MAJOR INTERNATIONAL BANKS
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I. INTRODUCTION

Profile of the banks

This survey covers the leading banks in Europe, Japan and the United States, selected according to the criteria set out in Section III. A total of 74 groups are included, 38 of which are based in Europe, 20 in the United States and 16 in Japan.([1]) Table I.1 gives some key figures, and the full list of banks is given in Section III. European banks account for over 60% of the aggregate in terms of total assets and number of staff employed, and just over half in terms of total revenues. Of the European countries, Germany has the highest number of banks featured in the survey, accounting for some 28% of total assets. UK banks lead the way in terms of number of staff employed, with approximately one-quarter of the total, and they also account for roughly 26% of the survey aggregate in terms of revenues. In assessing the weightier contribution of European banks to the aggregate figures, it should be remembered that they are also display a higher degree of globalization than the others, primarily as a result of acquisitions made outside their country of origin, as the following paragraphs will make clear. Conversely, US- and Japanese-based banks, with the exception of those ranking top of the league tables, focus chiefly on their own markets. It should also be remembered that banks in the US financial market have a role of lesser importance than elsewhere, due to the extensive presence of financial services companies.

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[1] The European groups control some 5,500 companies. This total does not include the United Kingdom or Benelux, with the exception of Dexia, as figures are not available for these areas. The Japanese groups control 822 companies. No figures are available for the US groups.

TABLE I.1 – BANKS COVERED IN THE SURVEY

	No. of groups	No. of employees in 2002	Total assets at 31/12/02	Total income in 2002
		'000	*EUR bn*	*EUR bn*
Germany	12	322	4,412	64
United Kingdom	6	553	3,227	97
Benelux	6	408	2,698	61
France	5	293	2,309	52
Italy	3	186	697	27
Switzerland	2	149	1,469	39
Spain	2	201	594	26
Sweden	1	37	250	6
Denmark	1	17	236	4
Europe	**38**	**2,166**	**15,892**	**376**
Japan (*)	**16**	**207**	**4,989**	**88**
United States	**20**	**1,154**	**4,744**	**273**
Total	**74**	**3,527**	**25,625**	**737**

(*) In assessing the number of staff employed by Japanese figures, it should be remembered that some of the groups covered by our survey disclose the number of staff employed by the parent company alone rather than the group as a whole.

In terms of total assets, the European banks considered here account for just under 60% of the Western European banking system as a whole.([2]) Japanese banks represent a similar slice of their country's total, whereas the US banks we consider are just over 70% representative of their nation as a whole.([3])

Certain features of European and Japanese groups' structure are country-specific, and these are discussed in more detail in Appendix 1.

Size

The banking groups considered in our survey generally grew between 1998 and 2002, both organically and as a result of mergers and

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2 EU countries and Switzerland.

3 This figure reduces to approx. 58% when financial service companies not owned by banks are also considered; these are particularly strong in the U.S. in the areas of consumer credit and leasing.

acquisitions. In terms of total assets, the average size in 2002 was € 343.5bn, almost 80% higher than in 1998, following an increase of approx. 32% in the total asset figure recorded and a reduction from 101 to 74 in the number of banks reviewed. US-based banks recorded the highest increases in size, whereas European and Japanese groups recorded growth of similar proportions. The average size of the banks in Europe has virtually tripled in the 1995-2002 period, while the number of groups included has fallen from 56 to 38.

Disregarding the effect of mergers between the groups included in the survey, which will be discussed presently, European and US banks grew by some 40% in terms of average size in the 1998-2002 period, whereas Japanese banks grew by less than 6% because growth was due to consolidation between the largest banking groups.

TABLE I.2 – SIZE OF BANKS COVERED BY SURVEY

	Average size measured by total assets (1)			
	1995	1998	2002	2002 / 1998
		EUR bn		*% increase*
Europe (2)	146.1	239.4	415.3	+ 73.5
Japan	…	181.9	311.8	+ 71.4
United States	…	118.9	232.5	+ 95.5
All banks (3)	**…**	**191.2**	**343.5**	**+ 79.7**

(1) Excludes goodwill.
(2) 56 Groups in 1995; 47 in 1998; 38 in 2002.
(3) 101 Groups in 1998; 74 in 2002.

European banks have a higher average size, which based on the 2002 figures, is equivalent to 1.3x that for US banks and 1.8x that for Japanese banks. However, the United States and Japan are also home to the two largest banking groups in absolute terms, namely Citigroup and Mizuho Financial Group. In these countries, as can be seen from Table III.1 in Section III, such growth has led to greater concentration than in Europe. Indeed, the top three US and Japanese banks included in this survey account for 52.8% and 50.6% of total assets in their respective countries, whereas the top three European banks account for only

14.4% of their region. A comparison between 1998 and 2002 reveals how the percentage of total assets accounted for by the top five groups rose from 44% to 75% in Japan, from 55% to 65% in the United States but from just 22% to 23% in Europe.

Growth by acquisitions was a crucial factor in all three of the world's main economic areas. In the five years between 1998 and 2002 there was a total of 37 "mega-mergers",([4]) 18 of which involved European banks, 12 US banks and 7 Japanese banks. These mergers are listed under Table III.2 in Section III. The first point worthy of note in this regard is that with the exception of Deutsche Bank's acquisition of Bankers Trust in 1999, these large deals have involved banks belonging to the same economic area, and in Europe in particular banks from within the same country, with just a handful of exceptions. A description of transactions involving the banks included in our survey is found in Appendix 2, according to country of origin.

Most of the mega-mergers were paid for by share exchanges. Of the EUR 163bn aggregate value of deals involving European banks between 1996 and 2003, some EUR 126bn, or 77%, involved some form of share issue. The aggregate value of mergers between large US banks between 1998 and 2003 was much higher at USD 370bn, but the cash outlay was a mere USD 2.4bn, less than 1% of the total. The only cross-region deal, the acquisition of Bankers Trust by Deutsche Bank referred to above, was also the only one to be paid for entirely in cash, for an outlay of approximately USD 9.7bn. The mergers between Japanese banks took place solely via share exchanges.

In terms of shareholder structure, the banks covered in the survey are for the most part widely owned, being listed on one or more stock exchanges worldwide. There are only seven publicly-owned banks covered here, six of which are German (see Appendix 1), and one Japanese. State-owned banks represent one-third of the German banks considered here in terms of assets, while state-owned banks as a whole account for 6.5% of the total again in terms of assets, and around 2% in terms both of number of staff employed and total income.

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[4] Defined for the purposes hereof as mergers involving two or more of the banks included.

TABLE I.3 – HIGHLIGHTS OF STATE-CONTROLLED BANKS IN THE SAMPLE

	No. of Groups	No. of employees in 2002	Total assets as 31/12/2002	Total income in 2002
			EUR bn	*EUR bn*
State-controlled banks	7	65,735	1,663	15.4
as % of total	*9.5*	*1.9*	*6.5*	*2.1*

Another feature of German banks is the significant presence of insurance groups among their shareholders. For example, the fourth-largest German bank in terms of total assets, Dresdner Bank, has been controlled by Allianz since 2001, the latter having held a 21% stake until the end of 2000.([5]) HVB's main shareholder is the world's leading reinsurer Münchener Rückversicherungs (Munich Re), which holds 25.6% and in which HVB in turn owns a 13.2% stake. Munich Re is also the leading shareholder of Commerzbank with a 9.5% interest, followed by Assicurazioni Generali with 9.1%.

Workforce

In the four years between 1998 and 2002, the aggregate workforce of the banks covered in this survey rose by around 400,000 employees, up from 3.1m to 3.5m at an average annual growth rate of around 3%. This is the product of 19% growth by European-based groups and 7% growth by US banks compared with a more than 15% reduction in Japan.([6]) Looking at Europe alone in the five years from 1996 to 2002, the headcount rose by over 32%, or 522,000 employees. The increase was felt in all countries, with the highest growth in

[5] Following a takeover bid completed in July 2001, Allianz acquired 56.7% of Dresdner Bank for an outlay of EUR 17.2bn.

[6] The figures do not include the Crédit Agricole group in Europe and two Japanese groups, for which it has not been possible to establish a like-for-like comparison.

absolute terms being recorded by banks in Benelux and Spain in 1996-98 and in Italy in 1998-2002.

TABLE I.4 – MAJOR INTERNATIONAL BANKS: CHANGES IN HEADCOUNT

	No. of employees (1)			Change 1998-02	
	1996	1998	2002	No.	%
United Kingdom	484,075	507,032	553,016	+ 45,984	+ 9.1
Benelux	252,415	299,722	408,022	+ 108,300	+ 36.1
Germany	275,369	274,718	321,186	+ 46,468	+ 16.9
France (2)	226,735	241,338	270,159	+ 28,821	+ 11.9
Spain	126,255	179,261	201,142	+ 21,881	+ 12.2
Italy	114,702	125,626	185,984	+ 60,358	+ 48.0
Switzerland	90,929	113,505	148,832	+ 35,327	+ 31.1
Sweden and Denmark	50,200	52,308	54,478	+ 2,170	+ 4.1
Europe (2)	**1,620,680**	**1,793,510**	**2,142,819**	**+ 349,309**	**+ 19.5**
Japan (3)	**…**	**189,138**	**159,667**	**- 29,471**	**- 15.6**
United States	**…**	**1,076,726**	**1,154,334**	**+ 77,608**	**+ 7.2**
Total	**…**	**3,059,374**	**3,456,820**	**+ 397,446**	**+ 13.0**

(1) The breakdown by country is based on the country in which the parent company is registered, and for this reason the figure also includes group staff employed elsewhere.
(2) Figures do not include Crédit Agricole, for which the changes in group structure between 1998 and 2002 make like-for-like comparison impossible.
(3) Refers to 14 groups for which like-for-like figures are available.

In view of the fact that the mega-mergers have had no effect on the variations described earlier, given that these involved groups which were already included in the survey sample, this increase in the workforce may be attributed to external growth which was brought about by:

- small and medium-sized banks being merged into the largest groups of the same nation covered by the survey. This is what happened, for example, in Italy, where Cariverona, Banca CRT and Cassamarca were merged into UniCredito Italiano in 1998, and SanpaoloIMI acquired Banco di Napoli and the Cardine group in 2000 and 2002 respectively. Much the same is true for the United States, where acquisitions account for much of the increase in the aggregate workforce;

- acquisition of non-banking activities, such as Crédit Suisse acquiring the insurance group Winterthur with its 26,000-plus employees in 1997;
- foreign acquisitions, which mostly involved European banks. Apart from Deutsche Bank's acquisition of Bankers Trust referred to earlier, in 2000 Swiss groups UBS and Crédit Suisse acquired US banks Paine Webber and Donaldson, Lufkin & Jenrette, which between them employed around 36,000 staff. Spanish banks, meanwhile, made some major acquisitions in Latin America between 1997 and 2000([7]), a region where Dutch groups ING and ABN Amro and UK-based HSBC Holding also have a footprint. These groups launched highly-diversified expansion programmes, both in geographical terms, where they extended their reach to the United States([8]) and South-East Asia, and in business terms, building presence in the insurance and financial service sectors. German banks HVB and Commerzbank, Belgian-based KBC, Société Générale of France and UniCredito Italiano of Italy all made significant acquisitions on either Central and Eastern Europe. The only substantial non-domestic acquisition made by a US bank during the period under review was Citigroup buying Mexican bank Banamex in 2001.

The significant non-domestic expansion undergone by European banks between 1996 and 2002 is well reflected in the 20 percentage

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[7] Staff employed outside Spain by the two Spanish banks covered in this survey between 1996 and 2000 rose from 34,013 to 146,664, whereas staff employed within Spain fell from 92,242 to 79,843. At year-end 2002, despite the payroll being trimmed by over 25,000, the number of staff employed outside Spain still accounted for 65% of the total.

[8] The North American branches of ABN Amro and HSBC rank tenth and thirteenth in the United States respectively in terms of total assets.

point increase in staff employed outside the companies' country of origin, which in 2002 stood at at more than 46% of the total.([9])

Number of non-domestic employees as % of total workforce

1996	2002
26.2	46.2

The figures cover companies which accounted for 57% of total workforce in the sample in 1996 and 89% in 2002.

Table I.5 shows revenues and labour costs per individual employee for European and US-based banks. The first point to note is that in aggregate terms US banks reflected a higher increase in productivity than their European counterparts: whereas income per member of staff increased by 40.1% at US banks in the four years from 1998 to 2002, 25.4% in local currency terms, the equivalent increase at European banks was a mere 16.6%, or 13.6% in local currency terms. The per capita cost of labour also rose higher at European banks during the period in question than it did at US banks.

In European countries, the highest revenues per employee in 2002 were recorded by Swiss banks, followed by German banks, but these two countries also show the highest labour costs. During the period under review, the most favourable changes in these ratios were recorded by Spanish banks, and of the other countries only UK and French banks show a ratio in excess of 1. German banks saw a major deterioration in these readings, as did banks based in the Benelux countries and Switzerland, in the latter case due to labour costs rising steeply, whereas in Germany and Benelux the decline was due to an inadequate increase in unit revenues. In Italy, the reduction in labour costs brought about by acquisitions in Central and Eastern Europe where staff are cheaper to employ was more than offset by the reduction in unit revenues.

[9] It is not possible to calculate the corresponding ratio for Japanese and US banks due to a lack of figures. The only figures available in the US are those for Citigroup, whose non-domestic staff in 2002 represented 46.6% of the total.

TABLE I.5 – MAJOR INTERNATIONAL BANKS: TOTAL INCOME AND LABOUR COST PER EMPLOYEE

	Total income per employee (1)			Labour cost per employee (1)				
	2002	% change over 1998		2002	% change over 1998			
	EUR '000	EUR (a)	*local currency* (a')	EUR '000	EUR (b)	*local currency* (b')	a/b	a'/b'
Switzerland	336.3	+ 19.7	*+ 8.5*	193.8	+ 45.8	*+ 32.1*	0.4	0.3
Germany	199.3	+ 3.4		91.8	+ 26.6		0.1	
Sweden and Denmark	196.2	+ 19.3	*+ 19.1*	68.3	+ 36.8	*+ 36.7*	0.5	0.5
United Kingdom	178.1	+ 38.6	*+ 28.6*	52.1	+ 31.3	*+ 21.8*	1.2	1.3
France	177.2	+ 15.4		69.7	+ 14.1		1.1	
Benelux	163.7	+ 5.4		65.7	+ 13.2		0.4	
Italy	147.1	- 11.3		55.0	- 7.2		n.c.	
Spain	129.6	+ 29.0		40.9	+ 9.6		3.0	
Europe	**180.6**	**+ 16.6**	***+ 13.6***	**70.7**	**+ 23.6**	***+ 20.5***	**0.7**	**0.7**
United States	**236.5**	**+ 40.1**	***+ 25.4***	**67.7**	**+ 29.9**	***+ 16.3***	**1.3**	**1.6**

(1) Calculated excluding insurance activities insofar as is possible based on available figures.

The investment banking arms of Swiss and German banks showed especially high per capita unit labour costs, despite some sizeable reductions in the past year. The high cost of these activities is primarily attributable to the acquisitions carried out in recent years (see Appendix 2). Credit Suisse First Boston, the investment banking arm of the Credit Suisse group, employed 47% of the group's banking employees in 2002, at a unit cost of EUR 292,000. More expensive still was the unit cost per employee at the UBS Warburg division of the UBS group, which totalled EUR 342,000 and where some 23% of the total group workforce was employed. The cost per employee for the two Swiss banks in 2002 falls to EUR 136,000 if these two units are excluded. In Germany, Deutsche Bank, Westdeutsche Landesbank (WestLB) and Dresdner Bank all had per capita unit labour costs that were above average in 2002, at

EUR 139,000, EUR 123,000 and EUR 94,000 respectively. At Deutsche Bank in particular, unit costs soared by 51% in 1999, the year in which Bankers Trust was acquired, while Dresdner Bank also recorded an 18% increase in 2001 following its acquisition of Wasserstein Perella. WestLB saw its per capita labour costs rise by 16% in 1999 and 18% in 2000, principally in conjunction with the building up of its London-based subsidiary WestLB Panmure's equity and investment banking activities.([10])

Operating results

Total income for the 74 banks covered in this survey rose from EUR 540.7bn in 1998 to EUR 736.8bn in 2002, an increase of 36.3%, made up of 29.6% attributable to the growth in group size described above and 6.7% to the appreciation of the dollar and yen vis-à-vis the Euro. However, such growth was not uniform across all three regions considered here: for instance, compared with an approximately 34% increase in Europe and the United States, income generated by Japanese banks rose by a mere 4%.

Net interest income as a percentage of total income fell by 2.6 points during the four years under review, declining from 55% to 52.4% after reaching a low of 48.8% in 2000 following the reduction in interest rates in the three regions considered here. This gradual reduction in interest income was offset by an increase in fee income, which rose by 2.4 percentage points over the period in question, with dealing profits remaining stable at around 9% of the total.

Current pre-tax profit as a percentage of total income stood at around 23.3% in 2002, up approximately one percentage point vis-à-vis the previous year but down 4.4 points compared with the high recorded in 2000, whereas the 1998 figure was negatively impacted by the hefty loan writeoffs made by Japanese banks. The cost/income

[10] Sold to the Lazard group in January 2004.

ratio shows a slight improvement of 0.6 percentage points over the four years, whereas bad debt writeoffs as a percentage of total income began to rise again in 2001 and 2002 after lower provisioning in the previous two years.

Net profit excluding the year 1998 for the reasons described above fell from EUR 132bn in 1999 to EUR 68bn in 2002, and from 20% of total income to 9.2%. This was due both to a decline in the item extraordinary income and charges, principally at Japanese banks, as we shall see shortly, and to the major increase in write downs to fixed assets, especially financial, over the past two years.

After the 5% recorded in 1998, aggregate ROE for the banks considered in this survey fell significantly from around 14% in 1999-2000 to 6.6% in 2002. Similarly, aggregate ROA fell from 0.6% in 1999-2000 to 0.3% in 2001-2002.

TABLE I.6 – 74 BANKS: PERFORMANCE INDICATORS 1998 – 2002

	1998	1999	2000	2001	2002	Change	
	as % of total income						
	a	*b*	*c*	*d*	*e*	*d-a*	*e-d*
Interest income	55.0	52.8	48.8	50.8	52.4	- 4.2	1.6
Commissions (net)	36.2	37.3	40.1	39.3	38.6	3.1	- 0.7
Cost/income ratio	61.3	60.1	60.6	60.8	60.7	- 0.5	- 0.1
Bad debts written off (net of recovered)	22.4	12.3	11.7	17.0	16.0	- 5.4	- 1.0
Current pre-tax profit	16.3	27.6	27.7	22.2	23.3	5.9	1.1
Net profit	7.6	20.0	19.3	10.6	9.2	3.0	- 1.4
ROE (1) (%)	5.0	14.3	13.9	7.4	6.6	2.4	- 0.8
ROA (2) (%)	0.2	0.6	0.6	0.3	0.3	0.1	-

(1) Return On Equity (net profit as % of shareholders' equity less net profit).

(2) Return On Assets (net profit as % of total assets).

Results by geographical area

Table I.7 gives some indicators of the banks' results broken down by geographical area. Comparison between indicators for the different areas should be treated with caution, given that there are considerable differences in accounting policies between the countries where the groups are based. One such aspect in particular involves insurance activities, which are carried out mainly by several European banking groups and are subject to different treatment in the respective consolidated accounts. A note on the different accounting policies adopted and the proportion of aggregate data accounted for by such activities is given in Appendix 3.

On the income side, the first point worth noting is the higher level of net interest income as a percentage of total income recorded by Japanese banks in comparison with European and US groups, and conversely the lower levels of fee income. Fee income represents a higher share of total revenues for US banks than it does for their European counterparts against an increasing trend in both areas. With regard to European banks, it should be pointed out that the first fall in total income since 1995 was recorded in 2002, with a 6.6% reduction compared with the previous year. Between 1995 and 2001 total income generated by European banks had virtually doubled, rising from € 209bn to € 403bn at almost constant growth rates.

Current pre-tax profit in 2002 stood at just under a third of total income for US banks, just over one-fifth for European banks and a mere 5% for Japanese banks. The performance by US-based groups was more or less stable vis-à-vis last year, and down around one percentage point from the figure recorded in 1998. In Europe, the 2002 result was the worst in the period under review in terms of profit as a percentage of total income, after falling 4.5 points from the previous year and a good 9.5 points down on the high recorded in 2000. Conversely, 2002 was the only year covered by this survey in which Japanese banks earned a profit in this respect.

The cost/income ratio is appreciably higher in Europe than in the other two regions considered here, with the gap in 2002 reaching almost 11 percentage points vis-à-vis the United States and 14 points with Japan. This indicator has worsened in Europe over the past two years, which was due in 2001 to growth in the cost of labour and general costs and expenses in absolute terms, and in 2002, as mentioned previously, to the decline in revenues, which outpaced the reduction in costs. Writeoffs of customer loans rose in Europe and the United States, while remaining at relatively high levels in Japan after writeoffs of just below total income were recorded in 1998 (for further detail see the following section).

Net profits earned by US banks in 2002 were equal to 21% of total income, almost 10 percentage points higher than those earned by their European counterparts, while Japanese banks recorded a loss that was equal to over one-third of their aggregate revenues. The difference in profitability between US and European banks grew during the period considered here, as is shown by the return which both delivered on equity. ROE at US banks rose from 16.7% to 17.9%, while at European groups it fell from 12.7% to 8%. The difference between the indicators in the two areas, which during the years under consideration here has always been to the advantage of US banks, accordingly grew from 4 points in 1998 to almost 10 points in 2002. Conversely, Japanese banks recorded losses in three out of the five financial years covered by this survey.

The difference between the current pre-tax profit and net results is largely due to one-off items and the annual tax rate, which for the European banks fell from 32% to 29.2% over the five years and for US banks from 34.5% to 32.1%.([11]) In terms of one-offs, goodwill amortization in Europe grew from EUR 3.4bn in 1998 to EUR 11.2bn in 2002, and from 1.2% of total income to 3%, in accordance with the increase in the corresponding asset item. This item, which in the United States represented 1.4% of total income in 2001, registered zero in 2002 following the adoption of new accounting policies.([12])

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[11] The figure for Japanese banks is not meaningful, given the high number of companies which incurred annual losses during the period under review.

[12] In particular “Statement of Financial Accounting No. 142, Goodwill and Other Intangible Assets” (SFAS 142), which provides that intangible assets having indefinite useful lives shall no longer be amortized but rather be tested annually for impairment and if necessary charged to earnings accordingly.

In both areas there has been an increase in writedowns to fixed assets in the past two years, especially in financial assets, as a result of the downturn in financial markets, while the other one-off items principally concern gains realized on disposal of fixed assets. Writedowns to financial assets in the past two years have reached high levels at Japanese banks too, accounting for up to 19% of total income in 2002. The balance of extraordinary income and charges from positive figures recorded in 1998-2000 turned negative in 2001-2002. This item includes major gains and losses on disposal of equity shares and fixed assets, and it was the overall surplus here that enabled the banks to close 1999 and 2000 at a profit.

TABLE I.7 – 74 BANKS: RESULT INDICATORS BY GEOGRAPHIC REGION

	1998			2002		
	Europe	Japan	United States	Europe	Japan	United States
	as % of total income			*as % of total income*		
Interest margin	51.9	66.3	55.1	49.8	59.8	53.6
Commissions (net)	34.7	21.9	38.7	37.5	22.3	41.6
Cost/income ratio	64.2	56.3	58.8	66.4	52.6	55.5
Bad debts written off (net of recovered)	11.2	98.0	7.5	12.9	42.3	11.8
Current pre-tax profit	24.6	- 54.3	33.7	20.7	5.1	32.7
Net profit	16.8	- 52.8	19.3	11.4	- 37.1	21.0
Tax rate (1) (%)	32.0	n.c.	34.5	29.2	n.c.	32.1
ROE (%)	12.7	n.c.	16.7	8.0	n.c.	17.9
ROA (%)	0.4	n.c.	1.0	0.3	n.c.	1.2

(1) Calculated on basis of pre-tax profit and excluding loss-making companies.

Bad debts written off

Table I.12 gives a breakdown of bad debts written off, net of loans recovered, in the past three years per individual institution and by geographical region, compared with total income, customer loans and net worth.

At European banks, the three indicators considered by the table have almost doubled over the three years, rising from 6.4% to 12.9% of total income, from 0.4% to 0.7% of customer loans, and from 3.9% to 7.5% of net worth. In the past twelve months, 11 banks have written off debts worth more than 20% of their income, among which some 10 out of the 12 German banks in the survey, with WestLB and Bayerische Landesbank showing the highest values, as well as Italian-based Banca Intesa. At four German banks the writeoffs have accounted for more than a quarter of their respective net worth. A comparison with US banks shows that the indicators for the latter were on average stable in 2001-2002 and higher readings for bad debts written off as a percentage of customer loans and net worth. Only two US banks wrote off debts in 2002 for more than 20% of total income, and none exceeded the figure of 20% of shareholders' funds.

The situation in Japan reveals more areas of concern, but also a higher degree of variation regarding the respective averages. Whereas writeoffs in relation to lendings show higher readings than at European banks but in line with their US counterparts, the other two indicators reflect unusually high average levels. These indicators see four of the country's main banking groups in top positions with the highest coefficients, namely Mizuho Financial Group, Sumitomo Mitsui Financial Group, UFJ Holdings and Resona Holdings, for all of which the readings were significantly above average.

Financial statements

Between 1998 and 2002 total assets held by the 74 banks included in the survey rose from EUR 19,368bn to EUR 25,625bn, an increase of 32%, which is slightly lower than the rise in total income recorded during the same period. This increase reflects *inter alia* growth by acquisitions, as described earlier. In this case too there are significant differences between the three regions: whereas European banks' assets rose by 41% and those of US banks grew by 26%, Japanese banks' assets actually fell by 2.6% during the four years in question.

From the figures summarized in Table I.8, on the asset side one may note a fall in relative terms in the item loans and advances to customers, in all three areas, and conversely, an increase in investment on fixed-income securities. These changes are particularly marked for Japanese banks. Factors contributing to the decrease in loans and advances to customers as a percentage of total assets, as well as the writeoffs charged to earnings as mentioned above, include increasing use of securitizations.

The equity portfolio of Japanese banks shows a significant reduction from 6.4% of assets in 1998 to 3% in 2002, with absolute values which have more than halved over the period concerned. European and US banks also saw a reduction in the size of their portfolios at year-end in 2001 and 2002 after reaching their highs during 2000, whereas the year-start and year-end values were virtually unchanged in relative terms. The reduction was brought about, in this case too, by the higher writeoffs charged to earnings during 2001 and 2002, and for Japanese banks above all the sizeable disposals effected during the period in order to shore up their balance sheets.

Funding from customers as a percentage of total assets in Japan rose by 2.5 percentage points from 1998 to 2002, entirely due to deposits, whereas other funding sources' share decreased. Similarly, client deposits at US banks returned to growth in the past two years, again in relative terms, after the fall recorded in the previous two years. In Europe, by way of contrast, if we look at the 1995-2002 period as well an outflow of funds from the banking system as a whole is evident which has entirely involved customer deposits. Interbank accounts have continued to be on the liability side during the period in all three areas under consideration, increasing their relative weight in the balance sheet total. The reason for the negative balance of this item is the fact that the deposits were made by the smaller banks.

Fixed assets increased their share in Europe and the United States, both in absolute terms and as a percentage of total assets. This growth is largely to be attributed to the item goodwill, which rose from EUR 14bn to EUR 110bn in Europe and from USD 52 to USD 97bn in the United States, and from 3% to 17% of net worth in Europe and from 18% to 24% in the United States. For Japanese banks, the amount of deferred tax assets should also be noted, included in the item other assets. At year-end 2002 these had come to reach 1.5% of total assets and 44.5% of shareholders' funds.

With regard to shareholders' funds, these have more or less followed asset growth in Europe, significantly reduced in Japan and higher in the United States. For US banks shareholders' funds as a percentage of balance sheet totals reflect a level that is more than double that recorded by European banks.([13])

TABLE I.8 – 74 BANKS: MAIN BALANCE SHEET ITEMS PER GEOGRAPHICAL AREA

	1998			2002		
	Europe	Japan	United States	Europe	Japan	United States
	as a % of total assets			*as a % of total assets*		
Loans and advances to customers	45.7	59.9	52.9	43.9	53.1	50.8
Fixed-income securities	19.2	14.2	21.1	20.3	26.0	21.9
Equities	2.1	6.4	1.0	2.2	3.0	1.2
Fixed assets (1)	2.4	1.3	3.0	2.9	1.2	3.9
Funding from customers (2)	59.3	73.4	63.8	58.5	75.9	64.6
Deposits by banks (3)	3.8	2.2	6.9	4.8	4.7	7.3
Shareholders' equity	3.7	4.1	7.3	3.6	2.7	8.0

(1) Interests in subsidiaries and associates plus net tangible and intangible assets plus goodwill.

(2) Customer deposits plus debt securities and certificates of deposit plus subordinated liabilities.

(3) Net of loans and advances to banks.

[13] The minimum capital adequacy ratio, i.e. net equity less certain intangible fixed assets including goodwill and risk assets weighted according to the degree of risk they present (the so-called core capital ratio) required under the Basle interbank agreements is 4%. The total capital ratio, which also includes specific subordinated liabilities, must stay at a minimum level of 8%.

In the last four years the volume of indirect funding or assets under management has on average stood at 99% of direct funding in Europe and 96% in the United States, while it has not been possible to process data for Japanese banks due to a lack of like-for-like historical series. Figures for a significant sub-group of the survey sample reflect a 9.4% reduction in Europe in 2002 and a 1% fall in the United States, following the modest growth recorded in both areas the previous year.

TABLE I.9 – ASSETS UNDER MANAGEMENT (*)

	1999	2000	2001	2002
Europe (EUR bn) (1)	6,217	7,664	7,843	7,102
Index number	*100.0*	*123.3*	*126.2*	*114.2*
United States (USD bn) (2)	2,472	2,701	2,802	2,775
Index number	*100.0*	*109.3*	*113.3*	*112.3*

(*) It has not been possible to compile comparable data for Japanese groups due to a lack of information.
(1) Figures on a like-for-like basis for 30 groups representing 83% of total assets as at year-end 2002.
(2) Figures on a like-for-like basis for 17 groups representing 97% of total assets as at year-end 2002 .

In terms of asset quality, the non-performing loans ratio, i.e. doubtful loans as a percentage of total customer loans, recorded an increase in all three areas under review in the past two years, with the largest rise at Japanese banks. A similar trend was evinced in terms of doubtful loans as a percentage of net worth, but with year-end values diverging widely between the different areas. In 2002, doubtful loans represented over 72% of net worth at Japanese banks, 12.4% at European banks, and just 1.2% at US banks. These ratios for European banks had fallen considerably in the period between 1995 and 2000, the first reducing from 2.3% to 1% and doubtful loans as a percentage of net worth falling from 24.7% to 10.3%.([14]) In Japan, meanwhile, both

[14] Although the figures given here are meaningful and indicative of trends during the period, they are not representative to the same degree: in 2000-2002 they refer to

ratios grew significantly between 1998 and 2001.([15]) In comparing the ratios between the different areas, the different coverage rate for doubtful loans by provisions should be borne in mind. On average over the past three years, this ratio, which is obtained by taking into account the general risk provision to cover loans still deemed to be "performing", is over 100% in the United States despite having fallen significantly in the past two years, around 70% in Europe where the trend is also downwards, and below 40% in Japan. It should also be remembered that variations in these readings are influenced by loan securitizations, which have become more and more frequent in recent years; this has made such indicators less meaningful. A breakdown of these ratios for each individual company covered by the survey is given in Table I.13. In comparing these ratios the differences in policies for accounting for bad debt writeoffs in the countries concerned should also be borne in mind. This is measured by the ratio between writeoffs taken to earnings and the amount of doubtful loans accounted for on the balance sheet. On average over the past three years, this ratio has been around 32% for Japanese banks and 56% for European banks, whereas in the United States, as has previously been mentioned, the amount of adjustment provisioning is in aggregate terms always higher than the amount of bad debt.

Another aspect to be borne in mind is the valuation of securities portfolios, a portion of which is generally considered as for non-trading or investment purposes, inasmuch as such securities are likely to be held until maturity or at least for the very long term on the basis of decisions taken independently by a bank's Board of Directors. An investment portfolio is generally stated at cost([16]), unlike trading

groups representing over 85% of the aggregate total of customer lendings, whereas the 1995 figure refers to groups accounting for just 40% of the whole.

[15] Based on indicators available for four of the leading groups in the country accounting for approx. 65% of the aggregate total of bad debt, the main exposures involve the real estate sector (27% of the total), wholesale and retail (16%), services (14.7%), building and construction (10.8%) and manufacturing industry (9.5%)

[16] The most frequently used principle is that of amortized cost, on the basis of which the difference between acquisition price of a security and its redemption value is credited or charged to earnings on the basis of its life outstanding.

securities which are valued at market price as at the period-end. Adopting such principles involves over-valuation of the corresponding item under balance sheet assets and lower securities writedowns charged to earnings when stock market prices are falling. This aspect is particularly important for European banks. In 2002, investment securities as a percentage of the portfolio total for European banks stood at over 30%, of which around 29% was stated at cost. These values are considerably higher than those recorded in the other two areas, as Table I.10 shows. For Japanese banks, a portion of non-investment securities is also stated at cost, which brings total securities valued according to this method to around 8% of the whole.([17])

TABLE I.10 – 74 BANKS: BREAKDOWN OF SECURITIES PORTFOLIO IN 2002

	Europe (1)		Japan		United States	
	EUR bn	%	JPY bn	%	USD bn	%
Investment securities	965	30.2	7,674	4.7	11	1.0
of which: stated at cost	*922*	*28.9*	*7,674*	*4.7*	*11*	*1.0*
Non-investment securities	2,227	69.8	153,901	92.3	1,078	99.0
of which: stated at cost	*2*	*o*	*5,112*	*3.2*	-	-
Total fixed-interest securities	**3,192**	**100.0**	**161,575**	**100.0**	**1,089**	**100.0**
of which: stated at cost	*924*	*28.9*	*12,786*	*7.9*	*11*	*1.0*

(1) Excluding Crédit Mutuel, for which no such breakdown was available.

The total capital ratio, measured as the ratio between capital available and risk-weighted assets, shows values for the past three years that are on average around 11% in Europe and Japan and over 12% in the United States, with the trend increasing in Europe and the United States and falling in Japan, where there are also three banks whose ratio is below the minimum required under Basle Agreement guidelines. The capital adequacy ratios for the individual banks are given in Table I.15. In Europe, the highest readings for this ratio at year-end 2002 were

[17] Japanese banks in general also state unlisted securities available for sale at cost.

recorded by two Swiss banks, namely Crédit Suisse and UBS, and by Belgian-based KBC. In Japan and the United States the highest readings are by smaller-sized banks, whereas the larger banks tend to have values around or below the average.

From 1996 until year-end 2002 rights issues worth a total of EUR 137bn were implemented in Europe. This amount does not include new shares issued in connection with acquisitions, where issues due to the mega-mergers described above totalled EUR 120bn, slightly less than half the overall total. During the same period a total of EUR 161bn was paid out by way of dividends, while net share buybacks worth EUR 26bn were made. As Table I.11 shows, dividends paid during the period amounted to 1.4x cash rights issues implemented net of outlays incurred in connection with share buybacks, which led to net outflows of around EUR 50bn. During the same time span net profit for the year reached a total of € 376bn. Retained profits therefore represented the main tool via which European banks maintained their shareholders' equity at a rate which was consistent with the growth of their assets.

For US banks, net share buybacks outstripped rights issues in all the years considered here, leading to net outflows of approx. USD 46bn which, along with the dividends paid out over the period, means that a total amount of over USD 148bn dollars was returned to investors, equal to 56% of shareholders' funds at the start of the period in question. Over the time-span considered here net profit for the year totalled on average USD 256bn, thus again representing the principal source of growth in shareholders' funds. The situation in Japan, meanwhile, was the complete opposite, with Japanese banks having tapped the market for around JPY 10,000bn against a dividend payout of JPY 1,500bn, with the dividends representing less than one-sixth of the sums requested.

In terms of dividend payout policy, the payout ratio, i.e. dividends to be paid as a percentage of net profit, has risen consistently in Europe in the past two years, reaching 76% in 2002. This is as a consequence of the reduction in profits for the year, while the amount of dividends paid out has changed little over the three years. Between 1995 and 2000 the index reduced by almost 9 percentage points from 46% to 37%. Dividends to be paid by European banks totalled 8.7% of total income in 2002, virtually identical to that in the previous year and slightly above the 1998-2002 five-year average for US banks. US banks' payout ratio was more or less stable during the period, varying from a minimum of 35% to a high of 46%. For Japanese banks, the dividend to be paid in 2002 stood at 1.7% of total income against a loss for the year in aggregate terms.

TABLE I.11 – 74 BANKS: RIGHTS ISSUES, SHARE BUYBACKS AND DIVIDENDS

	Rights issues (1)	Share buy-backs (2)	Dividends paid	Balance	
			Europe		
	EUR bn	EUR bn	EUR bn	EUR bn	
	a	*b*	*c*	*d = b+c-a*	*c / (a-b)*
1996	6.7	3.4	14.0	10.7	4.2
1997	14.3	1.3	14.0	1.0	1.1
1998	15.8	3.4	17.5	5.1	1.4
1999	18.9	6.2	21.8	9.1	1.7
2000	45.4	3.4	26.9	- 15.1	0.6
2001	26.2	0.9	33.6	8.3	1.3
2002	9.7	7.3	33.1	30.7	13.8
Total	**137.0**	**25.9**	**160.9**	**49.8**	**1.4**
			Japan		
	JPY bn	JPY bn	JPY bn	JPY bn	
	a	*b*	*c*	*d = b+c-a*	*c / (a-b)*
1998	7,276	67	338	- 6,871	o
1999	540	- 27	348	- 219	0.6
2000	156	- 6	374	212	2.3
2001	72	- 80	183	31	1.2
2002	1,936	- 137	262	- 1,811	0.1
Total	**9,980**	**- 183**	**1,505**	**- 8,658**	**0.1**
			United States (3)		
	USD bn	USD bn	USD bn	USD bn	
	a	*b*	*c*	*d = b+c-a*	*c / (a-b)*
1998	9.1	13.7	16.5	21.1	n.c.
1999	7.4	25.3	19.9	37.8	n.c.
2000	7.5	10.7	20.9	24.1	n.c.
2001	6.2	16.4	21.6	31.8	n.c.
2002	6.0	16.2	23.3	33.5	n.c.
Total	**36.2**	**82.3**	**102.2**	**148.3**	**n.c.**

(1) Excluding share exchanges made as part of the acquisitions listed under Table III.2.
(2) Net of treasury stock sold.
(3) Share buybacks exceeded rights issues in all years covered here.

2003: half year results

Tables I.16 - I.19 show aggregate earnings figures and balance sheet data for the first six months of 2003. The information relates to the 58 groups which provide interim disclosure. In terms of total assets, these represent 87% of the European banks, 77% of the Japanese banks, and all of the US banks covered in this survey. The period under review is from 1 January to 30 June, apart from the Japanese banks, for whom the data refers to 1 April – 30 September.

Aggregate net profit stood at EUR 56.1bn, down 1.5 percentage points compared with 1H 2002. The result was negatively impacted by a EUR 12.9bn loss for the six months recorded by Japanese group Resona Holdings ([18]), net of which profit in fact rose by over 21% from EUR 56.9bn in the first six months of 2002 to EUR 69bn in the first six months of 2003. Similarly, current pre-tax profit improved by 12.8% compared with the same period one year previously, reaching a total of EUR 107.4bn.

		Current pre-tax profit			Net profit		
		1H 2002	1H 2003	Change	1H 2002	1H 2003	Change
		EUR bn		%	*EUR bn*		%
58 banks	(a)	95.4	98.5	3.3	57.0	56.1	- 1.5
Resona Holdings	(b)	0.2	- 8.9	n.c.	0.1	- 12.9	n.c.
Total	**(a – b)**	**95.2**	**107.4**	**12.8**	**56.9**	**69.0**	**21.3**

This improvement in current profit was helped in aggregate terms by a reduction in the cost/income ratio, whereas the rise in bad debts written off is to be attributed to Resona Holdings in the measure of 2.8 percentage points in relation to total income. With regard to the first indicator, against a reduction of almost 3 percentage points recorded by European banks, 1.5 points of which related to the cost of labour and 1.1 to general expenses, a smaller reduction of 1.4 points was recorded by Japanese banks and an increase of 1.2 points by US groups, the

[18] The loss derives principally from EUR 9.7bn in bad debts written off and EUR 1.4bn in extraordinary items. In July 2003 the group was recapitalized with public funds to the tune of JPY 1,960bn (EUR 14.3bn), which enabled it to clean up its minimum capital adequacy requirements (see Table I.18).

latter being chiefly due to the cost of labour.([19]) Bad debts written off, excluding the losses booked by Resona Holdings which accounted for around 29% of total income generated by Japanese banks, fell in all three areas when compared with the first six months of 2002: they fell by 0.7 points as a percentage of income in Europe, by 2.5 points in the United States and by 6.5 points in Japan, where some of the provisioning that took place in previous years was recovered. Changes recorded by European banks were not, however, uniform across the board. The largest reductions were by Italian banks, which cut bad loans writeoffs by 4.6 percentage points, followed by Germany and Switzerland, both of which saw reductions of around 2 points, while there was an increase of 1.1 points at French banks, and very little change in the indicator for UK and Benelux banks. Given that, based on historical experience bad debts written off during the first six months tend to be lower than those for the year as a whole, we can estimate that in 2003 as well the final value of this indicator will for European banks be higher than the average in the past eight years of 9.8%, whereas for US banks it will presumably be in line with the average of the past five years of 9.1%.

Growth in total income, which in aggregate terms stood at 1.7%, is essentially attributable to US banks which saw a variation of almost 6% compared with the first six months of 2002, while the changes for European and Japanese banks were less than one percentage point during the period. In more detail, the increase in revenues is due to the item other operating revenues, which rose in all three areas, principally as a result of improved conditions on financial markets. In Europe, however, the rise in this item was not sufficient to offset the fall in net commissions and the reduction in net interest income. Conversely, fee income generated by Japanese banks rose, despite the fact that this item continues to account for a lower percentage of total income than in the other two areas, as pointed out in the review of the annual accounts,

[19] Based on partial data for 25 groups, the number of staff employed in Europe was down by around 2% between year-end 2002 and 30 June 2003, whereas the cost of labour remained more or less stable during the period. The increase in the labour cost per employee for US banks (which here again is based on selective data for 12 groups) is due to the 1.5% growth in the number of staff employed during the six months despite the fact that the per capita cost of labour fell by 1.7%.

while net interest income continued to fall. Net interest income generated by US banks bucked this trend, recording the highest increase of all in other operating income.

Current pre-tax profit came out at 35.4% of total income for US banks, up 1.3 points compared with the first six months of 2002, at 28.8% for European banks, a rise of 3.6 points, and of 3.7% for Japanese banks, a decline of 21 points. Excluding the results of the Resona group, the indicator for Japanese banks comes out midway between those recorded for the other two areas at 33%.

With regard to the balance sheet as at 30 June 2003, there are increases in aggregate terms of around 3% in both funding from and loans to non-banking clients, whereas interbank accounts reflect higher than average increases, with a rise in net funding, and the liquidity represented by fixed income securities. Shareholders' funds rose by over 5% in absolute terms, while their share as a percentage of total assets remains unchanged. With reference to the different geographical areas, the United States and Europe are the most dynamic regions, with growth of 8% and 7% respectively on total assets compared with the previous financial year, after expansion due both to organic growth and acquisitions, whereas Japanese banks' assets fell.([20]) For European banks, the increase in net interbank funding was matched by a rise in liquidity, while the rate at which loans to customers grew did not match the growth rate of total assets. In the United States there was an increase in loans and advances to banks and a subsequent fall in net interbank funding, while in this case too the increase in customer loans could not keep up with that in total assets. Japanese banks continued their policy of selling doubtful customer loans which helped increase liquidity, against a backdrop of funds increasingly being taken out of the banking system. Shareholders' funds rose in absolute terms in all the three areas under review, but fell as a percentage of total assets in both Europe and the United States. The improvement in this indicator recorded by Japanese banks was principally due to the EUR 14.3bn capital injection at the Resona Holdings group.

[20] The main acquisition to have taken place during the period was that of US-based consumer credit arm Household International Inc. (USA) by HSBC Holdings for USD 14.8bn, USD 1.1bn of which in cash.

TABLE I.12 – BAD DEBTS WRITTEN OFF

EUROPE

BANKS	COUNTRY	BAD DEBTS WRITTEN OFF (1)								
		2000	2001	2002	2000	2001	2002	2000	2001	2002
		as % of total income			as % of loans to customers			as % of net worth		
WESTDEUTSCHE LANDESBANK	DE	-10.8	-19.3	-74.8	-0.3	-0.5	-2.2	-4.8	-9.2	-37.8
BAYERISCHE LANDESBANK	DE	-23.6	-43.1	-67.3	-0.4	-0.9	-1.6	-6.7	-13.6	-22.8
DZ BANK	DE	-28.7	-22.6	-57.7	-0.9	-0.7	-2.2	-17.5	-13.2	-34.4
BAYERISCHE HYPO- UND VEREINSBANK	DE	-15.8	-19.2	-37.5	-0.4	-0.5	-1.0	-8.1	-7.4	-25.2
LANDESBANK BADEN-WUERTTEMBERG	DE	-11.4	-18.2	-36.9	-0.3	-0.4	-1.0	-4.0	-4.7	-11.2
KREDITANSTALT FUER WIEDERAUFBAU	DE	-7.5	-20.4	-35.0	-0.1	-0.3	-0.7	-1.4	-3.9	-7.5
BANKGESELLSCHAFT BERLIN	DE	-71.8	-38.4	-30.7	-1.5	-0.7	-0.7	-60.1	-16.6	-16.1
DRESDNER BANK	DE	-16.2	-20.0	-30.6	-0.7	-0.8	-1.4	-12.1	-8.7	-18.3
NORDDEUTSCHE LANDESBANK	DE	-1.0	-10.3	-29.7	0.0	-0.2	-0.6	-0.3	-3.3	-8.6
BANCA INTESA	IT	-11.5	-24.8	-24.1	-0.7	-1.4	-1.4	-8.7	-17.7	-17.4
COMMERZBANK	DE	-9.5	-13.2	-22.4	-0.3	-0.4	-0.8	-5.0	-7.1	-13.1
CREDIT SUISSE GROUP	CH	-3.9	-7.7	-19.9	-0.5	-0.9	-1.6	-3.5	-7.7	-15.2
BANCO BILBAO VIZCAYA ARGENTARIA	ES	-8.4	-14.3	-14.5	-0.7	-1.3	-1.2	-4.7	-9.1	-9.0
DEXIA	BE	-2.8	-4.6	-13.8	-0.1	-0.2	-0.5	-1.2	-2.4	-6.3
BARCLAYS	GB	-8.2	-10.2	-13.2	-0.5	-0.6	-0.7	-6.1	-7.5	-9.2
ABBEY NATIONAL	GB	-6.8	-6.3	-13.1	-0.3	-0.3	-0.5	-3.5	-3.0	-7.2
LLOYDS TSB GROUP	GB	-5.8	-8.8	-12.0	-0.4	-0.6	-0.8	-4.2	-5.7	-10.3
BANCO SANTANDER CENTRAL HISPANO	ES	-7.7	-10.0	-11.7	-0.6	-0.9	-1.0	-3.8	-5.6	-6.6
HBOS (2)	GB	-	-9.3	-11.6	-	-0.3	-0.4	-	-4.2	-5.0
EUROHYPO (3)	DE	-	-	-9.9	-	-	-0.1	-	-	-2.3
UNICREDITO ITALIANO	IT	-9.0	-8.0	-9.7	-0.7	-0.7	-0.9	-7.4	-6.4	-7.3
DEUTSCHE BANK	DE	-1.7	-3.9	-9.7	-0.1	-0.4	-1.2	-1.6	-2.5	-6.9
SOCIÉTÉ GÉNÉRALE	FR	-5.4	-7.8	-9.4	-0.4	-0.5	-0.7	-4.8	-6.0	-7.6
ING GROEP	NL	-2.8	-5.1	-9.3	-0.2	-0.3	-0.5	-1.4	-2.9	-6.4
ABN AMRO HOLDING	NL	-3.3	-7.6	-9.3	-0.2	-0.4	-0.5	-3.2	-8.0	-10.7
BNP PARIBAS	FR	-6.9	-7.4	-8.7	-0.5	-0.6	-0.7	-4.5	-4.6	-4.6
THE ROYAL BANK OF SCOTLAND GROUP	GB	-5.2	-7.2	-8.4	-0.4	-0.5	-0.6	-2.5	-3.5	-4.3
CREDIT LYONNAIS	FR	-5.6	-9.1	-8.0	-0.4	-0.7	-0.6	-4.1	-6.5	-5.2
SANPAOLO IMI	IT	-4.0	-6.0	-7.8	-0.2	-0.4	-0.4	-2.9	-4.0	-5.2
CREDIT MUTUEL (4)	FR	-6.3	-6.7	-7.6	-0.4	-0.4	-0.4	-4.4	-4.4	-4.2
KBC	BE	-4.8	-6.0	-7.6	-0.3	-0.4	-0.5	-2.5	-3.1	-4.4
FORTIS	BE/NL	-4.8	-4.7	-7.0	-0.3	-0.3	-0.4	-2.5	-2.6	-3.9
RABOBANK NEDERLAND	NL	-4.9	-6.1	-6.3	-0.2	-0.2	-0.2	-2.0	-2.4	-2.3
DANSKE BANK	DK	-3.9	-6.0	-5.1	-0.1	-0.2	-0.1	-2.0	-2.9	-2.3
HSBC HOLDINGS	GB	-3.8	-7.8	-4.9	-0.3	-0.7	-0.4	-1.7	-3.7	-2.1
NORDEA	SE	-1.3	-6.3	-4.3	-0.1	-0.3	-0.2	-0.6	-3.1	-2.1
CREDIT AGRICOLE	FR	-6.8	-7.8	-3.6	-0.4	-0.3	-0.1	-3.7	-3.2	-1.2
UBS	CH	0.4	-1.3	-0.6	0.0	-0.2	-0.1	0.3	-1.0	-0.5
BANK OF SCOTLAND (5)	GB	-14.5	-	-	-0.6	-	-	-8.0	-	-
HALIFAX GROUP (5)	GB	-2.7	-	-	-0.1	-	-	-1.1	-	-
Average		**-6.4**	**-9.1**	**-12.9**	**-0.4**	**-0.5**	**-0.7**	**-3.9**	**-5.2**	**-7.5**

(1) Net of bad debts recovered.
(2) Company set up in 2001 after the merger between Bank of Scotland and Halifax Group.
(3) Operative since 2002.
(4) Figures include Crédit Industriel et Commercial-CIC.
(5) Merged to form HBOS in 2001.

TABLE I.12 - BAD DEBTS WRITTEN OFF

JAPAN

BANKS	BAD DEBTS WRITTEN OFF (1)								
	2000	2001	2002	2000	2001	2002	2000	2001	2002
	as % of total income			as % of loans to customers			as % of net worth		
MIZUHO FINANCIAL GROUP	-30.0	-88.6	-74.6	-0.7	-2.6	-2.5	-9.3	-38.3	-42.7
RESONA HOLDINGS	-36.4	-97.9	-51.8	-1.3	-3.0	-1.6	-15.2	-63.0	-76.3
SHOKO CHUKIN BANK	-56.8	-49.9	-48.3	-0.9	-0.9	-0.9	-15.0	-13.8	-13.2
SUMITOMO MITSUI FINANCIAL GROUP (2)	-	-76.7	-46.5	-	-2.6	-1.7	-	-40.9	-29.7
UFJ HOLDINGS (2)	-	-88.3	-37.4	-	-3.2	-1.4	-	-44.0	-22.0
CHIBA BANK	-26.5	-52.8	-26.5	-0.8	-1.4	-0.8	-10.7	-23.1	-12.5
MITSUBISHI TOKYO FINANCIAL GROUP (2)	-	-42.2	-23.8	-	-1.2	-1.0	-	-21.2	-15.8
BANK OF YOKOHAMA	-28.0	-24.5	-23.6	-0.7	-0.7	-0.6	-11.9	-11.1	-10.4
NORINCHUKIN BANK	0.2	-33.2	-21.4	0.0	-0.5	-0.4	0.0	-6.0	-3.8
MITSUI TRUST HOLDINGS	-33.3	-36.5	-21.3	-1.4	-1.5	-1.0	-13.4	-19.7	-20.0
BANK OF FUKUOKA	-138.3	-6.6	-18.8	-3.9	-0.2	-0.5	-59.7	-2.8	-7.7
SUMITOMO TRUST & BANKING	-46.1	-33.2	-18.5	-1.5	-1.0	-0.6	-13.7	-11.9	-7.0
JOYO BANK	-16.4	-73.2	-13.7	-0.4	-2.2	-0.4	-4.6	-25.3	-4.7
SHIZUOKA BANK	-18.0	-24.1	-6.1	-0.5	-0.6	-0.2	-3.9	-5.7	-1.5
SHINKIN CENTRAL BANK	-1.3	0.0	0.0	0.0	0.0	0.0	-0.2	0.0	0.0
SHINSEI BANK	-4.2	-0.8	10.5	-0.1	0.0	0.3	-0.7	-0.1	1.7
SANWA BANK (3)	-72.7	-	-	-1.9	-	-	-27.1	-	-
TOKAI BANK (3)	-69.4	-	-	-1.7	-	-	-20.1	-	-
ASAHI BANK (4)	-64.9	-	-	-1.5	-	-	-22.1	-	-
SUMITOMO BANK (5)	-59.5	-	-	-1.8	-	-	-24.1	-	-
TOYO TRUST AND BANKING (3)	-50.9	-	-	-2.1	-	-	-13.5	-	-
BANK OF TOKYO-MITSUBISHI (6)	-50.5	-	-	-1.7	-	-	-27.6	-	-
MITSUBISHI TRUST AND BANKING (6)	-46.9	-	-	-1.4	-	-	-14.9	-	-
SAKURA BANK (5)	-30.5	-	-	-0.8	-	-	-10.7	-	-
KINKI OSAKA BANK (4)	-6.5	-	-	-0.2	-	-	-6.1	-	-
Average	**-44.3**	**-69.7**	**-42.3**	**-1.2**	**-2.0**	**-1.4**	**-14.5**	**-30.1**	**-22.3**

(1) Net of bad debts recovered.

(2) Operative since 2001.

(3) Merged into UFJ Holdings group in 2001.

(4) Merged into Resona Holdings group in 2001.

(5) Merged into Sumitomo Mitsui Financial Group in 2001.

(6) Merged into Mitsubishi Tokyo Financial Group in 2001.

TABLE I.12 - BAD DEBTS WRITTEN OFF

UNITED STATES

BANKS	BAD DEBTS WRITTEN OFF (1)								
	2000	2001	2002	2000	2001	2002	2000	2001	2002
	as % of total income			as % of loans to customers			as % of net worth		
FLEETBOSTON FINANCIAL	-7.8	-18.6	-23.4	-1.0	-1.9	-2.4	-6.7	-13.2	-16.5
COMERICA	-6.0	-8.1	-21.0	-0.4	-0.6	-1.5	-3.6	-4.9	-12.8
MBNA	-8.7	-13.7	-15.2	-2.8	-4.8	-4.9	-8.3	-14.6	-14.7
CITIGROUP	-8.7	-10.6	-14.9	-1.5	-1.8	-2.3	-8.0	-8.3	-11.4
BANK ONE	-24.4	-15.8	-14.8	-2.0	-1.6	-1.7	-18.2	-12.4	-11.1
J.P. MORGAN CHASE & CO.	-4.3	-10.6	-14.4	-0.6	-1.5	-2.1	-3.2	-7.6	-10.2
THE BANK OF NEW YORK	-2.2	-7.5	-14.3	-0.3	-1.1	-2.2	-1.7	-5.9	-10.2
KEYCORP	-10.7	-29.7	-12.2	-0.7	-2.2	-0.9	-7.4	-21.9	-8.1
U.S. BANCORP	-7.6	-21.7	-10.7	-0.7	-2.2	-1.1	-5.5	-15.4	-7.5
BANK OF AMERICA	-7.7	-12.2	-10.5	-0.7	-1.3	-1.1	-5.3	-8.8	-7.3
NATIONAL CITY	-5.3	-9.6	-9.8	-0.4	-0.7	-0.7	-4.2	-8.2	-8.2
SUNTRUST BANKS	-2.8	-5.1	-8.4	-0.2	-0.4	-0.6	-1.6	-3.3	-5.4
WACHOVIA (formerly First Union)	-13.6	-14.0	-8.3	-1.3	-1.2	-0.9	-11.3	-6.8	-4.6
WELLS FARGO & CO	-6.8	-8.4	-6.5	-0.8	-0.9	-0.7	-5.0	-6.5	-5.7
THE PNC FINANCIAL SERVICES GROUP	-2.6	-22.9	-5.9	-0.3	-2.8	-0.9	-2.0	-19.4	-4.3
BB & T	-4.6	-5.9	-5.9	-0.3	-0.5	-0.5	-2.6	-3.6	-3.6
SOUTHTRUST	-5.0	-5.6	-5.4	-0.3	-0.4	-0.4	-2.8	-3.0	-2.7
FIFTH THIRD BANCORP	-3.7	-5.4	-4.9	-0.3	-0.5	-0.5	-2.1	-2.9	-2.8
WASHINGTON MUTUAL	-2.9	-5.1	-4.4	-0.2	-0.4	-0.3	-1.8	-4.1	-3.0
GOLDEN WEST FINANCIAL	-0.7	-1.2	-1.0	0.0	-0.1	0.0	-0.3	-0.5	-0.4
GOLDEN STATE BANCORP (2)	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
WACHOVIA (3)	-13.4	-	-	-1.1	-	-	-9.4	-	-
Average	**-8.1**	**-11.8**	**-11.8**	**-0.9**	**-1.3**	**-1.3**	**-6.2**	**-8.7**	**-8.5**

(1) Net of bad debts recovered.
(2) Acquired by Citigroup in 2002.
(3) Merged into First Union in 2001, with the resulting combined entity retaining the name Wachovia.

TABLE I.13 – DOUBTFUL LOANS

EUROPE

BANKS (3)	COUNTRY	DOUBTFUL LOANS (1)						COVERAGE RATIO (2)		
		2000	2001	2002	2000	2001	2002	2000	2001	2002
		as % of loans to customers			as % of net worth			%		
BANCO BILBAO VIZCAYA ARGENTARIA (4)	ES	-	-	-	-	-	-	189.5	221.6	146.8
BANCO SANTANDER CENTRAL HISPANO (4)	ES	-	-	-	-	-	-	114.5	135.8	133.5
LLOYDS TSB GROUP (4)	GB	-	-	-	-	-	-	121.5	127.3	130.1
ING GROEP	NL	…	0.6	0.1	…	5.5	1.3	…	75.8	94.2
BAYERISCHE HYPO- UND VEREINSBANK (4)	DE	-	o	0.2	-	0.3	6.5	103.7	99.4	93.3
THE ROYAL BANK OF SCOTLAND GROUP	GB	0.4	0.4	0.4	2.7	3.0	3.2	82.2	81.1	80.5
KBC	BE	0.3	0.8	0.4	2.8	6.6	4.1	84.7	73.4	84.5
DANSKE BANK	DK	0.4	0.4	0.4	6.3	5.8	6.5	80.7	80.2	76.2
DEXIA	BE	0.4	0.7	0.5	5.6	10.1	6.9	47.4	50.1	59.3
ABN AMRO HOLDING	NL	0.3	0.4	0.7	4.7	7.8	13.2	82.4	76.3	65.9
HSBC HOLDINGS	GB	1.1	0.8	0.8	5.9	4.3	4.7	71.2	77.2	75.8
NORDEA	SE	0.6	0.6	0.8	7.4	7.2	9.3	73.2	72.5	66.0
BARCLAYS	GB	0.6	0.6	0.8	7.4	7.5	9.5	69.7	70.2	66.2
HBOS (5)	GB	-	1.1	0.9	-	15.0	12.3	-	44.8	49.8
COMMERZBANK	DE	0.4	0.5	0.9	6.5	9.6	14.6	85.8	81.8	78.5
RABOBANK NEDERLAND	NL	1.1	1.0	1.0	12.2	10.7	11.1	42.8	44.6	43.1
BNP PARIBAS	FR	1.1	1.1	1.3	9.8	8.8	9.4	80.1	80.6	77.5
ABBEY NATIONAL	GB	1.6	1.3	1.4	18.1	13.3	18.8	26.9	29.7	35.9
CREDIT AGRICOLE	FR	1.7	1.7	1.5	14.7	13.7	11.8	68.5	66.8	67.9
SANPAOLO IMI	IT	1.5	1.2	1.5	18.9	13.0	17.0	70.6	73.7	71.4
UBS	CH	2.6	2.2	1.6	16.7	14.1	12.0	56.9	54.1	50.7
SOCIÉTÉ GÉNÉRALE	FR	0.8	1.2	1.6	9.4	13.2	17.6	80.2	74.5	69.6
CREDIT SUISSE GROUP	CH	1.9	1.7	1.7	13.6	13.6	16.0	68.8	66.8	62.3
CREDIT MUTUEL (6)	FR	1.8	1.9	1.8	19.0	21.5	18.3		58.8	60.4
CREDIT LYONNAIS	FR	2.6	2.1	2.0	25.7	20.3	18.2	62.1	67.6	65.4
KREDITANSTALT FUER WIEDERAUFBAU	DE	…	2.6	2.0	…	32.6	21.1	…	35.1	51.4
DRESDNER BANK	DE	0.8	1.3	2.4	14.3	14.9	30.7	77.5	69.3	62.9
FORTIS	BE/NL	2.1	2.2	2.6	16.5	20.2	28.1	54.1	51.0	41.1
UNICREDITO ITALIANO	IT	2.5	2.4	2.8	25.7	23.1	23.9	58.8	57.9	60.0
DEUTSCHE BANK	DE	0.4	2.7	3.7	5.2	17.6	21.4	82.2	44.1	40.0
BANCA INTESA	IT	5.5	5.1	5.6	68.6	62.9	69.1	46.7	52.5	55.1
BANK OF SCOTLAND (7)	GB	0.4	-	-	5.4	-	-	79.9	-	-
HALIFAX GROUP (7)	GB	1.1	-	-	14.2	-	-	33.9	-	-
Average (8)		**1.0**	**1.1**	**1.2**	**10.3**	**11.0**	**12.4**	**72.3**	**69.8**	**68.4**

(1) Net of provision. The average has been calculated assuming that there are no cases in which provision exceeds gross doubtful loans.

(2) Ratio of provisions to gross doubtful loans

(3) No three-year figures are available for companies listed in Table III.1 not appearing here.

(4) In cases where there are no figures, provisions exceed doubtful loans..

(5) Company set up in 2001 after the merger between Bank of Scotland and Halifax Group.

(6) Figures include Crédit Industriel et Commercial-CIC.

(7) Merged to form HBOS in 2001.

(8) For 30 groups in 2000 and 31 in 2001 and 2002.

TABLE I.13 – DOUBTFUL LOANS

BANKS	DOUBTFUL LOANS (1)						COVERAGE RATIO (2)		
	2000	2001	2002	2000	2001	2002	2000	2001	2002
	as % of loans to customers			as % of net worth			%		
SHINKIN CENTRAL BANK	0.4	0.3	0.2	2.7	3.0	2.0	60.9	56.9	65.3
SHINSEI BANK	11.6	15.2	0.4	111.6	108.0	1.9	46.4	35.5	94.4
NORINCHUKIN BANK	2.0	1.9	1.7	20.2	24.2	18.0	41.5	44.7	53.3
SUMITOMO TRUST & BANKING	2.7	3.9	2.2	25.5	45.1	27.8	46.4	39.6	41.1
MITSUBISHI TOKYO FINANCIAL GROUP (3)	-	5.0	3.0	-	85.6	48.2	-	41.7	49.4
BANK OF FUKUOKA	5.7	4.6	3.2	87.3	71.7	50.8	51.5	52.0	52.9
MIZUHO FINANCIAL GROUP	3.2	4.3	3.8	41.8	61.9	65.6	35.7	35.7	46.4
SHIZUOKA BANK	2.8	3.0	3.9	23.2	25.9	35.1	41.3	43.8	35.6
BANK OF YOKOHAMA	5.7	5.1	3.9	92.2	81.8	65.4	21.2	22.6	23.1
SHOKO CHUKIN BANK	3.7	4.0	4.2	63.9	64.1	63.9	54.4	54.7	54.3
JOYO BANK	5.5	5.6	4.6	56.8	63.7	52.9	23.8	28.7	27.0
CHIBA BANK	4.7	5.9	5.9	66.8	94.0	94.8	44.1	41.1	41.9
SUMITOMO MITSUI FINANCIAL GROUP (3)	-	6.9	5.9	-	111.0	103.1	-	33.3	38.9
UFJ HOLDINGS (3)	-	10.7	6.1	-	149.3	96.0	-	26.0	39.2
MITSUI TRUST HOLDINGS	7.1	9.0	6.6	69.0	115.5	133.6	20.4	21.7	24.5
RESONA HOLDINGS	4.3	8.2	7.8	49.9	169.9	360.2	31.5	30.8	26.7
SANWA BANK (4)	1.9	-	-	27.3	-	-	60.5	-	-
SAKURA BANK (5)	2.9	-	-	37.3	-	-	34.9	-	-
TOKAI BANK (4)	3.2	-	-	36.4	-	-	37.8	-	-
SUMITOMO BANK (5)	3.2	-	-	42.3	-	-	42.3	-	-
ASAHI BANK (6)	4.6	-	-	67.9	-	-	33.7	-	-
BANK OF TOKYO-MITSUBISHI (7)	5.3	-	-	85.5	-	-	40.2	-	-
MITSUBISHI TRUST AND BANKING (7)	5.4	-	-	56.1	-	-	40.2	-	-
TOYO TRUST AND BANKING (4)	7.0	-	-	45.1	-	-	26.2	-	-
KINKI OSAKA BANK (6)	10.9	-	-	392.0	-	-	11.4	-	-
Average	**3.8**	**5.9**	**4.5**	**47.3**	**87.4**	**72.2**	**39.2**	**34.1**	**41.1**

(1) Net of provision.
(2) Ratio of provisions to gross doubtful loans.
(3) Operative since 2001.
(4) Merged into UFJ Holdings group in 2001.
(5) Merged into Sumitomo Mitsui Financial Group in 2001.
(6) Merged into Resona Holdings group in 2001.
(7) Merged into Mitsubishi Tokyo Financial Group in 2001.

TABLE I.13 – DOUBTFUL LOANS

UNITED STATES

BANKS	DOUBTFUL LOANS (1)						COVERAGE RATIO (2)		
	2000	2001	2002	2000	2001	2002	2000	2001	2002
	as % of loans to customers			as % of net worth			%		
BANK OF AMERICA	-	-	-	-	-	-	114.9	123.0	112.2
BANK ONE	-	-	-	-	-	-	156.0	119.6	122.7
BB & T	-	-	-	-	-	-	196.2	135.6	127.7
CITIGROUP	-	0.4	0.4	-	1.8	2.2	119.3	87.3	85.7
COMERICA	-	o	-	-	0.3	-	174.1	97.6	127.2
FIFTH THIRD BANCORP	-	-	-	-	-	-	185.1	156.4	157.0
FLEETBOSTON FINANCIAL	-	-	o	-	-	0.1	166.3	142.9	99.6
GOLDEN STATE BANCORP (3)	-	-	-	-	-	-	240.2	294.1	-
GOLDEN WEST FINANCIAL	0.1	0.4	0.3	0.7	3.4	2.9	89.8	64.3	65.7
J.P. MORGAN CHASE & CO.	-	0.2	0.3	-	0.9	1.4	130.4	92.4	90.1
KEYCORP	-	-	-	-	-	-	110.2	140.1	121.9
MBNA	2.8	2.7	2.0	8.1	8.1	6.2	49.6	56.7	66.4
NATIONAL CITY	-	0.2	0.3	-	2.7	3.0	124.9	83.1	81.3
SOUTHTRUST	-	-	-	-	-	-	167.9	131.6	161.0
SUNTRUST BANKS	-	-	-	-	-	-	143.4	113.5	129.2
THE BANK OF NEW YORK	-	-	-	-	-	-	281.3	261.0	178.3
THE PNC FINANCIAL SERVICES GROUP	-	-	-	-	-	-	139.2	108.1	116.0
U.S. BANCORP	-	-	-	-	-	-	142.7	155.2	134.5
WACHOVIA (4)	-	-	-	-	-	-	125.6	-	-
WACHOVIA (ex-First Union)	0.1	-	-	0.5	-	-	95.9	134.4	128.5
WASHINGTON MUTUAL	0.1	0.8	0.7	1.7	8.3	6.0	85.6	54.3	57.6
WELLS FARGO & CO	-	-	-	-	-	-	192.9	147.1	163.0
Average	**o**	**0.2**	**0.2**	**0.2**	**1.1**	**1.2**	**129.7**	**108.4**	**102.6**

(1) Net of provision. In cases where there are no figures, provisions exceed doubtful loans. The average has been calculated assuming that there are no cases in which provision exceeds gross doubtful loans.
(2) Ratio of provisions to doubtful loans.
(3) Acquired by Citigroup in 2002.
(4) Merged into First Union in 2001, with the resulting combined entity retaining the name Wachovia.

TABLE I.14 – PROFITABILITY AND FREE CAPITAL RATIOS

EUROPE

BANKS	COUNTRY	ROE 2000	ROE 2001	ROE 2002	COST / INCOME RATIO 2000	COST / INCOME RATIO 2001	COST / INCOME RATIO 2002	FREE CAPITAL 2000	FREE CAPITAL 2001	FREE CAPITAL 2002
			%			%			as % of funding from customers	
ING GROEP	NL	90.2	27.0	32.7	57.3	55.8	54.0	n.a.	5.3	3.7
LLOYDS TSB GROUP	GB	33.4	26.2	23.8	45.6	48.0	54.7	-0.4	0.6	-1.7
ABN AMRO HOLDING	NL	22.0	32.5	22.5	71.5	73.1	70.1	2.7	1.6	1.2
UNICREDITO ITALIANO	IT	19.1	17.9	17.1	51.3	53.0	54.6	1.1	1.3	1.5
BARCLAYS	GB	24.8	19.3	16.3	56.2	56.0	56.5	3.2	3.7	3.7
BANCO BILBAO VIZCAYA ARGENTARIA	ES	19.2	20.2	15.3	57.0	55.5	53.3	2.2	2.6	2.6
HBOS (1)	GB	-	16.0	15.2	-	49.5	47.2	-	2.7	3.1
DANSKE BANK	DK	13.3	17.1	15.1	56.7	56.0	55.6	3.5	3.5	3.4
BANCO SANTANDER CENTRAL HISPANO	ES	13.7	14.3	13.9	60.1	59.2	58.4	0.3	1.9	2.3
DEXIA	BE	14.4	16.3	13.8	54.4	58.9	58.2	2.4	2.3	2.5
BNP PARIBAS	FR	22.6	18.6	13.7	63.1	62.4	64.8	1.6	1.1	0.2
KBC	BE	29.9	14.3	13.6	61.4	64.8	61.0	5.8	4.9	4.4
HSBC HOLDINGS	GB	15.9	12.5	12.7	55.2	56.3	56.0	4.5	4.6	4.6
THE ROYAL BANK OF SCOTLAND GROUP	GB	9.7	10.6	12.3	57.2	56.8	56.1	2.6	2.1	2.1
CREDIT LYONNAIS	FR	9.5	10.3	10.3	75.2	72.9	71.0	3.5	4.6	4.9
UBS	CH	21.0	12.9	10.0	72.0	76.9	81.1	0.0	0.2	1.3
SOCIETE GENERALE	FR	23.8	15.4	9.6	69.8	72.9	71.8	1.2	0.5	0.0
SANPAOLO IMI	IT	21.5	17.3	9.2	59.3	67.6	71.5	-0.2	-0.1	0.7
NORDEA	SE	18.5	15.3	8.1	53.5	59.5	64.8	3.6	3.8	3.7
RABOBANK NEDERLAND	NL	8.7	8.4	8.0	68.9	66.8	65.6	6.0	6.2	6.4
CREDIT MUTUEL (2)	FR	7.2	6.4	7.5	66.6	67.8	68.5	3.9	3.5	3.9
CREDIT AGRICOLE	FR	10.9	9.8	6.7	64.8	62.0	67.8	3.3	-1.8	-1.9
EUROHYPO	DE	-	-	6.3	-	-	36.8	-	-	n.a.
LANDESBANK BADEN-WUERTTEMBERG	DE	9.6	6.7	6.1	52.4	52.2	52.2	n.a.	n.a.	n.a.
FORTIS	BE/NL	20.1	20.1	4.4	55.6	56.9	60.8	3.0	2.1	1.0
KREDITANSTALT FUER WIEDERAUFBAU	DE	3.4	2.9	3.4	24.5	27.1	23.1	n.a.	2.1	2.5
NORDDEUTSCHE LANDESBANK	DE	5.1	3.2	3.1	61.6	56.3	69.9	n.a.	n.a.	n.a.
BAYERISCHE LANDESBANK	DE	7.3	2.9	2.6	49.0	48.5	41.5	n.a.	n.a.	n.a.
DZ BANK	DE	1.8	2.5	2.4	57.3	73.2	62.7	n.a.	n.a.	n.a.
BANCA INTESA	IT	13.6	7.0	1.6	68.0	69.4	72.8	-2.4	-2.6	-2.8
DEUTSCHE BANK	DE	21.5	0.4	1.3	81.6	85.1	90.5	-2.2	0.4	-1.3
COMMERZBANK	DE	12.0	0.9	n.c.	76.2	83.4	87.4	-0.8	-1.2	-2.4
BAYERISCHE HYPO-UND VEREINSBANK	DE	7.9	3.9	n.c.	64.6	72.2	70.0	-1.0	-1.2	-2.2
DRESDNER BANK	DE	15.3	0.8	n.c.	78.5	91.9	103.7	-2.4	-2.5	-4.0
CREDIT SUISSE GROUP	CH	20.9	5.5	n.c.	70.6	85.7	98.5	-4.5	-6.2	-4.2
BANKGESELLSCHAFT BERLIN	DE	n.c.	n.c.	n.c.	79.0	96.0	77.4	n.a.	n.a.	n.a.
ABBEY NATIONAL	GB	23.3	18.4	n.c.	45.0	43.5	50.8	1.8	1.1	0.1
WESTLB	DE	5.4	2.0	n.c.	77.0	73.6	86.1	n.a.	n.a.	n.a.
HALIFAX GROUP(3)	GB	19.1	-	-	44.6	-	-	4.0	-	-
BANK OF SCOTLAND (3)	GB	17.0	-	-	48.2	-	-	5.1	-	-
Average		**17.8**	**11.6**	**8.0**	**63.4**	**65.8**	**66.4**	**1.6**	**1.4**	**1.2**

ROE = net profit as % of shareholders' equity less net profit; Cost /income ratio = operating costs (labour costs plus general expenses plus depreciation and amortization) as % of total income; Free Capital = net worth less fixed assets less doubtful loans.

(1) Company set up in 2001 after the merger between Bank of Scotland and Halifax Group.
(2) Figures include Crédit Industriel et Commercial-CIC.
(3) Merged to form HBOS in 2001.

TABLE I.14 – PROFITABILITY AND FREE CAPITAL RATIOS

JAPAN

BANKS	ROE			COST / INCOME RATIO			FREE CAPITAL		
	2000	2001	2002	2000	2001	2002	2000	2001	2002
		%			%		as % of funding from customers		
MITSUBISHI TOKYO FINANCIAL GROUP (1)	-	n.c.	8.7	-	81.0	62.2	-	-0.8	0.7
SHINSEI BANK	18.4	10.9	8.5	64	62	64.8	-1.3	-2.5	12.3
SHINKIN CENTRAL BANK	5.5	4.9	4.8	37.8	40.4	43.8	3.5	3.4	3.6
NORINCHUKIN BANK	5.6	3.9	3.8	52.7	33.2	39.9	3.6	2.7	2.6
BANK OF YOKOHAMA	6.2	4.6	3.8	52.0	47.5	48.4	-2.2	-1.6	-0.5
CHIBA BANK	3.7	n.c.	2.8	53.8	54.8	52.3	0.1	-1.3	-1.3
BANK OF FUKUOKA	n.c.	6.7	2.5	63.1	63.7	60.4	-1.9	-1.0	0.2
SHIZUOKA BANK	3.2	1.4	2.5	68.5	66.3	64.5	4.8	4.2	3.2
JOYO BANK	2.0	n.c.	2.4	62.7	59.4	60.4	1.4	0.6	1.3
SHOKO CHUKIN BANK	n.c.	1.0	0.6	51.2	46.6	46.4	1.2	1.4	1.5
SUMITOMO TRUST & BANKING	5.7	n.c.	n.c.	54.7	50.5	49.9	5.1	2.8	3.8
SUMITOMO MITSUI FINANCIAL GROUP (1)	-	n.c.	n.c.	-	45.0	40.6	-	-3.0	-2.5
UFJ HOLDINGS (1)	-	n.c.	n.c.	-	53.9	48.6	-	-3.9	-1.1
MITSUI TRUST HOLDINGS	3.1	n.c.	n.c.	59.1	57.1	48.7	-0.6	-4.4	-4.1
MIZUHO FINANCIAL GROUP	3.5	n.c.	n.c.	56.7	55.7	55.5	1.7	0.2	-0.5
RESONA HOLDINGS	n.c.	n.c.	n.c.	65.4	63.2	66.3	0.3	-5.1	-6.6
SUMITOMO BANK (2)	4.8	-	-	45.6	-	-	1.2	-	-
MITSUBISHI TRUST AND BANKING (3)	4.4	-	-	63.1	-	-	1.5	-	-
SAKURA BANK (2)	2.3	-	-	55.0	-	-	1.8	-	-
ASAHI BANK (4)	n.c.	-	-	59.2	-	-	-0.2	-	-
BANK OF TOKYO-MITSUBISHI (3)	n.c.	-	-	62.8	-	-	-0.8	-	-
KINKI OSAKA BANK (4)	n.c.	-	-	80.5	-	-	-7.6	-	-
SANWA BANK (5)	n.c.	-	-	54.6	-	-	2.3	-	-
TOKAI BANK(5)	n.c.	-	-	50.7	-	-	3.3	-	-
TOYO TRUST AND BANKING (5)	n.c.	-	-	62.0	-	-	3.5	-	-
Average	**1.1**	**n.c**	**n.c**	**56.6**	**56.4**	**52.6**	**1.4**	**-1.0**	**-0.4**

ROE = net profit as % of shareholders' equity less net profit; Cost /income ratio = operating costs (labour costs plus general expenses plus depreciation and amortization) as % of total income; Free Capital = net worth less fixed assets less doubtful loans.

(1) Operative since 2001.
(2) Merged into Sumitomo Mitsui Financial Group in 2001.
(3) Merged into Mitsubishi Tokyo Financial Group in 2001.
(4) Merged into Resona Holdings group in 2001.
(5) Merged into UFJ Holdings group in 2001.

TABLE I.14 – PROFITABILITY AND FREE CAPITAL RATIOS

UNITED STATES

	ROE			COST / INCOME RATIO			FREE CAPITAL		
COMPANIES	2000	2001	2002	2000	2001	2002	2000	2001	2002
		%			%		as % of funding from customers		
MBNA	24.7	27.7	24.1	57.8	53.7	53.3	5.2	7.3	7.9
WASHINGTON MUTUAL	23.0	28.2	24.0	48.3	39.9	47.1	1.6	-2.7	-1.4
FIFTH THIRD BANCORP	20.7	16.7	23.9	48.2	44.6	44.3	9.9	13.0	13.4
NATIONAL CITY	23.8	23.2	23.7	57.3	51.9	53.8	5.2	4.8	5.9
GOLDEN WEST FINANCIAL	17.4	23.4	23.6	32.3	27.5	27.6	7.3	7.5	7.8
BANK OF AMERICA	18.7	16.3	22.5	53.2	53.4	52.5	5.7	6.2	6.6
U.S. BANCORP	23.4	11.6	22.2	46.8	45.5	44.8	6.5	6.3	6.1
WELLS FARGO & CO.	17.9	14.4	21.8	57.7	58.2	52.1	4.2	3.5	4.8
BB & T	15.1	18.8	21.4	55.5	49.7	50.0	7.6	8.3	7.6
CITIGROUP	25.7	21.0	21.4	55.6	54.7	54.0	11.1	9.8	8.4
THE PNC FINANCIAL SERVICES GROUP	23.8	6.9	20.9	56.7	59.0	62.4	5.4	4.5	6.3
SUNTRUST BANKS	18.6	19.7	17.9	56.5	57.4	59.2	8.2	8.3	6.8
BANK ONE	-2.7	15.0	17.2	81.7	57.6	57.3	7.5	7.7	8.5
KEYCORP	17.8	2.2	16.7	59.4	59.6	58.7	6.9	7.6	8.1
SOUTHTRUST	16.8	16.3	16.3	55.7	53.1	54.0	6.7	7.3	8.8
THE BANK OF NEW YORK	30.3	27.0	15.6	49.2	50.1	57.6	4.3	3.9	5.0
COMERICA	23.0	17.3	13.8	47.3	46.5	47.3	11.1	9.5	9.6
WACHOVIA (ex-First Union)	0.6	6.0	12.6	72.4	68.1	63.4	3.6	4.6	6.6
FLEETBOSTON FINANCIAL	25.3	5.6	7.6	55.3	59.6	57.2	6.4	6.9	6.5
J.P. MORGAN CHASE & CO.	15.6	4.3	4.1	65.9	67.0	71.7	5.9	5.5	6.0
GOLDEN STATE BANCORP (1)	19.4	18.9	-	53.6	49.3	-	-3.9	-2.4	-
WACHOVIA (2)	15.3	-	-	53.0	-	-	7.5	-	-
Average	**18.2**	**15.0**	**17.9**	**58.2**	**55.7**	**55.4**	**6.6**	**6.3**	**6.6**

ROE = net profit as % of shareholders' equity less net profit; Cost /income ratio = operating costs (labour costs plus general expenses plus depreciation and amortization) as % of total income; Free Capital = net worth less fixed assets less doubtful loans.

(1) Acquired by Citigroup in 2002.

(2) Merged into First Union in 2001, with the resulting combined entity retaining the name Wachovia.

TABLE I.15 – CAPITAL ADEQUACY RATIOS

EUROPE

COMPANIES	COUNTRY	TOTAL CAPITAL RATIO (1)			
		31/12/2000	31/12/2001	31/12/2002	30/6/2003
		as % of risk-weighted assets			
CREDIT SUISSE GROUP	CH	18.2	15.7	16.5	18.0
UBS	CH	15.7	14.8	13.8	14.0
DEUTSCHE BANK	DE	12.6	12.1	12.6	13.7
ABBEY NATIONAL	GB	13.5	11.5	11.6	13.7
KBC	BE	16.0	14.7	13.7	13.5
BARCLAYS	GB	11.0	12.5	12.8	13.2
FORTIS	BE/NL	11.8	13.5	13.0	13.0
COMMERZBANK	DE	9.9	10.3	12.3	12.9
BNP PARIBAS	FR	10.1	10.6	10.9	12.8
BANCO SANTANDER CENTRAL HISPANO	ES	10.9	12.8	12.6	12.7
THE ROYAL BANK OF SCOTLAND GROUP	GB	11.5	11.5	11.7	12.3
BANCO BILBAO VIZCAYA ARGENTARIA	ES	11.9	12.6	12.5	12.0
HSBC HOLDINGS	GB	13.3	13.0	13.3	11.7
DRESDNER BANK	DE	11.8	11.4	10.6	11.5
EUROHYPO (2)	DE	-	-	10.1	11.5
UNICREDITO ITALIANO	IT	8.5	11.0	11.6	11.4
ING GROEP	NL	10.7	10.6	11.0	11.2
HBOS (3)	GB	-	10.6	10.4	11.2
ABN AMRO HOLDING	NL	10.4	10.9	11.5	11.1
SOCIÉTÉ GÉNÉRALE	FR	12.5	11.5	11.1	...
BANCA INTESA	IT	9.0	9.3	11.1	10.9
DEXIA	BE	9.8	11.5	10.7	10.9
CREDIT MUTUEL	FR	11.0	10.3	10.8	...
DZ BANK	DE	9.2	9.5	10.5	...
SANPAOLO IMI	IT	9.1	9.5	10.7	10.4
RABOBANK NEDERLAND	NL	10.6	10.5	10.5	10.3
BAYERISCHE LANDESBANK	DE	10.1	9.7	10.3	...
WESTDEUTSCHE LANDESBANK	DE	9.8	9.6	10.1	...
LLOYDS TSB GROUP	GB	9.4	9.2	9.6	10.1
DANSKE BANK	DK	9.6	10.3	10.5	10.0
BANKGESELLSCHAFT BERLIN	DE	5.1	9.4	9.4	10.0
NORDEA	SE	9.4	9.1	9.9	9.8
LANDESBANK BADEN-WUERTTEMBERG	DE	…	10.5	9.7	...
BAYERISCHE HYPO- UND VEREINSBANK	DE	10.0	10.3	9.1	9.4
NORDDEUTSCHE LANDESBANK	DE	9.0	9.7	9.3	...
CREDIT AGRICOLE	FR	10.2	9.0	9.0	8.2
KREDITANSTALT FUER WIEDERAUFBAU	DE	…	…	…	…
CREDIT LYONNAIS (4)	FR	11.0	10.1	11.2	-
BANK OF SCOTLAND (5)	GB	11.6	-	-	-
HALIFAX GROUP (5)	GB	10.7	-	-	-
Average		**11.0**	**11.1**	**11.2**	**11.8**

(1) Ratio between regulatory capital and risk-weighted assets. According to Basle's Bank for International Settlements (BIS) guidelines, the minimum requirement is 8%.

(2) Operative since 2002.

(3) Company set up in 2001 after the merger between Bank of Scotland and Halifax Group.

(4) Acquired by Crédit Agricole in 2003.

(5) Merged to form HBOS in 2001.

TABLE I.15 – CAPITAL ADEQUACY RATIOS

JAPAN

	TOTAL CAPITAL RATIO (1)			
COMPANIES	31/3/2001	31/3/2002	31/3/2003	30/9/2003
	as % of risk-weighted assets			
SHINSEI BANK	17.0	17.0	20.1	…
SHINKIN CENTRAL BANK	16.5	15.2	16.2	…
SHIZUOKA BANK	12.6	12.5	12.4	…
MITSUBISHI TOKYO FINANCIAL GROUP (2)	-	10.3	10.8	12.4
SUMITOMO TRUST & BANKING	11.4	10.9	10.5	12.1
UFJ HOLDINGS (2)	-	11.0	10.0	11.4
JOYO BANK	12.4	11.8	11.3	…
SUMITOMO MITSUI FINANCIAL GROUP (2)	-	10.5	10.1	10.9
BANK OF YOKOHAMA	9.6	10.7	10.3	10.8
CHIBA BANK	10.6	10.2	10.4	10.7
MIZUHO FINANCIAL GROUP	11.4	10.6	9.5	10.6
NORINCHUKIN BANK	11.1	10.0	9.9	…
BANK OF FUKUOKA	9.0	9.5	9.4	…
MITSUI TRUST HOLDINGS	10.8	10.6	7.5	9.3
SHOKO CHUKIN BANK	6.9	7.3	7.5	…
RESONA HOLDINGS	11.3	8.7	3.8	6.3
MITSUBISHI TRUST AND BANKING (3)	12.1	-	-	-
TOKAI BANK (4)	12.1	-	-	-
TOYO TRUST AND BANKING (4)	11.6	-	-	-
SAKURA BANK (5)	11.3	-	-	-
ASAHI BANK (6)	11.1	-	-	-
SUMITOMO BANK (5)	10.9	-	-	-
SANWA BANK (4)	10.5	-	-	-
KINKI OSAKA BANK (6)	10.0	-	-	-
BANK OF TOKYO-MITSUBISHI (3)	9.7	-	-	-
Average (7)	**11.4**	**11.1**	**10.6**	**(10.5)**

(1) Ratio between regulatory capital and risk-weighted assets. According to Basle's Bank for International Settlements (BIS) guidelines, the minimum requirement is 8%.
(2) Operative since 2001.
(3) Merged into Mitsubishi Tokyo Financial Group in 2001.
(4) Merged into UFJ Holdings group in 2001.
(5) Merged into Sumitomo Mitsui Financial Group in 2001.
(6) Merged into Resona Holdings group in 2001.
(7) For 9 groups only at 30 September 2003.

TABLE I.15 - CAPITAL ADEQUACY RATIOS

UNITED STATES

COMPANIES	TOTAL CAPITAL RATIO (1)			
	31/12/2000	31/12/2001	31/12/2002	30/6/2003
	as % of risk-weighted assets			
MBNA	16.6	18.0	19.7	20.7
GOLDEN WEST FINANCIAL	12.4	14.2	14.3	14.9
BB & T	12.0	13.3	13.4	13.8
BANK ONE	10.8	12.2	13.7	13.6
FIFTH THIRD BANCORP	13.4	14.4	13.5	...
U.S. BANCORP	10.6	11.7	12.2	12.8
J.P. MORGAN CHASE & CO.	12.0	11.9	12.0	12.4
NATIONAL CITY	11.3	11.3	11.5	12.4
THE PNC FINANCIAL SERVICES GROUP	12.6	11.8	12.5	12.3
KEYCORP	11.5	11.4	12.5	12.3
COMERICA	11.0	11.7	11.7	12.3
BANK OF AMERICA	11.0	12.7	12.4	12.0
WACHOVIA (ex-First Union)	11.2	11.1	12.0	11.9
CITIGROUP	11.2	10.9	11.2	11.9
FLEETBOSTON FINANCIAL	11.9	11.0	11.7	11.6
WASHINGTON MUTUAL	11.1	12.9	11.6	11.6
WELLS FARGO & CO	10.4	10.5	11.3	11.5
SUNTRUST BANKS	10.9	12.2	11.6	11.4
THE BANK OF NEW YORK	12.9	11.6	12.0	11.1
SOUTHTRUST	11.0	11.0	11.1	11.0
GOLDEN STATE BANCORP (2)	13.1	13.0	-	-
WACHOVIA (3)	11.6	-	-	-
Average	**11.8**	**12.3**	**12.6**	**12.7**

(1) Ratio between regulatory capital and risk-weighted assets. According to the Basle's Bank for International Settlements (BIS) guidelines, the minimum requirement is 8%.
(2) Acquired by Citigroup in 2002.
(3) Merged into First Union in 2001, with the resulting combined entity retaining the name Wachovia.

TABLE I.16 – 1H 2003: PROFIT AND LOSS ACCOUNTS/BALANCE SHEETS

58 BANKS

Profit and loss accounts

	1 H 2002		1 H 2003		Change
	EUR m	%	EUR m	%	%
Interest margin	173,443	*51.7*	173,199	*50.7*	- 0.1
Commissions (net)	104,090	*31.0*	99,509	*29.2*	- 4.4
Other operating income	58,068	*17.3*	68,549	*20.1*	18.0
Total income	**335,601**	***100.0***	**341,257**	***100.0***	**1.7**
Labour costs	…	…	…	…	…
General expenses (1)	- 201,696	*- 60.1*	- 200,539	*- 58.7*	- 0.6
Bad debts recovered (written off)	- 38,531	*- 11.5*	- 42,213	*- 12.4*	9.6
Depreciation and amortization	…	…	…	…	…
Current pre-tax profit	**95,374**	***28.4***	**98,505**	***28.9***	**3.3**
Extraordinary items	- 6,535	*- 1.9*	- 2,660	*- 0.8*	n.c.
Profit before tax	**88,839**	***26.5***	**95,845**	***28.1***	**7.9**
Taxation	- 28,564	*- 8.5*	- 36,140	*- 10.6*	26.5
Profit attributable to minorities	- 3,305	*- 1.0*	- 3,599	*- 1.1*	8.9
Net profit	**56,970**	***17.0***	**56,106**	***16.4***	**- 1.5**

Balance sheet

	Year ended 31-12-2002		Six months ended 30-6-2003		Change
.	EUR m	%	EUR m	%	%
Cash and central banks deposits	…	…	…	…	…
Fixed-income securities	4,507,414	*21.1*	4,974,319	*22.0*	10.4
Loans and advances to banks (2)	2,907,228	*13.6*	3,296,893	*14.5*	13.4
Loans and advances to customers	10,178,046	*47.7*	10,491,390	*46.3*	3.1
Equity share and interests in subsidiaries and associated	604,035	*2.8*	654,184	*2.9*	8.3
Net tangible assets	211,990	*1.0*	207,066	*0.9*	- 2.3
Other assets	2,947,289	*13.8*	3,027,064	*13.4*	2.7
Total assets	**21,356,002**	***100.0***	**22,650,916**	***100.0***	**6.1**
Customer deposits	10,030,340	*47.0*	10,364,516	*45.7*	3.3
Debt securities and certificates of deposit (3)	3,317,385	*15.5*	3,369,627	*14.9*	1.6
Subordinated liabilities	…	…	…	…	…
Total funding from customers	*13,347,725*	*62.5*	*13,734,143*	*60.6*	*2.9*
Deposits by banks	3,995,805	*18.7*	4,555,747	*20.1*	14.0
Other liabilities	2,985,897	*14.0*	3,279,100	*14.5*	9.8
Total liabilities	**20,329,427**	***95.2***	**21,568,990**	***95.2***	**6.1**
Net worth	**1,026,575**	***4.8***	**1,081,926**	***4.8***	**5.4**
represented by:					
shareholders' equity	937,699	*4.4*	988,809	*4.4*	5.5
minority interests	88,876	*0.4*	93,117	*0.4*	4.8

(1) Including labour costs and depreciation and amortization.
(2) Including cash and central banks deposits.
(3) Including subordinated liabilities.

TABLE I.17 – 1H 2003: PROFIT AND LOSS ACCOUNTS/BALANCE SHEETS

EUROPE

Profit and loss accounts

	1 H 2002		1 H 2003		Change
	EUR m	%	EUR m	%	%
Interest margin	86,426	*48.4*	85,828	*48.4*	- 0.7
Commissions (net)	56,922	*31.8*	51,506	*29.1*	- 9.5
Other operating income	35,445	*19.8*	39,955	*22.5*	12.7
Total income	**178,793**	***100.0***	**177,290**	***100.0***	**- 0.8**
Labour costs	- 68,311	*- 38.2*	- 65,067	*- 36.7*	- 4.7
General expenses	- 40,111	*- 22.4*	- 37,755	*- 21.3*	- 6.9
Bad debts recovered (written off)	- 17,141	*- 9.6*	- 15,690	*- 8.9*	- 8.5
Depreciation and amortization	- 8,181	*- 4.6*	- 7,650	*- 4.3*	- 6.5
Current pre-tax profit	**45,049**	***25.2***	**51,128**	***28.8***	**13.5**
Extraordinary items	804	*0.4*	- 3,329	*- 1.9*	n.c.
Profit before tax	**45,853**	***25.6***	**47,799**	***26.9***	**4.2**
Taxation	- 14,073	*- 7.9*	- 14,050	*- 7.9*	- 0.2
Profit attributable to minorities	- 2,768	*- 1.5*	- 2,826	*- 1.6*	2.1
Net profit	**29,012**	***16.2***	**30,923**	***17.4***	**6.6**

Balance sheet

	Year ended 31-12-2002		Six months ended 30-6-2003		Change
	EUR m	%	EUR m	%	%
Cash and central banks deposits	141,987	*1.1*	139,446	*1.0*	- 1.8
Fixed-income securities	2,805,152	*20.8*	3,172,151	*21.9*	13.1
Loans and advances to banks	1,924,714	*14.2*	2,144,701	*14.8*	11.4
Loans and advances to customers	6,024,285	*44.6*	6,316,345	*43.7*	4.8
Equity share and interests in subsidiaries and associated	419,991	*3.1*	469,192	*3.2*	11.7
Net tangible assets	135,349	*1.0*	126,642	*0.9*	- 6.4
Other assets (1)	2,058,828	*15.2*	2,094,385	*14.5*	1.7
Total assets	**13,511,306**	***100.0***	**14,462,862**	***100.0***	**7.0**
Customer deposits	5,350,281	*39.6*	5,552,078	*38.4*	3.8
Debt securities and certificates of deposit	2,263,725	*16.8*	2,294,413	*15.8*	1.4
Subordinated liabilities	321,612	*2.4*	315,184	*2.2*	- 2.0
Total funding from customers	*7,935,618*	*58.8*	*8,161,675*	*56.4*	*2.8*
Deposits by banks	2,639,620	*19.5*	3,074,350	*21.3*	16.5
Other liabilities	2,367,583	*17.5*	2,638,532	*18.2*	11.4
Total liabilities	**12,942,821**	***95.8***	**13,874,557**	***95.9***	**7.2**
Net worth	**568,485**	***4.2***	**588,305**	***4.1***	**3.5**
represented by:					
shareholders' equity	507,689	*3.8*	522,274	*3.6*	2.9
minority interests	60,796	*0.4*	66,031	*0.5*	8.6

(1) Including intangible assets of EUR 127,421m at 31/12/2002 and EUR 130,636m at 30/6/2003.

TABLE I.18 – 1H 2003: PROFIT AND LOSS ACCOUNTS/BALANCE SHEETS

JAPAN

Profit and loss accounts

	1 H 2002		1 H 2003		Change
	EUR m	%	EUR m	%	%
Interest margin	20,923	*62.6*	19,414	*57.8*	- 7.2
Commissions (net)	6,337	*18.9*	7,356	*21.9*	16.1
Other operating income	6,176	*18.5*	6,813	*20.3*	10.3
Total income	**33,436**	***100.0***	**33,583**	***100.0***	**0.4**
Labour costs	…	…	…	…	…
General expenses (1)	- 17,590	*- 52.6*	- 17,178	*- 51.2*	- 2.3
Bad debts recovered (written off)	- 7,578	*- 22.7*	- 15,147	*- 45.1*	99.9
Depreciation and amortization	…	…	…	…	…
Current pre-tax profit	**8,268**	***24.7***	**1,258**	***3.7***	**- 84.8**
Extraordinary items (2)	- 7,358	*- 22.0*	103	*0.4*	n.c.
Profit before tax	**910**	***2.7***	**1,361**	***4.1***	**49.6**
Taxation	- 378	*- 1.1*	- 6,639	*-19.8*	n.c.
Profit attributable to minorities	- 470	*- 1.4*	- 666	*- 2.0*	41.7
Net profit	**62**	***0.2***	**- 5,946**	***- 17.7***	**n.c.**

Balance sheet

	Year ended 31-3-2003		Six months ended 30-9-2003		Change
	EUR m	%	EUR m	%	%
Cash and central banks deposits	…	…	…	…	…
Fixed-income securities	748,983	*21.4*	782,482	*22.5*	4.5
Loans and advances to banks (3)	367,212	*10.5*	442,911	*12.7*	20.6
Loans and advances to customers	1,943,732	*55.7*	1,872,077	*53.7*	- 3.7
Equity share and interests in subsidiaries and associated	125,190	*3.6*	126,453	*3.6*	1.0
Net tangible assets	38,382	*1.1*	46,143	*1.3*	20.2
Other assets (4)	267,755	*7.7*	216,385	*6.2*	- 19.2
Total assets	**3,491,254**	***100.0***	**3,486,451**	***100.0***	**- 0.1**
Customer deposits	2,368,153	*67.9*	2,372,739	*68.1*	0.2
Debt securities and certificates of deposit	154,233	*4.4*	155,065	*4.4*	0.5
Subordinated liabilities	77,766	*2.2*	66,515	*1.9*	- 14.5
Total funding from customers	*2,600,152*	*74.5*	*2,594,319*	*74.4*	*- 0.2*
Deposits by banks	562,544	*16.1*	619,053	*17.8*	10.0
Other liabilities	219,005	*6.3*	143,256	*4.1*	- 34.6
Total liabilities	**3,381,701**	***96.9***	**3,356,628**	***96.3***	**- 0.7**
Net worth	**109,553**	***3.1***	**129,823**	***3.7***	**18.5**
represented by:					
shareholders' equity	83,194	*2.4*	103,388	*3.0*	24.3
minority interests	26,359	*0.7*	26,435	*0.7*	0.3

(1) Including labour costs and depreciation and amortization.
(2) Including EUR 1,345m in local tax rebates and interest accruals in 1H 2003.
(3) Including cash and central banks deposits.
(4) Including deferred tax assets of EUR 60,530m at 31/3/2003 and EUR 47,864m at 30/9/2003.

TABLE I.19 – 1H 2003: PROFIT AND LOSS ACCOUNTS/BALANCE SHEETS

UNITED STATES

Profit and loss accounts

	1 H 2002		1 H 2003		Change
	EUR m	%	EUR m	%	%
Interest margin	66,094	*53.6*	67,957	*52.1*	2.8
Commissions (net)	40,831	*33.1*	40,647	*31.2*	- 0.5
Other operating income	16,446	*13.3*	21,780	*16.7*	32.4
Total income	**123,371**	***100.0***	**130,384**	***100.0***	**5.7**
Labour costs	- 36,161	*- 29.3*	- 39,373	*- 30.2*	8.9
General expenses	- 27,182	*- 22.0*	- 28,930	*- 22.2*	6.4
Bad debts recovered (written off)	- 13,812	*- 11.2*	- 11,376	*- 8.7*	- 17.6
Depreciation and amortization	- 4,159	*- 3.4*	- 4,586	*- 3.5*	10.3
Current pre-tax profit	**42,057**	***34.1***	**46,119**	***35.4***	**9.7**
Extraordinary items	18	*o*	567	*0.4*	n.c.
Profit before tax	**42,075**	***34.1***	**46,686**	***35.8***	**11.0**
Taxation	- 14,112	*- 11.4*	- 15,449	*- 11.8*	9.5
Profit attributable to minorities	- 67	*- 0.1*	- 108	*- 0.1*	61.2
Net profit	**27,896**	***22.6***	**31,129**	***23.9***	**11.6**

Balance sheet

.	Year ended 31-12-2002		Six months ended 30-6-2003		Change
	EUR m	%	EUR m	%	%
Cash and central banks deposits	…	…	…	…	…
Fixed-income securities	953,278	*21.9*	1,019,686	*21.7*	7.0
Loans and advances to banks (1)	473,314	*10.9*	569,835	*12.1*	20.4
Loans and advances to customers	2,210,029	*50.8*	2,302,968	*49.0*	4.2
Equity share and interests in subsidiaries and associated	58,855	*1.3*	58,539	*1.3*	- 0.5
Net tangible assets	38,259	*0.9*	34,281	*0.7*	- 10.4
Other assets (2)	619,707	*14.2*	716,294	*15.2*	15.6
Total assets	**4,353,442**	***100.0***	**4,701,603**	***100.0***	**8.0**
Customer deposits	2,311,907	*53.1*	2,439,699	*51.9*	5.5
Debt securities and certificates of deposit (3)	500,049	*11.5*	538,450	*11.4*	7.7
Subordinated liabilities	…	…	…	…	…
Total funding from customers	*2,811,956*	*64.6*	*2,978,149*	*63.3*	*5.9*
Deposits by banks	793,640	*18.2*	862,344	*18.4*	8.7
Other liabilities	399,310	*9.2*	497,312	*10.6*	24.5
Total liabilities	**4,004,906**	***92.0***	**4,337,805**	***92.3***	**8.3**
Net worth	**348,536**	***8.0***	**363,798**	***7.7***	**4.4**
represented by:					
shareholders' equity	346,814	*8.0*	363,148	*7.7*	4.7
minority interests	1,722	*o*	650	*o*	- 62.3

(1) Including cash and central banks deposits.
(2) Including intangible assets of EUR 118,917m at 31/12/2002 and EUR 115,488m at 30/6/2003.
(3) Including subordinated liabilities.

APPENDIX 1 – Unusual structural features of certain banking groups

Germany

The German banks included in our survey comprise six groups, all of which have certain features which could be described as unusual. Four of them are 'Landesbanken', i.e. public-owned or state banks, which operate *inter alia* as central banks for savings institutions in their local regions or *Länder*. These local savings banks own stakes in the *Landesbanken* via their associations, as do the regions or municipalities (so-called 'state capital'). In some cases, the *Landesbanken* also control the local savings banks, or have merged with them in the course of their history, and hence their role as central banks is complemented by commercial banking activities. The *Landesbanken* also provide other services, whether themselves or by means of subsidiaries, such as property loans, leasing, factoring, project finance, exchange and derivatives trading, equity investments and asset management. Most of them have built up a network outside Germany for the benefit of their associated savings banks, and some of them have even expanded by acquiring other local banks. They have a 'public mission', which can include loans under pledge, equity investments in projects in the public interest, even holdings in companies which operate lotteries or casinos. Obligations undertaken by *Landesbanken* are backed by unlimited state guarantees issued by their guarantor shareholders.([21]) DZ Bank functions as a central bank to over 80% of the Volksbanken and

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[21] The European Commission has now ruled that such guarantees are in breach of free market principles, insofar as they are issued by public authorities and hence akin to government subsidies. An agreement was reached in July 2001 between the Commission and the German Federal Government, the *Länder* and the savings bank associations whereby 'after a transitional phase ending 18 July, 2005, institutional liability and guarantor liability will be abolished'. The *Landesbanken* are currently preparing to spin off their public mission activities from their competitive businesses, on the basis of EC directives. The first to do so was Westdeutsche Landesbank, which spun off its banking operations to WestLB A.G., a company wholly owned by holding company and public law institution Landesbank NRW, with effect from 1 August 2002.

Raiffeisenbanken (German local co-operative banks) which own 92% of its share capital.([22]) Like the *Landesbanken*, it provides services such as real estate loans, leasing, insurance and asset management, both itself and via its subsidiaries. It also has international operations, with several branches outside Germany. Lastly, Kreditanstalt für Wiederaufbau (KfW) is a state-owned bank granting mid-long term loans to businesses, residential construction and infrastructure firms *inter alia* in the form of project finance. It promotes and finances investment projects in developing countries, and supports German enterprise abroad. Features which all of these banks have in common and which distinguish them from other banks in this survey are: no or limited agency networks; relatively low headcounts; funding, which is focused on bond issues, time deposits and deposits held by other banks; and (except for KfW) providing services on behalf of small-mid size associated banks.

France

Two of the French banks featured here are co-operatives, namely Crédit Agricole and Crédit Mutuel. Crédit Agricole underwent large-scale changes in 2001, which led to the setting up of Crédit Agricole S.A. and its listing on 14 December of that year. The Crédit Agricole 'group' has an inverse pyramidal structure, with the local co-operative banks at the top, which as at 31-12-2002 numbered 2,650 and have around 5.6m shareholders. These own the regional banks or Caisses Régionales de Crédit Agricole which in December 2002 numbered 45 and in turn own Crédit Agricole S.A. (formerly Caisse Nationale de Crédit Agricole). Crédit Agricole S.A. acts as a central bank, guaranteeing the group's financial cohesion. It engages in treasury operations, and redistributes the regional banks' surplus funds. It also oversees common areas of

[22] In 2001 DG Bank merged with GZ-Bank, another central bank for German co-operative banks, and changed its name to DZ Bank. GZ-Bank had itself merged with GZB-Bank with effect as of 1 January 2000, changing its name from SGZ-Bank to GZ-Bank.

operations via its subsidiaries, and promotes international growth. Unlike the German *Landesbanken*, until 2000 Crédit Agricole's consolidated balance sheet included the local banks, the regional banks and the central bank, giving a total of 3,000 consolidated entities. Alongside it is the Fédération Nationale du Crédit Agricole, which represents and co-ordinates the regional banks and the group as a whole, but which is not consolidated. In November 2001, the regional banks transferred their holdings in jointly-owned service companies, principally in the areas of life insurance, asset management and consumer credit, to Caisse Nationale de Crédit Agricole, which thereupon changed its name to Crédit Agricole S.A. in exchange for newly-issued shares. Thereafter, a new holding company was set up under the name SAS Rue la Boétie, to which the regional banks transferred all the Crédit Agricole shares they owned. After Crédit Agricole S.A. shares were placed with the public in December 2001, SAS Rue la Boétie came to own in excess of 70% of its share capital.([23]) In turn, Crédit Agricole S.A. also acquired a 25% stake in each regional bank with the exception of Caisse Régionale de la Corse, following the issue and subscription of *certificats coopératifs* without voting rights. As of 2001, Crédit Agricole's consolidated balance sheet thus includes only the companies owned by Crédit Agricole S.A., whereas the 25% stakes in the regional banks are valued on an equity basis.

Crédit Mutuel also has a three-tier inverse pyramidal structure, rather like that of Crédit Agricole. At the top are 1,830 local banks, which are co-operative institutions with variable share capital and some 5.8m shareholders. These are grouped into 18 Fédérations Régionales, which are made up of one federative body and one Caisse Fédérale, alongside which are the Fédération du Crédit Mutuel Agricole et Rural, which operates nationally in the agricultural sector. The shareholders of the regional Caisse Fédérale are the local banks, and all the local banks are associates of the Fédération Régionale, which represents, directs and

[23] Share subsequently diluted to 53.8% following a rights issue implemented to acquire Crédit Lyonnais.

oversees but does not engage in banking activities, which are the remit of the Caisse Fédérale. Operating on a national level, there are the Confédération National, which is a representative body, and the Caisse Centrale du Crédit Mutuel, a national financial institution which is owned by the Caisses Fédérales. Crédit Mutuel's consolidated figures include the 18 Fédérations Régionales, the Fédération du Crédit Mutuel Agricole et Rurale, and the Caisse Centrale, as well as their respective subsidiaries set up to provide common services to clients, making for a total of 32 consolidated companies. The local banks are not included. Until 2001 the Crédit Industriel et Commercial-CIC group (formerly Union Européenne de CIC) was not included in the consolidation basis, after a 67% stake was initially acquired in 1998 which was subsequently raised to over 95% with the acquisition of Groupama-GAN's holding in 2001. Figures given for the Crédit Mutuel group in the tables contained in the main part of this survey refer to the aggregate of the two groups for the period between 1998 and 2001.

There are also two other French banking groups which have an associative structure along the lines outlined above, but which were set up more recently, namely Groupe Caisse d'Epargne and Groupe Banques Populaires. Groupe Caisse d'Epargne was set up in 1999, the first year for which consolidated reports are available. Its main body is the Caisse Nationale des Caisses d'Epargne et de Prévoyance (CNCE), 65% of which is owned by 32 local savings banks, which in turn are owned by 450 local savings institutions, and the remaining 35% by the Caisse des Dépôts et Consignations (CDC). CNCE also owns Crédit Foncier de France.([24]) Groupe Banques Populaires was set up in May 2001, the year in which the consolidated accounts were first drawn up. Its central body is Banque Fédérale des Banques Populaires, which

[24] In 2001, the Caisse d'Epargne and CDC groups set up Compagnie Financière Eulia, with Caisse de Dépots et Consignations owning 50.1% and CNCE 49.9%. This company operates in *bancassurance*, asset management, private banking, investment banking and real estate, all areas common to the two shareholders. The joint venture became operative in 2002. A framework agreement was signed between the two groups in October 2003 whereby C.ie Financière Eulia and investment bank CDC IXIS of the CDC group would be merged under the control of CNCE.

operates nationally and is owned by 21 co-operative banks, which have around 2.2 million shareholders. These two groups have not been included in our survey, because it is not possible to reconstruct historical data for them on a like-for-like basis.

Japan

Three banks linked to the co-operative banking universe feature in our survey. These are: Norinchukin Bank, Shoko Chukin Bank and Shinkin Central Bank.

The first two perform central bank functions in respect of credit to small and medium-size co-operative firms operating in certain sectors of the economy, Norinchukin Bank for agriculture, forestry and fishing, and Shoko Chukin Bank for trade and industry. In terms of ownership, Norinchukin Bank had 5,337 co-operative enterprises among its shareholders at 31 March 2003, while Shoko Chukin Bank was owned as to 79.3% by the Japanese government as at the same date, with the outstanding shares here too being held by small and mid-size co-operative enterprises.

Shinkin Central Bank is the central bank for Japanese co-operative banks or *shinkin*. The nation's 326 *shinkin* make up the bank's shareholders, and each has one vote in Annual General Meetings. The co-operatives themselves have over nine million shareholders, made up of locally-resident citizens and small/mid-size enterprises. As at year-end 2002, the banks had a network covering 8,263 branches, a headcount of 127,570 and funding totalling JPY 103,550bn.

APPENDIX 2 – Principal mergers and acquisitions involving banking groups included in the survey

A description of the main mergers and acquisitions to have taken place between those banks included in our survey sample from 1996 in the case of European groups and 1998 in the cases of Japanese and US groups is given below.

In **Germany** the merger between Bayerische Vereinsbank and Bayerische Hypotheken-und-Wechsel-Bank in 1998 led to the setting up of Bayerische Hypo-und Vereinsbank (HVB), the second largest bank in the country after Deutsche Bank. In 1999 Deutsche Bank acquired the US-based Bankers Trust, and in 2000 HVB acquired Bank Austria, which in turn had merged with Creditanstalt in 1997.([25]) In 2002, the three main German banks, Deutsche Bank, Commerzbank and Dresdner Bank all deconsolidated their respective activities in the mortgage credit sector and spun them off to Eurohypo, in which they each retain a minority share.

In **France**, Crédit Agricole acquired Banque Indosuez from Compagnie Financière de Suez in 1996, while in 1998 Crédit Mutuel took a majority stake in Union Européenne de CIC (now Crédit Industriel et Commercial-CIC) as part of its privatization by the French government. In 1999, Banque Nationale de Paris managed to stave off Société Générale's bid for Paribas, before acquiring the bank itself and changing its name to BNP Paribas. In the same year, Crédit Lyonnais was privatized and a core shareholders' agreement entered into between members owning roughly one third of the bank, within which Crédit Agricole held the majority share equal to 11% of the voting rights. In 2003 Crédit Agricole acquired control of the bank on the back of a full takeover bid. In 2000, Crédit Commercial de France was acquired by UK-based group HSBC Holdings.

In the **Benelux** countries, Banque Bruxelles Lambert was snapped up by the Dutch group ING with effect from 1 January 1998, while in the

[25] In July 2003 HVB sold a 25% stake in Bank Austria Creditanstalt on the market, netting proceeds of around € 1bn.

same year Belgian/Dutch group Fortis ([26]) pocketed the largest bank in Belgium, Générale de Banque. Other major same-country transactions were: in **Switzerland**, Unione di Banche Svizzere and Società di Banca Svizzera merging in 1998 to become UBS; in **Spain**, Banco Santander acquiring Banco Hispanoamericano in 1999, plus Banco Bilbao Vizcaya acquiring Argentaria in 2000; in **Italy**, Banca Intesa bought Banca Commerciale Italiana in 1999; in the **United Kingdom** the Royal Bank of Scotland bought the National Westminster Bank in 2000 and, in 2001, Halifax Group and the Bank of Scotland merged to form a single holding company named HBOS. In **Denmark**, Danske Bank bought in 2000 Real Danmark, the holding company which owns BG Bank, the third largest bank in the country prior to this transaction, and Realkredit Danmark, a mortgage lender.

There were major cross-border transactions in **Scandinavia**, notably the merger between Nordbanken of Sweden and Finnish group Merita in 1998 under the control of Nordic Baltic Holding (now Nordea), and this bank's acquisition in 2000 of Danish holding company Unidanmark, which owns Unibank along with Danish insurer Tryg-Baltica Forsikring and Norwegian insurer Vesta, both acquired during 1999. Nordea then also took control of the smaller Norwegian bank Christiania Bank og Creditkasse at the end of 2000.

In **Japan**, several important mergers took place during the 2000 and 2001 tax years([27]) involving major banks belonging to groupings of different companies.([28]) In September 2000, Fuji Bank, Dai-Ichi

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[26] Fortis comprises two holding companies, the Belgian Fortis S.A. and the Dutch Fortis N.V., each of which owns half the operations companies. In December 2001, the shares of the two holding companies were replaced with a single set of shares, with the result that now shareholders in the single entity remain shareholders in and retain equal voting rights in respect of both holding companies.

[27] Tax years in Japan run from 1 April to 31 March.

[28] One unusual aspect of the Japanese economic system is the presence of groupings of enterprises known as *keiretsu*. These are not legally autonomous, and institutions decide whether or not to belong to them on an individual and voluntary basis. The Chairmen of the various companies making up the groupings meet with each other regularly, but there are no controlling equity interests between the companies making up the *keiretsu*, which therefore remain formally independent despite the presence of privileged relations within them. The main companies are generally widely owned, and their shares trated on stock exchanges. Based on the different

Kangyo Bank and the mid-long term credit institution IBJ merged under the umbrella first of joint holding company Mizuho Holdings and then the newly set-up Mizuho Financial Group.([29]) In early April 2001 three other transactions were completed: Sakura Bank merged with Sumitomo Bank, with the latter taking on the name of Sumitomo Mitsui Banking (here too a new holding company, Sumitomo Mitsui Financial Group, was set up in December 2002 to take on the role of parent company); the Mitsubishi Tokyo Financial Group acquired control of Bank of Tokyo-Mitsubishi and Mitsubishi Trust and Banking; and the newly-set up UFJ Holdings brought in Sanwa Bank, Tokay Bank and Toyo Trust and Banking. In December 2001 Daiwa Bank, Kinki Osaka Bank (which was set up following the earlier merger between the Bank of Kinki and the Bank of Osaka) and the smaller Nara Bank came under the aegis of Daiwa Bank Holdings, subsequently Resona Holdings, which itself then merged with Ashai Bank in March 2002.

In the **United States**, Citicorp and the insurer Travelers Group merged in 1998 to form Citigroup, which itself then indulged in two smaller acquisitions: in 2000 it bought Associates First Capital, which was set up in 1998 following a spin-off by the Ford Motor group, and in 2002 it acquired Golden State Bancorp. A further three mergers took place in 1998 involving groups of virtually identical proportions, enabling the new combined entities to double their size and reach the top places in their country's league tables in terms of total assets. These were the merger of NationsBank with BankAmerica, where the former took on

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nature of the ties existing between the various companies, the *keiretsu* may be classified as either "horizontal" or "vertical". Horizontal *keietsu* are linked via relations with a large bank at the centre of the organization, whereas with vertical *keietsu* the nature of the relations revolves around the purchasing and supply of goods and services from and to other members of the grouping. Until the end of the 1990s there were six major groupings of the first kind known as the "big six", namely Mitsubishi, Sumitomo, Mitsui, Fuyo, Dai-Ichi and Sanwa, whose main banks were respectively Bank of Tokyo Mitsubishi, Sumitomo Bank, Sakura Bank, Fuji Bank, Dai-Ichi Kangyo Bank and Sanwa Bank. The mergers referred to above obviously changed this situation significantly.

[29] The Mizuho Financial Group was set up in January 2003, and the following March took control of Mizuho Holdings.

the latter's name which was subsequently changed into its current moniker Bank of America; Banc One merging with First Chicago NBD to create Bank One, and Wells Fargo & Co. which merged with Norwest. In 2000 Chase Manhattan and J.P. Morgan & Co. merged to form J.P. Morgan Chase & Co.

Other smaller mergers included: the Fleet Financial Group acquiring BankBoston in 1999, changing its name to Fleet Boston (now FleetBoston Financial), and then buying up Summit Bancorp in 2001; First Union merging by amalgamation with Wachovia in 2001 and taking its name, and Firstar, which acquired Mercantile Bancorp in 1999 and then acquired U.S. Bancorp in 2001, taking on its name.

In October 2003, the Bank of America announced it was acquiring FleetBoston Financial in a deal which made it the second-ranked US bank in terms of assets, a position it then lost in January 2004 when J.P. Morgan Chase & Co. won it back by acquiring Bank One.

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One feature of the investment banking operations of the banks included here was that for most of them growth was organic. That said, there have been several large acquisitions during the period under review, involving Swiss banks, German groups Deutsche Bank and Dresdner Bank and ING Groep of the Netherlands. Swiss bank Società di Banca Svizzera, which subsequently became part of UBS, bought the investment banking arm of U.K.-based SG Warburg Group plc in 1995, thereby setting up SBC Warburg, and U.S. bank Dillon Read in 1997. Meanwhile, Credit Suisse Group, also of Switzerland, bought BZW from Barclays, also in 1997, and in 2000 picked up Donaldson, Lufkin & Jenrette. Deutsche Bank bought Morgan Grenfell in 1995 and Bankers Trust in 1999, while Dresdner Bank acquired Kleinwort Benson in 1995 before snapping up Wasserstein Perella in 2000. After pocketing Barings in 1995, ING Groep strengthened its investment banking operations with the acquisition of Banque Bruxelles Lambert in 1998 and German-based BHF-Bank in 1999. In terms of domestic transactions, in France Crédit Agricole acquired Banque Indosuez in

1996 and Banque Nationale de Paris bought Paribas in 1999 (as previously mentioned), while in Italy Istituto Bancario San Paolo di Torino acquired and merged by incorporation with IMI – Istituto Mobiliare Italiano to form Sanpaolo IMI in 1998. Crédit Agricole, which had set up Crédit Agricole Lazard Financial Products in London in 1995 under a joint venture with Lazard, bought a 30.9% stake in, or 20.5% of the voting rights of, Rue Impériale de Lyon, the parent company of Lazard, in 2000.([30])

The three leading US investment banks Merrill Lynch, Goldman Sachs and Lehman Brothers are not covered by this survey as a result of their having certain unusual charactistics.

[30] Reduced to 23.6% and 17% respectively at year-end 2002.

APPENDIX 3 – Insurance

The banks included in this survey generally engage in insurance via subsidiaries, either insurance companies or other specialist operators. These activities are accounted for differently in the respective consolidated accounts of the countries involved. For example, such activities are not included in consolidated accounts in Italy, Spain and Denmark, whereas in France, they have been consolidated using the line-for-line method since 1999, having previously been consolidated on an equity basis. In Holland, Belgium, Switzerland and Germany, they have been consolidated on the line-for-line basis for the entire five-year period, although of the German banks only Deutsche Bank and DZ Bank (and the latter only for the last two financial years) included insurance activities in their consolidated accounts. U.K. banks, on the other hand, value long term assurance business using the 'embedded value method'. This method includes a prudent valuation of the discounted future earnings expected to emerge from business currently in force, taking into account factors such as recent experience and general economic conditions, together with the surplus retained in the long-term assurance funds. These are determined annually. Changes in the value placed on interest in long-term assurance business are reported in the profit and loss account.
A summary of the banking and insurance activities by European banks over the past two years is given below.

	Current pre-tax profit			Total assets (1)		
	2000	2001	2002	2000	2001	2002
		EUR bn			*EUR bn*	
Banking	103.0	86.1	65.6	14,160.9	15,377.0	14,964.2
Insurance	13.9	15.4	12.3	869.6	981.2	928.4
Total	**116.9**	**101.5**	**77.9**	**15,030.5**	**16,358.9**	**15,892.6**
		as % of total income			*as % of total assets*	
Banking	*26.6*	*21.4*	*17.4*	*94.2*	*94.0*	*94.2*
Insurance	*3.6*	*3.8*	*3.3*	*5.8*	*6.0*	*5.8*
Total	***30.2***	***25.2***	***20.7***	***100.0***	***100.0***	***100.0***

(1) Insurance funds in the case of insurance activities.

Only Citigroup out of the US banks considered here includes an insurance operation in its consolidated accounts, following its merger with Travelers Group in 1998. However, this too was downsized in 2002 when the non-life activities were sold.([31]) Insurance activites accounted for 2.3% of the US banks' aggregate current pre-tax profit in 2002, versus 2.7% in 2001 and 3.6% in 2000. Technical reserves represented 1.3% of aggregate total assets at year-end 2002, as against approx. 2% in the preceding two-year period.

In the aggregate figures given in this survey, pre-tax profit (loss) from insurance business is included in the item 'Commissions receivable and other operating income' in the profit and loss account, and in the balance sheet, investments have been reported under 'Other assets' and insurance funds under 'Other liabilities'.

[31] Citigroup offered shares in its subsidiary Travelers Property Casualty Corp. to the public in March 2002 and to its shareholders by way of a dividend in August of the same year. The former yielded a gain of USD 1.2bn against Citigroup reducing its shareholding to around 9.9%.

II. STATISTICAL TABLES

TABLE II.1 - PROFIT AND LOSS ACCOUNTS

74 COMPANIES

	1998		1999		2000		2001		2002	
	EUR m	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%
Interest receivable and similar income	972,814		1,037,164		1,228,275		1,231,111		978,587	
Interest payable and similar expenses	-675,224		-689,383		-860,766		-824,098		-592,607	
Interest margin	**297,589**	***55.0***	**347,781**	***52.8***	**367,508**	***48.8***	**407,012**	***50.8***	**385,980**	***52.4***
Commissions receivable and other operating income (1)	195,627	*36.2*	245,854	*37.3*	302,369	*40.1*	315,215	*39.3*	284,531	*38.6*
Commissions payable and other operating expenses	…	…	…	…	…	…	…	…	…	…
Dividends and share of profit (loss)	…	…	…	…	…	…	…	…	…	…
Gains (losses) on financial transactions	47,482	*8.8*	64,726	*9.8*	83,733	*11.1*	79,113	*9.9*	66,278	*9.0*
Total income	**540,700**	***100.0***	**658,363**	***100.0***	**753,612**	***100.0***	**801,341**	***100.0***	**736,791**	***100.0***
Labour costs	…	…	…	…	…	…	…	…	…	…
General expenses (2)	-306,923	*-56.8*	-366,879	*-55.7*	-422,655	*-56.1*	-452,097	*-56.4*	-412,920	*-56.0*
Bad debts recovered (written off)	-121,146	*-22.4*	-80,849	*-12.3*	-88,081	*-11.7*	-136,515	*-17.0*	-117,633	*-16.0*
Depreciation and amortization	-24,262	*-4.5*	-28,912	*-4.4*	-34,230	*-4.5*	-35,166	*-4.4*	-34,612	*-4.7*
Current pre-tax profit	**88,367**	***16.3***	**181,721**	***27.6***	**208,645**	***27.7***	**177,561**	***22.2***	**171,623**	***23.3***
Amortization of goodwill	-6,760	*-1.3*	-7,369	*-1.1*	-9,589	*-1.3*	-14,337	*-1.8*	-11,860	*-1.6*
Transfer to credit risk provision	-17,577	*-3.3*	-3,581	*-0.5*	-2,532	*-0.3*	-4,584	*-0.6*	-264	*0.0*
Transfer from (to) reserves	-755	*-0.1*	-2,460	*-0.4*	-761	*-0.1*	-418	*-0.1*	246	*0.0*
Fixed asset revaluations (writedowns)	-6,847	*-1.3*	-6,140	*-0.9*	-6,471	*-0.9*	-23,493	*-2.9*	-27,410	*-3.7*
Extraordinary items	18,522	*3.4*	47,400	*7.2*	32,462	*4.3*	-806	*-0.1*	-4,414	*-0.6*
Cumulative effect of accounting changes	0	*0.0*	-210	*0.0*	-49	*0.0*	-689	*-0.1*	-1,230	*-0.2*
Profit (loss) before tax	**74,948**	***13.9***	**209,361**	***31.8***	**221,703**	***29.4***	**133,232**	***16.6***	**126,689**	***17.2***
Taxation	-30,048	*-5.6*	-72,634	*-11.0*	-68,922	*-9.1*	-40,716	*-5.1*	-52,208	*-7.1*
Profit attributable to minorities	-3,571	*-0.7*	-4,878	*-0.7*	-7,684	*-1.0*	-7,321	*-0.9*	-6,749	*-0.9*
Net profit attributable to parent company	**41,329**	***7.6***	**131,848**	***20.0***	**145,096**	***19.3***	**85,194**	***10.6***	**67,731**	***9.2***
Dividends payout	*37,686*	7.0	*48,966*	7.4	*56,649*	7.5	*62,676*	7.8	*56,251*	7.6

(1) Net of commissions payable and other expenses, including gains and losses pro-rata to interests stated on a net equity basis and dividends recorded by European companies.

(2) Including labour costs.

		1998		1999		2000		2001		2002	
		EUR m	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%
Cash and deposits at central banks		…	…	…	…	…	…	…	…	…	…
Fixed-income securities		3,549,711	*18.3*	4,475,325	*19.1*	5,316,066	*20.2*	5,708,325	*20.9*	5,564,111	*21.7*
Loans and advances to banks (1)		3,053,290	*15.8*	3,395,113	*14.5*	3,622,932	*13.8*	3,914,338	*14.4*	3,762,588	*14.7*
Loans and advances to customers		9,769,802	*50.4*	11,709,224	*50.1*	12,839,638	*48.8*	12,867,683	*47.2*	12,043,413	*47.0*
Loans, advances and cash		***16,372,803***	***84.5***	***19,579,663***	***83.7***	***21,778,638***	***82.8***	***22,490,348***	***82.5***	***21,370,113***	***83.4***
Equity shares		568,990	*2.9*	817,517	*3.5*	903,003	*3.4*	769,527	*2.8*	561,709	*2.2*
Interests in subsidiaries and associated		126,144	*0.7*	157,382	*0.7*	189,027	*0.7*	215,310	*0.8*	184,524	*0.7*
Intangible assets		23,125	*0.1*	34,927	*0.1*	57,415	*0.2*	73,308	*0.3*	60,789	*0.2*
Net tangible assets		218,051	*1.1*	253,884	*1.1*	267,955	*1.0*	272,051	*1.0*	250,323	*1.0*
Other assets		1,999,106	*10.3*	2,447,418	*10.5*	2,920,388	*11.1*	3,219,567	*11.8*	2,993,926	*11.7*
Total	**(a)**	**19,308,222**	***99.7***	**23,290,795**	***99.6***	**26,116,429**	***99.3***	**27,040,113**	***99.2***	**25,421,387**	***99.2***
Deposits by banks		3,733,295	*19.3*	4,294,923	*18.4*	4,928,056	*18.7*	5,099,583	*18.7*	4,949,308	*19.3*
Customer deposits		9,002,391	*46.5*	10,781,288	*46.1*	11,986,168	*45.6*	12,622,228	*46.3*	11,831,175	*46.2*
Debt securities and certif, of deposit		2,868,550	*14.8*	3,570,443	*15.3*	3,886,313	*14.8*	3,947,238	*14.5*	3,712,618	*14.5*
Subordinated liabilities		431,087	*2.2*	550,229	*2.4*	624,532	*2.4*	671,463	*2.5*	611,601	*2.4*
Total funding		***16,035,325***	***82.8***	***19,196,885***	***82.1***	***21,425,070***	***81.5***	***22,340,514***	***82.0***	***21,104,705***	***82.4***
Provision for employee benefits		31,443	*0.2*	36,493	*0.2*	48,299	*0.2*	43,774	*0.2*	47,348	*0.2*
Provision for deferred taxation		43,926	*0.2*	63,342	*0.3*	79,872	*0.3*	77,030	*0.3*	78,100	*0.3*
Credit risk provision		17,243	*0.1*	18,978	*0.1*	16,082	*0.1*	16,617	*0.1*	9,689	*0.0*
Other liabilities		2,324,561	*12.0*	2,940,511	*12.6*	3,446,622	*13.1*	3,451,624	*12.7*	3,197,312	*12.5*
Total liabilities	**(b)**	**18,452,500**	***95.3***	**22,256,212**	***95.2***	**25,015,948**	***95.1***	**25,929,562**	***95.1***	**24,437,156**	***95.4***
Goodwill	**(c)**	59,389	*0.3*	93,949	*0.4*	184,036	*0.7*	218,944	*0.8*	203,799	*0.8*
Net worth	**(a-b+c)**	**915,111**	***4.7***	**1,128,532**	***4.8***	**1,284,517**	***4.9***	**1,329,496**	***4.9***	**1,188,031**	***4.6***
represented by:											
Issued share capital		195,247	*1.0*	230,496	*1.0*	226,262	*0.9*	214,089	*0.8*	190,538	*0.7*
Reserves		688,795	*3.6*	864,324	*3.7*	1,006,548	*3.8*	1,059,325	*3.9*	943,650	*3.7*
Own shares		-22,519	*-0.1*	-39,757	*-0.2*	-40,150	*-0.2*	-44,082	*-0.2*	-43,890	*-0.2*
Total		**861,525**	***4.4***	**1,055,063**	***4.5***	**1,192,661**	***4.5***	**1,229,332**	***4.5***	**1,090,298**	***4.3***
Minority interests		53,585	*0.3*	73,468	*0.3*	91,855	*0.3*	100,163	*0.4*	97,732	*0.4*
Funding from customers		**12,302,028**	***63.5***	**14,901,960**	***63.7***	**16,497,013**	***62.7***	**17,240,929**	***63.2***	**16,155,394**	***63.0***
Total assets	**(a+c)**	**19,367,611**	***100.0***	**23,384,744**	***100.0***	**26,300,465**	***100.0***	**27,259,057**	***100.0***	**25,625,186**	***100.0***

(1) Including cash and central banks deposits.

TABLE II.3 – EMPLOYEES

74 COMPANIES

	1998	1999	2000	2001	2002
Average number of staff	3,156,767	3,273,647	3,440,980	3,531,261	3,526,862
of which: from country of origin (%)	…	…	…	…	…
from elsewhere (%)	…	…	…	…	…

TABLE II.4 – FINANCIAL RATIOS

74 COMPANIES

	1998	1999	2000	2001	2002
Funding from customers per employee ('000 EUR) (1)	3,924	4,618	4,874	4,991	4,689
Loans and advances to customers per employee ('000 EUR) (1)	3,117	3,628	3,794	3,725	3,495
Labour cost per employee ('000 EUR)	…	…	…	…	…
Cost / income ratio (%)	61.3	60.1	60.6	60.8	60.7
Bad debts written off as % of total income (2)	22.4	12.3	11.7	17.0	16.0
Dividends payout as % of net profit	91.2	37.1	39.0	73.6	83.1
ROE (%)	5.0	14.3	13.9	7.4	6.6
ROA (%)	0.2	0.6	0.6	0.3	0.3
Doubtful loans as % of loans to customers (3)	1.5	1.7	1.6	2.1	1.8
Doubtful loans as % of net worth (3)	16.3	17.4	15.9	20.3	17.3
Loans, advances and cash as % of total funding	102.1	102.0	101.7	100.7	101.3
Fixed assets as % of net worth	46.6	47.9	54.4	58.6	58.9

Funding from customers = customer deposits plus debt securities and certificates of deposit plus subordinated liabilities.
Fixed assets = interests in subsidiaries and associated plus net tangible and intangible assets plus goodwill.

(1) Calculated excluding staff employed in insurance operations where possible based on information available.
(2) Net of recovered.
(3) Calculated only on the basis of those exposures not completely covered by provisions. Figures cover Groups which accounted for 80.8% in 1998, 88.4% in 1999, 92.4% in 2000, 94.6% in 2001 and 93.5% in 2002 of loans to customers of the sample.

TABLE II.1 – PROFIT AND LOSS ACCOUNTS

	1995		1996		1997		1998		1999		2000		2001		2002	
	EUR m	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%
Interest receivable and similar income	504,543		509,181		556,267		599,852		617,991		765,887		795,928		667,271	
Interest payable and similar expenses	-380,297		-378,288		-416,064		-453,798		-458,454		-596,405		-612,863		-479,876	
Interest margin	**124,246**	***59.5***	**130,892**	***57.3***	**140,202**	***54.0***	**146,054**	***51.9***	**159,537**	***48.6***	**169,481**	***43.8***	**183,064**	***45.4***	**187,394**	***49.8***
Commissions receivable and other operating income	70,713	*33.8*	80,904	*35.4*	101,820	*39.2*	118,442	*42.1*	147,278	*44.9*	178,361	*46.1*	183,618	*45.6*	174,411	*46.3*
Commissions payable and other operating expenses	-12,693	*-6.1*	-15,017	*-6.6*	-19,291	*-7.4*	-20,728	*-7.4*	-29,642	*-9.0*	-28,873	*-7.5*	-31,933	*-7.9*	-32,955	*-8.8*
Dividends and share of profit (loss)	6,879	*3.3*	7,891	*3.5*	9,701	*3.7*	10,576	*3.8*	11,640	*3.5*	14,598	*3.8*	15,634	*3.9*	9,978	*2.7*
Gains (losses) on financial transactions	19,813	*9.5*	23,722	*10.4*	27,353	*10.5*	26,989	*9.6*	39,356	*12.0*	53,349	*13.8*	52,709	*13.1*	37,557	*10.0*
Total income	**208,959**	***100.0***	**228,393**	***100.0***	**259,788**	***100.0***	**281,334**	***100.0***	**328,170**	***100.0***	**386,918**	***100.0***	**403,093**	***100.0***	**376,386**	***100.0***
Labour costs	-81,770	*-39.1*	-86,650	*-37.9*	-97,136	*-37.4*	-102,524	*-36.4*	-120,652	*-36.8*	-142,986	*-37.0*	-152,733	*-37.9*	-143,340	*-38.1*
General expenses	-46,308	*-22.2*	-49,972	*-21.9*	-58,126	*-22.4*	-64,600	*-23.0*	-71,944	*-21.9*	-83,913	*-21.7*	-93,334	*-23.2*	-87,506	*-23.2*
Bad debts recovered (written off)	-22,926	*-11.0*	-24,273	*-10.6*	-23,965	*-9.2*	-31,515	*-11.2*	-26,197	*-8.0*	-24,926	*-6.4*	-36,674	*-9.1*	-48,466	*-12.9*
Depreciation and amortization	-10,736	*-5.1*	-11,619	*-5.1*	-12,405	*-4.8*	-13,426	*-4.8*	-15,484	*-4.7*	-18,242	*-4.7*	-18,824	*-4.7*	-19,167	*-5.1*
Current pre-tax profit	**47,217**	***22.6***	**55,877**	***24.5***	**68,154**	***26.2***	**69,268**	***24.6***	**93,891**	***28.6***	**116,850**	***30.2***	**101,527**	***25.2***	**77,906**	***20.7***
Amortization of goodwill	-1,035	*-0.5*	-1,156	*-0.5*	-2,925	*-1.1*	-3,389	*-1.2*	-3,370	*-1.0*	-5,640	*-1.5*	-9,733	*-2.4*	-11,188	*-3.0*
Transfer to credit risk provision	-369	*-0.2*	-1,298	*-0.6*	-814	*-0.3*	-339	*-0.1*	-247	*-0.1*	-1,108	*-0.3*	-204	*-0.1*	-2	*0.0*
Transfer from (to) reserves	-706	*-0.3*	-2,336	*-1.0*	-2,073	*-0.8*	-770	*-0.3*	-2,460	*-0.7*	-761	*-0.2*	-288	*-0.1*	246	*0.1*
Fixed asset revaluations (writedowns)	-588	*-0.3*	-1,161	*-0.5*	220	*0.1*	-966	*-0.3*	139	*0.0*	-725	*-0.2*	-5,025	*-1.2*	-7,756	*-2.1*
Extraordinary items	1,559	*0.7*	-962	*-0.4*	-2,149	*-0.8*	10,452	*3.7*	11,798	*3.6*	17,560	*4.5*	12,027	*3.0*	12,379	*3.3*
Cumulative effect of accounting changes	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	-325	*-0.1*	-736	*-0.2*
Profit (loss) before tax	**46,078**	***22.1***	**48,962**	***21.4***	**60,412**	***23.3***	**74,255**	***26.4***	**99,751**	***30.4***	**126,175**	***32.6***	**97,979**	***24.3***	**70,849**	***18.8***
Taxation	-15,011	*-7.2*	-17,545	*-7.7*	-18,754	*-7.2*	-23,766	*-8.4*	-28,855	*-8.8*	-32,548	*-8.4*	-25,927	*-6.4*	-22,519	*-6.0*
Profit attributable to minorities	-2,282	*-1.1*	-2,607	*-1.1*	-3,405	*-1.3*	-3,207	*-1.1*	-4,228	*-1.3*	-6,535	*-1.7*	-6,624	*-1.6*	-5,505	*-1.5*
Net profit attributable to parent company	**28,783**	***13.8***	**28,809**	***12.6***	**38,252**	***14.7***	**47,280**	***16.8***	**66,667**	***20.3***	**87,091**	***22.5***	**65,426**	***16.2***	**42,824**	***11.4***
Dividends payout	*13,153*	6.3	*13,418*	5.9	*17,216*	6.6	*20,500*	7.3	*25,644*	7.8	*32,237*	8.3	*35,399*	8.8	*32,589*	8.7

TABLE II.2 – FINANCIAL STATEMENTS

		1995		1996		1997		1998		1999		2000		2001		2002	
		EUR m	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%
Cash and deposits at central banks		57,665	*0.7*	66,239	*0.7*	76,107	*0.7*	79,277	*0.7*	125,653	*1.0*	132,068	*0.9*	166,607	*1.0*	150,153	*0.9*
Fixed-income securities		1,323,960	*16.2*	1,564,215	*17.4*	1,907,212	*18.2*	2,166,490	*19.2*	2,555,972	*19.6*	2,903,366	*19.3*	3,389,023	*20.7*	3,226,452	*20.3*
Loans and advances to banks		1,809,194	*22.1*	1,927,833	*21.4*	2,155,976	*20.6*	2,149,998	*19.1*	2,196,199	*16.8*	2,389,173	*15.9*	2,610,085	*16.0*	2,581,584	*16.2*
Loans and advances to customers		4,029,255	*49.2*	4,353,096	*48.3*	4,913,930	*46.9*	5,149,556	*45.7*	5,892,005	*45.1*	6,730,466	*44.8*	7,044,245	*43.1*	6,984,677	*43.9*
Loans, advances and cash		***7,220,075***	***88.2***	***7,911,384***	***87.8***	***9,053,226***	***86.4***	***9,545,321***	***84.7***	***10,769,830***	***82.4***	***12,155,074***	***80.9***	***13,209,961***	***80.8***	***12,942,867***	***81.4***
Equity shares		115,291	*1.4*	146,797	*1.6*	190,223	*1.8*	233,229	*2.1*	364,017	*2.8*	479,729	*3.2*	458,456	*2.8*	355,485	*2.2*
Interests in subsidiaries and associated		80,499	*1.0*	81,553	*0.9*	89,239	*0.9*	119,854	*1.1*	146,278	*1.1*	173,297	*1.2*	201,413	*1.2*	174,093	*1.1*
Intangible assets		3,154	*0.0*	3,187	*0.0*	4,592	*0.0*	6,144	*0.1*	7,309	*0.1*	19,128	*0.1*	18,435	*0.1*	18,582	*0.1*
Net tangible assets		107,310	*1.3*	108,651	*1.2*	116,377	*1.1*	122,444	*1.1*	135,895	*1.0*	151,070	*1.0*	163,935	*1.0*	157,824	*1.0*
Other assets		653,068	*8.0*	751,247	*8.3*	1,020,621	*9.7*	1,223,858	*10.9*	1,609,364	*12.3*	1,942,807	*12.9*	2,187,131	*13.4*	2,133,502	*13.4*
Total	**(a)**	**8,179,400**	***99.9***	**9,002,821**	***99.9***	**10,474,280**	***99.9***	**11,250,853**	***99.9***	**13,032,695**	***99.7***	**14,921,108**	***99.3***	**16,239,335**	***99.3***	**15,782,355**	***99.3***
Deposits by banks		2,084,985	*25.5*	2,278,982	*25.3*	2,569,204	*24.5*	2,574,354	*22.9*	2,834,841	*21.7*	3,256,047	*21.7*	3,445,211	*21.1*	3,335,368	*21.0*
Customer deposits		3,344,860	*40.9*	3,618,242	*40.1*	4,160,677	*39.7*	4,321,092	*38.4*	4,782,547	*36.6*	5,502,779	*36.6*	6,156,909	*37.6*	5,973,013	*37.6*
Debt securities and certif, of deposit		1,495,936	*18.3*	1,650,120	*18.3*	1,866,625	*17.8*	2,146,110	*19.1*	2,590,325	*19.8*	2,853,337	*19.0*	3,050,464	*18.6*	2,965,551	*18.7*
Subordinated liabilities		144,219	*1.8*	162,764	*1.8*	196,637	*1.9*	207,867	*1.8*	272,620	*2.1*	320,601	*2.1*	365,635	*2.2*	365,976	*2.3*
Total funding		***7,070,001***	***86.4***	***7,710,110***	***85.6***	***8,793,145***	***83.9***	***9,249,424***	***82.1***	***10,480,334***	***80.2***	***11,932,766***	***79.4***	***13,018,221***	***79.6***	***12,639,909***	***79.5***
Provision for employee benefits		20,456	*0.2*	20,795	*0.2*	21,051	*0.2*	25,712	*0.2*	29,278	*0.2*	41,798	*0.3*	37,868	*0.2*	41,798	*0.3*
Provision for deferred taxation		12,880	*0.2*	15,272	*0.2*	19,672	*0.2*	24,919	*0.2*	35,704	*0.3*	42,894	*0.3*	42,006	*0.3*	43,290	*0.3*
Credit risk provision		7,547	*0.1*	7,600	*0.1*	7,500	*0.1*	7,640	*0.1*	6,579	*0.1*	8,309	*0.1*	8,419	*0.1*	8,260	*0.1*
Other liabilities		730,591	*8.9*	896,900	*10.0*	1,230,049	*11.7*	1,501,482	*13.3*	1,981,183	*15.2*	2,360,720	*15.7*	2,551,387	*15.6*	2,516,473	*15.8*
Total liabilities	**(b)**	**7,841,478**	***95.8***	**8,650,678**	***96.0***	**10,071,418**	***96.1***	**10,809,179**	***96.0***	**12,533,080**	***95.9***	**14,386,490**	***95.7***	**15,657,903**	***95.7***	**15,249,732**	***96.0***
Goodwill	**(c)**	7,125	*0.1*	9,027	*0.1*	9,838	*0.1*	13,681	*0.1*	33,344	*0.3*	109,439	*0.7*	118,840	*0.7*	110,240	*0.7*
Net worth	**(a-b+c)**	**345,046**	***4.2***	**361,171**	***4.0***	**412,701**	***3.9***	**455,355**	***4.0***	**532,959**	***4.1***	**644,057**	***4.3***	**700,271**	***4.3***	**642,863**	***4.0***
represented by:																	
Issued share capital		60,913	*0.7*	62,006	*0.7*	66,271	*0.6*	68,629	*0.6*	72,274	*0.6*	71,769	*0.5*	85,270	*0.5*	86,996	*0.5*
Reserves		262,384	*3.2*	277,313	*3.1*	320,817	*3.1*	357,880	*3.2*	420,105	*3.2*	514,812	*3.4*	553,139	*3.4*	502,110	*3.2*
Own shares		-2,592	*0.0*	-3,942	*0.0*	-5,462	*-0.1*	-6,489	*-0.1*	-9,576	*-0.1*	-11,342	*-0.1*	-9,260	*-0.1*	-12,041	*-0.1*
Total		**320,706**	***3.9***	**335,377**	***3.7***	**381,627**	***3.6***	**420,021**	***3.7***	**482,803**	***3.7***	**575,240**	***3.8***	**629,150**	***3.8***	**577,065**	***3.6***
Minority interests		24,340	*0.3*	25,794	*0.3*	31,073	*0.3*	35,333	*0.3*	50,155	*0.4*	68,817	*0.5*	71,121	*0.4*	65,798	*0.4*
Funding from customers		**4,985,015**	***60.9***	**5,431,126**	***60.3***	**6,223,939**	***59.4***	**6,675,069**	***59.3***	**7,645,492**	***58.5***	**8,676,717**	***57.7***	**9,573,008**	***58.5***	**9,304,540**	***58.5***
Total assets	**(a+c)**	**8,186,525**	***100.0***	**9,011,849**	***100.0***	**10,484,119**	***100.0***	**11,264,534**	***100.0***	**13,066,040**	***100.0***	**15,030,547**	***100.0***	**16,358,175**	***100.0***	**15,892,595**	***100.0***

TABLE II.3 – EMPLOYEES

EUROPE

	1995	1996	1997	1998	1999	2000	2001	2002
Average number of staff	1,655,066 (1)	1,705,721	1,805,734	1,876,825	1,974,300	2,107,348	2,169,904	2,165,697
of which: from country of origin (%) (2)	…	*73.8*	*69.5*	*67.2*	*65.2*	*58.4*	*54.1*	*53.8*
from elsewhere (%) (2)	…	*26.2*	*30.5*	*32.8*	*34.8*	*41.6*	*45.9*	*46.2*

(1) For 53 of the 56 companies subsequently considered.
(2) Figures for companies which cover 57% of total number of staff in 1996 and 1997, 64% in 1998, 70% in 1999, 88% in 2000 and 89% in 2001 and 2002.

TABLE II.4 – FINANCIAL RATIOS

EUROPE

	1995	1996	1997	1998	1999	2000	2001	2002
Funding from customers per employee ('000 EUR) (1)	2,970 (2)	3,240	3,562	3,675	4,001	4,254	4,573	4,464
Loans and advances to customers per employee ('000 EUR) (1)	2,419 (2)	2,597	2,813	2,835	3,084	3,300	3,365	3,351
Labour cost per employee ('000 EUR) (1)	49 (2)	52	56	57	64	71	75	71
Cost / income ratio (%)	66.4	64.9	64.6	64.2	63.4	63.4	65.8	66.4
Bad debts written off as % of total income (3)	11.0	10.6	9.2	11.2	8.0	6.4	9.1	12.9
Dividends payout as % of net profit	45.7	46.6	45.0	43.4	38.5	37.0	54.1	76.1
ROE (%)	9.9	9.4	11.1	12.7	16.0	17.8	11.6	8.0
ROA (%)	0.4	0.3	0.4	0.4	0.5	0.6	0.4	0.3
Doubtful loans as % of loans to customers (4)	2.3	1.8	1.3	1.2	1.1	1.0	1.1	1.2
Doubtful loans as % of net worth (4)	24.7	20.8	15.4	14.0	12.7	10.3	11.0	12.4
Loans, advances and cash as % of total funding	102.1	102.6	103.0	103.2	102.8	101.9	101.5	102.4
Fixed assets as % of net worth	57.4	56.0	53.3	57.6	60.6	70.3	71.8	71.7

Funding from customers = customer deposits plus debt securities and certificates of deposit plus subordinated liabilities.
Fixed assets = interests in subsidiaries and associated plus net tangible and intangible assets plus goodwill.

(1) Calculated excluding staff employed in insurance operations where possible based on information available.
(2) Figures cover Groups which accounted for 96.8% of total assets of the sample.
(3) Net of recovered.
(4) Figures cover Groups which accounted for 40.4% in 1995, 44.3% in 1996, 54.8% in 1997, 58.8% in 1998, 71% in 1999, 85.4% in 2000, 90.2% in 2001 and 88.9% in 2002 of loans to customers of the sample.

TABLE II.1 - PROFIT AND LOSS ACCOUNTS

	1998		1999		2000		2001		2002	
	JPY bn	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%
Interest receivable and similar income	20,495		16,637		14,474		12,736		9,802	
Interest payable and similar expenses	-13,573		-9,833		-7,972		-5,631		-3,300	
Interest margin	**6,922**	***66.3***	**6,804**	***72.7***	**6,501**	***66.0***	**7,105**	***67.7***	**6,502**	***59.8***
Commissions receivable and other operating income	3,488	*33.4*	3,401	*36.3*	3,741	*38.0*	3,649	*34.7*	3,335	*30.7*
Commissions payable and other operating expenses	-1,197	*-11.5*	-1,349	*-14.4*	-1,368	*-13.9*	-1,153	*-11.0*	-918	*-8.4*
Dividends and share of profit (loss) (1)	0	*0.0*	8	*0.1*	44	*0.4*	-19	*-0.2*	2	*0.0*
Gains (losses) on financial transactions	1,235	*11.8*	497	*5.3*	926	*9.4*	919	*8.8*	1,954	*18.0*
Total income	**10,448**	***100.0***	**9,361**	***100.0***	**9,843**	***100.0***	**10,501**	***100.0***	**10,875**	***100.0***
Labour costs	…	…	…	…	…	…	…	…	…	…
General expenses (2)	-5,437	*-52.0*	-5,180	*-55.3*	-5,173	*-52.6*	-5,463	*-52.0*	-5,209	*-47.9*
Bad debts recovered (written off)	-10,237	*-98.0*	-4,057	*-43.3*	-4,360	*-44.3*	-7,320	*-69.7*	-4,598	*-42.3*
Depreciation and amortization	-452	*-4.3*	-387	*-4.1*	-392	*-4.0*	-460	*-4.4*	-516	*-4.7*
Current pre-tax profit	**-5,678**	***-54.3***	**-264**	***-2.8***	**-83**	***-0.8***	**-2,742**	***-26.1***	**552**	***5.1***
Amortization of goodwill	-71	*-0.7*	-34	*-0.4*	-40	*-0.4*	-39	*-0.4*	-84	*-0.8*
Transfer to credit risk provision	-2,322	*-22.2*	-343	*-3.7*	-152	*-1.5*	-505	*-4.8*	-33	*-0.3*
Transfer from (to) reserves	2	*0.0*	0	*0.0*	0	*0.0*	-15	*-0.1*	0	*0.0*
Fixed asset revaluations (writedowns)	-792	*-7.6*	-645	*-6.9*	-400	*-4.1*	-1,661	*-15.8*	-2,061	*-19.0*
Extraordinary items	1,686	*16.1*	3,627	*38.7*	1,620	*16.5*	-506	*-4.8*	-1,980	*-18.2*
Cumulative effect of accounting changes	0	*0.0*	0	*0.0*	0	*0.0*	9	*0.1*	-1	*0.0*
Profit (loss) before tax	**-7,175**	***-68.7***	**2,341**	***25.0***	**945**	***9.6***	**-5,458**	***-52.0***	**-3,605**	***-33.1***
Taxation	1,663	*15.9*	-1,348	*-14.4*	-563	*-5.7*	1,547	*14.7*	-307	*-2.8*
Profit attributable to minorities	-4	*0.0*	-18	*-0.2*	-87	*-0.9*	-60	*-0.6*	-126	*-1.2*
Net profit attributable to parent company	**-5,517**	***-52.8***	**975**	***10.4***	**296**	***3.0***	**-3,972**	***-37.8***	**-4,038**	***-37.1***
Dividends payout	*348*	*3.3*	*374*	*4.0*	*183*	*1.9*	*262*	*2.5*	*189*	*1.7*

(1) Excluding dividends included under interest receivable and similar income.
(2) Including labour costs for which no separate figure is available.

		1998		1999		2000		2001		2002	
		JPY bn	%	JPY bn	%	JPY bn	%	JPY bn	%	JPY bn	%
Cash and deposits at central banks		…	…	…	…	…	…	…	…	…	…
Fixed-income securities		90,596	14.2	107,227	17.0	151,643	22.1	137,539	21.6	161,575	26.0
Loans and advances to banks (1)		59,556	9.3	59,456	9.4	63,065	9.2	61,406	9.6	64,074	10.3
Loans and advances to customers		382,003	59.9	373,309	59.1	377,436	54.9	357,222	56.0	329,710	53.1
Loans, advances and cash		***532,156***	***83.5***	***539,993***	***85.5***	***592,144***	***86.2***	***556,166***	***87.2***	***555,359***	***89.5***
Equity shares		40,572	6.4	41,146	6.5	37,043	5.4	27,928	4.4	18,597	3.0
Interests in subsidiaries and associated		214	0.0	462	0.1	669	0.1	399	0.1	376	0.1
Intangible assets		27	0.0	24	0.0	61	0.0	647	0.1	675	0.1
Net tangible assets		7,974	1.3	7,731	1.2	7,580	1.1	6,860	1.1	6,320	1.0
Other assets		56,068	8.8	42,029	6.7	49,465	7.2	45,371	7.1	39,151	6.3
Total	**(a)**	**637,011**	***100.0***	**631,384**	***100.0***	**686,961**	***100.0***	**637,371**	***100.0***	**620,478**	***100.0***
Deposits by banks		73,382	11.5	63,859	10.1	81,211	11.8	75,850	11.9	93,188	15.0
Customer deposits		391,216	61.4	398,747	63.1	430,609	62.7	424,817	66.6	415,342	66.9
Debt securities and certif, of deposit		59,223	9.3	59,549	9.4	56,958	8.3	50,412	7.9	43,138	7.0
Subordinated liabilities		17,561	2.8	17,244	2.7	18,059	2.6	16,166	2.5	12,567	2.0
Total funding		***541,382***	***85.0***	***539,399***	***85.4***	***586,837***	***85.4***	***567,245***	***89.0***	***564,235***	***90.9***
Provision for employee benefits		772	0.1	741	0.1	695	0.1	681	0.1	690	0.1
Provision for deferred taxation		1,063	0.2	979	0.2	1,051	0.2	817	0.1	707	0.1
Credit risk provision		1,294	0.2	1,274	0.2	831	0.1	945	0.1	178	0.0
Other liabilities		64,116	10.1	58,812	9.3	67,830	9.9	43,512	6.8	34,190	5.5
Total liabilities	**(b)**	**608,627**	***95.5***	**601,205**	***95.2***	**657,245**	***95.6***	**613,201**	***96.2***	**600,000**	***96.7***
Goodwill	**(c)**	195	0.0	256	0.0	288	0.0	151	0.0	95	0.0
Net worth	**(a-b+c)**	**28,578**	***4.5***	**30,435**	***4.8***	**30,004**	***4.4***	**24,321**	***3.8***	**20,573**	***3.3***
represented by:											
Issued share capital		11,868	1.9	11,896	1.9	11,954	1.7	10,172	1.6	9,232	1.5
Reserves		14,640	2.3	16,445	2.6	15,793	2.3	11,335	1.8	7,813	1.3
Own shares		-72	0.0	-41	0.0	-34	0.0	-215	0.0	-211	0.0
Total		**26,436**	***4.1***	**28,301**	***4.5***	**27,713**	***4.0***	**21,291**	***3.3***	**16,834**	***2.7***
Minority interests		2,143	0.3	2,134	0.3	2,292	0.3	3,030	0.5	3,739	0.6
Funding from customers		**468,000**	***73.4***	**475,540**	***75.3***	**505,626**	***73.6***	**491,395**	***77.1***	**471,047**	***75.9***
Total assets	**(a+c)**	**637,206**	***100.0***	**631,640**	***100.0***	**687,249**	***100.0***	**637,522**	***100.0***	**620,573**	***100.0***

(1) Includes amounts available in cash and at central banks, for which amounts are not shown in company balance sheets.

TABLE II.3 – EMPLOYEES

JAPAN

	1998	1999	2000	2001	2002
Average number of staff (1)	203,216 (2)	204,419 (3)	212,856 (4)	212,604	206,831
of which: from country of origin (%)	…	…	…	…	…
from elsewhere (%)	…	…	…	…	…

(1) In interpreting this data it should be remembered that not all companies considered here provide information on the total number of group employees.
(2) Concerning 22 of the 26 companies considered.
(3) Concerning 24 of the 26 companies considered.
(4) Concerning 21 of the 22 companies considered.

TABLE II.4 – FINANCIAL RATIOS

JAPAN

	1998	1999	2000	2001	2002
Funding from customers per employee (JPY m) (1)	2,202 (2)	2,287 (2)	2,348 (2)	2,311	2,277
Loans and advances to customers per employee (JPY m) (1)	1,800 (2)	1,795 (2)	1,752 (2)	1,680	1,594
Labour cost per employee (JPY m)	…	…	…	…	…
Cost / income ratio (%)	56.3	59.4	56.6	56.4	52.6
Bad debts written off as % of total income (3)	98.0	43.3	44.3	69.7	42.3
Dividends payout as % of net profit	n.c.	38.4	61.8	n.c.	n.c.
ROE (%)	n.c.	3.6	1.1	n.c.	n.c.
ROA (%)	n.c.	0.2	o	n.c.	n.c.
Doubtful loans as % of loans to customers (4)	2.9	3.4	3.8	5.9	4.5
Doubtful loans as % of net worth (4)	38.4	41.5	47.3	87.4	72.2
Loans, advances and cash as % of total funding	98.3	100.1	100.9	98.0	98.4
Fixed assets as % of net worth	29.4	27.8	28.7	33.1	36.3

Funding from customers = customer deposits plus debt securities and certificates of deposit plus subordinated liabilities.
Fixed assets = interests in subsidiaries and associated plus net tangible and intangible assets plus goodwill.

(1) In interpreting this data it should be remembered that not all companies considered here provide information on the total number of group employees.
(2) Figures cover Groups which accounted for 95.7% in 1998, 98.6% in 1999 and 99.1% in 2000 of total assets of the sample.
(3) Net of recovered.
(4) In 1998 these figures refer to companies representing 99.2% of the total customer loans covered by the survey.

	1998		1999		2000		2001		2002	
	USD m	%	*USD m*	%	*USD m*	%	*USD m*	%	*USD m*	%
Interest receivable and similar income	258,632		258,404		304,293		286,204		243,839	
Interest payable and similar expenses	-141,331		-135,832		-176,607		-143,134		-90,396	
Interest margin	**117,301**	***55.1***	**122,572**	***51.0***	**127,686**	***50.0***	**143,070**	***52.8***	**153,443**	***53.6***
Commissions receivable and other operating income (1)	82,379	*38.7*	96,969	*40.4*	107,650	*42.1*	111,415	*41.2*	119,179	*41.6*
Commissions payable and other operating expenses	…	…	…	…	…	…	…	…	…	…
Dividends and share of profit (loss) (2)	…	…	…	…	…	…	…	…	…	…
Gains (losses) on financial transactions	13,261	*6.2*	20,630	*8.6*	20,213	*7.9*	16,244	*6.0*	13,647	*4.8*
Total income	**212,941**	***100.0***	**240,171**	***100.0***	**255,549**	***100.0***	**270,729**	***100.0***	**286,269**	***100.0***
Labour costs	-65,693	*-30.9*	-71,362	*-29.7*	-79,929	*-31.3*	-81,211	*-30.0*	-81,906	*-28.6*
General expenses	-50,777	*-23.8*	-53,064	*-22.1*	-57,199	*-22.4*	-58,617	*-21.7*	-65,119	*-22.7*
Bad debts recovered (written off)	-15,967	*-7.5*	-15,226	*-6.3*	-20,821	*-8.1*	-32,057	*-11.8*	-33,773	*-11.8*
Depreciation and amortization	-8,762	*-4.1*	-9,701	*-4.0*	-11,465	*-4.5*	-10,884	*-4.0*	-11,848	*-4.1*
Current pre-tax profit	**71,742**	***33.7***	**90,818**	***37.8***	**86,135**	***33.7***	**87,960**	***32.5***	**93,623**	***32.7***
Amortization of goodwill	-3,326	*-1.6*	-3,683	*-1.5*	-3,330	*-1.3*	-3,757	*-1.4*	0	*0.0*
Transfer to credit risk provision	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*
Transfer from (to) reserves	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*
Fixed asset revaluations (writedowns)	0	*0.0*	0	*0.0*	-1,862	*-0.7*	-3,585	*-1.3*	-3,232	*-1.1*
Extraordinary items	-5,210	*-2.4*	295	*0.1*	-232	*-0.1*	-7,445	*-2.7*	-924	*-0.3*
Cumulative effect of accounting changes	0	*0.0*	-211	*-0.1*	-46	*0.0*	-393	*-0.1*	-514	*-0.2*
Profit (loss) before tax	**63,206**	***29.7***	**87,219**	***36.3***	**80,665**	***31.6***	**72,780**	***26.9***	**88,953**	***31.1***
Taxation	-21,815	*-10.2*	-30,796	*-12.8*	-28,949	*-11.3*	-24,852	*-9.2*	-28,547	*-10.0*
Profit attributable to minorities	-389	*-0.2*	-477	*-0.2*	-316	*-0.1*	-152	*-0.1*	-241	*-0.1*
Net profit attributable to parent company	**41,002**	***19.3***	**55,946**	***23.3***	**51,400**	***20.1***	**47,776**	***17.6***	**60,165**	***21.0***
Dividends payout	*17,104*	*8.0*	*19,772*	*8.2*	*21,119*	*8.3*	*22,040*	*8.1*	*23,223*	*8.1*

(1) Net of commissions payable and other operating expenses.
(2) Item not specified in balance sheets.

		1998		1999		2000		2001		2002	
		USD m	%	*USD m*	%	*USD m*	%	*USD m*	%	*USD m*	%
Cash and deposits at central banks		…	…	…	…	…	…	…	…	…	…
Fixed-income securities		832,356	*21.1*	879,608	*21.0*	925,308	*20.5*	992,988	*21.0*	1,089,309	*21.9*
Loans and advances to banks (1)		447,279	*11.3*	496,771	*11.9*	476,285	*10.6*	533,374	*11.3*	540,858	*10.9*
Loans and advances to customers		2,089,858	*52.9*	2,193,375	*52.4*	2,399,844	*53.3*	2,402,469	*50.7*	2,525,400	*50.8*
Loans, advances and cash		***3,369,493***	***85.3***	***3,569,754***	***85.2***	***3,801,437***	***84.4***	***3,928,831***	***83.0***	***4,155,567***	***83.5***
Equity shares		40,470	*1.0*	53,222	*1.3*	71,479	*1.6*	60,735	*1.3*	59,484	*1.2*
Interests in subsidiaries and associated		5,510	*0.1*	6,642	*0.2*	8,816	*0.2*	9,199	*0.2*	7,767	*0.2*
Intangible assets		19,656	*0.5*	27,514	*0.7*	35,096	*0.8*	43,417	*0.9*	38,575	*0.8*
Net tangible assets		42,643	*1.1*	42,933	*1.0*	42,795	*0.9*	42,860	*0.9*	43,720	*0.9*
Other assets		420,489	*10.6*	430,902	*10.3*	479,160	*10.6*	563,184	*11.9*	572,253	*11.5*
Total	**(a)**	**3,898,261**	***98.7***	**4,130,967**	***98.6***	**4,438,783**	***98.5***	**4,648,226**	***98.2***	**4,877,366**	***98.0***
Deposits by banks		719,353	*18.2*	842,319	*20.1*	849,042	*18.8*	878,388	*18.5*	906,894	*18.2*
Customer deposits		2,081,260	*52.7*	2,126,977	*50.8*	2,285,303	*50.7*	2,451,626	*51.8*	2,641,816	*53.1*
Debt securities and certif, of deposit		331,201	*8.4*	402,297	*9.6*	465,494	*10.3*	405,100	*8.6*	419,766	*8.4*
Subordinated liabilities		108,750	*2.8*	110,253	*2.6*	125,644	*2.8*	145,995	*3.1*	151,639	*3.0*
Total funding		***3,240,564***	***82.0***	***3,481,846***	***83.1***	***3,725,483***	***82.7***	***3,881,109***	***82.0***	***4,120,115***	***82.8***
Provision for employee benefits		0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*
Provision for deferred taxation		13,016	*0.3*	18,193	*0.4*	25,257	*0.6*	24,623	*0.5*	30,543	*0.6*
Credit risk provision		0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*
Other liabilities		406,528	*10.3*	388,615	*9.3*	420,120	*9.3*	460,877	*9.7*	425,746	*8.6*
Total liabilities	**(b)**	**3,660,108**	***92.7***	**3,888,654**	***92.8***	**4,170,860**	***92.6***	**4,366,609**	***92.2***	**4,576,404**	***92.0***
Goodwill	**(c)**	51,845	*1.3*	58,377	*1.4*	66,904	*1.5*	87,068	*1.8*	97,311	*2.0*
Net worth	**(a-b+c)**	**289,998**	***7.3***	**300,690**	***7.2***	**334,827**	***7.4***	**368,685**	***7.8***	**398,273**	***8.0***
represented by:											
Issued share capital		45,110	*1.1*	42,614	*1.0*	39,721	*0.9*	35,799	*0.8*	30,751	*0.6*
Reserves		260,297	*6.6*	285,446	*6.8*	320,120	*7.1*	359,488	*7.6*	397,177	*8.0*
Own shares		-18,154	*-0.5*	-29,921	*-0.7*	-26,507	*-0.6*	-29,046	*-0.6*	-31,622	*-0.6*
Total		**287,253**	***7.3***	**298,139**	***7.1***	**333,334**	***7.4***	**366,241**	***7.7***	**396,306**	***8.0***
Minority interests		2,745	*0.1*	2,551	*0.1*	1,493	*0.0*	2,444	*0.1*	1,967	*0.0*
Funding from customers		**2,521,211**	***63.8***	**2,639,527**	***63.0***	**2,876,441**	***63.8***	**3,002,721**	***63.4***	**3,213,221**	***64.6***
Total assets	**(a+c)**	**3,950,106**	***100.0***	**4,189,344**	***100.0***	**4,505,687**	***100.0***	**4,735,294**	***100.0***	**4,974,677**	***100.0***

(1) Includes amounts available in cash and at central banks, for which amounts are not shown in company balance sheets.

TABLE II.3 – EMPLOYEES

UNITED STATES

	1998	1999	2000	2001	2002
Average number of staff	1,076,726	1,094,928	1,120,776	1,148,753	1,154,334
of which: from country of origin (%)	…	…	…	…	…
from elsewhere (%)	…	…	…	…	…

TABLE II.4 – FINANCIAL RATIOS

UNITED STATES

	1998	1999	2000	2001	2002
Funding from customers per employee ('000 USD)	2,342	2,411	2,566	2,614	2,784
Loans and advances to customers per employee ('000 USD)	1,941	2,003	2,141	2,091	2,188
Labour cost per employee ('000 USD)	61	65	71	71	71
Cost / income ratio (%)	58.8	55.8	58.2	55.7	55.4
Bad debts written off as % of total income (1)	7.5	6.3	8.1	11.8	11.8
Dividends payout as % of net profit	41.7	35.3	41.1	46.1	38.6
ROE (%)	16.7	23.1	18.2	15.0	17.9
ROA (%)	1.0	1.3	1.1	1.0	1.2
Doubtful loans as % of loans to customers (2)	o	o	o	0.2	0.2
Doubtful loans as % of net worth (2)	0.2	0.1	0.2	1.1	1.2
Loans, advances and cash as % of total funding	104.0	102.5	102.0	101.2	100.9
Fixed assets as % of net worth	41.3	45.1	45.9	49.5	47.0

Funding from customers = customer deposits plus debt securities and certificates of deposit plus subordinated liabilities.
Fixed assets = interests in subsidiaries and associated plus net tangible and intangible assets plus goodwill.

(1) Net of recovered.

(2) Calculated only on the basis of those exposures not completely covered by provisions.

III. PRINCIPLES AND METHODS

The companies

The companies selected here comprise the leading banking groups of the three largest economic areas in the world, namely Europe, Japan and the United States. The criterion for selection is total assets.

In order to qualify for inclusion, companies must account for a significant share of the aggregate banking finances of their respective area. Such significance was defined by adding them to the sample for so long as their contribution exceeded one per cent of the previous cumulative assets aggregate. Banks which contributed less than one per cent of such aggregate were not included.

The statistics have been compiled on the basis of annual and interim consolidated figures, with the latter for the first six months of 2002 and 2003 only.

TABLE III.1 - LIST OF COMPANIES

	BANKS	2002 FINANCIAL YEAR		
		TOTAL INCOME	*TOTAL ASSETS*	*EMPLOYEES*
	EUROPE	***EUR m***	***EUR m***	***No. (average)***
1	UBS (CH) (#)	24,314	813,218	69,523
2	DEUTSCHE BANK (DE) (#)	21,561	758,355	81,601
3	HSBC HOLDINGS (GB) (#)	25,450	723,648	177,475
4	ING GROEP (NL) (#)	15,374	716,370	113,060
5	BNP PARIBAS (FR) (#)	16,873	710,305	86,440
6	BAYERISCHE HYPO- UND VEREINSBANK (HVB) (DE) (1) (#)	10,130	691,157	66,918
7	CREDIT SUISSE GROUP (CH) (#)	15,295	656,392	79,309
8	THE ROYAL BANK OF SCOTLAND GROUP (GB) (#)	23,642	633,359	113,500
9	BARCLAYS (GB) (#)	17,308	619,540	77,200
10	ABN AMRO HOLDING (NL) #)	18,280	556,018	107,416
11	HBOS (GB) (2) (#)	11,032	545,831	63,982
12	CREDIT AGRICOLE (FR) (#)	5,805	505,574	22,878
13	SOCIÉTÉ GÉNÉRALE (FR) (#)	14,502	501,265	88,278
14	FORTIS (BE / NL) (#)	8,276	479,276	65,989
15	COMMERZBANK (DE) (#)	5,896	422,134	36,450
16	DRESDNER BANK (DE) (3)	7,246	413,445	47,413
17	LLOYDS TSB GROUP (GB) (#)	13,184	388,532	88,495
18	RABOBANK NEDERLAND (NL) (#)	7,913	374,720	52,020
19	DEXIA (BE) (#)	5,231	350,692	21,294
20	CREDIT MUTUEL (FR) (4)	7,990	347,473	54,291
21	BAYERISCHE LANDESBANK (DE) (*)	3,240	341,297	9,390
22	DZ BANK (DE)	4,000	338,231	25,247
23	LANDESBANK BADEN-WUERTTEMBERG (DE) (*)	2,898	320,454	14,228
24	BANCO SANTANDER CENTRAL HISPANO (ES) (#)	14,057	319,031	105,160
25	ABBEY NATIONAL (GB) (#)	6,026	316,184	32,364
26	BANCA INTESA (IT) (#) (5)	9,940	279,752	72,683
27	BANCO BILBAO VIZCAYA ARGENTARIA (ES) (#)	12,012	274,933	95,982
28	WESTLB (DE) (*)	2,656	265,601	9,910
29	KREDITANSTALT FUER WIEDERAUFBAU (DE) (*)	1,731	260,907	2,665
30	NORDEA (SE) (#) (6)	5,763	249,619	37,322
31	CREDIT LYONNAIS (FR) (#) (7)	6,760	244,886	41,150
32	DANSKE BANK (DK) (#)	3,778	235,680	17,156
33	EUROHYPO (DE) (#) (8)	1,177	228,467	2,585
34	KBC (BE) (#)	6,146	221,255	48,243
35	UNICREDITO ITALIANO (IT) (#)	10,085	213,350	67,198
36	SANPAOLOIMI (IT) (#)	7,331	203,742	46,103
37	NORDDEUTSCHE LANDESBANK (DE) (*)	1,477	197,153	9,775
38	BANKGESELLSCHAFT BERLIN (DE) (*) (#)	2,007	174,749	15,004
39	ARGENTARIA (ES) (9)	-	-	-
40	BANCA COMMERCIALE ITALIANA (IT) (10)	-	-	-
41	BANCO CENTRAL HISPANOAMERICANO (ES) (11)	-	-	-
42	BANK AUSTRIA (AT) (12)	-	-	-
43	BANK OF SCOTLAND (GB) (13)	-	-	-

(cont.)

TABLE III.1 (*cont.*)

	BANKS	2002 FINANCIAL YEAR TOTAL INCOME	TOTAL ASSETS	EMPLOYEES	
		EUR m	***EUR m***	***No. (average)***	
44	BANQUE BRUXELLES LAMBERT (BE) (14)	-	-	-	
45	BANQUE INDOSUEZ (FR) (15)	-	-	-	
46	BAYERISCHE HYPOTHEKEN-UND WECHSEL-BANK (DE) (16)	-	-	-	
47	CREDIT COMMERCIAL DE FRANCE (FR) (17)	-	-	-	
48	CREDIT INDUSTRIEL ET COMMERCIAL-CIC (FR) (18)	-	-	-	
49	CREDITANSTALT (AT) (19)	-	-	-	
50	GENERALE DE BANQUE (BE) (20)	-	-	-	
51	HALIFAX GROUP (GB) (13)	-	-	-	
52	LANDESKREDITBANK BADEN-WUERTTEMBERG (DE) (21) (*)	-	-	-	
53	MERITA (FI) (22)	-	-	-	
54	NATIONAL WESTMINSTER BANK(GB) (23)	-	-	-	
55	NORDBANKEN (SE) (22)	-	-	-	
56	PARIBAS (FR) (24)	-	-	-	
57	REALDANMARK (DK) (25)	-	-	-	
58	SOCIETÀ DI BANCA SVIZZERA (CH) (26)	-	-	-	
59	UNIDANMARK (DK) (27)	-	-	-	
	TOTAL	**376,386**	**15,892,595**	**2,165,697**	
	<u>JAPAN</u>	***EUR m***	***EUR m***	***No. (average)***	
1	MIZUHO FINANCIAL GROUP (#)	17,929	1,044,194	30,603	
2	SUMITOMO MITSUI FINANCIAL GROUP (#)	17,604	816,167	43,395	
3	MITSUBISHI TOKYO FINANCIAL GROUP (#)	15,382	776,041	43,750	
4	UFJ HOLDINGS (#)	12,820	619,945	23,261	
5	NORINCHUKIN BANK	2,499	489,405	2,782	(°)
6	RESONA HOLDINGS (#)	7,250	326,542	24,599	
7	SHINKIN CENTRAL BANK	868	215,408	1,101	(°)
8	SUMITOMO TRUST & BANKING (#)	2,179	124,291	5,073	(°)
9	SHOKO CHUKIN BANK (*)	1,393	103,271	4,763	
10	MITSUI TRUST HOLDINGS (#)	2,634	98,543	6,404	
11	BANK OF YOKOHAMA (#)	1,641	83,360	4,069	(°)
12	SHIZUOKA BANK (#)	1,059	65,034	3,990	(°)
13	CHIBA BANK (#)	1,257	63,620	3,692	(°)
14	BANK OF FUKUOKA	1,046	55,451	3,414	(°)
15	JOYO BANK (#)	1,003	54,144	3,845	(°)
16	SHINSEI BANK	866	53,513	2,090	(°)
17	ASAHI BANK (28)	-	-	-	
18	BANK OF KINKI (29)	-	-	-	
19	BANK OF TOKYO-MITSUBISHI (30)	-	-	-	
20	CHUO TRUST AND BANKING COMPANY (31)	-	-	-	
21	DAI-ICHI KANGYO BANK (32)	-	-	-	
22	FUJI BANK (32)	-	-	-	

(cont.)

TABLE III.1 (*cont.*)

	BANKS	2002 FINANCIAL YEAR TOTAL INCOME	TOTAL ASSETS	EMPLOYEES
		EUR m	***EUR m***	***No. (average)***
23	IBJ - INDUSTRIAL BANK OF JAPAN (32)	-	-	-
24	KINKI OSAKA BANK (28)	-	-	-
25	MITSUBISHI TRUST AND BANKING (30)	-	-	-
26	MITSUI TRUST AND BANKING COMPANY (31)	-	-	-
27	SAKURA BANK (33)	-	-	-
28	SANWA BANK (34)	-	-	-
29	SUMITOMO BANK (33)	-	-	-
30	TOKAY BANK (34)	-	-	-
31	TOYO TRUST AND BANKING (34)	-	-	-
	TOTAL	**87,430**	**4,988,929**	**206,831**
	UNITED STATES	***EUR m***	***EUR m***	***No. (average)***
1	CITIGROUP (#)	64,152	1,046,238	263,500
2	J.P. MORGAN CHASE & CO. (#)	28,681	723,563	95,074
3	BANK OF AMERICA (#)	33,493	629,787	138,307
4	WELLS FARGO & CO. (#)	25,385	333,040	123,607
5	WACHOVIA (ex- First Union) (#)	17,000	325,965	82,412
6	BANK ONE (#)	16,049	264,502	73,602
7	WASHINGTON MUTUAL (#)	12,922	255,839	50,462
8	FLEETBOSTON FINANCIAL (#)	11,301	181,609	53,000
9	U.S. BANCORP (ex- Firstar) (#)	12,029	171,667	51,673
10	NATIONAL CITY (#)	6,607	112,766	32,546
11	SUNTRUST BANKS (#)	5,359	111,875	28,007
12	KEYCORP (#)	4,308	81,245	20,834
13	FIFTH THIRD BANCORP (#)	4,768	77,137	18,746
14	BB & T (#)	4,283	76,492	21,450
15	THE BANK OF NEW YORK (#)	4,554	73,962	19,308
16	GOLDEN WEST FINANCIAL (#)	2,076	65,229	7,239
17	THE PNC FINANCIAL SERVICES GROUP (#)	4,963	63,295	24,185
18	COMERICA (#)	2,880	50,826	11,382
19	MBNA (#)	8,418	50,402	25,750
20	SOUTHTRUST (#)	2,256	48,223	13,250
21	GOLDEN STATE BANCORP (35)	1,491	-	-
22	ASSOCIATES FIRST CAPITAL (36)	-	-	-
23	BANKBOSTON (37)	-	-	-
24	J.P. MORGAN & CO. (38)	-	-	-
25	MERCANTILE BANCORP (39)	-	-	-
26	SUMMIT BANCORP (40)	-	-	-
27	U.S. BANCORP (41)	-	-	-
28	WACHOVIA (42)	-	-	-
	TOTAL	**272,975**	**4,743,662**	**1,154,334**

(cont.)

TABLE III.1 (*cont.*)

(#) Listed company.

(*) State-controlled company.

(°) Figure relates to parent company only.

(1) Münchener Ruck.. is the largest shareholder, with 25.6% as at 31/12/2002.

(2) Company set up in 2001 after the merger between the Bank of Scotland and the Halifax Group.

(3) Allianz group.

(4) Consolidated figures including Crédit Industriel et Commercial-CIC, prepared for the first time in 2002.

(5) Formerly IntesaBci; the new name was adopted in 2003.

(6) The Swedish state is the largest shareholder, with 18.5% as at 31/12/2002.

(7) Acquired from Crédit Agricole in 2003.

(8) Formerly Deutsche Hyp of the Dresdner Bank group. In 2002 the company merged with Eurohypo of the Deutsche Bank group and Rheinhyp (Commerzbank), taking on the name Eurohypo. As at February 2003 its main shareholders were the Deutsche Bank group with 37.6%, Commerzbank with 31.8% and Allianz with 28.5%.

(9) Argentaria merged into Banco Bilbao Vizcaya in 2000, with the combined company taking the name of Banco Bilbao Vizcaya Argentaria.

(10) Banca Commerciale Italiana was acquired by Banca Intesa in 1999. Banca Commerciale Italiana was merged into Banca Intesa in 2001, which first of all took on the name of IntesaBci and in 2003 Banca Intesa.

(11) Banco Central Hispanoamericano was merged into Banco Santander in 1999, with the combined company taking the name of Banco Santander Central Hispano.

(12) Acquired by Bayerische Hypo- und Vereinsbank in 2000.

(13) Bank of Scotland and Halifax Group merged to form HBOS in 2001.

(14) Acquired by ING Groep in 1998.

(15) Acquired by Crédit Agricole in 1996.

(16) The company was merged into Bayerische Vereinsbank in 1998, with the combined company taking the name Bayerische Hypo- und Vereinsbank.

(17) Acquired by HSBC Holdings in 2000.

(18) Acquired by Crédit Mutuel in 1998.

(19) Acquired by Bank Austria in 1997.

(20) Acquired by Fortis in 1998.

(21) Merged into Landesbank Baden-Wuerttemberg in 1999.

(22) Merita and Nordbanken merged in 1998 to form Nordic Baltic Holding Group (now Nordea).

(23) Acquired by The Royal Bank of Scotland Group in 2000.

(24) Acquired by Banque Nationale de Paris in 1999. Paribas was merged into Banque Nationale de Paris in 2000, with the combined company taking the name of BNP Paribas.

(25) Acquired by Danske Bank in 2000.

(26) Merged into UBS in 1998.

(27) Acquired by Nordea in 2000.

(28) Acquired by Resona Holdings (formerly Daiwa Bank Holdings) in 2001.

(29) In 2000 the company merged with Bank of Osaka and took on the name of Kinki Osaka Bank.

(30) In 2001 the company became part of the Mitsubishi Tokyo Financial Group.

(31) In 2000 the Chuo Trust and Banking Company and the Mitsui Trust and Banking Company merged to set up Chuo Mitsui Trust and Banking Company, which itself in 2001 became part of the Mitsui Trust Holdings group.

(32) The company became part of the Mizuho Financial Group in 2000.

(33) In 2001 Sakura Bank was merged by amalgamation into Sumitomo Bank which took on the name of Sumitomo Mitsui Banking. In 2002 this became part of the Sumitomo Mitsui Financial Group.

(34) In 2001 the company became part of the UFJ Holdings group.

(35) Acquired by Citigroup in 2002. Revenues refer to the period prior to the acquisition.

(36) Acquired by Citigroup in 2000.

(37) Acquired by FleetBoston Financial in 1999.

(38) In 2000 the company was merged by amalgamation into The Chase Manhattan Corp. which took on the name of J.P. Morgan Chase & Co.

(39) Acquired by Firstar (now U.S. Bancorp) in 1999.

(40) Acquired by FleetBoston Financial in 2001.

(41) In 2001 the company was merged into Firstar, with the resulting combined entity retaining the name of U.S. Bancorp.

(42) In 2001 the company was merged into First Union, with the resulting combined entity retaining the name of Wachovia.

TABLE III.2 – MERGERS AND ACQUISITIONS INVOLVING BANKS IN THE SURVEY (1)
(figures show total assets in previous year)

Combined entity	Total assets of combined entity (€ m)	Total assets of merger constituents prior to merger (€ m)
1996		
Crédit Agricole (FR)	369,797	Crédit Agricole (301,552); Banque Indosuez (68,245)
1997		
Bank Austria (AT)	106,432	Bank Austria (55,799); Creditanstalt (50,633)
1998		
Citigroup (US)	632,322	Travelers Group (350,457); Citicorp (281,865)
UBS (CH)	632,076	Unione di Banche Svizzere (359,506); Società di Banca Svizzera (272,570)
BankAmerica (now Bank of America) (US)	475,721	NationsBank (239,856); BankAmerica (235,865)
Bayerische Hypo- und Vereinsbank (DE)	411,316	Bayerische Vereinsbank (227,260); Bayerische Hypotheken- und Wechsel-Bank (184,056)
ING Groep (NL)	379,888	ING Groep (278,505); Banque Bruxelles Lambert (101,383)
Fortis (BE/NL)	298,579	Fortis (151,392); Générale de Banque (147,187)
Landesbank Baden-Württemberg (DE)	210,472	Südwestdeutsche Landesbank (116,498); Landeskreditbank Baden-Württemberg (banking) (53,339); Landesgirokasse (40,635)
Bank One (US)	208,519	Banc One (105,078); First Chicago NBD (103,441)
Crédit Mutuel (FR)	193,819	Crédit Mutuel (98,139); Union Européenne de CIC (now Crédit Industriel et Commercial-CIC) (95,680)
Wells Fargo & Co. (US)	168,627	Wells Fargo & Co. (88,355); Norwest (80,272)
Nordic Baltic Holding Group (now Nordea) (SE)	97,332	Merita (49,875); Nordbanken (47,457)

(cont.)

TABLE III.2 (*cont.*)

Combined entity	Total assets of combined entity (€ m)	Total assets of merger constituents prior to merger (€ m)
1999		
Deutsche Bank (DE)	740,251	Deutsche Bank (626,603); Bankers Trust (US) (113,648)
BNP Paribas (FR)	589,941	Banque Nationale de Paris (324,826); Paribas (265,115)
IntesaBci (IT)	265,933	Banca Intesa (153,077); Banca Commerciale Italiana (112,856)
Banco Santander Central Hispano (ES)	235,732	Banco Santander (154,161); Banco Central Hispanoamericano (81,571)
Fleet Boston (now FleetBoston Financial) (US)	151,879	Fleet Financial Group (89,117); BankBoston (62,762)
Firstar (now U.S. Bancorp) (US)	63,413	Firstar (32,849); Mercantile Bancorp (30,564)
2000		
Mizuho Holdings (JP)	1,436,685	Fuji Bank (547,316); Dai-Ichi Kangyo Bank (486,312); IBJ – Industrial Bank of Japan (403,057)
Citigroup (US)	797,213	Citigroup (713,654), Associates First Capital (83,559)
J.P. Morgan Chase & Co. (US)	663,949	The Chase Manhattan Corp, (404,246); J.P. Morgan & Co. (259,703)
Bayerische Hypo- und Vereinsbank (DE)	643,084	Bayerische Hypo- und Vereinsbank (503,255); Bank Austria (139,829)
HSBC Holdings (GB)	635,959	HSBC Holdings (566,667); Crédit Commercial de France (69,292)
The Royal Bank of Scotland Group (GB)	441,654	The Royal Bank of Scotland Group (142,918); National Westminster Bank (298,736)
Banco Bilbao Vizcaya Argentaria (ES)	235,571	Banco Bilbao Vizcaya (154,504); Argentaria (81,067)
Nordea (SE)	181,240	Nordic Baltic Holding (103,977); UniDanmark (77,263)
Danske Bank (DK)	168,677	Danske Bank (94,202); RealDanmark (74,475)
Chuo Mitsui Trust and Banking Company (JP)	144,399	Mitsui Trust and Banking Company (94,778); Chuo Trust and Banking Company (49,621)
Kinki Osaka Bank (JP)	38,835	Bank of Osaka (15,534); Bank of Kinki (23,301)

(cont.)

TABLE III.2 (*cont.*)

Combined entity	Total assets of combined entity (€ m)	Total assets of merger constituents prior to merger (€ m)
2001		
Sumitomo Mitsui Banking (JP)	1,078,296	Sumitomo Bank (611,727); Sakura Bank (466,569)
UFJ Holdings (JP)	881,094	Sanwa Bank (496,102); Tokay Bank (312,404); Toyo Trust and Banking (72,588)
Mitsubishi Tokyo Financial Group (JP)	880,567	Bank of Tokyo-Mitsubishi (714,337); Misubishi Trust and Banking (166,230)
Daiwa Bank Holdings (ora Resona Holdings) (JP)	453,541	Asahi Bank (273,193); Daiwa Bank (139,855); Kinki Osaka Bank (40,493)
HBOS (GB)	430,423	Halifax Group (292,444); Bank of Scotland (137,979)
Wachovia (ex-First Union) (US)	352,716	First Union (273,154); Wachovia (79,562)
FleetBoston Financial (US)	235,449	FleetBoston Financial (192,852); Summit Bancorp (42,597)
U.S. Bancorp (ex-Firstar) (US)	177,239	Firstar (83,380); U.S. Bancorp (93,859)
2002		
Citigroup (US)	1,257,167	Citigroup (1,193,067); Golden State Bancorp (64,100)
2003		
Bank of America (US) (2)	811,396	Bank of America (629,787); FleetBoston Financial (181,609)
Crédit Agricole (FR)	750,460	Crédit Agricole (505,574); Crédit Lyonnais (244,886)
2004		
J.P. Morgan Chase & Co. (3)	964,440	J.P. Morgan Chase & Co. (702,374) (4); Bank One (262,066) (4)

(1) Refers to the period from 1 January 1996 and 31 January 2004 for European banks and to the period from 1 January 1998 to 31 January 2004 for Japanese and US banks.
(2) Acquisition announced in October 2003. The deal will be made entirely via a share exchange for a total consideration of USD 47bn.
(3) Acquisition announced in January 2004. The deal will be made entirely via a share exchange for a total consideration of USD 58bn.
(4) As at 30 June 2003.

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