

**MAJOR INTERNATIONAL BANKS  
FINANCIAL AGGREGATES**

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## **I. INTRODUCTION**

### *Overview of the banks*

This survey covers the leading banks in Europe, Japan and the United States, selected according to criteria set out in Section III. A total of 71 groups are included, 37 of which are based in Europe, 18 in the United States and 16 in Japan.<sup>1</sup> Table I.1 gives some key figures, and the full list of banks is provided in Section III. This means that there are three fewer groups in this version of our survey than last year, following Crédit Agricole's acquisition and consolidation of Crédit Lyonnais in France, plus the fact that three groups, one in Europe and two in the U.S., no longer reach the minimum requirements for inclusion in terms of size. The newly incorporated German bank HSH Nordbank appears for the first time.

European banks account for over 65% of the aggregate in terms of total assets, 62% in terms of number of staff employed, and 55% in terms of total income. US banks account for the lowest percentage of total assets, but approx. one-third of total employees and total income. Of the European countries, Germany has the highest number of banks featured in the survey, representing over one-quarter of total assets in the area. UK banks lead the way in terms of total staff employed, with 28% of the aggregate, and also account for 27% of total income. In

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<sup>1</sup> The European groups consolidate 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 consolidate some 800 companies. No figures are available for the US groups.

evaluating the more substantial contribution of European banks to the overall figures, it should be borne in mind that they are also more globalized than banks in the other areas considered here, primarily because of acquisitions made outside their countries of origin, as described in the following sections. Conversely, US- and Japanese-based banks, with the exception of those ranking top of the league tables, focus chiefly on their own markets. Banks are also relatively less important in US financial markets than elsewhere, owing to the extensive presence of financial service companies in that country. Finally, it should be remembered that both the dollar and yen fell in relation to the Euro between 2001 and 2003, the former by 43% and the latter by 17% (the Euro obviously being the main currency of account used by the European groups included in this survey).

TABLE I.1 – BANKS COVERED IN THE SURVEY

|                      | No. of<br>groups | No. of<br>employees<br>in 2003 | Total<br>assets<br>at 31/12/03 | Total<br>income<br>in 2003 |
|----------------------|------------------|--------------------------------|--------------------------------|----------------------------|
|                      |                  | <i>'000</i>                    | <i>EUR bn</i>                  | <i>EUR bn</i>              |
| Germany              | 12               | 287                            | 4,272                          | 61                         |
| United Kingdom       | 6                | 597                            | 3,282                          | 104                        |
| Benelux              | 6                | 403                            | 2,835                          | 62                         |
| France               | 4                | 298                            | 2,463                          | 56                         |
| Italy                | 3                | 176                            | 700                            | 28                         |
| Switzerland          | 2                | 137                            | 1,507                          | 36                         |
| Spain                | 2                | 191                            | 629                            | 24                         |
| Sweden               | 1                | 33                             | 262                            | 6                          |
| Denmark              | 1                | 16                             | 245                            | 4                          |
| <b>Europe</b>        | <b>37</b>        | <b>2,138</b>                   | <b>16,195</b>                  | <b>381</b>                 |
| <b>Japan (*)</b>     | <b>16</b>        | <b>196</b>                     | <b>4,652</b>                   | <b>79</b>                  |
| <b>United States</b> | <b>18</b>        | <b>1,137</b>                   | <b>4,243</b>                   | <b>236</b>                 |
| <b>Total</b>         | <b>71</b>        | <b>3,471</b>                   | <b>25,090</b>                  | <b>696</b>                 |

(\*) In assessing the number of staff employed by Japanese banks, it should be borne in mind that mostly data for just individual companies or aggregate data for the most important group companies has been used, due to lack of information at the consolidated level.

In terms of total assets, the European banks considered here account for just under 60% of the entire Western European banking system.<sup>2</sup> The Japanese banks represent 60% of their country's total, while the US banks featured in this survey account for just over 70% of their nation's banking system.<sup>3</sup>

Analysis of the survey composition by individual country shows that some features of European and Japanese groups' structure are country-specific. These are discussed in greater detail in Appendix 1.

### *Size*

The average size of the banks featured in our survey grew significantly during 1998-2003, as a result both of organic growth and mergers and acquisitions. In terms of total assets, the average size recorded in 2003 was EUR 350.7bn, more than 80% higher than in 1998, following a 30% increase in the total asset figure and a reduction in the number of banks from 101 to 71. Banks grew in all three of the areas we cover, but more so in the United States and in Europe. The average size of European banks tripled from 1995 to 2003, while the number of groups included fell from 57 to 37.

Disregarding for a moment the effects of mergers between groups covered in this survey, which will be discussed shortly, European banks grew by an average of 44% in 1998-2003, and US banks by 28% in Euro terms (38% in local currency), whereas Japanese banks showed a 2% reduction in assets (1.4% in local currency). This means that growth by Japanese banks was due entirely to consolidation between the largest banking groups.

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<sup>2</sup> EU countries plus Switzerland.

<sup>3</sup> This figure reduces to approx. 59% when financial companies not owned by banks are also considered. These are particularly strong in the U.S. in the areas of consumer credit and leasing. Some of the most notable of these companies are the financial services divisions of the leading industrial groups, such as General Electric, General Motors and Ford Motor.

TABLE I.2 – SIZE OF BANKS COVERED BY SURVEY

|                      | Average size measured by total assets (1) |              |              |                |
|----------------------|---|--------------|--------------|----------------|
|                      | 1995                                      | 1998         | 2003         | 2003/1998      |
|                      |   | EUR bn       |              | % increase (2) |
| Europe (3)           | 142.5                                     | 233.3        | 434.7        | + 86.3         |
| Japan                | ...                                       | 181.9        | 290.7        | + 59.8         |
| United States        | ...                                       | 125.6        | 231.3        | + 84.2         |
| <b>All banks (4)</b> | ...                                       | <b>191.9</b> | <b>350.7</b> | <b>+ 82.8</b>  |

(1) Excludes goodwill.

(2) In local currency terms, US banks grew by 98.6% in terms of average size and Japanese banks by 60.3%.

(3) 57 groups in 1995; 48 in 1998; 37 in 2003.

(4) 100 groups in 1998; 71 in 2003.

European banks are the largest on average, then, at 1.5 times the size of Japanese banks and 1.9 times the size of US banks by total assets in 2003. However, the United States and Japan are home to the two largest banks of all, Citigroup and Mizuho Financial Group. Indeed, growth in size has led to greater consolidation in the U.S. and Japan than it has in Europe, as may be seen from Table III.1 in Section III. The top three Japanese and US banks in this survey account for 53.6% and 51.7% of total assets in their respective countries of origin, whereas the top three European banks account for only 15.5% of their region. A comparison between the results in 1998 and 2003 also shows that the percentage of total assets accounted for by the top five groups in each area rose from 44% to 76% in Japan, and from 56% to 66% in the United States, but from just 22% to 25% in Europe.<sup>4</sup>

Acquisitions were a crucial factor in the larger size of banks in all three of the world's main economic areas. In the years between 1998 and 2003, there were a total of 39 “mega-mergers”, 20 of which involved European banks, 12 US banks and 7 Japanese banks.<sup>5</sup> Three

<sup>4</sup> Including the mergers completed or announced in 2004, which are listed in Table III.2 in Section III, the top five banking groups in Japan account for 82% of the total covered by our survey, and those in the U.S. for 76% of their national total.

<sup>5</sup> “Mega-mergers” are defined for the purposes hereof as mergers involving two or more of the banks included in our survey.

M&A transactions of fundamental importance also took place between October 2003 and August 2004: in the United States, the second and third largest banks by total assets acquired the sixth and eighth largest banks respectively, while the second and fourth largest banks in Japan announced they were merging, thereby creating the world's largest bank by total assets. A list of these mergers is provided in Table III.2 in Section III. The first point worth noting in this regard is that, with the exception of Deutsche Bank's acquisition of Bankers Trust in 1999, these large deals have tended to involve banks belonging to the same economic area, and in Europe in particular banks from the same country, with just a handful of exceptions. A description of transactions involving the banks included in our survey is given in Appendix 2, according to country of origin.

Most of the mega-mergers were paid for by means of share exchanges. Of the approx. EUR 163bn aggregate value for 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 in the 1998-2004 period was much higher at approx. USD 429bn, but the cash outlay was a mere USD 2.4bn, just 0.6% 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, involving an outlay of some USD 9.7bn. The mergers between Japanese banks took place entirely via share exchanges.

Regarding shareholder structure, the banks covered in the survey are for the most part widely owned, being listed on one or more stock exchanges worldwide. Only seven publicly-owned banks are included, six of which are German (see Appendix 1) and one Japanese. The German state-owned banks represent over one-third of all the German banks covered here by assets, while state-owned banks overall account for 6.6% of the aggregate by assets, and around 2.2% of total income.



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

|                        | No. of<br>groups | No. of<br>employees<br>in 2003 | Total<br>assets<br>as 31/12/03 | Total<br>income<br>in 2003 |
|------------------------|------------------|--------------------------------|--------------------------------|----------------------------|
|                        |                  |                                | <i>EUR bn</i>                  | <i>EUR bn</i>              |
| State-controlled banks | 7                | 52,813                         | 1,659                          | 15.0                       |
| <i>as % of total</i>   | <i>9.9</i>       | <i>1.5</i>                     | <i>6.6</i>                     | <i>2.2</i>                 |

Another significant feature of some German banks is the presence of insurance groups among their shareholders. For example, the third-largest German bank in terms of total assets, Dresdner Bank, has been owned by Allianz since 2001, while the leading shareholder of HVB, the second largest bank in Germany, is the world's leading reinsurer Münchener Rückversicherungs (Munich Re) with a 18.4% stake, while HVB in turn owns 9.97% of Munich Re.<sup>6</sup> Munich Re is also the leading shareholder of Commerzbank with 9.5%, followed by Assicurazioni Generali with 9.1%.

### *Workforce*

In the five years between 1998 and 2003, the aggregate workforce of the banks covered in this survey rose by 12.8%, or 381,000 staff, to reach an overall headcount of 3.4 million employees. This increase represents the balance between growth of just under 20% at European groups, just under 8% by US banks, and a 21% reduction in Japan.<sup>7</sup> In Europe the increase involved all countries barring Sweden and Denmark, with the highest increases in absolute terms being recorded by the Benelux countries and the U.K., whereas Italian banks recorded the highest growth in percentage terms of just under 40%. In the six

<sup>6</sup> Reduced from 25.67% and 13.2% respectively in the course of 2004.

<sup>7</sup> 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.

years from 1996 to 2003, i.e. the period for which like-for-like data is available for European banks, the aggregate headcount rose by 34%, or 523,000 employees, with Spanish banks recording the highest growth in absolute terms between 1996 and 1998.

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

|                      | No. of employees (1) |                  |                  | Change 1998-03   |               |
|----------------------|----------------------|------------------|------------------|------------------|---------------|
|                      | 1996                 | 1998             | 2003             | No.              | %             |
| United Kingdom       | 484,075              | 507,032          | 596,986          | + 89,954         | + 17.7        |
| Benelux              | 252,415              | 299,722          | 402,962          | + 103,240        | + 34.4        |
| Germany              | 262,363              | 262,362          | 287,039          | + 24,677         | + 9.4         |
| France (2)           | 169,987              | 194,967          | 233,413          | + 38,446         | + 19.7        |
| Spain                | 126,255              | 179,261          | 191,147          | + 11,886         | + 6.6         |
| Italy                | 114,702              | 125,626          | 175,764          | + 50,138         | + 39.9        |
| Switzerland          | 90,929               | 113,505          | 137,142          | + 23,637         | + 20.8        |
| Sweden and Denmark   | 50,200               | 52,308           | 49,492           | - 2,816          | - 5.4         |
| <b>Europe (2)</b>    | <b>1,550,926</b>     | <b>1,734,783</b> | <b>2,073,945</b> | <b>+ 339,162</b> | <b>+ 19.6</b> |
| <b>Japan (3)</b>     | ...                  | <b>189,138</b>   | <b>149,207</b>   | <b>- 39,931</b>  | <b>- 21.1</b> |
| <b>United States</b> | ...                  | <b>1,054,679</b> | <b>1,136,811</b> | <b>+ 82,132</b>  | <b>+ 7.8</b>  |
| <b>Total</b>         | ...                  | <b>2,978,600</b> | <b>3,359,963</b> | <b>+ 381,363</b> | <b>+ 12.8</b> |

(1) The breakdown is based on the country in which the parent company is registered, hence it also includes group staff employed elsewhere.

(2) Figures do not include Crédit Agricole, for which changes in group structure between 1998 and 2003 make like-for-like comparison impossible.

(3) Refers to 14 groups for which like-for-like figures are available.

The mega-mergers referred to above had no effect on these variations, as they involve groups already included in the survey sample. Accordingly, the increase in the overall workforce is attributable to other forms of M&A activity, i.e.:

- small and medium-size banks being merged into the largest groups of the same nation included in the survey, as 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, or the U.S., where domestic acquisitions account for much of the rise in the aggregate workforce;

- acquisitions of non-banking activities, such as Crédit Suisse acquiring the insurance group Winterthur, with its 26,000-plus labour force in 1997;
- non-domestic 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,<sup>8</sup> a region where Dutch groups ING and ABN Amro and UK-based HSBC Holdings also have a footprint. These groups have launched highly diversified expansion programmes, both geographically, which involved extending their reach via acquisitions *inter alia* in the United States<sup>9</sup> and South-East Asia, and in terms of business, i.e. building presence in the insurance and financial services sectors. Noteworthy in this regard was HSBC Holdings' 2003 acquisition of US-based consumer credit/financial services player Household International, which had 31,000 staff on the payroll as at year-end 2002. German banks HVB and Commerzbank, Belgian-based KBC, Société Générale of France and UniCredito Italiano meanwhile have all made significant acquisitions in Central or 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 2003 is well reflected in the 21 percentage

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<sup>8</sup> 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 2003, despite the payroll being trimmed by over 35,000, the number of staff employed outside Spain still amounted to 123,843, or 65% of the total.

<sup>9</sup> The North American branches of ABN Amro and HSBC ranked tenth and eleventh respectively in the U.S. by total assets in 2003. However, in 2004 both were overtaken by the Royal Bank of Scotland Group, which climbed to tenth position following its acquisition of Charter One.

point increase in staff employed outside the company's country of origin, which in 2003 stood at more than 47% of the total.<sup>10</sup>

Table I.5 shows total income and labour cost per individual employee for European and US-based banks. The first point to note here is that in aggregate terms, US banks showed a higher increase in productivity than their European counterparts: whereas income per member of staff increased by 32.3% at US banks in local currency terms over the five years from 1998 to 2003, the equivalent increase at European banks was lower at 19.4%. The per capita cost of labour also grew in both areas, by 18.3% in Europe and 26.6% in the United States. Hence, whereas the difference between the income and cost indicators for US banks was approximately 6 percentage points, the difference for European banks was just one percentage point.

TABLE I.5 – MAJOR INTERNATIONAL BANKS: TOTAL INCOME AND LABOUR COST PER EMPLOYEE <sup>(1)</sup>

|                       | Total income per employee |                  |                           | Labour cost per employee |                  |                           | a/b        | a'/b'      |
|-----------------------|---------------------------|------------------|---------------------------|--------------------------|------------------|---------------------------|------------|------------|
|                       | 2003                      | % change vs 1998 |                           | 2003                     | % change vs 1998 |                           |            |            |
|                       | EUR '000<br>'000 000      | EUR<br>(a)       | local<br>currency<br>(a') | EUR '000<br>'000 000     | EUR<br>(b)       | local<br>currency<br>(b') |            |            |
| Switzerland           | 325.1                     | + 15.7           | + 12.5                    | 168.0                    | + 26.4           | + 22.9                    | 0.6        | 0.5        |
| Germany               | 221.2                     | + 14.1           |                           | 91.2                     | + 24.6           |                           | 0.6        |            |
| Sweden and<br>Denmark | 204.2                     | + 24.1           | + 21.0                    | 69.7                     | + 39.8           | + 36.5                    | 0.6        | 0.6        |
| United<br>Kingdom     | 177.3                     | + 38.0           | + 38.8                    | 50.4                     | + 27.0           | + 27.8                    | 1.4        | 1.4        |
| France                | 188.0                     | + 22.4           |                           | 72.1                     | + 18.0           |                           | 1.2        |            |
| Benelux               | 167.5                     | + 7.9            |                           | 65.9                     | + 13.5           |                           | 0.6        |            |
| Italy                 | 158.6                     | - 4.4            |                           | 54.2                     | - 8.6            |                           | n.c.       |            |
| Spain                 | 126.5                     | + 25.9           |                           | 38.3                     | + 2.6            |                           | 10.0       |            |
| <b>Europe</b>         | <b>185.3</b>              | <b>+ 19.7</b>    | <b>+ 19.4</b>             | <b>67.8</b>              | <b>+ 18.6</b>    | <b>+ 18.3</b>             | <b>1.1</b> | <b>1.1</b> |
| <b>United States</b>  | <b>208.0</b>              | <b>+ 22.7</b>    | <b>+ 32.3</b>             | <b>61.4</b>              | <b>+ 17.4</b>    | <b>+ 26.6</b>             | <b>1.3</b> | <b>1.2</b> |

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

<sup>10</sup> Cf. Table II.3 for Europe. It is not possible to calculate the corresponding ratio for Japanese and US banks owing to the lack of figures available. The only 2003 figures available in the U.S. are those for Citigroup and the Bank of New York, whose non-domestic staff accounted for 46% and 20.5% of the total respectively.

In European countries, the highest income per employee in 2003 was recorded by Swiss banks, followed by German banks, but these two countries also showed the highest labour costs. During the five-year period under review, the most impressive changes in these indicators were registered by Spanish banks, whose income per employee rose by 10 times the equivalent rise in their labour costs. Such low growth rates in costs per member of staff at these banks were due to their major acquisitions in Central and South America mentioned earlier. Of the other countries, only UK and French banks show a reading above 1. Banks in Switzerland, Germany and the Benelux countries saw a major decline in these indicators, which in the latter case was due to a negligible rise in income per member of staff, while in the case of Germany and Switzerland above average growth in per capita cost of labour was not offset by equivalent growth in income per individual employee. In Italy, the reduction in labour costs brought about by acquisitions in Central and Eastern Europe, where staff are cheaper to employ, outweighed a reduction in per capita income.

Regarding the cost of labour at Swiss and German banks, the investment banking arms of these banks reflected particularly high per capita labour costs, despite some substantial reductions in the last two years. The high cost of these activities is chiefly attributable to acquisitions carried out in the late 1990s (see Appendix 2). Credit Suisse First Boston, the investment banking arm of the Credit Suisse group, employed 48% of the group's banking employees in 2003 at a unit cost of EUR 235,000. More expensive still was the unit cost of labour at the investment banking division of the UBS group, which totalled EUR 298,000, and where some 23% of the workforce was employed. The cost per employee for the two Swiss banks in 2003 falls to EUR 122,000 if these activities are excluded. In Germany, Deutsche Bank and Westdeutsche Landesbank (WestLB) both had above average per capita labour costs in 2003, at EUR 145,000 and EUR 121,000 respectively. Unit costs soared at Deutsche Bank in particular, rising by 80% in 1999-2000, which coincided with the Bankers Trust acquisition, while WestLB saw its per capita labour costs rise by 36% in the same period, principally in conjunction with

the building up of its London-based subsidiary WestLB Panmure's equity and investment banking activities.<sup>11</sup>

### *Operating results*

Total income for the 71 banks covered in this survey rose from EUR 535.6bn in 1998 to EUR 695.9bn in 2003, an increase of 29.9%, representing the balance between a 33.4% increase attributable to the growth in group size outlined above, and a 3.5% reduction due to the loss in value of the dollar and yen vis-à-vis the Euro. However, such growth was not uniform across the three regions: at constant exchange rates income generated by Japanese banks rose by a mere 1.6%, compared with 42.6% in the United States and 36.4% in Europe.

Net interest income fell by 3.7 points as a percentage of total income during the five years under review, declining from 55% to 51.3%, after reaching a low of 48.6% in 2000 following the general reduction in interest rates across the three areas. This was offset by an increase in fee income, which rose by 2.6 points as a percentage of total income, and growth in dealing profits, which rose by 1.1 points over the period. In 2003 the reduction in interest income was entirely offset by higher dealing profits, while fee income was unchanged as a percentage of total income.

Current pre-tax profit stood at 29.8% of total income in 2003, the best result of the entire period, up 6.3 percentage points compared with the previous year, whereas the 1998 figure was heavily impacted by bad debt writeoffs booked by Japanese banks. The cost/income ratio shows an improvement of 1.9 percentage points in the last year, whereas bad debt writeoffs returned to their 2000 levels after higher provisioning in 2001-2002.

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<sup>11</sup> Sold to the Lazard group in January 2004.

TABLE I.6 – 71 BANKS: PERFORMANCE INDICATORS 1998-2003

|   | 1998                        | 2000     | 2001     | 2002     | 2003     | Change     |            |
|---|-----------------------------|----------|----------|----------|----------|------------|------------|
|   | <i>as % of total income</i> |          |          |          |          |            |            |
|   | <i>a</i>                    | <i>b</i> | <i>c</i> | <i>d</i> | <i>e</i> | <i>d-a</i> | <i>e-d</i> |
| Interest income                             | 55.0                        | 48.6     | 50.5     | 52.2     | 51.3     | - 2.8      | - 0.9      |
| Commissions (net)                           | 36.2                        | 40.1     | 39.5     | 38.8     | 38.8     | 2.6        | -          |
| Cost/income ratio                           | 61.3                        | 60.6     | 60.6     | 60.6     | 58.7     | - 0.7      | - 1.9      |
| Bad debts written off<br>(net of recovered) | 22.5                        | 11.6     | 17.1     | 16.0     | 11.5     | - 6.5      | - 4.5      |
| Current pre-tax profit                      | 16.3                        | 27.8     | 22.3     | 23.5     | 29.8     | 7.2        | 6.3        |
| Net profit                                  | 7.6                         | 19.5     | 10.6     | 9.3      | 16.8     | 1.7        | 7.5        |
| ROE (1) (%)                                 | 5.0                         | 14.0     | 7.4      | 6.7      | 12.1     | 1.7        | 5.4        |
| ROA (2) (%)                                 | 0.2                         | 0.6      | 0.3      | 0.3      | 0.5      | 0.1        | 0.2        |

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

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

Aggregate net profit in 2003 totalled EUR 117bn, or 16.8% of total income, up 7.5 percentage points on 2002. This was due as to 2.6 percentage points to lower writedowns to fixed assets, especially fixed financial assets, and as to one point to the item extraordinary income and expenditure, which returned to positive figures in 2003. After the low of 5% recorded in 1998 and a dip in 2001-2002, aggregate ROE for the banks considered in this survey came in at 12.1% in 2003, up 5.4 percentage points on the previous year. Similarly, aggregate ROA rose by 0.5% in 2003, from 0.3% in 2001-2002.

### *Results by geographical area*

Table I.7 gives some indicators of the banks' results by geographical region. Comparison between indicators for the different areas should be treated with due caution, as 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 of the 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.

TABLE I.7 – 71 BANKS: RESULT INDICATORS BY GEOGRAPHIC REGION

|  | 1998                        |        |               | 2003                        |       |               |
|--|-----------------------------|--------|---------------|-----------------------------|-------|---------------|
|  | Europe                      | Japan  | United States | Europe                      | Japan | United States |
|  | <i>as % of total income</i> |        |               | <i>as % of total income</i> |       |               |
| Interest income                          | 52.0                        | 66.3   | 54.8          | 49.5                        | 58.7  | 51.8          |
| Commissions (net)                        | 34.8                        | 21.9   | 38.8          | 36.1                        | 24.1  | 42.4          |
| Cost/income ratio                        | 64.2                        | 56.3   | 58.9          | 61.9                        | 50.8  | 55.9          |
| Bad debts written off (net of recovered) | 11.0                        | 98.0   | 7.5           | 10.1                        | 29.7  | 7.7           |
| Current pre-tax profit                   | 24.8                        | - 54.3 | 33.5          | 28.0                        | 19.5  | 36.3          |
| Net profit                               | 17.0                        | - 52.8 | 19.1          | 15.6                        | 0.3   | 24.2          |
| Tax rate (1) (%)                         | 31.9                        | n.c.   | 34.5          | 26.9                        | 33.0  | 32.8          |
| ROE (%)                                  | 12.8                        | n.c.   | 16.6          | 11.0                        | 0.1   | 21.0          |
| ROA (%)                                  | 0.4                         | n.c.   | 1.0           | 0.4                         | 0     | 1.4           |

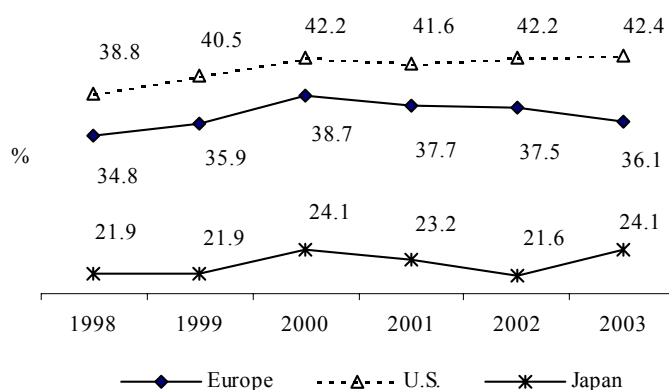
(1) Calculated on basis of pre-tax profit and excluding loss-making companies.

On the income side, the first point worth noting is the percentage of Japanese banks' total income accounted for by interest income, higher than that for European and US groups, and accordingly the lower proportion accounted for by fees. Fee income also represents a higher share of US banks' total income than it does of their European



counterparts. However, Figure I.1 shows that after an increasing trend in both areas in 1998-2000, fees as a percentage of total income remained stable for US banks, but began to fall in Europe, reducing by 2.6 percentage points in the last three years.

FIG. I.1 – NET FEES AS % OF TOTAL INCOME



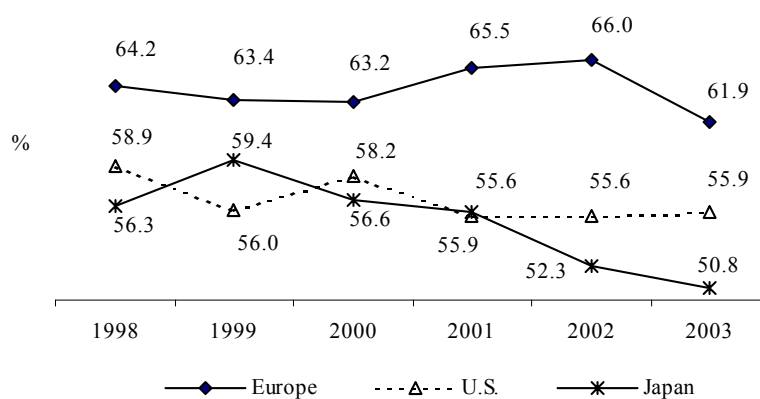
At European banks, it should be noted that total income fell by 5.4% over the last two years covered, after substantial growth in the preceding period, which reduction was largely due to the downward trend in commissions. Total income fell by EUR 22bn in absolute terms in 2002-2003, comprising a EUR 14bn decline in net fees, an EUR 11bn decrease in dealing profits, and a EUR 3bn fall in dividends and in attributable shares in profits, whereas interest income rose by EUR 6bn. Conversely, US banks have seen their income rise consistently, with a 12% increase in the past two years coming on the back of 27% growth during the preceding three-year period. Total income generated by Japanese banks has changed little, as mentioned previously.

TABLE I.8 – TOTAL INCOME: PERCENTAGE CHANGE

|               | 1998/1995 | 2001/1998 | 2003/2001 |
|---------------|-----------|-----------|-----------|
|               | %         |           |           |
| Europe        | + 34.9    | + 44.2    | - 5.4     |
| Japan         | ...       | - 0.2     | + 1.7     |
| United States | ...       | + 27.2    | + 12.1    |

Current pre-tax profit in 2003 stood at 36.3% of total income for US banks, 28% for European banks, and 19.5% for Japanese banks, up in all three areas on the previous year's results both in absolute and percentage terms. For Japan in particular this was the second year of growth in a row, following the losses recorded in the previous four years. The improvement in 2003 current pre-tax profit by the United States and Japan is almost entirely attributable to lower bad debt writeoffs, while in Europe a 2.8 percentage point reduction in writeoffs went alongside a larger 4.1 point fall in the cost/income ratio.

FIG. I.2 – COST/INCOME RATIO



This indicator is still appreciably higher in Europe than the other two regions considered here, despite the fact that the 2003 reduction took it to its lowest level for the entire period. The gap in 2003 reached six percentage points vis-à-vis the United States and over 11 points compared with Japan. (see Fig. I.2). For Japanese banks the cost/income ratio reduced by some 8.6 percentage points in the last four years, whereas the trend at European banks was reversed following the increases of 2001 and 2002, which were attributable to growth in the cost of labour and general costs and expenses in 2001, while the reduction in operating costs in 2002 was more than offset by the reduction in income. Readers are directed to the following section for further information on bad debt writeoffs.

Net profits earned by US banks in 2003 were equal to 24.2% of total income, almost 9 percentage points higher than net profits earned by their European counterparts, while Japanese banks recorded a modest profit after two years in which they incurred losses amounting to more than one-third of their income.<sup>12</sup> The gap in profitability between US and European banks widened during the period under review, as is shown by the returns delivered on equity by banks in both areas. ROE at US banks rose from 16.6% to 21%, while at European banks it fell from 12.8% to 11%, the difference between the indicators in the two areas thus amounting to 10 percentage points in the last year considered. Conversely, Japanese banks recorded sizeable losses in three out of the six financial years covered by our survey, and small profits in the other three years.

The tax rate in 2003 was higher for Japanese and US banks than for European banks, the difference being some six percentage points in favour of the latter. The rate fell in both Europe and the U.S. during the period under review, but more so in the former, where it reduced from 32% to 27%, while in the latter the reduction was less than two percentage points.<sup>13</sup>

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<sup>12</sup> The aggregate net profit earned by Japanese banks in 2003 amounted to JPY 30bn, representing the balance between earnings of JPY 2,097bn by fourteen banks and losses incurred by two banks - which, however, were much larger in size, namely UFJ Holdings and Resona Holdings - amounting to a total of JPY 2,067bn.

<sup>13</sup> The figure for Japanese banks in 1998 is not meaningful, given the high number of companies which incurred annual losses during the period under review.

Turning to one-off items, goodwill amortization in Europe grew from EUR 3.4bn in 1998 to EUR 10.7bn in 2003, and from 1.2% to 2.8% of total income over the same timespan, in line with the increase in the corresponding balance-sheet item. Goodwill amortization in the U.S. went from 1.4% of total income in 2001 to zero in 2002, following adoption of the new accounting policies.<sup>14</sup> In both areas there was an increase in writedowns to fixed assets in 2001-2002, especially to financial assets as a result of the downturn on world stock markets. This item reduced significantly in the U.S. in 2003, whereas in Europe it remained near its all-time high, especially due to portfolio writedowns charged by German banks. The other one-off items chiefly consisted of gains realized on disposal of fixed assets.

Writedowns to financial assets also reached high levels at Japanese banks in 2001 and 2002, accounting for as much as 19% of their 2002 total income. Extraordinary income far outweighed extraordinary charges in 1998-2000, but the opposite was true in the following three years. This item includes sizeable gains and losses on disposal of equity interests and fixed assets, and it was the aggregate surplus here which enabled the banks to close the 1999 and 2000 financial years at a profit. The balance for 2003 includes tax rebates amounting to 1.8% of total income, from which the largest banks were the ones who benefited most.

#### *Bad debt writeoffs and doubtful loans*

Table I.15 provides a breakdown (by institution and country of origin) of bad debts written off in the past four years as a percentage of total income, as a percentage of of loans to customers, and as a percentage of net worth.

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<sup>14</sup> In particular Statement of Financial Accounting Standards 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.

For European banks, the three indicators shown in this table fell in 2003 after reaching their highs for the period one year earlier. In 2003, 11 European banks wrote off debts worth more than 15% of their income, including some 10 of the 12 German banks in this survey, with three *Landesbanken* recording the highest values in excess of 30%. At four German banks, the writeoffs accounted for more than 10% of their respective net worth. For US banks too these indicators reflected a reduction in 2003, after the highs recorded in the previous two years. In this last year, no US bank wrote off debts amounting to more than 15% of its income, and only four wrote off debts amounting to more than 10%. Only one US bank write off debts amounting to more than 10% of its net worth. The situation in Japan revealed greater areas of concern, but also a higher degree of variation with respect to average readings, with three banks actually crediting net writebacks to earnings in 2003. Three of the country's main banking groups had the highest readings, i.e. Resona Holdings, UFJ Holdings and Sumitomo Mitsui Financial Group, with the results for the first two being appreciably higher than the average.

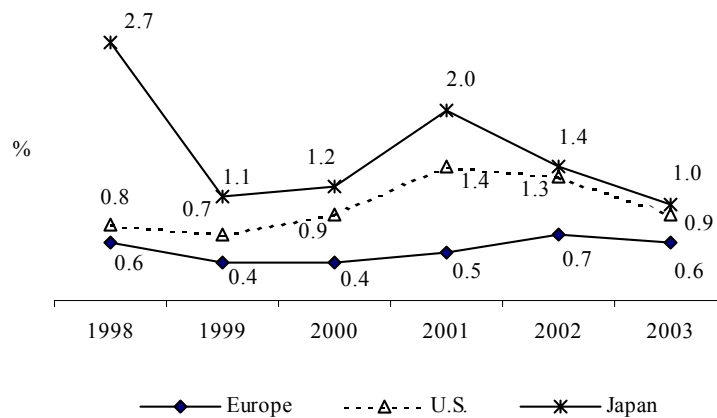
Average values for such indicators by geographical region in the 1998-2003 period are given in Table I.9, along with figures as at 31 December 2003 for doubtful loans as a percentage of loans to customers and net worth.

TABLE I.9 – BAD DEBTS WRITTEN OFF AND NET DOUBTFUL LOANS BY GEOGRAPHICAL REGION

|               | Bad debts written off        |                                  |                         | Doubtful loans                   |                         |
|---------------|------------------------------|----------------------------------|-------------------------|----------------------------------|-------------------------|
|               | as %<br>of total<br>income   | as %<br>of loans to<br>customers | as %<br>of net<br>worth | as %<br>of loans to<br>customers | as %<br>of net<br>worth |
|               | <i>1998-2003 avg. values</i> |                                  |                         | <i>as at 31/12/03</i>            |                         |
| Europe        | 9.5                          | 0.5                              | 5.6                     | 1.1                              | 11.0                    |
| Japan         | 54.8                         | 1.6                              | 21.2                    | 2.8                              | 35.3                    |
| United States | 9.0                          | 1.0                              | 6.7                     | 0.1                              | 0.5                     |

Bad debt writeoffs as a percentage of total income were lower on average for US banks than for European banks during the period, although this was because the total income figure was relatively higher.<sup>15</sup> Conversely, bad debt writeoffs accounted for a higher percentage of net worth and customer loans, and in the last case the average US reading was double the European figure, with the gap being particularly pronounced in 2001-2002 (see Fig. I.3). Bad debt as a percentage of customer loans was higher at Japanese banks than in the other two areas, but largely in line with the figures recorded for the U.S. in the past two years. However, the other two indicators for Japanese banks are especially high.

FIG. I.3 – BAD DEBTS WRITTEN OFF AS % OF LOANS TO CUSTOMERS



With regard to groups' loan books, the non-performing loan ratio (net doubtful debt as a percentage of loans to customers) also fell in 2003 in all the areas under review, the most marked reduction being by

<sup>15</sup> In 1998-2003, total income amounted on average to 5.7% of total assets for US banks, 2.5% for European banks, and just 1.6% for Japanese banks.

Japanese banks. Net doubtful debt as a percentage of net worth reflected a similar trend. The decline in these indicators in 2003 came on the back of across-the-board increases in 2001-2002 which coincided with the slowdown in the world economy. However, values as at year-end 2003 were very different in the three areas. Indeed, doubtful debts accounted for over 35% of Japanese banks' net worth,<sup>16</sup> compared with 11% for European banks and just 0.5% for US banks. Similarly, doubtful debt as a percentage of customer loans stood at 2.8% in Japan, 1.1% in Europe and virtually nil in the U.S.<sup>17</sup> Between 1995 and 2000 these indicators fell significantly in Europe, the former reducing from 2.3% to 1.1%, the latter from 24.7% to 10.9%.<sup>18</sup> Conversely, both indicators rose sharply in Japan between 1998 and 2001. Table I.16 gives a detailed breakdown of these indicators for each bank included in the survey.

In comparing these indicators for the three areas concerned, the different coverage rates of doubtful loans by adjustment provisions should also be taken into consideration. In the last four years this ratio, which is obtained by including also general risk provisions to cover loans deemed still to be "performing", never fell below 100% in the United States (despite a major dip in 2001-2002), averaged just under 70% in Europe, and just over 40% in Japan. However, Japanese banks reflect a significant improvement in the last two years, with their reading rising to over 50% in 2003.

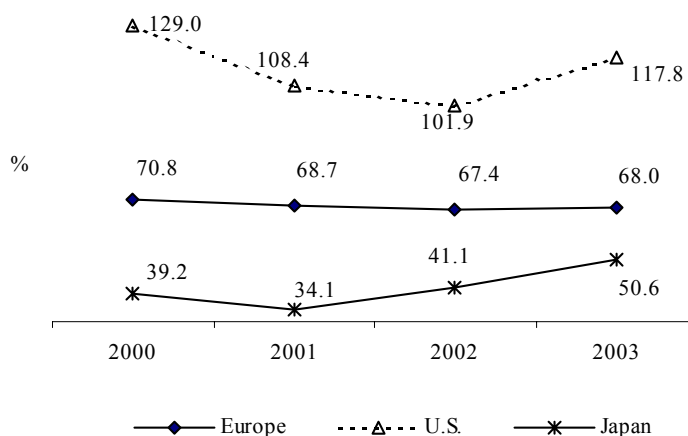
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<sup>16</sup> Based on indications provided by the five main groups in the country which account for 75% of aggregate gross doubtful debt, the most significant exposures involve the real estate sector (25.2% of the total), wholesale and retail commerce (20.4%), services in general (12.6%), and manufacturing (12.2%).

<sup>17</sup> US indicators have been calculated on the basis that cases in which adjustment provisions exceed gross doubtful debt count as zero.

<sup>18</sup> Although the figures given here are meaningful and indicative of trends during the period, they are not representative to the same degree: in 2000-03 they refer to groups representing over 85% of aggregate customer lendings, whereas the 1995 figure refers to groups accounting for just 41% of the whole.

FIG. I.4 – COVERAGE RATIO <sup>(1)</sup>



(1) Provisions to gross doubtful loans.

In evaluating these indicators, it should be remembered that different policies are used to account for bad debt writeoffs in the three areas. An idea of these differences may be gained by comparing writeoffs charged to earnings and the amount of doubtful items accounted for on the balance sheet. On average over the last four years, this indicator came out at 33% for Japanese banks and 40% for European banks, which means that problem loans in the two areas had a “book life” of 3 years and 2.5 years respectively. As for US banks, the amount of adjustment provisions is always higher in aggregate terms than that of total doubtful debt, as has already been mentioned.<sup>19</sup>

It should also be noted that these indicators have become less meaningful as a result of the increasingly widespread and large-scale securitizations of loans that have taken place in recent years.

<sup>19</sup> As our survey is based on figures taken from consolidated accounts, the amount of bad debt writeoffs charged to profit and loss should not be deemed to be influenced by issues relating to possible limits on tax deductions (as is the case in Italy, for example).



### *Financial statements*

Between 1998 and 2003 total assets on the books of the 71 banks covered in this survey rose from EUR 19,251bn to EUR 25,090bn, an increase of 30.3%, or 32.1% at constant exchange rates, virtually identical to the rise in total income during the same period. This is the result *inter alia* of growth by acquisitions, as described in the previous sections. Here too there were significant differences between the three areas. Whereas European banks' assets rose by 44.4% and those of US banks by 38.3%, Japanese banks' assets actually fell by 1.4% over the five years.

From the overview provided in Table I.10, on the asset side one may note a relative reduction in the item loans and advances to customers in all three areas, which was offset by a rise in fixed income securities. These variations were particularly marked at Japanese banks. Factors contributing to the decrease in customer loans as a percentage of total assets certainly include the increasing use of securitizations, as well as the writeoffs charged to earnings referred to in the previous section.

Japanese banks' equity portfolios showed a significant reduction, falling from 6.4% of total assets in 1998 to 3.2% in 2003, and virtually halving in absolute terms over the same time horizon. Conversely, European and US banks saw growth in their portfolios, chiefly in 2003 after the reductions carried out in 2001-2002.

Funds raised from customers in Japan grew in relative terms, rising by 2.8 percentage points between 1998 and 2003. This was entirely due to deposits, whereas the percentage of bonds and subordinated liabilities reduced. At US banks, meanwhile, customer deposits fell as a percentage of total funds, whereas funding from customers as a percentage of total assets remained virtually unchanged during the period under review. In Europe, again looking at the 1998-2003 period as a whole, the "disintermediation" of the banking system is even more marked, involving exclusively customer deposits, which have reduced by 3.3 points as a percentage of total assets. Interbank accounts also continued to be on the liability side during the period in

all three areas under consideration. This is attributable to deposits by smaller banks.

TABLE I.10 – 71 BANKS: MAIN BALANCE SHEET ITEMS PER GEOGRAPHICAL AREA

|                                 | 1998                          |          |               | 2003                          |          |               |
|---------------------------------|-------------------------------|----------|---------------|-------------------------------|----------|---------------|
|                                 | Europe                        | Japan    | United States | Europe                        | Japan    | United States |
|                                 | <i>as a % of total assets</i> |          |               | <i>as a % of total assets</i> |          |               |
| Loans and advances to customers | 45.6                          | 59.9     | 52.4          | 43.0                          | 50.1     | 48.8          |
| Fixed-income securities         | 19.4                          | 14.2     | 21.2          | 20.5                          | 29.6     | 22.7          |
| Equities                        | 2.0                           | 6.4      | 1.0           | 2.8                           | 3.2      | 1.5           |
| Fixed assets (1)                | 2.4                           | 1.3      | 3.0           | 2.7                           | 1.1      | 3.7           |
| <i>of which: goodwill</i>       | <i>0.1</i>                    | <i>0</i> | <i>1.3</i>    | <i>0.7</i>                    | <i>0</i> | <i>1.9</i>    |
| Funding from customers (2)      | 59.1                          | 73.4     | 63.6          | 57.4                          | 76.2     | 64.1          |
| Deposits by banks (3)           | 3.8                           | 2.2      | 6.8           | 4.6                           | 4.0      | 6.3           |
| Shareholders' equity            | 3.7                           | 4.1      | 7.3           | 3.7                           | 3.4      | 7.8           |

(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.

Fixed assets increased their share in Europe and the United States, both in absolute terms and as a percentage of total assets. Such growth is largely attributable to goodwill, which rose from EUR 14bn to EUR 112bn and from 3% to 17% of net worth in Europe and from USD 51bn to USD 101bn and from 18% to 24% of total assets in the United States. Conversely, fixed assets fell as a percentage of total assets in Japan, largely due to the writedown and/or disposal of part of some banks' real estate portfolios. Another point worth noting is the amount of advance tax recognized as a deferred tax asset, accounted for under other assets. As at year-end 2003, this item amounted to more than one-quarter of Japanese banks' net worth, despite a major reduction compared with the 44.5% recorded one year previously.

Shareholders' funds have kept pace with asset growth in Europe, while falling considerably in Japan and increasing in the U.S. It is worth noting that as a percentage of total assets this item for US banks is more than double that recorded by their European counterparts.<sup>20</sup>

TABLE I.11 – ASSETS UNDER MANAGEMENT (\*)

|                            | 2000         | 2001         | 2002         | 2003         |
|----------------------------|--------------|--------------|--------------|--------------|
| Europe (EUR bn) (1)        | 7,699        | 7,911        | 7,178        | 7,479        |
| <i>Index number</i>        | <i>100.0</i> | <i>102.8</i> | <i>93.2</i>  | <i>97.1</i>  |
| United States (USD bn) (2) | 2,661        | 2,767        | 2,744        | 3,024        |
| <i>Index number</i>        | <i>100.0</i> | <i>104.0</i> | <i>103.1</i> | <i>113.6</i> |

(\*) It has not been possible to compile like-for-like data for Japanese groups due to a lack of information.

(1) Figures on a like-for-like basis for 30 groups representing 86% of total assets as at year-end 2003.

(2) Figures on a like-for-like basis for 16 groups representing 97% of total assets as at year-end 2003.

In the past four years, volumes of indirect funding, or assets under management, have on average amounted to 96% of direct funding in Europe and 94% in the United States, while it has not been possible to compile data for Japanese banks due to a lack of like-for-like historical series. Figures for a significant sub-group of the sample in 2003 reflect growth in AUM of approx. 4% in Europe, and 10% in the U.S., following the reduction recorded in both areas the previous year. Unlike in the U.S., however, the levels at year-end 2003 in Europe were lower than the all-time highs recorded at year-end 2001. This outperformance by the U.S. in 2003 was certainly driven by the more marked improvement on the New York stock exchange compared with European bourses, while the low level of interest rates in both areas helped keep bond prices high.

<sup>20</sup> Under the Basle Interbank Accords, the minimum capital adequacy ratio required, i.e. shareholders' 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) is 4%, while the minimum total capital ratio, which includes various subordinated liabilities is 8%.

Another aspect to be borne in mind is the methods according to which securities portfolios are valued, as a portion of these is generally treated as being for non-trading or investment purposes, inasmuch as such securities are likely to be held until maturity or at least for the long term on the basis of resolutions passed independently by a Bank's Board of Directors. An investment portfolio is generally stated at cost,<sup>21</sup> unlike trading securities which are stated at their market value at the end of the period concerned. Adopting such principles effectively involves overstating the corresponding asset item on the balance sheet and charging writedowns to earnings in periods when stock market prices are falling. This aspect is especially important for European banks. In 2003, securities held for investment purposes accounted for approximately 29% of total European banks' portfolios, whereas the total share accounted for by securities stated at cost was just under one-third. Such figures are much higher than those recorded in the other two areas. Securities stated at cost accounted for slightly over 9% of the Japanese total, and just over 3% of the United States' aggregate (cf. Table I.12).<sup>22</sup>

TABLE I.12 – 71 BANKS: BREAKDOWN OF SECURITIES PORTFOLIO IN 2003

|  | Europe (1)   |              | Japan          |              | United States |              |
|--|--------------|--------------|----------------|--------------|---------------|--------------|
|  | EUR bn       | %            | JPY bn         | %            | USD bn        | %            |
| Investment securities                  | 935          | 28.5         | 10,561         | 5.7          | 40            | 3.3          |
| <i>of which: stated at cost</i>        | 904          | 27.5         | 10,561         | 5.7          | 40            | 3.3          |
| Non-investment securities              | 2,347        | 71.5         | 175,561        | 94.3         | 1,178         | 96.7         |
| <i>of which: stated at cost</i>        | 121          | 3.7          | 6,756          | 3.6          | -             | -            |
| <b>Total fixed-interest securities</b> | <b>3,282</b> | <b>100.0</b> | <b>186,122</b> | <b>100.0</b> | <b>1,218</b>  | <b>100.0</b> |
| <i>of which: stated at cost</i>        | 1,025        | 31.2         | 17,317         | 9.3          | 40            | 3.3          |

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

<sup>21</sup> The most commonly adopted principle is amortized cost, according to which the difference between the cost of acquiring a security and its value at redemption is charged or credited to earnings over that security's outstanding life, as the case may be.

<sup>22</sup> Japanese banks generally also state unlisted securities held for trading purposes at cost.

The total capital ratio, measured as the ratio between core capital and risk-weighted assets, reflected an upward trend in Europe and the United States over the last three years, and recovered in Japan in the last year under review following the reductions recorded in 2001 and 2002. In 2003, the average value was 13.1% for the US banks and just under 12% for the European and Japanese banks. There were also two Japanese banks whose ratio was below the minimum 8% requirement laid down by Basle Accord guidelines. Capital adequacy ratios for the individual banks covered are provided in Table I.18. In 2003, Crédit Suisse was again the bank with the highest total capital ratio in Europe. Six other banks recorded margins that were equal to or higher than 13%, three of which were German, namely Deutsche Bank, Dresdner Bank and Commerzbank, plus Belgian-based KBC, Swiss bank UBS and Abbey National of the United Kingdom. The significant improvements by the three German banks and Abbey National compared with last year are almost entirely due to sizeable reductions in exposures. In Japan and the United States, the highest figures were recorded by smaller-size banks, whereas the larger banks with the exception of Mitsubishi Tokyo Financial Group recorded below average readings.

Between 1996 and 2003, rights issues worth a total of EUR 149bn were implemented in Europe. This does not include new shares issued to pay for acquisitions, of which some EUR 126bn were due to the mega-mergers described above, i.e. slightly under half the overall total. During the same period a total of EUR 190bn was paid out by way of dividends, whereas a net amount of EUR 32.3bn of own shares were bought back. As Table I.13 illustrates, dividends paid during the period under review amounted to 1.6 times the proceeds of rights issued implemented net of outlays incurred in connection with share buybacks, leading to a net outflow of some EUR 73.3bn. Net profit in the same period amounted to EUR 439.6bn. Retained profits accordingly represented the main tool by which European banks were able to keep their shareholders' equity at levels consistent with the growth in their assets.

For US banks, net share buybacks outpaced rights issues in each of the years considered here, leading to net outflows of approx. USD 56bn, which along with the dividends paid out over the same period, meant a total in excess of USD 182bn was returned to investors, or 73% of shareholders' equity as at the start of the period. Over the same time-span net profit averaged USD 323bn, again representing the main source for growth in shareholders' equity. However, the situation in Japan was the complete opposite, with Japanese banks tapping the market for just under JPY 12,000bn, compared with a dividend payout amounting to JPY 1,671bn, or just under 14% of the amount asked from shareholders.

In terms of dividend policy, the payout ratio (dividends paid as a percentage of net profit) has risen consistently in Europe over the past three years, reaching 61% in 2003. This is due to a reduction in profits, as amounts paid out in dividends have changed little in this time. It is worth noting that the payout ratio had fallen by almost 9 percentage points from 46% to 37% between 1995 and 2000. Dividends paid by European banks totalled 9.5% of total income, in line with those paid by US banks, whose payout ratio was much lower in the last year under review here, when it reached around 38% of total income. US banks also reflected greater stability in this indicator over the period concerned, ranging from a low of 35% to a high of 46%. For Japanese banks, dividends paid in 2003 stood at 2.7% of total income, against results for the year which reflected a substantially even balance in aggregate terms.

TABLE I.13 – 71 BANKS: RIGHTS ISSUES, SHARE BUYBACKS AND DIVIDENDS

|                          | Rights<br>issues (1) | Share buy-<br>backs (2) | Dividends<br>paid (3) | Balance          |                  |
|--------------------------|----------------------|-------------------------|-----------------------|------------------|------------------|
| <b>Europe</b>            |                      |                         |                       |                  |                  |
|                          | EUR bn               | EUR bn                  | EUR bn                | EUR bn           |                  |
|                          | <i>A</i>             | <i>b</i>                | <i>c</i>              | <i>d = b+c-a</i> | <i>c / (a-b)</i> |
| 1996                     | 6.7                  | 3.4                     | 14.0                  | 10.7             | 4.2              |
| 1997                     | 14.7                 | 1.3                     | 14.0                  | 0.6              | 1.0              |
| 1998                     | 15.9                 | 3.4                     | 17.5                  | 5.0              | 1.4              |
| 1999                     | 19.5                 | 6.2                     | 21.8                  | 8.5              | 1.6              |
| 2000                     | 46.1                 | 3.5                     | 26.9                  | - 15.7           | 0.6              |
| 2001                     | 24.8                 | 0.9                     | 33.6                  | 9.7              | 1.4              |
| 2002                     | 10.9                 | 7.4                     | 33.5                  | 30.0             | 9.6              |
| 2003                     | 10.4                 | 6.2                     | 28.7                  | 24.5             | 6.8              |
| <b>Total</b>             | <b>149.0</b>         | <b>32.3</b>             | <b>190.0</b>          | <b>73.3</b>      | <b>1.6</b>       |
| <b>Japan</b>             |                      |                         |                       |                  |                  |
|                          | JPY bn               | JPY bn                  | JPY bn                | JPY bn           |                  |
|                          | <i>A</i>             | <i>b</i>                | <i>c</i>              | <i>d = b+c-a</i> | <i>c / (a-b)</i> |
| 1998                     | 7,276                | 67                      | 338                   | - 6,871          | 0                |
| 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              |
| 2003                     | 1,973                | - 41                    | 166                   | -1,848           | 0.1              |
| <b>Total</b>             | <b>11,953</b>        | <b>- 224</b>            | <b>1,671</b>          | <b>- 10,506</b>  | <b>0.1</b>       |
| <b>United States (4)</b> |                      |                         |                       |                  |                  |
|                          | USD bn               | USD bn                  | USD bn                | USD bn           |                  |
|                          | <i>A</i>             | <i>b</i>                | <i>c</i>              | <i>d = b+c-a</i> | <i>c / (a-b)</i> |
| 1998                     | 8.7                  | 13.6                    | 16.2                  | 21.1             | n.c.             |
| 1999                     | 7.3                  | 25.3                    | 19.5                  | 37.5             | n.c.             |
| 2000                     | 7.5                  | 10.7                    | 20.5                  | 23.7             | n.c.             |
| 2001                     | 6.1                  | 15.9                    | 21.1                  | 30.9             | n.c.             |
| 2002                     | 5.9                  | 16.0                    | 22.7                  | 32.8             | n.c.             |
| 2003                     | 11.1                 | 20.7                    | 27.0                  | 36.6             | n.c.             |
| <b>Total</b>             | <b>46.6</b>          | <b>102.2</b>            | <b>127.0</b>          | <b>182.6</b>     | <b>n.c.</b>      |

(1) Excluding share exchanges made as part of the acquisitions listed under Tab. III.2.

(2) Net of treasury stock sold.

(3) The difference between the figures here and those for dividends declared in Table II.1 (Section II) is due to the time effect brought about through payment of interim dividends, dividends paid in the form of shares and exchange rate differences..

(4) Share buybacks exceeded rights issues in all years covered here.

*2004: half year results*

Tables I.19 - I.22 show aggregate earnings figures and balance sheet data for the first six months of 2004. The information relates to the 58 groups which provide detailed interim disclosure. In terms of total assets, these represent 89% of the European banks, 81% 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 for Japanese banks, for which the data refers to the period from 1 April to 30 September.

Aggregate net profit stood at EUR 75.1bn, compared with EUR 52.5bn in 1H 2003, an increase of 43%. This improvement is largely attributable to European banks, which recorded a 54% increase in profits during the period, and, to a lesser extent, a return to profit by the Japanese banks. Conversely, US banks recorded a 1.9% downturn in profit for the six months.

TABLE I.14 – HALF-YEAR RESULTS BY GEOGRAPHICAL REGION (1)

|                       | Current pre-tax profit |              |             | Net profit    |             |             |
|-----------------------|------------------------|--------------|-------------|---------------|-------------|-------------|
|                       | 1H 2003                | 1H 2004      | Change      | 1H 2003       | 1H 2004     | Change      |
|                       | <i>EUR bn</i>          |              | %           | <i>EUR bn</i> |             | %           |
| Europe                | 51.8                   | 67.9         | 31.1        | 29.7          | 45.9        | 54.4        |
| Japan                 | 2.0                    | 9.0          | 358.3       | - 5.9         | 1.0         | <i>n.c.</i> |
| United States         | 43.0                   | 49.6         | 15.3        | 28.7          | 28.2        | - 1.9       |
| <b>Total 58 banks</b> | <b>96.8</b>            | <b>126.5</b> | <b>30.7</b> | <b>52.5</b>   | <b>75.1</b> | <b>43.0</b> |

(1) Accounts drawn up in currencies other than the Euro have been translated into Euros at the exchange rate ruling on 30 June 2004.



In assessing the Japanese banks' results, account should be taken of the losses incurred by Resona Holdings in 1H 2003 and UFJ Holdings in 1H 2004, amounting to EUR 13.4bn and EUR 5.1bn (JPY 1,770bn and JPY 674bn) respectively. All the other Japanese banks delivered profits.<sup>23</sup> Excluding Resona and UFJ Holdings' results, Japanese banks delivered an aggregate net profit of EUR 4.5bn in the first six months of 2004, compared with EUR 6.1bn in the same period one year previously, a reduction of 26%. Similarly, current pre-tax profit fell by 13% from EUR 9.3bn in the first six months of 2003, to EUR 8.1bn in the first six months of 2004.

|                 |                    | Current pre-tax profit |            |               | Net profit    |            |               |
|-----------------|--------------------|------------------------|------------|---------------|---------------|------------|---------------|
|                 |                    | 1H 2003                | 1H 2004    | Change        | 1H 2003       | 1H 2004    | Change        |
|                 |                    | <i>EUR bn</i>          |            |               | <i>EUR bn</i> |            |               |
|                 |                    |                        |            | %             |               |            | %             |
| Total Japan     | (a)                | 2.0                    | 9.0        | 358.3         | - 5.9         | 1.0        | <i>n.c.</i>   |
| Resona Holdings | (b)                | - 9.2                  | 1.5        | <i>n.c.</i>   | - 13.4        | 1.6        | <i>n.c.</i>   |
| UFJ Holdings    | (c)                | 1.9                    | - 0.6      | <i>n.c.</i>   | 1.4           | - 5.1      | <i>n.c.</i>   |
| <b>Total</b>    | <b>(a – b – c)</b> | <b>9.3</b>             | <b>8.1</b> | <b>- 12.9</b> | <b>6.1</b>    | <b>4.5</b> | <b>- 26.2</b> |

With regard to the decline in US banks' interim results, it should be noted that the 2004 net profit figure reflects provisions of some EUR 6bn net of tax effects (USD 7.25bn) made by Citigroup and JPMorgan Chase & Co. to cover litigation pending. Citigroup set aside a gross USD 7.9bn in second quarter 2004, after reaching an out-of-court settlement with purchasers of WorldCom securities,<sup>24</sup> and to cover lawsuits and other legal proceedings in progress mostly in connection

<sup>23</sup> The loss incurred by the Resona Holdings group in 1H 2003 derives chiefly from EUR 10.1bn in bad debts written off, and EUR 1.5bn in extraordinary items. In July 2003 the group received an injection of fresh capital from public funds to the tune of JPY 1,960bn (EUR 14.8bn). The loss incurred by UFJ Holdings in 1H 2004 derives chiefly from EUR 3.9bn in bad debts written off and EUR 2.7bn in extraordinary items.

<sup>24</sup> Under the terms of the agreement, Citigroup will make a payment of USD 2.65bn to the settlement class. Plaintiffs' attorneys' fees (the amount has not yet been determined) will come out of the settlement amount. The bank was accused of drawing up and publishing documents in connection with the placement of WorldCom securities which contained misleading information and issuing similarly misleading research notes on the company.

with the Enron and Parmalat crises, methods of selling mutual funds, IPO allocation and trading, and corporate research coverage. In the same quarter, JPMorgan Chase & Co. set aside a gross USD 3.7bn to its litigation reserve, here too chiefly in connection with business relating to the Enron group, placement of WorldCom bonds and IPO-related activity, plus the sale to institutional investors of asset-backed securities issued by a company which subsequently went bankrupt.<sup>25</sup> Pre-tax current profit excludes such provisions, which were taken to extraordinary items, and accordingly reflects a 15% improvement from EUR 43bn to EUR 49.6bn.

The 30.7% improvement in aggregate current profit in 1H 2004, which translates to a 6.5 point rise as a percentage of total income, was principally due to a reduction in bad debt writeoffs, which fell by 37% in absolute terms and by 5.2 points as a percentage of total income compared with 1H 2003. Bad debt writeoffs fell in all three areas concerned by 3.3 points in Europe, 3.2 points in the United States, and as much as 20 points in Japan. Indeed, the losses booked by Resona Holdings amounted to 27.7% of total income in 1H 2003, whereas those booked by UFJ Holdings in 1H 2004 came to 11.4% of total income. Excluding such items, the reduction in bad debt writeoffs in Japan between the two six-month periods amounted to 3.7 percentage points, 1.6 of which were due to previous provisions being recovered, which rose from 3.5% of total income in 2003 to 5.1% of total income in 2004. The aggregate reduction in bad debt writeoffs booked in 1H 2004 by European banks was not uniform across the board. Italian banks were the only ones which bucked this trend, with a 1.6 percentage point rise in this indicator compared with 1H 2003, while the largest reduction was recorded in Germany, with a decline of 7.7 percentage points, after bad debts written off had accounted for more

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<sup>25</sup> Charges chiefly involved: in the case of WorldCom and other issuers, the fact that the company was aware of or was reckless or negligent in not being aware of the financial state of the issuers concerned; in the case of Enron, issuing press releases and publishing other allegedly false or misleading documents; in the case of IPO activity, of making misstatements or omitting information from listing prospectuses and other documents issued in connection with placements, and manipulating the market with regard to aftermarket transactions involving securities offered; publishing misleading research notes; and breach of investor trust and contractual obligations.

than 16% of German banks' 2003 total income. The highest values recorded during the six months in terms of bad debt writeoffs as a percentage of total income were those by Spanish banks (9.9%), UK banks (9.8%), Italian banks (8.9%) and German banks (8.4%), whereas for Swiss banks this indicator was close to zero, as a result of previous provisions being recovered.

Growth in total income in 1H 2004 amounted to 6.2% in aggregate terms, entirely due to European and US banks which rose by 7.7% and 7.3% respectively, whereas Japanese banks recorded a 5% reduction. There was a major increase in fee income in all three areas, giving rise to 13% growth in aggregate terms, and an improvement in the intermediation margin, which was more sizeable in the U.S. at 7% and smaller in Europe at 3.4%, while Japanese banks recorded a 3.4% reduction in this indicator. In Europe there was also a major rise in the item other operating income, on the back of substantial earnings from diversified activities, while dealing profits from securities trading fell from 13.2% of total income in 2003 to 11.9% in 2004. This item reflects a much more sizeable decrease by Japanese banks, in this case almost entirely attributable to lower gains generated from securities trading.

The improvement in current pre-tax profit in 1H 2004 also contributed to a 1.3% reduction to the cost/income ratio in aggregate terms, as the upward cost trend was more than offset by higher income. Compared with a 2.8 point reduction at European banks, 1.2 points of which were due to labour costs, the decline at Japanese banks was a more modest 0.6 points, and there was a similarly modest 0.5 point increase at US banks, 0.3 points of which was due to labour costs.<sup>26</sup> In absolute terms, costs rose by 2.7% at European banks, with labour costs rising by 4%, which was far below the increase in total income, while in the United States the 8.3% rise in costs (labour costs up 8.2%) was

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<sup>26</sup> The number of staff employed at European banks based on partial data relating to 25 groups was virtually unchanged at 30 June 2004 versus 31 December 2003, but down one percentage point from the figure recorded at 30 June 2003 on a like-for-like basis. Conversely, unit labour costs rose by 1 percentage point versus 1H 2003. At US banks, again on the basis of partial data relating to 14 groups, the rise in labour costs was due to the higher number of staff employed, with growth of 1.4% compared to 30 June 2003, and to a 6.6% rise in the per capita cost of labour.

one percentage point higher than the growth in income. In Japan, by way of contrast, the reduction of over 6% in current expenses was almost entirely swallowed up by the reduction in income.

With regard to the balance sheet situation at 30 June 2004, the aggregate increases in total customer funding and loans and advances to non-banking customers, of 4.9% and 4.5% respectively, were both lower than the rise in total assets, whereas interbank accounts (with an increase in net funding) and liquid assets in the form of fixed-income securities both reflect above average increases. Shareholders' equity rose by 4.7% in absolute terms, but fell slightly as a percentage of total assets. Europe and the United States were the most dynamic areas, recording growth of 7.9% and 6.5% in total assets compared with the previous financial year-end, after expansion due mostly to organic growth. Japanese banks' assets recorded little change. For European banks there was a rise in funding from customers, which was especially marked in the deposits segment, and a higher surplus on net interbank funds, countered by growth in cash and short-term lendings. However, the rate at which customer loans grew could not match that of growth in total assets. The situation was similar in the United States, though the growth trend in customer deposits was less pronounced, while on the asset side more funds were invested in equities. Here too the increase in customers loans could not keep up with that in total assets. Japanese banks continued their policy of selling doubtful loans and cutting investment in equities, which had the effect of increasing liquidity, against a backdrop of "disintermediation" on the funding side too, which meant that the rise in debt securities did not offset the fall in customer deposits. Shareholders' funds rose in absolute terms at both US and European banks, although only in the case of the former did their growth outstrip that of total assets, while in the case of the latter more pronounced growth in assets led to a reduction in shareholders' equity in relative terms. Shareholders' equity at Japanese banks fell slightly in absolute terms and as a percentage of total assets.

TABLE I.15 - BAD DEBTS WRITTEN OFF

| BANKS                            | COUNTRY | BAD DEBTS WRITTEN OFF (1) |             |              |              |             |                            |             |             |             |             | EUROPE      |                   |      |  |  |  |
|----------------------------------|---------|---------------------------|-------------|--------------|--------------|-------------|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------------|------|--|--|--|
|                                  |         | as % of total income      |             |              |              |             | as % of loans to customers |             |             |             |             |             | as % of net worth |      |  |  |  |
|                                  |         | 2000                      | 2001        | 2002         | 2003         | 2000        | 2001                       | 2002        | 2003        | 2000        | 2001        |             | 2002              | 2003 |  |  |  |
| WESTDEUTSCHE LANDESBANK          | DE      | -10.8                     | -19.3       | -74.8        | -45.5        | -0.3        | -0.5                       | -2.2        | -1.4        | -4.8        | -9.2        | -37.8       | -30.7             |      |  |  |  |
| NORDEUTSCHE LANDESBANK           | DE      | -1.0                      | -10.3       | -29.7        | -37.4        | 0.0         | -0.2                       | -0.6        | -0.8        | -0.3        | -3.3        | -8.6        | -12.9             |      |  |  |  |
| BAYERISCHE LANDESBANK            | DE      | -23.6                     | -43.1       | -67.3        | -34.2        | -0.4        | -0.9                       | -1.6        | -0.7        | -6.7        | -13.6       | -22.8       | -9.7              |      |  |  |  |
| EUROHYPO (2)                     | DE      | -                         | -           | -9.9         | -25.2        | -           | -                          | -0.1        | -0.2        | -           | -           | -2.3        | -5.3              |      |  |  |  |
| BAYERISCHE HYPO- UND VEREINSBANK | DE      | -15.8                     | -19.2       | -37.5        | -24.3        | -0.4        | -0.5                       | -1.0        | -0.8        | -8.1        | -7.4        | -25.2       | -18.1             |      |  |  |  |
| HSB NORDBANK (3)                 | DE      | -                         | -           | -            | -24.2        | -           | -                          | -           | -0.6        | -           | -           | -           | -6.8              |      |  |  |  |
| LANDESBANK BADEN-WUERTTEMBERG    | DE      | -11.4                     | -18.2       | -36.9        | -22.1        | -0.3        | -0.4                       | -1.0        | -0.6        | -4.0        | -4.7        | -11.2       | -6.7              |      |  |  |  |
| COMMERZBANK                      | DE      | -9.5                      | -13.2       | -22.4        | -18.4        | -0.3        | -0.4                       | -0.8        | -0.7        | -5.0        | -7.1        | -13.1       | -10.5             |      |  |  |  |
| DRESNER BANK                     | DE      | -16.2                     | -20.0       | -30.6        | -16.4        | -0.7        | -0.8                       | -1.4        | -0.6        | -12.1       | -8.7        | -18.3       | -7.5              |      |  |  |  |
| ABBEY NATIONAL                   | GB      | -6.8                      | -6.3        | -13.1        | -15.4        | -0.3        | -0.3                       | -0.5        | -0.5        | -3.5        | -3.0        | -7.2        | -7.7              |      |  |  |  |
| KREDITANSTALT FUER WIEDERAUFBAU  | DE      | -7.5                      | -20.4       | -35.0        | -15.0        | -0.1        | -0.3                       | -0.7        | -0.3        | -1.4        | -3.9        | -7.5        | -2.8              |      |  |  |  |
| HSBC HOLDINGS                    | GB      | -3.8                      | -7.8        | -4.9         | -14.8        | -0.3        | -0.7                       | -0.4        | -1.2        | -1.7        | -2.1        | -6.8        | -8.8              |      |  |  |  |
| BANCA INTESA                     | IT      | -11.5                     | -24.8       | -24.1        | -12.6        | -0.7        | -1.4                       | -1.4        | -0.8        | -8.7        | -17.7       | -17.4       | -8.3              |      |  |  |  |
| HBOS (4)                         | GB      | -                         | -9.3        | -11.6        | -12.0        | -           | -0.3                       | -0.4        | -0.4        | -           | -4.2        | -5.0        | -5.5              |      |  |  |  |
| BANCO BILBAO VIZCAYA ARGENTARIA  | ES      | -8.4                      | -14.3       | -14.5        | -11.8        | -0.7        | -1.3                       | -1.2        | -0.9        | -4.7        | -9.1        | -9.0        | -6.7              |      |  |  |  |
| KBC                              | BE      | -4.8                      | -6.0        | -7.6         | -11.3        | -0.3        | -0.4                       | -0.5        | -0.7        | -2.5        | -3.1        | -4.4        | -6.0              |      |  |  |  |
| BANCO SANTANDER CENTRAL HISPANO  | ES      | -7.7                      | -10.0       | -11.7        | -11.2        | -0.6        | -0.9                       | -1.0        | -0.9        | -3.8        | -5.6        | -6.6        | -5.9              |      |  |  |  |
| BARCLAYS                         | GB      | -8.2                      | -10.2       | -13.2        | -10.9        | -0.5        | -0.6                       | -0.7        | -0.6        | -6.1        | -7.5        | -9.2        | -7.7              |      |  |  |  |
| LLOYDS TSB GROUP                 | GB      | -5.8                      | -8.8        | -12.0        | -9.8         | -0.4        | -0.6                       | -0.8        | -0.7        | -4.2        | -5.7        | -10.3       | -8.1              |      |  |  |  |
| SANPAOLO IMI                     | IT      | -4.0                      | -6.0        | -7.8         | -9.2         | -0.2        | -0.4                       | -0.4        | -0.6        | -2.9        | -4.0        | -5.2        | -6.3              |      |  |  |  |
| UNICREDITO ITALIANO              | IT      | -9.0                      | -8.0        | -9.7         | -9.2         | -0.7        | -0.7                       | -0.9        | -0.8        | -7.4        | -6.4        | -7.3        | -6.8              |      |  |  |  |
| FORTIS                           | BE/NL   | -4.8                      | -4.7        | -7.0         | -9.0         | -0.3        | -0.3                       | -0.4        | -0.4        | -2.5        | -2.6        | -3.9        | -4.5              |      |  |  |  |
| DZ BANK                          | DE      | -28.7                     | -22.6       | -57.7        | -8.8         | -0.9        | -0.7                       | -2.2        | -0.3        | -17.5       | -13.2       | -34.4       | -4.8              |      |  |  |  |
| THE ROYAL BANK OF SCOTLAND GROUP | GB      | -5.2                      | -7.2        | -8.4         | -8.7         | -0.4        | -0.5                       | -0.6        | -0.6        | -2.5        | -3.5        | -4.3        | -4.6              |      |  |  |  |
| CREDIT AGRICOLE                  | FR      | -6.8                      | -7.8        | -3.6         | -8.3         | -0.4        | -0.3                       | -0.1        | -0.4        | -3.7        | -3.2        | -1.2        | -3.8              |      |  |  |  |
| CREDIT MUTUEL (5)                | FR      | -6.3                      | -6.7        | -7.6         | -8.2         | -0.4        | -0.4                       | -0.4        | -0.5        | -4.4        | -4.4        | -4.2        | -4.4              |      |  |  |  |
| SOCIÉTÉ GÉNÉRALE                 | FR      | -5.4                      | -7.8        | -9.4         | -7.6         | -0.4        | -0.5                       | -0.7        | -0.6        | -4.8        | -6.0        | -7.6        | -6.2              |      |  |  |  |
| BNP PARIBAS                      | FR      | -6.9                      | -7.4        | -8.7         | -7.5         | -0.5        | -0.6                       | -0.7        | -0.6        | -4.5        | -4.6        | -4.6        | -4.0              |      |  |  |  |
| ING GROEP                        | NL      | -2.8                      | -5.1        | -9.3         | -7.4         | -0.2        | -0.3                       | -0.5        | -0.4        | -1.4        | -2.9        | -6.4        | -4.5              |      |  |  |  |
| ABN AMRO HOLDING                 | NL      | -3.3                      | -7.6        | -9.3         | -6.8         | -0.2        | -0.4                       | -0.5        | -0.4        | -3.2        | -8.0        | -10.7       | -7.3              |      |  |  |  |
| RABOBANK NEDERLAND               | NL      | -4.9                      | -6.1        | -6.3         | -6.7         | -0.2        | -0.2                       | -0.2        | -0.2        | -2.0        | -2.4        | -2.3        | -2.4              |      |  |  |  |
| NORDEA                           | SE      | -1.3                      | -6.3        | -4.3         | -6.4         | -0.1        | -0.3                       | -0.2        | -0.3        | -0.6        | -3.1        | -2.1        | -3.1              |      |  |  |  |
| DANSKE BANK                      | DK      | -3.9                      | -6.0        | -5.1         | -5.7         | -0.1        | -0.2                       | -0.1        | -0.2        | -2.0        | -2.9        | -2.3        | -2.6              |      |  |  |  |
| DEUTSCHE BANK                    | DE      | -1.7                      | -3.9        | -9.7         | -5.4         | -0.1        | -0.4                       | -1.2        | -0.8        | -1.6        | -2.5        | -6.9        | 3.9               |      |  |  |  |
| CREDIT SUISSE GROUP              | CH      | -3.9                      | -7.7        | -19.9        | -3.9         | -0.5        | -0.9                       | -1.6        | -0.3        | -3.5        | -7.7        | -15.2       | -2.5              |      |  |  |  |
| DEXIA                            | BE      | -2.8                      | -4.6        | -13.8        | -3.4         | -0.1        | -0.2                       | -0.5        | -0.1        | -1.2        | -2.4        | -6.3        | -1.5              |      |  |  |  |
| UBS                              | CH      | 0.4                       | -1.3        | -0.6         | -0.3         | 0.0         | -0.2                       | -0.1        | 0.0         | 0.3         | -1.0        | -0.5        | -0.3              |      |  |  |  |
| <b>Average</b>                   |         | <b>-6.1</b>               | <b>-9.0</b> | <b>-12.9</b> | <b>-10.1</b> | <b>-0.4</b> | <b>-0.5</b>                | <b>-0.7</b> | <b>-0.6</b> | <b>-3.6</b> | <b>-5.2</b> | <b>-7.5</b> | <b>-5.7</b>       |      |  |  |  |

(1) Net of bad debts recovered. Companies no longer existing in their previous form as at 31 December 2003 are not included.

(2) Operative since 2002.

(3) Operative since 2003.

(4) Operative since 2001.

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

TABLE I.15 - BAD DEBTS WRITTEN OFF

|                                      | BANKS                |              |              |                            |             |             | BAD DEBTS WRITTEN OFF (1) |             |              |              |              |              | JAPAN |      |      |      |
|--------------------------------------|----------------------|--------------|--------------|----------------------------|-------------|-------------|---------------------------|-------------|--------------|--------------|--------------|--------------|-------|------|------|------|
|                                      | as % of total income |              |              | as % of loans to customers |             |             | as % of net worth         |             |              |              |              |              |       |      |      |      |
|                                      | 2000                 | 2001         | 2002         | 2003                       | 2000        | 2001        | 2002                      | 2003        | 2000         | 2001         | 2002         | 2003         | 2000  | 2001 | 2002 | 2003 |
| RESONA HOLDINGS                      | -36.4                | -97.9        | -51.8        | -118.5                     | -1.3        | -3.0        | -1.6                      | -3.7        | -15.2        | -63.0        | -76.3        | -82.7        |       |      |      |      |
| UFJ HOLDINGS (2)                     | -                    | -88.3        | -37.4        | -74.8                      | -           | -3.2        | -1.4                      | -3.0        | -            | -44.0        | -22.0        | -48.6        |       |      |      |      |
| SHOKO CHUKIN BANK                    | -56.8                | -49.9        | -48.3        | -41.6                      | -0.9        | -0.9        | -0.9                      | -0.7        | -15.0        | -13.8        | -13.2        | -10.1        |       |      |      |      |
| SUMITOMO MITSUI FINANCIAL GROUP (2)  | -                    | -76.7        | -46.5        | -30.9                      | -           | -2.6        | -1.7                      | -1.2        | -            | -40.9        | -29.7        | -15.9        |       |      |      |      |
| CHIBA BANK                           | -26.5                | -52.8        | -26.5        | -22.6                      | -0.8        | -1.4        | -0.8                      | -0.6        | -10.7        | -23.1        | -12.5        | -8.9         |       |      |      |      |
| JOYO BANK                            | -16.4                | -73.2        | -13.7        | -18.0                      | -0.4        | -2.2        | -0.4                      | -0.5        | -4.6         | -25.3        | -4.7         | -5.4         |       |      |      |      |
| NORINCHUKIN BANK                     | 0.2                  | -33.2        | -21.4        | -17.2                      | 0.0         | -0.5        | -0.4                      | -0.2        | 0.0          | -6.0         | -3.8         | -1.7         |       |      |      |      |
| BANK OF YOKOHAMA                     | -28.0                | -24.5        | -23.6        | -15.6                      | -0.7        | -0.7        | -0.6                      | -0.4        | -11.9        | -11.1        | -10.4        | -5.9         |       |      |      |      |
| MIZUHO FINANCIAL GROUP               | -30.0                | -88.6        | -74.6        | -12.9                      | -0.7        | -2.6        | -2.5                      | -0.4        | -9.3         | -38.3        | -42.7        | -5.8         |       |      |      |      |
| NETS BANK                            | -33.3                | -36.5        | -21.3        | -7.1                       | -1.4        | -1.5        | -1.0                      | -0.3        | -13.4        | -19.7        | -20.0        | -3.6         |       |      |      |      |
| MITSUBISHI TRUST & BANKING           | -46.1                | -33.2        | -18.5        | -5.6                       | -1.5        | -1.0        | -0.6                      | -0.2        | -13.7        | -11.9        | -7.0         | -1.8         |       |      |      |      |
| BANK OF FUKUOKA                      | -138.3               | -6.6         | -18.8        | -5.5                       | -3.9        | -0.2        | -0.5                      | -0.1        | -59.7        | -2.8         | -7.7         | -2.1         |       |      |      |      |
| SHIZUOKA BANK                        | -18.0                | -24.1        | -6.1         | -2.1                       | -0.5        | -0.6        | -0.2                      | -0.1        | -3.9         | -5.7         | -1.5         | -0.4         |       |      |      |      |
| SHINKIN CENTRAL BANK                 | -1.3                 | 0.0          | 0.0          | 4.2                        | 0.0         | 0.0         | 0.0                       | 0.0         | -0.2         | 0.0          | 0.0          | 0.5          |       |      |      |      |
| MITSUBISHI TOKYO FINANCIAL GROUP (2) | -                    | -44.5        | -24.8        | 5.5                        | -           | -1.2        | -1.0                      | 0.2         | -            | -21.2        | -15.8        | 2.7          |       |      |      |      |
| SHINSEI BANK                         | -4.2                 | -0.8         | 9.4          | 13.7                       | -0.1        | 0.0         | 0.3                       | 0.6         | -0.7         | -0.1         | 1.5          | 2.3          |       |      |      |      |
| 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         | -            | -            | -            |       |      |      |      |
| <b>Average</b>                       | <b>-44.3</b>         | <b>-70.2</b> | <b>-42.6</b> | <b>-29.7</b>               | <b>-1.2</b> | <b>-2.0</b> | <b>-1.4</b>               | <b>-1.0</b> | <b>-14.5</b> | <b>-30.1</b> | <b>-22.4</b> | <b>-12.6</b> |       |      |      |      |

(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.15 - BAD DEBITS WRITTEN OFF

|                                  | BANKS                      |              |              |             |             |                            |             |             |             |             | UNITED STATES     |             |  |
|----------------------------------|----------------------------|--------------|--------------|-------------|-------------|----------------------------|-------------|-------------|-------------|-------------|-------------------|-------------|--|
|                                  | BAD DEBITS WRITTEN OFF (1) |              |              |             |             | BAD DEBITS WRITTEN OFF (1) |             |             |             |             | as % of net worth |             |  |
|                                  | 2000                       | 2001         | 2002         | 2003        | 2000        | 2001                       | 2002        | 2003        | 2000        | 2001        | 2002              | 2003        |  |
|                                  | as % of total income       |              |              |             |             | as % of loans to customers |             |             |             |             |                   |             |  |
| MBNA                             | -8.7                       | -13.7        | -15.2        | -13.7       | -2.8        | -4.8                       | -4.9        | -4.3        | -8.3        | -14.6       | -14.7             | -12.5       |  |
| BANK ONE                         | -24.4                      | -15.8        | -14.8        | -12.5       | -2.0        | -1.6                       | -1.7        | -1.5        | -18.2       | -12.4       | -11.1             | -8.7        |  |
| KEYCORP                          | -10.7                      | -29.7        | -12.2        | -11.2       | -0.7        | -2.2                       | -0.9        | -0.8        | -7.4        | -21.9       | -8.1              | -7.2        |  |
| CITIGROUP                        | -8.7                       | -10.6        | -14.9        | -11.1       | -1.5        | -1.8                       | -2.3        | -1.7        | -8.0        | -8.3        | -11.4             | -8.1        |  |
| U.S. BANCORP                     | -7.6                       | -21.7        | -10.7        | -9.6        | -0.7        | -2.2                       | -1.1        | -1.1        | -5.5        | -15.4       | -7.5              | -6.5        |  |
| FLEETBOSTON FINANCIAL            | -7.8                       | -18.6        | -23.4        | -9.4        | -1.0        | -1.9                       | -2.4        | -0.9        | -6.7        | -13.2       | -16.5             | -5.9        |  |
| NATIONAL CITY                    | -5.3                       | -9.6         | -9.8         | -8.2        | -0.4        | -0.7                       | -0.7        | -0.7        | -4.2        | -8.2        | -8.2              | -6.8        |  |
| FIFTH THIRD BANCORP              | -3.7                       | -5.4         | -4.9         | -7.5        | -0.3        | -0.5                       | -0.5        | -0.7        | -2.1        | -2.9        | -2.8              | -4.7        |  |
| BANK OF AMERICA                  | -7.7                       | -12.2        | -10.5        | -7.3        | -0.7        | -1.3                       | -1.1        | -0.8        | -5.3        | -8.8        | -7.3              | -5.9        |  |
| WELLS FARGO & CO                 | -6.8                       | -8.4         | -6.5         | -6.0        | -0.8        | -0.9                       | -0.7        | -0.6        | -5.0        | -6.5        | -5.7              | -5.0        |  |
| SUNTRUST BANKS                   | -2.8                       | -5.1         | -8.4         | -5.6        | -0.2        | -0.4                       | -0.6        | -0.4        | -1.6        | -3.3        | -5.4              | -3.2        |  |
| BB & T                           | -4.6                       | -5.9         | -5.9         | -5.4        | -0.3        | -0.5                       | -0.5        | -0.4        | -2.6        | -3.6        | -3.6              | -2.5        |  |
| J.P. MORGAN CHASE & CO.          | -4.3                       | -10.6        | -14.4        | -4.6        | -0.6        | -1.5                       | -2.1        | -0.7        | -3.2        | -7.6        | -10.2             | -3.3        |  |
| THE PNC FINANCIAL SERVICES GROUP | -2.6                       | -22.9        | -5.9         | -3.4        | -0.3        | -2.8                       | -0.9        | -0.5        | -2.0        | -19.4       | -4.3              | -2.5        |  |
| WACHOVIA (ex-First Union)        | -13.6                      | -14.0        | -8.3         | -3.0        | -1.3        | -1.2                       | -0.9        | -0.3        | -11.3       | -6.8        | -4.5              | -1.7        |  |
| THE BANK OF NEW YORK             | -2.2                       | -7.5         | -14.3        | -2.8        | -0.3        | -1.1                       | -2.2        | -0.4        | -1.7        | -5.9        | -10.2             | -1.8        |  |
| WASHINGTON MUTUAL                | -2.9                       | -4.9         | -4.3         | -1.5        | -0.2        | -0.4                       | -0.3        | -0.1        | -1.8        | -4.1        | -3.0              | -1.0        |  |
| GOLDEN WEST FINANCIAL            | -0.7                       | -1.2         | -1.0         | -0.5        | 0.0         | -0.1                       | 0.0         | 0.0         | -0.3        | -0.5        | -0.4              | -0.2        |  |
| GOLDEN STATE BANCORP (2)         | 0.0                        | 0.0          | -            | -           | 0.0         | 0.0                        | -           | -           | 0.0         | 0.0         | -                 | -           |  |
| WACHOVIA (3)                     | -13.4                      | -            | -            | -           | -1.1        | -                          | -           | -           | -9.4        | -           | -                 | -           |  |
| <b>Average</b>                   | <b>-8.2</b>                | <b>-11.9</b> | <b>-11.7</b> | <b>-7.7</b> | <b>-0.9</b> | <b>-1.4</b>                | <b>-1.3</b> | <b>-0.9</b> | <b>-6.3</b> | <b>-8.8</b> | <b>-8.5</b>       | <b>-5.5</b> |  |

(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.16 - DOUBTFUL LOANS

| COMPANIES (3)                        | COUNTRY | DOUBTFUL LOANS (1)         |            |            |            | COVERAGE RATIO (2) |             |             |             |             |             |             |
|--------------------------------------|---------|----------------------------|------------|------------|------------|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                                      |         | as % of loans to customers |            |            |            | as % of net worth  |             |             |             |             |             |             |
|                                      |         | 2000                       | 2001       | 2002       | 2003       | 2000               | 2001        | 2002        | 2003        |             |             |             |
| BANCO BILBAO VIZCAYA ARGENTARIA (4)  | ES      | -                          | -          | -          | -          | -                  | -           | -           | 189.5       | 221.6       | 146.8       | 166.3       |
| BANCO SANTANDER CENTRAL HISPANO (4)  | ES      | -                          | -          | -          | -          | -                  | -           | -           | 114.5       | 135.8       | 133.5       | 156.1       |
| ING GROEP                            | NL      | ...                        | 0.6        | 0.1        | 0.1        | ...                | 5.5         | 1.3         | ...         | 75.8        | 94.2        | 91.9        |
| ABN AMRO HOLDING                     | NL      | 0.3                        | 0.4        | 0.7        | 0.3        | 4.7                | 7.8         | 13.2        | 82.4        | 76.3        | 65.9        | 79.1        |
| DEXIA                                | BE      | 0.4                        | 0.7        | 0.5        | 0.4        | 5.6                | 10.1        | 6.9         | 47.4        | 50.1        | 59.3        | 63.1        |
| DANSKE BANK                          | DK      | 0.4                        | 0.4        | 0.4        | 0.4        | 6.3                | 5.8         | 6.3         | 80.7        | 80.2        | 76.2        | 76.1        |
| THE ROYAL BANK OF SCOTLAND GROUP     | GB      | 0.4                        | 0.4        | 0.4        | 0.5        | 2.8                | 3.0         | 3.2         | 82.2        | 81.1        | 80.5        | 76.1        |
| NORDEA                               | SE      | 0.6                        | 0.6        | 0.8        | 0.5        | 7.4                | 7.2         | 9.3         | 73.2        | 72.5        | 66.0        | 73.1        |
| BARCLAYS                             | GB      | 0.6                        | 0.6        | 0.8        | 0.5        | 7.4                | 7.5         | 9.5         | 69.7        | 70.2        | 66.2        | 72.9        |
| HSBC HOLDINGS                        | GB      | 1.1                        | 0.8        | 0.8        | 0.9        | 5.9                | 4.4         | 4.7         | 71.2        | 77.2        | 76.0        | 74.3        |
| CREDIT SUISSE GROUP                  | CH      | 1.9                        | 1.7        | 1.7        | 0.9        | 13.6               | 13.6        | 16.0        | 68.8        | 66.8        | 62.3        | 64.9        |
| HBOS (5)                             | GB      | -                          | 1.1        | 0.9        | 0.9        | -                  | 15.0        | 12.3        | -           | 44.8        | 49.8        | 46.9        |
| BAYERISCHE HYPO- UND VEREINSBANK (4) | DE      | -                          | 0          | 0.2        | 0.9        | -                  | 0.3         | 6.5         | 103.7       | 99.4        | 93.3        | 81.8        |
| RABOBANK NEDERLAND                   | NL      | 1.1                        | 1.0        | 1.0        | 1.0        | 12.2               | 10.7        | 11.1        | 42.8        | 44.6        | 43.1        | 44.1        |
| COMMERZBANK                          | DE      | 0.4                        | 0.5        | 0.9        | 1.0        | 6.5                | 9.6         | 14.6        | 85.8        | 81.8        | 78.5        | 77.9        |
| UBS                                  | CH      | 2.6                        | 2.2        | 1.6        | 1.1        | 16.7               | 14.1        | 12.0        | 56.9        | 54.1        | 50.7        | 53.1        |
| CREDIT AGRICOLE                      | FR      | 1.7                        | 2.1        | 1.9        | 1.1        | 14.7               | 26.4        | 23.3        | 68.5        | 66.8        | 67.9        | 64.9        |
| KBC                                  | BE      | 0.3                        | 0.8        | 0.4        | 1.2        | 2.8                | 6.6         | 4.1         | 84.7        | 73.4        | 84.5        | 70.7        |
| SANPAOLO IMI                         | IT      | 1.5                        | 1.2        | 1.5        | 1.2        | 18.9               | 13.0        | 17.0        | 70.6        | 73.7        | 71.4        | 76.2        |
| LLOYDS TSB GROUP                     | GB      | 1.9                        | 1.5        | 1.3        | 1.2        | 19.4               | 14.1        | 17.4        | 39.0        | 44.4        | 50.3        | 50.6        |
| KREDITANSTALT FUER WIEDERAUFBAU      | DE      | ...                        | 2.6        | 2.0        | 1.4        | ...                | 32.6        | 21.1        | ...         | 35.1        | 51.4        | 56.7        |
| CREDIT MUTUEL (6)                    | FR      | 1.8                        | 1.9        | 1.8        | 1.7        | 19.0               | 21.5        | 18.3        | 61.5        | 58.8        | 60.4        | 60.1        |
| SOCIÉTÉ GÉNÉRALE                     | FR      | 0.8                        | 1.2        | 1.6        | 1.8        | 9.4                | 13.2        | 17.6        | 80.2        | 74.5        | 69.6        | 64.1        |
| DRESDNER BANK                        | DE      | 0.8                        | 1.3        | 2.4        | 1.8        | 14.3               | 14.9        | 30.7        | 77.5        | 69.3        | 62.9        | 63.3        |
| BNP PARIBAS                          | FR      | 1.1                        | 1.1        | 1.3        | 1.9        | 9.8                | 8.8         | 9.4         | 80.1        | 80.6        | 77.5        | 69.6        |
| ABBAY NATIONAL                       | GB      | 1.6                        | 1.3        | 1.4        | 2.0        | 18.1               | 13.3        | 18.8        | 26.9        | 29.7        | 35.9        | 31.2        |
| FORTIS                               | BE/NL   | 2.1                        | 2.2        | 2.6        | 2.2        | 16.5               | 20.2        | 28.1        | 50.4        | 51.0        | 41.1        | 43.1        |
| DEUTSCHE BANK                        | DE      | 0.4                        | 2.7        | 3.7        | 2.3        | 17.6               | 21.4        | 11.9        | 82.2        | 44.1        | 40.0        | 49.5        |
| UNICREDITO ITALIANO                  | IT      | 2.5                        | 2.4        | 2.8        | 2.8        | 25.7               | 23.1        | 23.9        | 58.8        | 57.9        | 60.0        | 60.5        |
| BANCA INTESA                         | IT      | 5.5                        | 5.1        | 5.6        | 4.8        | 68.6               | 62.9        | 69.1        | 46.7        | 55.1        | 55.1        | 59.4        |
| <b>Average (7)</b>                   |         | <b>1.1</b>                 | <b>1.2</b> | <b>1.2</b> | <b>1.1</b> | <b>10.9</b>        | <b>11.5</b> | <b>12.8</b> | <b>70.8</b> | <b>68.7</b> | <b>67.4</b> | <b>68.0</b> |

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

(2) Ratio of provisions to gross doubtful loans.

(3) The table does not include companies no longer existing in their previous form as at 31 December 2003, or companies listed in Table III.1 for which no four-year date is available.

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

(5) Operative since 2001.

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

(7) For 30 groups in 2000 and 2003, and 31 in 2001 and 2002.



TABLE 1.16 - DOUBTFUL LOANS

JAPAN

| COMPANIES                            | DOUBTFUL LOANS (1)         |            |                   |            |             | COVERAGE RATIO (2) |             |             |             |             |             |             |  |
|--------------------------------------|----------------------------|------------|-------------------|------------|-------------|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|--|
|                                      | as % of loans to customers |            | as % of net worth |            |             | 2000               |             | 2001        |             | 2002        |             | 2003        |  |
|                                      | 2000                       | 2001       | 2002              | 2003       | 2000        | 2001               | 2002        | 2003        | 2000        | 2001        | 2002        | 2003        |  |
| SHINSEI BANK (3)                     | 11.6                       | 15.2       | 0.4               | -          | 111.6       | 108.0              | 1.9         | -           | 46.4        | 35.5        | 94.4        | 187.4       |  |
| SHINKIN CENTRAL BANK                 | 0.4                        | 0.3        | 0.2               | 0.2        | 2.7         | 3.0                | 2.0         | 2.2         | 60.9        | 56.9        | 65.3        | 57.0        |  |
| NORINCHUKIN BANK                     | 2.0                        | 1.9        | 1.7               | 1.6        | 20.2        | 24.2               | 18.0        | 11.2        | 41.5        | 44.7        | 53.3        | 56.6        |  |
| SUMITOMO TRUST & BANKING             | 2.7                        | 3.9        | 2.2               | 1.6        | 25.5        | 45.1               | 27.8        | 15.4        | 46.4        | 39.6        | 41.1        | 44.9        |  |
| mitsubishi TOKYO FINANCIAL GROUP (4) | -                          | 5.0        | 3.0               | 1.8        | -           | 85.6               | 48.2        | 20.0        | -           | 41.7        | 49.4        | 51.3        |  |
| BANK OF FUKUOKA                      | 5.7                        | 4.6        | 3.2               | 2.0        | 87.3        | 71.7               | 50.8        | 28.8        | 51.5        | 52.0        | 52.9        | 50.5        |  |
| MIZUHO FINANCIAL GROUP               | 3.2                        | 4.3        | 3.8               | 2.1        | 41.8        | 61.9               | 65.6        | 28.4        | 35.7        | 35.7        | 46.4        | 58.2        |  |
| BANK OF YOKOHAMA                     | 5.7                        | 5.1        | 3.9               | 3.1        | 92.2        | 81.8               | 65.4        | 43.2        | 21.2        | 22.6        | 23.1        | 25.9        |  |
| JOYO BANK                            | 5.5                        | 5.6        | 4.6               | 3.2        | 56.8        | 63.7               | 52.9        | 33.1        | 23.8        | 28.7        | 27.0        | 32.7        |  |
| RESONA HOLDINGS                      | 4.3                        | 8.2        | 7.8               | 3.3        | 49.9        | 169.9              | 360.2       | 74.0        | 31.5        | 30.8        | 26.7        | 55.4        |  |
| sumitomo MITSUI FINANCIAL GROUP (4)  | -                          | 6.9        | 5.9               | 3.4        | -           | 111.0              | 103.1       | 46.1        | -           | 33.3        | 38.9        | 43.1        |  |
| SHOKO CHUKIN BANK                    | 3.7                        | 4.0        | 4.2               | 3.9        | 63.9        | 64.1               | 63.9        | 56.9        | 54.4        | 54.7        | 54.3        | 54.6        |  |
| SHIZUOKA BANK                        | 2.8                        | 3.0        | 3.9               | 4.0        | 23.2        | 25.9               | 35.1        | 32.2        | 41.3        | 43.8        | 35.6        | 32.7        |  |
| mitsui TRUST HOLDINGS                | 7.1                        | 9.0        | 6.6               | 4.3        | 69.0        | 115.5              | 133.6       | 54.5        | 20.4        | 21.7        | 24.5        | 24.2        |  |
| CHIBA BANK                           | 4.7                        | 5.9        | 5.9               | 4.5        | 66.8        | 94.0               | 94.8        | 63.2        | 44.1        | 41.1        | 41.9        | 31.4        |  |
| UFJ HOLDINGS (4)                     | -                          | 10.7       | 6.1               | 4.8        | -           | 149.3              | 96.0        | 78.8        | -           | 26.0        | 39.2        | 51.9        |  |
| SANWA BANK (5)                       | 1.9                        | -          | -                 | -          | 27.3        | -                  | -           | -           | 60.5        | -           | -           | -           |  |
| SAKURA BANK (6)                      | 2.9                        | -          | -                 | -          | 37.3        | -                  | -           | -           | 34.9        | -           | -           | -           |  |
| TOKAI BANK (5)                       | 3.2                        | -          | -                 | -          | 36.4        | -                  | -           | -           | 37.8        | -           | -           | -           |  |
| SUMITOMO BANK (6)                    | 3.2                        | -          | -                 | -          | 42.3        | -                  | -           | -           | 42.3        | -           | -           | -           |  |
| ASAHI BANK (7)                       | 4.6                        | -          | -                 | -          | 67.9        | -                  | -           | -           | 33.7        | -           | -           | -           |  |
| BANK OF TOKYO-MITSUBISHI (8)         | 5.3                        | -          | -                 | -          | 85.5        | -                  | -           | -           | 40.2        | -           | -           | -           |  |
| MITSUBISHI TRUST AND BANKING (8)     | 5.4                        | -          | -                 | -          | 56.1        | -                  | -           | -           | 40.2        | -           | -           | -           |  |
| TOYO TRUST AND BANKING (5)           | 7.0                        | -          | -                 | -          | 45.1        | -                  | -           | -           | 26.2        | -           | -           | -           |  |
| KINKI OSAKA BANK (7)                 | 10.9                       | -          | -                 | -          | 392.0       | -                  | -           | -           | 11.4        | -           | -           | -           |  |
| <b>Average</b>                       | <b>3.8</b>                 | <b>5.9</b> | <b>4.5</b>        | <b>2.8</b> | <b>47.3</b> | <b>87.4</b>        | <b>72.2</b> | <b>35.3</b> | <b>39.2</b> | <b>34.1</b> | <b>41.1</b> | <b>50.6</b> |  |

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

(2) Ratio of provisions to gross doubtful loans.

(3) Provisions exceed doubtful loans in 2003.

(4) Operative since 2001.

(5) Merged into UFJ Holdings group in 2001.

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

(7) Merged into Resona Holdings group in 2001.

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

TABLE I.16 - DOUBTFUL LOANS

| COMPANIES                        | DOUBTFUL LOANS (1)         |            |            |            |            | COVERAGE RATIO (2) |            |            |              |              |              |              |
|----------------------------------|----------------------------|------------|------------|------------|------------|--------------------|------------|------------|--------------|--------------|--------------|--------------|
|                                  | as % of loans to customers |            |            |            |            | as % of net worth  |            |            |              |              |              |              |
|                                  | 2000                       | 2001       | 2002       | 2003       | 2000       | 2001               | 2002       | 2003       | 2000         | 2001         | 2002         | 2003         |
| THE BANK OF NEW YORK             | -                          | -          | -          | -          | -          | -                  | -          | -          | 281.3        | 261.0        | 178.3        | 217.9        |
| FIFTH THIRD BANCORP              | -                          | -          | -          | -          | -          | -                  | -          | -          | 185.1        | 156.4        | 157.0        | 165.9        |
| WELLS FARGO & CO                 | -                          | -          | -          | -          | -          | -                  | -          | -          | 192.9        | 147.1        | 163.0        | 165.0        |
| SUNTRUST BANKS                   | -                          | -          | -          | -          | -          | -                  | -          | -          | 143.4        | 113.5        | 129.2        | 163.8        |
| WACHOVIA (ex-First Union)        | 0.1                        | -          | -          | -          | 0.5        | -                  | -          | -          | 95.9         | 134.4        | 128.5        | 159.6        |
| U.S. BANCORP                     | -                          | -          | -          | -          | -          | -                  | -          | -          | 142.7        | 155.2        | 134.5        | 158.4        |
| THE PNC FINANCIAL SERVICES GROUP | -                          | -          | -          | -          | -          | -                  | -          | -          | 139.2        | 108.1        | 116.0        | 156.8        |
| KEYCORP                          | -                          | -          | -          | -          | -          | -                  | -          | -          | 110.2        | 140.1        | 121.9        | 155.4        |
| BANK OF AMERICA                  | -                          | -          | -          | -          | -          | -                  | -          | -          | 114.9        | 123.0        | 112.2        | 152.0        |
| BB & T                           | -                          | -          | -          | -          | -          | -                  | -          | -          | 196.2        | 135.6        | 127.7        | 139.2        |
| BANK ONE                         | -                          | -          | -          | -          | -          | -                  | -          | -          | 156.0        | 119.6        | 122.7        | 134.5        |
| FLEETBOSTON FINANCIAL            | -                          | -          | 0          | -          | -          | -                  | -          | -          | 166.3        | 142.9        | 99.6         | 134.1        |
| J.P. MORGAN CHASE & CO.          | -                          | 0.2        | 0.3        | -          | -          | 0.9                | 1.4        | -          | 130.4        | 92.4         | 90.1         | 105.7        |
| CITIGROUP                        | -                          | 0.4        | 0.4        | 0.2        | -          | 1.8                | 2.2        | 0.9        | 119.3        | 87.3         | 85.7         | 93.5         |
| NATIONAL CITY                    | -                          | 0.2        | 0.3        | 0.1        | -          | 2.7                | 3.0        | 1.0        | 124.9        | 83.1         | 81.3         | 92.1         |
| MBNA                             | 2.8                        | 2.7        | 2.0        | 0.5        | 8.1        | 8.1                | 6.2        | 1.6        | 49.6         | 56.7         | 66.4         | 87.5         |
| GOLDEN WEST FINANCIAL            | 0.1                        | 0.4        | 0.2        | 0.2        | 0.7        | 3.4                | 2.9        | 2.4        | 89.8         | 64.3         | 65.7         | 66.8         |
| WASHINGTON MUTUAL                | 0.1                        | 0.8        | 0.7        | 0.5        | 1.7        | 8.3                | 6.0        | 4.6        | 85.6         | 54.3         | 57.6         | 57.9         |
| GOLDEN STATE BANCORP (3)         | -                          | -          | -          | -          | -          | -                  | -          | -          | 240.2        | 294.1        | -            | -            |
| WACHOVIA (4)                     | -                          | -          | -          | -          | -          | -                  | -          | -          | 125.6        | -            | -            | -            |
| <b>Average</b>                   | <b>0</b>                   | <b>0.2</b> | <b>0.2</b> | <b>0.1</b> | <b>0.2</b> | <b>1.1</b>         | <b>1.2</b> | <b>0.5</b> | <b>129.0</b> | <b>108.4</b> | <b>101.9</b> | <b>117.8</b> |

(1) Net of provision. In case where there are no figures, provisions exceed doubtful loans. The average as been calculated assuming that there are no cases in which provision exceeds gross doubtful loans.

(2) Ratio of provisions to gross 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.17 - PROFITABILITY AND FREE CAPITAL RATIOS

| BANKS (1)                        | COUNTRY | ROE         |             |            | COST / INCOME RATIO     |             |             | FREE CAPITAL                   |             |            | EUROPE     |            |            |      |
|----------------------------------|---------|-------------|-------------|------------|-------------------------|-------------|-------------|--------------------------------|-------------|------------|------------|------------|------------|------|
|                                  |         | 2000        | 2001        | 2002       | 2003                    | 2000        | 2001        | 2002                           | 2003        | 2000       |            | 2001       | 2002       | 2003 |
|                                  |         | ROE (%)     |             |            | COST / INCOME RATIO (%) |             |             | as % of funding from customers |             |            |            |            |            |      |
| LLOYDS TSB GROUP                 | GB      | 33.4        | 26.2        | 23.8       | 42.4 (2)                | 45.6        | 48.0        | 54.7                           | 53.1        | -2.4       | -0.9       | -3.0       | -1.9       |      |
| ABN AMRO HOLDING                 | NL      | 22.0        | 32.5        | 22.5       | 29.6                    | 71.5        | 73.1        | 70.1                           | 67.0        | 2.7        | 1.6        | 1.2        | 1.7        |      |
| ING GROEP                        | NL      | 90.2        | 27.0        | 32.7       | 23.4                    | 57.3        | 55.8        | 54.0                           | 54.0        | n.d.       | 5.3        | 3.7        | 3.9        |      |
| UBS                              | CH      | 21.0        | 12.9        | 10.0       | 22.0                    | 72.0        | 76.9        | 77.6                           | 73.1        | 0.0        | 0.2        | 1.3        | 1.6        |      |
| BANCO BILBAO VIZCAYA ARGENTARIA  | ES      | 19.2        | 20.2        | 15.3       | 20.5                    | 57.0        | 55.5        | 53.3                           | 51.2        | 2.2        | 2.6        | 2.6        | 3.5        |      |
| FORTIS                           | BE/NL   | 20.1        | 20.1        | 4.4        | 19.0                    | 55.6        | 56.9        | 60.8                           | 62.4        | 3.0        | 2.1        | 1.0        | 1.6        |      |
| BARCLAYS                         | GB      | 24.8        | 19.3        | 16.3       | 18.9                    | 56.2        | 56.0        | 56.5                           | 56.7        | 3.2        | 3.7        | 3.7        | 3.8        |      |
| CREDIT SUISSE GROUP              | CH      | 20.9        | 5.5         | n.c.       | 18.7                    | 70.6        | 85.7        | 98.5                           | 79.2        | -4.5       | -6.2       | -4.2       | -0.3       |      |
| HBOS (3)                         | GB      | -           | 16.0        | 15.2       | 17.9                    | -           | 49.5        | 47.2                           | 42.8        | -          | 2.7        | 3.1        | 2.9        |      |
| UNICREDITO ITALIANO              | IT      | 19.1        | 17.9        | 17.1       | 17.6                    | 51.3        | 53.0        | 54.6                           | 54.9        | 1.1        | 1.3        | 1.5        | 1.0        |      |
| SOCIETE GENERALE                 | FR      | 23.8        | 15.4        | 9.6        | 17.1                    | 69.8        | 72.9        | 71.8                           | 68.2        | 1.2        | 0.5        | 0.0        | -0.2       |      |
| DANSKE BANK                      | DK      | 13.3        | 17.1        | 15.1       | 17.0                    | 56.7        | 56.0        | 55.6                           | 50.9        | 3.5        | 3.5        | 3.4        | 3.1        |      |
| THE ROYAL BANK OF SCOTLAND GROUP | GB      | 9.7         | 10.6        | 12.3       | 16.1                    | 57.2        | 56.8        | 56.1                           | 51.1        | 2.6        | 2.1        | 2.1        | 1.2        |      |
| BANCO SANTANDER CENTRAL HISPANO  | ES      | 13.7        | 14.3        | 13.9       | 15.9                    | 60.1        | 59.2        | 58.4                           | 54.2        | 0.3        | 1.9        | 2.3        | 4.3        |      |
| BNP PARIBAS                      | FR      | 22.6        | 18.6        | 13.7       | 14.9                    | 63.1        | 62.4        | 64.8                           | 62.9        | 1.6        | 1.1        | 0.2        | 2.3        |      |
| DEXIA                            | BE      | 14.4        | 16.3        | 13.8       | 14.7                    | 54.4        | 58.9        | 58.2                           | 58.5        | 2.4        | 2.3        | 2.5        | 3.0        |      |
| NORDEA                           | SE      | 18.5        | 15.3        | 8.1        | 13.9                    | 53.5        | 59.5        | 64.8                           | 61.6        | 3.6        | 3.8        | 3.7        | 4.9        |      |
| KBC                              | BE      | 29.9        | 14.3        | 13.6       | 13.5                    | 61.4        | 64.8        | 61.0                           | 61.8        | 5.8        | 4.9        | 4.4        | 4.6        |      |
| HSBC HOLDINGS                    | GB      | 15.9        | 12.5        | 12.7       | 12.6                    | 55.2        | 56.3        | 56.0                           | 51.2        | 4.5        | 4.6        | 4.6        | 5.0        |      |
| SANPAOLO IMI                     | IT      | 21.5        | 17.3        | 9.2        | 9.7                     | 59.3        | 67.6        | 71.5                           | 72.4        | -0.2       | -0.1       | 0.7        | 1.1        |      |
| BANCA INTESA                     | IT      | 13.6        | 7.0         | 1.6        | 9.4                     | 68.0        | 69.4        | 72.8                           | 66.0        | -2.4       | -2.6       | -2.8       | -1.5       |      |
| ISH NORDBANK (4)                 | DE      | -           | -           | -          | 9.2                     | -           | -           | -                              | 39.3        | -          | -          | -          | n.d.       |      |
| DZ BANK                          | DE      | 1.8         | 2.5         | 2.4        | 8.8                     | 57.3        | 73.2        | 62.7                           | 64.9        | n.d.       | n.d.       | n.d.       | n.d.       |      |
| CREDIT MUTUEL (5)                | FR      | 7.2         | 6.4         | 7.5        | 8.7                     | 66.6        | 67.8        | 68.5                           | 64.1        | 3.9        | 3.5        | 3.9        | 4.7        |      |
| RABOBANK NEDERLAND               | NL      | 8.7         | 8.4         | 8.0        | 7.9                     | 68.9        | 66.8        | 65.6                           | 65.0        | 6.0        | 6.2        | 6.4        | 6.7        |      |
| LANDESBANK BADEN-WUERTTEMBERG    | DE      | 9.6         | 6.7         | 6.1        | 6.8                     | 52.4        | 52.2        | 52.2                           | 49.5        | n.d.       | n.d.       | n.d.       | n.d.       |      |
| DEUTSCHE BANK                    | DE      | 21.5        | 0.4         | 1.3        | 5.1                     | 81.6        | 85.1        | 90.2                           | 82.9        | -2.2       | 0.4        | -1.3       | 0.6        |      |
| CREDIT AGRICOLE                  | FR      | 10.9        | 9.8         | 6.7        | 4.7                     | 64.8        | 62.0        | 67.8                           | 65.6        | 3.3        | -1.8       | -1.9       | -1.2       |      |
| BAYERISCHE LANDESBANK            | DE      | 7.3         | 2.9         | 2.6        | 3.3                     | 49.0        | 48.5        | 41.5                           | 43.5        | n.d.       | n.d.       | n.d.       | n.d.       |      |
| NORRDEUTSCHE LANDESBANK          | DE      | 5.1         | 3.2         | 3.1        | 2.8                     | 61.6        | 56.3        | 69.9                           | 59.2        | n.d.       | n.d.       | n.d.       | n.d.       |      |
| KREDITANSTALT FUER WIEDERAUFBAU  | DE      | 3.4         | 2.9         | 3.4        | 2.6                     | 24.5        | 27.1        | 23.1                           | 30.7        | n.d.       | 2.1        | 2.5        | 2.6        |      |
| EUROHYPO (6)                     | DE      | -           | -           | 6.3        | 0.1                     | -           | -           | 36.8                           | 37.6        | -          | -          | n.d.       | n.d.       |      |
| ABBAY NATIONAL                   | GB      | 23.3        | 18.4        | n.c.       | n.c.                    | 45.0        | 43.5        | 50.8                           | 69.1        | 1.8        | 1.1        | 0.1        | -1.2       |      |
| BAYERISCHE HYPO-UND VEREINSBANK  | DE      | 7.9         | 3.9         | n.c.       | n.c.                    | 64.6        | 72.2        | 70.0                           | 67.0        | -1.0       | -1.2       | -2.2       | -3.9       |      |
| WESTLB                           | DE      | 5.4         | 2.0         | n.c.       | n.c.                    | 77.0        | 73.6        | 86.1                           | 70.5        | n.d.       | n.d.       | n.d.       | n.d.       |      |
| COMMERZBANK                      | DE      | 12.0        | 0.9         | n.c.       | n.c.                    | 76.2        | 83.4        | 87.4                           | 76.7        | -0.8       | -1.2       | -2.4       | -1.4       |      |
| DRESDNER BANK                    | DE      | 15.3        | 0.8         | n.c.       | n.c.                    | 78.5        | 91.9        | 103.7                          | 96.1        | -2.4       | -2.5       | -4.0       | -2.4       |      |
| <b>Average</b>                   |         | <b>18.2</b> | <b>11.7</b> | <b>8.2</b> | <b>11.0</b>             | <b>63.2</b> | <b>65.5</b> | <b>66.0</b>                    | <b>61.9</b> | <b>1.6</b> | <b>1.4</b> | <b>1.2</b> | <b>1.8</b> |      |

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.

(2) 30.4% excluding gains on disposals of operations in New Zealand.

(3) Operative since 2001.

(4) Operative since 2003.

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

(6) Operative since 2002.

(1) Companies no longer existing in their previous form as at 31 December 2003 are not included.

TABLE I.17 - PROFITABILITY AND FREE CAPITAL RATIOS

| BANKS                                | ROE        |             |             | COST / INCOME RATIO |             |             | FREE CAPITAL                   |             |            | JAPAN       |             |            |
|--------------------------------------|------------|-------------|-------------|---------------------|-------------|-------------|--------------------------------|-------------|------------|-------------|-------------|------------|
|                                      | 2000       | 2001        | 2002        | 2000                | 2001        | 2002        | 2000                           | 2001        | 2002       |             | 2003        |            |
|                                      | (% )       |             |             | (% )                |             |             | as % of funding from customers |             |            |             |             |            |
| MITSUBISHI TOKYO FINANCIAL GROUP (1) | -          | n.c.        | 8,7         | 27,2                | -           | 78,4        | 60,4                           | 54,0        | -          | -0,8        | 0,7         | 3,1        |
| MIZUHO FINANCIAL GROUP               | 3,5        | n.c.        | n.c.        | 12,6                | 56,7        | 55,7        | 55,5                           | 53,3        | 1,7        | 0,2         | -0,5        | 2,3        |
| MITSUI TRUST HOLDINGS                | 3,1        | n.c.        | n.c.        | 12,3                | 59,1        | 57,1        | 48,6                           | 47,0        | -0,6       | -4,4        | -4,1        | 0,3        |
| SUMITOMO MITSUI FINANCIAL GROUP (1)  | -          | n.c.        | n.c.        | 12,1                | -           | 45,0        | 40,6                           | 41,6        | -          | -3,0        | -2,5        | 0,5        |
| SUMITOMO TRUST & BANKING             | 5,7        | n.c.        | n.c.        | 11,0                | 54,7        | 50,5        | 49,9                           | 47,4        | 5,1        | 2,8         | 3,8         | 6,1        |
| SHINSEI BANK                         | 18,4       | 10,9        | 8,5         | 10,0                | 63,8        | 62,0        | 64,8                           | 56,8        | -1,3       | -2,5        | 12,3        | 16,8       |
| BANK OF YOKOHAMA                     | 6,2        | 4,6         | 3,8         | 9,3                 | 52,0        | 47,5        | 48,4                           | 43,5        | -2,2       | -1,6        | -0,5        | 1,8        |
| CHIBA BANK                           | 3,7        | n.c.        | 2,8         | 7,6                 | 53,8        | 54,8        | 52,3                           | 51,9        | 0,1        | -1,3        | -1,3        | 0,5        |
| BANK OF FUKUOKA                      | n.c.       | 6,7         | 2,5         | 6,2                 | 63,1        | 63,7        | 60,4                           | 58,4        | -1,9       | -1,0        | 0,2         | 1,6        |
| JOYO BANK                            | 2,0        | n.c.        | 2,4         | 6,1                 | 62,7        | 59,4        | 60,4                           | 60,2        | 1,4        | 0,6         | 1,3         | 2,9        |
| NORINCHUKIN BANK                     | 5,6        | 3,9         | 3,8         | 6,1                 | 52,7        | 33,2        | 39,9                           | 49,0        | 3,6        | 2,7         | 2,6         | 4,3        |
| SHINKIN CENTRAL BANK                 | 5,5        | 4,9         | 4,8         | 4,9                 | 37,8        | 40,4        | 43,8                           | 45,9        | 3,5        | 3,4         | 3,6         | 3,7        |
| SHIZUOKA BANK                        | 3,2        | 1,4         | 2,5         | 4,8                 | 68,5        | 66,3        | 64,5                           | 66,0        | 4,8        | 4,2         | 3,2         | 4,2        |
| SHOKO CHUKIN BANK                    | n.c.       | 1,0         | 0,6         | 1,4                 | 51,2        | 46,6        | 46,4                           | 51,4        | 1,2        | 1,4         | 1,5         | 2,1        |
| RESONA HOLDINGS                      | n.c.       | n.c.        | n.c.        | n.c.                | 65,4        | 63,2        | 66,3                           | 65,8        | 0,3        | -5,1        | -6,6        | -0,6       |
| UFJ HOLDINGS (1)                     | -          | n.c.        | n.c.        | n.c.                | -           | 53,9        | 48,6                           | 47,8        | -          | -3,9        | -1,1        | -0,3       |
| 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        | -           | -           | -          |
| <b>Average</b>                       | <b>1,1</b> | <b>n.c.</b> | <b>n.c.</b> | <b>0,1</b>          | <b>56,6</b> | <b>55,9</b> | <b>52,3</b>                    | <b>50,8</b> | <b>1,4</b> | <b>-1,0</b> | <b>-0,4</b> | <b>2,0</b> |

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.17 - PROFITABILITY AND FREE CAPITAL RATIOS**

| BANKS                            | ROE         |             |             | COST / INCOME RATIO |             |             | FREE CAPITAL                   |            |            |            |
|----------------------------------|-------------|-------------|-------------|---------------------|-------------|-------------|--------------------------------|------------|------------|------------|
|                                  | 2000        | 2001        | 2002        | 2000                | 2001        | 2002        | 2000                           | 2001       | 2002       |            |
|                                  | (%)         |             |             | (%)                 |             |             | as % of funding from customers |            |            |            |
| NATIONAL CITY                    | 23.8        | 23.2        | 23.7        | 57.3                | 51.9        | 53.8        | 52.6                           | 4.8        | 5.9        | 6.6        |
| BANK OF AMERICA                  | 18.7        | 16.3        | 22.5        | 53.2                | 53.4        | 52.5        | 51.8                           | 6.2        | 6.6        | 5.9        |
| MBNA                             | 24.7        | 27.7        | 24.1        | 57.8                | 53.7        | 53.3        | 50.4                           | 7.3        | 7.9        | 11.5       |
| FIFTH THIRD BANCORP              | 20.7        | 16.7        | 23.9        | 48.2                | 44.6        | 44.3        | 44.3                           | 13.0       | 13.4       | 10.8       |
| WASHINGTON MUTUAL                | 23.0        | 28.2        | 24.0        | 48.3                | 38.0        | 46.6        | 57.6                           | -2.7       | -1.4       | -2.1       |
| U.S. BANCORP                     | 23.4        | 11.6        | 22.2        | 46.8                | 45.5        | 44.8        | 45.0                           | 6.3        | 6.1        | 6.9        |
| GOLDEN WEST FINANCIAL            | 17.4        | 23.4        | 23.6        | 32.3                | 27.5        | 27.6        | 28.6                           | 7.5        | 7.8        | 8.3        |
| CITIGROUP                        | 25.7        | 21.0        | 21.4        | 55.6                | 54.7        | 54.0        | 52.6                           | 9.8        | 8.4        | 8.4        |
| WELLS FARGO & CO.                | 17.9        | 14.4        | 21.8        | 57.7                | 58.2        | 52.1        | 57.2                           | 3.5        | 4.8        | 4.5        |
| BANK ONE                         | n.c.        | 15.0        | 17.2        | 81.7                | 57.6        | 57.3        | 60.4                           | 7.7        | 8.5        | 7.5        |
| THE PNC FINANCIAL SERVICES GROUP | 23.8        | 6.9         | 20.9        | 56.7                | 59.0        | 62.4        | 67.1                           | 5.4        | 6.3        | 5.9        |
| J.P. MORGAN CHASE & CO.          | 15.6        | 4.3         | 4.1         | 65.9                | 67.0        | 71.7        | 65.2                           | 5.5        | 6.0        | 6.3        |
| FLEETBOSTON FINANCIAL            | 25.3        | 5.6         | 7.6         | 55.3                | 59.6        | 57.2        | 56.9                           | 6.4        | 6.9        | 7.8        |
| SUNTRUST BANKS                   | 18.6        | 19.7        | 17.9        | 56.5                | 57.4        | 59.2        | 60.6                           | 8.3        | 6.8        | 7.3        |
| THE BANK OF NEW YORK             | 30.3        | 27.0        | 15.6        | 49.2                | 50.1        | 57.6        | 62.8                           | 3.9        | 5.0        | 5.4        |
| WACHOVIA (ex-First Union)        | 0.6         | 6.0         | 12.6        | 72.4                | 68.1        | 63.4        | 64.2                           | 4.6        | 6.8        | 7.2        |
| KEYCORP                          | 17.8        | 2.2         | 16.7        | 59.4                | 59.6        | 58.7        | 61.1                           | 7.6        | 8.1        | 8.9        |
| BB & T                           | 15.1        | 18.8        | 21.4        | 55.5                | 49.7        | 50.0        | 56.9                           | 8.3        | 7.6        | 7.1        |
| GOLDEN STATE BANCORP (1)         | 19.4        | 18.9        | -           | 53.6                | 49.3        | -           | -                              | -2.4       | -          | 0          |
| WACHOVIA (2)                     | 15.3        | -           | -           | 53.0                | -           | -           | -                              | -          | -          | 0          |
| <b>Average</b>                   | <b>18.2</b> | <b>15.0</b> | <b>18.0</b> | <b>58.2</b>         | <b>55.6</b> | <b>55.6</b> | <b>55.9</b>                    | <b>6.3</b> | <b>6.6</b> | <b>6.6</b> |

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.18 - CAPITAL ADEQUACY RATIOS

EUROPE

| COMPANIES                        | COUNTRY | TOTAL CAPITAL RATIO (1)      |             |             |             |             |
|----------------------------------|---------|------------------------------|-------------|-------------|-------------|-------------|
|                                  |         | 31/12/00                     | 31/12/01    | 31/12/02    | 31/12/03    | 30/06/04    |
|                                  |         | as % of risk-weighted assets |             |             |             |             |
| CREDIT SUISSE GROUP              | CH      | 18.2                         | 15.7        | 16.5        | 17.4        | 16.2        |
| DRESDNER BANK                    | DE      | 11.8                         | 11.4        | 10.6        | 13.4        | 14.0        |
| DEUTSCHE BANK                    | DE      | 12.6                         | 12.1        | 12.6        | 13.9        | 13.6        |
| ABBEEY NATIONAL                  | GB      | 13.5                         | 11.5        | 11.6        | 13.3        | 13.5        |
| KBC                              | BE      | 16.0                         | 14.7        | 13.7        | 13.4        | 13.3        |
| UBS                              | CH      | 15.7                         | 14.8        | 13.8        | 13.3        | 13.3        |
| THE ROYAL BANK OF SCOTLAND GROUP | GB      | 11.5                         | 11.5        | 11.7        | 11.8        | 12.5        |
| HSBC HOLDINGS                    | GB      | 13.3                         | 13.0        | 13.3        | 12.0        | 12.4        |
| BARCLAYS                         | GB      | 11.0                         | 12.5        | 12.8        | 12.8        | 12.2        |
| BANCO SANTANDER CENTRAL HISPANO  | ES      | 10.9                         | 12.8        | 12.6        | 12.4        | 12.1        |
| COMMERZBANK                      | DE      | 9.9                          | 10.3        | 12.3        | 13.0        | 12.0        |
| BANCO BILBAO VIZCAYA ARGENTARIA  | ES      | 11.9                         | 12.6        | 12.5        | 12.7        | 12.0        |
| SOCIÉTÉ GÉNÉRALE                 | FR      | 12.5                         | 11.5        | 11.1        | 11.7        | 12.0        |
| BANCA INTESA                     | IT      | 9.0                          | 9.3         | 11.1        | 11.7        | 11.7        |
| HBOS (2)                         | GB      | -                            | 10.6        | 10.4        | 11.1        | 11.7        |
| DZ BANK                          | DE      | 9.2                          | 9.5         | 10.5        | 11.7        | ...         |
| FORTIS                           | BE/NL   | 11.8                         | 13.5        | 13.0        | 12.4        | 11.6        |
| UNICREDITO ITALIANO              | IT      | 8.5                          | 11.0        | 11.6        | 11.1        | 11.5        |
| CREDIT MUTUEL                    | FR      | 11.0                         | 10.3        | 10.8        | 11.5        | ...         |
| BNP PARIBAS                      | FR      | 10.1                         | 10.6        | 10.9        | 12.9        | 11.4        |
| ABN AMRO HOLDING                 | NL      | 10.4                         | 10.9        | 11.5        | 11.7        | 11.3        |
| ING GROEP                        | NL      | 10.7                         | 10.6        | 11.0        | 11.3        | 11.3        |
| EUROHYPO (3)                     | DE      | -                            | -           | 10.1        | 11.0        | 11.3        |
| SANPAOLO IMI                     | IT      | 9.1                          | 9.5         | 10.7        | 10.5        | 11.3        |
| BAYERISCHE HYPO- UND VEREINSBANK | DE      | 10.0                         | 10.3        | 9.1         | 9.7         | 11.3        |
| BAYERISCHE LANDESBANK            | DE      | 10.1                         | 9.7         | 10.3        | 11.3        | ...         |
| DEXIA                            | BE      | 9.8                          | 11.5        | 10.7        | 11.2        | 11.0        |
| LANDESBANK BADEN-WUERTEMBERG     | DE      | ...                          | 10.5        | 9.7         | 11.0        | ...         |
| WESTDEUTSCHE LANDESBANK          | DE      | 9.8                          | 9.6         | 10.1        | 10.3        | 10.9        |
| RABOBANK NEDERLAND               | NL      | 10.6                         | 10.5        | 10.5        | 10.9        | 10.7        |
| LLOYDS TSB GROUP                 | GB      | 9.4                          | 9.2         | 9.6         | 11.3        | 10.6        |
| DANSKE BANK                      | DK      | 9.6                          | 10.3        | 10.5        | 11.0        | 10.4        |
| NORDDEUTSCHE LANDESBANK          | DE      | 9.0                          | 9.7         | 9.3         | 10.1        | ...         |
| HSB NORDBANK (4)                 | DE      | -                            | -           | -           | 10.2        | 9.9         |
| NORDEA                           | SE      | 9.4                          | 9.1         | 9.9         | 9.3         | 9.3         |
| CREDIT AGRICOLE                  | FR      | 10.2                         | 9.0         | 9.0         | 8.9         | 8.6         |
| KREDITANSTALT FUER WIEDERAUFBAU  | DE      | ...                          | ...         | ...         | ...         | ...         |
| CREDIT LYONNAIS (5)              | FR      | 11.0                         | 10.1        | 11.2        | -           | -           |
| BANK OF SCOTLAND (2)             | GB      | 11.6                         | -           | -           | -           | -           |
| HALIFAX GROUP (2)                | GB      | 10.7                         | -           | -           | -           | -           |
| <b>Average</b>                   |         | <b>11.1</b>                  | <b>11.1</b> | <b>11.3</b> | <b>11.8</b> | <b>11.8</b> |

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

(3) Operative since 2002.

(4) Operative since 2003.

(5) Acquired by Crédit Agricole in 2003.

**TABLE I.18 - CAPITAL ADEQUACY RATIOS**

**JAPAN**

| COMPANIES                            | TOTAL CAPITAL RATIO (1)      |             |             |             |               |
|--------------------------------------|------------------------------|-------------|-------------|-------------|---------------|
|                                      | 31/03/01                     | 31/03/02    | 31/03/03    | 31/03/04    | 30/09/04      |
|                                      | as % of risk-weighted assets |             |             |             |               |
| SHINKIN CENTRAL BANK                 | 16.5                         | 15.2        | 16.2        | 16.6        | ...           |
| SHIZUOKA BANK                        | 12.6                         | 12.5        | 12.4        | 13.6        | ...           |
| SUMITOMO TRUST & BANKING             | 11.4                         | 10.9        | 10.5        | 12.5        | 13.2          |
| NORINCHUKIN BANK                     | 11.1                         | 10.0        | 9.9         | 12.9        | ...           |
| MIZUHO FINANCIAL GROUP               | 11.4                         | 10.6        | 9.5         | 11.4        | 11.9          |
| SHINSEI BANK                         | 17.0                         | 17.0        | 20.1        | 21.1        | 11.8          |
| JOYO BANK                            | 12.4                         | 11.8        | 11.3        | 11.4        | 11.7          |
| CHIBA BANK                           | 10.6                         | 10.2        | 10.4        | 11.1        | 11.1          |
| BANK OF YOKOHAMA                     | 9.6                          | 10.7        | 10.3        | 10.7        | 11.0          |
| MITSUBISHI TOKYO FINANCIAL GROUP (2) | -                            | 10.3        | 10.8        | 13.0        | 10.9          |
| SUMITOMO MITSUI FINANCIAL GROUP (2)  | -                            | 10.5        | 10.1        | 11.4        | 10.9          |
| MITSUMI TRUST HOLDINGS               | 10.8                         | 10.6        | 7.5         | 10.1        | 10.0          |
| UFJ HOLDINGS (2)                     | -                            | 11.0        | 10.0        | 9.2         | 9.9           |
| BANK OF FUKUOKA                      | 9.0                          | 9.5         | 9.4         | 9.5         | 9.2           |
| RESONA HOLDINGS                      | 11.3                         | 8.7         | 3.8         | 7.8         | 8.8           |
| SHOKO CHUKIN BANK                    | 6.9                          | 7.3         | 7.5         | 7.7         | ...           |
| 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 (6)                       | 10.5                         | -           | -           | -           | -             |
| KINKI OSAKA BANK (6)                 | 10.0                         | -           | -           | -           | -             |
| BANK OF TOKYO-MITSUBISHI (3)         | 9.7                          | -           | -           | -           | -             |
| <b>Average (7)</b>                   | <b>11.4</b>                  | <b>10.6</b> | <b>10.1</b> | <b>11.9</b> | <b>(10.9)</b> |

(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 12 groups only at 30 September 2004.

TABLE I.18 - CAPITAL ADEQUACY RATIOS

UNITED STATES

| COMPANIES                        | TOTAL CAPITAL RATIO (1)      |             |             |             |             |
|----------------------------------|------------------------------|-------------|-------------|-------------|-------------|
|                                  | 31/12/00                     | 31/12/01    | 31/12/02    | 31/12/03    | 30/06/04    |
|                                  | as % of risk-weighted assets |             |             |             |             |
| MBNA                             | 16.6                         | 18.0        | 19.7        | 22.2        | 23.5        |
| GOLDEN WEST FINANCIAL            | 12.4                         | 14.2        | 14.3        | 14.2        | 13.9        |
| BANK ONE                         | 10.8                         | 12.2        | 13.7        | 13.7        | 13.8 (2)    |
| NATIONAL CITY                    | 11.3                         | 11.3        | 11.5        | 13.1        | 13.1        |
| THE PNC FINANCIAL SERVICES GROUP | 12.6                         | 11.8        | 12.5        | 13.8        | 12.9        |
| U.S. BANCORP                     | 10.6                         | 11.7        | 12.2        | 13.6        | 12.9        |
| FIFTH THIRD BANCORP              | 13.4                         | 14.4        | 13.5        | 13.4        | 12.8        |
| KEYCORP                          | 11.5                         | 11.4        | 12.5        | 12.6        | 12.1        |
| BB & T                           | 12.0                         | 13.3        | 13.4        | 12.5        | 12.1        |
| BANK OF AMERICA                  | 11.0                         | 12.7        | 12.4        | 11.9        | 12.0        |
| WELLS FARGO & CO                 | 10.4                         | 10.5        | 11.3        | 12.2        | 11.9        |
| SUNTRUST BANKS                   | 10.9                         | 12.2        | 11.6        | 11.8        | 11.9        |
| THE BANK OF NEW YORK             | 12.9                         | 11.6        | 12.0        | 11.5        | 11.6        |
| CITIGROUP                        | 11.2                         | 10.9        | 11.2        | 12.0        | 11.3        |
| WACHOVIA (ex-First Union)        | 11.2                         | 11.1        | 12.0        | 11.8        | 11.3        |
| J.P. MORGAN CHASE & CO           | 12.0                         | 11.9        | 12.0        | 11.8        | 11.2        |
| WASHINGTON MUTUAL                | 11.1                         | 12.9        | 11.6        | 10.9        | 10.4        |
| FLEETBOSTON FINANCIAL (3)        | 11.9                         | 11.0        | 11.7        | 11.9        | -           |
| GOLDEN STATE BANCORP (4)         | 13.1                         | 13.0        | -           | -           | -           |
| WACHOVIA (5)                     | 11.6                         | -           | -           | -           | -           |
| <b>Average</b>                   | <b>11.9</b>                  | <b>12.4</b> | <b>12.7</b> | <b>13.1</b> | <b>12.9</b> |

(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) As at 31 March 2004. The company was merged into JPMorgan Chase & Co with effect from 1 July 2004.

(3) The company was merged into Bank of America with effect from 1 April 2004.

(4) Acquired by Citigroup in 2002.

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



TABLE I.19 – 1H 2004: PROFIT AND LOSS ACCOUNTS/BALANCE SHEETS

58 BANKS

**Profit and loss accounts**

|                                   | 1H 2003        |              | 1H 2004        |              | Change      |
|-----------------------------------|----------------|--------------|----------------|--------------|-------------|
|                                   | EUR m          | %            | EUR m          | %            | %           |
| Interest income                   | 172,007        | 50.4         | 178,647        | 49.3         | 3.9         |
| Commissions (net)                 | 99,103         | 29.0         | 112,100        | 30.9         | 13.1        |
| Other operating income            | 70,306         | 20.6         | 71,675         | 19.8         | 1.9         |
| <b>Total income</b>               | <b>341,416</b> | <b>100.0</b> | <b>362,422</b> | <b>100.0</b> | <b>6.2</b>  |
| Labour costs                      | ...            | ...          | ...            | ...          | ...         |
| General expenses (1)              | - 200,306      | - 58.7       | - 207,832      | - 57.4       | 3.8         |
| Bad debts recovered (written off) | - 44,268       | - 12.9       | - 28,046       | - 7.7        | - 36.6      |
| Depreciation and amortization     | ...            | ...          | ...            | ...          | ...         |
| <b>Current pre-tax profit</b>     | <b>96,842</b>  | <b>28.4</b>  | <b>126,544</b> | <b>34.9</b>  | <b>30.7</b> |
| Extraordinary items               | - 5,160        | - 1.5        | - 10,719       | - 2.9        | n.c.        |
| <b>Profit before tax</b>          | <b>91,682</b>  | <b>26.9</b>  | <b>115,825</b> | <b>32.0</b>  | <b>26.3</b> |
| Taxation                          | - 35,559       | - 10.4       | - 36,304       | - 10.0       | 2.1         |
| Profit attributable to minorities | - 3,641        | - 1.1        | - 4,448        | - 1.3        | 22.2        |
| <b>Net profit</b>                 | <b>52,482</b>  | <b>15.4</b>  | <b>75,073</b>  | <b>20.7</b>  | <b>43.0</b> |

**Balance sheet**

|   | Year ended 31/12/03 |              | Six months ended 30/6/04 |              | Change     |
|---|---------------------|--------------|--------------------------|--------------|------------|
|   | EUR m               | %            | EUR m                    | %            | %          |
| Cash and central banks deposits                           | ...                 | ...          | ...                      | ...          | ...        |
| Fixed-income securities                                   | 5,108,691           | 22.3         | 5,618,442                | 23.0         | 10.0       |
| Loans and advances to banks (2)                           | 3,366,101           | 14.7         | 3,815,753                | 15.6         | 13.4       |
| Loans and advances to customers                           | 10,420,873          | 45.4         | 10,886,173               | 44.6         | 4.5        |
| Equity share and interests in subsidiaries and associated | 749,278             | 3.3          | 806,188                  | 3.3          | 7.6        |
| Net tangible assets                                       | 214,213             | 0.9          | 207,802                  | 0.9          | - 3.0      |
| Other assets  | 3,065,415           | 13.4         | 3,078,356                | 12.6         | 0.4        |
| <b>Total assets</b>                                       | <b>22,924,571</b>   | <b>100.0</b> | <b>24,412,714</b>        | <b>100.0</b> | <b>6.5</b> |
| Customer deposits   | 10,433,433          | 45.5         | 10,990,047               | 45.0         | 5.3        |
| Debt securities and certificates of deposit (3)           | 3,452,429           | 15.1         | 3,582,678                | 14.7         | 3.8        |
| Subordinated liabilities                                  | ...                 | ...          | ...                      | ...          | ...        |
| <i>Total funding from customers</i>                       | <i>13,885,862</i>   | <i>60.6</i>  | <i>14,572,725</i>        | <i>59.7</i>  | <i>4.9</i> |
| Deposits by banks   | 4,563,208           | 19.9         | 5,234,528                | 21.4         | 14.7       |
| Other liabilities   | 3,357,100           | 14.6         | 3,431,883                | 14.1         | 2.2        |
| <b>Total liabilities</b>                                  | <b>21,806,170</b>   | <b>95.1</b>  | <b>23,239,136</b>        | <b>95.2</b>  | <b>6.6</b> |
| <b>Net worth</b>  | <b>1,118,401</b>    | <b>4.9</b>   | <b>1,173,578</b>         | <b>4.8</b>   | <b>4.9</b> |
| <i>represented by:</i>                                    |                     |              |                          |              |            |
| shareholders' equity                                      | 1,014,992           | 4.4          | 1,062,738                | 4.3          | 4.7        |
| minority interests  | 103,409             | 0.5          | 110,840                  | 0.5          | 7.2        |

(1) Including labour costs and depreciation and amortization.

(2) Including cash and central banks deposits.

(3) Including subordinated liabilities.

TABLE I.20 – 1H 2004: PROFIT AND LOSS ACCOUNTS/BALANCE SHEETS

|   |                     |              |                          |              |             | EUROPE |
|---|---------------------|--------------|--------------------------|--------------|-------------|--------|
| <b>Profit and loss accounts</b>                           |                     |              |                          |              |             |        |
|   | 1H 2003             |              | 1H 2004                  |              | Change      |        |
|   | EUR m               | %            | EUR m                    | %            | %           |        |
| Interest income   | 88,779              | 48.2         | 91,756                   | 46.3         | 3.4         |        |
| Commissions (net)   | 52,786              | 28.7         | 58,985                   | 29.8         | 11.7        |        |
| Other operating income                                    | 42,519              | 23.1         | 47,447                   | 23.9         | 11.6        |        |
| <b>Total income</b>                                       | <b>184,084</b>      | <b>100.0</b> | <b>198,188</b>           | <b>100.0</b> | <b>7.7</b>  |        |
| Labour costs  | - 65,868            | - 35.8       | - 68,480                 | - 34.6       | 4.0         |        |
| General expenses  | - 40,076            | - 21.8       | - 40,753                 | - 20.6       | 1.7         |        |
| Bad debts recovered (written off)                         | - 18,084            | - 9.8        | - 12,982                 | - 6.5        | - 28.2      |        |
| Depreciation and amortization                             | - 8,211             | - 4.4        | - 8,016                  | - 4.0        | - 2.4       |        |
| <b>Current pre-tax profit</b>                             | <b>51,845</b>       | <b>28.2</b>  | <b>67,957</b>            | <b>34.3</b>  | <b>31.1</b> |        |
| Extraordinary items                                       | - 5,187             | - 2.9        | - 470                    | - 0.3        | n.c.        |        |
| <b>Profit before tax</b>                                  | <b>46,658</b>       | <b>25.3</b>  | <b>67,487</b>            | <b>34.0</b>  | <b>44.6</b> |        |
| Taxation  | - 14,137            | - 7.7        | - 18,087                 | - 9.1        | 27.9        |        |
| Profit attributable to minorities                         | - 2,806             | - 1.5        | - 3,532                  | - 1.8        | 25.9        |        |
| <b>Net profit</b>   | <b>29,715</b>       | <b>16.1</b>  | <b>45,868</b>            | <b>23.1</b>  | <b>54.4</b> |        |
| <b>Balance sheet</b>                                      |                     |              |                          |              |             |        |
|   | Year ended 31/12/03 |              | Six months ended 30/6/04 |              | Change      |        |
|   | EUR m               | %            | EUR m                    | %            | %           |        |
| Cash and central banks deposits                           | 148,030             | 1.0          | 164,340                  | 1.0          | 11.0        |        |
| Fixed-income securities                                   | 3,153,199           | 21.5         | 3,507,459                | 22.1         | 11.2        |        |
| Loans and advances to banks                               | 2,241,924           | 15.2         | 2,570,860                | 16.2         | 14.7        |        |
| Loans and advances to customers                           | 6,254,145           | 42.6         | 6,657,674                | 42.0         | 6.5         |        |
| Equity share and interests in subsidiaries and associated | 529,346             | 3.6          | 586,591                  | 3.7          | 10.8        |        |
| Net tangible assets                                       | 142,604             | 1.0          | 138,134                  | 0.9          | - 3.1       |        |
| Other assets (1)  | 2,221,194           | 15.1         | 2,230,327                | 14.1         | 0.4         |        |
| <b>Total assets</b>                                       | <b>14,690,442</b>   | <b>100.0</b> | <b>15,855,385</b>        | <b>100.0</b> | <b>7.9</b>  |        |
| Customer deposits   | 5,532,484           | 37.7         | 6,060,525                | 38.2         | 9.5         |        |
| Debt securities and certificates of deposit               | 2,319,876           | 15.8         | 2,354,880                | 14.9         | 1.5         |        |
| Subordinated liabilities                                  | 327,109             | 2.2          | 319,037                  | 2.0          | - 2.5       |        |
| <i>Total funding from customers</i>                       | <i>8,179,469</i>    | <i>55.7</i>  | <i>8,734,442</i>         | <i>55.1</i>  | <i>6.8</i>  |        |
| Deposits by banks   | 3,154,246           | 21.4         | 3,635,392                | 22.9         | 15.3        |        |
| Other liabilities   | 2,730,171           | 18.6         | 2,838,072                | 17.9         | 4.0         |        |
| <b>Total liabilities</b>                                  | <b>14,063,886</b>   | <b>95.7</b>  | <b>15,207,906</b>        | <b>95.9</b>  | <b>8.1</b>  |        |
| <b>Net worth</b>  | <b>626,556</b>      | <b>4.3</b>   | <b>647,479</b>           | <b>4.1</b>   | <b>3.3</b>  |        |
| <i>represented by:</i>                                    |                     |              |                          |              |             |        |
| shareholders' equity                                      | 554,703             | 3.8          | 574,117                  | 3.6          | 3.5         |        |
| minority interests  | 71,853              | 0.5          | 73,362                   | 0.5          | 2.1         |        |

(1) Including intangible assets of EUR 133,181m at 31/12/03 and EUR 132,269m at 30/6/04.

TABLE I.21 – 1H 2004: PROFIT AND LOSS ACCOUNTS/BALANCE SHEETS

|   |                    |               |                          |              | JAPAN        |
|---|--------------------|---------------|--------------------------|--------------|--------------|
| <b>Profit and loss accounts</b>                           |                    |               |                          |              |              |
|   | 1H 2003            |               | 1H 2004                  |              | Change       |
|   | JPY bn             | %             | JPY bn                   | %            | %            |
| Interest income   | 2,764              | 57.4          | 2,671                    | 58.5         | - 3.4        |
| Commissions (net)   | 1,087              | 22.6          | 1,264                    | 27.7         | 16.3         |
| Other operating income                                    | 965                | 20.0          | 633                      | 13.8         | - 34.4       |
| <b>Total income</b>                                       | <b>4,816</b>       | <b>100.0</b>  | <b>4,568</b>             | <b>100.0</b> | <b>- 5.1</b> |
| Labour costs  | ...                | ...           | ...                      | ...          | ...          |
| General expenses (1)                                      | - 2,468            | - 51.2        | - 2,312                  | - 50.6       | - 6.3        |
| Bad debts recovered (written off)                         | - 2,089            | - 43.4        | - 1,069                  | - 23.4       | - 48.8       |
| Depreciation and amortization                             | ...                | ...           | ...                      | ...          | ...          |
| <b>Current pre-tax profit</b>                             | <b>259</b>         | <b>5.4</b>    | <b>1,187</b>             | <b>26.0</b>  | <b>358.3</b> |
| Extraordinary items (2)                                   | - 4                | - 0.1         | - 286                    | - 6.3        | n.c.         |
| <b>Profit before tax</b>                                  | <b>255</b>         | <b>5.3</b>    | <b>901</b>               | <b>19.7</b>  | <b>253.3</b> |
| Taxation  | -945               | - 19.6        | - 666                    | - 14.6       | 70.5         |
| Profit attributable to minorities                         | -94                | - 2.0         | - 96                     | - 2.1        | 2.1          |
| <b>Net profit</b>   | <b>- 784</b>       | <b>- 16.3</b> | <b>139</b>               | <b>3.0</b>   | <b>n.c.</b>  |
| <b>Balance sheet</b>                                      |                    |               |                          |              |              |
|   | Year ended 31/3/04 |               | Six months ended 30/9/04 |              | Change       |
|   | JPY bn             | %             | JPY bn                   | %            | %            |
| Cash and central banks deposits                           | ...                | ...           | ...                      | ...          | ...          |
| Fixed-income securities                                   | 126,263            | 24.9          | 137,105                  | 26.8         | 8.6          |
| Loans and advances to banks (3)                           | 59,369             | 11.7          | 63,970                   | 12.5         | 7.7          |
| Loans and advances to customers                           | 266,784            | 52.7          | 260,590                  | 51.0         | - 2.3        |
| Equity share and interests in subsidiaries and associated | 19,573             | 3.9           | 17,459                   | 3.4          | - 10.8       |
| Net tangible assets                                       | 4,759              | 0.9           | 4,753                    | 0.9          | - 0.1        |
| Other assets (4)  | 29,700             | 5.9           | 27,436                   | 5.4          | - 7.6        |
| <b>Total assets</b>                                       | <b>506,448</b>     | <b>100.0</b>  | <b>511,313</b>           | <b>100.0</b> | <b>1.0</b>   |
| Customer deposits   | 349,270            | 69.0          | 333,307                  | 65.2         | - 4.6        |
| Debt securities and certificates of deposit (5)           | 32,125             | 6.3           | 45,572                   | 8.9          | 41.9         |
| Subordinated liabilities                                  | ...                | ...           | ...                      | ...          | ...          |
| <i>Total funding from customers</i>                       | <i>381,395</i>     | <i>75.3</i>   | <i>378,879</i>           | <i>74.1</i>  | <i>- 0.7</i> |
| Deposits by banks   | 79,986             | 15.8          | 88,970                   | 17.4         | 11.2         |
| Other liabilities   | 25,748             | 5.1           | 23,482                   | 4.6          | - 8.8        |
| <b>Total liabilities</b>                                  | <b>487,129</b>     | <b>96.2</b>   | <b>491,331</b>           | <b>96.1</b>  | <b>0.9</b>   |
| <b>Net worth</b>  | <b>19,319</b>      | <b>3.8</b>    | <b>19,982</b>            | <b>3.9</b>   | <b>3.4</b>   |
| <i>represented by:</i>                                    |                    |               |                          |              |              |
| shareholders' equity                                      | 15,591             | 3.1           | 15,481                   | 3.0          | - 0.7        |
| minority interests  | 3,728              | 0.7           | 4,501                    | 0.9          | 20.7         |

(1) Including labour costs and depreciation and amortization.

(2) Including JPY 203bn in local tax rebates and interest accruals in 1H 2003.

(3) Including cash and central banks deposits.

(4) Including deferred tax assets of JPY 6,159bn at 31/3/04 and JPY 5,539bn at 30/9/04.

(5) Including subordinated liabilities.

TABLE I.22 – 1H 2004: PROFIT AND LOSS ACCOUNTS/BALANCE SHEETS

UNITED STATES

**Profit and loss accounts**

|                                   | 1H 2003        |              | 1H 2004        |              | Change       |
|-----------------------------------|----------------|--------------|----------------|--------------|--------------|
|                                   | USD m          | %            | USD m          | %            | %            |
| Interest income                   | 75,785         | 51.5         | 81,099         | 51.4         | 7.0          |
| Commissions (net)                 | 46,320         | 31.5         | 52,955         | 33.6         | 14.3         |
| Other operating income            | 24,922         | 17.0         | 23,640         | 15.0         | - 5.1        |
| <b>Total income</b>               | <b>147,027</b> | <b>100.0</b> | <b>157,694</b> | <b>100.0</b> | <b>7.3</b>   |
| Labour costs                      | - 44,016       | - 29.9       | - 47,630       | - 30.2       | 8.2          |
| General expenses                  | - 32,585       | - 22.2       | - 35,409       | - 22.4       | 8.7          |
| Bad debts recovered (written off) | - 12,647       | - 8.6        | - 8,497        | - 5.4        | - 32.8       |
| Depreciation and amortization     | - 5,459        | - 3.7        | - 5,840        | - 3.7        | 7.0          |
| <b>Current pre-tax profit</b>     | <b>52,320</b>  | <b>35.6</b>  | <b>60,318</b>  | <b>38.3</b>  | <b>15.3</b>  |
| Extraordinary items               | 70             | 0            | - 9,834        | - 6.3        | n.c.         |
| <b>Profit before tax</b>          | <b>52,390</b>  | <b>35.6</b>  | <b>50,484</b>  | <b>32.0</b>  | <b>- 3.6</b> |
| Taxation                          | - 17,367       | - 11.8       | - 16,031       | - 10.2       | - 7.7        |
| Profit attributable to minorities | - 149          | - 0.1        | - 227          | - 0.1        | 52.3         |
| <b>Net profit</b>                 | <b>34,874</b>  | <b>23.7</b>  | <b>34,226</b>  | <b>21.7</b>  | <b>- 1.9</b> |

**Balance sheet**

|  | Year ended 31/12/03 |              | Six months ended 30/6/04 |              | Change     |
|--|---------------------|--------------|--------------------------|--------------|------------|
|  | USD m               | %            | USD m                    | %            | %          |
| Cash and central banks deposits                                      | ...                 | ...          | ...                      | ...          | ...        |
| Fixed-income securities  | 1,217,741           | 22.7         | 1,307,202                | 22.9         | 7.3        |
| Loans and advances to banks (1)                                      | 641,468             | 12.0         | 726,141                  | 12.7         | 13.2       |
| Loans and advances to customers                                      | 2,615,440           | 48.8         | 2,747,387                | 48.1         | 5.0        |
| Equity shares and interests in subsidiaries and associated companies | 87,638              | 1.6          | 106,639                  | 1.9          | 21.7       |
| Net tangible assets  | 43,353              | 0.8          | 41,044                   | 0.7          | - 5.3      |
| Other assets (2)   | 753,492             | 14.1         | 778,899                  | 13.7         | 3.4        |
| <b>Total assets</b>  | <b>5,359,132</b>    | <b>100.0</b> | <b>5,707,312</b>         | <b>100.0</b> | <b>6.5</b> |
| Customer deposits  | 2,750,623           | 51.3         | 2,931,901                | 51.4         | 6.6        |
| Debt securities and certificates of deposit (3)                      | 684,094             | 12.8         | 686,224                  | 12.0         | 0.3        |
| Subordinated liabilities   | ...                 | ...          | ...                      | ...          | ...        |
| <i>Total funding from customers</i>                                  | <i>3,434,717</i>    | <i>64.1</i>  | <i>3,618,125</i>         | <i>63.4</i>  | <i>5.3</i> |
| Deposits by banks  | 978,286             | 18.3         | 1,126,964                | 19.7         | 15.2       |
| Other liabilities  | 525,649             | 9.8          | 506,195                  | 8.9          | - 3.7      |
| <b>Total liabilities</b>   | <b>4,938,652</b>    | <b>92.2</b>  | <b>5,251,284</b>         | <b>92.0</b>  | <b>6.3</b> |
| <b>Net worth</b>   | <b>420,480</b>      | <b>7.8</b>   | <b>456,028</b>           | <b>8.0</b>   | <b>8.5</b> |
| <i>represented by:</i>   |                     |              |                          |              |            |
| shareholders' equity   | 416,350             | 7.7          | 451,798                  | 7.9          | 8.5        |
| minority interests   | 4,130               | 0.1          | 4,230                    | 0.1          | 2.4        |

(1) Including cash and central banks deposits.

(2) Including intangible assets of USD 151,507m at 31/12/03 and USD 193,645m at 30/6/04.

(3) Including subordinated liabilities.

## APPENDIX 1 – Unusual structural features of certain banking groups

### *Germany*

The German banks included in our survey comprise seven groups, all of which have certain features which could be described as unusual. Five 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.<sup>27</sup> DZ Bank functions

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<sup>27</sup> 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. Meanwhile, the first merger

as a central bank to over 80% of the Volksbanken and Raiffeisenbanken (German local co-operative banks) which own 93% of its share capital.<sup>28</sup> 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 whose business is chiefly to grant medium/long-term finance to small and medium size enterprise, the residential construction sector and the infrastructure industry, including via project finance solutions and securitizations. It promotes and finances investment projects in developing countries, and supports German enterprise abroad.<sup>29</sup> 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.

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between banks belonging to different regions took place on 2 June 2003, when Hamburgische Landesbank and Landesbank Schleswig-Holstein merged to set up HSH Nordbank A.G. after spinning off their respective public sector activities. Shareholders in the newly-combined entity are: the City of Hamburg, with 35.38%, the State of Schleswig-Holstein, with 19.55%, the local association of savings banks, with 18.21%, and WestLB A.G. with 26.86. The shareholders have signed a contractual agreement to retain their majority shareholding in the bank until year-end 2013.

<sup>28</sup> 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.

<sup>29</sup> In the course of 2003, KfW reached an agreement with the EU to spin off its promotional, export finance and project finance activities to a separate entity to be set up by 2008.

## 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 in June 2004 numbered 2,629 and have around 5.7m shareholders. These own the regional banks or Caisses Régionales de Crédit Agricole, which also in June 2004 numbered 43 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 operations via its subsidiaries, and promotes international growth. Unlike the German *Landesbanken*, until 2000 Crédit Agricole's consolidated balance sheet included the local, regional and central banks, giving a total of 3,000 consolidated entities. Alongside it is the Fédération Nationale du Crédit Agricole, which represents and coordinates 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.<sup>30</sup> 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

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<sup>30</sup> This share was diluted to 53.15% as at 30 June 2004, chiefly as a result of the rights issue implemented to acquire Crédit Lyonnais.

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 1,890 local banks, which are co-operative institutions with variable share capital and some 6.1m shareholders. These are grouped into 18 Fédérations Régionales, which are made up of one federative body and one Caisse Fédérale, alongside which is 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 oversees but does not engage in banking activities, which are the remit of the Caisse Fédérale. At the 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 34 companies consolidated in the 2003 accounts. 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 basis of consolidation, after a 67% stake initially acquired in 1998 was 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 with some 3 million shareholders, and the remaining 35% by the Caisse des Dépôts et Consignations (CDC). CNCE also owns Crédit Foncier de France and investment bank Ixis.<sup>31</sup> Groupe Banque Populaire 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 operates nationally and is owned by 22 co-operative banks with around 2.5 million shareholders.<sup>32</sup> 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 terms of granting 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 5,108 co-operative enterprises among its shareholders at 31 March 2004, while Shoko Chukin Bank was owned as to 78.8% by the Japanese government at the same date, with the outstanding shares here too being held by over 27,000 co-operatives made up of small and medium-size enterprises.

Shinkin Central Bank is the central bank for Japanese co-operative banks or *shinkin*. As at 31 March 2004 the nation's 306 *shinkin* make

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<sup>31</sup> The Caisse d'Epargne group's consolidated accounts for 2003 reflect total assets amounting to EUR 380,675m, shareholders' equity worth EUR 12,688m, and profit for the year of EUR 1,116m.

<sup>32</sup> The Banque Populaire group's consolidated accounts for 2003 reflect total assets amounting to EUR 237,163m, shareholders' equity worth EUR 10,581m, and profit for the year of EUR 853m.

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 fiscal year-end 2003, the banks had a network covering 8,059 branches, a headcount of 121,800 and funding totalling JPY 105,518bn.

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

A description of the leading mergers and acquisitions involving banks covered in this survey is provided below. A chronological list of such transactions may be found in Table III.2.

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.<sup>33</sup> 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

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<sup>33</sup> 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<sup>34</sup> pocketed Générale de Banque, the largest bank in Belgium. 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 buying Banca Commerciale Italiana in 1999; in the **United Kingdom** the Royal Bank of Scotland buying National Westminster Bank in 2000 and, in 2001, Halifax Group and the Bank of Scotland merging to form a single holding company named HBOS. In **Denmark**, in 2000 Danske Bank bought 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.

However, the biggest cross-border transaction to take place in Europe was when Spanish group Santander acquired UK-based Abbey National in the second half of 2004.

In **Japan**, several important mergers took place during the 2000 and 2001 tax years<sup>35</sup> involving major banks belonging to groupings of different companies.<sup>36</sup> In September 2000, Fuji Bank, Dai-Ichi Kangyo

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<sup>34</sup> 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 and retain equal voting rights of both holding companies.

<sup>35</sup> Tax years in Japan run from 1 April to 31 March.

<sup>36</sup> 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

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.<sup>37</sup> 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 then merged with Ashai Bank in March 2002. In August 2004, the Mitsubishi Tokyo Financial Group announced it was acquiring UFJ Holdings. If this deal goes ahead, the resulting combined entity will be the largest bank in the world by total assets.

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

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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 traded on stock exchanges. Based on the different nature of the ties between the various companies, the *keiretsu* may be described as either “horizontal” or “vertical”. Horizontal *keiretsu* are linked via relations with a large bank at the centre of the organization, whereas with vertical *keiretsu* 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 obviously changed this situation significantly.

<sup>37</sup> The Mizuho Financial Group was set up in January 2003, and took control of Mizuho Holdings in March of the same year.

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 achieve leading positions in their country's league tables in terms of total assets. These were the merger of NationsBank with BankAmerica, where the former took on 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.<sup>38</sup>

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 with Wachovia in 2001 and taking its name, and Firststar, which acquired Mercantile Bancorp in 1999 and then acquired U.S. Bancorp in 2001, taking on its name.

Two major deals took place in 2004: in April, the Bank of America acquired FleetBoston Financial, and in July JP Morgan Chase & Co. acquired Bank One. These deals confirmed the buyers' respective positions as the third and second largest banks in the United States by total assets.<sup>39</sup>

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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

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<sup>38</sup> The group changed its name again in July 2004 to JPMorgan Chase & Co.

<sup>39</sup> A smaller deal also involved the fourth largest bank in the U.S., Wachovia, which in November 2004 completed its acquisition of SouthTrust, a bank with total assets amounting to USD 51.9bn as at 31 December 2003.

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 UK-based SG Warburg Group plc in 1995, thereby setting up SBC Warburg, and US bank Dillon Read in 1997. Meanwhile, Credit Suisse Group, also of Switzerland, which had acquired control of The First Boston in 1998, 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 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. This stake was subsequently transformed into Eurazeo in 2004, when Rue Impériale de Lyon was merged into this company.<sup>40</sup> 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 characteristics.

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<sup>40</sup> After the merger, which took place in 2004, Crédit Agricole owned a 15.4% stake in the share capital of Eurazeo (20.1% of the voting rights).

### 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 subject to non-standardized treatment in the banks' respective consolidated accounts according to the parent companies' country of origin, due to different legislation and accounting standards laid down by the various market authorities. 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 include insurance activities in their consolidated accounts, and the latter only since 2001. UK 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 long-term assurance funds. These are determined annually. Changes in the value placed on interest in long-term assurance business are taken to profit and loss. 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)            |                 |                 |
|--------------|-----------------------------|-------------|--------------|-----------------------------|-----------------|-----------------|
|              | 2001                        | 2002        | 2003         | 2001                        | 2002            | 2003            |
|              | <i>EUR bn</i>               |             |              | <i>EUR bn</i>               |                 |                 |
| Banking      | 87.0                        | 67.3        | 91.0         | 15,375.7                    | 14,981.7        | 15,240.2        |
| Insurance    | 15.7                        | 12.3        | 15.5         | 981.2                       | 928.4           | 954.1           |
| <b>Total</b> | <b>102.7</b>                | <b>79.6</b> | <b>106.5</b> | <b>16,356.9</b>             | <b>15,910.1</b> | <b>16,194.3</b> |
|              | <i>as % of total income</i> |             |              | <i>as % of total assets</i> |                 |                 |
| Banking      | 21.6                        | 17.9        | 23.9         | 94.0                        | 94.2            | 94.1            |
| Insurance    | 3.9                         | 3.2         | 4.1          | 6.0                         | 5.8             | 5.9             |
| <b>Total</b> | <b>25.5</b>                 | <b>21.1</b> | <b>28.0</b>  | <b>100.0</b>                | <b>100.0</b>    | <b>100.0</b>    |

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



Only Citigroup out of the US banks considered here includes insurance operations 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.<sup>41</sup> Insurance activities accounted for 0.9% of the US banks' aggregate current pre-tax profit in 2003, versus 2.3% in 2002 and 2.7% in 2001. Technical reserves represented 1.4% of aggregate total assets at year-end 2003, as against 1.3% in 2002 and 2.1% in 2001.

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 profit and loss, and in the balance sheet, investments have been reported under other assets and insurance funds under other liabilities.

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<sup>41</sup> 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%. Its life insurance business was sold to the MetLife group early in 2005.

## **II. STATISTICAL TABLES**

TABLE II.1 - PROFIT AND LOSS ACCOUNTS

71 COMPANIES

|   | 1998           |             | 1999           |             | 2000           |             | 2001           |             | 2002           |             | 2003           |             |
|---|----------------|-------------|----------------|-------------|----------------|-------------|----------------|-------------|----------------|-------------|----------------|-------------|
|   | EUR m          | %           | EUR m          | %           | EUR m          | %           | EUR m          | %           | EUR m          | %           | EUR m          | %           |
| Interest receivable and similar income            | 966,853        |             | 1,030,770      |             | 1,221,517      |             | 1,224,563      |             | 975,483        |             | 823,459        |             |
| Interest payable and similar expenses             | -672,434       |             | -686,697       |             | -857,591       |             | -822,645       |             | -593,608       |             | -466,415       |             |
| <b>Interest margin</b>                            | <b>294,419</b> | <b>55.0</b> | <b>344,073</b> | <b>52.7</b> | <b>363,926</b> | <b>48.6</b> | <b>401,918</b> | <b>50.5</b> | <b>381,875</b> | <b>52.2</b> | <b>357,044</b> | <b>51.3</b> |
| Commissions receivable and other operating income |                |             |                |             |                |             |                |             |                |             |                |             |
| (1)   | 193,990        | 36.2        | 243,874        | 37.4        | 300,297        | 40.1        | 314,269        | 39.5        | 283,622        | 38.8        | 270,192        | 38.8        |
| Commissions payable and other operating expenses  |                |             |                |             |                |             |                |             |                |             |                |             |
| (1)   | ...            | ...         | ...            | ...         | ...            | ...         | ...            | ...         | ...            | ...         | ...            | ...         |
| Dividends and share of profit (loss)              |                |             |                |             |                |             |                |             |                |             |                |             |
| (1)   | 47,148         | 8.8         | 64,747         | 9.9         | 83,893         | 11.2        | 79,145         | 10.0        | 65,679         | 9.0         | 68,661         | 9.9         |
| Gains (losses) on financial transactions          |                |             |                |             |                |             |                |             |                |             |                |             |
| (1)   | 535,558        | 100.0       | 652,694        | 100.0       | 748,116        | 100.0       | 795,332        | 100.0       | 731,176        | 100.0       | 695,897        | 100.0       |
| <b>Total income</b>                               |                |             |                |             |                |             |                |             |                |             |                |             |
| Labour costs                                      |                |             |                |             |                |             |                |             |                |             |                |             |
| (1)   | -304,212       | -56.8       | -363,871       | -55.7       | -419,405       | -56.1       | -446,447       | -56.1       | -408,429       | -55.9       | -377,803       | -54.3       |
| General expenses (2)                              |                |             |                |             |                |             |                |             |                |             |                |             |
| (1)   | -120,258       | -22.5       | -80,280        | -12.3       | -86,492        | -11.6       | -135,777       | -17.1       | -116,903       | -16.0       | -80,137        | -11.5       |
| Bad debts recovered (written off)                 |                |             |                |             |                |             |                |             |                |             |                |             |
| (1)   | -24,042        | -4.5        | -28,689        | -4.4        | -34,003        | -4.5        | -36,046        | -4.5        | -34,231        | -4.7        | -30,363        | -4.4        |
| Depreciation and amortization                     |                |             |                |             |                |             |                |             |                |             |                |             |
| (1)   | 87,046         | 16.3        | 179,854        | 27.6        | 208,216        | 27.8        | 177,062        | 22.3        | 171,613        | 23.5        | 207,594        | 29.8        |
| <b>Current pre-tax profit</b>                     |                |             |                |             |                |             |                |             |                |             |                |             |
| Amortization of goodwill                          |                |             |                |             |                |             |                |             |                |             |                |             |
| (1)   | -6,712         | -1.3        | -7,298         | -1.1        | -9,497         | -1.3        | -14,259        | -1.8        | -12,713        | -1.7        | -10,715        | -1.5        |
| Transfer to credit risk provision                 |                |             |                |             |                |             |                |             |                |             |                |             |
| (1)   | -17,577        | -3.3        | -3,581         | -0.5        | -1,560         | -0.2        | -4,584         | -0.6        | -254           | 0.0         | -148           | 0.0         |
| Transfer from (to) reserves                       |                |             |                |             |                |             |                |             |                |             |                |             |
| (1)   | -743           | -0.1        | -2,291         | -0.4        | -1,454         | -0.2        | -460           | -0.1        | 217            | 0.0         | -723           | -0.1        |
| Fixed asset revaluations (writedowns)             |                |             |                |             |                |             |                |             |                |             |                |             |
| (1)   | -6,889         | -1.3        | -6,049         | -0.9        | -6,521         | -0.9        | -23,502        | -3.0        | -26,904        | -3.7        | -7,333         | -1.1        |
| Extraordinary items                               |                |             |                |             |                |             |                |             |                |             |                |             |
| (1)   | 18,620         | 3.5         | 47,166         | 7.2         | 32,586         | 4.4         | -1,789         | -0.2        | -4,491         | -0.6        | 2,657          | 0.4         |
| Cumulative effect of accounting changes           |                |             |                |             |                |             |                |             |                |             |                |             |
| (1)   | 0              | 0.0         | -210           | 0.0         | -49            | 0.0         | -689           | -0.1        | -1,223         | -0.2        | -197           | 0.0         |
| <b>Profit (loss) before tax</b>                   |                |             |                |             |                |             |                |             |                |             |                |             |
| (1)   | 73,745         | 13.8        | 207,591        | 31.8        | 221,721        | 29.6        | 131,779        | 16.6        | 126,245        | 17.3        | 191,135        | 27.5        |
| Taxation  |                |             |                |             |                |             |                |             |                |             |                |             |
| (1)   | -29,544        | -5.5        | -71,944        | -11.0       | -68,345        | -9.1        | -39,976        | -5.0        | -51,683        | -7.1        | -66,583        | -9.6        |
| Profit attributable to minorities                 |                |             |                |             |                |             |                |             |                |             |                |             |
| (1)   | -3,566         | -0.7        | -4,872         | -0.7        | -7,760         | -1.0        | -7,511         | -0.9        | -6,827         | -0.9        | -7,577         | -1.1        |
| <b>Net profit attributable to parent company</b>  |                |             |                |             |                |             |                |             |                |             |                |             |
| (1)   | 40,635         | 7.6         | 130,775        | 20.0        | 145,616        | 19.5        | 84,292         | 10.6        | 67,735         | 9.3         | 116,975        | 16.8        |
| Dividends payout                                  |                |             |                |             |                |             |                |             |                |             |                |             |
| (1)   | 37,541         | 7.0         | 48,595         | 7.4         | 56,455         | 7.5         | 62,426         | 7.8         | 56,372         | 7.7         | 60,142         | 8.6         |

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

(2) Including labour costs.

TABLE II.2 - FINANCIAL STATEMENTS

71 COMPANIES

|  | 1998              |              | 1999              |              | 2000              |              | 2001              |              | 2002              |              | 2003              |              |
|--|-------------------|--------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|
|  | EUR m             | %            | EUR m             | %            | EUR m             | %            | EUR m             | %            | EUR m             | %            | EUR m             | %            |
| Cash and deposits at central banks       | ...               | ...          | ...               | ...          | ...               | ...          | ...               | ...          | ...               | ...          | ...               | ...          |
| Fixed-income securities                  | 3,545,282         | 18.4         | 4,472,751         | 19.2         | 5,307,966         | 20.3         | 5,703,458         | 21.0         | 5,559,745         | 21.8         | 5,660,069         | 22.6         |
| Loans and advances to banks (1)          | 3,047,608         | 15.8         | 3,393,588         | 14.6         | 3,623,589         | 13.8         | 3,930,886         | 14.5         | 3,792,503         | 14.8         | 3,883,946         | 15.5         |
| Loans and advances to customers          | 9,682,190         | 50.3         | 11,615,577        | 49.9         | 12,741,960        | 48.7         | 12,772,537        | 47.1         | 11,974,558        | 46.9         | 11,355,804        | 45.3         |
| <b>Loans, advances and cash</b>          | <b>16,275,080</b> | <b>84.5</b>  | <b>19,481,916</b> | <b>83.7</b>  | <b>21,673,515</b> | <b>82.8</b>  | <b>22,406,881</b> | <b>82.5</b>  | <b>21,326,806</b> | <b>83.5</b>  | <b>20,899,819</b> | <b>83.3</b>  |
| Equity shares                            | 564,866           | 2.9          | 810,602           | 3.5          | 895,506           | 3.4          | 766,647           | 2.8          | 560,236           | 2.2          | 674,590           | 2.7          |
| Interests in subsidiaries and associated | 125,801           | 0.7          | 157,063           | 0.7          | 188,873           | 0.7          | 214,895           | 0.8          | 184,858           | 0.7          | 169,987           | 0.7          |
| Intangible assets                        | 22,965            | 0.1          | 34,746            | 0.1          | 57,328            | 0.2          | 73,277            | 0.3          | 60,694            | 0.2          | 65,412            | 0.3          |
| Net tangible assets                      | 216,787           | 1.1          | 252,512           | 1.1          | 266,947           | 1.0          | 270,864           | 1.0          | 249,302           | 1.0          | 224,469           | 0.9          |
| Other assets                             | 1,987,001         | 10.3         | 2,433,934         | 10.5         | 2,907,803         | 11.1         | 3,194,636         | 11.8         | 2,959,872         | 11.6         | 2,862,962         | 11.4         |
| <b>Total</b>                             | <b>19,192,500</b> | <b>99.7</b>  | <b>23,170,773</b> | <b>99.6</b>  | <b>25,989,972</b> | <b>99.3</b>  | <b>26,927,200</b> | <b>99.2</b>  | <b>25,341,768</b> | <b>99.2</b>  | <b>24,897,239</b> | <b>99.2</b>  |
| Deposits by banks                        | 3,728,708         | 19.4         | 4,291,254         | 18.4         | 4,916,136         | 18.8         | 5,110,757         | 18.8         | 4,975,637         | 19.5         | 4,926,559         | 19.6         |
| Customer deposits                        | 8,916,491         | 46.3         | 10,688,598        | 45.9         | 11,888,420        | 45.4         | 12,510,052        | 46.1         | 11,736,760        | 45.9         | 11,363,137        | 45.3         |
| Debt securities and certif. of deposit   | 2,854,612         | 14.8         | 3,558,877         | 15.3         | 3,880,845         | 14.8         | 3,964,908         | 14.6         | 3,744,316         | 14.7         | 3,621,235         | 14.4         |
| Subordinated liabilities                 | 429,207           | 2.2          | 548,241           | 2.4          | 622,843           | 2.4          | 669,687           | 2.5          | 610,672           | 2.4          | 581,424           | 2.3          |
| <b>Total funding</b>                     | <b>15,929,018</b> | <b>82.7</b>  | <b>19,086,970</b> | <b>82.0</b>  | <b>21,308,244</b> | <b>81.4</b>  | <b>22,255,404</b> | <b>82.0</b>  | <b>21,067,385</b> | <b>82.5</b>  | <b>20,492,355</b> | <b>81.7</b>  |
| Provision for employee benefits          | 31,193            | 0.2          | 36,231            | 0.2          | 48,057            | 0.2          | 43,456            | 0.2          | 47,063            | 0.2          | 42,966            | 0.2          |
| Provision for deferred taxation          | 43,757            | 0.2          | 63,041            | 0.3          | 79,481            | 0.3          | 76,350            | 0.3          | 77,407            | 0.3          | 68,280            | 0.3          |
| Credit risk provision                    | 16,981            | 0.1          | 18,788            | 0.1          | 15,631            | 0.1          | 16,388            | 0.1          | 11,073            | 0.0          | 10,294            | 0.0          |
| Other liabilities                        | 2,321,169         | 12.1         | 2,936,759         | 12.6         | 3,442,236         | 13.2         | 3,431,674         | 12.6         | 3,158,341         | 12.4         | 3,283,979         | 13.1         |
| <b>Total liabilities</b>                 | <b>18,342,118</b> | <b>95.3</b>  | <b>22,141,789</b> | <b>95.2</b>  | <b>24,893,649</b> | <b>95.1</b>  | <b>25,823,272</b> | <b>95.1</b>  | <b>24,361,269</b> | <b>95.4</b>  | <b>23,897,874</b> | <b>95.2</b>  |
| Goodwill                                 | 58,943            | 0.3          | 93,388            | 0.4          | 183,429           | 0.7          | 217,698           | 0.8          | 202,882           | 0.8          | 192,542           | 0.8          |
| <b>Net worth</b>                         | <b>909,325</b>    | <b>4.7</b>   | <b>1,122,372</b>  | <b>4.8</b>   | <b>1,279,752</b>  | <b>4.9</b>   | <b>1,321,626</b>  | <b>4.9</b>   | <b>1,183,381</b>  | <b>4.6</b>   | <b>1,191,907</b>  | <b>4.8</b>   |
| <i>represented by:</i>                   |                   |              |                   |              |                   |              |                   |              |                   |              |                   |              |
| Issued share capital                     | 194,179           | 1.0          | 229,777           | 1.0          | 226,093           | 0.9          | 211,855           | 0.8          | 190,192           | 0.7          | 188,217           | 0.8          |
| Reserves                                 | 683,815           | 3.6          | 858,631           | 3.7          | 1,001,591         | 3.8          | 1,053,096         | 3.9          | 938,275           | 3.7          | 935,726           | 3.7          |
| Own shares                               | -22,431           | -0.1         | -39,684           | -0.2         | -40,054           | -0.2         | -43,704           | -0.2         | -43,524           | -0.2         | -37,898           | -0.2         |
| <b>Total</b>                             | <b>855,563</b>    | <b>4.4</b>   | <b>1,048,724</b>  | <b>4.5</b>   | <b>1,187,630</b>  | <b>4.5</b>   | <b>1,221,247</b>  | <b>4.5</b>   | <b>1,084,943</b>  | <b>4.2</b>   | <b>1,086,045</b>  | <b>4.3</b>   |
| Minority interests                       | 53,762            | 0.3          | 73,648            | 0.3          | 92,122            | 0.4          | 100,379           | 0.4          | 98,438            | 0.4          | 105,862           | 0.4          |
| <b>Funding from customers</b>            | <b>12,200,310</b> | <b>63.4</b>  | <b>14,795,716</b> | <b>63.6</b>  | <b>16,392,108</b> | <b>62.6</b>  | <b>17,144,647</b> | <b>63.2</b>  | <b>16,091,748</b> | <b>63.0</b>  | <b>15,565,796</b> | <b>62.0</b>  |
| <b>Total assets</b>                      | <b>19,251,443</b> | <b>100.0</b> | <b>23,264,161</b> | <b>100.0</b> | <b>26,173,401</b> | <b>100.0</b> | <b>27,144,898</b> | <b>100.0</b> | <b>25,544,650</b> | <b>100.0</b> | <b>25,089,781</b> | <b>100.0</b> |

(1) Including cash and central banks deposits.

TABLE II.3 - EMPLOYEES

71 COMPANIES

|                                      | 1998      | 1999      | 2000      | 2001      | 2002      | 2003      |
|--------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Average number of staff              | 3,122,364 | 3,238,930 | 3,406,001 | 3,493,083 | 3,488,443 | 3,471,401 |
| of which: from country of origin (%) | ...       | ...       | ...       | ...       | ...       | ...       |
| from elsewhere (%)                   | ...       | ...       | ...       | ...       | ...       | ...       |

TABLE II.4 - FINANCIAL RATIOS

71 COMPANIES

|   | 1998  | 1999  | 2000  | 2001  | 2002  | 2003  |
|---|-------|-------|-------|-------|-------|-------|
| Funding from customers per employee ('000 EUR) (1)          | 3,931 | 4,630 | 4,888 | 5,005 | 4,709 | 4,566 |
| Loans and advances to customers per employee ('000 EUR) (1) | 3,120 | 3,634 | 3,800 | 3,729 | 3,504 | 3,331 |
| Labour cost per employee ('000 EUR)                         | ...   | ...   | ...   | ...   | ...   | ...   |
| Cost / income ratio (%)                                     | 61.3  | 60.1  | 60.6  | 60.6  | 60.6  | 58.7  |
| Bad debts written off as % of total income (2)              | 22.5  | 12.3  | 11.6  | 17.1  | 16.0  | 11.5  |
| Dividends payout as % of net profit                         | 92.4  | 37.2  | 38.8  | 74.1  | 83.2  | 51.4  |
| ROE (%)   | 5.0   | 14.2  | 14.0  | 7.4   | 6.7   | 12.1  |
| ROA (%)   | 0.2   | 0.6   | 0.6   | 0.3   | 0.3   | 0.5   |
| Doubtful loans as % of loans to customers (3)               | 1.6   | 1.7   | 1.7   | 2.2   | 1.8   | 1.3   |
| Doubtful loans as % of net worth (3)                        | 16.6  | 17.5  | 16.3  | 20.7  | 17.7  | 11.9  |
| Loans, advances and cash as % of total funding              | 102.2 | 102.1 | 101.7 | 100.7 | 101.2 | 102.0 |
| Fixed assets as % of net worth                              | 46.7  | 47.9  | 54.4  | 58.6  | 59.0  | 54.7  |

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) Net of recovered.

(3) Calculated only on the basis of those exposures not completely covered by provisions. Figures cover Groups which accounted for 81% in 1998, 88.5% in 1999, 92.5% in 2000, 94.7% in 2001 and 93.5% in 2002 and 2003 of loans to customers of the sample.

TABLE II.1 - PROFIT AND LOSS ACCOUNTS

|   | 1995           |              | 1996           |              | 1997           |              | 1998           |              | 1999           |              | 2000           |              | 2001           |              | 2002           |              | 2003           |              |     |
|---|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|-----|
|   | EUR m          | %            | EUR m          | %            | EUR m          | %            | EUR m          | %            | EUR m          | %            | EUR m          | %            | EUR m          | %            | EUR m          | %            | EUR m          | %            |     |
| Interest receivable and similar income            | 502,455        |              | 507,469        |              | 554,685        |              | 598,309        |              | 617,150        |              | 766,282        |              | 797,376        |              | 669,753        |              | 580,023        |              |     |
| Interest payable and similar expenses             | -379,364       |              | -377,574       |              | -415,395       |              | -453,178       |              | -458,421       |              | -597,111       |              | -614,739       |              | -482,427       |              | -391,460       |              |     |
| <b>Interest margin</b>                            | <b>123,091</b> | <b>59.5</b>  | <b>129,895</b> | <b>57.4</b>  | <b>139,290</b> | <b>54.0</b>  | <b>145,131</b> | <b>52.0</b>  | <b>158,729</b> | <b>48.6</b>  | <b>169,171</b> | <b>43.8</b>  | <b>182,637</b> | <b>45.3</b>  | <b>187,326</b> | <b>49.8</b>  | <b>188,563</b> | <b>49.5</b>  |     |
| Commissions receivable and other operating income | 70,012         | 33.8         | 80,254         | 35.4         | 100,744        | 39.0         | 117,219        | 42.0         | 146,233        | 44.8         | 177,473        | 46.0         | 183,094        | 45.5         | 174,026        | 46.2         | 172,517        | 45.3         |     |
| Commissions payable and other operating expenses  | -12,660        | -6.1         | -15,128        | -6.7         | -18,692        | -7.2         | -20,023        | -7.2         | -29,139        | -8.9         | -28,288        | -7.3         | -31,412        | -7.8         | -32,672        | -8.7         | -34,980        | -9.2         |     |
| Dividends and share of profit (loss)              | 6,763          | 3.3          | 7,708          | 3.4          | 9,490          | 3.7          | 10,463         | 3.7          | 11,436         | 3.5          | 14,443         | 3.7          | 15,542         | 3.9          | 10,049         | 2.7          | 12,857         | 3.4          |     |
| Gains (losses) on financial transactions          | 19,820         | 9.6          | 23,703         | 10.5         | 27,333         | 10.6         | 26,484         | 9.5          | 39,278         | 12.0         | 53,241         | 13.8         | 52,882         | 13.1         | 37,647         | 10.0         | 41,949         | 11.0         |     |
| <b>Total income</b>                               | <b>207,026</b> | <b>100.0</b> | <b>226,432</b> | <b>100.0</b> | <b>258,165</b> | <b>100.0</b> | <b>279,274</b> | <b>100.0</b> | <b>326,537</b> | <b>100.0</b> | <b>386,040</b> | <b>100.0</b> | <b>402,743</b> | <b>100.0</b> | <b>376,376</b> | <b>100.0</b> | <b>380,906</b> | <b>100.0</b> |     |
| Labour costs                                      | -81,146        | -39.2        | -85,999        | -38.0        | -96,439        | -37.4        | -101,804       | -36.5        | -119,961       | -36.7        | -142,320       | -36.9        | -152,094       | -37.8        | -142,876       | -38.0        | -137,386       | -36.1        |     |
| General expenses                                  | -45,564        | -22.0        | -49,200        | -21.7        | -57,713        | -22.4        | -64,108        | -23.0        | -71,546        | -21.9        | -83,544        | -21.6        | -91,791        | -22.8        | -86,145        | -22.9        | -80,932        | -21.2        |     |
| Bad debts recovered (written off)                 | -22,717        | -11.0        | -23,748        | -10.5        | -23,710        | -9.2         | -30,805        | -11.0        | -25,882        | -7.9         | -23,593        | -6.1         | -36,338        | -9.0         | -48,452        | -12.9        | -38,462        | -10.1        |     |
| Depreciation and amortization                     | -10,632        | -5.1         | -11,516        | -5.1         | -12,297        | -4.8         | -13,312        | -4.8         | -15,386        | -4.7         | -18,151        | -4.7         | -19,847        | -4.9         | -19,343        | -5.1         | -17,640        | -4.6         |     |
| <b>Current pre-tax profit</b>                     | <b>46,967</b>  | <b>22.7</b>  | <b>55,969</b>  | <b>24.7</b>  | <b>68,006</b>  | <b>26.3</b>  | <b>69,245</b>  | <b>24.8</b>  | <b>93,762</b>  | <b>28.7</b>  | <b>118,432</b> | <b>30.7</b>  | <b>102,673</b> | <b>25.5</b>  | <b>79,560</b>  | <b>21.1</b>  | <b>106,486</b> | <b>28.0</b>  |     |
| Amortization of goodwill                          | -1,035         | -0.5         | -1,158         | -0.5         | -2,929         | -1.1         | -3,392         | -1.2         | -3,373         | -1.0         | -5,643         | -1.5         | -9,736         | -2.4         | -12,041        | -3.2         | -10,666        | -2.8         |     |
| Transfer to credit risk provision                 | -369           | -0.2         | -1,298         | -0.6         | -814           | -0.3         | -339           | -0.1         | -247           | -0.1         | -136           | 0.0          | -204           | -0.1         | -2             | 0.0          | -111           | 0.0          |     |
| Transfer from (to) reserves                       | -706           | -0.3         | -2,336         | -1.0         | -1,923         | -0.7         | -758           | -0.3         | -2,291         | -0.7         | -1,454         | -0.4         | -330           | -0.1         | 217            | 0.1          | -723           | -0.2         |     |
| Fixed asset revaluations (writedowns)             | -596           | -0.3         | -1,148         | -0.5         | 205            | 0.1          | -1,008         | -0.4         | 230            | 0.1          | -775           | -0.2         | -5,035         | -1.3         | -7,331         | -1.9         | -5,611         | -1.5         |     |
| Extraordinary items                               | 1,557          | 0.8          | -976           | -0.4         | -2,154         | -0.8         | 10,566         | 3.8          | 11,585         | 3.5          | 17,770         | 4.6          | 11,495         | 2.9          | 12,466         | 3.3          | 3,521          | 0.9          |     |
| Cumulative effect of accounting changes           | 0              | 0.0          | 0              | 0.0          | 0              | 0.0          | 0              | 0.0          | 0              | 0.0          | 0              | 0.0          | 0.0            | 0            | 0.0            | -729         | -0.2           | -175         | 0.0 |
| <b>Profit (loss) before tax</b>                   | <b>45,818</b>  | <b>22.1</b>  | <b>49,053</b>  | <b>21.7</b>  | <b>60,391</b>  | <b>23.4</b>  | <b>74,314</b>  | <b>26.6</b>  | <b>99,666</b>  | <b>30.5</b>  | <b>128,194</b> | <b>33.2</b>  | <b>98,538</b>  | <b>24.5</b>  | <b>72,140</b>  | <b>19.2</b>  | <b>92,721</b>  | <b>24.3</b>  |     |
| Taxation  | -14,913        | -7.2         | -17,560        | -7.8         | -18,776        | -7.3         | -23,693        | -8.5         | -28,739        | -8.8         | -32,649        | -8.5         | -25,952        | -6.4         | -22,559        | -6.0         | -27,257        | -7.2         |     |
| Profit attributable to minorities                 | -2,271         | -1.1         | -2,596         | -1.1         | -3,397         | -1.3         | -3,202         | -1.1         | -4,222         | -1.3         | -6,611         | -1.7         | -6,628         | -1.6         | -5,560         | -1.5         | -6,009         | -1.6         |     |
| <b>Net profit attributable to parent company</b>  | <b>28,634</b>  | <b>13.8</b>  | <b>28,897</b>  | <b>12.8</b>  | <b>38,218</b>  | <b>14.8</b>  | <b>47,419</b>  | <b>17.0</b>  | <b>66,705</b>  | <b>20.4</b>  | <b>88,934</b>  | <b>23.0</b>  | <b>65,958</b>  | <b>16.4</b>  | <b>44,021</b>  | <b>11.7</b>  | <b>59,455</b>  | <b>15.6</b>  |     |
| <i>Dividends payout</i>                           | <i>13,070</i>  | <i>6.3</i>   | <i>13,338</i>  | <i>5.9</i>   | <i>17,161</i>  | <i>6.6</i>   | <i>20,646</i>  | <i>7.4</i>   | <i>25,660</i>  | <i>7.9</i>   | <i>32,513</i>  | <i>8.4</i>   | <i>35,737</i>  | <i>8.9</i>   | <i>33,256</i>  | <i>8.8</i>   | <i>36,368</i>  | <i>9.5</i>   |     |

TABLE II.2 - FINANCIAL STATEMENTS

EUROPE

|  | 1995             |              | 1996             |              | 1997              |              | 1998              |              | 1999              |              | 2000              |              | 2001              |              | 2002              |              | 2003              |              |
|--|------------------|--------------|------------------|--------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|
|  | EUR m            | %            | EUR m            | %            | EUR m             | %            | EUR m             | %            | EUR m             | %            | EUR m             | %            | EUR m             | %            | EUR m             | %            | EUR m             | %            |
| Cash and deposits at central banks       | 56,879           | 0.7          | 65,159           | 0.7          | 75,445            | 0.7          | 78,704            | 0.7          | 125,264           | 1.0          | 131,541           | 0.9          | 165,422           | 1.0          | 149,119           | 0.9          | 156,287           | 1.0          |
| Fixed-income securities                  | 1,322,526        | 16.3         | 1,556,811        | 17.4         | 1,907,867         | 18.3         | 2,170,073         | 19.4         | 2,564,304         | 19.7         | 2,908,718         | 19.4         | 3,401,770         | 20.8         | 3,237,466         | 20.3         | 3,317,734         | 20.5         |
| Loans and advances to banks              | 1,802,711        | 22.2         | 1,922,156        | 21.5         | 2,149,521         | 20.6         | 2,147,296         | 19.2         | 2,197,176         | 16.9         | 2,393,043         | 16.0         | 2,618,601         | 16.0         | 2,595,691         | 16.3         | 2,703,206         | 16.7         |
| Loans and advances to customers          | 3,987,973        | 49.0         | 4,311,700        | 48.2         | 4,871,081         | 46.7         | 5,111,291         | 45.6         | 5,861,790         | 45.0         | 6,704,589         | 44.7         | 7,029,875         | 43.0         | 6,983,566         | 43.9         | 6,956,511         | 43.0         |
| <b>Loans, advances and cash</b>          | <b>7,170,089</b> | <b>88.2</b>  | <b>7,855,826</b> | <b>87.8</b>  | <b>9,003,914</b>  | <b>86.4</b>  | <b>9,507,364</b>  | <b>84.8</b>  | <b>10,748,534</b> | <b>82.5</b>  | <b>12,137,891</b> | <b>80.9</b>  | <b>13,215,668</b> | <b>80.8</b>  | <b>12,965,842</b> | <b>81.5</b>  | <b>13,133,738</b> | <b>81.1</b>  |
| Equity shares                            | 115,535          | 1.4          | 144,735          | 1.6          | 189,271           | 1.8          | 229,363           | 2.0          | 357,613           | 2.7          | 472,664           | 3.2          | 456,091           | 2.8          | 354,431           | 2.2          | 460,436           | 2.8          |
| Interests in subsidiaries and associated | 80,843           | 1.0          | 81,358           | 0.9          | 88,932            | 0.9          | 119,511           | 1.1          | 145,959           | 1.1          | 173,143           | 1.2          | 200,998           | 1.2          | 174,427           | 1.1          | 161,441           | 1.0          |
| Intangible assets                        | 3,100            | 0.0          | 3,116            | 0.0          | 4,501             | 0.0          | 6,037             | 0.1          | 7,207             | 0.1          | 19,048            | 0.1          | 18,408            | 0.1          | 18,526            | 0.1          | 19,831            | 0.1          |
| Net tangible assets                      | 106,401          | 1.3          | 107,729          | 1.2          | 115,519           | 1.1          | 122,071           | 1.1          | 135,580           | 1.0          | 151,185           | 1.0          | 164,100           | 1.0          | 158,033           | 1.0          | 150,213           | 0.9          |
| Other assets                             | 647,494          | 8.0          | 745,350          | 8.3          | 1,011,776         | 9.7          | 1,214,121         | 10.8         | 1,598,739         | 12.3         | 1,933,736         | 12.9         | 2,182,520         | 13.3         | 2,128,520         | 13.4         | 2,156,717         | 13.3         |
| <b>Total</b>                             | <b>8,123,462</b> | <b>99.9</b>  | <b>8,938,114</b> | <b>99.9</b>  | <b>10,413,913</b> | <b>99.9</b>  | <b>11,198,467</b> | <b>99.9</b>  | <b>12,993,632</b> | <b>99.7</b>  | <b>14,887,667</b> | <b>99.3</b>  | <b>16,238,048</b> | <b>99.3</b>  | <b>15,799,779</b> | <b>99.3</b>  | <b>16,082,376</b> | <b>99.3</b>  |
| Deposits by banks                        | 2,072,217        | 25.5         | 2,269,287        | 25.4         | 2,561,589         | 24.6         | 2,579,635         | 23.0         | 2,842,607         | 21.8         | 3,255,291         | 21.7         | 3,454,060         | 21.1         | 3,335,820         | 21.0         | 3,451,373         | 21.3         |
| Customer deposits                        | 3,304,765        | 40.6         | 3,577,933        | 40.0         | 4,125,533         | 39.6         | 4,286,477         | 38.2         | 4,752,582         | 36.5         | 5,476,324         | 36.5         | 6,138,285         | 37.5         | 5,962,378         | 37.5         | 6,034,983         | 37.3         |
| Debt securities and certif. of deposit   | 1,493,914        | 18.4         | 1,635,098        | 18.3         | 1,852,302         | 17.8         | 2,127,082         | 19.0         | 2,576,430         | 19.8         | 2,847,077         | 19.0         | 3,058,790         | 18.7         | 2,989,132         | 18.8         | 2,904,481         | 17.9         |
| Subordinated liabilities                 | 145,496          | 1.8          | 164,247          | 1.8          | 197,431           | 1.9          | 208,031           | 1.9          | 272,889           | 2.1          | 321,613           | 2.1          | 366,945           | 2.2          | 367,636           | 2.3          | 363,548           | 2.2          |
| <b>Total funding</b>                     | <b>7,016,392</b> | <b>86.3</b>  | <b>7,646,565</b> | <b>85.5</b>  | <b>8,736,855</b>  | <b>83.8</b>  | <b>9,201,225</b>  | <b>82.1</b>  | <b>10,444,508</b> | <b>80.2</b>  | <b>11,900,305</b> | <b>79.4</b>  | <b>13,018,080</b> | <b>79.6</b>  | <b>12,654,966</b> | <b>79.5</b>  | <b>12,754,385</b> | <b>78.8</b>  |
| Provision for employee benefits          | 20,267           | 0.2          | 20,616           | 0.2          | 20,841            | 0.2          | 25,462            | 0.2          | 29,016            | 0.2          | 41,556            | 0.3          | 37,591            | 0.2          | 41,545            | 0.3          | 39,478            | 0.2          |
| Provision for deferred taxation          | 12,876           | 0.2          | 15,241           | 0.2          | 19,640            | 0.2          | 24,750            | 0.2          | 35,403            | 0.3          | 42,636            | 0.3          | 41,752            | 0.3          | 43,113            | 0.3          | 38,047            | 0.2          |
| Credit risk provision                    | 7,547            | 0.1          | 7,600            | 0.1          | 7,238             | 0.1          | 7,378             | 0.1          | 6,389             | 0.0          | 7,858             | 0.1          | 8,190             | 0.1          | 8,007             | 0.1          | 7,809             | 0.0          |
| Other liabilities                        | 730,616          | 9.0          | 896,716          | 10.0         | 1,227,335         | 11.8         | 1,498,848         | 13.4         | 1,978,507         | 15.2         | 2,357,566         | 15.7         | 2,548,936         | 15.6         | 2,515,568         | 15.8         | 2,681,618         | 16.6         |
| <b>Total liabilities</b>                 | <b>7,787,698</b> | <b>95.8</b>  | <b>8,586,738</b> | <b>96.0</b>  | <b>10,011,909</b> | <b>96.0</b>  | <b>10,757,663</b> | <b>95.9</b>  | <b>12,493,823</b> | <b>95.9</b>  | <b>14,349,921</b> | <b>95.7</b>  | <b>15,654,549</b> | <b>95.7</b>  | <b>15,263,199</b> | <b>95.9</b>  | <b>15,521,337</b> | <b>95.8</b>  |
| Goodwill                                 | 7,125            | 0.1          | 9,055            | 0.1          | 9,863             | 0.1          | 13,704            | 0.1          | 33,363            | 0.3          | 109,455           | 0.7          | 118,853           | 0.7          | 110,284           | 0.7          | 111,930           | 0.7          |
| <b>Net worth</b>                         | <b>342,889</b>   | <b>4.2</b>   | <b>360,431</b>   | <b>4.0</b>   | <b>411,867</b>    | <b>4.0</b>   | <b>454,508</b>    | <b>4.1</b>   | <b>533,172</b>    | <b>4.1</b>   | <b>647,201</b>    | <b>4.3</b>   | <b>702,352</b>    | <b>4.3</b>   | <b>646,864</b>    | <b>4.1</b>   | <b>672,969</b>    | <b>4.2</b>   |
| <i>represented by:</i>                   |                  |              |                  |              |                   |              |                   |              |                   |              |                   |              |                   |              |                   |              |                   |              |
| Issued share capital                     | 60,975           | 0.7          | 62,069           | 0.7          | 66,417            | 0.6          | 68,805            | 0.6          | 73,007            | 0.6          | 73,171            | 0.5          | 85,058            | 0.5          | 87,949            | 0.6          | 92,551            | 0.6          |
| Reserves                                 | 260,329          | 3.2          | 276,328          | 3.1          | 319,657           | 3.1          | 356,681           | 3.2          | 419,403           | 3.2          | 516,235           | 3.4          | 555,146           | 3.4          | 504,958           | 3.2          | 517,180           | 3.2          |
| Own shares                               | -2,582           | 0.0          | -3,925           | 0.0          | -5,456            | -0.1         | -6,488            | -0.1         | -9,573            | -0.1         | -11,289           | -0.1         | -9,189            | -0.1         | -12,068           | -0.1         | -11,577           | -0.1         |
| <b>Total</b>                             | <b>318,722</b>   | <b>3.9</b>   | <b>334,472</b>   | <b>3.7</b>   | <b>380,618</b>    | <b>3.7</b>   | <b>418,998</b>    | <b>3.7</b>   | <b>482,837</b>    | <b>3.7</b>   | <b>578,117</b>    | <b>3.9</b>   | <b>631,015</b>    | <b>3.9</b>   | <b>580,839</b>    | <b>3.7</b>   | <b>598,154</b>    | <b>3.7</b>   |
| Minority interests                       | 24,167           | 0.3          | 25,959           | 0.3          | 31,249            | 0.3          | 35,510            | 0.3          | 50,335            | 0.4          | 69,084            | 0.5          | 71,337            | 0.4          | 66,025            | 0.4          | 74,815            | 0.5          |
| <b>Funding from customers</b>            | <b>4,944,175</b> | <b>60.8</b>  | <b>5,377,278</b> | <b>60.1</b>  | <b>6,175,266</b>  | <b>59.2</b>  | <b>6,621,590</b>  | <b>59.1</b>  | <b>7,601,901</b>  | <b>58.4</b>  | <b>8,645,014</b>  | <b>57.6</b>  | <b>9,564,020</b>  | <b>58.5</b>  | <b>9,319,146</b>  | <b>58.6</b>  | <b>9,303,012</b>  | <b>57.4</b>  |
| <b>Total assets</b>                      | <b>8,130,587</b> | <b>100.0</b> | <b>8,947,169</b> | <b>100.0</b> | <b>10,423,776</b> | <b>100.0</b> | <b>11,212,171</b> | <b>100.0</b> | <b>13,026,995</b> | <b>100.0</b> | <b>14,997,122</b> | <b>100.0</b> | <b>16,356,901</b> | <b>100.0</b> | <b>15,910,063</b> | <b>100.0</b> | <b>16,194,306</b> | <b>100.0</b> |

TABLE II.3 - EMPLOYEES

EUROPE

|  | 1995          | 1996      | 1997      | 1998      | 1999      | 2000      | 2001      | 2002      | 2003      |
|--|---------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Average number of staff                  | 1,642,680 (1) | 1,692,715 | 1,793,020 | 1,864,469 | 1,962,049 | 2,094,849 | 2,155,882 | 2,151,910 | 2,138,136 |
| of which: from country of origin (%) (2) | ...           | 73.8      | 69.7      | 67.2      | 65.2      | 58.5      | 54.3      | 53.7      | 52.7      |
| from elsewhere (%) (2)                   | ...           | 26.2      | 30.3      | 32.8      | 34.8      | 41.5      | 45.7      | 46.3      | 47.3      |

(1) For 54 of the 57 companies subsequently considered.

(2) Figures for companies which cover 57% of total number of staff in 1996, 58% in 1997, 64% in 1998, 70% in 1999, 88% in 2000 and 90% in 2001, 2002 and 2003.

TABLE II.4 - FINANCIAL RATIOS

EUROPE

|   | 1995      | 1996  | 1997  | 1998  | 1999  | 2000  | 2001  | 2002  | 2003  |
|---|-----------|-------|-------|-------|-------|-------|-------|-------|-------|
| Funding from customers per employee ('000 EUR) (1)          | 2,965 (2) | 3,231 | 3,553 | 3,664 | 3,997 | 4,256 | 4,580 | 4,479 | 4,482 |
| Loans and advances to customers per employee ('000 EUR) (1) | 2,410 (2) | 2,591 | 2,803 | 2,829 | 3,082 | 3,301 | 3,367 | 3,356 | 3,352 |
| Labour cost per employee ('000 EUR) (1)                     | 49 (2)    | 52    | 56    | 57    | 64    | 71    | 75    | 70    | 68    |
| Cost / income ratio (%)                                     | 66.3      | 64.8  | 64.5  | 64.2  | 63.4  | 63.2  | 65.5  | 66.0  | 61.9  |
| Bad debts written off as % of total income (3)              | 11.0      | 10.5  | 9.2   | 11.0  | 7.9   | 6.1   | 9.0   | 12.9  | 10.1  |
| Dividends payout as % of net profit                         | 45.6      | 46.2  | 44.9  | 43.5  | 38.5  | 36.6  | 54.2  | 75.5  | 61.2  |
| ROE (%)   | 9.9       | 9.5   | 11.2  | 12.8  | 16.0  | 18.2  | 11.7  | 8.2   | 11.0  |
| ROA (%)   | 0.4       | 0.3   | 0.4   | 0.4   | 0.5   | 0.6   | 0.4   | 0.3   | 0.4   |
| Doubtful loans as % of loans to customers (4)               | 2.3       | 1.8   | 1.3   | 1.2   | 1.1   | 1.1   | 1.2   | 1.2   | 1.1   |
| Doubtful loans as % of net worth (4)                        | 24.7      | 20.8  | 15.4  | 13.8  | 12.5  | 10.9  | 11.5  | 12.8  | 11.0  |
| Loans, advances and cash as % of total funding              | 102.2     | 102.7 | 103.1 | 103.3 | 102.9 | 102.0 | 101.5 | 102.5 | 103.0 |
| Fixed assets as % of net worth                              | 57.6      | 55.8  | 53.1  | 57.5  | 60.4  | 70.0  | 71.5  | 71.3  | 65.9  |

Funding from customers = customer deposits plus debt securities and certificates of deposits 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 40.8% in 1995, 44.7% in 1996, 55.3% in 1997, 64.5% in 1998, 77.3% in 1999, 85.8% in 2000, 90.4% in 2001, 88.9% in 2002 and 89.3% in 2003 of loans to customers of the sample.



TABLE II.1 - PROFIT AND LOSS ACCOUNTS

JAPAN

|   | 1998          |              | 1999         |              | 2000         |              | 2001          |              | 2002          |              | 2003          |              |
|---|---------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|
|   | JPY bn        | %            | JPY bn       | %            | JPY bn       | %            | JPY bn        | %            | JPY bn        | %            | JPY bn        | %            |
| Interest receivable and similar income            | 20,495        |              | 16,637       |              | 14,474       |              | 12,673        |              | 9,755         |              | 8,695         |              |
| Interest payable and similar expenses             | -13,573       |              | -9,833       |              | -7,972       |              | -5,631        |              | -3,300        |              | -2,468        |              |
| <b>Interest margin</b>                            | <b>6,922</b>  | <b>66.3</b>  | <b>6,804</b> | <b>72.7</b>  | <b>6,501</b> | <b>66.0</b>  | <b>7,042</b>  | <b>67.5</b>  | <b>6,455</b>  | <b>59.8</b>  | <b>6,227</b>  | <b>58.7</b>  |
| Commissions receivable and other operating income | 3,488         | 33.4         | 3,401        | 36.3         | 3,741        | 38.0         | 3,649         | 35.0         | 3,340         | 30.9         | 3,357         | 31.6         |
| Commissions payable and other operating expenses  | -1,197        | -11.5        | -1,349       | -14.4        | -1,368       | -13.9        | -1,226        | -11.8        | -999          | -9.3         | -799          | -7.5         |
| Dividends and share of profit (loss) (1)          | 0             | 0.0          | 8            | 0.1          | 44           | 0.4          | 44            | 0.4          | 49            | 0.5          | 68            | 0.6          |
| Gains (losses) on financial transactions          | 1,235         | 11.8         | 497          | 5.3          | 926          | 9.4          | 919           | 8.8          | 1,954         | 18.1         | 1,757         | 16.6         |
| <b>Total income</b>                               | <b>10,448</b> | <b>100.0</b> | <b>9,361</b> | <b>100.0</b> | <b>9,843</b> | <b>100.0</b> | <b>10,429</b> | <b>100.0</b> | <b>10,799</b> | <b>100.0</b> | <b>10,610</b> | <b>100.0</b> |
| Labour costs                                      | ...           | ...          | ...          | ...          | ...          | ...          | ...           | ...          | ...           | ...          | ...           | ...          |
| General expenses (2)                              | -5,437        | -52.0        | -5,180       | -55.3        | -5,173       | -52.6        | -5,369        | -51.5        | -5,129        | -47.5        | -4,911        | -46.3        |
| Bad debts recovered (written off)                 | -10,237       | -98.0        | -4,057       | -43.3        | -4,360       | -44.3        | -7,320        | -70.2        | -4,599        | -42.6        | -3,154        | -29.7        |
| Depreciation and amortization                     | -452          | -4.3         | -387         | -4.1         | -392         | -4.0         | -460          | -4.4         | -516          | -4.8         | -478          | -4.5         |
| <b>Current pre-tax profit</b>                     | <b>-5,678</b> | <b>-54.3</b> | <b>-264</b>  | <b>-2.8</b>  | <b>-83</b>   | <b>-0.8</b>  | <b>-2,720</b> | <b>-26.1</b> | <b>555</b>    | <b>5.1</b>   | <b>2,067</b>  | <b>19.5</b>  |
| Amortization of goodwill                          | -71           | -0.7         | -34          | -0.4         | -40          | -0.4         | -39           | -0.4         | -84           | -0.8         | -7            | -0.1         |
| Transfer to credit risk provision                 | -2,322        | -22.2        | -343         | -3.7         | -152         | -1.5         | -505          | -4.8         | -31           | -0.3         | -5            | 0.0          |
| Transfer from (to) reserves                       | 2             | 0.0          | 0            | 0.0          | 0            | 0.0          | -15           | -0.1         | 0             | 0.0          | 0             | 0.0          |
| Fixed asset revaluations (writedowns)             | -792          | -7.6         | -645         | -6.9         | -400         | -4.1         | -1,661        | -15.9        | -2,061        | -19.1        | -111          | -1.0         |
| Extraordinary items                               | 1,686         | 16.1         | 3,627        | 38.7         | 1,620        | 16.5         | -506          | -4.9         | -1,980        | -18.3        | -215          | -2.0         |
| Cumulative effect of accounting changes           | 0             | 0.0          | 0            | 0.0          | 0            | 0.0          | 9             | 0.1          | -1            | 0.0          | 0             | 0.0          |
| <b>Profit (loss) before tax</b>                   | <b>-7,175</b> | <b>-68.7</b> | <b>2,341</b> | <b>25.0</b>  | <b>945</b>   | <b>9.6</b>   | <b>-5,437</b> | <b>-52.1</b> | <b>-3,602</b> | <b>-33.4</b> | <b>1,729</b>  | <b>16.3</b>  |
| Taxation  | 1,663         | 15.9         | -1,348       | -14.4        | -563         | -5.7         | 1,547         | 14.8         | -307          | -2.8         | -1,523        | -14.4        |
| Profit attributable to minorities                 | -4            | 0.0          | -18          | -0.2         | -87          | -0.9         | -82           | -0.8         | -129          | -1.2         | -176          | -1.7         |
| <b>Net profit attributable to parent company</b>  | <b>-5,517</b> | <b>-52.8</b> | <b>975</b>   | <b>10.4</b>  | <b>296</b>   | <b>3.0</b>   | <b>-3,972</b> | <b>-38.1</b> | <b>-4,038</b> | <b>-37.4</b> | <b>30</b>     | <b>0.3</b>   |
| <i>Dividends payout</i>                           | 348           | 3.3          | 374          | 4.0          | 183          | 1.9          | 262           | 2.5          | 189           | 1.8          | 288           | 2.7          |

(1) Excluding dividends included under interest receivable and similar income.

(2) Including labour costs for which no separate figure is available.

TABLE II.2 - FINANCIAL STATEMENTS

JAPAN

|  | 1998           |              | 1999           |              | 2000           |              | 2001           |              | 2002           |              | 2003           |              |
|--|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|
|  | JPY md         | %            | JPY md         | %            | JPY md         | %            | JPY md         | %            | JPY md         | %            | JPY md         | %            |
| 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         | 186,122        | 29.6         |
| Loans and advances to banks (1)          | 59,556         | 9.3          | 59,456         | 9.4          | 63,065         | 9.2          | 62,876         | 9.9          | 66,515         | 10.7         | 69,761         | 11.1         |
| Loans and advances to customers          | 382,003        | 59.9         | 373,309        | 59.1         | 377,436        | 54.9         | 357,625        | 56.1         | 330,086        | 53.2         | 314,461        | 50.1         |
| <b>Loans, advances and cash</b>          | <b>532,156</b> | <b>83.5</b>  | <b>539,993</b> | <b>85.5</b>  | <b>592,144</b> | <b>86.2</b>  | <b>558,040</b> | <b>87.5</b>  | <b>558,176</b> | <b>89.9</b>  | <b>570,344</b> | <b>90.8</b>  |
| Equity shares                            | 40,572         | 6.4          | 41,146         | 6.5          | 37,043         | 5.4          | 27,928         | 4.4          | 18,597         | 3.0          | 20,320         | 3.2          |
| Interests in subsidiaries and associated | 214            | 0.0          | 462            | 0.1          | 669            | 0.1          | 399            | 0.1          | 376            | 0.1          | 385            | 0.1          |
| Intangible assets                        | 27             | 0.0          | 24             | 0.0          | 61             | 0.0          | 647            | 0.1          | 675            | 0.1          | 754            | 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          | 5,393          | 0.9          |
| Other assets                             | 56,068         | 8.8          | 42,029         | 6.7          | 49,465         | 7.2          | 43,497         | 6.8          | 36,334         | 5.9          | 31,010         | 4.9          |
| <b>Total</b>                             | <b>637,011</b> | <b>100.0</b> | <b>631,384</b> | <b>100.0</b> | <b>686,961</b> | <b>100.0</b> | <b>637,371</b> | <b>100.0</b> | <b>620,478</b> | <b>100.0</b> | <b>628,205</b> | <b>100.0</b> |
| Deposits by banks                        | 73,382         | 11.5         | 63,859         | 10.1         | 81,211         | 11.8         | 77,705         | 12.2         | 97,523         | 15.7         | 94,618         | 15.1         |
| Customer deposits                        | 389,960        | 61.2         | 397,521        | 62.9         | 429,636        | 62.5         | 423,215        | 66.4         | 413,783        | 66.7         | 425,449        | 67.7         |
| Debt securities and certif. of deposit   | 60,479         | 9.5          | 60,774         | 9.6          | 57,931         | 8.4          | 52,014         | 8.2          | 44,696         | 7.2          | 40,071         | 6.4          |
| Subordinated liabilities                 | 17,561         | 2.8          | 17,244         | 2.7          | 18,059         | 2.6          | 16,166         | 2.5          | 12,567         | 2.0          | 13,002         | 2.1          |
| <b>Total funding</b>                     | <b>541,382</b> | <b>85.0</b>  | <b>539,399</b> | <b>85.4</b>  | <b>586,837</b> | <b>85.4</b>  | <b>569,100</b> | <b>89.3</b>  | <b>568,569</b> | <b>91.6</b>  | <b>573,139</b> | <b>91.2</b>  |
| Provision for employee benefits          | 772            | 0.1          | 741            | 0.1          | 695            | 0.1          | 676            | 0.1          | 686            | 0.1          | 471            | 0.1          |
| Provision for deferred taxation          | 1,063          | 0.2          | 979            | 0.2          | 1,051          | 0.2          | 817            | 0.1          | 707            | 0.1          | 713            | 0.1          |
| Credit risk provision                    | 1,294          | 0.2          | 1,274          | 0.2          | 831            | 0.1          | 945            | 0.1          | 178            | 0.0          | 116            | 0.0          |
| Other liabilities                        | 64,116         | 10.1         | 58,812         | 9.3          | 67,830         | 9.9          | 41,661         | 6.5          | 29,860         | 4.8          | 28,732         | 4.6          |
| <b>Total liabilities</b>                 | <b>608,627</b> | <b>95.5</b>  | <b>601,205</b> | <b>95.2</b>  | <b>657,245</b> | <b>95.6</b>  | <b>613,201</b> | <b>96.2</b>  | <b>600,000</b> | <b>96.7</b>  | <b>603,171</b> | <b>96.0</b>  |
| Goodwill                                 | 195            | 0.0          | 256            | 0.0          | 288            | 0.0          | 151            | 0.0          | 95             | 0.0          | 88             | 0.0          |
| <b>Net worth</b>                         | <b>28,578</b>  | <b>4.5</b>   | <b>30,435</b>  | <b>4.8</b>   | <b>30,004</b>  | <b>4.4</b>   | <b>24,321</b>  | <b>3.8</b>   | <b>20,573</b>  | <b>3.3</b>   | <b>25,122</b>  | <b>4.0</b>   |
| <i>represented by:</i>                   |                |              |                |              |                |              |                |              |                |              |                |              |
| Issued share capital                     | 11,868         | 1.9          | 11,896         | 1.9          | 11,954         | 1.7          | 10,172         | 1.6          | 9,282          | 1.5          | 9,858          | 1.6          |
| Reserves                                 | 14,640         | 2.3          | 16,445         | 2.6          | 15,793         | 2.3          | 11,335         | 1.8          | 7,763          | 1.3          | 11,682         | 1.9          |
| Own shares                               | -72            | 0.0          | -41            | 0.0          | -34            | 0.0          | -215           | 0.0          | -211           | 0.0          | -170           | 0.0          |
| <b>Total</b>                             | <b>26,436</b>  | <b>4.1</b>   | <b>28,301</b>  | <b>4.5</b>   | <b>27,713</b>  | <b>4.0</b>   | <b>21,291</b>  | <b>3.3</b>   | <b>16,834</b>  | <b>2.7</b>   | <b>21,370</b>  | <b>3.4</b>   |
| Minority interests                       | 2,143          | 0.3          | 2,134          | 0.3          | 2,292          | 0.3          | 3,030          | 0.5          | 3,739          | 0.6          | 3,751          | 0.6          |
| <b>Funding from customers</b>            | <b>468,000</b> | <b>73.4</b>  | <b>475,539</b> | <b>75.3</b>  | <b>505,626</b> | <b>73.6</b>  | <b>491,395</b> | <b>77.1</b>  | <b>471,046</b> | <b>75.9</b>  | <b>478,522</b> | <b>76.2</b>  |
| <b>Total assets</b>                      | <b>637,206</b> | <b>100.0</b> | <b>631,640</b> | <b>100.0</b> | <b>687,249</b> | <b>100.0</b> | <b>637,522</b> | <b>100.0</b> | <b>620,573</b> | <b>100.0</b> | <b>628,293</b> | <b>100.0</b> |

(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    | 2003    |
|--------------------------------------|-------------|-------------|-------------|---------|---------|---------|
| Average number of staff (1)          | 203,216 (2) | 204,419 (3) | 212,856 (4) | 212,604 | 206,831 | 196,454 |
| 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  | 2003  |
|--|-----------|-----------|-----------|-------|-------|-------|
| Funding from customers per employee (JPY m) (1)          | 2,202 (2) | 2,287 (2) | 2,348 (2) | 2,311 | 2,277 | 2,436 |
| Loans and advances to customers per employee (JPY m) (1) | 1,800 (2) | 1,795 (2) | 1,752 (2) | 1,682 | 1,596 | 1,601 |
| Labour cost per employee (JPY m)                         | ...       | ...       | ...       | ...   | ...   | ...   |
| Cost / income ratio (%)                                  | 56.3      | 59.4      | 56.6      | 55.9  | 52.3  | 50.8  |
| Bad debts written off as % of total income (3)           | 98.0      | 43.3      | 44.3      | 70.2  | 42.6  | 29.7  |
| Dividends payout as % of net profit                      | n.c.      | 38.4      | 61.8      | n.c.  | n.c.  | 960.0 |
| ROE (%)  | n.c.      | 3.6       | 1.1       | n.c.  | n.c.  | 0.1   |
| ROA (%)  | n.c.      | 0.2       | 0         | n.c.  | n.c.  | 0     |
| Doubtful loans as % of loans to customers (4)            | 2.9       | 3.4       | 3.8       | 5.9   | 4.5   | 2.8   |
| Doubtful loans as % of net worth (4)                     | 39.2      | 41.5      | 47.3      | 87.4  | 72.2  | 35.3  |
| Loans, advances and cash as % of total funding           | 98.3      | 100.1     | 100.9     | 98.1  | 98.2  | 99.5  |
| Fixed assets as % of net worth                           | 29.4      | 27.8      | 28.7      | 33.1  | 36.3  | 26.4  |

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.

TABLE II.1 - PROFIT AND LOSS ACCOUNTS

UNITED STATES

|   | 1998           |              | 1999           |              | 2000           |              | 2001           |              | 2002           |              | 2003           |              |
|---|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|
|   | USD m          | %            | USD m          | %            | USD m          | %            | USD m          | %            | USD m          | %            | USD m          | %            |
| Interest receivable and similar income                | 253,458        |              | 252,825        |              | 297,637        |              | 279,639        |              | 238,377        |              | 226,146        |              |
| Interest payable at similar expenses                  | -138,789       |              | -133,167       |              | -172,996       |              | -140,200       |              | -88,771        |              | -71,589        |              |
| <b>Interest margin</b>                                | <b>114,669</b> | <b>54.8</b>  | <b>119,658</b> | <b>50.7</b>  | <b>124,641</b> | <b>49.6</b>  | <b>139,439</b> | <b>52.4</b>  | <b>149,606</b> | <b>53.2</b>  | <b>154,557</b> | <b>57.8</b>  |
| Commissions receivable and other operating income (1) | 81,201         | 38.8         | 95,730         | 40.5         | 106,148        | 42.2         | 110,735        | 41.6         | 118,505        | 42.2         | 126,746        | 42.4         |
| Commissions payable and other operating expenses      | ...            | ...          | ...            | ...          | ...            | ...          | ...            | ...          | ...            | ...          | ...            | ...          |
| Dividends and share of profit (loss) (2)              | 13,461         | 6.4          | 20,729         | 8.8          | 20,463         | 8.1          | 16,120         | 6.1          | 12,926         | 4.6          | 17,300         | 5.8          |
| Gains (losses) on financial transactions              | <b>209,331</b> | <b>100.0</b> | <b>236,117</b> | <b>100.0</b> | <b>251,252</b> | <b>100.0</b> | <b>266,294</b> | <b>100.0</b> | <b>281,037</b> | <b>100.0</b> | <b>298,603</b> | <b>100.0</b> |
| Labour costs  | -64,632        | -30.9        | -70,182        | -29.7        | -78,689        | -31.3        | -79,713        | -29.9        | -80,319        | -28.6        | -88,221        | -29.5        |
| General expenses                                      | -50,080        | -23.9        | -52,317        | -22.2        | -56,377        | -22.4        | -57,774        | -21.7        | -64,584        | -23.0        | -67,274        | -22.5        |
| Bad debts recovered (written off)                     | -15,759        | -7.5         | -14,971        | -6.3         | -20,583        | -8.2         | -31,703        | -11.9        | -33,011        | -11.7        | -23,140        | -7.7         |
| Depreciation and amortization                         | -8,638         | -4.1         | -9,575         | -4.1         | -11,339        | -4.5         | -10,758        | -4.0         | -11,264        | -4.0         | -11,599        | -3.9         |
| <b>Current pre-tax profit</b>                         | <b>70,222</b>  | <b>33.5</b>  | <b>89,072</b>  | <b>37.7</b>  | <b>84,264</b>  | <b>33.5</b>  | <b>86,346</b>  | <b>32.4</b>  | <b>91,859</b>  | <b>32.7</b>  | <b>108,369</b> | <b>36.3</b>  |
| Amortization of goodwill                              | -3,267         | -1.6         | -3,608         | -1.5         | -3,241         | -1.3         | -3,686         | -1.4         | 0              | 0.0          | 0              | 0.0          |
| Transfer to credit risk provision                     | 0              | 0.0          | 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          | 0              | 0.0          |
| Fixed asset revaluations (writedowns)                 | 0              | 0.0          | 0              | 0.0          | -1,862         | -0.7         | -3,585         | -1.3         | -3,146         | -1.1         | -1,136         | -0.4         |
| Extraordinary items                                   | -5,228         | -2.5         | 274            | 0.1          | -312           | -0.1         | -7,840         | -2.9         | -1,090         | -0.4         | 923            | 0.3          |
| Cumulative effect of accounting changes               | 0              | 0.0          | -211           | -0.1         | -46            | 0.0          | -393           | -0.1         | -514           | -0.2         | -28            | 0.0          |
| <b>Profit (loss) before tax</b>                       | <b>61,727</b>  | <b>29.5</b>  | <b>85,527</b>  | <b>36.2</b>  | <b>78,803</b>  | <b>31.4</b>  | <b>70,842</b>  | <b>26.6</b>  | <b>87,109</b>  | <b>31.0</b>  | <b>108,128</b> | <b>36.2</b>  |
| Taxation  | -21,312        | -10.2        | -30,220        | -12.8        | -28,318        | -11.3        | -24,178        | -9.1         | -27,954        | -9.9         | -35,423        | -11.9        |
| Profit attributable to minorities                     | -389           | -0.2         | -477           | -0.2         | -316           | -0.1         | -152           | -0.1         | -241           | -0.1         | -337           | -0.1         |
| <b>Net profit attributable to parent company</b>      | <b>40,026</b>  | <b>19.1</b>  | <b>54,830</b>  | <b>23.2</b>  | <b>50,169</b>  | <b>20.0</b>  | <b>46,512</b>  | <b>17.5</b>  | <b>58,914</b>  | <b>21.0</b>  | <b>72,368</b>  | <b>24.2</b>  |
| <i>Dividends payout</i>                               | 16,763         | 8.0          | 19,383         | 8.2          | 20,684         | 8.2          | 21,523         | 8.1          | 22,652         | 8.1          | 27,331         | 9.2          |

(1) Net of commissions payable and other operating expenses.

(2) Item not specified in balance sheets.

TABLE II.2 - FINANCIAL STATEMENTS

UNITED STATES

|   | 1998             |              | 1999             |              | 2000             |              | 2001             |              | 2002             |              | 2003             |              |
|---|------------------|--------------|------------------|--------------|------------------|--------------|------------------|--------------|------------------|--------------|------------------|--------------|
|   | USD m            | %            | USD m            | %            | USD m            | %            | USD m            | %            | USD m            | %            | USD m            | %            |
| Cash and deposits at central banks      | ...              | ...          | ...              | ...          | ...              | ...          | ...              | ...          | ...              | ...          | ...              | ...          |
| Fixed-income securities                 | 822,972          | 21.2         | 868,652          | 21.1         | 912,791          | 20.7         | 977,465          | 21.1         | 1,073,180        | 22.0         | 1,217,741        | 22.7         |
| Loans and advances to banks (1)         | 444,459          | 11.5         | 494,647          | 12.0         | 473,784          | 10.7         | 530,256          | 11.4         | 537,940          | 11.0         | 641,468          | 12.0         |
| Loans and advances to customers         | 2,032,058        | 52.4         | 2,129,651        | 51.8         | 2,333,033        | 52.8         | 2,328,201        | 50.2         | 2,451,187        | 50.3         | 2,615,440        | 48.8         |
| <b>Loans, advances and cash</b>         | <b>3,299,489</b> | <b>85.1</b>  | <b>3,492,950</b> | <b>85.0</b>  | <b>3,719,608</b> | <b>84.2</b>  | <b>3,835,922</b> | <b>82.7</b>  | <b>4,062,307</b> | <b>83.4</b>  | <b>4,474,649</b> | <b>83.5</b>  |
| Equity shares                           | 40,168           | 1.0          | 52,709           | 1.3          | 71,077           | 1.6          | 60,281           | 1.3          | 59,044           | 1.2          | 80,442           | 1.5          |
| Interest in subsidiaries and associated | 5,510            | 0.1          | 6,642            | 0.2          | 8,816            | 0.2          | 9,199            | 0.2          | 7,767            | 0.2          | 7,196            | 0.1          |
| Intangible assets                       | 19,594           | 0.5          | 27,434           | 0.7          | 35,089           | 0.8          | 43,414           | 0.9          | 38,532           | 0.8          | 50,514           | 0.9          |
| Net tangible assets                     | 41,599           | 1.1          | 41,871           | 1.0          | 41,750           | 0.9          | 41,668           | 0.9          | 42,430           | 0.9          | 43,353           | 0.8          |
| Other assets                            | 417,716          | 10.8         | 428,029          | 10.4         | 475,892          | 10.8         | 559,366          | 12.1         | 565,517          | 11.6         | 601,985          | 11.2         |
| <b>Total</b>                            | <b>3,824,076</b> | <b>98.7</b>  | <b>4,049,635</b> | <b>98.6</b>  | <b>4,352,232</b> | <b>98.5</b>  | <b>4,549,850</b> | <b>98.1</b>  | <b>4,775,597</b> | <b>98.0</b>  | <b>5,258,139</b> | <b>98.1</b>  |
| Deposits by banks                       | 707,793          | 18.3         | 830,829          | 20.2         | 838,652          | 19.0         | 866,256          | 18.7         | 897,487          | 18.4         | 978,286          | 18.3         |
| Customer deposits                       | 2,032,107        | 52.4         | 2,075,947        | 50.5         | 2,227,433        | 50.4         | 2,381,422        | 51.4         | 2,570,096        | 52.7         | 2,750,623        | 51.3         |
| Debt securities and certif. of deposit  | 326,245          | 8.4          | 392,653          | 9.6          | 457,763          | 10.4         | 401,091          | 8.7          | 415,137          | 8.5          | 530,516          | 9.9          |
| Subordinated liabilities                | 106,356          | 2.7          | 107,986          | 2.6          | 123,131          | 2.8          | 143,275          | 3.1          | 148,924          | 3.1          | 153,578          | 2.9          |
| <b>Total funding</b>                    | <b>3,172,501</b> | <b>81.9</b>  | <b>3,407,415</b> | <b>83.0</b>  | <b>3,646,979</b> | <b>82.5</b>  | <b>3,792,044</b> | <b>81.8</b>  | <b>4,028,644</b> | <b>82.7</b>  | <b>4,413,003</b> | <b>82.3</b>  |
| Provision for employee benefits         | 0                | 0.0          | 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          | 25,133           | 0.6          | 24,248           | 0.5          | 30,002           | 0.6          | 31,515           | 0.6          |
| Credit risk provision                   | 0                | 0.0          | 0                | 0.0          | 0                | 0.0          | 0                | 0.0          | 1,717            | 0.0          | 2,056            | 0.0          |
| Other liabilities                       | 405,641          | 10.5         | 387,533          | 9.4          | 418,976          | 9.5          | 459,600          | 9.9          | 422,336          | 8.7          | 492,078          | 9.2          |
| <b>Total liabilities</b>                | <b>3,591,158</b> | <b>92.7</b>  | <b>3,813,141</b> | <b>92.8</b>  | <b>4,091,088</b> | <b>92.6</b>  | <b>4,275,892</b> | <b>92.2</b>  | <b>4,482,699</b> | <b>92.0</b>  | <b>4,938,652</b> | <b>92.2</b>  |
| Goodwill                                | 51,295           | 1.3          | 57,794           | 1.4          | 66,324           | 1.5          | 85,958           | 1.9          | 96,303           | 2.0          | 100,993          | 1.9          |
| <b>Net worth</b>                        | <b>284,213</b>   | <b>7.3</b>   | <b>294,288</b>   | <b>7.2</b>   | <b>327,468</b>   | <b>7.4</b>   | <b>359,916</b>   | <b>7.8</b>   | <b>389,201</b>   | <b>8.0</b>   | <b>420,480</b>   | <b>7.8</b>   |
| <i>represented by:</i>                  |                  |              |                  |              |                  |              |                  |              |                  |              |                  |              |
| Issued share capital                    | 43,653           | 1.1          | 41,155           | 1.0          | 38,259           | 0.9          | 34,017           | 0.7          | 28,968           | 0.6          | 28,634           | 0.5          |
| Reserves                                | 255,868          | 6.6          | 280,432          | 6.8          | 314,183          | 7.1          | 352,230          | 7.6          | 388,973          | 8.0          | 419,373          | 7.8          |
| Own shares                              | -18,053          | -0.5         | -29,850          | -0.7         | -26,467          | -0.6         | -28,775          | -0.6         | -31,210          | -0.6         | -31,657          | -0.6         |
| <b>Total</b>                            | <b>281,468</b>   | <b>7.3</b>   | <b>291,737</b>   | <b>7.1</b>   | <b>325,975</b>   | <b>7.4</b>   | <b>357,472</b>   | <b>7.7</b>   | <b>386,731</b>   | <b>7.9</b>   | <b>416,350</b>   | <b>7.8</b>   |
| Minority interests                      | 2,745            | 0.1          | 2,551            | 0.1          | 1,493            | 0.0          | 2,444            | 0.1          | 2,470            | 0.1          | 4,130            | 0.1          |
| <b>Funding from customers</b>           | <b>2,464,708</b> | <b>63.6</b>  | <b>2,576,586</b> | <b>62.7</b>  | <b>2,808,327</b> | <b>63.6</b>  | <b>2,925,788</b> | <b>63.1</b>  | <b>3,131,157</b> | <b>64.3</b>  | <b>3,434,717</b> | <b>64.1</b>  |
| <b>Total assets</b>                     | <b>3,875,371</b> | <b>100.0</b> | <b>4,107,429</b> | <b>100.0</b> | <b>4,418,556</b> | <b>100.0</b> | <b>4,635,808</b> | <b>100.0</b> | <b>4,871,900</b> | <b>100.0</b> | <b>5,359,132</b> | <b>100.0</b> |

(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      | 2003      |
|--------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Average number of staff              | 1,054,679 | 1,072,462 | 1,098,296 | 1,124,597 | 1,129,702 | 1,136,811 |
| of which: from country of origin (%) | ...       | ...       | ...       | ...       | ...       | ...       |
| from elsewhere (%)                   | ...       | ...       | ...       | ...       | ...       | ...       |

TABLE II.4 - FINANCIAL RATIOS

UNITED STATES

|   | 1998  | 1999  | 2000  | 2001  | 2002  | 2003  |
|---|-------|-------|-------|-------|-------|-------|
| Funding from customers per employee ('000 USD)          | 2,337 | 2,402 | 2,557 | 2,602 | 2,772 | 3,021 |
| Loans and advances to customers per employee ('000 USD) | 1,927 | 1,986 | 2,124 | 2,070 | 2,170 | 2,301 |
| Labour cost per employee ('000 USD)                     | 61    | 65    | 72    | 71    | 71    | 78    |
| Cost / income ratio (%)                                 | 58.9  | 56.0  | 58.2  | 55.6  | 55.6  | 55.9  |
| Bad debts written off as % of total income (1)          | 7.5   | 6.3   | 8.2   | 11.9  | 11.7  | 7.7   |
| Dividends payout as % of net profit                     | 41.9  | 35.4  | 41.2  | 46.3  | 38.4  | 37.8  |
| ROE (%)   | 16.6  | 23.1  | 18.2  | 15.0  | 18.0  | 21.0  |
| ROA (%)   | 1.0   | 1.3   | 1.1   | 1.0   | 1.2   | 1.4   |
| Doubtful loans as % of loans to customers (2)           | 0     | 0     | 0     | 0.2   | 0.2   | 0.1   |
| Doubtful loans as % of net worth (2)                    | 0.2   | 0.1   | 0.2   | 1.1   | 1.2   | 0.5   |
| Loans, advances and cash as % of total funding          | 104.0 | 102.5 | 102.0 | 101.2 | 100.8 | 101.4 |
| Fixed assets as % of net worth                          | 41.5  | 45.4  | 46.4  | 50.1  | 47.5  | 48.1  |

Funding from customers = customer deposits plus debt securities and certificates of deposit plus subordinated liabilities.

Fixed assets = interest 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.

To be included in the survey, the banks must account for a “significant” share of aggregate assets in their respective areas. “Significant” means the banks’ contribution must exceed one per cent of the previous cumulative assets aggregate. Banks which contributed less than one per cent of such aggregate were not included.

### *Statistics*

The statistics have been compiled on the basis of annual and interim consolidated figures, with the latter for the first six months of 2003 and 2004 only.

The groups’ nationality is established on the basis of the country in which their parent company is headquartered. The data for each country given in some tables in Section I and figures for the world’s main economic areas therefore represent the aggregate of activities carried out by those groups whose parent companies are based in that country or that area, plus also the activities of subsidiaries outside the country or area. The aim of the survey is to identify distinguishing trends in the development of the world’s largest banks and aspects of their finances and earnings, rather than analyse banking activity in individual countries.

The general aggregate of all companies and the aggregate for Europe have been compiled by translating individual national currencies into Euros (Ecus until 1997) on the basis of exchange rates ruling as at 31 December. The Ecu was of course replaced by the Euro on 1 January 1999 at a rate of 1:1.



TABLE III.1 - LIST OF COMPANIES

| <i>BANKS</i>   | 2003 FINANCIAL YEAR |                     |                      |
|--|---------------------|---------------------|----------------------|
|  | <i>TOTAL ASSETS</i> | <i>TOTAL INCOME</i> | <i>EMPLOYEES</i>     |
| <b>EUROPE</b>  | <i>EUR m</i>        | <i>EUR m</i>        | <i>No. (average)</i> |
| 1 UBS (CH) (#)   | 889,659             | 21,840              | 67,495               |
| 2 HSBC HOLDINGS (GB) (#)                               | 818,803             | 32,599              | 219,286              |
| 3 DEUTSCHE BANK (DE) (#)                               | 803,614             | 20,751              | 72,562               |
| 4 CREDIT AGRICOLE (FR) (#)                             | 785,653             | 13,577              | 64,191               |
| 5 BNP PARIBAS (FR) (#)                                 | 782,996             | 18,066              | 88,378               |
| 6 ING GROEP (NL) (#)                                   | 778,771             | 15,166              | 115,218              |
| 7 THE ROYAL BANK OF SCOTLAND GROUP (GB) (#)            | 645,963             | 23,924              | 119,500              |
| 8 BARCLAYS (GB) (#)                                    | 628,919             | 17,486              | 74,400               |
| 9 CREDIT SUISSE GROUP (CH) (#)                         | 617,603             | 14,125              | 69,647               |
| 10 HBOS (GB) (#) (1)                                   | 579,474             | 12,088              | 67,458               |
| 11 ABN AMRO HOLDING (NL) #)                            | 560,437             | 18,793              | 105,439              |
| 12 SOCIÉTÉ GÉNÉRALE (FR) (#)                           | 539,224             | 15,491              | 90,040               |
| 13 FORTIS (BE / NL) (#)                                | 517,409             | 7,951               | 64,454               |
| 14 BAYERISCHE HYPO- UND VEREINSBANK (HVB) (DE) (#) (2) | 479,455             | 9,525               | 63,526               |
| 15 DRESDNER BANK (DE) (3)                              | 477,029             | 6,178               | 41,823               |
| 16 RABOBANK NEDERLAND (NL) (#)                         | 403,305             | 8,554               | 51,358               |
| 17 COMMERZBANK (DE) (#)                                | 381,585             | 5,883               | 32,898               |
| 18 LLOYDS TSB GROUP (GB) (#)                           | 357,565             | 13,692              | 89,304               |
| 19 CREDIT MUTUEL (FR) (4)                              | 355,005             | 8,807               | 54,995               |
| 20 DEXIA (BE) (#)                                      | 349,463             | 5,227               | 19,850               |
| 21 BANCO SANTANDER CENTRAL HISPANO (ES) (#)            | 346,419             | 13,369              | 103,958              |
| 22 DZ BANK (DE)  | 331,699             | 3,696               | 25,313               |
| 23 LANDESBANK BADEN-WUERTTEMBERG (DE) (*)              | 322,795             | 2,969               | 13,532               |
| 24 KREDITANSTALT FUER WIEDERAUFBAU (KfW) (DE) (*)      | 313,867             | 1,874               | 3,670                |
| 25 BAYERISCHE LANDESBANK (DE) (*)                      | 313,431             | 2,748               | 9,029                |
| 26 BANCO BILBAO VIZCAYA ARGENTARIA (ES) (#)            | 282,613             | 10,820              | 87,189               |
| 27 NORDEA (SE) (#) (5)                                 | 262,190             | 5,956               | 33,101               |
| 28 BANCA INTESA (IT) (#) (6)                           | 259,198             | 9,711               | 62,323               |
| 29 WESTLB (DE) (*)                                     | 256,244             | 2,599               | 8,146                |
| 30 ABBEY NATIONAL (GB) (#)                             | 250,816             | 4,366               | 27,038               |
| 31 DANSKE BANK (DK) (#)                                | 245,151             | 3,942               | 16,391               |
| 32 UNICREDITO ITALIANO (IT) (#)                        | 238,256             | 10,445              | 69,100               |
| 33 EUROHYPO (DE) (#) (7)                               | 227,219             | 1,326               | 2,735                |
| 34 KBC (BE) (#)  | 225,167             | 5,964               | 46,643               |
| 35 SANPAOLOIMI (IT) (#)                                | 202,546             | 7,721               | 44,341               |
| 36 NORDDEUTSCHE LANDESBANK (DE) (*)                    | 193,103             | 1,744               | 9,536                |
| 37 HSH NORDBANK (DE) (*) (8)                           | 171,660             | 1,933               | 4,269                |
| 38 ARGENTARIA (ES) (9)                                 | -                   | -                   | -                    |
| 39 BANCA COMMERCIALE ITALIANA (IT) (10)                | -                   | -                   | -                    |
| 40 BANCO CENTRAL HISPANOAMERICANO (ES) (11)            | -                   | -                   | -                    |
| 41 BANK AUSTRIA (AT) (12)                              | -                   | -                   | -                    |
| 42 BANK OF SCOTLAND (GB) (13)                          | -                   | -                   | -                    |
| 43 BANQUE BRUXELLES LAMBERT (BE) (14)                  | -                   | -                   | -                    |

*(cont.)*

TABLE III.1 (cont.)

| <i>BANKS</i>   | 2003 FINANCIAL YEAR |                |                      |
|--|---------------------|----------------|----------------------|
|  | <i>TOTAL</i>        | <i>TOTAL</i>   | <i>EMPLOYEES</i>     |
|  | <i>ASSETS</i>       | <i>INCOME</i>  |                      |
|  | <i>EUR m</i>        | <i>EUR m</i>   | <i>No. (average)</i> |
| 44 BANQUE INDOSUEZ (FR) (15)                         | -                   | -              | -                    |
| 45 BAYERISCHE HYPOTHEKEN-UND WECHSEL-BANK (DE) (16)  | -                   | -              | -                    |
| 46 CREDIT COMMERCIAL DE FRANCE (FR) (17)             | -                   | -              | -                    |
| 47 CREDIT INDUSTRIEL ET COMMERCIAL-CIC (FR) (18)     | -                   | -              | -                    |
| 48 CREDIT LYONNAIS (FR) (#) (19)                     | -                   | -              | -                    |
| 49 CREDITANSTALT (AT) (20)                           | -                   | -              | -                    |
| 50 GENERALE DE BANQUE (BE) (21)                      | -                   | -              | -                    |
| 51 HALIFAX GROUP (GB) (13)                           | -                   | -              | -                    |
| 52 HAMBURGISCHE LANDESBANK (DE) (*) (22)             | -                   | -              | -                    |
| 53 LANDESBANK SCHLESWIG-HOLSTEIN (DE) (*) (22)       | -                   | -              | -                    |
| 54 LANDESKREDITBANK BADEN-WUERTTEMBERG (DE) (*) (23) | -                   | -              | -                    |
| 55 MERITA (FI) (24)                                  | -                   | -              | -                    |
| 56 NATIONAL WESTMINSTER BANK(GB) (25)                | -                   | -              | -                    |
| 57 NORDBANKEN (SE) (24)                              | -                   | -              | -                    |
| 58 PARIBAS (FR) (26)                                 | -                   | -              | -                    |
| 59 REALDANMARK (DK) (27)                             | -                   | -              | -                    |
| 60 SOCIETÀ DI BANCA SVIZZERA (CH) (28)               | -                   | -              | -                    |
| 61 UNIDANMARK (DK) (29)                              | -                   | -              | -                    |
| <b>TOTAL</b>   | <b>16,194,306</b>   | <b>380,906</b> | <b>2,138,136</b>     |
| <b><u>JAPAN</u></b>                                  | <i>EUR m</i>        | <i>EUR m</i>   | <i>No. (average)</i> |
| 1 MIZUHO FINANCIAL GROUP (#)                         | 992,983             | 15,654         | 29,030               |
| 2 MITSUBISHI TOKYO FINANCIAL GROUP (#)               | 767,871             | 15,286         | 44,050               |
| 3 SUMITOMO MITSUI FINANCIAL GROUP (#)                | 734,064             | 15,440         | 42,505               |
| 4 UFJ HOLDINGS (#)                                   | 583,015             | 11,968         | 21,352               |
| 5 NORINCHUKIN BANK                                   | 456,077             | 1,868          | 2,756 (°)            |
| 6 RESONA HOLDINGS (#)                                | 280,464             | 5,739          | 20,251               |
| 7 SHINKIN CENTRAL BANK                               | 200,232             | 765            | 1,101 (°)            |
| 8 SUMITOMO TRUST & BANKING (#)                       | 111,300             | 2,073          | 4,917 (°)            |
| 9 MITSUI TRUST HOLDINGS (#)                          | 91,649              | 2,183          | 5,629                |
| 10 SHOKO CHUKIN BANK (*)                             | 88,154              | 1,146          | 4,631                |
| 11 BANK OF YOKOHAMA (#)                              | 76,662              | 1,559          | 3,650 (°)            |
| 12 CHIBA BANK (#)                                    | 60,258              | 1,148          | 3,765 (°)            |
| 13 SHIZUOKA BANK (#)                                 | 59,200              | 943            | 3,808 (°)            |
| 14 JOYO BANK (#)                                     | 51,870              | 914            | 3,723 (°)            |
| 15 BANK OF FUKUOKA                                   | 51,808              | 966            | 3,197 (°)            |
| 16 SHINSEI BANK                                      | 46,689              | 915            | 2,089 (°)            |
| 17 ASAHI BANK (30)                                   | -                   | -              | -                    |
| 18 BANK OF KINKI (31)                                | -                   | -              | -                    |
| 19 BANK OF TOKYO-MITSUBISHI (32)                     | -                   | -              | -                    |
| 20 CHUO TRUST AND BANKING COMPANY (33)               | -                   | -              | -                    |

(cont.)

TABLE III.1 (cont.)

| <i>BANKS</i>                             | 2003 FINANCIAL YEAR |                |                      |
|--|---------------------|----------------|----------------------|
|  | <i>TOTAL</i>        | <i>TOTAL</i>   | <i>EMPLOYEES</i>     |
|  | <i>ASSETS</i>       | <i>INCOME</i>  |                      |
|  | <i>EUR m</i>        | <i>EUR m</i>   | <i>No. (average)</i> |
| 21 DAI-ICHI KANGYO BANK (34)             | -                   | -              | -                    |
| 22 FUJI BANK (34)                        | -                   | -              | -                    |
| 23 IBJ - INDUSTRIAL BANK OF JAPAN (34)   | -                   | -              | -                    |
| 24 KINKI OSAKA BANK (30)                 | -                   | -              | -                    |
| 25 MITSUBISHI TRUST AND BANKING (32)     | -                   | -              | -                    |
| 26 MITSUI TRUST AND BANKING COMPANY (33) | -                   | -              | -                    |
| 27 SAKURA BANK (35)                      | -                   | -              | -                    |
| 28 SANWA BANK (36)                       | -                   | -              | -                    |
| 29 SUMITOMO BANK (35)                    | -                   | -              | -                    |
| 30 TOKAY BANK (36)                       | -                   | -              | -                    |
| 31 TOYO TRUST AND BANKING (36)           | -                   | -              | -                    |
| <b>TOTAL</b>                             | <b>4,652,296</b>    | <b>78,567</b>  | <b>196,454</b>       |
| <b><u>UNITED STATES</u></b>              | <i>EUR m</i>        | <i>EUR m</i>   | <i>No. (average)</i> |
| 1 CITIGROUP (#)                          | 1,000,818           | 57,390         | 257,000              |
| 2 JPMORGAN CHASE & CO. (#)               | 610,382             | 26,352         | 93,894               |
| 3 BANK OF AMERICA (#)                    | 583,092             | 30,742         | 133,747              |
| 4 WACHOVIA (ex- First Union) (#)         | 317,524             | 15,723         | 83,724               |
| 5 WELLS FARGO & CO. (#)                  | 307,045             | 22,763         | 133,750              |
| 6 BANK ONE (#)                           | 258,561             | 12,942         | 72,441               |
| 7 WASHINGTON MUTUAL (#)                  | 217,877             | 10,409         | 57,122               |
| 8 FLEETBOSTON FINANCIAL (#)              | 158,539             | 9,094          | 48,750               |
| 9 U.S. BANCORP (ex- Firststar) (#)       | 149,870             | 10,395         | 51,377               |
| 10 SUNTRUST BANKS (#)                    | 99,282              | 4,443          | 27,600               |
| 11 NATIONAL CITY (#)                     | 90,208              | 6,151          | 33,031               |
| 12 THE BANK OF NEW YORK (#)              | 73,157              | 4,446          | 23,038               |
| 13 FIFTH THIRD BANCORP (#)               | 72,164              | 4,204          | 19,009               |
| 14 BB & T (#)                            | 71,629              | 3,660          | 24,650               |
| 15 KEYCORP (#)                           | 66,894              | 3,551          | 20,034               |
| 16 GOLDEN WEST FINANCIAL (#)             | 65,360              | 1,997          | 8,144                |
| 17 THE PNC FINANCIAL SERVICES GROUP (#)  | 53,973              | 4,105          | 23,200               |
| 18 MBNA (#)                              | 46,804              | 8,057          | 26,300               |
| 19 ASSOCIATES FIRST CAPITAL (37)         | -                   | -              | -                    |
| 20 BANKBOSTON (38)                       | -                   | -              | -                    |
| 21 GOLDEN STATE BANCORP (39)             | -                   | -              | -                    |
| 22 J.P. MORGAN & CO. (40)                | -                   | -              | -                    |
| 23 MERCANTILE BANCORP (41)               | -                   | -              | -                    |
| 24 SUMMIT BANCORP (42)                   | -                   | -              | -                    |
| 25 U.S. BANCORP (43)                     | -                   | -              | -                    |
| 26 WACHOVIA (44)                         | -                   | -              | -                    |
| <b>TOTAL</b>                             | <b>4,243,179</b>    | <b>236,424</b> | <b>1,136,811</b>     |

(cont.)

TABLE III.1 (cont.)

- (#) Listed company.
- (\*) State-controlled company.
- (°) Figure relates to parent company only.
- (1) Company set up in 2001 after the merger between the Bank of Scotland and the Halifax Group.
- (2) Münchener Ruck. is the largest shareholder, with 25.67% as at 31 December 2003, subsequently reduced to 18.4% during 2004.
- (3) Allianz group.
- (4) Consolidated figures including Crédit Industriel et Commercial-CIC prepared for the first time in 2002.
- (5) The Swedish state is the largest shareholder, with 19% as at 31 December 2003.
- (6) Formerly IntesaBci; the new name was adopted in 2003.
- (7) Formerly Deutsche Hyp of the Dresdner Bank group. In 2002 the company merged with Eurohypo of the Deutsche Bank group and Rheinyp (Commerzbank), taking on the name Eurohypo. As at 31 December 2003 its main shareholders were Deutsche Bank with 37.7%, Commerzbank with 31.8% and Allianz with 28.5%.
- (8) Set up in 2003 as the combined entity resulting from the merger between Hamburgische Landesbank and Landesbank Schleswig-Holstein, effective as from 1 January 2003.
- (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 from Crédit Agricole in 2003.
- (20) Acquired by Bank Austria in 1997.
- (21) Acquired by Fortis in 1998.
- (22) Merged into HSH Nordbank with effect from 1 January 2003.
- (23) Merged into Landesbank Baden-Wuerttemberg in 1999.
- (24) Merita and Nordbanken merged in 1998 to form Nordic Baltic Holding Group (now Nordea).
- (25) Acquired by The Royal Bank of Scotland Group in 2000.
- (26) 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.
- (27) Acquired by Danske Bank in 2000.
- (28) Merged into UBS in 1998.
- (29) Acquired by Nordea in 2000.
- (30) Acquired by Resona Holdings (formerly Daiwa Bank Holdings) in 2001.
- (31) In 2000 the company merged with Bank of Osaka and took on the name of Kinki Osaka Bank.
- (32) In 2001 the company became part of the Mitsubishi Tokyo Financial Group.
- (33) 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.
- (34) The company became part of the Mizuho Financial Group in 2000.
- (35) 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.
- (36) In 2001 the company became part of the UFJ Holdings group.
- (37) Acquired by Citigroup in 2000.
- (38) Acquired by FleetBoston Financial in 1999.
- (39) Acquired by Citigroup in 2002.
- (40) In 2000 the company was merged by amalgamation into The Chase Manhattan Corp. which took on the name of J.P. Morgan Chase & Co. (now JPMorgan Chase & Co.)
- (41) Acquired by Firststar (now U.S. Bancorp) in 1999.
- (42) Acquired by FleetBoston Financial in 2001.
- (43) In 2001 the company was merged into Firststar, with the resulting combined entity retaining the name of U.S. Bancorp.
- (44) 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 (EUR m) | Total assets of merger constituents prior to merger (EUR m)   |
|---|---|---|
| <b>1996</b>                                   |   |   |
| Crédit Agricole (FR)                          | 369,797                                 | Crédit Agricole (301,552); Banque Indosuez (68,245)   |
| <b>1997</b>                                   |   |   |
| Bank Austria (AT)                             | 106,432                                 | Bank Austria (55,799); Creditanstalt (50,633)   |
| <b>1998</b>                                   |   |   |
| 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)  |
| <b>1999</b>                                   |   |   |
| Deutsche Bank (DE)                            | 740,251                                 | Deutsche Bank (626,603); Bankers Trust (US) (113,648)   |

(cont.)

TABLE III.2 (*cont.*)

| Combined entity                               | Total assets of combined entity (EUR m) | Total assets of merger constituents prior to merger (EUR m)                                   |
|---|---|---|
| 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)   |
| Firststar (now U.S. Bancorp) (US)             | 63,413                                  | Firststar (32,849); Mercantile Bancorp (30,564)   |
| <b>2000</b>                                   |   |   |
| 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)  |
| <b>2001</b>                                   |   |   |
| Sumitomo Mitsui Banking (JP)                  | 1,078,296                               | Sumitomo Bank (611,727); Sakura Bank (466,569)  |

*(cont.)*

TABLE III.2 (cont.)

| Combined entity                                | Total assets of combined entity (EUR m) | Total assets of merger constituents prior to merger (EUR m)                             |
|--|---|---|
| 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 (now 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-Firststar) (US)               | 177,239                                 | Firststar (83,380); U.S. Bancorp (93,859)   |
| <b>2002</b>                                    |   |   |
| Citigroup (US)                                 | 1,257,167                               | Citigroup (1,193,067); Golden State Bancorp (64,100)                                    |
| <b>2003</b>                                    |   |   |
| Crédit Agricole (FR)                           | 750,460                                 | Crédit Agricole (505,574); Crédit Lyonnais (244,886)                                    |
| HSH Nordbank (DE)                              | 192,299                                 | Landesbank Schleswig-Holstein – LB Kiel (145,506); Hamburgische Landesbank (46,793) (2) |
| <b>2004</b>                                    |   |   |
| Mitsubishi Tokyo Financial Group (JP) (3)      | 1,350,886                               | Mitsubishi Tokyo Financial Group (767,871); UFJ Holdings (583,015)                      |
| J.P. Morgan Chase & Co. (US) (4)               | 868,943                                 | J.P. Morgan Chase & Co. (610,382); Bank One (258,561)                                   |
| Bank of America (US) (5)                       | 741,631                                 | Bank of America (583,092); FleetBoston Financial (158,539)                              |
| Banco Santander Central Hispano (ES) (6)       | 597,235                                 | Banco Santander Central Hispano (346,419); Abbey National (250,816)                     |

(1) Refers to the period from 1 January 1996 and 31 January 2005 for European banks and to the period from 1 January 1998 to 31 January 2005 for Japanese and US banks.

(2) Owned as to 49.5% by LB Kiel, which consolidated it pro-rata. The total asset figure refers only to the interests attributable to minorities.

(3) Deal announced in August 2004.

(4) Announced in January 2004, and effective from 1 July 2004

(5) Announced in October 2003 and effective from 1 April 2004.

(6) Deal completed in November 2004.

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**Ricerche e Studi S.p.A. (R&S)**

**Piazzetta Maurilio Bossi 1, 20121 Milan, Italy**

**Tel +39 02 8646.2348 - 8646.2394 - Fax +39 02 86.22.67 - E-mail [res@mbres.it](mailto:res@mbres.it)**

**Internet: <http://www.mbres.it>**