

Bank Leu in the twentieth century and its absorption into Credit Suisse

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By the beginning of the twentieth century Leu had grown into one of the leading banks of the country. In 1908 it joined the cartel of Swiss banks and thereby entered the circle of the six major Swiss banks.¹ In 1915 the bank moved into its new headquarters, the Leuenhof at Bahnhofstrasse 32, a building in the Art Nouveau style with characteristic stepped gables erected between 1914 and 1916. The Leuenhof contains what the Swiss inventory of heritage sites describes as the most significant historic banking hall in Switzerland.² The choice of site was significant. The Bahnhofstrasse, laid out in the second half of the nineteenth century, had become the principal address of Zurich banking. The Leuenhof stood a few steps from the Paradeplatz, where the Kreditanstalt and the Kantonalbank had their seats. The heraldic lion, the *Leu* of the founder's name, became the emblem of the bank and survived in the blue lion money boxes that a generation of Zurich children received as savers.³

After the First World War had brought the balance sheet to a peak of some 340 million francs, the post-war years brought crisis. The collapse of the German currency and the losses of the war years hit Leu hard. In 1920 it narrowly escaped a forced merger with the Schweizerische Bankgesellschaft.⁴ Capital reductions followed in 1921–1922, in 1934 and in 1937.⁵ The Historical Dictionary summarises the period by noting that the world wars and the depression of the 1930s caused severe difficulties and required a restructuring in 1937.⁶ Saller adds that Leu held substantial German savings deposits in the 1930s and was involved in the repatriation of funds that the National Socialist regime enforced against its own citizens, including Jewish depositors. The subject lies outside the period of this Part and has been examined in the broader context of the Independent Commission of Experts Switzerland – Second World War.⁷

The decades after the Second World War brought sustained growth. The number of employees rose from 263 in 1950 to 1,341 in 1995, by which year the balance sheet total had reached almost thirteen billion francs.⁸ Between 1973 and 1987 the bank opened foreign subsidiaries and representative offices.⁹ Its international business also brought it into two of the notorious financial scandals of the 1980s. The Bahamas subsidiary of the bank held the account through which the American investment banker Dennis Levine conducted insider trading on a large scale until the bank cooperated with the United States Securities and Exchange Commission in 1986. Subsidiaries of Leu in Zug and Lucerne were involved in the share support operation during the takeover battle for Distillers that became the Guinness affair.¹⁰ The Levine case followed earlier American cases involving Swiss banks, notably *Santa Fe*. The American pressure generated by these cases led in 1988 to the criminalisation of insider trading in Switzerland and to the development of international administrative assistance in securities matters, a line of development that a later part of this book takes up.¹¹

The independent history of Leu ended in 1990, when CS Holding, the parent company of the Schweizerische Kreditanstalt, acquired the bank.¹² Contemporary reports described Leu as the oldest and smallest of the Swiss major banks. The acquisition preceded by three years the takeover of the Schweizerische Volksbank by the Kreditanstalt in January 1993 and formed part of the wave of consolidation in which the number of banks in Switzerland fell from 495 in 1990 to about 260 by 2018.¹³ The historian Joseph Jung summarised the strategic dilemma: as a medium-sized bank Leu was too large, but it was too small to operate as a globally active major bank.¹⁴ Leu continued as a subsidiary within the group, although in 1997 its remaining branch network was absorbed into that of Credit Suisse. In April 2005 the bank celebrated its two hundred and fiftieth anniversary. The jubilee volume by Andreas Honegger, *Im Wechsel der Perspektiven – 250 Jahre Bank Leu*, appeared in the same year.¹⁵

The last stages followed quickly. On 26 January 2007 Credit Suisse completed the merger of five of its subsidiaries, Clariden, Bank Leu, Bank Hofmann, BGP Banca di Gestione Patrimoniale and the securities dealer Credit Suisse Fides, into Clariden Leu, with retroactive effect from 1 January 2007. The new private bank managed about 124 billion francs for some 60,000 clients, employed about 1,500 people in more than twenty offices worldwide and had its headquarters at Bahnhofstrasse 32, in the Leuenhof.¹⁶ On 15 November 2011 Credit Suisse announced that it would integrate Clariden Leu, which then had 1,770 employees and managed 94 billion francs, into its own organisation in order to save some 200 million

francs a year.¹⁷ The legal integration was completed in April 2012.¹⁸ With it the name Leu disappeared from the Zurich banking landscape after 256 years. Eleven years later Credit Suisse itself was taken over by UBS.

The Leuenhof survived the bank. The building later passed out of the bank group's hands and was renovated between 2018 and 2020 at a cost of about seventy million francs, including tenant fit-out. It now belongs to the Swiss Prime Investment Foundation, with its upper floors let to Pictet, the Geneva wealth and asset manager.¹⁹ There is a certain symmetry in the fact that the most important historic banking hall of Zurich, built for the heir of the city's eighteenth-century public investment commission, now houses the Zurich offices of a Genevan private bank whose origins lie in the same eighteenth-century world of private banking families discussed in section VII.

1 Notes

1. HLS, Baumann, "Bank Leu", cited above. ↩
2. Swiss Prime Site, "The Leuenhof restored to its former glory!", <https://sps.swiss/en/stories/story-detail/the-leuenhof-restored-to-its-former-glory>. ↩
3. Gebrüder Dürst, "Namen alter und ehemaliger Bankhäuser in der Stadt Zürich", cited above, on the move to the Leuenhof in 1915 and on the lion money boxes. ↩
4. Saller, "The Big Sleep: Die Bank Leu, Teil vier", cited above. ↩
5. DeWiki, "Bank Leu", cited above (consulted for orientation). ↩
6. HLS, Baumann, "Bank Leu", cited above. ↩
7. Saller, Ein kurze Geschichte der Bank Leu (cited above), https://louverture.ch/wp-content/uploads/2021/08/Schwarze_Flecken.pdf: "Weit mehr wie andere Banken war Leu auch in den 30er Jahren von der nationalsozialistischen Diktatur betroffen, weil sie viel Geld aus Deutschland auf ihren Sparkonten liegen hatte. Mit der unter Terror erzwungenen Rückführung von Geldern nach Deutschland unterstützten sie die Enteignung jüdischer Bürger ..." On the Independent Commission of Experts, whose mandate was "to investigate the volume and fate of assets moved to Switzerland before, during, and immediately after the Second World War", see Wikipedia (English), "Bergier commission", https://en.wikipedia.org/wiki/Bergier_commission. ↩
8. HLS, Baumann, "Bank Leu", cited above. ↩

9. Gebrüder Dürst, "Namen alter und ehemaliger Bankhäuser in der Stadt Zürich", cited above. ↩
10. Wikipedia, "Bank Leu", https://en.wikipedia.org/wiki/Bank_Leu (consulted for orientation). The article states that Levine's account grew to over ten million US dollars and that Leu subsidiaries bought Guinness shares under secret agreements. ↩
11. Art. 161 StGB entered into force on 1 July 1988 and was created "aufgrund internationalen Drucks, namentlich seitens der USA": Bär & Karrer, separate print from EIZ vol. 131 (2013), https://www.baerkarrer.ch/userdata/files/publications/2013/08_46_08EIZ_131_Separata_Hoch.pdf. On SEC v. Banca della Svizzera Italiana and SEC v. Unknown Purchasers of Santa Fe as the cases that made the absence of Swiss legislation "an obvious problem", see Renata Trottman Bischof, Regulation of Insider Trading: Problems and Solutions in the United States and Switzerland, LL.M. thesis, McGill University, 1989, <https://escholarship.mcgill.ca/downloads/ft848r72n>. Neither source names the Levine case as a cause of the legislation. ↩
12. HLS, Baumann, "Bank Leu", cited above. ↩
13. swissinfo.ch, "SKA übernahm vor 25 Jahren die angeschlagene Volksbank", 6 January 2018, <https://www.swissinfo.ch/ger/ska-uebernahm-vor-25-jahren-die-angeschlagene-volksbank/43802724>.
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14. Joseph Jung, quoted in "Das Aus für die Bank Leu nach 256 Jahren", St. Galler Tagblatt, <https://www.tagblatt.ch/meinung/das-aus-fur-die-bank-leu-nach-256-jahren-ld.1619868>. ↩
15. DeWiki, "Bank Leu", cited above (literature section); Gebrüder Dürst, cited above, on the absorption of the branch network in 1997 and the anniversary in April 2005. ↩
16. Clariden Leu, media release "Clariden Leu merger complete", 26 January 2007, Presseportal, <https://www.presseportal.ch/de/pm/100010813/100523570>. ↩
17. swissinfo.ch, "Credit Suisse to integrate Clariden Leu", 15 November 2011, <https://www.swissinfo.ch/eng/business/credit-suisse-to-integrate-clariden-leu/31565392>. ↩
18. Family Wealth Report, "Legal Integration Of Credit Suisse, Clariden Leu Finalised", 3 April 2012, <https://www.familywealthreport.com/article.php?id=45471>. ↩

19. Swiss Prime Site, “The Leuenhof restored to its former glory!”, cited above. ↩

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