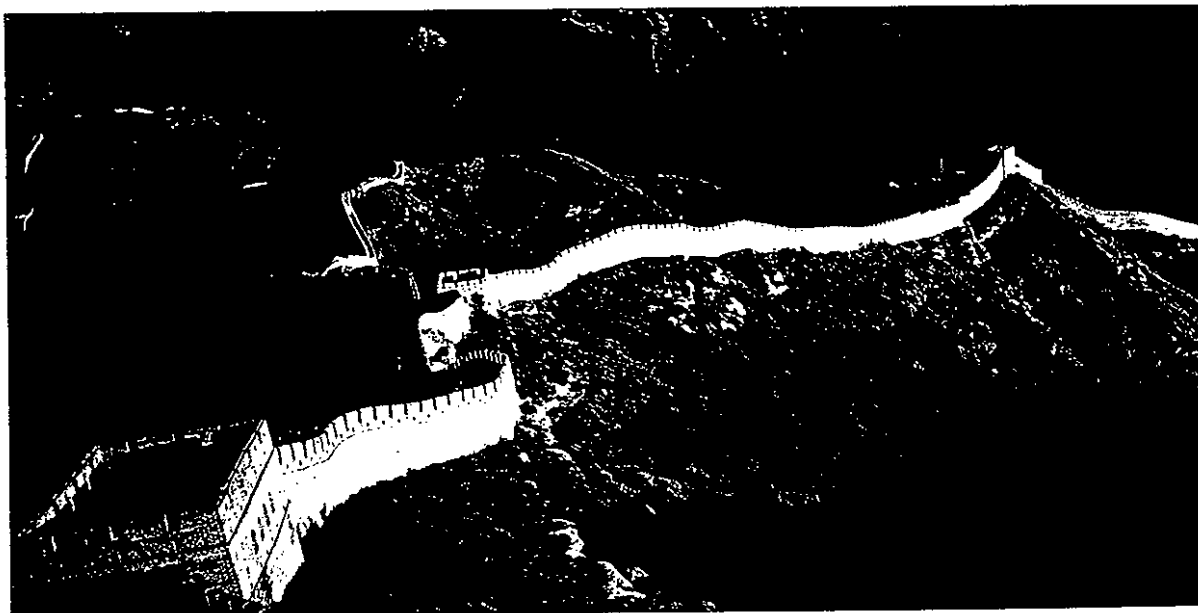
In particular, we monitor various high performing offshore hedge funds and can devise an investment strategy using hedge funds of higher quality.

Together with Republic New York Corporation, Safra Republic Holdings has its own offshore investment company, Safra Republic Investments Limited (SRIL Guernsey). This company, established in Guernsey, has launched the Republic Portfolio Selection Fund with 20 sub-funds covering money market, fixed income and sophisticated financial products. The many combinations offered by this fund meet the needs of a wide range of investors.

SRIL Guernsey's administration assures the permanent supervision of the asset allocation process and client service. However, the management of the portfolio is undertaken by external professionals, chosen according to their particular competence in a given asset category. As an intermediary between the private client and the best performing institutional investment managers, SRIL Guernsey offers each client the multi-manager portfolio of his choice. This is combined with quick, detailed and concise reporting available to the customer.

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*The client  
determines his  
risk tolerance.*



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*"Being a conservative banker  
means mastering risk."*

*Edmond J. Safra*

*Our clients know the principles that we follow to protect their assets. They know that we have not changed our philosophy and will not do so in the future, because in the long run, success depends on prudence. And prudence is an attribute of durability, patience and anticipation.*





## Setting up of foundations, companies and trusts



ur Group is also able to offer our clients a vast range of services in the establishment of foundations, companies and trusts in various jurisdictions. In this sector, our clients can benefit from the wealth of experience of our legal departments.

To meet the needs of our clients in terms of wealth and succession management, Republic established in Guernsey a company specialising in trusts, Republic New York International Trust Company (RITCO). In founding a trust, an individual or a couple (the settlor) can transfer the legal ownership of assets to the trustee, who will manage them for the account of individuals or companies designated as beneficiaries (and that may include the settlor). This transfer provides all the assurances to the beneficiaries based on an agreement with the settlor that defines specifically the duties and the responsibilities of the trustee, whether it is an express or a discretionary trust, revocable or irrevocable.

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*Protecting our  
clients' wealth.*

Furthermore, Republic National Bank of New York (Suisse) also has a specialised trust company, RNB Trust. Thus, the various types of trusts that we establish provide our clients with the means to protect their fortune in their lifetime and beyond, insuring the inheritance for future generations. Our specialists review with each client the best formula to suit their particular needs.



---

*"Stability, discretion and  
confidence."*

*Edmond J. Safra*

*The duty of a banker is to safeguard what customers have  
entrusted to him. He is a confidant, sometimes a friend.*

*He is the custodian of people's secrets. And our clients show  
their trust by confiding their money to us. We invest it  
prudently, because it is not our money;....*



## State-of-the-art technology at the service of our clients



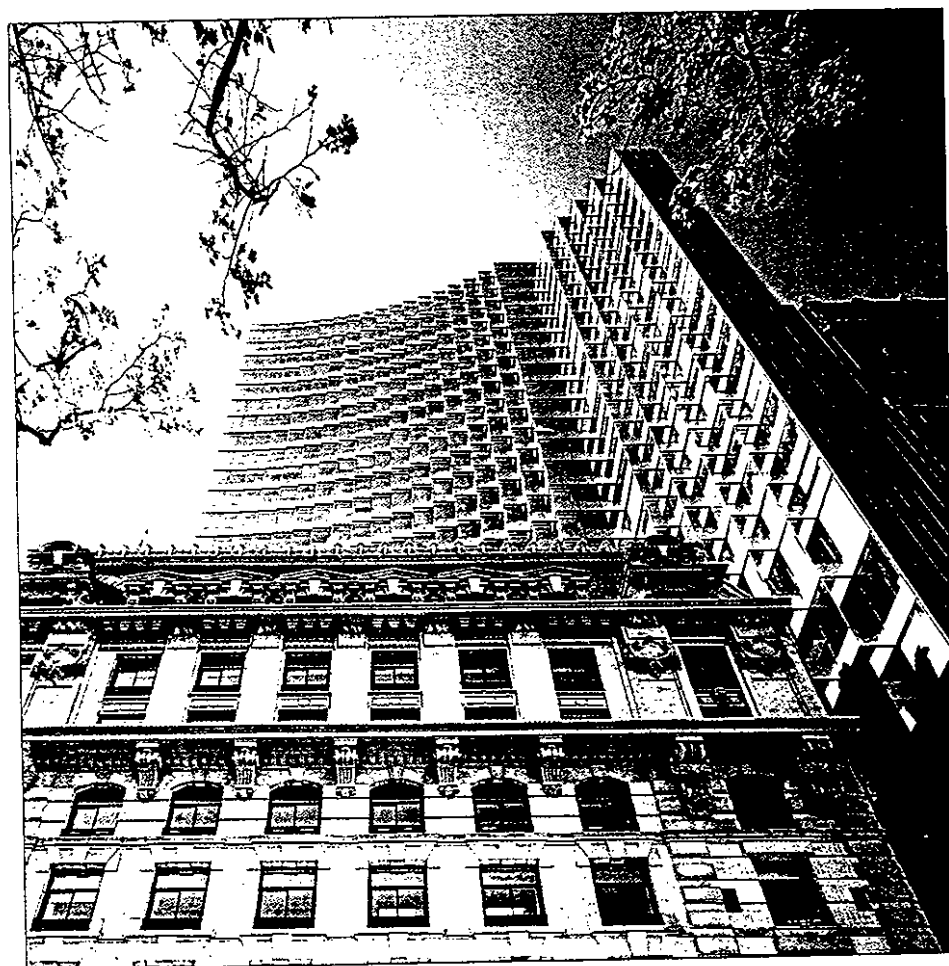
To allow us to respond rapidly and surely to the needs of our clientele active on the markets, we regularly enhance our administrative structure relying on effective EDP systems. While actively preparing for the introduction of the new European Currency, the Euro, and the Year 2000 project, we are continuously updating our computer systems.

Hence, the implementation of a new trading system increases the speed of transactions on the stock exchange and the financial markets as well as their accounting. The enhancement of clients' statements and the automation of their production are ways that have allowed us to expand clients' services. We have also improved our securities systems and database. Furthermore, we have provided our employees with advanced workstations increasing our communication efficiency.

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*A promising  
future.*

These major developments in our Group affirm our eagerness to perpetuate our values in an endlessly changing environment. We focus on the rapid expansion of the financial services market, which has allowed us to build a powerful Group that regularly enhances itself. For us, innovation sustains continuity rather than provoking a rupture, and allows us to continue to honour our obligations to our clients in a changing world. Our financial strength and our adherence to the conservative banking principles of prudence and client service, permit us to plan for the future instead of relishing the past no matter how impressive it may have been.



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*"Banks built to last ten thousand years."*

*Edmond J. Safra*

*Republic Banks are led by top executives assisted by a solid cadre of senior managers. It is management by consensus. Thanks to close contacts with employees around the world, we are able to respond rapidly to market developments. The results: accomplished banks, performing in a common style, durable, solid and lasting. Their future is in good hands.*



## **Analysis of the consolidated statement of condition and consolidated statement of income**

Total assets at December 31, 1997 increased by 3.4 billion Swiss Francs over 1996, to reach 14.6 billion Swiss Francs. This increase was mainly due to growth in business volume, increased deposits and the appreciation of the US Dollar against the Swiss Franc.

The breakdown of assets by maturity reveals that the proportion of current assets maturing within 3 months is almost 90% of the balance sheet. The currency matching of assets and liabilities is essentially balanced.

The analysis of the division of assets by maturity, and by currency, demonstrates the conservative policy pursued by the Bank, whose objectives are:

- to maintain an extremely liquid balance sheet,
- to invest in top quality instruments,
- to ensure the matching between the maturities of assets and liabilities,
- to harmonise currencies between assets and liabilities,
- to manage its treasury in an optimum manner to provide the best possible margin, while monitoring risk.

During 1997, the structure of the statement of condition was subject to some modifications compared to the prior year, notably:

- the strong increase in client deposits
- the increase in banking transactions
- the increase in amounts due from customers

The increase in banking transactions is the result of the increased development of our international activities, and the treasury policy followed by the Bank.

The strong increase in amounts due from customers, which reached 2.3 billion Swiss Francs, against 1.5 billion Swiss Francs in 1996, is linked to stock market developments. The increase in the volume of stock activity had repercussions on the volume of Lombard credits. Moreover, this increase confirms the ability of our clientele to react rapidly to market fluctuations, and our Bank's continuing prudence, since over 98% of loans are secured.

The growth in tangible assets results mainly from the goodwill of the acquisition of Mercury Bank, as well as of the expansion of our Bank's premises, aimed at reinforcing its presence in the Geneva, Zurich, and Lugano financial markets.

Amounts due to customers increased by 2.8 billion Swiss Francs compared with 1996, to reach 11.4 billion Swiss Francs. This increase is due both to the acquisition of Mercury and to the development of our client assets.

At December 31, 1997, total shareholders' equity reached 742 million Swiss Francs and includes, in addition to retained earnings, an increase in capital of 50 million Swiss Francs effected in January 1997. Moreover, a subordinated loan of 80 million Swiss Francs, which is part of equity, allows the Bank to cover its risk management commitments while satisfying



## **Analysis of the consolidated statement of condition and consolidated statement of income (continued)**

its legal requirements. At December 31, 1997, capital excess was almost 236 million Swiss Francs, despite the costs of acquiring Mercury Bank, and the Cooke ratio stood at 12.3%. This rate attests to the good health of our establishment and exceeds that of most Swiss and foreign banking institutions.

At December 31, 1997, off-balance sheet positions for derivatives, forward exchange transactions, and precious metals reached 20.7 billion Swiss Francs, against 12.9 billion Swiss Francs in the prior year. These transactions are carried out mostly for hedging purposes for our own account and on behalf of clients.

### **Statement of income**

At December 31, 1997, the Group's statement of income showed a gross profit of 147.9 million Swiss Francs, an increase of almost 60% over the 92.6 million Swiss Francs realised during the previous financial year.

The main factor contributing to this significant increase is the fact that in 1997 stock market values continued their upward trend as in 1996, producing a large business volume. Likewise, diversification and the offering of attractive products to clients contributed to this good result. The acquisition of Mercury Bank, active on other markets, produced an even greater diversification of our income.

The net interest margin progressed from 86.2 million Swiss Francs in 1996 to 109.9 million Swiss Francs at December 31, 1997, an increase of 27.5%. This increase was mainly due to the growth of total assets and astute management: it was achieved despite the downward trend of interest rates.

Income from commissions and service fees, reached 141.9 million Swiss Francs, against 81.8 million Swiss Francs in the previous financial year, for the same reasons. This growth of 73.5% is due to the quality of the services provided by a highly qualified staff, as well as to the demands of a clientele in search of improved performance.

The increase in costs is directly related to bank acquisitions and the growth of the Bank. In fact, in 1996, salaries expense was only slightly higher due to the arrival of new staff members in September, following the purchase of Banque Unigestion. In 1997, the impact of these salaries covered the entire year and included additional charges resulting from the purchase of Mercury Bank.

The rapid development of business led the Bank to improve its technological infrastructures in EDP and to add premises, in particular two new buildings. In addition, the Year 2000, and the introduction of the Euro, will not demand extraordinary investment, given that the Bank had prepared for these events. In this phase of strong growth, the Bank continues to place particular emphasis on cost controls.

The Group's net income reached 86.5 million Swiss Francs for the year 1997, while it was 60.3 million Swiss Francs for the prior year, an increase of 26.3 million Swiss Francs, or 43.4%.



## Consolidated Statement of Condition at December 31

### ASSETS

<i>(In Thousands of CHF)</i>	1997	1996
Liquid assets	31,144	23,015
Receivables arising from money-market paper	78,752	53,045
Amounts due from banks	8,580,448	6,179,437
Amounts due from customers	2,268,015	1,484,958
Loans secured by mortgages	40,748	54,739
Securities and precious metals held for trading purposes	1,207	949
Financial fixed assets	2,887,810	2,909,401
Participations	1,929	274
Fixed assets	142,751	120,406
Goodwill	158,436	49,496
Accrued income and prepaid expenses	179,556	163,090
Other assets	267,742	203,201
<b>Total assets</b>	<b>14,638,538</b>	<b>11,242,011</b>
Total subordinated loans	—	—
Total amount due from non consolidated group companies and qualified participants	—	—



## Consolidated Statement of Condition at December 31 (continued)

### LIABILITIES

<i>(In Thousands of CHF)</i>	1997	1996
Amounts due arising from money-market paper	82,389	57,217
Amounts due to banks	1,746,687	1,441,855
Amounts due to customers in the form of savings or deposit accounts	156	185
Other amounts due to customers	11,416,244	8,617,815
Subordinated debt	80,000	80,000
Accrued expenses and deferred income	152,579	134,807
Other liabilities	296,123	219,511
Value adjustments and provisions	96,290	74,593
Reserve for general banking risks	26,500	11,000
<b>Total amounts due</b>	<b>13,896,968</b>	<b>10,636,983</b>
Share capital	425,000	375,000
Retained earnings	230,028	169,677
Net Group income for the year	86,542	60,351
<b>Total shareholders' equity</b>	<b>741,570</b>	<b>605,028</b>
<b>Total liabilities</b>	<b>14,638,538</b>	<b>11,242,011</b>
<b>Total subordinated debt</b>	<b>80,000</b>	<b>80,000</b>
Total amounts due to non consolidated group companies and qualified participants	1,118	1,969
<b>OFF-BALANCE SHEET TRANSACTIONS</b>		
Contingent liabilities	545,185	518,591
Irrevocable facilities granted	80,178	158,770
Off-balance sheet financial instruments	20,692,469	12,939,535
Fiduciary transactions and certificates of deposit issued	3,534,670	2,662,056





## Consolidated Statement of Income for the Year Ended December 31

(In Thousands of CHF)

	1997	1996
<b>Interest income</b>		
Interest and discount income	527,298	406,988
Interest and dividend income from trading portfolio	27	—
Interest and dividend income from investment portfolio	153,678	145,504
Interest expense	(571,114)	(466,330)
<b>Net interest income</b>	<b>109,889</b>	<b>86,162</b>
<b>Income from commissions, products and services</b>		
Commission income from credit-granting business	5,131	4,038
Commission income from securities and investment activities	143,538	74,377
Commission income from other services rendered	10,717	8,321
Commission expense	(17,502)	(4,969)
<b>Net income from commissions, products and services</b>	<b>141,884</b>	<b>81,767</b>
<b>Trading income</b>	<b>48,839</b>	<b>32,914</b>
<b>Other ordinary results</b>		
Profit from sales of financial fixed assets	1,800	1,517
Other income	2,775	2,185
<b>Other ordinary results</b>	<b>4,575</b>	<b>3,702</b>
<b>Operating expenses</b>		
Personnel expenses	(95,188)	(66,887)
Other operating expenses	(62,095)	(45,047)
<b>Total operating expenses</b>	<b>(157,283)</b>	<b>(111,934)</b>
<b>Gross profit</b>	<b>147,904</b>	<b>92,611</b>
Depreciation of fixed assets	(12,067)	(15,654)
Depreciation of goodwill	(16,200)	(1,913)
Value adjustments, provisions and losses	(7,919)	(4,169)
<b>Sub-total</b>	<b>111,718</b>	<b>70,875</b>
Provision for general banking risks	3,655	88
Extraordinary income	(2,000)	(2,600)
Extraordinary expenses	(10,890)	(17)
Taxes	(15,941)	(7,995)
<b>Net Group income for the year</b>	<b>86,542</b>	<b>60,351</b>



## Consolidated Statement of Cash Flows for the Years Ended December 31, 1997 and 1996

<i>(In Thousands of CHF)</i>	1997 Source of funds	1997 Use of funds	1996 Source of funds	1996 Use of funds
<b>Cash flows from operations</b>				
Net Group income for the year	86,542		60,351	
Depreciation of fixed assets	12,067		17,567	
Depreciation of goodwill (whereof CHF 10,889 extraordinary write-offs)	27,089			
Value adjustments, provisions and losses	28,035	4,854	3,300	2,106
Provision for general banking risks	2,000		2,600	121
Accrued income and prepaid expenses		16,466		19,380
Accrued expenses and deferred income	17,772		25,030	
Taxes	15,941	7,570	7,995	5,004
<b>Sub-total</b>	<b>189,446</b>	<b>28,890</b>	<b>116,843</b>	<b>26,611</b>
<b>Cash flows for equity-related transactions</b>				
Share capital	50,000			
<b>Cash flows from fixed assets transactions</b>				
Bank premises		9,571		9,929
Other fixed assets	17	24,858	7	14,135
Goodwill, net		136,029		51,409
Other		1,655		26,275
<b>Sub-total</b>	<b>17</b>	<b>172,113</b>	<b>7</b>	<b>101,748</b>
<b>Cash flows from banking operations</b>				
<i>Medium and long-term business (more than one year)</i>				
Amounts due to customers	9,844			28,404
Amounts due from customers		13,828	9,314	
Loans secured by mortgages	10,537			19,563
Amounts due from banks	3,742		1,270	
Financial fixed assets		53,622		755,661
<i>Short term business</i>				
Amounts due arising from money-market paper	25,172		36,157	
Amounts due to banks	304,832		376,829	
Amounts due to customers	2,788,582	29	1,665,756	
Receivables from money-market paper		25,707		31,962
Amounts due from banks		2,404,753		573,388
Amounts due from customers		769,229		635,595
Loans secured by mortgages	3,454			13,614
Financial fixed assets	78,858			61,352
Other assets		64,541		49,040
Other liabilities	76,612		92,931	
<i>Liquidity</i>				
Liquid assets		8,129	3,330	
Securities and precious metals held for trading purposes		258	251	
<b>Sub-total</b>	<b>3,301,636</b>	<b>3,340,096</b>	<b>2,185,838</b>	<b>2,174,329</b>
<b>Total</b>	<b>3,541,099</b>	<b>3,541,099</b>	<b>2,302,688</b>	<b>2,302,688</b>



## Notes to the Consolidated Financial Statements at December 31, 1997

### 1. Activity and Number of Employees of the Group

The activity of Republic National Bank of New York (Suisse) S.A. («The Group») is divided between the headquarters in Geneva, the three branches in Zurich, Lugano and Guernsey and the subsidiary in Gibraltar.

The share capital of CHF 425 million is entirely held by Safra Republic Holdings S.A., Luxembourg. 49.1% of its shares being owned by Republic New York Corporation and 50.9% by institutional and private investors.

The Group's main activity is private banking. Within the scope of this specialisation, the Group operates in areas such as commercial and Lombard loans. Client deposits are used by the Group mainly for interbank deposits or investments in securities for its own account, areas in which the Group is particularly active.

At December 31, 1997, the Group employed 550 people (1996: 424) on a full time basis.

### 2. Consolidation and Valuation Principles

The Group's consolidated financial statements consist of the statement of condition, the statement of income, the statement of cash flows and the notes to the financial statements. The principles of consolidation are based on the requirements of the Swiss Banking Law and Banking Ordinance.

#### *Principles for the preparation of the Group's consolidated financial statements*

The consolidated financial statements of the Group consolidate its participations according to the following rules:

#### **A. Consolidated Participations**

The Group's companies with banking or financial activities for which RNB Suisse, directly or indirectly, holds the majority of voting shares or capital are integrated 100% in the consolidation. Assets and liabilities, as well as expenses and income, between the different companies of the Group are eliminated in consolidation.

Some participations meeting these criteria are not consolidated due to their small size.

#### **B. Consolidation Period**

The consolidation period corresponds to the calendar year.

#### **C. Consolidation Method**

The capital is consolidated under the Purchase Method. The difference between the book value of these participations at acquisition time and their shareholder's equity is included in retained earnings.

#### **D. Extent of Consolidation**

The only consolidated participation, RNB Suisse (Gibraltar) Ltd, is held 100% by RNB Suisse. This subsidiary, incorporated in Gibraltar, has a fully paid share capital of CHF 1 million and is engaged in banking activities.



## Notes to the Consolidated Financial Statements at December 31, 1997 (continued)

The other participations, non-consolidated due to their size, are as follows:

Name	Participation in %	Book value (CHF'000)	Head office
Gesellschaft für Handel und Finanzierungen AG	100%	60	Glarus
RNB Trust Company AG	100%	100	Zurich
Protrust Verwaltungs AG	60%	60	Zurich
Roparo Trust Management AG	52%	24	Zurich
Paicolex Trust Management AG	51%	300	Zurich
Wingest Finanz AG	50%	1,000	Zug
Unifortune Asset Management SA	20%	213	Lugano
Veritas Asset Management AG	25%	50	Zurich
Other		122	
Total		1,929	

### *Accounting and valuation principles*

The establishment of the statement of condition and the valuation methods are based on uniform principles that apply to the entire Group. As such, the consolidated financial statements of the Group fairly represent the financial condition and the results of the Group.

### **A. Conversion of Foreign Currencies**

Assets and liabilities denominated in foreign currencies are valued at the exchange rates prevailing at year end. Income and expenses are translated at the exchange rates in effect at the end of each month.

The unrealised exchange profits and losses from forward foreign exchange contracts open at year end are accounted for in the statement of income.

The following conversion rates were used for the principal currencies at December 31, 1997:

USD/CHF	1.452
GBP/CHF	2.403
DEM/CHF	81.072
JPY/CHF	1.117



## **Notes to the Consolidated Financial Statements at December 31, 1997 (continued)**

### **B. Financial fixed assets**

Financial fixed assets are carried at the lower of cost, adjusted for the amortisation of premium or accretion of discount based on the constant yield method, or market value. Following the directives of the Federal Banking commission, the Bank has stopped its former accounting method which consisted in the creation of specific positions in order to reduce book values, calculated in accordance with the above principle, to market value. This accounting change produced an extraordinary income of CHF 3,645,000.

### **C. Loans**

Loans are carried at their nominal value. The Group establishes provisions which are included in the statement of condition under the caption "Value adjustments and provisions". The amount of these provisions is determined through an analysis of the risks inherent in the loan portfolio.

### **D. Repurchase and reverse repurchase agreements**

Repurchase agreements are accounted for under "Amounts due to banks" as cash deposits with pledge of own securities. The corresponding securities are included under "Financial fixed assets": they are valued according to the principles which apply to financial fixed assets.

### **E. Value adjustments and provisions**

The Group establishes value adjustments and provisions that are either specific or discretionary. These value adjustments and provisions are shown separately in the statement of condition.

### **F. Taxes**

The Group provides for income and capital taxes on an accrual basis.

### ***Risk management***

The policy of the Group in terms of general risk management is to minimise risks by obtaining adequate coverage including pledges and guarantees and by hedging with financial instruments.

Therefore, loans to customers are generally Lombard loans, unsecured loans being granted under very restrictive conditions. Interest rate risk is limited by close monitoring of the matching of maturities between assets and liabilities, as well as by the use of financial instruments such as interest rate swaps.

### ***Off-balance sheet financial instruments***

The Group uses off-balance sheet financial instruments essentially to hedge existing positions.

### ***Recording of transactions***

The transactions of the Group are recorded as off-balance sheet transactions up to their settlement or value date, when they are recorded on balance sheet. Unrealised gains and losses from all transactions are recorded in the statement of earnings on a trade date basis.



**Notes to the Consolidated Financial Statements  
at December 31, 1997 (continued)**

**3. Information concerning the Consolidated Statement of Condition**

**3.1 Collateral for loans**

The collateral for loans was as follows at December 31, 1997:

<i>(In Thousands of CHF)</i>	Secured by mortgages	Other collateral	Unsecured	Total
<b>Loans</b>				
Amounts due from customers		2,219,167	48,848	2,268,015
Loans secured by mortgages on				
- residential buildings	20,764			20,764
- office and business premises	12,099			12,099
- airplanes	7,885			7,885
<b>Total at 31.12.97</b>	<b>40,748</b>	<b>2,219,167</b>	<b>48,848</b>	<b>2,308,763</b>
Total at 31.12.96	54,739	1,430,039	54,919	1,539,697
<b>Off-Balance Sheet</b>				
Contingent liabilities		524,542	20,643	545,185
Irrevocable facilities granted		80,178		80,178
<b>Total at 31.12.97</b>		<b>604,720</b>	<b>20,643</b>	<b>625,363</b>
Total at 31.12.96		666,454	10,907	677,361

**3.2 Securities and precious metals**

At December 31, 1997, securities and precious metals held were as follows:

<i>(In Thousands of CHF)</i>	31.12.97	31.12.96
<b>Securities and precious metals held for trading purposes</b>		
Securities quoted on stock exchanges	593	415
Precious metals	614	534
<b>Total securities and precious metals held for trading purposes</b>	<b>1,207</b>	<b>949</b>
<b>Financial fixed assets</b>		
Interest-bearing securities:		
quoted on stock exchanges	1,744,825	1,702,540
not quoted on stock exchanges	1,142,985	1,206,861
<b>Total financial fixed assets</b>	<b>2,887,810</b>	<b>2,909,401</b>
thereof admitted as discountable or pledgeable by the Swiss National Bank	14,023	6,880



## Notes to the Consolidated Financial Statements at December 31, 1997 (continued)

### 3.3 Fixed assets

Fixed assets were as follows at December 31, 1997:

	Purchase cost	Accumulated depre- ciation	Net book value	Additions	Disposals	Depre- ciation	Net book value
(In Thousands of CHF)	31.12.96	31.12.96	31.12.96	1997	1997	1997	31.12.97
Bank premises	37,208	(885)	36,323	9,571		(614)	45,280
Other fixed assets	93,357	(49,240)	44,117	24,858	(17)	(10,139)	58,819
Assets acquired under financial leases	14,019		14,019				14,019
Airplane	26,275	(328)	25,947			(1,314)	24,633
Goodwill	51,409	(1,913)	49,496	137,335	(1,306)	(27,089)	158,436
<b>Total</b>	<b>222,268</b>	<b>(52,366)</b>	<b>169,902</b>	<b>171,764</b>	<b>(1,323)</b>	<b>(39,156)</b>	<b>301,187</b>

An extraordinary depreciation of goodwill for an amount of CHF 10,889,000 was recorded in 1997.

	1997
Fire insurance value of bank premises	35,000
Fire insurance value of fixed assets	87,638

Future commitments arising from current leases were as follows:

(In Thousands of CHF)	1998	1999	2000	2001	2002	Following years
<b>Total commitments</b>	<b>22,560</b>	<b>15,107</b>	<b>14,655</b>	<b>14,529</b>	<b>9,830</b>	<b>29,725</b>

### 3.4 Pledged assets

At December 31, 1997, the Group has pledged Swiss bonds with a par value of CHF 14,000,000 and a book value of CHF 14,023,000 (CHF 7,100,000 and CHF 6,880,000 respectively at December 31, 1996) to guarantee payments at the Swiss National Bank. At that date, the Group had no outstanding liabilities with the Swiss National Bank.

The total securities pledged under repurchase and reverse repurchase agreements amounted to CHF 61,053,696 (CHF 64,616,000 at December 31, 1996). The corresponding amounts are accounted for under "Amounts due to banks".



## Notes to the Consolidated Financial Statements at December 31, 1997 (continued)

### 3.5 Value adjustments, provisions and reserve for general banking risks

At December 31, 1997, movements in value adjustments, provisions and reserve for general banking risks are summarised as follows:

(In Thousands of CHF)	Balance at beginning of year	Utilisation	Change in purpose (reclassification)	Recoveries, interest and forex differences	New provisions charged to earnings	Released to earnings	Balance at end of year
Value adjustments and provisions for default risks	55,828	(209)	(12,667)	20,500	6,758		70,210
Value adjustments and provisions for other business risks	2,000	(1,000)					1,000
Value adjustments and provisions for financial fixed assets	11,698		(833)			(3,645)	7,220
Provisions for taxes and deferred taxes							
Other provisions	9,489	(7,570)			15,941		17,860
<b>Total value adjustments and provisions</b>	<b>79,015</b>	<b>(8,779)</b>	<b>(13,500)</b>	<b>20,500</b>	<b>22,699</b>	<b>(3,645)</b>	<b>96,290</b>
Less:							
Value adjustments directly set-off against assets	(4,422)		777			3,645	
<b>Total value adjustments and provisions as per statement of condition</b>	<b>74,593</b>	<b>(8,779)</b>	<b>(12,723)</b>	<b>20,500</b>	<b>22,699</b>	<b>—</b>	<b>96,290</b>
<b>Reserve for general banking risks</b>	<b>11,000</b>		<b>13,500</b>		<b>2,000</b>		<b>26,500</b>

### 3.6 Shareholders' equity

(In Thousands of CHF)	1997	1996
<b>Shareholders' equity at beginning of the year</b>		
Share capital	375,000	375,000
Retained earnings brought forward	169,677	121,308
Net Group income in previous year	60,351	48,369
<b>Total shareholders' equity at beginning of the year</b>	<b>605,028</b>	<b>544,677</b>
Share capital	50,000	—
Net Group income for the year	86,542	60,351
<b>Total shareholders' equity at end of the year</b>	<b>741,570</b>	<b>605,028</b>
<b>Represented by:</b>		
Share capital	425,000	375,000
Retained earnings	230,028	169,677
Net Group income for the year	86,542	60,351
	<b>741,570</b>	<b>605,028</b>





## Notes to the Consolidated Financial Statements at December 31, 1997 (continued)

### 3.7 Maturity structure of current assets, financial fixed assets and third-party liabilities

At December 31, 1997, the maturity structure of current assets, financial fixed assets and third-party liabilities was as follows:

(In Thousands of CHF)	At sight	Cancel- lable	Within 3 months	Within 3 to 12 months	Within 1 to 5 years	Over 5 years	Total
<b>Current assets</b>							
Liquid assets	31,144						31,144
Amounts due from:							
• money-market paper	6,592		26,023	44,737	1,400		78,752
• banks	673,499		7,112,214	794,735			8,580,448
• customers	784,323		1,231,714	226,281	11,177	14,520	2,268,015
• loans secured by mortgages		8,589	6,240	16,193	7,876	1,850	40,748
Trading portfolio	1,207						1,207
<b>Total current asset at 31.12.97</b>	<b>1,496,765</b>	<b>8,589</b>	<b>8,376,191</b>	<b>1,081,946</b>	<b>20,453</b>	<b>16,370</b>	<b>11,000,314</b>
Total current assets at 31.12.96	917,047	28,851	5,901,590	912,781	15,148	20,726	7,796,143
<b>Financial fixed assets at 31.12.97</b>	<b>14,577</b>		<b>3,499</b>	<b>115,078</b>	<b>1,252,815</b>	<b>1,501,841</b>	<b>2,887,810</b>
Financial fixed assets at 31.12.96	1,258		74,044	133,065	1,241,176	1,459,858	2,909,401
<b>Third party liabilities</b>							
Amounts due:							
• on money-market paper	10,229		26,023	44,737	1,400		82,389
• to banks	281,169		812,741	652,777			1,746,687
• to customers in the form of savings or deposit accounts		156					156
• other amounts due to customers	808,728	1,598,289	8,357,781	640,816	10,630		11,416,244
Subordinated debt						80,000	80,000
<b>Total third-party liabilities at 31.12.97</b>	<b>1,100,126</b>	<b>1,598,445</b>	<b>9,196,545</b>	<b>1,338,330</b>	<b>12,030</b>	<b>80,000</b>	<b>13,325,476</b>
Total third-party liabilities at 31.12.96	665,560	967,855	7,593,429	889,442	786	80,000	10,197,072



## Notes to the Consolidated Financial Statements at December 31, 1997 (continued)

### 3.8 Amounts due to / from affiliated companies and loans to Directors / Senior Managers

At December 31, 1997, amounts due to / from affiliated companies were as follows:

<i>(In Thousands of CHF)</i>	31.12.97	31.12.96
Amounts due from banks	598,240	403,128
Amounts due to banks	398,692	306,927
Amounts due to customers	1,118	1,969
Subordinated debt	80,000	80,000
	479,810	388,896

At December 31, 1997, loans granted to members of the Board of Directors / Senior Management were CHF 3,666,077 (1996: CHF 1,756,734).

### 3.9 Analysis of domestic and foreign assets and liabilities

At December 31, 1997, domestic and foreign assets and liabilities were as follows:

<i>(In Thousands of CHF)</i>	31.12.97		31.12.96	
	Domestic	Foreign	Total	Total
<b>Assets</b>				
Liquid assets	31,144		31,144	22,947
Amounts due from:				68
• money-market paper	4,707	74,045	78,752	48,375
• banks	533,068	8,047,380	8,580,448	5,853,177
• customers	357,011	1,911,004	2,268,015	1,216,908
• loans secured by mortgages	12,383	28,365	40,748	37,088
Securities and precious metals held for trading purposes	616	591	1,207	412
Financial fixed assets	65,643	2,822,167	2,887,810	2,871,056
Participations	1,858	71	1,929	71
Fixed assets	142,743	8	142,751	120,373
Goodwill	158,436		158,436	49,496
Accrued income and prepaid expenses	104,245	75,311	179,556	83,860
Other assets	35,489	232,253	267,742	79,230
<b>Total</b>	<b>1,447,343</b>	<b>13,191,195</b>	<b>14,638,538</b>	<b>10,150,611</b>



## Notes to the Consolidated Financial Statements at December 31, 1997 (continued)

<i>(In Thousands of CHF)</i>	Domestic	Foreign	31.12.97 Total	Domestic	Foreign	31.12.96 Total
<b>Liabilities</b>						
Amounts due:						
• on money-market paper	8,516	73,873	82,389	19,838	37,379	57,217
• to banks	340,251	1,406,436	1,746,687	207,684	1,234,171	1,441,855
• to customers in the form of savings or deposits	154	2	156	174	11	185
Other amounts due to customers	1,550,773	9,865,471	11,416,244	899,273	7,718,542	8,617,815
Subordinated debt		80,000	80,000		80,000	80,000
Accrued expenses and deferred income	131,768	20,811	152,579	74,738	60,069	134,807
Other liabilities	156,874	139,249	296,123	162,506	57,005	219,511
Value adjustments and provisions	87,308	8,982	96,290	52,881	21,712	74,593
Reserve for general banking risks	6,859	19,641	26,500	4,817	6,183	11,000
Share capital	425,000		425,000	375,000		375,000
Retained earnings	209,309	20,719	230,028	162,000	7,677	169,677
Net Group income for the year	80,277	6,265	86,542	47,309	13,042	60,351
<b>Total</b>	<b>2,997,089</b>	<b>11,641,449</b>	<b>14,638,538</b>	<b>2,006,220</b>	<b>9,235,791</b>	<b>11,242,011</b>

### 3.10 Analysis of assets by country / groups of countries

At December 31, 1997, the assets by country / group of countries were as follows:

<i>(In Thousands of CHF)</i>	Carrying Value	31.12.97 Share in %	Carrying Value	31.12.96 Share in %
Switzerland	1,447,343	9.90	1,091,400	9.71
Europe except Switzerland	8,177,439	55.85	6,975,732	62.05
North America	2,342,076	16.00	1,986,825	17.67
Asia and Oceania	1,716,264	11.72	501,084	4.46
Latin America and Caribbean	759,396	5.19	563,046	5.01
Africa and Middle East	196,020	1.34	123,924	1.10
<b>Total</b>	<b>14,638,538</b>	<b>100%</b>	<b>11,242,011</b>	<b>100%</b>



## Notes to the Consolidated Financial Statements at December 31, 1997 (continued)

### 3.11 Analysis of the statement of condition by currency

At December 31, 1997, the statement of condition by currency was as follows:

(In Thousands of CHF)	CHF	USD	DEM	FRF	GBP	Autres	Total
<b>Assets</b>							
Liquid assets	11,205	7,100	1,252	2,980	2,413	6,194	31,144
Amount due from:							
• money-market paper		64,608	1,678	313	116	12,037	78,752
• banks	472,847	5,720,297	28,648	392,604	1,161,315	804,737	8,580,448
• customers	304,134	1,473,374	79,931	77,057	137,565	195,954	2,268,015
• loans secured by mortgages	11,644	14,269		5,458	5,815	3,562	40,748
Securities and precious metals		585		8		614	1,207
Financial fixed assets	227,456	1,268,627	1,148,494	3,779	147,534	91,920	2,887,810
Participations	1,858					71	1,929
Fixed assets	142,751						142,751
Goodwill	158,436						158,436
Accrued income and prepaid expenses	17,305	81,611	48,688	2,421	18,734	10,797	179,556
Other assets	166,263	15,156	8,397	32,669	1,758	43,499	267,742
<b>Total au 31.12.97</b>	<b>1,513,899</b>	<b>8,645,627</b>	<b>1,317,088</b>	<b>517,289</b>	<b>1,475,250</b>	<b>1,169,385</b>	<b>14,638,538</b>
<b>Total au 31.12.96</b>	<b>1,267,942</b>	<b>6,136,000</b>	<b>1,171,250</b>	<b>587,176</b>	<b>882,321</b>	<b>1,197,322</b>	<b>11,242,011</b>
<b>Liabilities</b>							
Amounts due on money-market paper	1,188	66,667	1,680	275	545	12,034	82,389
Amounts due to banks	191,260	723,505	497,461	73,308	38,439	222,714	1,746,687
Amounts due to customers in the form of savings or deposit accounts	156						156
Other amounts due to customers	397,596	7,507,082	767,638	463,119	1,431,681	849,128	11,416,244
Subordinated debt	80,000						80,000
Accrued expenses and deferred income	28,277	76,075	15,629	2,003	21,254	9,341	152,579
Other liabilities	196,918	16,996	8,190	32,702	342	40,975	296,123
Value adjustments and provisions	96,290						96,290
Reserve for general banking risks	26,500						26,500
Share capital	425,000						425,000
Retained earnings	230,028						230,028
Net Group income for the year	86,542						86,542
<b>Total au 31.12.97</b>	<b>1,759,755</b>	<b>8,390,325</b>	<b>1,290,598</b>	<b>571,407</b>	<b>1,492,261</b>	<b>1,134,192</b>	<b>14,638,538</b>
<b>Total au 31.12.96</b>	<b>1,536,858</b>	<b>6,090,971</b>	<b>1,085,956</b>	<b>634,145</b>	<b>798,496</b>	<b>1,095,585</b>	<b>11,242,011</b>



## Notes to the Consolidated Financial Statements at December 31, 1997 (continued)

The net values below are partially covered by interest rate swaps in dual currencies as follows (nominal value in thousands of Swiss Francs):

(In Thousands of CHF)	CHF	USD	DEM	FRF	GPP	Other	Total
Total	273.818	(61.696)	(43.475)		(112.786)	(55.861)	—

### 4. Information Concerning Off-Balance Sheet Transactions

#### 4.1 Contingent liabilities

At December 31, 1997, contingent liabilities amounting to CHF 545,185,000 (CHF 518,591,000 at December 31, 1996) consisted of guarantees.

#### 4.2 Off-balance sheet financial instruments

At December 31, 1997, open off-balance sheet financial instruments were as follows:

(In Thousands of CHF)	Positive replacement value	Negative replacement value	Contract volume
<b>Interest-rate instruments</b>			
Swaps	11.817	27.878	1,801,871
Caps	9.499	—	1,280,393
<b>Securities</b>			
Options	5.537	5.547	350,656
<b>Currencies</b>			
Forward contracts	118,000	148,737	7,690,372
Options (OTC)	122,558	114,359	9,056,980
<b>Precious metals</b>			
Forward contracts	6,035	5,460	168,003
Options (OTC)	4,292	3,958	344,194
<b>Total at 31.12.97</b>	<b>277,738</b>	<b>305,939</b>	<b>20,692,469</b>
Total at 31.12.96	210,878	245,631	12,939,535

#### 4.3 Fiduciary transactions

At December 31, 1997, off-balance sheet fiduciary transactions were as follows:

(In Thousands of CHF)	31.12.97	31.12.96
Fiduciary deposits with third party banks	523,844	473,803
Fiduciary deposits with affiliated banks	2,803,253	2,033,417
Fiduciary loans	207,573	154,836
<b>Total</b>	<b>3,534,670</b>	<b>2,662,056</b>



**Notes to the Consolidated Financial Statements  
at December 31, 1997 (continued)**

**5. Information concerning the Consolidated Statement of Income**

**5.1 Trading income**

At December 31, 1997, trading income was as follows:

<i>(In Thousands of CHF)</i>	31.12.97	31.12.96
Currency trading income	43,766	31,402
Portfolio trading income	5,073	1,512
<b>Total trading income</b>	<b>48,839</b>	<b>32,914</b>

**5.2 Personnel expenses**

At December 31, 1997, personnel expenses were as follows:

<i>(In Thousands of CHF)</i>	31.12.97	31.12.96
Salaries	79,788	56,120
Benefits	8,416	5,648
Appropriation to pension fund in favor of employees	4,841	3,684
Other personnel expenses	2,143	1,435
<b>Total personnel expenses</b>	<b>95,188</b>	<b>66,887</b>

**5.3 Other operating expenses**

At December 31, 1997, other operating expenses were as follows:

<i>(In Thousands of CHF)</i>	31.12.97	31.12.96
<b>Expenses for premises:</b>		
Rental and maintenance expenses	20,646	15,207
<b>Expenses for EDP, equipment, furniture, motor vehicles and other installations</b>	<b>6,638</b>	<b>4,200</b>
<b>Other:</b>		
Office and operating materials, printed material, telephone, postage and other transportation costs	12,264	8,037
Representation offices	5,796	4,606
Travel costs	3,727	2,877
Insurance premiums	409	115
Advertising expenses	2,491	2,400
Fees and legal expenses	714	671
Auditing costs	615	582
Donations	2,496	2,715
Other	6,299	3,637
	<b>34,811</b>	<b>25,640</b>
<b>Total other operating expenses</b>	<b>62,095</b>	<b>45,047</b>

**5.4 Analysis of domestic and foreign income and expenses**

At December 31, 1997, domestic and foreign income and expenses were as follows:

<i>(In Thousands of CHF)</i>	31.12.97			31.12.96		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Net interest income	50,984	58,905	109,889	33,901	52,261	86,162
Net income from commissionable products and services	147,640	(5,756)	141,884	90,054	(8,287)	81,767
Trading income	48,734	105	48,839	26,553	6,361	32,914
Other ordinary results	2,980	1,595	4,575	2,255	1,447	3,702
Operating expenses	(153,660)	(3,623)	(157,283)	(107,060)	(4,874)	(111,934)
<b>Gross profit</b>	<b>96,678</b>	<b>51,226</b>	<b>147,904</b>	<b>45,703</b>	<b>46,908</b>	<b>92,611</b>



## **Report of the Group Auditors to the Annual Shareholders' Meeting of Republic National Bank of New York (Suisse) S.A.**

As group auditors, we have audited the consolidated financial statements (statement of condition, income statement and notes to the consolidated financial statements) of Republic National Bank of New York (Suisse) S.A. for the year ended December 31, 1997.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined from a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly the Group's patrimony, in all material respects, the financial position of the Company as of December 31, 1997, and the results of its operations and its cash flows for the year ended in accordance with the Swiss Banking Law Ordinance, as well as with the Company's consolidation and valuation principles as described in the Notes.

We recommend that the financial statements submitted to you be approved.

KPMG Fides Peat

Mario Castelnuovo

*Auditors in charge*

Philippe Cordonier

Geneva, January 9, 1998



## Report of the Board of Directors to the Annual Shareholders' Meeting

Following the consolidated financial statements of Republic National Bank of New York (Suisse) S.A., the Board of Directors has the pleasure to present the annual accounts of the Swiss Bank on the following pages.

The analysis of the 1997 financial year can be found on pages 7, 9, 10 and 11. The financial condition and the results of the Swiss Bank are progressing similarly to those of the Group.

The Board of Directors proposes the following appropriation of retained earnings:

<i>(In Thousands of CHF)</i>	<b>31.12.97</b>	<b>31.12.96</b>
Profit for the year	80,277	47,309
Retained earnings	198,509	153,600
<b>Amount at the disposal of the shareholders' meeting</b>	<b>278,786</b>	<b>200,909</b>
Transfer to the general legal reserve	4,200	2,400
To be carried forward	274,586	198,509
	<b>278,786</b>	<b>200,909</b>





## Statement of Condition at December 31

<i>(In Thousands of CHF)</i>	1997	1996
<b>ASSETS</b>		
Liquid assets	31,144	23,015
Receivables arising from money-market paper	78,752	53,045
Amounts due from banks	8,419,700	5,944,197
Amounts due from customers	2,253,495	1,484,958
Loans secured by mortgages	40,748	54,739
Securities and precious metals held for trading purposes	1,207	949
Financial fixed assets	2,748,142	2,681,702
Participations	37,304	35,375
Fixed assets	142,743	120,394
Goodwill	158,436	49,496
Accrued income and prepaid expenses	178,516	161,689
Other assets	267,640	200,073
<b>Total assets</b>	<b>14,357,827</b>	<b>10,809,632</b>
<hr/>		
Total amount due from group companies and qualified participants	60,579	11,533
<b>LIABILITIES</b>		
Amounts due arising from money-market paper	82,389	57,217
Amounts due to banks	1,727,043	1,437,400
Amounts due to customers in the form of savings or deposit accounts	156	185
Other amounts due to customers	11,186,162	8,221,509
Subordinated debt	80,000	80,000
Accrued expenses and deferred income	150,358	137,211
Other liabilities	294,343	206,208
Value adjustments and provisions	96,290	74,593
Reserve for general banking risks	26,500	11,000
<b>Total amounts due</b>	<b>13,643,241</b>	<b>10,225,323</b>
<hr/>		
Share capital	425,000	375,000
General legal reserve	10,800	8,400
Retained earnings	198,509	153,600
Income for the year	80,277	47,309
<b>Total shareholders' equity</b>	<b>714,586</b>	<b>584,309</b>
<b>Total liabilities</b>	<b>14,357,827</b>	<b>10,809,632</b>
<hr/>		
Total subordinated debt	80,000	80,000
<hr/>		
Total amount due to group companies and qualified participants	1,274	19,096
<b>OFF-BALANCE SHEET TRANSACTIONS</b>		
Contingent liabilities	545,185	518,591
Irrevocable facilities granted	80,178	158,770
Off-balance sheet financial instruments	20,689,728	13,098,142
Fiduciary transactions	3,764,753	3,058,362



## Statement of Income for the Year Ended December 31

<i>(In Thousands of CHF)</i>	1997	1996
<b>Interest income</b>		
Interest and discount income	516,004	399,909
Interest and dividend income from trading portfolio	27	
Interest and dividend income from investment portfolio	145,404	133,773
Interest expenses	(559,016)	(455,962)
<b>Net interest income</b>	<b>102,419</b>	<b>77,720</b>
<b>Commission income from products and services</b>		
Commission income from credit-granting business	5,131	4,038
Commission income from securities and investment activities	143,904	74,939
Commission income from other services rendered	10,717	8,321
Commission expense	(17,493)	(4,966)
<b>Net commission income from products and services</b>	<b>142,259</b>	<b>82,332</b>
<b>Trading income</b>	<b>48,773</b>	<b>26,870</b>
<b>Other income</b>		
Income from adjustments to the Investment Portfolio	1,800	1,471
Other ordinary income	2,775	2,185
<b>Total other income</b>	<b>4,575</b>	<b>3,656</b>
<b>Operating expenses</b>		
Personnel expenses	(95,069)	(66,784)
Other operating expenses	(61,322)	(44,229)
<b>Total operating expenses</b>	<b>(156,391)</b>	<b>(111,013)</b>
<b>Gross profit</b>	<b>141,635</b>	<b>79,565</b>
Depreciation of fixed assets	(12,063)	(15,650)
Depreciation of goodwill	(16,200)	(1,913)
Value adjustments, provisions and losses	(7,919)	(4,169)
<b>Sub-total</b>	<b>105,453</b>	<b>57,833</b>
Provision for general banking risks	3,655	88
Extraordinary income	(2,000)	(2,600)
Extraordinary charges	(10,890)	(17)
Taxes	(15,941)	(7,995)
<b>Income for the year</b>	<b>80,277</b>	<b>47,309</b>
<b>Appropriation of retained earnings:</b>		
Profit for the year	80,277	47,309
Retained earnings at beginning of the year	200,909	155,800
Retained earnings before appropriation	281,186	203,109
Transfer to general legal reserve	(2,400)	(2,200)
<b>Retained earnings at end of the year</b>	<b>278,786</b>	<b>200,909</b>



## Notes to the Annual Accounts at December 31, 1997

### 1. Bank's Activity and Number of Employees

The Bank's main activity is private banking. Within the scope of this specialisation, the Bank operates in areas such as commercial and Lombard loans. Client deposits are used by the Bank mainly for interbank deposits or investments in securities for its own account, areas in which the Bank is particularly active.

At December 31, 1997, the Bank employed 548 people (1996: 422) on a full time basis.

### 2. Accounting and Valuation Principles

The accounting and valuation principles used for the preparation of the annual accounts of the Bank are the same as those adopted for the consolidated financial statements of the Group. They are listed in Note 2 of the notes to the consolidated financial statements.

The annual accounts at December 31, 1997, have been established according to the principles of the Swiss Banking Ordinance. Some information about the annual accounts is not shown as the Bank is presenting consolidated financial statements.

### 3. Information Concerning the Statement of Condition

#### 3.1 Participations

The Bank holds as sole participation 100% of the fully paid share capital of its subsidiary, RNB Suisse (Gibraltar) Ltd, which is engaged in banking activities and incorporated in Gibraltar. The capital of this subsidiary amounts to CHF 1,000,000.

#### 3.2 Pledged assets

At December 31, 1997, the Bank has pledged Swiss bonds with a par value of CHF 14,000,000 and a book value of CHF 14,023,000 (CHF 7,100,000 and CHF 6,880,000, respectively, at December 31, 1996) to guarantee payments at the Swiss National Bank. At that date, the Bank had no outstanding liabilities with the Swiss National Bank.

The total securities pledged within repurchase and reverse repurchase agreements amount to CHF 61,053,696 at December 31, 1997 (CHF 64,616,000 at December 31, 1996). The corresponding amounts are accounted for under "Amounts due to banks".



## Notes to the Annual Accounts at December 31, 1997 (continued)

### 3.3 Value adjustments, provisions and reserve for general banking risks

The table concerning value adjustments, provisions and reserve for general banking risks of the annual accounts is the same as the table in the consolidated financial statements and can be found at Note 3.5 of the notes to the consolidated financial statements.

### 3.4 Share capital

The share capital of CHF 425,000,000 consists of 425,000 shares of CHF 1,000 each. It is wholly owned by Safra Republic Holdings S.A., Luxembourg, 49.1% of its shares being held by Republic New York Corporation and 50.9% by private and institutional investors.

### 3.5 Shareholders' equity

(In Thousands of CHF)	31.12.97	31.12.96
<b>Shareholders' equity at beginning of the year:</b>		
Share capital	375,000	375,000
General legal reserve	8,400	6,200
Retained earnings	200,909	155,800
<b>Total shareholders' equity at beginning of the year</b>	<b>584,309</b>	<b>537,000</b>
Share capital increase	50,000	—
Allocation to the general legal reserve	2,400	2,200
Charge to prior year's earnings	(2,400)	(2,200)
Income for the year	80,277	47,309
<b>Total shareholders' equity at end of the year</b>	<b>714,586</b>	<b>584,309</b>
<b>Represented by:</b>		
Share capital	425,000	375,000
General legal reserve	10,800	8,400
Retained earnings	278,786	200,909
	<b>714,586</b>	<b>584,309</b>



## Notes to the Annual Accounts at December 31, 1997 (continued)

### 3.6 Amounts due to / from affiliated companies and loans to Directors / Senior Managers

At December 31, 1997, amounts due to / from affiliated companies were as follows:

<i>(In Thousands of CHF)</i>	<b>31.12.97</b>	<b>31.12.96</b>
Amounts due from banks	<b>587,533</b>	401,583
Amounts due to banks	<b>377,826</b>	285,344
Amounts due to customers	<b>1,118</b>	1,969
Subordinated debt	<b>80,000</b>	80,000
	<b>458,944</b>	367,313

At December 31, 1997, loans granted to members of the Board of Directors / Senior Management were CHF 3.666.077 (1996: CHF 1.756.734).

## 4. Information Concerning Off-Balance Sheet Transactions

### 4.1 Fiduciary transactions

At December 31, 1997, open off-balance sheet fiduciary transactions were as follows:

<i>(In Thousands of CHF)</i>	<b>31.12.97</b>	<b>31.12.96</b>
Fiduciary deposits with third party banks	<b>523,844</b>	473,803
Fiduciary deposits with affiliated banks	<b>3,033,336</b>	2,429,724
Fiduciary loans	<b>207,573</b>	154,835
	<b>3,764,753</b>	3,058,362



## **Report of the Auditors to the Annual Shareholders' Meeting of Republic National Bank of New York (Suisse) S.A.**

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, income statement and notes to the annual accounts) of Republic National Bank of New York (Suisse) S.A. for the year ended December 31, 1997.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined from a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Based on our examination, we conclude that the accounting records, the annual accounts and the proposed appropriation of retained earnings are in accordance with Swiss law and the Bank's articles of incorporation.

We recommend that the annual accounts submitted to you be approved.

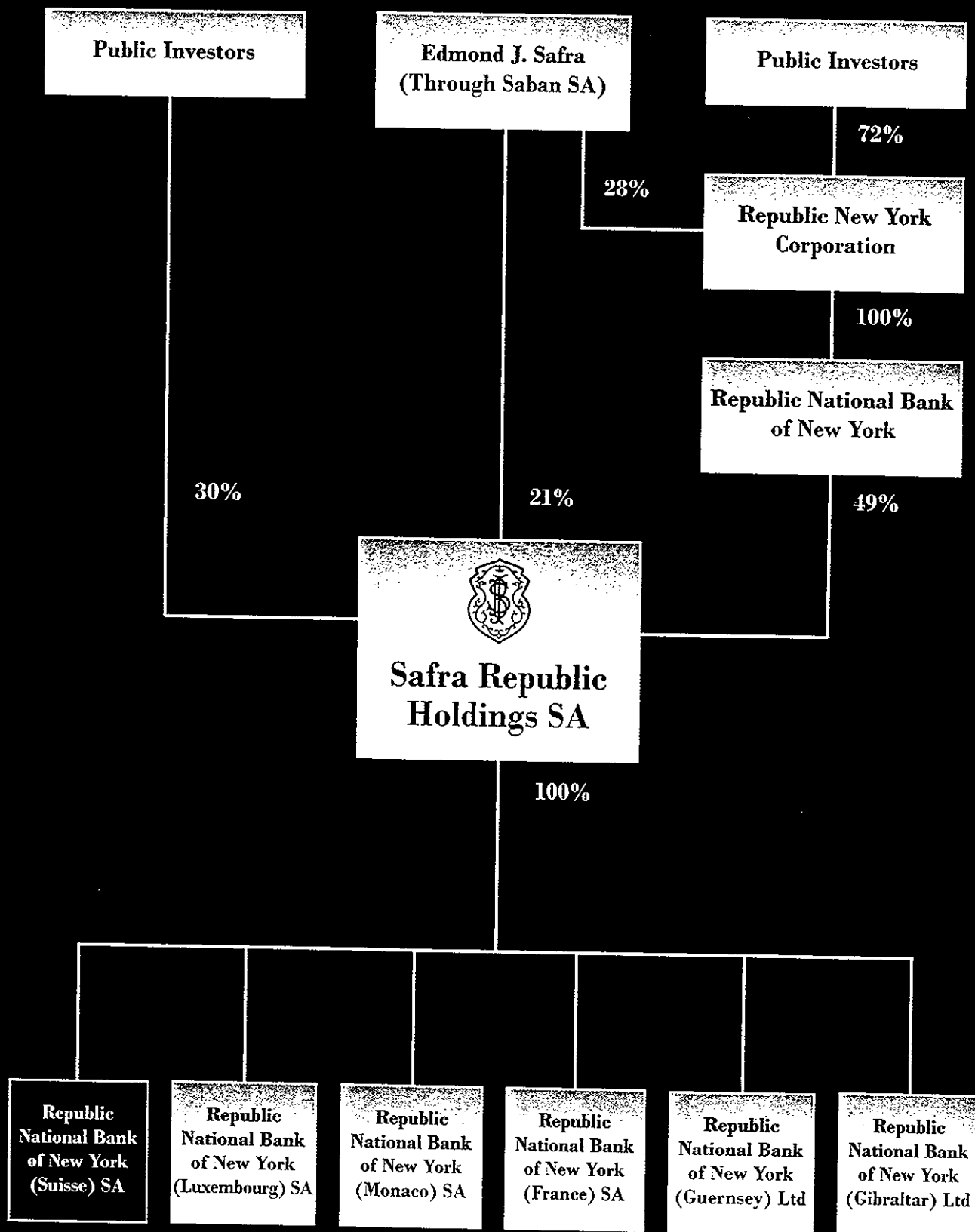
KPMG Fides Peat

Mario Castelnuovo

*Auditors in charge*

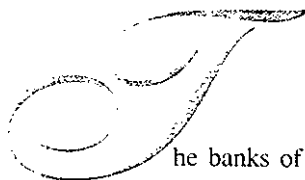
Philippe Cordonier

Geneva, January 9, 1998





## Philosophy



The banks of Safra Republic are each locally managed by bankers familiar with the language and culture of their customers. They operate under a common corporate philosophy dedicated to the protection of clients' assets and to traditional banking principles:

- A strong capital base for future growth and protection against market instability.
- High liquidity to meet customer needs and to provide financial flexibility.
- Premium asset quality to allow depositors' funds to be safely invested with the most favourable terms.
- Cautious diversification of risk to avoid overdependence on any one source for income or liquidity purposes.
- Control of expenses to reduce the necessity of accepting additional risks to cover fixed costs.
- Personal service to ensure lasting relationships built on mutual understanding and trust.

## Safra Republic Holdings S.A.

Safra Republic Holdings S.A., incorporated in the Grand Duchy of Luxembourg in May, 1988, is the holding company for six European banking subsidiaries (see facing chart), including Republic National Bank of New York (Suisse) S.A.

## Financial Support

The Board of Directors of Safra Republic has adopted a resolution that Safra Republic shall serve as a source of financial strength to each of its banking subsidiaries and, for the benefit of depositors and other creditors, Safra Republic stands ready to use its available resources to provide adequate capital funds to enable those subsidiary banks to meet their commitments in the normal course of business.

Safra Republic's Consolidated Statements of Condition can be found on page 51 of this annual report.





# Safra Republic Holdings

## Financial Highlights

(In Thousands of US\$ except per share data and employee data)

December 31,

	1993	1994	1995	1996	1997
<b>For the year ended</b>					
Net income	121,595	158,575	162,104	189,830	255,055
Net income per share - diluted**	3.40	4.43	4.54	5.35	7.17
Dividend per share**	1.37	1.62	1.75	2.25	3.25*
<b>At year end</b>					
Total assets	11,349,966	12,487,010	15,660,544	17,223,409	20,356,300
Client deposits	5,896,494	8,130,147	9,961,958	11,576,742	13,589,790
Client portfolio assets	5,656,795	5,468,975	6,883,457	11,064,678	16,281,275
Total shareholders' equity	1,280,755	1,246,353	1,467,807	1,643,110	1,760,566
Book value per share**	36.12	35.10	41.73	46.57	49.92
Employees	558	611	602	661	831
Risk based capital ratio %	42.2	34.2	31.8	29.5	30.6
<b>Ratings at December 31, 1997</b>					
Long-term	AA	AA	AA	Aa3	AA+
Short-term	A1+	F-1+	A1+		

The shares of Safra Republic Holdings S.A. are listed on the Swiss Electronic Stock Exchange, the Luxembourg Stock Exchange and traded over-the-counter in London on SEAQ (Stock Exchange Automated Quotations).

\* Proposed for the 1998 Annual Shareholders' Meeting.

\*\* Adjusted for the 2-1 stock split that took effect on May 31, 1997. All per share data has been restated to reflect the split.

## Net income

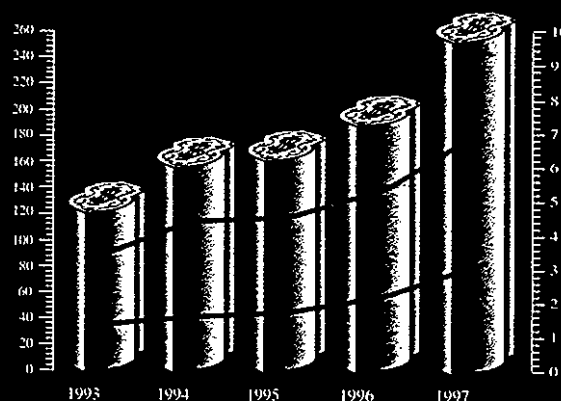
Year ended December 31,

Millions of US\$ except per share data and dividend data

Net income

Net income / share - diluted

Dividend / share



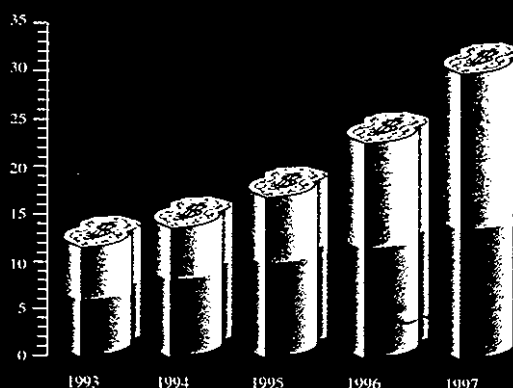
## Client Accounts

December 31,

Billions of US\$

Client Deposits

Client Portfolio Assets





## Safr Republic Holdings S.A. Consolidated Statements of Condition

Republic National Bank of New York (Suisse) S.A. is a wholly-owned subsidiary of Safr Republic. The following is a condensed extract of the consolidated statements of condition from Safr Republic's 1997 Annual Report.

	December 31,	
(In Thousands of US\$ except per share data)	1997	1996
<b>Assets:</b>		
Cash and due from banks	73,815	80,760
Interest-bearing deposits with banks	7,476,969	6,041,717
Investment securities:		
Securities available for sale (at approximate market value)	5,141,629	4,916,012
Securities held to maturity (approximate market value of US\$ 4,370,259 in 1997 and US\$ 3,740,434 in 1996)	4,344,008	3,749,369
Total investment securities	9,485,637	8,665,381
Trading account assets	248,941	202,211
Loans, net of unearned income	2,288,896	1,687,050
Allowance for possible credit losses	(134,351)	(131,071)
Accrued interest receivable	242,310	227,260
Due from brokers	262,505	160,332
Premises and equipment	141,088	139,341
Other assets	270,490	150,428
Total assets	20,356,300	17,223,409
<b>Liabilities and shareholders' equity:</b>		
Client deposits	13,589,790	11,576,742
Bank deposits	1,811,275	1,761,205
Total deposits	15,401,065	13,337,947
Trading account liabilities	225,659	148,326
Short-term repurchase agreements	1,468,190	1,508,604
Accrued interest payable	176,414	201,600
Due to brokers	80,331	40,150
Other liabilities	242,627	168,672
Long-term repurchase agreements	601,448	—
Long-term debt	150,000	175,000
Subordinated long-term debt due in 1997	250,000	—
<b>Shareholders' equity:</b>		
Common stock, US\$ 2.50 par value, 400,000,000 shares authorised; 35,662,024 shares issued; 35,270,191 shares outstanding in 1997 and 35,279,450 in 1996	89,155	89,155
Surplus	818,107	818,793
Retained earnings	834,476	658,855
Cumulative translation adjustment	(43,694)	(9,150)
Less: 391,833 shares held in treasury, at cost, in 1997 and 382,574 in 1996	(21,168)	(16,857)
Net unrealised appreciation on securities available for sale, net of taxes	83,690	102,314
Total shareholders' equity	1,760,566	1,643,110
Total subordinated debt and shareholders' equity	2,010,566	1,643,110
Total liabilities and shareholders' equity	20,356,300	17,223,409

A complete copy of Safr Republic's annual report may be obtained by written request to the General Manager, Safr Republic Holdings S.A., 32, Boulevard Royal, L-2449 Luxembourg.



## Safra Republic Holdings S.A. Banking Network

SAFRA REPUBLIC HOLDINGS S.A.  
32, Boulevard Royal  
L-2449 Luxembourg  
Tel. (+352) 47 93 31 600  
Telex 3320 RBNYLU  
Fax (+352) 22 46 52

### *Bank Subsidiaries:*

REPUBLIC NATIONAL BANK  
OF NEW YORK (SUISSE) S.A.

### *Head Office:*

Place du Lac 2 - P.O. Box 3580  
CH-1211 Geneva 3

Rue Dr. Alfred-Vincent 2  
P.O. Box 2019 - CH-1211 Geneva 1

Rue du Rhône 92  
P.O. Box 3580 - CH-1211 Geneva 3  
Tel. (+41 22) 705 55 55  
Telex 427 153 RNB CH  
Fax (+41 22) 311 99 60

### *Subsidiary:*

Gibraltar

### *Branches:*

Lugano  
Zurich  
Guernsey

### *Representative Offices:*

Buenos Aires  
Copenhagen  
Hong Kong  
London  
Tel Aviv

REPUBLIC NATIONAL BANK  
OF NEW YORK (LUXEMBOURG) S.A.  
Luxembourg

### *Representative Offices:*

Hong Kong  
Copenhagen  
Istanbul

REPUBLIC NATIONAL BANK  
OF NEW YORK (MONACO) S.A.  
Monte-Carlo

REPUBLIC NATIONAL BANK  
OF NEW YORK (FRANCE) S.A.  
Paris

### *Branch:*

Monte-Carlo

REPUBLIC NATIONAL BANK  
OF NEW YORK (GUERNSEY) LIMITED  
Guernsey

REPUBLIC NATIONAL BANK  
OF NEW YORK (GIBRALTAR) LIMITED  
Gibraltar

### *Principal Non-Bank Subsidiaries:*

REPUBLIC NEW YORK  
INTERNATIONAL TRUST  
COMPANY LIMITED  
Guernsey

SAFRA REPUBLIC INVESTMENTS  
(GUERNSEY) LIMITED  
(Co-owned with Republic New York  
Corporation)  
Guernsey

### *Subsidiary:*

SAFRA REPUBLIC INVESTMENTS  
LIMITED  
London



## Republic New York Corporation Banking Network

REPUBLIC NEW YORK CORPORATION  
452 Fifth Avenue, New York, N.Y. 10018  
Telephone (+1 212) 525 5000

### *Principal Banking Subsidiary:*

REPUBLIC NATIONAL BANK OF  
NEW YORK  
New York  
95 branches in Manhattan, Bronx, Brooklyn  
and Queens, Nassau, Suffolk and Westchester  
counties, New York, and Dade and Broward  
counties, Florida  
International Banking Facility  
Cable BLICBANK  
Telex (RCA) 234-967  
(MCI) Int'l # 620-274 - (CCI) 760-7367  
Telephone (+1 212) 525 5000  
Member Federal Reserve System  
Member Federal Deposit Insurance Corporation  
Member New York Clearing House Association

### *Foreign Branch Offices:*

Buenos Aires, Cayman Islands, Guernsey,  
Hong Kong, London, Milan, Santiago,  
Singapore, Taipei, Tokyo

### *Representative Offices:*

Beijing, Beirut, Buenos Aires, Copenhagen,  
Jakarta, Manila, Montevideo, Punta del Este,  
Rio de Janeiro

### *Principal Subsidiaries of Republic New York Corporation:*

REPUBLIC BANK CALIFORNIA  
NATIONAL ASSOCIATION  
Beverly Hills, Encino

REPUBLIC BUSINESS CREDIT  
CORPORATION  
New York, Los Angeles, Charlotte

REPUBLIC NEW YORK SECURITIES  
CORPORATION  
New York, Chicago, Philadelphia

### *Principal Subsidiaries of Republic National Bank of New York:*

REPUBLIC NATIONAL BANK  
OF NEW YORK (INTERNATIONAL)  
LIMITED  
Nassau, Gibraltar

BANCO REPUBLIC NATIONAL BANK  
OF NEW YORK (BRASIL) S.A.  
Sao Paulo

REPUBLIC NATIONAL BANK  
OF NEW YORK (CAYMAN) LIMITED  
Cayman Islands

REPUBLIC NATIONAL BANK  
OF NEW YORK (CANADA)  
Montreal, Toronto

REPUBLIC NATIONAL BANK  
OF NEW YORK (MEXICO) S.A.  
Mexico City

REPUBLIC NATIONAL BANK  
OF NEW YORK (SINGAPORE) LIMITED  
Singapore

REPUBLIC NATIONAL BANK  
OF NEW YORK (URUGUAY) S.A.  
Montevideo, Punta del Este

C.B. "REPUBLIC NATIONAL BANK  
OF NEW YORK (RR)" (L.L.C.)  
Moscow

REPUBLIC CONSUMER LENDING  
GROUP, INC.  
New York

REPUBLIC FINANCIAL SERVICES  
CORPORATION  
New York

REPUBLIC INTERNATIONAL BANK  
OF NEW YORK (MIAMI)  
Miami

RIBNY OVERSEAS INVESTMENTS  
HOLDING CORPORATION  
Wilmington

REPUBLIC MASE AUSTRALIA  
LIMITED  
Sydney, Perth

REPUBLIC NEW YORK  
INVESTMENT CORPORATION  
Corpus Christi

REPUBLIC NEW YORK (U.K.) LIMITED  
London

REPUBLIC OVERSEAS BANKS  
HOLDING CORPORATION  
Wilmington

# REPUBLIC NATIONAL BANK

OF NEW YORK (SUISSE) SA

BANKERS 24 HOURS A DAY. WE PLAN FOR THE FUTURE. LONG TERM GROWTH IS OUR GOAL. WE NEVER STOP.

WE MAKE MONEY WORK. WE OBTAIN  
Y. BANKING IS A SIMPLE BUSINESS.

THE FUTURE. TIME WORKS FOR US.  
EVER CALCULATE PROFITS. ONLY

STABLE CLIENTS. WE KNOW OUR  
MAKE PRUDENT INVESTMENTS OF

**WE LISTEN TO THE NEEDS OF OUR CLIENTS.**  
NATIVE PRINCIPLES ARE TRANSMITTED

**MONEY WORK. WE OBTAIN PERFORMANCE**

IS A SIMPLE BUSINESS. WE ARE BANKERS  
TIME WORKS FOR US. CONSTANT LONG

WE KNOW OUR CUSTOMERS, OUR JOB AND

STMENTS OF THE DEPOSITS BECAUSE IT  
IDS OF OUR CLIENTS. OUR BANKS ARE

## 5 ARE TRANSMITTED FROM GENERATION TO THE NEXT THROUGH CONTINUITY

SS. WE ARE BANKERS 24 HOURS A DAY.

POTENTIAL LOSSES. A STABLE BANK

THE DEPOSITS BECAUSE IT IS NOT OUR

## ANNUAL REPORT

## PERFORMANCE THROUGH CONTINUITY AND WE ARE BANKERS 24 HOURS A DAY. WE

CONSTANT LONG TERM GROWTH IS OUR  
POTENTIAL LOSSES. A STABLE BANK

**CUSTOMERS, OUR JOB AND THE RISKS.**