

Offering Circular Supplement

ATLANTEO CAPITAL LIMITED

€5,000,000,000

Secured Medium Term Note Programme

SERIES NO: 174

Euro 54,524,000

**SECURED AMORTISING LIMITED RECOURSE NOTES
DUE 2032**

Issue Price of the Notes: 100 per cent

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

The attention of investors is drawn to the section headed "Investment Considerations" in Schedule 2 of this Offering Circular Supplement

The date of this Offering Circular Supplement is 28 July 2004

This Offering Circular Supplement under which the Notes described herein (the “Notes”) are issued, is supplemental to, and should be read in conjunction with, the Offering Circular (the “Offering Circular”) dated 26 July 2002 issued in relation to the €3,000,000,000 Secured Medium Term Note Programme of Atlanteo Capital Limited (the “Issuer”). This Offering Circular Supplement shall be listed under the updated Offering Circular dated 2nd March 2004. Terms defined in the Offering Circular have the same meaning in this Offering Circular Supplement. The Notes will be issued on the terms of this Offering Circular Supplement read together with the Offering Circular which, when read together, contain all information that is material in the context of the issue of the Notes.

This Offering Circular Supplement does not constitute, and may not be used for the purposes of, an offer of, or an invitation by or on behalf of anyone to subscribe or purchase any of the Notes.

There has been no significant change in the financial or trading position of the Issuer and no material adverse change in the financial position or prospects of the Issuer, in each case, since 31 December 2002. The capitalisation of the Issuer is set out in the Schedule 1 of this Offering Circular Supplement.

The Issuer is not involved in any legal or arbitration proceedings that may have, or have had during the 12 months preceding the date of this document, a significant effect on the financial position or prospects of the Issuer.

The Issuer (a) has complied with its obligations under the listing rules of the Luxembourg Stock Exchange in relation to the admission to and continuing listing of Notes issued under the Programme and of any previous issues made by it under the Programme and listed on the same exchange; (b) confirms that it will have complied with its obligations under the listing rules of the Luxembourg Stock Exchange in relation to the admission to listing of the Notes by the time when the Notes are so admitted; and (c) has not, since the last publication of information in compliance with the listing rules of the Luxembourg Stock Exchange about the Programme, any previous issues made by it under the Programme and listed on the Luxembourg Stock Exchange, or the Notes, having made all reasonable enquiries, become aware of any change in circumstance which could reasonably be regarded as significantly and adversely affecting its ability to meet its obligations as issuer in respect of the Notes as they fall due.

The Issuer having made all reasonable enquiries confirms that this document contains all information with respect to the Issuer and the Notes that is material in the context of the issue and offering of the Notes, the statements contained in it relating to the Issuer and the Notes are in every material particular true and accurate and not misleading, the opinions and intentions expressed in this Offering Circular Supplement with regard to the Issuer and the Notes are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, there are no other facts in relation to the Issuer or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in this Offering Circular Supplement misleading in any material respect and all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements. The Issuer accepts responsibility accordingly.

The information contained herein relating to the Securities, the issuers of the Securities, and each other Obligor (as defined in the Conditions) has been accurately extracted, reproduced or summarised from published information (see “Provisions Relating to the Security - Mortgaged Property - Securities”) or information which is in the public domain. The Issuer takes responsibility only for the accuracy of the reproduction of such information. The Issuer accepts no further or other responsibility in respect of such information or summaries. The Issuer does not have any affiliation with the issuers of the Securities and has access to no information concerning the issuers of the Securities other than that which is in the public domain. So far as the Issuer is aware and/or able to ascertain from such published information, no facts have been omitted which could render the reproduced information misleading. The Issuer accepts responsibility accordingly. The Issuer has not been responsible for, nor has it undertaken, any investigation or verification of statements, including statements as to foreign law, contained in such information.

Selected business and financial information relating to the issuers of the Securities which are not listed in the Luxembourg Stock Exchange is attached hereto at Schedule 3.

No person has been authorised to give any information or to make any representation in connection with the issue and sale of the Notes other than those contained in this Offering Circular Supplement.

The delivery of this Offering Circular Supplement at any time does not imply that any information contained herein is correct at any time subsequent to the date hereof.

The issue of the Notes was authorised by the Board of Directors of the Issuer passed on 9 December 2002.

The net proceeds of this Issue is Euro 54,524,000 and has been used by the Issuer to satisfy the payments concerned under the Swap Agreement.

For so long as the Programme remains in effect or any of the Notes remain outstanding, copies of the following documents will be freely obtainable during the normal business hours on any weekday (Saturdays and public holidays excluded) at the specified offices of the Luxembourg Listing Agent:

the Offering Circular together with this Offering Circular Supplement;
the Trust Deed (and any Supplemental Trust Deeds);
the Dealer Agreement;
the Agency Agreement;
the Declaration of Trust;
the Swap Agreement;
the most recent annual financial statements and the future annual and interim financial statements (if any) of each of the issuers of the Securities.; and
the Programmes together with the Pricing Supplements relating to each of the Securities.

Copies of the articles of association of the Issuer and a legal notice relating to the issue of the Notes will be deposited prior to listing with the Registre de Commerce et des Sociétés, where they may be inspected and copies obtained upon request.

Signed for and on behalf of ATLANTEO CAPITAL LIMITED

By:

The terms of the Notes and additional provisions relating to their issue are as follows:

1	Issuer:	Atlanteo Capital Limited
2	Series Number:	174
3	Specified Currency or Currencies:	Euro
4	Aggregate Nominal Amount: Series:	Euro 54,524,000
5	(i) Issue Price:	100.00 %
	(ii) Net proceeds:	Euro 54,524,000
6	Specified Denominations:	Euro 1,000,000 and integral multiples of Euro 1,000 in excess thereof.
7	Issue Date:	10 December, 2002
8	Maturity Date:	30 November, 2032
9	Interest Basis:	See provision 21.
10	Redemption/Payment Basis:	Redemption by Instalments (further particulars specified below)
11	Change of Interest or Redemption/Payment Basis:	Not Applicable
12	Put/Call Options:	Not Applicable
13	Status of the Notes:	Secured and limited recourse obligations
14	Listing:	Application has been made to list the Notes on the Luxembourg Stock Exchange
15	Method of distribution:	Non-syndicated
16	Rating:	No

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

17	Fixed Rate Note Provisions	Not Applicable
18	Floating Rate Provisions	Not Applicable
19	Zero Coupon Note Provisions	Not Applicable
20	Index Linked Interest Note Provisions	Not Applicable
21	Other provisions	Applicable
	(i) Interest Payment Date(s)	Payment of interest on the Notes shall be made in accordance with the payment schedules contained in Appendix 2.
	(ii) Fixed Coupon Amounts :	Appendix 1 is a summary totalising chronologically the Payments of Interest under the Notes. Payment of interest on the Notes shall be made in accordance with the payment schedules contained in Appendix 2.
	(iii) Broken Amount	Appendix 1 is a summary totalising chronologically the Payments of Interest under the Notes. Not Applicable
	(v) Interest Determination Date(s) (Condition 6(k)):	Modified Following Unadjusted Business Day convention

22	PROVISIONS RELATING TO THE SECURITY	
	Mortgaged Property (i) Securities	1) USD 1,500,000 nominal amount of USD 1,500,000,000 6.25 per cent Fixed rate Notes due 2008 issued by Associates Corporation NA. ISIN CODE: US046003JT73 Redemption Price: at par. Denomination: USD 1,000 Issue Date: 30 October, 1998 Maturity Date: 1 November, 2008 Interest/Payment basis: Fixed Rate Note. Coupon: 6.25 per cent per annum, payable on 1 May and 1 November in each year (ISMA-30/360). Clearing: Clearstream, Luxembourg and Euroclear. Listing: Luxembourg. Law: New York Law. Call/Put: Not Applicable

The above information has been extracted from Bloomberg's on screen information service.

2) Euro 830,000 nominal amount of Euro 500,000,000 Subordinated Fixed Rate Notes due 2015 issued by Norddeutsche Landesbank.
ISIN CODE: XS0147457260
Redemption Price: par
Denomination: Euro 1,000
Issue Date: 10 May 2002
Maturity Date: 1 December 2015
Coupon: 5.75 per cent per annum. (Actual/Actual) payable annually in arrears each 1 December starting on the 1st December 2002.
Clearing: Clearstream, Luxembourg and Euroclear.
Listing: London.
Law: English Law.

Call/Put: Not Applicable

The above information has been extracted from Bloomberg's on screen information service.

3) Euro 900,000 nominal amount of Bank Austria AG Euro 50,000,000 Subordinated Floating Rate Notes due 2015 issued under the Euro 12,000,000,000 Medium Term Note Programme

Status: Subordinated
ISIN CODE: XS0118835676
Redemption Price: At par.
Denomination: Euro 10,000
Issue Date: 24 October, 2000
Maturity Date: 24 October, 2015
Interest/Payment basis: Floating Rate Note. 6 month Euribor + 0.29% . Actual/360.
Interest Payment Dates: 24 April and 24 October, subject to Following Business Day Convention
Clearing: Clearstream, Luxembourg and Euroclear.
Listing: Luxembourg
Law: English.

The above information has been extracted from Bloomberg's on screen information service.

4) Euro 1,700,000 nominal amount of Hypo Tirol Bank AG Euro 20,000,000 Subordinated Floating Rate Notes due 2026 issued under its Euro 2,000,000,000 Debt Issuance Programme

ISIN CODE: XS0132424028
Redemption Price: At par.
Denomination: Euro 50,000
Issue Date: 23 July, 2001
Maturity Date: 23 July, 2026
Status of the Notes: Subordinated.
Interest basis: Floating Rate Note. Six month EURIBOR
Margin: Plus 0.36% per annum (Actual/360)
Interest Payment Dates: Each January 23rd and July 23rd on each year, from and including 23rd January 2002, to and including 23rd July 2026. Subject to adjustment with the Modified Following Business Day Convention.
Clearing: Clearstream, Luxembourg and Euroclear.
Listing: Luxembourg.
Law: German Law.

The above information has been extracted from Bloomberg's on screen information service.

5) Euro 7,000,000 nominal amount of Euro 125,000,000 Subordinated Floating Rate Notes due 2029 issued by Bank Austria AG.

ISIN: XS0140838474
Denomination: Euro 100,000
Issue Date: 27 December 2001
Maturity Date: 27 December 2029
Redemption Price: At par.
Coupon: 6 month Euribor + 0.52% (Actual/360 Modified Following Business Day Convention) payable each 27 June and 27 December in each year.
Clearing: Clearstream, Luxembourg and Euroclear.
Listing: Luxembourg.
Law: Austrian Law

The above information has been extracted from Bloomberg's on screen information service.

6) Euro 2,000,000 nominal amount of Euro 13,000,000 5.75 per cent Fixed rate Notes due 2015 issued by Landesbank Hessen-Thüringen Girozentrale.

ISIN CODE: DE0007804429

Redemption Price: At par.

Denomination: Euro 1,000

Issue Date: 21 March, 2002

Maturity Date: 3 September, 2015

Interest/Payment basis: Fixed Rate Note.

Coupon: 5.75 per cent per annum, payable on 3 September in each year (Actua/Actual).

Clearing: Clearstream, Luxembourg and Euroclear.

Listing: Frankfurt.

Law: German Law.

Call/Put: Not Applicable

The above information has been extracted from Bloomberg's on screen information service.

7) Euro 13,500,000 nominal amount of Euro 750,000,000 6 per cent Fixed rate Notes due 2015 issued by HVB Real Estate Bank AG.

ISIN CODE: DE0003356911

Redemption Price: At par.

Denomination: Euro 1,000

Issue Date: 7 September, 2000

Maturity Date: 14 September, 2015

Interest/Payment basis: Fixed Rate Note.

Coupon: 6 per cent per annum, payable on 14 September in each year (Actua/Actual).

Clearing: Clearstream, Luxembourg and Euroclear.

Listing: Munich.

Law: German Law

Call/Put: Not Applicable

The above information has been extracted from Bloomberg's on screen information service.

8) USD 800,000 nominal amount of USD 300,000,000 Subordinated Step Up Note due 2028 issued by LB Rheinland-Pfalz Girozentrale.

ISIN: US514887AB47

Denomination: USD 1,000

Issue Date: 23 February 1998

Maturity Date: 23 February 2028

Redemption Price: at par

Interest Payment Dates: 23 February and 23 August in each year.

Day Count Fraction: Actual/365

Rate (s) of Interest: 5 per cent per annum payable semi-annually in arrears from 23 August 1998 to 23 February 2000. 6.875 per cent per annum payable semi-annually in arrears thereafter until the Maturity Date.

Clearing: Clearstream, Luxembourg and Euroclear.

Listing: Luxembourg.

Law: German Law

The above information has been extracted from Bloomberg's on screen information service.

9) Euro 7,500,000 nominal amount of Euro 20,000,000 Floating Rate Notes due 2032 issued by Hypo Alpe-Adria Bank AG.

ISIN CODE: XS0158550292

Redemption Price: At par.

Denomination: Euro 100,000

Issue Date: 20 November, 2002

Maturity Date: 29 November, 2032

Coupon: 6 months Euribor + 0.49%, payable semiannually on 29 May and 29 November in each year (Actual/360).

Clearing: Clearstream, Luxembourg and Euroclear.

Listing: Luxembourg.

Law: German Law

The above information has been extracted from Bloomberg's on screen information service.

10) Euro 3,000,000 nominal amount of Euro 2,000,000,000 6 per cent Fixed rate Notes due 2020 issued by Réseau Ferré de France.

ISIN CODE: FR0000483075

Redemption Price: At par.

Denomination: Euro 1,000

Issue Date: 27 September, 2000

Maturity Date: 12 October, 2020

Interest/Payment basis: Fixed Rate Note.

Coupon: 6 per cent per annum, payable on 12 October in each year (Actua/Actual).

Clearing: Clearstream, Luxembourg and Euroclear.

Listing: Paris.

Law: English Law.

Call/Put: Not Applicable

The above information has been extracted from Bloomberg's on screen information service.

11) Euro 6,400,000 nominal amount of Euro 25,000,000 of Subordinated Floating Rate Notes due 2015 issued by Stadtsparkasse Koeln.

ISIN CODE: DE0007562555

Redemption Price: At par.

Denomination: Euro 50,000

Issue Date: 3 December, 2001

Maturity Date: 3 December, 2015

Status of the Notes: Subordinated

Coupon: 6 month Euribor + 0.42% (Actual/360) Modified Following Business Day Convention) payable on 3 June and 3 December in each year.

Clearing: Clearstream, Luxembourg, Euroclear .

Listing: Dusseldorf.

Law: German Law

Call/Put: Not Applicable

The above information has been extracted from Bloomberg's on screen information service.

12) Euro 5,900,000 nominal amount of Euro 200,000,000 Floating Rate Notes due 2030 issued by Bremer Landesbank Girozentrale.

ISIN: XS0113243397

Type: Subordinated.

Redemption Price: At par.

Coupon: 6 month Euribor + 0.375% (ACT/360 adjusted), payable semi-annually on 28 June and 28 December each year and on the Maturity Date.

Denomination: Euro 1,000

Issue Date: 28 June, 2000

Maturity Date: 28 June, 2030

Clearing: Clearstream, Luxembourg, Euroclear.

Listing: London Stock Exchange.

Law: English Law. Any subordination provision shall be governed by German Law.

Call/Put: Not Applicable

The above information has been extracted from Bloomberg's on screen information service.

13) DEM 6,400,000 nominal amount of DEM 1,000,000,000 5.375 per cent Fixed rate Notes due 2009 issued by Merrill Lynch & Co.

ISIN CODE: DE0002310356

Redemption Price: At par.

Denomination: DEM 5,000

Issue Date: 1 April, 1998

Maturity Date: 4 January, 2009

Interest/Payment basis: Fixed Rate Note.

Coupon: 5.375 per cent per annum, payable on 4 January in each year (ISMA- 30/360).

Clearing: Clearstream, Luxembourg and Euroclear.

Listing: London.

Law: New York Law

Call/Put: Not Applicable

The above information has been extracted from Bloomberg's on screen information service.

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| <p>(ii) Security (order of priorities):</p> <p>(iii) Contract (if applicable):</p> <p>(iv) Securities Agreement:</p> | <p>of The Trustee shall apply all moneys received by it under the Trust Deed in connection with the realisation or enforcement of the Security constituted by the Trust Deed in the following order of priorities:</p> <p>Counterparty Priority A</p> <p>Not Applicable</p> <p>Not Applicable</p> |
|---|---|

(v) Swap (if applicable):

The description of the Swap Agreement set out below is a summary of certain features of the Swap Agreement and is qualified by reference to the detailed provisions of the Swap Agreement

Payments under the Swap Agreement

Pursuant to an ISDA master agreement dated 2 August 2000 (including the Schedule thereto) and a confirmation thereto with an effective date of the Issue Date, the Issuer and the Swap Counterparty have entered into a swap agreement (the "Swap Agreement"), under which the Issuer will pay to the Swap Counterparty an amount equal to the net subscription moneys for the Notes and sums equal to interest and Principal payable in respect of the Securities and the Swap Counterparty will pay to the Issuer an amount equal to the net sum payable by the Issuer for the purchase of the Securities and sums equal to the interest and principal payable to the Noteholders under the Notes.

Termination of the Swap Agreement

The Swap Agreement shall terminate on the Maturity Date of the Notes, provided that the Swap Agreement shall terminate early in each of the following circumstances:

- (i) if at any time the Notes become repayable in accordance with the Conditions prior to the Maturity Date;
- (ii) At the option of one party, if there is a failure by the other party to pay any amounts due, or to comply with or perform any obligation, under the Swap Agreement;
- (iii) If withholding taxes are imposed on payments made by the Issuer to the Swap Counterparty under the Swap Agreement or it becomes illegal for either party to perform its obligations under the Swap Agreement;
- (iv) upon the occurrence of certain other events with respect to either party to the Swap, including insolvency.

Consequences of Early Termination

Upon any such early termination of the Swap Agreement, the Issuer or the Swap Counterparty may be liable to make a termination payment to the other (regardless, of which party may have caused such termination). Such termination payment will be (as calculated in accordance with ISDA Master agreement in force) based on the replacement cost or gain for a swap transaction that would have the effect of preserving for the party making the determination the economic equivalent of the Swap. In all cases of early termination occurring other than by reason of a default by the Swap Counterparty (in which case the determination will be made by the Issuer) or illegality (in which case the party which is not the Affected Party (as defined in the Swap) will make the determination), the termination payment will be determined by the Swap Counterparty.

Taxation

Neither the Issuer nor the Swap Counterparty is obliged under the Swap Agreement to gross up if withholding taxes are imposed on payments made by either of them under the Swap Agreement.

	Swap Counterparty(ies):	Banco Bilbao Vizcaya Argentaria, S.A
	Swap Guarantor (if applicable):	Not Applicable.
23	Realisation of Security:	Creditor B Direction

PROVISIONS RELATING TO REDEMPTION

24	Call Option	Not Applicable
25	Put Option	Not Applicable
26	Exchangeable Notes:	Not Applicable
27	Exchange Event	Not Applicable
28	Repayable Assets:	All Securities
29	Final Redemption Amount	Payment of interest on the Notes shall be made in accordance with the payment schedules contained in Appendix 2.
		Appendix 1 is a summary totalising chronologically the Payments of Interest under the Notes.
30	Early Redemption Amount	
	(i) Early Redemption Amount(s) payable on mandatory redemption (Condition 7(c)), redemption for taxation and other reasons (Condition 7(d)) or an event of default (Condition 10) and/or the method of calculating the same (if required or if different from that set out in the Conditions):	The sale proceeds of the Securities plus/minus any swap termination payment due to the Swap Counterparty.
	(ii) Unmatured Coupons to become void upon early redemption (Bearer Notes only) (Condition 8(f)):	Yes

GENERAL PROVISIONS APPLICABLE TO THE NOTES

31	Form of Notes:	Bearer Notes
	(i) Temporary or Permanent Global Note/Certificate	Permanent Global Note.
	(ii) Applicable TEFRA exemption:	C Rules
32	Additional Financial Centre(s) (Condition 8(h)) or other special provisions relating to payment dates:	Not Applicable
33	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	No
34	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: Amount and date of each payment	Not Applicable
35	Details relating to Instalment Notes	
	(i) Instalment Amount(s):	Payments on the Notes shall be made in accordance with the payment schedules contained in Appendix 2.
	(ii) Instalment Date(s)	Appendix 1 is a summary totalising chronologically the payments Final Redemption Amount of Interest and Principal under the Notes. Payments on the Notes shall be made in accordance with the payment schedules contained in Appendix 2.
	(iii) Minimum Instalment Amount:	Appendix 1 is a summary totalising chronologically the payments Final Redemption Amount of Interest and Principal under the Notes.
	(iv) Maximum Instalment Amount:	Not Applicable.
36	Redenomination, renominatisation and reconventioning provisions:	Not Applicable.
37	Consolidation provisions:	Not Applicable.
38	Other terms or special conditions:	Not Applicable.
DISTRIBUTION		
39	(i) If syndicated, names of Managers:	Not Applicable
	(ii) Stabilising Manager (if any):	Not Applicable
	(iii) Dealer's Commission:	Not Applicable
40	If non-syndicated, name of Dealer:	Banco Bilbao Vizcaya Argentaria, S.A.

- 41 Additional selling restrictions:** The Dealer acknowledges that the Notes may not be offered or sold in Spain by means of public offer as defined and construed by Spanish law but may be offered or sold in Spain in compliance with the requirements of the Spanish Securities Market Law of the 28 July 1988 as amended by Law 37/1998 and the Royal Decree 291 dated 27 March 1992 as amended by the Royal Decree 2590/1998 on issues and public offers for the sale of securities.

OPERATIONAL INFORMATION

- 42 ISIN Code:** XS0159660686
- 43 Common Code:** 15966068
- 44 Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s):** Not Applicable
- 45 Delivery:** Delivery free of payment. The Notes shall be delivered to the Dealer against delivery of the Securities to the Issuer.
- 46 The Agents appointed in respect of the Notes are:** Banco Bilbao Vizcaya Argentaria, S.A. and Banque Générale du Luxembourg, S.A.

GENERAL

- 47 Additional steps that may only be taken following approval by an Extraordinary Resolution in accordance with Condition 12(a):** Not Applicable

Appendix 1

The following payments (in euro) of interest and principal in respect of the Notes shall be made in accordance with the table below:

Interest Payment Date / Instalment Date	Interest and Principal payable to the Noteholders on the relevant date	Principal payable under the Notes	Interest payable under the Notes	Outstanding Nominal amount following applicable payment
31/12/02	603,284.44	601,400.05	1,884.39	53,922,599.95
31/01/03	416,896.05	413,684.62	3,211.43	53,508,915.33
28/02/03	415,241.60	410,330.79	4,910.81	53,098,584.54
31/03/03	413,621.31	406,849.80	6,771.51	52,691,734.74
30/04/03	411,948.99	403,401.17	8,547.82	52,288,333.58
31/05/03	410,249.72	399,889.41	10,360.31	51,888,444.17
30/06/03	590,475.04	572,971.23	17,503.81	51,315,472.94
31/07/03	406,863.50	393,007.49	13,856.01	50,922,465.45
31/08/03	405,278.44	389,676.05	15,602.39	50,532,789.40
30/09/03	403,641.80	386,374.95	17,266.85	50,146,414.45
31/10/03	401,978.91	383,013.51	18,965.40	49,763,400.94
30/11/03	1,103,929.90	1,046,962.79	56,967.11	48,716,438.16
31/12/03	575,019.05	542,887.55	32,131.50	48,173,550.60
31/01/04	397,229.06	373,344.89	23,884.17	47,800,205.71
29/02/04	395,590.26	370,204.75	25,385.51	47,430,000.96
31/03/04	393,984.45	367,006.38	26,978.07	47,062,994.58
30/04/04	392,330.02	363,838.48	28,491.54	46,699,156.10
31/05/04	390,653.48	360,617.38	30,036.10	46,338,538.71
30/06/04	559,959.63	514,529.44	45,430.19	45,824,009.27
31/07/04	387,371.32	354,358.60	33,012.72	45,469,650.67
31/08/04	385,802.25	351,300.34	34,501.91	45,118,350.33
30/09/04	384,187.33	348,272.78	35,914.55	44,770,077.55
31/10/04	382,549.14	345,192.78	37,356.36	44,424,884.77
30/11/04	1,057,598.39	949,700.97	107,897.42	43,475,183.80
31/12/04	544,885.35	487,141.95	57,743.40	42,988,041.85
31/01/05	377,880.63	336,346.76	41,533.87	42,651,695.09
28/02/05	376,266.32	333,518.33	42,747.99	42,318,176.76
31/03/05	374,682.25	330,586.92	44,095.33	41,987,589.84
30/04/05	373,049.55	327,681.15	45,368.40	41,659,908.69
31/05/05	371,401.48	324,732.89	46,668.59	41,335,175.80
30/06/05	530,160.04	461,368.46	68,791.58	40,873,807.34
31/07/05	368,170.31	319,000.73	49,169.58	40,554,806.61
31/08/05	366,622.24	316,198.68	50,423.56	40,238,607.94
30/09/05	365,037.06	313,430.17	51,606.89	39,925,177.76
31/10/05	363,433.15	310,617.71	52,815.44	39,614,560.06
30/11/05	1,011,964.78	860,540.92	151,423.86	38,754,019.13
31/12/05	515,452.82	436,442.06	79,010.76	38,317,577.07
31/01/06	358,858.47	302,539.68	56,318.79	38,015,037.39
28/02/06	357,275.69	299,953.67	57,322.02	37,715,083.71
31/03/06	355,720.12	297,274.18	58,445.94	37,417,809.53
30/04/06	354,118.12	294,617.83	59,500.29	37,123,191.71
31/05/06	352,506.01	291,927.34	60,578.67	36,831,264.37

Interest Payment Date / Instalment Date	Interest and Principal payable to the Noteholders on the relevant date	Principal payable under the Notes	Interest payable under the Notes	Outstanding Nominal amount following applicable payment
30/06/06	501,126.69	413,023.77	88,102.92	36,418,240.60
31/07/06	349,341.63	286,693.79	62,647.84	36,131,546.81
31/08/06	347,822.96	284,134.77	63,688.19	35,847,412.03
30/09/06	346,270.37	281,607.24	64,663.13	35,565,804.79
31/10/06	344,703.42	279,043.32	65,660.10	35,286,761.47
30/11/06	967,102.70	778,783.86	188,318.84	34,507,977.61
31/12/06	486,841.94	390,401.54	96,440.40	34,117,576.07
31/01/07	340,252.72	271,696.51	68,556.21	33,845,879.56
28/02/07	338,706.10	269,337.43	69,368.67	33,576,542.13
31/03/07	337,184.74	266,894.33	70,290.41	33,309,647.80
30/04/07	335,620.56	264,473.20	71,147.36	33,045,174.60
31/05/07	334,050.18	262,024.40	72,025.78	32,783,150.20
30/06/07	472,955.59	369,175.10	103,780.49	32,413,975.09
31/07/07	330,961.41	257,256.40	73,705.01	32,156,718.70
31/08/07	329,476.51	254,924.26	74,552.25	31,901,794.44
30/09/07	327,966.16	252,625.84	75,340.32	31,649,168.60
31/10/07	326,443.24	250,295.80	76,147.44	31,398,872.80
30/11/07	923,198.95	704,004.54	219,194.41	30,694,868.27
31/12/07	459,134.83	348,696.02	110,438.81	30,346,172.25
31/01/08	322,123.16	243,625.54	78,497.62	30,102,546.71
29/02/08	320,617.85	241,443.06	79,174.79	29,861,103.65
31/03/08	319,135.61	239,221.18	79,914.43	29,621,882.47
30/04/08	317,613.61	237,019.77	80,593.84	29,384,862.70
31/05/08	316,088.70	234,796.03	81,292.67	29,150,066.67
30/06/08	445,720.61	329,451.45	116,269.16	28,820,615.22
31/07/08	313,087.19	230,464.89	82,622.30	28,590,150.33
31/08/08	311,642.66	228,346.24	83,296.42	28,361,804.09
30/09/08	310,175.82	226,259.29	83,916.53	28,135,544.79
31/10/08	308,699.40	224,145.97	84,553.43	27,911,398.83
30/11/08	880,281.77	635,579.56	244,702.21	27,275,819.26
31/12/08	432,382.59	310,949.44	121,433.15	26,964,869.83
31/01/09	304,519.23	218,103.72	86,415.51	26,746,766.11
28/02/09	303,059.44	216,155.55	86,903.89	26,530,610.56
31/03/09	301,619.12	214,138.24	87,480.88	26,316,472.32
30/04/09	300,142.78	212,140.53	88,002.25	26,104,331.79
31/05/09	298,667.45	210,125.77	88,541.68	25,894,206.03
30/06/09	419,463.83	293,629.99	125,833.84	25,600,576.03
31/07/09	295,759.53	206,198.98	89,560.55	25,394,377.05
31/08/09	294,356.62	204,276.53	90,080.09	25,190,100.53
30/09/09	292,938.77	202,386.96	90,551.81	24,987,713.57
31/10/09	291,512.15	200,474.15	91,038.00	24,787,239.42
30/11/09	838,411.21	573,237.88	265,173.33	24,214,001.54
31/12/09	406,629.73	276,946.33	129,683.40	23,937,055.21
31/01/10	287,480.09	195,011.69	92,468.40	23,742,043.53
28/02/10	286,069.81	193,247.78	92,822.03	23,548,795.75
31/03/10	284,676.54	191,421.31	93,255.23	23,357,374.44
30/04/10	283,249.57	189,612.73	93,636.84	23,167,761.71
31/05/10	281,826.75	187,791.25	94,035.50	22,979,970.46
30/06/10	394,226.88	261,351.07	132,875.81	22,718,619.39

Interest Payment Date / Instalment Date	Interest and Principal payable to the Noteholders on the relevant date	Principal payable under the Notes	Interest payable under the Notes	Outstanding Nominal amount following applicable payment
31/07/10	279,018.39	184,238.67	94,779.72	22,534,380.72
31/08/10	277,663.00	182,499.74	95,163.26	22,351,880.98
30/09/10	276,296.99	180,792.67	95,504.32	22,171,088.31
31/10/10	274,859.26	179,023.76	95,835.50	21,992,064.55
30/11/10	797,331.05	516,229.29	281,101.76	21,475,835.26
31/12/10	381,855.30	246,300.34	135,554.96	21,229,534.92
31/01/11	270,985.26	174,098.45	96,886.81	21,055,436.46
28/02/11	269,626.57	172,504.67	97,121.90	20,882,931.79
31/03/11	268,283.12	170,854.71	97,428.41	20,712,077.09
30/04/11	266,909.31	169,221.72	97,687.59	20,542,855.37
31/05/11	265,541.31	167,578.63	97,962.68	20,375,276.74
30/06/11	369,985.94	232,289.73	137,696.21	20,142,987.01
31/07/11	262,837.82	164,371.92	98,465.90	19,978,615.09
31/08/11	261,530.94	162,801.50	98,729.44	19,815,813.59
30/09/11	260,217.86	161,262.07	98,955.79	19,654,551.52
31/10/11	258,897.27	159,704.57	99,192.70	19,494,846.94
30/11/11	757,707.57	464,545.21	293,162.36	19,030,301.73
31/12/11	358,205.35	218,807.45	139,397.90	18,811,494.28
31/01/12	255,181.89	155,269.56	99,912.33	18,656,224.72
29/02/12	253,875.38	153,808.61	100,066.77	18,502,416.11
31/03/12	252,581.48	152,319.76	100,261.72	18,350,096.34
30/04/12	251,260.97	150,847.35	100,413.62	18,199,248.99
31/05/12	249,947.32	149,366.94	100,580.38	18,049,882.05
30/06/12	346,858.83	206,202.31	140,656.52	17,843,679.74
31/07/12	247,349.56	146,476.75	100,872.81	17,697,202.99
31/08/12	246,092.34	145,060.95	101,031.39	17,552,142.04
30/09/12	244,832.21	143,674.64	101,157.57	17,408,467.40
31/10/12	243,565.32	142,272.53	101,292.79	17,266,194.87
30/11/12	719,223.19	417,487.92	301,735.27	16,848,706.95
31/12/12	335,598.99	194,108.12	141,490.87	16,654,598.83
31/01/13	240,009.56	138,286.05	101,723.51	16,516,312.79
28/02/13	238,756.89	136,991.38	101,765.51	16,379,321.40
31/03/13	237,514.51	135,650.50	101,864.01	16,243,670.90
30/04/13	236,248.43	134,325.13	101,923.30	16,109,345.77
31/05/13	234,989.77	132,993.32	101,996.45	15,976,352.44
30/06/13	324,776.77	182,843.86	141,932.91	15,793,508.58
31/07/13	232,492.41	130,388.61	102,103.80	15,663,119.98
31/08/13	231,285.22	129,113.86	102,171.36	15,534,006.12
30/09/13	230,078.83	127,867.53	102,211.30	15,406,138.59
31/10/13	228,865.86	126,607.09	102,258.77	15,279,531.50
30/11/13	681,849.99	374,786.82	307,063.17	14,904,744.68
31/12/13	314,023.60	172,003.49	142,020.11	14,732,741.19
31/01/14	225,468.53	123,028.26	102,440.27	14,609,712.93
28/02/14	224,269.33	121,864.07	102,405.26	14,487,848.86
31/03/14	223,079.02	120,658.44	102,420.58	14,367,190.42
30/04/14	221,867.22	119,467.13	102,400.09	14,247,723.29
31/05/14	220,663.14	118,270.60	102,392.54	14,129,452.69
30/06/14	303,717.15	161,924.90	141,792.25	13,967,527.79
31/07/14	218,279.95	115,933.58	102,346.37	13,851,594.21

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31/08/14	217,124.94	114,788.57	102,336.37	13,736,805.64
30/09/14	215,973.12	113,670.22	102,302.90	13,623,135.42
31/10/14	214,815.11	112,539.41	102,275.70	13,510,596.01
30/11/14	645,681.03	336,066.73	309,614.30	13,174,529.28
31/12/14	293,489.53	152,234.77	141,254.76	13,022,294.51
31/01/15	211,579.74	109,333.60	102,246.14	12,912,960.91
28/02/15	210,435.06	108,288.90	102,146.16	12,804,672.01
31/03/15	209,297.52	107,206.82	102,090.70	12,697,465.19
30/04/15	208,141.61	106,138.47	102,003.14	12,591,326.72
31/05/15	206,993.83	105,066.05	101,927.78	12,486,260.67
30/06/15	283,705.51	143,237.14	140,468.37	12,343,023.52
31/07/15	204,720.87	102,970.80	101,750.07	12,240,052.72
31/08/15	203,618.21	101,943.96	101,674.25	12,138,108.76
30/09/15	202,520.11	100,941.71	101,578.40	12,037,167.04
31/10/15	201,417.11	99,928.93	101,488.18	11,937,238.11
30/11/15	610,695.24	300,982.48	309,712.76	11,636,255.63
31/12/15	273,991.00	134,585.64	139,405.36	11,501,669.99
31/01/16	198,277.54	97,030.13	101,247.41	11,404,639.85
29/02/16	197,187.50	96,080.15	101,107.35	11,308,559.71
31/03/16	196,102.70	95,110.79	100,991.91	11,213,448.92
30/04/16	195,002.16	94,154.40	100,847.76	11,119,294.52
31/05/16	193,909.16	93,194.43	100,714.73	11,026,100.09
30/06/16	264,654.96	126,515.09	138,139.87	10,899,585.00
31/07/16	191,745.26	91,319.19	100,426.07	10,808,265.82
31/08/16	190,694.48	90,399.89	100,294.59	10,717,865.93
30/09/16	189,650.88	89,503.90	100,146.98	10,628,362.03
31/10/16	188,602.44	88,598.50	100,003.94	10,539,763.53
30/11/16	576,584.72	269,043.22	307,541.50	10,270,720.31
31/12/16	255,449.68	118,806.53	136,643.15	10,151,913.78
31/01/17	185,687.95	86,039.71	99,648.24	10,065,874.07
28/02/17	184,651.77	85,202.84	99,448.93	9,980,671.23
31/03/17	183,620.61	84,336.10	99,284.51	9,896,335.14
30/04/17	182,575.57	83,481.30	99,094.27	9,812,853.83
31/05/17	181,536.97	82,623.11	98,913.86	9,730,230.72
30/06/17	246,685.42	111,671.13	135,014.29	9,618,559.59
31/07/17	179,481.92	80,947.24	98,534.68	9,537,612.35
31/08/17	178,484.16	80,125.93	98,358.23	9,457,486.43
30/09/17	177,494.27	79,325.88	98,168.39	9,378,160.55
31/10/17	176,500.41	78,517.79	97,982.62	9,299,642.76
30/11/17	544,002.96	240,361.71	303,641.25	9,059,281.05
31/12/17	237,981.09	104,812.05	133,169.04	8,954,469.00
31/01/18	173,742.70	76,236.63	97,506.07	8,878,232.38
28/02/18	172,760.43	75,489.50	97,270.93	8,802,742.88
31/03/18	171,781.70	74,715.42	97,066.28	8,728,027.45
30/04/18	170,791.72	73,952.76	96,838.96	8,654,074.70
31/05/18	169,807.30	73,186.91	96,620.39	8,580,887.79
30/06/18	229,716.29	98,474.04	131,242.25	8,482,413.75
31/07/18	167,859.46	71,691.40	96,168.06	8,410,722.35
31/08/18	166,914.13	70,958.80	95,955.33	8,339,763.55

Interest Payment Date / Instalment Date	Interest and Principal payable to the Noteholders on the relevant date	Principal payable under the Notes	Interest payable under the Notes	Outstanding Nominal amount following applicable payment
30/09/18	165,977.88	70,245.84	95,732.04	8,269,517.72
31/10/18	165,038.13	69,525.87	95,512.26	8,199,991.85
30/11/18	512,636.24	214,475.33	298,160.91	7,985,516.52
31/12/18	221,509.13	92,383.05	129,126.08	7,893,133.47
31/01/19	162,437.04	67,496.47	94,940.57	7,825,637.00
28/02/19	161,507.25	66,830.25	94,677.00	7,758,806.76
31/03/19	160,580.44	66,140.07	94,440.37	7,692,666.69
30/04/19	159,644.69	65,460.68	94,184.01	7,627,206.01
31/05/19	158,713.13	64,778.10	93,935.03	7,562,427.91
30/06/19	213,734.10	86,763.13	126,970.97	7,475,664.78
31/07/19	156,871.58	63,445.89	93,425.69	7,412,218.89
31/08/19	155,977.00	62,793.06	93,183.94	7,349,425.83
30/09/19	155,090.72	62,157.57	92,933.15	7,287,268.26
31/10/19	154,203.13	61,516.75	92,686.38	7,225,751.51
30/11/19	482,476.33	191,138.25	291,338.08	7,034,613.25
31/12/19	206,004.07	81,359.38	124,644.69	6,953,253.87
31/01/20	151,751.73	59,712.77	92,038.96	6,893,541.10
29/02/20	150,873.40	59,110.79	91,762.61	6,834,430.31
31/03/20	149,996.93	58,496.17	91,500.76	6,775,934.14
30/04/20	149,112.36	57,891.22	91,221.14	6,718,042.92
31/05/20	148,231.61	57,283.44	90,948.17	6,660,759.47
30/06/20	198,699.28	76,370.28	122,329.00	6,584,389.19
31/07/20	146,491.47	56,097.65	90,393.82	6,528,291.55
31/08/20	145,645.61	55,516.44	90,129.17	6,472,775.11
30/09/20	144,809.03	54,951.23	89,857.80	6,417,823.87
31/10/20	143,971.30	54,381.34	89,589.96	6,363,442.53
30/11/20	453,496.81	170,092.37	283,404.44	6,193,350.16
31/12/20	191,429.85	71,582.85	119,847.00	6,121,767.31
31/01/21	141,664.58	52,779.91	88,884.67	6,068,987.40
28/02/21	140,835.29	52,252.18	88,583.11	6,016,735.22
31/03/21	140,007.00	51,705.14	88,301.86	5,965,030.08
30/04/21	139,172.99	51,167.38	88,005.61	5,913,862.70
31/05/21	138,341.53	50,626.76	87,714.77	5,863,235.94
30/06/21	184,578.37	67,180.33	117,398.04	5,796,055.61
31/07/21	136,700.07	49,572.49	87,127.58	5,746,483.11
31/08/21	135,902.53	49,055.98	86,846.55	5,697,427.13
30/09/21	135,115.22	48,554.21	86,561.01	5,648,872.92
31/10/21	134,326.82	48,048.32	86,278.50	5,600,824.60
30/11/21	425,690.86	151,185.42	274,505.44	5,449,639.18
31/12/21	177,760.07	62,946.06	114,814.01	5,386,693.11
31/01/22	132,161.13	46,628.68	85,532.45	5,340,064.43
28/02/22	131,379.86	46,159.82	85,220.04	5,293,904.62
31/03/22	130,599.56	45,673.94	84,925.62	5,248,230.68
30/04/22	129,813.84	45,196.25	84,617.59	5,203,034.43
31/05/22	129,030.29	44,715.97	84,314.32	5,158,318.47
30/06/22	171,352.08	59,059.20	112,292.88	5,099,259.27
31/07/22	127,484.40	43,779.74	83,704.66	5,055,479.53
31/08/22	126,733.22	43,321.10	83,412.12	5,012,158.43
30/09/22	125,988.29	42,874.34	83,113.95	4,969,284.09

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31/10/22	125,246.65	42,425.50	82,821.15	4,926,858.59
30/11/22	399,043.98	134,197.02	264,846.96	4,792,661.57
31/12/22	164,961.50	55,316.60	109,644.90	4,737,344.98
31/01/23	123,214.77	41,167.87	82,046.90	4,696,177.10
28/02/23	122,479.59	40,751.72	81,727.87	4,655,425.38
31/03/23	121,743.88	40,320.07	81,423.81	4,615,105.32
30/04/23	121,004.79	39,896.23	81,108.56	4,575,209.09
31/05/23	120,266.94	39,469.86	80,797.08	4,535,739.23
30/06/23	158,976.58	51,888.65	107,087.93	4,483,850.58
31/07/23	118,813.13	38,639.37	80,173.76	4,445,211.21
31/08/23	118,106.72	38,232.60	79,874.12	4,406,978.61
30/09/23	117,407.34	37,836.74	79,570.60	4,369,141.87
31/10/23	116,710.99	37,439.04	79,271.95	4,331,702.83
30/11/23	373,531.85	118,948.42	254,583.43	4,212,754.40
31/12/23	153,007.13	48,587.97	104,419.16	4,164,166.44
31/01/24	114,809.28	36,326.72	78,482.56	4,127,839.72
29/02/24	114,117.90	35,952.20	78,165.70	4,091,887.52
31/03/24	113,426.04	35,569.43	77,856.61	4,056,318.09
30/04/24	112,731.35	35,193.69	77,537.66	4,021,124.40
31/05/24	112,037.23	34,815.53	77,221.70	3,986,308.87
30/06/24	147,429.62	45,562.38	101,867.24	3,940,746.49
31/07/24	110,670.73	34,079.34	76,591.39	3,906,667.15
31/08/24	110,006.70	33,718.79	76,287.91	3,872,948.35
30/09/24	109,348.91	33,367.78	75,981.13	3,839,580.57
31/10/24	108,695.11	33,015.55	75,679.56	3,806,565.02
30/11/24	349,131.66	105,260.95	243,870.71	3,701,304.07
31/12/24	141,855.01	42,652.81	99,202.20	3,658,651.26
31/01/25	106,914.00	32,031.76	74,882.24	3,626,619.50
28/02/25	106,264.41	31,704.59	74,559.82	3,594,914.91
31/03/25	105,613.80	31,365.21	74,248.59	3,563,549.70
30/04/25	104,961.19	31,032.23	73,928.96	3,532,517.47
31/05/25	104,308.67	30,697.00	73,611.67	3,501,820.47
30/06/25	136,660.60	39,996.25	96,664.35	3,461,824.22
31/07/25	103,024.92	30,044.66	72,980.26	3,431,779.57
31/08/25	102,401.25	29,725.26	72,675.99	3,402,054.31
30/09/25	101,782.55	29,414.02	72,368.53	3,372,640.29
31/10/25	101,169.69	29,102.38	72,067.31	3,343,537.91
30/11/25	325,825.37	93,020.38	232,804.99	3,250,517.52
31/12/25	131,461.21	37,433.34	94,027.87	3,213,084.19
31/01/26	99,503.76	28,233.00	71,270.76	3,184,851.19
28/02/26	98,893.68	27,943.13	70,950.55	3,156,908.06
31/03/26	98,282.15	27,642.36	70,639.79	3,129,265.69
30/04/26	97,669.47	27,347.46	70,322.01	3,101,918.23
31/05/26	97,056.23	27,050.39	70,005.84	3,074,867.84
30/06/26	126,629.78	35,097.31	91,532.47	3,039,770.53
31/07/26	95,850.89	26,472.66	69,378.23	3,013,297.87
31/08/26	95,265.05	26,189.76	69,075.29	2,987,108.12
30/09/26	94,683.72	25,914.02	68,769.70	2,961,194.10
31/10/26	94,108.74	25,638.20	68,470.54	2,935,555.90

Interest Payment Date / Instalment Date	Interest and Principal payable to the Noteholders on the relevant date	Principal payable under the Notes	Interest payable under the Notes	Outstanding Nominal amount following applicable payment
30/11/26	303,597.01	82,074.74	221,522.27	2,853,481.16
31/12/26	121,785.05	32,841.35	88,943.70	2,820,639.82
31/01/27	92,551.74	24,870.45	67,681.29	2,795,769.37
28/02/27	91,978.88	24,613.72	67,365.16	2,771,155.65
31/03/27	91,404.33	24,347.29	67,057.04	2,746,808.35
30/04/27	90,828.96	24,086.11	66,742.85	2,722,722.24
31/05/27	90,253.12	23,823.05	66,430.07	2,698,899.20
30/06/27	117,295.16	30,788.46	86,506.70	2,668,110.73
31/07/27	89,121.88	23,311.62	65,810.26	2,644,799.11
31/08/27	88,571.89	23,061.17	65,510.72	2,621,737.94
30/09/27	88,025.39	22,816.85	65,208.54	2,598,921.09
31/10/27	87,486.87	22,573.05	64,913.82	2,576,348.04
30/11/27	282,436.89	72,302.93	210,133.96	2,504,045.10
31/12/27	112,783.18	28,803.49	83,979.69	2,475,241.61
31/01/28	86,031.44	21,895.14	64,136.30	2,453,346.48
29/02/28	85,493.92	21,664.67	63,829.25	2,431,681.81
31/03/28	84,954.47	21,428.84	63,525.63	2,410,252.97
30/04/28	84,414.92	21,197.80	63,217.12	2,389,055.17
31/05/28	83,874.80	20,965.08	62,909.72	2,368,090.08
30/06/28	108,612.81	26,996.16	81,616.65	2,341,093.92
31/07/28	82,814.49	20,512.87	62,301.62	2,320,581.05
31/08/28	82,298.84	20,291.41	62,007.43	2,300,289.64
30/09/28	81,785.62	20,075.13	61,710.49	2,280,214.51
31/10/28	81,280.80	19,859.59	61,421.21	2,260,354.92
30/11/28	262,361.92	63,591.12	198,770.80	2,196,763.80
31/12/28	104,411.12	25,250.17	79,160.95	2,171,513.64
31/01/29	79,921.03	19,261.41	60,659.62	2,152,252.23
28/02/29	79,416.75	19,060.36	60,356.39	2,133,191.87
31/03/29	78,910.54	18,851.69	60,058.85	2,114,340.18
30/04/29	78,404.77	18,647.38	59,757.39	2,095,692.81
31/05/29	77,898.28	18,441.55	59,456.73	2,077,251.26
30/06/29	100,536.12	23,666.18	76,869.94	2,053,585.07
31/07/29	76,904.44	18,041.71	58,862.73	2,035,543.36
31/08/29	76,420.96	17,845.88	58,575.08	2,017,697.48
30/09/29	75,939.45	17,654.55	58,284.90	2,000,042.94
31/10/29	75,467.46	17,464.30	58,003.16	1,982,578.64
30/11/29	243,386.01	55,862.55	187,523.46	1,926,716.09
31/12/29	96,626.00	22,130.97	74,495.03	1,904,585.12
31/01/30	74,199.87	16,937.17	57,262.70	1,887,647.95
28/02/30	73,727.52	16,759.46	56,968.06	1,870,888.49
31/03/30	73,252.68	16,574.89	56,677.79	1,854,313.61
30/04/30	72,778.68	16,394.26	56,384.42	1,837,919.34
31/05/30	72,303.97	16,212.30	56,091.67	1,821,707.04
30/06/30	93,027.32	20,739.99	72,287.33	1,800,967.05
31/07/30	71,372.32	15,858.79	55,513.53	1,785,108.26
31/08/30	70,918.82	15,685.63	55,233.19	1,769,422.63
30/09/30	70,465.74	15,516.08	54,949.66	1,753,906.55
31/10/30	70,023.39	15,347.96	54,675.43	1,738,558.60
30/11/30	225,511.54	49,014.65	176,496.89	1,689,543.95

Interest Payment Date / Instalment Date	Interest and Principal payable to the Noteholders on the relevant date	Principal payable under the Notes	Interest payable under the Notes	Outstanding Nominal amount following applicable payment
31/12/30	89,378.03	19,387.90	69,990.13	1,670,156.05
31/01/31	68,837.90	14,882.70	53,955.20	1,655,273.35
28/02/31	68,394.14	14,725.37	53,668.77	1,640,547.98
31/03/31	67,947.90	14,561.98	53,385.92	1,625,986.00
30/04/31	67,502.68	14,402.12	53,100.56	1,611,583.88
31/05/31	67,056.82	14,241.11	52,815.71	1,597,342.77
30/06/31	86,021.03	18,163.47	67,857.56	1,579,179.30
31/07/31	66,182.05	13,928.37	52,253.68	1,565,250.93
31/08/31	65,756.43	13,775.25	51,981.18	1,551,475.68
30/09/31	65,330.37	13,625.12	51,705.25	1,537,850.56
31/10/31	64,915.08	13,476.45	51,438.63	1,524,374.11
30/11/31	208,724.48	42,960.05	165,764.43	1,481,414.06
31/12/31	82,604.01	16,970.74	65,633.27	1,464,443.32
31/01/32	63,803.58	13,065.38	50,738.20	1,451,377.94
29/02/32	63,386.68	12,924.22	50,462.46	1,438,453.73
31/03/32	62,966.91	12,779.56	50,187.35	1,425,674.16
30/04/32	62,547.88	12,637.98	49,909.90	1,413,036.19
31/05/32	62,128.72	12,495.49	49,633.23	1,400,540.69
30/06/32	79,457.70	15,887.92	63,569.78	1,384,652.78
31/07/32	61,304.40	12,218.34	49,086.06	1,372,434.43
31/08/32	60,901.55	12,082.30	48,819.25	1,360,352.14
30/09/32	60,498.80	11,949.01	48,549.79	1,348,403.13
31/10/32	60,107.10	11,817.23	48,289.87	1,336,585.90
30/11/32	6,835,778.46	1,336,585.90	5,499,192.56	0.00

Appendix 2

The following payments (in euro) of interest and principal in respect of the Notes shall be made in accordance with the table below:

Appendix 2.1

10/12/2002 € 50,050,000

Date	Interest and Principal	Principal	Interest	Date	Interest and Principal	Principal	Interest
31/12/02	557,870.85		557,870.85	31/07/06	311,311.24		311,311.24
31/01/03	371,402.03		371,402.03	31/08/06	309,939.43		309,939.43
28/02/03	369,892.48		369,892.48	30/09/06	308,569.63		308,569.63
31/03/03	368,385.57		368,385.57	31/10/06	307,203.16		307,203.16
30/04/03	366,880.86		366,880.86	30/11/06	929,868.92		929,868.92
31/05/03	365,377.49		365,377.49	31/12/06	449,745.22		449,745.22
30/06/03	545,755.19		545,755.19	31/01/07	303,371.46		303,371.46
31/07/03	362,319.93		362,319.93	28/02/07	302,021.10		302,021.10
31/08/03	360,827.94		360,827.94	31/03/07	300,674.06		300,674.06
30/09/03	359,336.85		359,336.85	30/04/07	299,330.29		299,330.29
31/10/03	357,848.58		357,848.58	31/05/07	297,989.58		297,989.58
30/11/03	1,060,054.45		1,060,054.45	30/06/07	437,097.93		437,097.93
31/12/03	531,242.65		531,242.65	31/07/07	295,323.31		295,323.31
31/01/04	353,648.64		353,648.64	31/08/07	293,996.77		293,996.77
29/02/04	352,174.27		352,174.27	30/09/07	292,672.26		292,672.26
31/03/04	350,702.70		350,702.70	31/10/07	291,351.37		291,351.37
30/04/04	349,233.74		349,233.74	30/11/07	888,370.97		888,370.97
31/05/04	347,766.95		347,766.95	31/12/07	424,450.54		424,450.54
30/06/04	517,243.05		517,243.05	31/01/08	287,656.14		287,656.14
31/07/04	344,846.95		344,846.95	29/02/08	286,351.05		286,351.05
31/08/04	343,392.33		343,392.33	31/03/08	285,049.29		285,049.29
30/09/04	341,938.57		341,938.57	30/04/08	283,750.75		283,750.75
31/10/04	340,487.82		340,487.82	31/05/08	282,455.76		282,455.76
30/11/04	1,015,798.26		1,015,798.26	30/06/08	412,292.78		412,292.78
31/12/04	503,199.73		503,199.73	31/07/08	279,881.10		279,881.10
31/01/05	336,401.37		336,401.37	31/08/08	278,600.53		278,600.53
28/02/05	334,965.06		334,965.06	30/09/08	277,321.92		277,321.92
31/03/05	333,531.79		333,531.79	31/10/08	276,046.79		276,046.79
30/04/05	332,101.52		332,101.52	30/11/08	847,888.69		847,888.69
31/05/05	330,673.51		330,673.51	31/12/08	400,137.07		400,137.07
30/06/05	489,617.19		489,617.19	31/01/09	272,487.75		272,487.75
31/07/05	327,832.15		327,832.15	28/02/09	271,228.26		271,228.26
31/08/05	326,417.58		326,417.58	31/03/09	269,971.95		269,971.95
30/09/05	325,004.70		325,004.70	30/04/09	268,719.17		268,719.17
31/10/05	323,594.91		323,594.91	31/05/09	267,470.34		267,470.34
30/11/05	972,392.63		972,392.63	30/06/09	388,471.00		388,471.00
31/12/05	476,007.92		476,007.92	31/07/09	264,987.97		264,987.97
31/01/06	319,626.59		319,626.59	31/08/09	263,753.66		263,753.66
28/02/06	318,232.31		318,232.31	30/09/09	262,521.53		262,521.53
31/03/06	316,841.02		316,841.02	31/10/09	261,292.80		261,292.80
30/04/06	315,452.75		315,452.75	30/11/09	808,443.42		808,443.42
31/05/06	314,067.42		314,067.42	31/12/09	376,811.59		376,811.59
30/06/06	462,882.43		462,882.43	31/01/10	257,872.22		257,872.22

Date	Interest and Principal	Principal	Interest
28/02/10	256,659.20		256,659.20
31/03/10	255,449.43		255,449.43
30/04/10	254,243.16		254,243.16
31/05/10	253,040.95		253,040.95
30/06/10	365,642.65		365,642.65
31/07/10	250,651.63		250,651.63
31/08/10	249,464.00		249,464.00
30/09/10	248,278.73		248,278.73
31/10/10	247,033.18		247,033.18
30/11/10	769,746.64		769,746.64
31/12/10	354,419.12	329,011.87	25,407.25
31/01/11	243,751.74	243,751.74	
28/02/11	242,585.23	242,585.23	
31/03/11	241,422.03	241,422.03	
30/04/11	240,262.30	240,262.30	
31/05/11	239,106.58	239,106.58	
30/06/11	343,746.43	343,746.43	
31/07/11	236,809.69	236,809.69	
31/08/11	235,668.01	235,668.01	
30/09/11	234,528.64	234,528.64	
31/10/11	233,392.24	233,392.24	
30/11/11	732,432.49	732,432.49	
31/12/11	333,074.82	333,074.82	
31/01/12	230,245.85	230,245.85	
29/02/12	229,124.07	229,124.07	
31/03/12	228,005.41	228,005.41	
30/04/12	226,890.41	226,890.41	
31/05/12	225,779.32	225,779.32	
30/06/12	322,877.73	322,877.73	
31/07/12	223,571.55	223,571.55	
31/08/12	222,474.33	222,474.33	
30/09/12	221,379.57	221,379.57	
31/10/12	220,287.77	220,287.77	
30/11/12	696,162.44	696,162.44	
31/12/12	312,679.11	312,679.11	
31/01/13	217,273.20	217,273.20	
28/02/13	216,195.49	216,195.49	
31/03/13	215,120.62	215,120.62	
30/04/13	214,049.19	214,049.19	
31/05/13	212,981.72	212,981.72	
30/06/13	302,945.44	302,945.44	
31/07/13	210,853.89	210,853.89	
31/08/13	209,799.60	209,799.60	
30/09/13	208,747.75	208,747.75	
31/10/13	207,698.68	207,698.68	
30/11/13	660,885.44	660,885.44	
31/12/13	293,192.77	293,192.77	
31/01/14	204,810.06	204,810.06	
28/02/14	203,774.86	203,774.86	
31/03/14	202,742.67	202,742.67	

Date	Interest and Principal	Principal	Interest
30/04/14	201,713.95	201,713.95	
31/05/14	200,689.03	200,689.03	
30/06/14	283,908.23	283,908.23	
31/07/14	198,652.69	198,652.69	
31/08/14	197,641.07	197,641.07	
30/09/14	196,632.01	196,632.01	
31/10/14	195,625.80	195,625.80	
30/11/14	626,679.48	626,679.48	
31/12/14	274,614.36	274,614.36	
31/01/15	192,864.41	192,864.41	
28/02/15	191,871.75	191,871.75	
31/03/15	190,882.11	190,882.11	
30/04/15	189,895.90	189,895.90	
31/05/15	188,913.64	188,913.64	
30/06/15	265,778.04	265,778.04	
31/07/15	186,962.50	186,962.50	
31/08/15	185,993.15	185,993.15	
30/09/15	185,026.07	185,026.07	
31/10/15	184,061.67	184,061.67	
30/11/15	593,512.28	593,512.28	
31/12/15	256,926.47	256,926.47	
31/01/16	181,359.77	181,359.77	
29/02/16	180,408.61	180,408.61	
31/03/16	179,460.55	179,460.55	
30/04/16	178,515.89	178,515.89	
31/05/16	177,575.27	177,575.27	
30/06/16	248,460.75	248,460.75	
31/07/16	175,707.15	175,707.15	
31/08/16	174,779.38	174,779.38	
30/09/16	173,854.00	173,854.00	
31/10/16	172,931.44	172,931.44	
30/11/16	561,070.88	561,070.88	
31/12/16	240,044.98	240,044.98	
31/01/17	170,416.83	170,416.83	
28/02/17	169,507.31	169,507.31	
31/03/17	168,600.71	168,600.71	
30/04/17	167,697.37	167,697.37	
31/05/17	166,798.00	166,798.00	
30/06/17	232,072.67	232,072.67	
31/07/17	165,011.91	165,011.91	
31/08/17	164,125.23	164,125.23	
30/09/17	163,241.08	163,241.08	
31/10/17	162,359.52	162,359.52	
30/11/17	530,004.22	530,004.22	
31/12/17	224,082.80	224,082.80	
31/01/18	159,964.75	159,964.75	
28/02/18	159,096.16	159,096.16	
31/03/18	158,230.59	158,230.59	
30/04/18	157,368.20	157,368.20	
31/05/18	156,509.51	156,509.51	

Date	Interest and Principal	Principal	Interest
30/06/18	216,531.87	216,531.87	
31/07/18	154,804.41	154,804.41	
31/08/18	153,958.25	153,958.25	
30/09/18	153,114.93	153,114.93	
31/10/18	152,274.29	152,274.29	
30/11/18	500,000.07	500,000.07	
31/12/18	208,963.97	208,963.97	
31/01/19	149,999.45	149,999.45	
28/02/19	149,171.09	149,171.09	
31/03/19	148,345.51	148,345.51	
30/04/19	147,523.40	147,523.40	
31/05/19	146,704.73	146,704.73	
30/06/19	201,825.84	201,825.84	
31/07/19	145,079.68	145,079.68	
31/08/19	144,273.23	144,273.23	
30/09/19	143,469.72	143,469.72	
31/10/19	142,668.53	142,668.53	
30/11/19	471,055.62	471,055.62	
31/12/19	194,665.97	194,665.97	
31/01/20	140,508.48	140,508.48	
29/02/20	139,719.09	139,719.09	
31/03/20	138,932.37	138,932.37	
30/04/20	138,148.90	138,148.90	
31/05/20	137,368.78	137,368.78	
30/06/20	187,924.45	187,924.45	
31/07/20	135,820.58	135,820.58	
31/08/20	135,052.52	135,052.52	
30/09/20	134,287.40	134,287.40	
31/10/20	133,524.61	133,524.61	
30/11/20	443,151.06	443,151.06	
31/12/20	181,157.76	181,157.76	
31/01/21	131,476.03	131,476.03	
28/02/21	130,724.65	130,724.65	
31/03/21	129,975.84	129,975.84	
30/04/21	129,230.26	129,230.26	
31/05/21	128,487.98	128,487.98	
30/06/21	174,801.49	174,801.49	
31/07/21	127,015.26	127,015.26	
31/08/21	126,284.97	126,284.97	
30/09/21	125,557.66	125,557.66	
31/10/21	124,832.94	124,832.94	
30/11/21	416,286.17	416,286.17	
31/12/21	168,421.14	168,421.14	
31/01/22	122,894.83	122,894.83	
28/02/22	122,181.28	122,181.28	
31/03/22	121,470.15	121,470.15	
30/04/22	120,762.14	120,762.14	
31/05/22	120,057.31	120,057.31	
30/06/22	162,445.03	162,445.03	
31/07/22	118,659.17	118,659.17	

Date	Interest and Principal	Principal	Interest
31/08/22	117,965.96	117,965.96	
30/09/22	117,275.64	117,275.64	
31/10/22	116,587.60	116,587.60	
30/11/22	390,463.51	390,463.51	
31/12/22	156,439.72	156,439.72	
31/01/23	114,755.71	114,755.71	
28/02/23	114,078.55	114,078.55	
31/03/23	113,403.82	113,403.82	
30/04/23	112,732.13	112,732.13	
31/05/23	112,063.48	112,063.48	
30/06/23	150,829.46	150,829.46	
31/07/23	110,737.95	110,737.95	
31/08/23	110,081.14	110,081.14	
30/09/23	109,427.28	109,427.28	
31/10/23	108,775.56	108,775.56	
30/11/23	365,665.39	365,665.39	
31/12/23	145,192.41	145,192.41	
31/01/24	107,048.72	107,048.72	
29/02/24	106,407.58	106,407.58	
31/03/24	105,768.56	105,768.56	
30/04/24	105,132.39	105,132.39	
31/05/24	104,499.06	104,499.06	
30/06/24	139,939.35	139,939.35	
31/07/24	103,243.88	103,243.88	
31/08/24	102,622.14	102,622.14	
30/09/24	102,003.26	102,003.26	
31/10/24	101,386.29	101,386.29	
30/11/24	341,883.24	341,883.24	
31/12/24	134,653.07	134,653.07	
31/01/25	99,758.89	99,758.89	
28/02/25	99,152.26	99,152.26	
31/03/25	98,547.76	98,547.76	
30/04/25	97,945.98	97,945.98	
31/05/25	97,346.92	97,346.92	
30/06/25	129,739.46	129,739.46	
31/07/25	96,159.71	96,159.71	
31/08/25	95,571.94	95,571.94	
30/09/25	94,987.25	94,987.25	
31/10/25	94,404.40	94,404.40	
30/11/25	319,113.81	319,113.81	
31/12/25	124,791.02	124,791.02	
31/01/26	92,873.87	92,873.87	
28/02/26	92,300.78	92,300.78	
31/03/26	91,729.69	91,729.69	
30/04/26	91,161.15	91,161.15	
31/05/26	90,595.09	90,595.09	
30/06/26	120,202.93	120,202.93	
31/07/26	89,473.83	89,473.83	

Date	Interest and Principal	Principal	Interest
31/08/26	88,918.84	88,918.84	
30/09/26	88,367.02	88,367.02	
31/10/26	87,816.87	87,816.87	
30/11/26	297,352.63	297,352.63	
31/12/26	115,577.74	115,577.74	
31/01/27	86,379.28	86,379.28	
28/02/27	85,838.53	85,838.53	
31/03/27	85,299.80	85,299.80	
30/04/27	84,763.61	84,763.61	
31/05/27	84,229.69	84,229.69	
30/06/27	111,301.28	111,301.28	
31/07/27	83,172.49	83,172.49	
31/08/27	82,649.44	82,649.44	
30/09/27	82,129.39	82,129.39	
31/10/27	81,610.92	81,610.92	
30/11/27	276,603.47	276,603.47	
31/12/27	106,983.94	106,983.94	
31/01/28	80,262.95	80,262.95	
29/02/28	79,753.62	79,753.62	
31/03/28	79,246.33	79,246.33	
30/04/28	78,741.46	78,741.46	
31/05/28	78,238.91	78,238.91	
30/06/28	103,002.29	103,002.29	
31/07/28	77,244.20	77,244.20	
31/08/28	76,752.11	76,752.11	
30/09/28	76,262.90	76,262.90	
31/10/28	75,775.11	75,775.11	
30/11/28	256,894.75	256,894.75	
31/12/28	98,975.30	98,975.30	
31/01/29	74,512.82	74,512.82	
28/02/29	74,033.73	74,033.73	
31/03/29	73,556.71	73,556.71	
30/04/29	73,082.05	73,082.05	
31/05/29	72,609.57	72,609.57	
30/06/29	95,269.68	95,269.68	
31/07/29	71,674.70	71,674.70	
31/08/29	71,212.44	71,212.44	
30/09/29	70,752.95	70,752.95	

Date	Interest and Principal	Principal	Interest
31/10/29	70,295.16	70,295.16	
30/11/29	238,248.81	238,248.81	
31/12/29	91,517.73	91,517.73	
31/01/30	69,116.55	69,116.55	
28/02/30	68,667.04	68,667.04	
31/03/30	68,219.58	68,219.58	
30/04/30	67,774.35	67,774.35	
31/05/30	67,331.09	67,331.09	
30/06/30	88,074.49	88,074.49	
31/07/30	66,453.87	66,453.87	
31/08/30	66,020.03	66,020.03	
30/09/30	65,588.83	65,588.83	
31/10/30	65,159.06	65,159.06	
30/11/30	220,680.45	220,680.45	
31/12/30	84,575.18	84,575.18	
31/01/31	64,057.64	64,057.64	
28/02/31	63,635.57	63,635.57	
31/03/31	63,215.27	63,215.27	
30/04/31	62,796.99	62,796.99	
31/05/31	62,380.38	62,380.38	
30/06/31	81,362.68	81,362.68	
31/07/31	61,555.83	61,555.83	
31/08/31	61,147.96	61,147.96	
30/09/31	60,742.70	60,742.70	
31/10/31	60,338.62	60,338.62	
30/11/31	204,179.13	204,179.13	
31/12/31	78,085.31	78,085.31	
31/01/32	59,307.14	59,307.14	
29/02/32	58,910.21	58,910.21	
31/03/32	58,515.17	58,515.17	
30/04/32	58,121.90	58,121.90	
31/05/32	57,730.07	57,730.07	
30/06/32	75,076.79	75,076.79	
31/07/32	56,954.15	56,954.15	
31/08/32	56,570.27	56,570.27	
30/09/32	56,188.66	56,188.66	
31/10/32	55,808.46	55,808.46	
30/11/32	6,425,795.76	6,425,795.76	

Appendix 2.1

10/12/2002 € 4,474,000

Date	Interest and Principal	Principal	Interest
31/12/02	45,413.59		45,413.59
31/01/03	45,494.02		45,494.02
28/02/03	45,349.12		45,349.12
31/03/03	45,235.74		45,235.74

Date	Interest and Principal	Principal	Interest
30/04/03	45,068.13		45,068.13
31/05/03	44,872.23		44,872.23
30/06/03	44,719.85		44,719.85
31/07/03	44,543.57		44,543.57

Date	Interest and Principal	Principal	Interest
31/08/03	44,450.50		44,450.50
30/09/03	44,304.95		44,304.95
31/10/03	44,130.33		44,130.33
30/11/03	43,875.45		43,875.45
31/12/03	43,776.40		43,776.40
31/01/04	43,580.42		43,580.42
29/02/04	43,415.99		43,415.99
31/03/04	43,281.75		43,281.75
30/04/04	43,096.28		43,096.28
31/05/04	42,886.53		42,886.53
30/06/04	42,716.58		42,716.58
31/07/04	42,524.37		42,524.37
31/08/04	42,409.92		42,409.92
30/09/04	42,248.76		42,248.76
31/10/04	42,061.32		42,061.32
30/11/04	41,800.13		41,800.13
31/12/04	41,685.62		41,685.62
31/01/05	41,479.26		41,479.26
28/02/05	41,301.26		41,301.26
31/03/05	41,150.46		41,150.46
30/04/05	40,948.03		40,948.03
31/05/05	40,727.97		40,727.97
30/06/05	40,542.85		40,542.85
31/07/05	40,338.16		40,338.16
31/08/05	40,204.66		40,204.66
30/09/05	40,032.36		40,032.36
31/10/05	39,838.24		39,838.24
30/11/05	39,572.15		39,572.15
31/12/05	39,444.90		39,444.90
31/01/06	39,231.88		39,231.88
28/02/06	39,043.38		39,043.38
31/03/06	38,879.10		38,879.10
30/04/06	38,665.37		38,665.37
31/05/06	38,438.59		38,438.59
30/06/06	38,244.26		38,244.26
31/07/06	38,030.39		38,030.39
31/08/06	37,883.53		37,883.53
30/09/06	37,700.74		37,700.74
31/10/06	37,500.26		37,500.26
30/11/06	37,233.78		37,233.78
31/12/06	37,096.72		37,096.72
31/01/07	36,881.26		36,881.26
28/02/07	36,685.00		36,685.00
31/03/07	36,510.68		36,510.68
30/04/07	36,290.27		36,290.27
31/05/07	36,060.60		36,060.60
30/06/07	35,857.66		35,857.66
31/07/07	35,638.10		35,638.10
31/08/07	35,479.74		35,479.74
30/09/07	35,293.90		35,293.90

Date	Interest and Principal	Principal	Interest
31/10/07	35,091.87		35,091.87
30/11/07	34,827.98		34,827.98
31/12/07	34,684.29		34,684.29
31/01/08	34,467.02		34,467.02
29/02/08	34,266.80		34,266.80
31/03/08	34,086.32	11,171.59	22,914.73
30/04/08	33,862.86	33,862.86	
31/05/08	33,632.94	33,632.94	
30/06/08	33,427.83	33,427.83	
31/07/08	33,206.09	33,206.09	
31/08/08	33,042.13	33,042.13	
30/09/08	32,853.90	32,853.90	
31/10/08	32,652.61	32,652.61	
30/11/08	32,393.08	32,393.08	
31/12/08	32,245.52	32,245.52	
31/01/09	32,031.48	32,031.48	
28/02/09	31,831.18	31,831.18	
31/03/09	31,647.17	31,647.17	
30/04/09	31,423.61	31,423.61	
31/05/09	31,197.11	31,197.11	
30/06/09	30,992.83	30,992.83	
31/07/09	30,771.56	30,771.56	
31/08/09	30,602.96	30,602.96	
30/09/09	30,417.24	30,417.24	
31/10/09	30,219.35	30,219.35	
30/11/09	29,967.79	29,967.79	
31/12/09	29,818.14	29,818.14	
31/01/10	29,607.87	29,607.87	
28/02/10	29,410.61	29,410.61	
31/03/10	29,227.11	29,227.11	
30/04/10	29,006.41	29,006.41	
31/05/10	28,785.80	28,785.80	
30/06/10	28,584.23	28,584.23	
31/07/10	28,366.76	28,366.76	
31/08/10	28,199.00	28,199.00	
30/09/10	28,018.26	28,018.26	
31/10/10	27,826.08	27,826.08	
30/11/10	27,584.41	27,584.41	
31/12/10	27,436.18	27,436.18	
31/01/11	27,233.52	27,233.52	
28/02/11	27,041.34	27,041.34	
31/03/11	26,861.09	26,861.09	
30/04/11	26,647.01	26,647.01	
31/05/11	26,434.73	26,434.73	
30/06/11	26,239.51	26,239.51	
31/07/11	26,028.13	26,028.13	
31/08/11	25,862.93	25,862.93	
30/09/11	25,689.22	25,689.22	
31/10/11	25,505.03	25,505.03	
30/11/11	25,275.08	25,275.08	

Date	Interest and Principal	Principal	Interest
31/12/11	25,130.53	25,130.53	
31/01/12	24,936.04	24,936.04	
29/02/12	24,751.31	24,751.31	
31/03/12	24,576.07	24,576.07	
30/04/12	24,370.56	24,370.56	
31/05/12	24,168.00	24,168.00	
30/06/12	23,981.10	23,981.10	
31/07/12	23,778.01	23,778.01	
31/08/12	23,618.01	23,618.01	
30/09/12	23,452.64	23,452.64	
31/10/12	23,277.55	23,277.55	
30/11/12	23,060.75	23,060.75	
31/12/12	22,919.88	22,919.88	
31/01/13	22,736.36	22,736.36	
28/02/13	22,561.40	22,561.40	
31/03/13	22,393.89	22,393.89	
30/04/13	22,199.24	22,199.24	
31/05/13	22,008.05	22,008.05	
30/06/13	21,831.33	21,831.33	
31/07/13	21,638.52	21,638.52	
31/08/13	21,485.62	21,485.62	
30/09/13	21,331.08	21,331.08	
31/10/13	21,167.18	21,167.18	
30/11/13	20,964.55	20,964.55	
31/12/13	20,830.83	20,830.83	
31/01/14	20,658.47	20,658.47	
28/02/14	20,494.47	20,494.47	
31/03/14	20,336.35	20,336.35	
30/04/14	20,153.27	20,153.27	
31/05/14	19,974.11	19,974.11	
30/06/14	19,808.92	19,808.92	
31/07/14	19,627.26	19,627.26	
31/08/14	19,483.87	19,483.87	
30/09/14	19,341.11	19,341.11	
31/10/14	19,189.31	19,189.31	
30/11/14	19,001.55	19,001.55	
31/12/14	18,875.17	18,875.17	
31/01/15	18,715.33	18,715.33	
28/02/15	18,563.31	18,563.31	
31/03/15	18,415.41	18,415.41	
30/04/15	18,245.71	18,245.71	
31/05/15	18,080.19	18,080.19	
30/06/15	17,927.47	17,927.47	
31/07/15	17,758.37	17,758.37	
31/08/15	17,625.06	17,625.06	
30/09/15	17,494.04	17,494.04	
31/10/15	17,355.44	17,355.44	
30/11/15	17,182.96	17,182.96	
31/12/15	17,064.53	17,064.53	
31/01/16	16,917.77	16,917.77	

Date	Interest and Principal	Principal	Interest
29/02/16	16,778.89	16,778.89	
31/03/16	16,642.15	16,642.15	
30/04/16	16,486.27	16,486.27	
31/05/16	16,333.89	16,333.89	
30/06/16	16,194.21	16,194.21	
31/07/16	16,038.11	16,038.11	
31/08/16	15,915.10	15,915.10	
30/09/16	15,796.88	15,796.88	
31/10/16	15,671.00	15,671.00	
30/11/16	15,513.84	15,513.84	
31/12/16	15,404.70	15,404.70	
31/01/17	15,271.12	15,271.12	
28/02/17	15,144.46	15,144.46	
31/03/17	15,019.90	15,019.90	
30/04/17	14,878.20	14,878.20	
31/05/17	14,738.97	14,738.97	
30/06/17	14,612.75	14,612.75	
31/07/17	14,470.01	14,470.01	
31/08/17	14,358.93	14,358.93	
30/09/17	14,253.19	14,253.19	
31/10/17	14,140.89	14,140.89	
30/11/17	13,998.74	13,998.74	
31/12/17	13,898.29	13,898.29	
31/01/18	13,777.95	13,777.95	
28/02/18	13,664.27	13,664.27	
31/03/18	13,551.11	13,551.11	
30/04/18	13,423.52	13,423.52	
31/05/18	13,297.79	13,297.79	
30/06/18	13,184.42	13,184.42	
31/07/18	13,055.05	13,055.05	
31/08/18	12,955.88	12,955.88	
30/09/18	12,862.95	12,862.95	
31/10/18	12,763.84	12,763.84	
30/11/18	12,636.17	12,636.17	
31/12/18	12,545.16	12,545.16	
31/01/19	12,437.59	12,437.59	
28/02/19	12,336.16	12,336.16	
31/03/19	12,234.93	12,234.93	
30/04/19	12,121.29	12,121.29	
31/05/19	12,008.40	12,008.40	
30/06/19	11,908.26	11,908.26	
31/07/19	11,791.90	11,791.90	
31/08/19	11,703.77	11,703.77	
30/09/19	11,621.00	11,621.00	
31/10/19	11,534.60	11,534.60	
30/11/19	11,420.71	11,420.71	
31/12/19	11,338.10	11,338.10	
31/01/20	11,243.25	11,243.25	
29/02/20	11,154.31	11,154.31	
31/03/20	11,064.56	11,064.56	

Date	Interest and Principal	Principal	Interest
30/04/20	10,963.46	10,963.46	
31/05/20	10,862.83	10,862.83	
30/06/20	10,774.83	10,774.83	
31/07/20	10,670.89	10,670.89	
31/08/20	10,593.09	10,593.09	
30/09/20	10,521.63	10,521.63	
31/10/20	10,446.69	10,446.69	
30/11/20	10,345.75	10,345.75	
31/12/20	10,272.09	10,272.09	
31/01/21	10,188.55	10,188.55	
28/02/21	10,110.64	10,110.64	
31/03/21	10,031.16	10,031.16	
30/04/21	9,942.73	9,942.73	
31/05/21	9,853.55	9,853.55	
30/06/21	9,776.88	9,776.88	
31/07/21	9,684.81	9,684.81	
31/08/21	9,617.56	9,617.56	
30/09/21	9,557.56	9,557.56	
31/10/21	9,493.88	9,493.88	
30/11/21	9,404.69	9,404.69	
31/12/21	9,338.93	9,338.93	
31/01/22	9,266.30	9,266.30	
28/02/22	9,198.58	9,198.58	
31/03/22	9,129.41	9,129.41	
30/04/22	9,051.70	9,051.70	
31/05/22	8,972.98	8,972.98	
30/06/22	8,907.05	8,907.05	
31/07/22	8,825.23	8,825.23	
31/08/22	8,767.26	8,767.26	
30/09/22	8,712.65	8,712.65	
31/10/22	8,659.05	8,659.05	
30/11/22	8,580.47	8,580.47	
31/12/22	8,521.78	8,521.78	
31/01/23	8,459.06	8,459.06	
28/02/23	8,401.04	8,401.04	
31/03/23	8,340.06	8,340.06	
30/04/23	8,272.66	8,272.66	
31/05/23	8,203.46	8,203.46	
30/06/23	8,147.12	8,147.12	
31/07/23	8,075.18	8,075.18	
31/08/23	8,025.58	8,025.58	
30/09/23	7,980.06	7,980.06	
31/10/23	7,935.43	7,935.43	
30/11/23	7,866.46	7,866.46	
31/12/23	7,814.72	7,814.72	
31/01/24	7,760.56	7,760.56	
29/02/24	7,710.32	7,710.32	
31/03/24	7,657.48	7,657.48	
30/04/24	7,598.96	7,598.96	

Date	Interest and Principal	Principal	Interest
31/05/24	7,538.17	7,538.17	
30/06/24	7,490.27	7,490.27	
31/07/24	7,426.85	7,426.85	
31/08/24	7,384.56	7,384.56	
30/09/24	7,345.65	7,345.65	
31/10/24	7,308.82	7,308.82	
30/11/24	7,248.42	7,248.42	
31/12/24	7,201.94	7,201.94	
31/01/25	7,155.11	7,155.11	
28/02/25	7,112.15	7,112.15	
31/03/25	7,066.04	7,066.04	
30/04/25	7,015.21	7,015.21	
31/05/25	6,961.75	6,961.75	
30/06/25	6,921.14	6,921.14	
31/07/25	6,865.21	6,865.21	
31/08/25	6,829.31	6,829.31	
30/09/25	6,795.30	6,795.30	
31/10/25	6,765.29	6,765.29	
30/11/25	6,711.56	6,711.56	
31/12/25	6,670.19	6,670.19	
31/01/26	6,629.89	6,629.89	
28/02/26	6,592.90	6,592.90	
31/03/26	6,552.46	6,552.46	
30/04/26	6,508.32	6,508.32	
31/05/26	6,461.14	6,461.14	
30/06/26	6,426.85	6,426.85	
31/07/26	6,377.06	6,377.06	
31/08/26	6,346.21	6,346.21	
30/09/26	6,316.70	6,316.70	
31/10/26	6,291.87	6,291.87	
30/11/26	6,244.38	6,244.38	
31/12/26	6,207.31	6,207.31	
31/01/27	6,172.46	6,172.46	
28/02/27	6,140.35	6,140.35	
31/03/27	6,104.53	6,104.53	
30/04/27	6,065.35	6,065.35	
31/05/27	6,023.43	6,023.43	
30/06/27	5,993.88	5,993.88	
31/07/27	5,949.39	5,949.39	
31/08/27	5,922.45	5,922.45	
30/09/27	5,896.00	5,896.00	
31/10/27	5,875.95	5,875.95	
30/11/27	5,833.42	5,833.42	
31/12/27	5,799.24	5,799.24	
31/01/28	5,768.49	5,768.49	
29/02/28	5,740.30	5,740.30	
31/03/28	5,708.14	5,708.14	
30/04/28	5,673.46	5,673.46	

Date	Interest and Principal	Principal	Interest
31/05/28	5,635.89	5,635.89	
30/06/28	5,610.52	5,610.52	
31/07/28	5,570.29	5,570.29	
31/08/28	5,546.73	5,546.73	
30/09/28	5,522.72	5,522.72	
31/10/28	5,505.69	5,505.69	
30/11/28	5,467.17	5,467.17	
31/12/28	5,435.82	5,435.82	
31/01/29	5,408.21	5,408.21	
28/02/29	5,383.02	5,383.02	
31/03/29	5,353.83	5,353.83	
30/04/29	5,322.72	5,322.72	
31/05/29	5,288.71	5,288.71	
30/06/29	5,266.44	5,266.44	
31/07/29	5,229.74	5,229.74	
31/08/29	5,208.52	5,208.52	
30/09/29	5,186.50	5,186.50	
31/10/29	5,172.30	5,172.30	
30/11/29	5,137.20	5,137.20	
31/12/29	5,108.27	5,108.27	
31/01/30	5,083.32	5,083.32	
28/02/30	5,060.48	5,060.48	
31/03/30	5,033.10	5,033.10	
30/04/30	5,004.33	5,004.33	
31/05/30	4,972.88	4,972.88	
30/06/30	4,952.83	4,952.83	
31/07/30	4,918.45	4,918.45	
31/08/30	4,898.79	4,898.79	

Date	Interest and Principal	Principal	Interest
30/09/30	4,876.91	4,876.91	
31/10/30	4,864.33	4,864.33	
30/11/30	4,831.09	4,831.09	
31/12/30	4,802.85	4,802.85	
31/01/31	4,780.26	4,780.26	
28/02/31	4,758.57	4,758.57	
31/03/31	4,732.63	4,732.63	
30/04/31	4,705.69	4,705.69	
31/05/31	4,676.44	4,676.44	
30/06/31	4,658.35	4,658.35	
31/07/31	4,626.22	4,626.22	
31/08/31	4,608.47	4,608.47	
30/09/31	4,587.67	4,587.67	
31/10/31	4,576.46	4,576.46	
30/11/31	4,545.35	4,545.35	
31/12/31	4,518.70	4,518.70	
31/01/32	4,496.44	4,496.44	
29/02/32	4,476.47	4,476.47	
31/03/32	4,451.74	4,451.74	
30/04/32	4,425.98	4,425.98	
31/05/32	4,398.65	4,398.65	
30/06/32	4,380.91	4,380.91	
31/07/32	4,350.25	4,350.25	
31/08/32	4,331.28	4,331.28	
30/09/32	4,310.14	4,310.14	
31/10/32	4,298.64	4,298.64	
30/11/32	409,982.70	409,982.70	

SCHEDULE 1

Capitalisation

The following table sets out the capitalisation of the Issuer on 28 July 2004:

Shareholders Funds	
Share Capital (Authorised £10,000: Issued 2 shares of £1 each).....	
Indebtedness	
Series 1	€ 2,567,000 Secured Amortising Fixed Rate Limited Recourse Notes due 2030
Series 2	€ 36,210,000 Secured Amortising Fixed Rate Limited Recourse Notes due 2040
Series 4	€ 3,010,500 Secured Amortising Fixed Rate Limited Recourse Notes due 2009
Series 5	€ 4,558,677 Secured Amortising Fixed Rate Limited Recourse Notes due 2040
Series 6	€ 26,080,000 Secured Amortising Fixed Rate Limited Recourse Notes due 2040
Series 9	€ 1,818,843 Secured Amortising Fixed Rate Limited Recourse Notes due 2009
Series 10	€ 13,417,324 Secured Amortising Fixed Rate Limited Recourse Notes due 2040
Series 11	€ 4,511,000 Secured Amortising Fixed Rate Limited Recourse Notes due 2030
Series 13	€ 5,203,270 Secured Amortising Fixed Rate Limited Recourse Notes due 2009
Series 14	€ 2,887,860 Secured Amortising Fixed Rate Limited Recourse Notes due 2040
Series 15	€ 20,379,360 Secured Amortising Fixed Rate Limited Recourse Notes due 2040
Series 16	€ 24,416,283 Secured Amortising Fixed Rate Limited Recourse Notes due 2041
Series 17	€ 6,154,360 Secured Amortising Fixed Rate Limited Recourse Notes due 2040
Series 18	€ 3,822,436 Secured Amortising Fixed Rate Limited Recourse Notes due 2040
Series 20	€ 93,970,900 Secured Amortising Fixed Rate Limited Recourse Notes due 2041
Series 21	€ 46,670,000 Secured Amortising Fixed Rate Limited Recourse Notes due 2040
Series 22	€ 12,463,200 Secured Amortising Fixed Rate Limited Recourse Notes due 2041
Series 23	€ 46,939,200 Secured Amortising Fixed Rate Limited Recourse Notes due 2041
Series 24	€ 48,421,600 Secured Amortising Fixed Rate Limited Recourse Notes due 2040
Series 25	€ 17,299,440 Secured Amortising Fixed Rate Limited Recourse Notes due 2040
Series 26	€ 51,850,552 Secured Amortising Fixed Rate Limited Recourse Notes due 2040
Series 27	€ 63,530,600 Secured Amortising Fixed Rate Limited Recourse Notes due 2040
Series 28	€ 43,408,000 Secured Amortising Fixed Rate Limited Recourse Notes due 2040
Series 29	€ 7,701,620 Secured Amortising Fixed Rate Limited Recourse Notes due 2040
Series 30	€ 5,476,980 Secured Amortising Fixed Rate Limited Recourse Notes due 2040
Series 31	€ 2,127,340 Secured Amortising Fixed Rate Limited Recourse Notes due 2041
Series 32	€ 25,735,650 Secured Amortising Fixed Rate Limited Recourse Notes due 2040
Series 33	€ 3,193,770 Secured Amortising Fixed Rate Limited Recourse Notes due 2041
Series 35	€ 4,172,000 Secured Amortising Fixed Rate Limited Recourse Notes due 2041
Series 36	€ 2,566,790 Secured Amortising Fixed Rate Limited Recourse Notes due 2041
Series 37	€ 8,414,170 Secured Amortising Fixed Rate Limited Recourse Notes due 2009
Series 39	€ 4,097,540 Secured Amortising Fixed Rate Limited Recourse Notes due 2041
Series 42	€ 6,000,000 Secured Limited Recourse Notes due 2006
Series 44	€ 9,834,100 Secured Amortising Fixed Rate Limited Recourse Notes due 2031
Series 45	€ 2,283,846 Secured Amortising Fixed Rate Limited Recourse Notes due 2041
Series 46	€ 11,233,695 Secured Amortising Fixed Rate Limited Recourse Notes due 2039
Series 47	€ 3,600,535 Secured Amortising Fixed Rate Limited Recourse Notes due 2009

Series 48	€ 4,480,850 Secured Amortising Fixed Rate Limited Recourse Notes due 2041
Series 49	€ 34,389,500 Secured Amortising Fixed Rate Limited Recourse Notes due 2041
Series 50	€ 11,360,000 Secured Amortising Fixed Rate Limited Recourse Notes due 2031
Series 51	€ 8,128,000 Secured Amortising Fixed Rate Limited Recourse Notes due 2031
Series 52	€ 3,602,280 Secured Amortising Fixed Rate Limited Recourse Notes due 2009
Series 53	€ 3,226,800 Secured Amortising Fixed Rate Limited Recourse Notes due 2031
Series 54	€ 1,787,000 Secured Amortising Fixed Rate Limited Recourse Notes due 2041
Series 55	€ 2,539,900 Secured Amortising Fixed Rate Limited Recourse Notes due 2041
Series 57	€ 12,216,165 Secured Amortising Fixed Rate Limited Recourse Notes due 2014
Series 58	€ 25,263,190 Secured Amortising Fixed Rate Limited Recourse Notes due 2041
Series 59	€ 36,600,000 Secured Amortising Fixed Rate Limited Recourse Notes due 2015
Series 60	€ 50,510,000 Secured Amortising Fixed Rate Limited Recourse Notes due 2012
Series 61	€ 10,358,120 Secured Amortising Fixed Rate Limited Recourse Notes due 2014
Series 62	€ 17,230,000 Secured Amortising Fixed Rate Limited Recourse Notes due 2041
Series 63	€ 37,265,000 Secured Amortising Fixed Rate Limited Recourse Notes due 2041
Series 64	€ 8,080,000 Secured Amortising Fixed Rate Limited Recourse Notes due 2014
Series 65	€ 3,439,000 Secured Amortising Fixed Rate Limited Recourse Notes due 2004
Series 66	€ 25,043,660 Secured Amortising Fixed Rate Limited Recourse Notes due 2011
Series 67	€ 5,089,034 Secured Amortising Limited Recourse Notes due 2036
Series 68	€ 20,029,263 Secured Amortising Fixed Rate Limited Recourse Notes due 2009
Series 69	€ 25,635,000 Secured Amortising Fixed Rate Limited Recourse Notes due 2031
Series 70	€ 6,340,500 Secured Amortising Fixed Rate Limited Recourse Notes due 2031
Series 71	€ 3,104,650 Secured Amortising Fixed Rate Limited Recourse Notes due 2041
Series 72	€ 21,672,502 Secured Amortising Limited Recourse Notes due 2041
Series 73	\$ 30,614,960 Secured Limited Recourse Notes due 2006
Series 74	€ 3,278,000 Secured Amortising Fixed Rate Limited Recourse Notes due 2041
Series 75	€ 3,923,000 Secured Amortising Fixed Rate Limited Recourse Notes due 2041
Series 76	€ 12,798,000 Secured Amortising Fixed Rate Limited Recourse Notes due 2041
Series 77	€ 10,708,750 Secured Amortising Limited Recourse Notes due 2031
Series 78	\$ 13,465,000 Secured Limited Recourse Notes due 2006
Series 79	€ 1,800,000 Secured Index Linked Limited Recourse Notes due 2005
Series 80	€ 1,800,000 Secured Index Linked Limited Recourse Notes due 2008
Series 81	€ 4,300,400 Secured Amortising Fixed Rate Limited Recourse Notes due 2031
Series 82	€ 1,800,000 Secured Amortising Fixed Rate Limited Recourse Notes due 2039
Series 83	€ 24,860,000 Secured Amortising Fixed Rate Limited Recourse Notes due 2016
Series 84	€ 6,958,220 Secured Amortising Fixed Rate Limited Recourse Notes due 2041
Series 85	€ 9,769,500 Secured Amortising Fixed Rate Limited Recourse Notes due 2042
Series 86	€ 1,107,000 Secured Amortising Fixed Rate Limited Recourse Notes due 2041
Series 87	€ 20,121,000 Secured Amortising Fixed Rate Limited Recourse Notes due 2013
Series 88	€ 4,571,600 Secured Amortising Fixed Rate Limited Recourse Notes due 2031
Series 89	€ 7,123,000 Secured Amortising Fixed Rate Limited Recourse Notes due 2041
Series 90	€ 3,018,000 Secured Amortising Fixed Rate Limited Recourse Notes due 2041
Series 91	€ 19,566,827 Secured Amortising Fixed Rate Limited Recourse Notes due 2042
Series 92	€ 15,403,292 Secured Amortising Fixed Rate Limited Recourse Notes due 2042
Series 93	€ 2,015,000 Secured Amortising Fixed Rate Limited Recourse Notes due 2042
Series 94	€ 5,595,000 Secured Limited Recourse Notes due 2031

Series 95	€ 6,073,000 Secured Limited Recourse Notes due 2020
Series 97	\$ 1,000,000 Secured Limited Recourse Notes due 2005
Series 98	€ 16,022,000 Secured Amortising Fixed Rate Limited Recourse Notes due 2031
Series 99	€ 26,203,000 Secured Amortising Fixed Rate Limited Recourse Notes due 2042
Series 100	€ 2,560,000 Secured Amortising Fixed Rate Limited Recourse Notes due 2042
Series 102	€ 24,500,000 Secured Limited Recourse Notes due 2022
Series 103	€ 10,632,752 Secured Amortising Fixed Rate Limited Recourse Notes due 2013
Series 108	\$ 2,600,000 Secured Limited Recourse Notes due 2005
Series 116	€ 23,870,450 Secured Amortising Limited Recourse Notes due 2042
Series 117	€ 5,000,000 Secured Limited Recourse Notes due 2010
Series 118	€ 15,000,000 Secured Limited Recourse Notes due 2010
Series 119	€ 7,018,450 Secured Amortising Limited Recourse Notes due 2014
Series 120	€ 8,000,000 Secured Amortising Limited Recourse Notes due 2010
Series 121	€ 49,396,189 Secured Amortising Limited Recourse Notes due 2010
Series 125	€ 6,542,000 Secured Amortising Limited Recourse Notes due 2032
Series 126	€ 8,045,000 Secured Amortising Limited Recourse Notes due 2027
Series 127	€ 9,015,000 Secured Amortising Limited Recourse Notes due 2042
Series 128	€ 10,500,000 Credit Linked Notes due 2012
Series 129	€ 7,517,750 Secured Amortising Limited Recourse Notes due 2042
Series 130	€ 14,352,538 Secured Amortising Limited Recourse Notes due 2042
Series 131	€ 16,000,000 Credit Linked Notes due 2010
Series 132	€ 6,793,000 Secured Amortising Limited Recourse Notes due 2042
Series 133	€ 6,762,500 Secured Amortising Limited Recourse Notes due 2042
Series 134	€ 7,220,500 Zero Coupon Secured Limited Recourse Notes due 2007
Series 135	€ 3,741,380 Secured Amortising Limited Recourse Notes due 2042
Series 136	€ 12,983,200 Secured Amortising Limited Recourse Notes due 2042
Series 137	€ 6,430,000 Secured Amortising Limited Recourse Notes due 2045
Series 138	€ 2,537,000 Secured Amortising Limited Recourse Notes due 2042
Series 139	€ 26,815,826 Secured Amortising Limited Recourse Notes due 2042
Series 140	€ 2,714,420 Secured Amortising Limited Recourse Notes due 2042
Series 142	€ 41,765,892 Secured Amortising Limited Recourse Notes due 2042
Series 143	€ 7,960,000 Secured Amortising Limited Recourse Notes due 2026
Series 144	€ 4,830,000 Secured Amortising Limited Recourse Notes due 2047
Series 146	€ 12,302,385 Secured Amortising Limited Recourse Notes due 2042
Series 147	€ 2,303,900 Secured Amortising Limited Recourse Notes due 2042
Series 148	€ 1,521,000 Secured Amortising Limited Recourse Notes due 2042
Series 149	€ 1,535,000 Secured Amortising Limited Recourse Notes due 2042
Series 150	€ 3,510,000 Secured Amortising Limited Recourse Notes due 2042
Series 151	€ 7,575,000 Secured Amortising Limited Recourse Notes due 2042
Series 152	€ 5,511,860 Secured Amortising Limited Recourse Notes due 2042
Series 153	€ 7,550,750 Secured Amortising Limited Recourse Notes due 2032
Series 154	€ 1,432,235 Secured Amortising Limited Recourse Notes due 2042
Series 155	€ 6,125,000 Credit Linked Notes 2005
Series 156	€ 96,960,899 Secured Amortising Limited Recourse Notes due 2042
Series 157	€ 2,618,000 Secured Amortising Limited Recourse Notes due 2032

Series 158	€ 1,851,710 Secured Amortising Limited Recourse Notes due 2042
Series 159	\$ 5,050,000 Credit Linked Notes 2005
Series 160	€ 1,977,000 Secured Amortising Limited Recourse Notes due 2012
Series 161	€ 7,258,000 Secured Amortising Limited Recourse Notes due 2032
Series 162	€ 30,170,000 Secured Amortising Limited Recourse Notes due 2042
Series 163	€ 12,657,800 Secured Amortising Limited Recourse Notes due 2042
Series 165	€ 10,040,000 Secured Amortising Limited Recourse Notes due 2042
Series 166	€ 12,946,750 Secured Amortising Limited Recourse Notes due 2042
Series 167	€ 18,450,000 Secured Amortising Limited Recourse Notes due 2042
Series 168	€ 10,480,000 Secured Amortising Limited Recourse Notes due 2032
Series 169	€ 47,833,120 Secured Amortising Limited Recourse Notes due 2042
Series 170	€ 4,529,800 Secured Amortising Limited Recourse Notes due 2042
Series 171	€ 6,649,200 Secured Amortising Limited Recourse Notes due 2015
Series 172	€ 4,793,250 Secured Amortising Limited Recourse Notes due 2042
Series 173	€ 12,150,000 Secured Amortising Limited Recourse Notes due 2032
Series 174	€ 54,524,000 Secured Amortising Limited Recourse Notes due 2032
Series 177	€ 48,500,000 Secured Amortising Limited Recourse Notes due 2016
Series 178	€ 2,185,909 Secured Amortising Limited Recourse Notes due 2025
Series 179	€ 8,096,910 Secured Amortising Limited Recourse Notes due 2039
Series 180	€ 4,474,000 Credit Linked Notes due 2010
Series 182	€ 2,333,000 Secured Amortising Limited Recourse Notes due 2032
Series 183	€ 18,195,000 Secured Amortising Limited Recourse Notes due 2042
Series 184	€ 4,727,000 Secured Amortising Limited Recourse Notes due 2042
Series 185	€ 8,629,114 Secured Amortising Limited Recourse Notes due 2032
Series 186	€ 18,658,898 Secured Amortising Limited Recourse Notes due 2042
Series 187	€ 2,971,800 Secured Amortising Limited Recourse Notes due 2042
Series 188	€ 7,715,000 Secured Amortising Limited Recourse Notes due 2042
Series 189	€ 4,450,278 Secured Amortising Limited Recourse Notes due 2042
Series 191	€ 4,741,000 Secured Amortising Limited Recourse Notes due 2009
Series 193	€ 2,000,000 Secured Amortising Limited Recourse Notes due 2013
Series 194	€ 12,627,000 Secured Amortising Limited Recourse Notes due 2011
Series 195	\$ 1,000,000 Secured Amortising Limited Recourse Notes due 2007
Series 196	€ 58,885,120 Secured Amortising Limited Recourse Notes due 2042
Series 197	€ 19,000,000 Secured Limited Recourse Notes due 2008
Series 198	\$ 30,000,000 Secured Limited Recourse Notes due 2010
Series 199	€ 8,200,416 Secured Amortising Limited Recourse Notes due 2032
Series 200	\$ 14,300,000 Secured Limited Recourse Notes due 2010
Series 201	€ 16,500,000 Secured Amortising Limited Recourse Notes due 2042
Series 202	€ 8,180,000 Secured Amortising Limited Recourse Notes due 2015
Series 203	€ 13,193,716 Secured Amortising Limited Recourse Notes due 2039
Series 204	€ 16,821,231 Secured Amortising Limited Recourse Notes due 2042
Series 205	€ 5,541,500 Secured Amortising Limited Recourse Notes due 2011
Series 206	€ 2,793,200 Secured Amortising Limited Recourse Notes due 2030
Series 207	\$ 26,500,000 Secured Limited Recourse Notes due 2010
Series 208	€ 13,580,000 Secured Limited Recourse Notes due 2010

Series 210	€ 4,538,250 Secured Amortising Limited Recourse Notes due 2030
Series 211	€ 3,000,000 Secured Limited Recourse Notes due 2013
Series 212	€ 4,900,000 Secured Limited Recourse Notes due 2011
Series 213	€ 7,720,668 Secured Amortising Limited Recourse Notes due 2042
Series 214	CHF 10,277,400 Fixed Rate Limited Recourse Notes due 2005
Series 215	€ 7,272,000 Secured Amortising Limited Recourse Notes due 2029
Series 218	€ 3,785,000 Secured Amortising Limited Recourse Notes due 2033
Series 219	€ 5,015,200 Secured Amortising Limited Recourse Notes due 2043
Series 220	€ 18,300,000 Secured Limited Recourse Notes due 2006
Series 221	\$ 23,400,000 Secured Limited Recourse Notes due 2006
Series 222	\$ 7,800,000 Secured Limited Recourse Notes due 2007
Series 223	€ 8,268,500 Secured Amortising Limited Recourse Notes due 2033
Series 224	\$ 10,000,000 Secured Limited Recourse Notes due 2013
Series 225	\$ 10,000,000 Secured Limited Recourse Notes due 2013
Series 226	€ 8,764,000 Secured Amortising Limited Recourse Notes due 2010
Series 227	€ 8,000,000 Secured Limited Recourse Notes due 2029
Series 229	€ 4,072,000 Secured Amortising Limited Recourse Notes due 2043
Series 231	\$ 10,000,000 Secured Limited Recourse Notes due 2013
Series 233	€ 1,250,000 Secured Limited Recourse Notes due 2011
Series 234	€ 14,262,000 Secured Amortising Limited Recourse Notes due 2033
Series 235	€ 10,000,000 Index Linked Limited Recourse Notes due 2009
Series 236	€ 9,368,200 Secured Amortising Limited Recourse Notes due 2037
Series 237	€ 3,633,650 Secured Amortising Limited Recourse Notes due 2043
Series 238	\$ 450,000 Step Up Coupon Limited Recourse Notes due 2007
Series 239	€ 3,184,000 Secured Amortising Limited Recourse Notes due 2042
Series 240	€ 476,180 Secured Amortising Limited Recourse Notes due 2036
Series 241	€ 10,000,000 Secured Limited Recourse Notes due 2013
Series 242	€ 9,040,000 Secured Limited Recourse Notes due 2006
Series 243	€ 5,975,000 Secured Amortising Limited Recourse Notes due 2013
Series 244	\$ 5,900,000 Secured Limited Recourse Notes due 2006
Series 245	€ 11,116,000 Index Linked Notes due 2007
Series 246	CHF 4,498,000 Secured Limited Recourse Notes due 2004
Series 248	\$ 1,660,000 Index Linked Limited Recourse Notes due 2009
Series 249	\$ 2,900,000 Secured Limited Recourse Notes due 2006
Series 250	\$ 10,000,000 Secured Limited Recourse Notes due 2006
Series 251	€ 1,592,000 Secured Amortising Limited Recourse Notes due 2033
Series 252	€ 3,150,000 Secured Limited Recourse Notes due 2011
Series 253	€ 9,772,000 Index Linked Notes due 2007
Series 254	\$ 7,800,000 Secured Limited Recourse Notes due 2007
Series 256	€ 6,000,000 Index Linked Limited Recourse Notes due 2009
Series 257	€ 3,834,000 Index Linked Limited Recourse Notes due 2010
Series 258	€ 3,038,785 Secured Amortising Limited Recourse Notes due 2044
Series 259	\$ 3,000,000 Secured Limited Recourse Notes due 2007
Series 260	€ 3,000,000 Secured Limited Recourse Notes due 2007

Series 261	\$ 11,000,000 Secured Limited Recourse Notes due 2007
Series 262	€ 966,500 Secured Limited Recourse Notes due 2009
Series 263	€ 5,000,000 Secured Limited Recourse Notes due 2005
Series 264	€ 30,000,000 Secured Limited Recourse Notes due 2012
Series 265	€ 1,000,000 Secured Limited Recourse Notes due 2019

As at the date of this Offering Circular Supplement, the Issuer has no other borrowings or indebtedness in the nature of borrowings (including loan capital issued or created but unissued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

There has been no material change in the capitalisation of the Issuer since 28 July 2004.

There has been no significant change in the financial or trading position of the Issuer and no material adverse change in the financial position of the Issuer, in each case, since the 31st December 2002.

SCHEDULE 2

INVESTMENT CONSIDERATIONS

The following is a description of certain aspects of the issue of the Notes of which any prospective Noteholder should be aware, but it is not intended to be exhaustive and any prospective Noteholder should also read the detailed information set out elsewhere in this document and take their own tax, legal and other relevant advice as to the structure and viability of their investment.

I. Limited Recourse

The Notes will be limited recourse obligations of the Issuer secured on the Mortgaged Property and will not be obligations or responsibilities of, or guaranteed by, any other person or entity. The holders of the Notes and Coupons shall have no recourse to the Issuer beyond the moneys derived by or on behalf of the Issuer in respect of the Mortgaged Property. See “Terms and Conditions of the Notes - Enforcement of Security”. Any shortfall on realisation of the security pursuant to the Conditions shall be borne by the Noteholders and the Couponholders in accordance with the relevant Conditions. In particular, neither the Trustee nor any Noteholder shall be entitled to petition or take any other step for the winding-up of the Issuer, nor shall either of them have any claim in respect of any such sums over or in respect of any assets of the Issuer which are or purport to be security for any other series of notes.

II No Representation or Warranty

Neither the Dealer nor the Issuer nor any of their respective affiliates, directors or employees make any representation or warranty in relation to the creditworthiness of the issuer[s] of the Securities or in relation to the future performance of the Securities.

III The Issuer's Ability to Meet its Obligations Under the Notes

The ability of the Issuer to meet its obligations to pay principal of, and interest on, the Notes will be dependent on the receipt by the Issuer of moneys due to it under the Securities and the Swap Agreement. To the extent that the issuer of the Securities or the Swap Counterparty fails to make payments in respect of the Securities or the Swap Agreement, as the case may be, the Issuer may have insufficient funds available to meet its obligations in respect of the Notes. In such event, any shortfall would be borne by Noteholders in accordance with the priorities specified in the Conditions.

IV The Securities

Upon the occurrence of an early redemption of the Notes (including a Tax Event), as set out in this Offering Circular Supplement, the Issuer shall redeem the Notes with the net realised proceeds of sale of the Securities or by delivering the Securities. The selling of the Security involves an element of risk in that the price of the Securities may fluctuate and that any Securities may experience upward or downward movements in value and may even have a value of zero and that, therefore, there is an inherent risk that losses may be incurred as a result of selling the Securities. In addition there can be no guarantee of the availability of a market to sell such Securities and, even if such a market is available, there can be no guarantee of the liquidity of such a market.

The Issuer and its agents shall not be responsible for any losses incurred in respect of any such sale by the Issuer whether caused by the timing of such sale or purchase or any settlement risk or failure involved in such sale or purchase or otherwise.

V Credit Considerations

The Notes are solely the obligation of the Issuer. In particular, the Notes are not the obligation or responsibility of, or guaranteed by, the Trustee, the Custodian, the Sub-Custodian, the Principal Paying Agent or the Swap Counterparty. Apart from the Issuer, none of those persons will accept any liability whatsoever to the Noteholders in respect of any failure by the Issuer to pay any amount due under the Notes.

VI Commercial and Legal Aspects of the Transaction

Other than in respect of publicly available information, no investigations, searches or other enquiries have been made by or on behalf of the Issuer in respect of the Securities or the Obligor thereunder and no representations or warranties have been given for the benefit of the Noteholders in connection with the Securities. In connection therewith, prospective Noteholders should take their own tax, legal accounting and other relevant advice as to the structure and viability of their investment.

3.1 Business and Financial Information relating to Norddeutsche Landesbank Girozentrale.

The general information concerning Norddeutsche Landesbank Girozentrale has been extracted from the web page of the company www.nordlb.de and Standard & Poors rating of Norddeutsche Landesbank. The information related to the Financial Statement has been extracted from the Consolidated Balance Sheet at 31 December 2002 and from the Consolidated Statement of Income for year ended 31 December 2002. This information has been extracted from Norddeutsche Landesbank Girozentrale's 2002 Annual Report. The Issuer takes responsibility only for the accuracy of the extraction of such information as is reproduced herein and has made no independent investigation or verification thereof. Such information is qualified in its entirety by such documents referred.

Business Profile

NORD/LB is the leading universal bank in North Germany. Its business policy is concentrated on North Germany and on Northern and Eastern Europe.

With total consolidated assets of about €197 billion at Dec. 31, 2002, NORD/LB is the fourth-largest Landesbank and the 10th-largest banking group in Germany, employing 9,800 staff. NORD/LB is mainly a wholesale-oriented, largely credit-driven commercial bank, offering a full range of banking services, but it also acts as a regional savings bank in a part of Lower Saxony in direct competition with the privately-owned banks.

NORD/LB services large and midsize corporate clients and private customers domestically, particularly in the northern German states, and internationally in North East Europe (Scandinavia and the Baltic rim). Its range of banking services includes ship and aviation financing, corporate and retail banking, investment banking, and the issuance of treasury products. Like its Landesbank peers, it is authorised to issue Pfandbriefe, which, in conjunction with its high credit standing based on the state's guarantee, enables Nord/LB to raise long-term funds at a lower cost, and to provide long-term financing at fixed rates, which forms a significant portion of its lending business.

In line with the traditional functions of a Landesbank, NORD/LB also acts as the banker to the states of Lower Saxony, Mecklenburg-Western Pomerania (since 1993), and Saxony-Anhalt (since 1992), and is the central clearing institution for almost 90 savings banks in each of these regions. The bank provides clearing and central bank functions, including liquidity management, loan syndications, and the provision of complementary services and expertise. It also supports state-sponsored economic development and housing programs by granting loans and subsidies financed from public funds through Lower Saxon State Trust Agencies (LTS, Landestreuhandstellen, Landesförderinstitute), which are divisions of the bank.

The consolidated NORD/LB group is made up of NORD/LB, Bremer Landesbank, Norddeutsche Landesbank Luxembourg S.A. (NORD/LB Luxembourg S.A), Norddeutsche Landesbausparkasse Berlin-Hannover (NLBS) and NORD/LB Immobilien-Holding GmbH.

NORD/LB, the parent company, represents about 73% of the group's total assets, has a domestic network of nine main offices, and more than 110 branches in the eastern part of Lower Saxony, where, for historical reasons it also acts as a savings bank, which is unusual for a Landesbank. NORD/LB claims to have a marketshare of over 50% in the region.

As an international commercial bank, NORD/LB maintains a presence in all the major financial and trading centres, including London, Singapore and New York. It has representations and service offices worldwide and a network of more than 1,500 correspondent banks.

Nord/LB is jointly owned by Lower Saxony (40.0%), the Savings Banks and Giro Association of Lower Saxony (26.7%), the State of Saxony-Anhalt (10.0%), the Holding Association of the Savings Banks of Saxony-Anhalt (6.7%), the State of Mecklenburg-Western Pomerania (10.0%), and the Holding Association of the Savings Banks of Mecklenburg-Western Pomerania (6.7%).

Aktivseite

Norddeutsche Landesbank Girozentrale

31.12.2002

	TEUR	TEUR	TEUR	TEUR
1. Barreserve				
a) Kassenbestand		109 831		94 411
b) Guthaben bei Zentralnotenbanken		317 914		347 848
darunter: bei der Deutschen Bundesbank	TEUR 193 288			(307 219)
c) Guthaben bei Postgiroämtern		388		357
			428 133	442 616
2. Schultitel öffentlicher Stellen und Wechsel, die zur Refinanzierung bei Zentralnotenbanken zugelassen sind				
a) Schatzwechsel und andere unverzinsliche Schatzanweisungen sowie ähnliche Schultitel öffentlicher Stellen		108 190		302 331
darunter: bei der Deutschen Bundesbank refinanzierbar	TEUR 34 906			(296 174)
b) Wechsel		21 603		23 602
darunter: bei der Deutschen Bundesbank refinanzierbar	TEUR 21 603			(23 602)
			129 793	325 933
3. Forderungen an Kreditinstitute				
a) täglich fällig		2 944 639		2 384 403
b) andere Forderungen		53 925 096		56 351 630
darunter: Baudarlehen der Bausparkasse	TEUR 2 191			(2 310)
			56 869 735	58 736 033
4. Forderungen an Kunden			77 303 133	77 118 424
darunter: durch Grundpfandrechte gesichert	TEUR 10 450 063			(10 578 796)
Kommunalkredite	TEUR 25 465 046			(23 637 452)
Baudarlehen der Bausparkasse	TEUR 2 626 852			(2 519 788)
5. Schuldverschreibungen und andere festverzinsliche Wertpapiere				
a) Geldmarktpapiere				
aa) von öffentlichen Emittenten		10 088		32 092
darunter: beleihbar bei der Deutschen Bundesbank	TEUR -			(-)
ab) von anderen Emittenten		22 150	32 238	115 881
darunter: beleihbar bei der Deutschen Bundesbank	TEUR 10 273			(115 881)
b) Anleihen und Schuldverschreibungen				
ba) von öffentlichen Emittenten		8 090 564		7 208 151
darunter: beleihbar bei der Deutschen Bundesbank	TEUR 4 799 146			(3 877 937)
bb) von anderen Emittenten		30 044 355	38 134 919	32 136 604
darunter: beleihbar bei der Deutschen Bundesbank	TEUR 20 437 417			(20 539 700)
c) eigene Schuldverschreibungen		5 119 077		5 841 603
Nennbetrag	TEUR 5 065 017			(5 766 027)
			43 286 234	45 334 331
6. Aktien und andere nicht festverzinsliche Wertpapiere			2 080 565	1 787 428
7. Beteiligungen			1 239 056	1 194 969
darunter: an Kreditinstituten	TEUR 512 954			(478 791)
an Finanzdienstleistungsinstituten	TEUR 2 226			(-)
8. Anteile an verbundenen Unternehmen			270 968	277 426
darunter: an Kreditinstituten	TEUR -			(25)
an Finanzdienstleistungsinstituten	TEUR -			(-)
9. Treuhandvermögen			5 761 875	5 826 657
darunter: Treuhandkredite	TEUR 5 681 633			(5 724 528)
10. Ausgleichsforderungen gegen die öffentliche Hand einschließlich Schuldverschreibungen aus deren Umtausch			243 153	364 957
11. Immaterielle Anlagewerte			162	297
12. Sachanlagen			1 353 841	1 243 020
13. Sonstige Vermögensgegenstände			3 452 372	3 578 645
14. Rechnungsabgrenzungsposten			683 822	665 001
Summe der Aktiva			193 102 842	196 895 737

Konzernbilanz zum 31. Dezember 2003
Passivseite

31. 12. 2002

	TEUR	TEUR	TEUR	TEUR
1. Verbindlichkeiten gegenüber Kreditinstituten				
a) täglich fällig		6 503 003		11 082 054
b) mit vereinbarter Laufzeit oder Kündigungsfrist		55 734 687		57 974 820
c) Bauspareinlagen		3 026		2 504
			62 240 716	69 059 378
2. Verbindlichkeiten gegenüber Kunden				
a) Einlagen aus dem Bauspargeschäft und Spareinlagen				
aa) Bauspareinlagen	1 963 705			1 888 796
ab) Spareinlagen mit vereinbarter Kündigungsfrist von drei Monaten	1 979 434			2 029 059
ac) Spareinlagen mit vereinbarter Kündigungsfrist von mehr als drei Monaten	169 293	4 112 432		200 247
b) andere Verbindlichkeiten				
ba) täglich fällig	8 445 429			7 508 279
bb) mit vereinbarter Laufzeit oder Kündigungsfrist	35 161 275	43 606 704		31 670 309
			47 719 136	43 296 690
3. Verbriefte Verbindlichkeiten				
a) begebene Schuldverschreibungen		50 024 655		49 733 624
b) andere verbrieftete Verbindlichkeiten		12 260 653		14 111 531
darunter:				
Geldmarktpapiere _____ TEUR 9 572 721				(17 827 053)
			62 285 308	63 845 155
4. Treuhandverbindlichkeiten				
darunter:			5 761 875	5 826 657
Treuhandkredite _____ TEUR 5 681 633				(5 724 528)
5. Sonstige Verbindlichkeiten			3 942 354	3 618 460
6. Rechnungsabgrenzungsposten			495 087	458 117
7. Rückstellungen				
a) Rückstellungen für Pensionen und ähnliche Verpflichtungen		632 091		609 503
b) Steuerrückstellungen		312 555		335 774
c) andere Rückstellungen		679 913		722 930
			1 624 559	1 668 207
8. Sonderposten mit Rücklageanteil			-	6 576
9. Nachrangige Verbindlichkeiten			2 827 653	2 851 258
10. Genussrechtskapital			1 137 896	1 161 469
darunter:				
vor Ablauf von zwei Jahren fällig _____ TEUR -				(-)
11. Fonds für allgemeine Bankrisiken			-	73 760
12. Eigenkapital				
a) gezeichnetes Kapital				
aa) Stammkapital	375 000			375 000
ab) Kapitaleinlage gem. § 23 Abs. 1 Staatsvertrag	51 129			51 129
ac) sonstige Kapitaleinlagen	1 988 009	2 414 138		1 988 008
b) Kapitalrücklage				
ba) Zweckrücklage	766 938			766 938
bb) Einlage gem. § 23 Abs. 2 Staatsvertrag	37 580			37 580
bc) andere Rücklagen	529 033	1 333 551		537 242
c) Gewinnrücklagen		1 226 789		1 185 441
d) Ausgleichsposten für Anteile anderer Gesellschafter		71 280		66 171
e) Bilanzgewinn		22 500		22 500
			5 068 258	5 030 010
Summe der Passiva			193 102 842	196 895 737
1. Eventualverbindlichkeiten				
a) Eventualverbindlichkeiten aus weitergegebenen abgerechneten Wechslen		-		-
b) Verbindlichkeiten aus Bürgschaften und Gewährleistungsverträgen		7 034 032		7 012 178
c) Haftung aus der Bestellung von Sicherheiten für fremde Verbindlichkeiten		12 375		-
			7 046 407	7 012 178
2. Andere Verpflichtungen				
a) Rücknahmeverpflichtungen aus unechten Pensionsgeschäften		-		-
b) Platzierungs- und Übernahmeverpflichtungen		-		-
c) Unwiderrufliche Kreditzusagen		17 282 653		18 464 867
			17 282 653	18 464 867

Norddeutsche Landesbank Girozentrale

2002

	TEUR	TEUR	TEUR	TEUR
1. Zinserträge aus				
a) Kredit- und Geldmarktgeschäften	6 783 265			7 994 623
darunter:				
Zinserträge der Bausparkasse:				
aus Bauspardarlehen _____ TEUR 31 421				(33 472)
aus Vor- und Zwischenfinanzierungskrediten _____ TEUR 106 206				(101 243)
aus sonstigen Baudarlehen _____ TEUR 2 727				(2 708)
b) festverzinslichen Wertpapieren und Schuldbuchforderungen	<u>1 470 761</u>	8 254 026		<u>1 941 962</u> 9 936 585
2. Zinsaufwendungen		6 980 192		8 768 279
darunter:				
für Bauspareinlagen _____ TEUR 58 335			1 273 834	<u>(57 167)</u> 1 168 306
3. Laufende Erträge aus				
a) Aktien und anderen nicht festverzinslichen Wertpapieren		60 859		36 025
b) Beteiligungen		43 579		46 795
c) Anteilen an verbundenen Unternehmen		<u>2 069</u>	106 507	<u>4 691</u> 87 511
4. Erträge aus Gewinngemeinschaften, Gewinnabführungs- oder Teilgewinnabführungsverträgen			2 095	18 254
5. Provisionserträge		266 660		257 735
darunter:				
Provisionserträge der Bausparkasse:				
aus Vertragsabschluss und -vermittlung _____ TEUR 19 031				(13 309)
aus der Darlehnsregelung nach der Zuteilung _____ TEUR 4 856				(4 836)
aus Bereitstellung und Bearbeitung von Vor- und Zwischenfinanzierungskrediten _____ TEUR 268				(248)
andere Provisionserträge _____ TEUR 4 803				(4 532)
6. Provisionsaufwendungen		78 123		69 147
darunter:				
für Vertragsabschluss und -vermittlung der Bausparkasse _____ TEUR 26 285			188 537	<u>(18 049)</u> 188 588
7. Nettoertrag aus Finanzgeschäften (Vorjahr: Nettoaufwand)			73 559	- 14 656
8. Sonstige betriebliche Erträge			339 830	287 867
9. Erträge aus der Auflösung von Sonderposten mit Rücklageanteil			-	15 820
10. Allgemeine Verwaltungsaufwendungen				
a) Personalaufwand				
aa) Löhne und Gehälter	397 812			379 981
ab) Soziale Abgaben und Aufwendungen für Altersversorgung und für Unterstützung	<u>146 770</u>	544 582		190 780
darunter:				
für Altersversorgung _____ TEUR 76 409				(87 288)
b) andere Verwaltungsaufwendungen		<u>412 702</u>	957 284	<u>383 645</u> 954 406
Übertrag			1 027 078	797 284

2002

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Kapitalflussrechnung des NORD/LB Konzerns

	2003 Mio EUR	2002 Mio EUR
Im Jahresüberschuss enthaltene zahlungsunwirksame Posten und Überleitung auf den Cash Flow aus operativer Geschäftstätigkeit		
Jahresüberschuss	14	26
Abschreibungen, Wertberichtigungen, Zuschreibungen auf Sach- und Finanzanlagen	741	200
Veränderung der Rückstellungen	- 43	181
Veränderung anderer zahlungsunwirksamer Posten	- 201	- 118
Gewinn aus der Veräußerung von Finanz- und Sachanlagen	- 28	34
Sonstige Anpassungen (per Saldo)	- 1 005	- 996
Zwischensumme	- 522	- 673
Veränderung des Vermögens und der Verbindlichkeiten aus operativer Geschäftstätigkeit nach Korrektur um zahlungsunwirksame Bestandteile		
Forderungen		
- an Kreditinstitute	2 691	1 757
- an Kunden	- 322	194
Wertpapiere (soweit nicht Finanzanlagen)	3 090	2 065
Andere Aktiva aus operativer Geschäftstätigkeit	169	127
Verbindlichkeiten		
- gegenüber Kreditinstituten	- 7 217	- 608
- gegenüber Kunden	3 750	- 3 110
Verbriefte Verbindlichkeiten	- 2 280	- 1 457
Andere Passiva aus operativer Geschäftstätigkeit	259	- 299
Erhaltene Zinsen und Dividenden	6 415	7 753
Gezahlte Zinsen	- 5 152	- 6 687
Außerordentliche Auszahlungen	0	0
Ertragsteuerzahlungen	- 23	29
Cash Flow aus laufender Geschäftstätigkeit	858	- 909
Einzahlungen aus der Veräußerung von Finanz- und Sachanlagen	1 744	1 655
Auszahlungen für den Erwerb von Finanz- und Sachanlagen	- 2 736	- 1 929
Effekte aus der Veränderung des Konsolidierungskreises	- 7	- 40
Cash Flow aus Investitionstätigkeit	- 999	- 314
Einzahlungen aus Kapitalerhöhungen	0	7
Dividendenzahlungen	- 24	- 1
Mittelveränderungen aus sonstiger Finanzierungstätigkeit	- 46	482
Cash Flow aus Finanzierungstätigkeit	- 70	488
Zahlungsmittelbestand zum Ende der Vorperiode	769	1 504
Cash Flow aus laufender Geschäftstätigkeit	858	- 909
Cash Flow aus Investitionstätigkeit	- 999	- 314
Cash Flow aus Finanzierungstätigkeit	- 70	488
Zahlungsmittelbestand zum Ende der Periode	558	769

Die Kapitalflussrechnung des NORD/LB Konzerns zeigt die Veränderung der Zahlungsmittelbestände sowie die Zahlungsströme auf. Dabei werden die Zahlungsmittel in Übereinstimmung mit der Vorschrift DRS 2-10 des Deutschen Rechnungslegungs Standards Committee e.V. (DRSC) als Barreserven zuzüglich der Schuldtitel öffentlicher Stellen definiert. Die Kapitalflussrechnung zeigt den Zahlungsmittelfluss in 2003 aufgeteilt nach operativer Geschäftstätigkeit, Investitionstätigkeit und Finanzierungstätigkeit.

Segmentbericht

Die Segmentberichterstattung dient der Information über die einzelnen Geschäftsfelder des Konzerns. Die Segmente werden dabei als Produkt- oder Kundengruppen definiert,

die sich an den Organisationsstrukturen des Konzerns orientieren. Als Basis der Berechnung dienen die internen Ermittlungen der Konzerngesellschaften.

Segmentierung nach Geschäftsfeldern 2003

in Mio EUR	Privat- kunden- geschäft	Firmen- kunden- geschäft	Spezial- finanzierungs- geschäft	Internationale Märkte, Investment Banking	Konzern- steuerung/ Sonstiges	Betriebs- ergebnis NORD/LB Konzern	Überleitung GuV	GuV NORD/LB Konzern
Zinsüberschuss	289,5	307,0	282,2	479,3	24,4	1 382,4	0,0	1 382,4
Provisions- überschuss	66,7	35,1	22,1	50,8	13,8	188,5	0,0	188,5
Ergebnis aus Finanzgeschäften	1,5	4,5	7,2	68,9	– 8,5	73,6	0,0	73,6
Verwaltungs- aufwendungen*	310,7	158,2	69,3	278,6	158,7	975,5	55,4	1 030,9
Sonstige Erträge/ Sonstige Aufwendungen	0,0	1,1	0,0	– 4,2	131,0	127,9	– 35,6	92,3
Betriebsergebnis vor Risikovorsorge und Bewertung	47,0	189,5	242,2	316,2	2,0	796,9	– 91,0	705,9
Risikovorsorge/ Bewertung	33,9	164,1	419,4	– 79,2	104,3	642,5	45,0	687,5
Betriebsergebnis nach Risikovorsorge und Bewertung	13,1	25,4	– 177,2	395,4	– 102,3	154,4	– 136,0	18,4
dto. Vorjahr	– 18,1	– 83,8	104,7	103,6	161,8	268,2	– 11,2	257,0
Segmentvermögen	11 379,4	35 961,9	25 797,2	114 091,4	5 872,9	193 102,8	0,0	193 102,8
dto. Vorjahr	11 604,3	48 481,9	24 456,1	105 876,2	6 477,2	196 895,7	0,0	196 895,7
Segment- verbindlichkeiten	8 945,5	24 569,6	4 267,5	156 550,5	– 1 230,3	193 102,8	0,0	193 102,8
dto. Vorjahr	9 372,3	33 470,5	3 691,9	150 475,8	– 114,8	196 895,7	0,0	196 895,7
Risikoaktiva	7 650,5	20 728,7	21 680,8	26 942,2	4 629,8	81 632,0	0,0	81 632,0
dto. Vorjahr	6 844,7	21 859,3	19 690,8	24 678,3	10 353,9	83 427,0	0,0	83 427,0
allokiertes Kernkapital **	459,0	1 243,7	1 300,8	1 616,5	425,8	5 045,8	0,0	5 045,8
dto. Vorjahr **	410,6	1 311,6	1 181,4	1 480,7	697,0	5 081,3	0,0	5 081,3
CIR	86,9 %	45,5 %	22,3 %	46,8 %	---	55,0 %	---	59,4 %
CIR Vorjahr	90,9 %	40,9 %	22,3 %	66,5 %	---	65,0 %	---	69,7 %
ROE	2,8 %	2,0 %	– 13,6 %	24,5 %	– 24,0 %	3,1 %	– 2,7 %	0,4 %
ROE Vorjahr	– 4,4 %	– 6,4 %	8,8 %	7,0 %	23,2 %	5,3 %	– 0,2 %	5,1 %

* inkl. Abschreibungen auf Sachanlagen und immaterielle Vermögensgegenstände

** Überleitung allokiertes Kernkapital zu bilanziellem Eigenkapital:

	2002	2003
Kernkapital	5 081,3	5 045,8
·/- Fonds für allg. Bankrisiken	73,8	0,0
+ Bilanzgewinn	22,5	22,5
= bilanzielles Eigenkapital	5 030,0	5 068,3

Die Darstellung erfolgt gemäß DRS 3–10 in Verbindung mit DRS 3 des Deutschen Rechnungslegungs Standards Committee e.V. (DRSC).

Der Zinsüberschuss der einzelnen Segmente wurde nach der Marktzinsmethode – einschließlich des Zinsnutzens aus der Eigen-

als bilanzielles Eigenkapital abzüglich des Konzerngewinns und zuzüglich des Fonds für allgemeine Bankrisiken.

Die Berechnungsmethodik zur Ermittlung des gebundenen Eigenkapitals wurde 2003 konzernweit strengerer Anforderungen unterworfen: Für die einzelnen Segmente gilt nun eine

Segmentierung nach geographischen Merkmalen 2003

Die Segmentierung orientiert sich am Sitzland der operativen Einheit

in Mio EUR	Bundesrepublik Deutschland	Europa ohne Deutschland	Amerika	Asien	Konsolidierung/Überleitung	Betriebsergebnis NORD/LB Konzern	Überleitung GuV	GuV NORD/LB Konzern
Betriebsergebnis vor Risikovorsorge und Bewertung	660,5	194,4	36,8	30,0	– 124,8	796,9	– 91,0	705,9
Risikovorsorge/Bewertung	573,4	31,6	19,0	– 2,4	20,9	642,5	45,0	687,5
Betriebsergebnis nach Risikovorsorge und Bewertung	87,1	162,8	17,8	32,4	– 145,7	154,4	– 136,0	18,4
dto. Vorjahr	201,0	124,3	– 32,3	39,4	– 64,2	268,2	– 11,2	257,0
Segmentvermögen	159 119,5	39 767,4	5 270,8	4 530,1	– 15 585,0	193 102,8	0,0	193 102,8
dto. Vorjahr	157 768,8	42 803,2	6 146,9	5 138,5	– 14 961,7	196 895,7	0,0	196 895,7
Segmentverbindlichkeiten	161 570,9	39 555,2	5 377,0	2 184,7	– 15 585,0	193 102,8	0,0	193 102,8
dto. Vorjahr	160 357,5	41 062,4	6 235,9	4 201,6	– 14 961,7	196 895,7	0,0	196 895,7
Risikoaktiva	61 943,4	15 092,6	2 668,0	1 928,0	0,0	81 632,0	0,0	81 632,0
dto. Vorjahr	61 786,7	15 980,3	3 605,0	2 055,0	0,0	83 427,0	0,0	83 427,0
allokiertes Kernkapital	3 716,6	905,6	160,1	115,7	147,8	5 045,8	0,0	5 045,8
dto. Vorjahr	3 707,2	958,8	216,3	123,3	75,7	5 081,3	0,0	5 081,3
CIR	56,8 %	31,3 %	29,8 %	21,6 %	---	55,0 %	---	59,4 %
CIR Vorjahr	67,9 %	38,1 %	24,2 %	23,6 %	---	65,0 %	---	69,7 %
ROE	2,3 %	18,0 %	11,1 %	28,0 %	– 98,5 %	3,1 %	– 2,7 %	0,4 %
ROE Vorjahr	5,4 %	13,0 %	– 14,9 %	31,9 %	– 84,9 %	5,3 %	– 0,2 %	5,1 %

kapitalanlage – ermittelt. Die Segmentaufwendungen beinhalten originäre sowie auf Basis der Kosten- und Leistungsverrechnung zuzuordnende Aufwendungen. Die Risikovorsorge ist den Segmenten auf Basis der Ist-Kosten zugerechnet worden. Dargestellt werden Zahlen der Betriebsergebnisrechnung, die zuzuordnenden Risikoaktiva auf Basis aufsichtsrechtlicher Bestimmungen, Segmentvermögen und -verbindlichkeiten sowie das allokierte Kernkapital. Letzteres definiert sich

Eigenkapital-Unterlegung von 9,5 Prozent bzw. eine Kernkapital-Unterlegung von 6 Prozent. Die Vorjahreswerte wurden entsprechend angepasst.

Im Ergebnis aus Risikovorsorge/Bewertung ist die Veränderung der Vorsorgereserven nach § 340f und § 340 g HGB den Segmenten mit risikobehaftetem Kundengeschäft zugeordnet worden. Die Vorjahreswerte wurden entsprechend angepasst.

Bei der geographischen Segmentierung werden Konsolidierungseffekte separat im gleichnamigen Segment erfasst. Die Vorjahreswerte wurden entsprechend angepasst. In der Segmentierung nach Geschäftsfeldern werden die Konsolidierungseffekte im Segment Konzernsteuerung/Sonstiges erfasst.

Dargestellt werden auch die Cost-Income-Ratio (CIR), die sich als Verhältnis des Verwaltungsaufwandes zur Summe aus Zinsüberschuss, Provisionsüberschuss, Ergebnis aus Finanzgeschäften sowie Saldo Sonstige Erträge /Aufwendungen definiert, sowie der Return-on-Equity (RoE), der das Betriebsergebnis nach Risikovorsorge und Bewertung auf das allokierte Kernkapital bezieht.

Folgende Segmente werden in der Segmentberichterstattung näher betrachtet:

■ **Firmenkundengeschäft**

Hier werden das regionale und überregionale Firmenkundengeschäft unter Einschluss des Geschäfts mit der öffentlichen Hand und des mit Sparkassen konsortial abgewickelten Geschäfts erfasst.

■ **Spezialfinanzierungen**

Das Segment beinhaltet insbesondere das Immobilien- und Agrarbanking sowie Leasing-, Schiffs- und Flugzeugfinanzierungen.

■ **Internationale Märkte/ Investment Banking**

Zusammengefasst werden hier unter anderem das Geschäft mit Banken, Sparkassen und institutionellen Anlegern sowie die im Auslandsgeschäft und Investment Banking tätigen Bereiche und das Fristentransformationsergebnis.

■ **Privatkundengeschäft**

Es umfasst konzernweit das Kredit- und Einlagengeschäft der privaten Kundschaft einschließlich der anteiligen Geschäfte der Landesbausparkasse.

■ **Konzernsteuerung/Sonstiges**

Dieses Segment deckt sonstige, nicht erfasste Konzernteile, Konsolidierungen und die Überleitungspositionen zu den Konzerngesamtzahlen ab.

■ **Überleitung GuV**

Die Überleitungspositionen zur GuV umfassen das außerordentliche Ergebnis, Veränderungen der Vorsorgereserven nach § 340 g HGB, Einflüsse der Landestreuhandstellen sowie Sonstige Steuern.

Eigenkapitalspiegel

Konzerneigenkapital (in TEUR)	gezeichnetes Kapital	Kapitalrücklage	Erwirtschaftetes Konzern- eigenkapital	Minderheits- gesellschafter	Konzern- eigenkapital
Stand zum 31. Dezember 2001	2 411 138	1 335 183	1 196 841	70 888	5 014 050
Ausschüttung in 2002				1 397	1 397
Jahresüberschuss 2002			22 499	3 393	25 892
Änderungen des Konsolidierungskreises			- 3 380	3 165	- 215
Erwerb von Anteilen von Minderheitsgesellschaftern			- 384	- 11 020	- 11 404
Währungsumrechnung			- 9 059	- 176	- 9 235
Konsolidierungseffekte und übrige Kapitalveränderungen	3 000	6 577	1 424	- 1 476	9 525
Stand zum 31. Dezember 2002	2 414 138	1 341 760	1 207 941	66 171	5 030 010
Veränderungen aufgrund des Transparenz- und Publizitätsgesetzes			51 039	2 120	53 159
Ausschüttung in 2003			- 22 500	- 1 002	- 23 502
Jahresüberschuss 2003			10 671	3 269	13 940
Änderungen des Konsolidierungskreises			- 5 165	1 039	- 4 126
Erwerb von Anteilen von Minderheitsgesellschaftern			- 186	- 194	- 380
Währungsumrechnung			- 4 538	115	- 4 423
Konsolidierungseffekte und übrige Kapitalveränderungen		- 8 209	12 027	- 238	3 580
Stand zum 31. Dezember 2003	2 414 138	1 333 551	1 249 289	71 280	5 068 258

Aktivseite

Norddeutsche Landesbank Girozentrale

31.12.2002

	TEUR	TEUR	TEUR	TEUR
1. Barreserve				
a) Kassenbestand		65 422		54 342
b) Guthaben bei Zentralnotenbanken		58 621		189 353
darunter: bei der Deutschen Bundesbank _____ TEUR 54 185			124 043	(180 872)
				243 695
2. Schultitel öffentlicher Stellen und Wechsel, die zur Refinanzierung bei Zentralnotenbanken zugelassen sind				
a) Schatzwechsel und andere unverzinsliche Schatzanweisungen sowie ähnliche Schultitel öffentlicher Stellen		108 190		302 331
darunter: bei der Deutschen Bundesbank refinanzierbar . TEUR 34 906				(296 174)
b) Wechsel		10 893		15 834
darunter: bei der Deutschen Bundesbank refinanzierbar . TEUR 10 893			119 083	(15 834)
				318 165
3. Forderungen an Kreditinstitute				
a) täglich fällig		2 472 090		2 070 666
b) andere Forderungen		44 185 277		48 222 352
			46 657 367	50 293 018
4. Forderungen an Kunden			50 786 035	49 690 424
darunter: durch Grundpfandrechte gesichert _____ TEUR 6 649 203				(6 560 376)
Kommunalkredite _____ TEUR 16 659 714				(14 528 984)
5. Schuldverschreibungen und andere festverzinsliche Wertpapiere				
a) Geldmarktpapiere				
ab) von anderen Emittenten		–		115 881
darunter: beleihbar bei der Deutschen Bundesbank _ TEUR –				(115 881)
b) Anleihen und Schuldverschreibungen				
ba) von öffentlichen Emittenten	6 366 580			6 294 399
darunter: beleihbar bei der Deutschen Bundesbank _ TEUR 3 464 592				(3 282 907)
bb) von anderen Emittenten	22 963 186	29 329 766		25 188 787
darunter: beleihbar bei der Deutschen Bundesbank _ TEUR 14 597 531				(15 472 495)
c) eigene Schuldverschreibungen		1 106 237		1 161 774
Nennbetrag _____ TEUR 1 086 994			30 436 003	(1 114 178)
				32 760 841
6. Aktien und andere nicht festverzinsliche Wertpapiere			1 331 121	1 107 534
7. Beteiligungen			601 889	544 673
darunter: an Kreditinstituten _____ TEUR 242 480				(195 434)
an Finanzdienstleistungsinstituten _____ TEUR 2 146				(2 147)
8. Anteile an verbundenen Unternehmen			2 606 284	2 435 023
darunter: an Kreditinstituten _____ TEUR 1 481 023				(1 482 125)
an Finanzdienstleistungsinstituten _____ TEUR –				(911)
9. Treuhandvermögen			5 689 907	5 753 911
darunter: Treuhandkredite _____ TEUR 5 672 543				(5 725 392)
10. Ausgleichsforderungen gegen die öffentliche Hand einschließlich Schuldverschreibungen aus deren Umtausch			227 079	340 846
11. Sachanlagen			142 771	145 571
12. Sonstige Vermögensgegenstände			2 367 732	2 208 408
13. Rechnungsabgrenzungsposten			622 544	587 824
Summe der Aktiva			141 711 858	146 429 933

Jahresbilanz zum 31. Dezember 2003

Passivseite

31. 12. 2002

	TEUR	TEUR	TEUR	TEUR
1. Verbindlichkeiten gegenüber Kreditinstituten				
a) täglich fällig		5 252 179		8 375 477
b) mit vereinbarter Laufzeit oder Kündigungsfrist		<u>37 610 737</u>	42 862 916	<u>39 946 793</u>
				48 322 270
2. Verbindlichkeiten gegenüber Kunden				
a) Spareinlagen				
aa) mit vereinbarter Kündigungsfrist von drei Monaten	1 752 925			1 834 730
ab) mit vereinbarter Kündigungsfrist von mehr als drei Monaten	<u>148 894</u>	1 901 819		181 713
b) andere Verbindlichkeiten				
ba) täglich fällig	6 654 455			5 937 118
bb) mit vereinbarter Laufzeit oder Kündigungsfrist	<u>27 507 762</u>	<u>34 162 217</u>	36 064 036	<u>25 083 347</u>
				33 036 908
3. Verbriefte Verbindlichkeiten				
a) begebene Schuldverschreibungen		37 788 519		37 215 070
b) andere verbrieftete Verbindlichkeiten		7 131 501		10 100 707
darunter: Geldmarktpapiere _____ TEUR 4 493 344			44 920 020	<u>(8 067 142)</u>
				47 315 777
4. Treuhandverbindlichkeiten			5 689 907	5 753 911
darunter:				
Treuhandkredite _____ TEUR 5 672 543				(5 725 392)
5. Sonstige Verbindlichkeiten			2 931 681	2 652 045
6. Rechnungsabgrenzungsposten			429 814	383 541
7. Rückstellungen				
a) Rückstellungen für Pensionen und ähnliche Verpflichtungen		484 280		467 729
b) Steuerrückstellungen		253 569		262 379
c) andere Rückstellungen		<u>500 458</u>	1 238 307	<u>566 925</u>
				1 297 033
8. Sonderposten mit Rücklageanteil			422	734
9. Nachrangige Verbindlichkeiten			2 315 067	2 312 462
10. Genussrechtskapital			1 010 073	1 010 638
11. Fonds für allgemeine Bankrisiken			-	95 000
12. Eigenkapital				
a) gezeichnetes Kapital				
aa) Stammkapital	375 000			375 000
ab) Kapitaleinlage gem. § 23 Abs. 1 Staatsvertrag	51 129			51 129
ac) sonstige Kapitaleinlagen	<u>1 456 799</u>	1 882 928		1 456 798
b) Kapitalrücklage				
ba) Zweckrücklage	766 938			766 938
bb) Einlage gem. § 23 Abs. 2 Staatsvertrag	37 580			37 580
bc) andere Rücklagen	<u>443 169</u>	1 247 687		443 169
c) Gewinnrücklagen		1 096 500		1 096 500
d) Bilanzgewinn		<u>22 500</u>	4 249 615	<u>22 500</u>
				4 249 614
Summe der Passiva			141 711 858	146 429 933
1. Eventualverbindlichkeiten				
a) Eventualverbindlichkeiten aus weitergegebenen abgerechneten Wechseln		-		-
b) Verbindlichkeiten aus Bürgschaften und Gewährleistungsverträgen		6 022 696		6 071 232
c) Haftung aus der Bestellung von Sicherheiten für fremde Verbindlichkeiten		<u>-</u>	6 022 696	<u>-</u>
				6 071 232
2. Andere Verpflichtungen				
a) Rücknahmeverpflichtungen aus unechten Pensionsgeschäften		-		-
b) Platzierungs- und Übernahmeverpflichtungen		-		-
c) Unwiderrufliche Kreditzusagen		<u>11 344 187</u>	11 344 187	<u>12 116 427</u>
				12 116 427

Norddeutsche Landesbank Girozentrale
2002

	TEUR	TEUR	TEUR	TEUR
1. Zinserträge aus				
a) Kredit- und Geldmarktgeschäften	4 517 469			4 879 750
b) festverzinslichen Wertpapieren und Schuldbuchforderungen	<u>1 086 208</u>	5 603 677		<u>1 404 084</u> 6 283 834
2. Zinsaufwendungen		<u>4 761 420</u>	842 257	<u>5 526 358</u> 757 476
3. Laufende Erträge aus				
a) Aktien und anderen nicht festverzinslichen Wertpapieren		33 833		15 822
b) Beteiligungen		39 444		45 206
c) Anteilen an verbundenen Unternehmen		<u>101 617</u>	174 894	<u>65 806</u> 126 834
4. Erträge aus Gewinngemeinschaften, Gewinn- abführungs- oder Teilgewinnabführungsverträgen			18 504	63 004
5. Provisionserträge		166 894		180 369
6. Provisionsaufwendungen		<u>35 469</u>	131 425	<u>38 306</u> 142 063
7. Nettoertrag/-aufwand aus Finanzgeschäften			45 768	– 17 324
8. Sonstige betriebliche Erträge			97 481	92 714
9. Erträge aus der Auflösung von Sonderposten mit Rücklageanteil			311	6 964
10. Allgemeine Verwaltungsaufwendungen				
a) Personalaufwand				
aa) Löhne und Gehälter	272 912			261 823
ab) Soziale Abgaben und Aufwendungen für Altersversorgung und für Unterstützung	<u>91 294</u>	364 206		130 685
darunter: für Altersversorgung _____ TEUR 46 256				(50 675)
b) andere Verwaltungsaufwendungen		<u>314 090</u>	678 296	<u>290 442</u> 682 950
11. Abschreibungen und Wertberichtigungen auf immaterielle Anlagewerte und Sachanlagen			27 643	33 500
Übertrag			604 701	455 281

Übertrag

12. Sonstige betriebliche Aufwendungen

13. Abschreibungen und Wertberichtigungen auf Forderungen und bestimmte Wertpapiere sowie Zuführungen zu Rückstellungen im Kreditgeschäft

14. Abschreibungen und Wertberichtigungen auf Beteiligungen, Anteile an verbundenen Unternehmen und wie Anlagevermögen behandelte Wertpapiere

15. Erträge aus Zuschreibungen zu Beteiligungen, Anteilen an verbundenen Unternehmen und wie Anlagevermögen behandelten Wertpapieren

16. Aufwendungen aus Verlustübernahme

17. Ergebnis der normalen Geschäftstätigkeit

18. Steuern vom Einkommen und vom Ertrag

19. Sonstige Steuern, soweit nicht unter Posten
Sonstige betriebliche Aufwendungen ausgewiesen

20. Auf Grund einer Gewinngemeinschaft, eines Gewinnabführungs- oder eines Teilgewinnabführungsvertrags abgeführte Gewinne

21. Entnahmen aus dem Fonds für allgemeine Bankrisiken

22. Jahresüberschuss

23. Einstellung in Gewinnrücklagen

24. Bilanzgewinn

Konzernanhang und Anhang der Norddeutschen Landesbank Girozentrale per 31. Dezember 2003

I. Allgemeine Angaben

Grundlagen zur Aufstellung des Jahres- und des Konzernabschlusses

Der Jahres- und der Konzernabschluss der Norddeutschen Landesbank Girozentrale Hannover, Braunschweig, Magdeburg, Schwerin (NORD/LB) zum 31. Dezember 2003 wurden nach den Vorschriften des Handelsgesetzbuches (HGB) sowie nach der Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute (RechKredV) erstellt.

Die Gliederung der Bilanzen und Gewinn- und Verlustrechnungen basiert auf der RechKredV und den hierzu ergangenen ergänzenden Vorschriften für öffentlich-rechtliche Kreditanstalten bzw. Girozentralen.

Konsolidierungskreis und Konsolidierungsmethoden

In den Konzernabschluss sind neben der NORD/LB 32 (Vorjahr 24) verbundene Unternehmen einbezogen.

Die NORD/LB-Immobilien-Holding GmbH (ab Februar 2004 NILEG Immobilien-Holding GmbH) stellt wie auch im Vorjahr einen Teilkonzernabschluss auf. In diesen sind folgende Unternehmen erstmalig einbezogen worden: Die Norddeutsche Wohnungsbau-Beteiligungs GmbH & Co. KG, Hannover,

die ISORA Bau-Treuhand GmbH Gewerbeimmobilien KG, Hannover, die NILEG Objektgesellschaft Office-Center Plaza Hannover GmbH & Co Immobilien KG, Hannover, die NILEG Objektgesellschaft Office-Center Plaza Hannover Verwaltungsgesellschaft mbH, Hannover, sowie die Osnabrücker Wohnungsbaugesellschaft mbH, Osnabrück.

Erstmals konsolidiert im Konzernabschluss der NORD/LB werden zudem die NORDCON Asset Management Holding GmbH, Hannover, die NORDCON Investment Management AG, Hannover, sowie die Bremische Grundstücks GmbH, Bremen.

Die LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Hannover, an der die NORD/LB indirekt zu 44 Prozent beteiligt ist, wird als Gemeinschaftsunternehmen gemäß § 310 HGB anteilmäßig konsolidiert.

Für die Nord-Ostdeutsche Bankbeteiligungsgesellschaft mbH, Hannover, deren Geschäftsjahr zum 31. 10. endet, sowie für die Norddeutsche Investitionen Beteiligungsgesellschaft mbH, Hannover, deren Geschäftsjahr zum 30. 11. endet, wurden jeweils Zwischenabschlüsse auf den 31. 12. erstellt.

Für die einbezogenen Gesellschaften erfolgt die Kapitalkonsolidierung nach der Buchwertmethode. Zugrundegelegt wurden hierbei die Wertansätze zum Zeitpunkt der erstmaligen Einbeziehung. Dies gilt auch für die zusätzlich erworbenen Anteile an Konzerngesellschaften. Positive Unterschiedsbeträge aus der Kapitalkonsolidierung werden gemäß dem Wahlrecht nach § 309 Abs. 1 Satz 3 HGB mit den Gewinnrücklagen verrechnet. In 2003 ergab sich aus der Erstkonsolidierung ein positiver Unterschiedsbetrag im Teilkonzern der NORD/LB

Immobilien-Holding GmbH in Höhe von 0,6 Mio EUR.

Wegen der geringfügigen Bedeutung für die Vermögens-, Finanz- und Ertragslage wird bei den assoziierten Unternehmen und den nicht in den Konzernabschluss einbezogenen verbundenen Unternehmen in der Konzernbilanz auf eine Bewertung at-equity verzichtet. Sie werden in der Position Beteiligungen bzw. in der Position Anteile an verbundenen Unternehmen ausgewiesen.

Bilanzierungs- und Bewertungsmethoden

Die Bewertung der Vermögensgegenstände und der Schulden wird nach den Bewertungsvorschriften der §§ 252 ff. HGB vorgenommen, sofern nicht die Sondervorschriften des § 340e ff. HGB zur Anwendung kommen. Den Wertaufholungserfordernissen gemäß § 280 Abs. 1 HGB wurde entsprochen.

Forderungen an Kunden und Kreditinstitute, mit Ausnahme der des Handelsbestandes, werden zum Nennwert bilanziert. Soweit bei Hypothekendarlehen und anderen Forderungen Unterschiedsbeträge zwischen Nennbeträgen und Auszahlungsbeträgen bestehen, die Zinscharakter haben, erfolgt die Bilanzierung gemäß § 340e Abs. 2 HGB zum vollen Wert. Die Unterschiedsbeträge werden unter den Rechnungsabgrenzungsposten aufgeführt und planmäßig aufgelöst.

Erkennbaren Risiken im Kreditgeschäft wird durch Bildung von Einzelwertberichtigungen und Rückstellungen ausreichend Rechnung getragen. Die Vorsorgen für Länderrisiken wurden nach unveränderten Grundsätzen ermittelt. Für sonstige latente Risiken bestehen angemessene Pauschalwertberichtigungen.

Wertpapiere und Forderungen des Handelsbestandes sowie Wertpapiere der Liquiditätsreserve werden nach dem strengen Niederstwertprinzip bewertet, dabei werden ggf. Bewertungseinheiten mit Finanzswaps gebildet. Wertpapiere des Anlagevermögens werden zu Anschaffungskosten bewertet, soweit keine dauerhaften Wertminderungen vorliegen. Dabei unterblieb bei diesen Wertpapieren im Konzern für Bestände im Buchwert von 1195,5 Mio EUR (Vj. 4103,0 Mio EUR) die Niederstwertabschreibung. Bei der Bildung von Bewertungseinheiten (synthetische Floater) basiert die Bewertung grundsätzlich auf dem Ansatz zu Anschaffungskosten.

Beteiligungen und Anteile an verbundenen Unternehmen werden mit den Anschaffungskosten oder im Falle einer dauernden Wertminderung zum niedrigeren beizulegenden Wert ausgewiesen.

Bei den Gegenständen des Anlagevermögens, deren Nutzung zeitlich begrenzt ist, werden in Anlehnung an die steuerlichen Möglichkeiten die maximal anerkannten Abschreibungen geltend gemacht. Geringwertige Wirtschaftsgüter werden im Jahr der Anschaffung voll abgeschrieben.

Der Devisenausgleichsposten wird im Konzern erstmalig saldiert ausgewiesen. Die Vorjahreszahlen sind entsprechend angepasst worden.

Minder- oder unverzinsliche Forderungen insbesondere der Landestreuhandstellen werden mit dem Barwert angesetzt.

Verbindlichkeiten gegenüber Kunden und Kreditinstituten sind mit ihren Rückzahlungsbeträgen passiviert worden. Unterschiedsbeträge zwischen Aufnahme- und Rückzahlungsbeträgen mit Zinscharakter werden unter den Abgrenzungsposten ausgewiesen und planmäßig aufgelöst.

Zero Bonds werden mit dem Kursbetrag bei Ausgabe zuzüglich Aufzinsung gemäß Emissionsrendite bilanziert.

Bei der LBS ergibt sich eine Bewertungsänderung hinsichtlich der aus bestimmten Bausparverträgen resultierenden Bonusverbindlichkeiten. Hierbei wird auf die gewonnenen Erfahrungswerte seit der Einführung des entsprechenden Tarifs zurückgegriffen. Durch die Berücksichtigung der wahrscheinlichen Inanspruchnahme des Bonus durch die Bausparer ergibt sich nunmehr eine an den tatsächlichen Auszahlungsbeträgen orientierte Passivierung der Bonusverbindlichkeiten in diesem Tarif. Der Ertrag im Konzern aus der Änderung der Bewertungsmethode von 4,8 Mio EUR wird unter der Position Sonstige betriebliche Erträge ausgewiesen.

Abweichend zum Vorjahr wurde der Ausweis für nach § 793 BGB emittierte Commercial Papers innerhalb der Bilanzposition Verbriefte Verbindlichkeiten geändert. Sie werden nicht mehr in der Unterposition „b) andere verbrieftete Verbindlichkeiten“, sondern in der Unterposition „a) begebene Schuldverschreibungen“ ausgewiesen. Der Wertansatz erfolgt darüber hinaus nicht mehr mit ihrem Rückzahlungsbetrag, sondern mit dem um die Aufzinsung fortgeschriebenen Ausgabewert (Netto-

ausweis). Die Vorjahreszahlen wurden entsprechend angepasst.

Für ungewisse Verbindlichkeiten und drohende Verluste aus schwebenden Geschäften bestehen nach dem Vorsichtsprinzip bemessene Rückstellungen.

Die Pensionsverpflichtungen werden zum Teilwert auf Basis eines Rechnungszinsfußes von 6 Prozent nach versicherungsmathematischen Methoden unter Berücksichtigung der Sterbetafeln von 1998 ermittelt. Darüber hinaus bestehen im Konzern mittelbare Versorgungsverpflichtungen gemäß Artikel 28 Abs. 2 EGHGB in Höhe von 6,3 Mio EUR (Vj. 9,0 Mio EUR).

Die aufgrund des Transparenz- und Publizitätsgesetzes vom 19. 07. 2002 erfolgte Aufhebung des § 308 Abs. 3 HGB ist entsprechend berücksichtigt worden. Hinsichtlich der Vorjahresbeträge betreffend den Sonderposten mit Rücklageanteil in Höhe von 6,6 Mio EUR und die GuV Position Erträge aus der Auflösung von Sonderposten mit Rücklageanteil in Höhe von 15,8 Mio EUR ist in Übereinstimmung mit Artikel 54 Abs. 2 EGHGB keine Anpassung erfolgt.

Als Konzernbilanzgewinn wird der Bilanzgewinn des Mutterunternehmens ausgewiesen, die Vorjahreszahlen wurden entsprechend angepasst.

Die DRS werden grundsätzlich beachtet, insofern sie zu einer Schließung von Regelungslücken beitragen. Soweit nach den DRS über die gesetzlichen Bestimmungen hinausgehende Angaben zu machen sind oder soweit durch die DRS gesetzliche Wahlrechte eingeschränkt werden, finden diese jedoch keine Anwendung.

Währungsumrechnung

Die Währungsumrechnung erfolgt nach den Grundsätzen des § 340h HGB. Von dem Wahlrecht nach § 340h Abs. 2 Satz 3 HGB wird Gebrauch gemacht.

Gegenstände des Anlagevermögens werden zu historischen Anschaffungskosten angesetzt, soweit sie nicht besonders gedeckt sind.

Andere Vermögenswerte und Schulden werden zum EZB-Referenzkurs bzw. zu Kursen aus sonstigen zuverlässigen Quellen des Bilanzstichtages umgerechnet. Die Bewertung von noch nicht abgewickelten Kassageschäften und von Devisentermingeschäften erfolgt ebenfalls ausgehend vom EZB-Referenzkurs. Daneben wird für Termingeschäfte eine Bewertung der anteiligen, noch nicht amortisierten Swapaufschläge/-abschläge mit den aktuellen Swapsätzen für die Restlaufzeit der Geschäfte durchgeführt. Die Ergebnisse aus der Reststellenbewertung werden je Währung aufgerechnet, Verluste zurückgestellt. Verbleibende positive Ergebnisse wie unrealisierte Gewinne aus offenen Positionen werden nicht berücksichtigt.

Insgesamt beläuft sich der Betrag der auf fremde Währung lautenden Vermögensgegenstände und Schulden im Konzern auf 36 159 Mio EUR (Vj. 41 310 Mio EUR) bzw. 44 305 Mio EUR (Vj. 49 541 Mio EUR), bei der NORD/LB auf 27 890 Mio EUR (Vj. 32 729 Mio EUR) bzw. 32 500 Mio EUR (Vj. 38 353 Mio EUR).

Bewertung von Derivaten

Die Bewertung derivativer Finanzinstrumente (Termingeschäfte, Optionen, Swaps) erfolgt grundsätzlich einzeln unter Anwendung der allgemeinen handelsrechtlichen Bewertungsvorschriften (§§ 252 ff. HGB) und unter Berücksichtigung des Realisations- und Imparitätsprinzips, soweit nicht zur Absicherung von Bilanzposten und Handelspositionen in zulässigem Umfang Bewertungseinheiten gebildet wurden.

Handelsbestände in Wertpapieren und Derivaten, die erfolgs- und risikomäßig als Einheiten gesteuert werden, sind produktübergreifend und risikoadäquat zusammengefasst worden. Hierbei werden die Bewertungsergebnisse der zinsorientierten Produkte je Währung sowie für Produkte mit sonstigen Preisrisiken je Gattung bzw. Index verrechnet. Dem Vorsichtsprinzip wird dadurch Rechnung getragen, dass ein Ertragssaldo ohne Ansatz bleibt, ein Verlustsaldo dagegen zur Bildung einer Rückstellung/Abschreibung führt.

Die zur Sicherung von Bilanzposten außerhalb der Handelsbestände abgeschlossenen Derivate bleiben grundsätzlich unbewertet.

Optionsprämien und Future-Margin-Zahlungen aus noch nicht fälligen Geschäften sowie anteilige Zinsen aus Zinsswapgeschäften werden unter den sonstigen Vermögensgegenständen bzw. sonstigen Verbindlichkeiten ausgewiesen, noch nicht amortisierte Beträge aus Zinsbegrenzungsvereinbarungen sind in den Rechnungsabgrenzungsposten enthalten.

Verlustrisiken wird durch die Bildung von Rückstellungen/Abschreibungen Rechnung getragen.

Für Credit Default Swaps im Anlagebestand, bei denen die Bank als Sicherungsgeber auftritt, erfolgt die bilanzielle Behandlung analog der Verfahrensweise bei Eventualforderungen und -verbindlichkeiten aus Bürgschaften und Gewährleistungen. Ist mit einer Inanspruchnahme aus dem Credit Default Swap zu rechnen, so werden bonitätsinduzierte Rückstellungen gebildet. Wurden zur Sicherung von Wertpapieren Credit Default Swaps als Sicherungsnehmer im Anlagebestand abgeschlossen, wird auf die Abschreibung des Wertpapiere verzichtet, sofern es sich um bonitätsbedingte Abschreibungen handelt. Dem Risiko einer zweifelhaften Bonität des Sicherungsgebers ist gesondert Rechnung zu tragen; dies erfolgt entsprechend der Vorgehensweise wie bei einer Garantie. Erfolgskomponenten aus Credit Default Swaps des Anlagebuches werden im Provisionsergebnis ausgewiesen.

Im Handelsbestand eingesetzte Credit Default Swaps werden bilanziell wie Optionsgeschäfte behandelt und damit einer Bewertung nach dem strengen Niederstwertprinzip unterzogen. Für negative Marktwerte werden Rückstellungen gebildet, positive Marktwerte bleiben unberücksichtigt.

II. Angaben und Erläuterungen zur Bilanz und Gewinn- und Verlustrechnung

Erläuterungen zur Bilanz

Aktiva

	Konzern 2003 (Mio EUR)	Konzern 2002 (Mio EUR)	NORD/LB 2003 (Mio EUR)	NORD/LB 2002 (Mio EUR)
Forderungen an Kreditinstitute				
In dieser Position sind enthalten:				
Forderungen an				
– verbundene Unternehmen	30	42	5 135	6 689
– Unternehmen, mit denen ein Beteiligungsverhältnis besteht	1 843	2 067	2 774	2 861
Forderungen an angeschlossene Sparkassen	17 070	17 168	13 613	14 209
Nachrangige Forderungen	54	57	275	282
Die Unterposition b) – andere Forderungen – setzt sich nach Restlaufzeiten wie folgt zusammen:				
– bis 3 Monate	9 282	9 639	7 533	7 338
– mehr als 3 Monate bis 1 Jahr	11 939	11 355	7 348	9 117
– mehr als 1 Jahr bis 5 Jahre	18 207	19 517	14 556	16 081
– mehr als 5 Jahre	14 497	15 841	14 748	15 686
	53 925	56 352	44 185	48 222
Zur Deckung verwendet	–	–	19 479	19 881
Forderungen an Kunden				
In dieser Position sind enthalten:				
Forderungen an				
– verbundene Unternehmen	138	237	569	774
– Unternehmen, mit denen ein Beteiligungsverhältnis besteht	939	972	580	625
Nachrangige Forderungen	45	37	32	24
Die Position setzt sich nach Restlaufzeiten wie folgt zusammen:				
– bis 3 Monate	10 024	11 150	6 320	7 025
– mehr als 3 Monate bis 1 Jahr	6 753	6 661	4 298	4 243
– mehr als 1 Jahr bis 5 Jahre	21 138	20 469	13 942	13 215
– mehr als 5 Jahre	39 388	38 838	26 226	25 207
– mit unbestimmter Laufzeit	(3 195)	(1 888)	(2 441)	(1 861)
	77 303	77 118	50 786	49 690
Zur Deckung verwendet	–	–	20 883	19 055

Aktiva

	Konzern 2003 (Mio EUR)	Konzern 2002 (Mio EUR)	NORD/LB 2003 (Mio EUR)	NORD/LB 2002 (Mio EUR)
Schuldverschreibungen und andere festverzinsliche Wertpapiere				
In dieser Position sind enthalten:				
Forderungen an				
– verbundene Unternehmen	–	1	1 763	2 191
– Unternehmen, mit denen ein Beteiligungsverhältnis besteht	637	882	542	820
Nachrangige Forderungen	29	10	8	10
Von den in dieser Position enthaltenen börsenfähigen Wertpapieren sind:				
– börsennotiert	38 396	41 877	26 023	30 045
– nicht börsennotiert	4 832	3 458	4 413	2 716
Im Folgejahr fällig	12 118	13 433	7 537	9 803
Zur Deckung verwendet	–	–	2 628	2 030
Aktien und andere nicht festverzinsliche Wertpapiere				
Von den in dieser Position enthaltenen börsenfähigen Wertpapieren sind:				
– börsennotiert	44	32	36	18
– nicht börsennotiert	167	554	10	29
Nachrangige Wertpapiere	8	8	8	8
Beteiligungen				
Von den in dieser Position enthaltenen börsenfähigen Wertpapieren sind:				
– börsennotiert	433	424	221	201
– nicht börsennotiert	14	29	14	29
Nachrangige Anteile	79	79	79	79
Anteile an verbundenen Unternehmen				
Von den in dieser Position enthaltenen börsenfähigen Wertpapieren sind:				
– börsennotiert	–	–	98	98
– nicht börsennotiert	–	–	457	457
Nachrangige Anteile	–	–	229	229
Treuhandvermögen				
In dieser Position sind enthalten:				
– Forderungen an Kreditinstitute	1 537	1 598	1 574	1 594
– Forderungen an Kunden	4 166	4 159	4 116	4 160
– Beteiligungen	50	61	–	–
– Sachanlagen	9	9	–	–

Aktiva

Konzern-Anlagespiegel (in TEUR)

	Anschaffungs-/ Herstellungskosten 01.01.2003	Zugänge inkl. Zu- gänge aufgr. Erstkon- solidierung	Abgänge inkl. Währungs- umrech- nung	Um- buchungen *	Abschrei- bungen kumuliert	davon: Ab- schreibun- gen im Ge- schäftsjahr	Buchwert 31.12.2003	Buchwert 31.12.2002
Beteiligungen							1 239 056	1 194 969
Anteile an verbundenen Unternehmen							270 968	277 426
Wertpapiere des Anlagevermögens							7 922 835	7 325 012
Immaterielle Anlagewerte	12 128	634	387	–	12 213	660	162	297
Sachanlagen								
– Grundstücke und Bauten einschl. der Bauten auf fremden Grundstücken darunter:	1 557 946	151 156	43 689	43 332	471 549	35 110	1 237 196	1 126 547
a) im Rahmen der eigenen Geschäftstätigkeit genutzt							(116 225)	(124 355)
b) Sachanlagen aus dem Immobilien-geschäft							(1 099 184)	(993 805)
– Betriebs- und Geschäftsausstattung	422 016	47 396	58 922	889	294 734	37 882	116 645	116 473
Summe Sachanlagen	1 979 962	198 552	102 611	44 221	766 283	72 992	1 353 841	1 243 020

* betrifft u. a. Umbuchungen aus Sonstigen Vermögensgegenständen

Anlagespiegel der NORD/LB (in TEUR)

	Anschaffungs-/ Herstellungskosten 01.01.2003	Zugänge	Abgänge	Um- buchungen	Abschrei- bungen kumuliert	davon: Ab- schreibun- gen im Ge- schäftsjahr	Buchwert 31.12.2003	Buchwert 31.12.2002
Beteiligungen							601 889	544 673
Anteile an verbundenen Unternehmen							2 606 284	2 435 023
Wertpapiere des Anlagevermögens							381 174	494 942
Sachanlagen								
– Grundstücke und Bauten einschl. der Bauten auf fremden Grundstücken darunter:	100 151	–	238	– 889	45 422	2 547	53 602	57 055
im Rahmen der eigenen Geschäftstätigkeit genutzt							(51 945)	(55 360)
– Betriebs- und Geschäftsausstattung	313 537	32 579	46 976	889	210 860	25 096	89 169	88 516
Summe Sachanlagen	413 688	32 579	47 214	–	256 282	27 643	142 771	145 571

Aktiva

	Konzern 2003 (Mio EUR)	Konzern 2002 (Mio EUR)	NORD/LB 2003 (Mio EUR)	NORD/LB 2002 (Mio EUR)
Sonstige Vermögensgegenstände				
In dieser Position sind u. a. enthalten:				
- Anteilige und fällige Zinsen aus Zinstauschgeschäften	2 295	2 593	1 559	1 635
- Gezahlte Prämien für Optionsgeschäfte, Swaps und Caps	361	289	358	284
- Nicht umgegliederte offene Posten auf Zwischenkonten	180	32	177	32
- Zum Verkauf bestimmte Grundstücke und andere Vorräte aus dem Immobiliengeschäft	153	245	-	-
- Ausgleichsposten aus der Devisenbewertung	-	27	-	-
Nachrangige Anteile	100	100	100	100
Aktive Rechnungsabgrenzungsposten				
In dieser Position sind enthalten:				
- Agioabgrenzung gem. § 340e Abs. 2 HGB	156	154	137	125
- Disagio aus dem Emissions- und Darlehensgeschäft	166	179	144	163

Passiva

	Konzern 2003 (Mio EUR)	Konzern 2002 (Mio EUR)	NORD/LB 2003 (Mio EUR)	NORD/LB 2002 (Mio EUR)
Verbindlichkeiten gegenüber Kreditinstituten				
In dieser Position sind enthalten:				
Verbindlichkeiten gegenüber				
- verbundenen Unternehmen	5	242	1 799	2 560
- Unternehmen, mit denen ein Beteiligungsverhältnis besteht	556	585	530	566
Verbindlichkeiten gegenüber angeschlossenen Sparkassen	3 949	5 617	3 383	5 107
Als Sicherheit übertragene Vermögensgegenstände	5 293	2 934	5 293	2 934
Die Unterposition b) – mit vereinbarter Laufzeit oder Kündigungsfrist – setzt sich nach Restlaufzeiten wie folgt zusammen:				
- bis 3 Monate	27 046	29 815	15 622	17 623
- mehr als 3 Monate bis 1 Jahr	6 013	7 619	3 877	5 382
- mehr als 1 Jahr bis 5 Jahre	9 740	8 658	7 682	7 164
- mehr als 5 Jahre	12 936	11 883	10 430	9 778
	55 735	57 975	37 611	39 947

Passiva

	Konzern 2003 (Mio EUR)	Konzern 2002 (Mio EUR)	NORD/LB 2003 (Mio EUR)	NORD/LB 2002 (Mio EUR)
Verbindlichkeiten gegenüber Kunden				
In dieser Position sind enthalten:				
Verbindlichkeiten gegenüber				
- verbundenen Unternehmen	102	273	2 139	2 282
- Unternehmen, mit denen ein Beteiligungsverhältnis besteht	208	163	180	135
Die Unterposition ab/ac) – mit vereinbarter Kündigungsfrist von mehr als 3 Monaten – setzt sich nach Restlaufzeiten wie folgt zusammen:				
- bis 3 Monate	42	47	40	43
- mehr als 3 Monate bis 1 Jahr	72	87	57	76
- mehr als 1 Jahr bis 5 Jahre	54	65	51	62
- mehr als 5 Jahre	1	1	1	1
	<u>169</u>	<u>200</u>	<u>149</u>	<u>182</u>
Die Unterposition bb) – mit vereinbarter Laufzeit oder Kündigungsfrist – setzt sich nach Restlaufzeiten wie folgt zusammen:				
- bis 3 Monate	12 927	10 832	8 695	6 953
- mehr als 3 Monate bis 1 Jahr	1 842	1 876	1 547	1 461
- mehr als 1 Jahr bis 5 Jahre	5 733	6 492	5 239	6 653
- mehr als 5 Jahre	14 659	12 470	12 027	10 017
	<u>35 161</u>	<u>31 670</u>	<u>27 508</u>	<u>25 083</u>
Verbriefte Verbindlichkeiten				
In dieser Position sind enthalten:				
Verbindlichkeiten gegenüber				
- verbundenen Unternehmen	35	29	2 104	2 291
- Unternehmen, mit denen ein Beteiligungsverhältnis besteht	1 593	1 770	1 222	1 098
Von der Unterposition a) – begebene Schuldverschreibungen – sind im Folgejahr fällig	18 592	18 065	13 273	12 891
Die Unterposition b) – andere verbiefte Verbindlichkeiten – setzt sich nach Restlaufzeiten wie folgt zusammen:				
- bis 3 Monate	8 464	9 130	3 521	5 447
- mehr als 3 Monate bis 1 Jahr	3 314	4 841	3 178	4 514
- mehr als 1 Jahr bis 5 Jahre	459	128	409	127
- mehr als 5 Jahre	24	13	24	13
	<u>12 261</u>	<u>14 112</u>	<u>7 132</u>	<u>10 101</u>
Treuhandverbindlichkeiten				
In dieser Position sind enthalten:				
- Verbindlichkeiten gegenüber Kreditinstituten	790	769	787	762
- Verbindlichkeiten gegenüber Kunden	4 912	5 026	4 903	4 991

Passiva

	Konzern 2003 (Mio EUR)	Konzern 2002 (Mio EUR)	NORD/LB 2003 (Mio EUR)	NORD/LB 2002 (Mio EUR)
Sonstige Verbindlichkeiten				
In dieser Position sind u. a. enthalten:				
- Zinsverpflichtungen aus Zinsswapabgrenzungen	2 404	2 670	1 537	1 643
- Gegenwerte für offene Wertpapierverkäufe	425	132	425	132
- Erhaltene Prämien für Optionsgeschäfte	348	274	337	264
- Ausgleichsposten aus der Devisenbewertung	192	-	211	229
- Zinsverpflichtungen für Genussscheine, nachrangige Verbindlichkeiten und Kapitaleinlagen	232	254	181	198
- Offene Posten auf Zwischenkonten	179	112	178	111
- Verbindlichkeiten aus dem Immobiliengeschäft	64	64	-	-
Passive Rechnungsabgrenzungsposten				
In dieser Position sind enthalten:				
- Disagioabgrenzungen gem. § 340 e Abs. 2 HGB	100	108	83	94
Sonderposten mit Rücklageanteil				
In dieser Position sind enthalten:				
- nach § 4 Fördergebietsgesetz	-	1	-	1
- nach § 6 b EStG	-	4	-	-
- nach § 7 h EStG	-	2	-	-
Nachrangige Verbindlichkeiten				
Aufwendungen für nachrangige Verbindlichkeiten	145	138	112	113
Nachrangige Verbindlichkeiten gegenüber verbundenen Unternehmen	3	3	3	3
Die Mittelaufnahmen, die jeweils 10% des Gesamt- betrages übersteigen, sind wie folgt ausgestaltet:				
NORD/LB	Währung EUR	Betrag 580	Zinssatz 5,75 % p. a.	fällig am 01. 12. 2015
Eine vorzeitige Rückzahlungsverpflichtung besteht nur für den Fall, dass sich die Besteuerung ändert, die zu Zusatzzahlungen an den Erwerber führt. Die Bedingungen der Nachrangigkeit dieser Mittel entsprechen dem Kreditwesengesetz. Eine Umwandlung in Kapital oder eine andere Schuldform ist nicht vereinbart oder vorgesehen.				
Eigenkapital				
Die einzelnen Komponenten des Kernkapitals gemäß der Eigenmittelempfehlung des Baseler Ausschusses für Bankenaufsicht stellen sich zum 31.12.2003 wie folgt dar:				
				Mio EUR
Eingezahltes Kapital				426
Offene Rücklagen				2 482
Vermögenseinlagen stiller Gesellschafter				1 988
Sonderposten für allgemeine Bankrisiken nach § 340 g HGB *				209
Kernkapital gesamt				5 105
*Im handelsrechtlichen Abschluss sind sowohl bei der NORD/LB als auch im Konzern keine § 340 g-Reserven mehr vorhanden.				

Erläuterungen zur Gewinn- und Verlustrechnung

Aufgliederung der Erträge nach geographischen Märkten

Der Gesamtbetrag der Positionen

- Zinserträge
- Laufende Erträge
- Provisionserträge
- Nettoertrag aus Finanzgeschäften
- Sonstige betriebliche Erträge

gliedert sich nach geographischen Märkten wie folgt auf:

	Konzern 2003 (Mio EUR)	Konzern 2002 (Mio EUR)	NORD/LB 2003 (Mio EUR)	NORD/LB 2002 (Mio EUR)
Bundesrepublik Deutschland	6 901	7 267	5 179	5 564
Europa (ohne Bundesrepublik Deutschland)	1 799	2 853	569	668
Nordamerika	190	239	190	239
Asien	150	195	150	195

Sonstige betriebliche Erträge

Als wesentliche Posten sind zu nennen:

- Erträge aus dem Immobiliengeschäft
- Auflösung von Rückstellungen
- Buchgewinne aus Sachanlageabgängen
- Erstattungen des Landes Niedersachsen für nicht gedeckte Refinanzierungskosten der LTS
- EDV-Dienstleistungen für Dritte
- Leistungsverrechnung mit Dritten

215	214	-	-
32	10	15	3
19	21	-	-
13	13	13	13
11	15	15	15
5	7	26	43

Sonstige betriebliche Aufwendungen

Als wesentliche Posten sind zu nennen:

- Aufwendungen aus dem Immobiliengeschäft
- Zuführung zur Rückstellung für Verpflichtungen aus dem Einbringungsvertrag der LTS
- Zuführungen zu Rückstellungen für Prozess- und Regressrisiken
- Zinsaufwendungen für Steuernachzahlungen

132	113	-	-
61	75	61	75
10	8	8	7
6	16	6	15

Steuern vom Einkommen und Ertrag / Sonstige Steuern

Das positive Steueraufkommen bei der NORD/LB resultiert aus Steuererstattungsansprüchen aufgrund höchstrichterlicher Finanzrechtsprechung zur Behandlung von Optionsprämien sowie aus der Auflösung von Steuerrückstellungen nach der Betriebsprüfung für die Jahre 1992-1997.

Sonstige finanzielle Verpflichtungen

Die NORD/LB trägt, abgesehen vom Fall des politischen Risikos, dafür Sorge, dass die Kredit- und Finanzinstitute, die als 100 %ige Tochterunternehmen der NORD/LB in den Konzernabschluss der Bank einbezogen sind, ihre Verpflichtungen erfüllen können.

Ferner tritt der Konzern für die Verpflichtungen des Niedersächsischen Sparkassen- und Giroverbandes ein, die aus dessen Mitgliedschaft gegenüber dem Deutschen Sparkassen- und Giroverband ö.K. und der DekaBank Deutsche Girozentrale entstehen. Daneben besteht im Konzern gemeinsam mit den anderen Gesellschaftern der DekaBank Deutsche Girozentrale für diese eine Haftung im Rahmen der Trägerfunktion.

Darüber hinaus ist die NORD/LB neben dem Land Bremen Träger der Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen und übt des weiteren zusammen mit dem Niedersächsischen Sparkassen- und Giroverband und der Landesbank Berlin – Girozentrale die Trägerfunktion bei der LBS Norddeutsche Landesbausparkasse Berlin-Hannover aus.

Gegenüber der Sicherungsreserve der Landesbanken bestehen für den Konzern Nachschussverpflichtungen bis zur Höhe von 62,4 Mio EUR (Vj. 63,6 Mio EUR), für die NORD/LB bis zur Höhe von 45,3 Mio EUR (Vj. 49,1 Mio EUR).

Weitere Nachschussverpflichtungen bestehen für den Konzern in Höhe von 33,8 Mio EUR (Vj. 33,8 Mio EUR), für die NORD/LB in Höhe von 30,5 Mio EUR (Vj. 30,5 Mio EUR) neben zusätzlichen Mithaftungen für andere Gesellschafter gegenüber der Liquiditäts-Konsortialbank GmbH.

Die NORD/LB hat die persönlich haftenden Gesellschafter von zwei Immobilienfonds (Vj. zwei) von ihrer gesetzlichen Haftung freigestellt. Darüber hinaus sind zwei Aufsichtsratsmitglieder der A/S NORD/LB Latvija, Riga/Lettland, von eventuellen Regressansprüchen, die sich aus ihrer Tätigkeit als Aufsichtsratsmitglieder bei dieser Bank ergeben können, von der Haftung befreit.

Die NORD/LB verpflichtet sich ferner gegenüber der NORDIG Norddeutsche Investitionsgesellschaft mbH, für Verluste einzutreten, die dieser Gesellschaft aus ihrer Beteiligung an der Schweriner Immobilien-gesellschaft mbH, Schwerin, sowie der City Centrum Süd Projektentwicklungsgesellschaft mbH, Bad Homburg, entstehen können. Darüber hinaus hat die NORD/LB zusammen mit den anderen Kommanditisten der Braunschweig Grund Objektgesellschaft Driebenberg mbH & Co. KG die Komplementärin von der Haftung freigestellt.

Gegenüber einer Gesellschaft besteht für die NORD/LB die Verpflichtung zur Gewährung eines Gesellschafterdarlehns in Höhe von 5,0 Mio EUR (Vj. 6,1 Mio EUR), für den Konzern in Höhe von 9,1 Mio EUR (Vj. 11,2 Mio EUR).

Zum Jahresende bestanden im Konzern Einzahlungsverpflichtungen für Aktien und sonstige Anteile in Höhe von 27,2 Mio EUR (Vj. 20,0 Mio EUR), bei der NORD/LB in Höhe von 24,9 Mio EUR (Vj. 17,7 Mio EUR) sowie Mithaftungen gemäß § 24 GmbH-Gesetz bei 4 (Vj. 4) Gesellschaften.

Daneben hat die NORD/LB im Zusammenhang mit Geschäften an der EUREX, Frankfurt, bzw. an ausländischen Terminbörsen Wertpapiere in Höhe von nominal 97,6 Mio EUR (Vj. 148,8 Mio EUR) als Sicherheit hinterlegt.

Die Verpflichtungen aus bestehenden Miet-, Pacht-, Garantie- sowie ähnlichen Verträgen bewegen sich im geschäftsüblichen Rahmen.

III. Sonstige Angaben

1. Mitglieder des Vorstandes

Dr. h.c. Manfred Bodin (Vorsitzender)
Dr. Hannes Rehm (stv. Vorsitzender)
Dr. Jürgen Allerkamp
Dr. Gunter Dunkel
Dr. Gerhard Holterhus
Jürgen Kösters
Klaus Schiersmann (bis 31. 3. 2004)
Bernd Schuster
Dr. Hans Vieregge

2. Mitglieder des Aufsichtsrates

Heinrich Aller (Vorsitzender) (bis 3. 3. 2003)
Finanzminister des Landes Niedersachsen

Hartmut Möllring (Vorsitzender)
(ab 4. 3. 2003)
Finanzminister des Landes Niedersachsen

Prof. Dr. Karl-Heinz Paqué
(1. stv. Vorsitzender)
Finanzminister des Landes Sachsen-Anhalt

Sigrid Keler (2. stv. Vorsitzende)
Finanzministerin des
Landes Mecklenburg-Vorpommern

Dr. Michael Arndt
Regionspräsident, Region Hannover

Hermann Bröring (ab 6. 2. 2003)
Landrat, Landkreis Emsland

Dr. Dr. h.c. Andreas J. Büchting
Sprecher des Vorstandes KWS SAAT AG

Ralf Dörries
Bankprokurist, NORD/LB

Dr. Otto Ebnet
Minister für Wirtschaft des
Landes Mecklenburg-Vorpommern

Dr. Hermann Fischer
Geschäftsführer der
Engelhard Technologies GmbH

Dr. Michael Frenzel
Vorsitzender des Vorstandes der TUI AG

Birgit Gantz-Rathmann
Leiterin Gesundheit und Soziales (AG),
Deutsche Bahn AG

Ingrid Häußler
Oberbürgermeisterin Stadt Halle (Saale)

Jürgen Hahn
Vorsitzender des Vorstandes der
Sparkasse Vorpommern

Dr. Hubertus Haller (bis 31. 12. 2003)
Vorsitzender des Vorstandes Kreissparkasse
Hildesheim

Dr. Joseph Bernhard Hentschel (ab 1. 1. 2004)
Sprecher des Vorstandes Sparkasse Osnabrück

Sabine Hermsdorf
stv. Bankabteilungsdirektorin, NORD/LB

Walter Hirche (ab 21. 3. 2003)
Minister für Wirtschaft, Arbeit und Verkehr
des Landes Niedersachsen

Dr. Gert Hoffmann
Oberbürgermeister der Stadt Braunschweig

Dr. Rainer Huismans
Vorsitzender des Vorstandes der
Kreissparkasse Wesermünde-Hadeln

Klaus-Jürgen Jeziorsky
Minister des Inneren des
Landes Sachsen-Anhalt

Dr. Susanne Knorre (bis 20. 3. 2003)
Ministerin für Wirtschaft, Technologie und
Verkehr des Landes Niedersachsen

Thomas Mang (ab 1. 2. 2003)
Präsident, Niedersächsischer Sparkassen- und
Giroverband

Claus Mangels (bis 31. 12. 2003)
Geschäftsführer
Sparkassenbeteiligungsverband Sachsen-Anhalt

Wolfhard Molkentin
Landrat, Landkreis Nordvorpommern

Wolfgang Neuhaus
Bankabteilungsdirektor, NORD/LB

August Nöltker
Gewerkschaftssekretär, ver.di –
Vereinte Dienstleistungsgewerkschaft

Freddy Pedersen
stv. Geschäftsführender Sekretär, ver.di –
Vereinte Dienstleistungsgewerkschaft
Bezirk Braunschweig – Umland

Kurt Rehkopf
Präsident der Unternehmensverbände
Handwerk Niedersachsen e.V.

Jörg Reinbrecht
Gewerkschaftssekretär, ver.di –
Vereinte Dienstleistungsgewerkschaft
Bundesverwaltung

Hella Rienäcker
stv. Bankabteilungsdirektorin, NORD/LB

Heiko Schaak
Bankangestellter, NORD/LB

Bernhard Schäfer
Vorstandssprecher der Sparkasse Hannover

Werner Schäfer (ab 1. 1. 2004)
Vorsitzender des Vorstandes Bördesparkasse

Horst Skapczyk
Bankangestellter, NORD/LB

Ilse Thonagel
Bankangestellte, NORD/LB

Peter Werner
Bankangestellter, NORD/LB

3. Verzeichnis der Mandate

Zum 31.12.2003 wurden folgende Mandate gemäß § 340 a Abs. 4 Nr. 1 HGB von Angehörigen des NORD/LB Konzerns wahrgenommen. Dabei wurden Kreditinstitute großen Kapitalgesellschaften gleichgestellt.

3.1 Vorstandsmitglieder der NORD/LB

Name	Gesellschaft/ Firma
Dr. h. c. Manfred Bodin	Bankgesellschaft Berlin AG, Berlin Berlin-Hannoversche Hypothekenbank AG, Berlin/ Hannover Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen CeWe Color Holding AG, Oldenburg Continental AG, Hannover DekaBank Deutsche Girozentrale, Berlin/ Frankfurt am Main Joh. Berenberg, Gossler & Co., Hamburg LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Hannover LHI Leasing GmbH, München MHB Mitteleuropäische Handelsbank AG Deutsch-Polnische Bank, Frankfurt am Main Norddeutsche Landesbank Luxembourg S.A., Luxembourg Skandifinanz Bank AG, Zürich
Dr. Hannes Rehm	Berlin-Hannoversche Hypothekenbank AG, Berlin/ Hannover Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Hannover Niedersächsische Staatstheater Hannover GmbH, Hannover NILEG Norddeutsche Immobiliengesellschaft mbH, Hannover Salzgitter AG, Salzgitter
Dr. Jürgen Allerkamp	AB Bankas NORD/LB Lietuva, Vilnius/ Litauen A/S NORD/LB Latvija, Riga/ Lettland Deka Immobilien Investment GmbH, Frankfurt am Main LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Hannover NORD/LB Bank Polska Norddeutsche Landesbank S.A., Warschau/ Polen NILEG Norddeutsche Immobiliengesellschaft mbH, Hannover
Dr. Gunter Dunkel	AB Bankas NORD/LB Lietuva, Vilnius/ Litauen A/S NORD/LB Latvija, Riga/ Lettland NORD/LB Bank Polska Norddeutsche Landesbank S.A., Warschau/ Polen Norddeutsche Landesbank Luxembourg S.A., Luxembourg Salzgitter AG, Salzgitter Skandifinanz Bank AG, Zürich Vattenfall Europe Mining AG, Senftenberg
Dr. Gerhard Holterhus	LHI Leasing GmbH, München MHB Mitteleuropäische Handelsbank AG Deutsch-Polnische Bank, Frankfurt am Main Wohnungsbau Niedersachsen GmbH, Hannover Wohnungsgesellschaft Norden mbH, Hamburg
Jürgen Kösters	AB Bankas NORD/LB Lietuva, Vilnius/ Litauen A/S NORD/LB Latvija, Riga/ Lettland BÖAG Börsen Aktiengesellschaft, Hannover Clearing Bank Hannover AG i. L., Hannover NORD/LB Bank Polska Norddeutsche Landesbank S.A., Warschau/ Polen Norddeutsche Landesbank Luxembourg S.A., Luxembourg NORDCON Investment Management AG, Hannover
Klaus Schiersmann	B+S Card Service, Frankfurt am Main FinanzIT GmbH, Hannover Intalliance AG, Hannover Toto-Lotto Niedersachsen GmbH, Hannover
Dr. Hans Vieregge	AWD Holding AG, Hannover Deutsche Factoring Bank Deutsche Factoring GmbH & Co., Bremen Emsland Stärke GmbH, Emlichheim IFA Hotel & Touristik AG, Duisburg Joh. Berenberg, Gossler & Co., Hamburg LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Hannover LHI Leasing GmbH, München MHB Mitteleuropäische Handelsbank AG Deutsch-Polnische Bank, Frankfurt am Main NORDCON Investment Management AG, Hannover Norddeutsche Landesbank Luxembourg S.A., Luxembourg Thyssen Werften GmbH, Emden

3.2 Vorstandsmitglieder der Bremer Landesbank

Name	Gesellschaft/ Firma
Dr. Peter Haßkamp	CTS EVENTIM AG, Bremen DekaBank Deutsche Girozentrale, Berlin/ Frankfurt am Main (bis 31.12.2003) Deutsche Factoring Bank Deutsche Factoring GmbH & Co., Bremen Norddeutsche Landesbank Luxembourg S.A., Luxembourg (bis 31.12.2003)
Thomas Christian Buchbinder	Bremer Lagerhaus-Gesellschaft Aktiengesellschaft von 1877, Bremen DekaBank Deutsche Girozentrale, Berlin/ Frankfurt am Main (ab 01.01.2004) GEWOBA Aktiengesellschaft Wohnen und Bauen, Bremen Deutsche Factoring Bank Deutsche Factoring GmbH & Co., Bremen (bis 31.12.2003)
Fritz Lütke-Uhlenbrock	DekaBank Deutsche Girozentrale Luxembourg S.A., Luxembourg SLOMAN NEPTUN Schiffahrts-AG, Bremen
Bodo Rimpler	Deutsche Factoring Bank Deutsche Factoring GmbH & Co., Bremen (ab 01.01.2004) GSG OLDENBURG Bau- und Wohnungsgesellschaft mbH, Oldenburg NILEG Norddeutsche Immobiliengesellschaft mbH, Hannover

3.3 Vorstandsmitglieder der MHB Mitteleuropäische Handelsbank AG – Deutsch-Polnische Bank –

Name	Gesellschaft/ Firma
Sven Herlyn	AB Bankas NORD/LB Lietuva, Vilnius/ Litauen A/S NORD/LB Latvija, Riga/ Lettland NORD/LB Bank Polska Norddeutsche Landesbank S.A., Warschau/ Polen InfoSoft AG, Hamburg

3.4 Geschäftsführer der NORD/LB-Immobilien-Holding GmbH

Name	Gesellschaft/ Firma
Wilhelm Gehrke	Wohnungsbau Niedersachsen GmbH, Hannover Wohnungsgesellschaft Norden mbH, Hamburg
Bernd Hermann	Deka Immobilien Investment GmbH, Frankfurt am Main

3.5 Andere Mitarbeiter

Name	Gesellschaft/ Firma
Hans-D. Feisthauer	Bürgschaftsbank Sachsen-Anhalt GmbH, Magdeburg
Hans-G. Friedrich	Niedersächsische Bürgschaftsbank (NBB) GmbH, Hannover Toto-Lotto Niedersachsen GmbH, Hannover
Heinz-Werner Frings	SWAN Malaysia Sdn. Bhd., Johore Bahru, Malaysia
Dr. Rüdiger Fuhrmann	Niedersächsische Landesgesellschaft mbH, Hannover
Kurt Gliwitzky	DekaBank (Luxembourg) S.A., Luxembourg NORDCON Investment Management AG, Hannover
Reinhard Gräpel	Artstor AG, Hamburg
Bruce Gresswell	NORD/LB Finance (Curaçao) N.V., Willemstad, Niederländische Antillen
Hans Hartmann	Deka Deutsche Kapitalanlagegesellschaft mbH, Frankfurt am Main DRK Gesellschaft für soziale Einrichtungen, Hannover
Baldur Lysk	NORD/LB Norddeutsche Securities PLC, London
Dr. Klaus Machner	Bürgschaftsbank Mecklenburg-Vorpommern GmbH, Schwerin
Wolfgang Matzen	BÖAG Finanzdienst AG, Hamburg
Dr. Jürgen Peters	NORD/LB Norddeutsche Securities PLC, London
Hans-H. Sundermeier	NORD/LB Norddeutsche Securities PLC, London
Christoph Trestler	NORD/LB Finance (Curaçao) N.V., Willemstad, Niederländische Antillen
Ingo Wünsche	Clearing Bank Hannover AG i. L., Hannover

4. Aufwendungen für Organe und Organkredite

	Konzern 2003 (TEUR)	Konzern 2002 (TEUR)	NORD/LB 2003 (TEUR)	NORD/LB 2002 (TEUR)
4.1. Bezüge der aktiven Organmitglieder				
Vorstand	4 559	4 767	4 293	4 551
Aufsichtsrat	412	515	396	472
4.2. Bezüge früherer Organmitglieder und deren Hinterbliebenen				
Vorstand	3 032	3 029	3 021	3 029
Rückstellungen für Pensionsverpflichtungen gegenüber diesem Personenkreis	24 863	24 554	24 863	24 554
4.3. Vorschüsse, Kredite und Haftungsverhältnisse				
Vorstand	862	247	862	247
Aufsichtsrat	478	1 264	478	1 264

5. Anzahl der Arbeitnehmer (Durchschnitt)

	männlich 2003	männlich 2002	weiblich 2003	weiblich 2002	gesamt 2003	gesamt 2002
NORD/LB	2 121	2 149	2 440	2 507	4 561	4 656
Landestreuhandstellen / Landesförderinstitute	260	274	446	452	706	726
Zwischensumme	2 381	2 423	2 886	2 959	5 267	5 382
NORD/LB Luxembourg	75	75	37	33	112	108
Bremer Landesbank	532	543	518	529	1 050	1 072
LBS Norddeutsche Landesbausparkasse*	294	308	413	427	707	735
Teilkonzern NORD/LB Immobilien-Holding GmbH	191	201	174	178	365	379
NORD/LB Lietuva	522	556	1 012	1 079	1 534	1 635
NORD/LB Latvija	156	131	224	249	380	380
Sonstige	75	49	47	35	122	84
Konzern	4 226	4 286	5 311	5 489	9 537	9 775

* Gesamtzahl der Arbeitnehmer; keine quotalen Ermittlung entsprechend der Konsolidierungsquote von 44 %.

6. Weitere Angaben

6.1. Dritten gegenüber erbrachte Dienstleistungen

Wesentliche für Dritte erbrachte Dienstleistungen beruhen auf:

- Verwaltung von Treuhandvermögen
- Vermögensverwaltung
- Depotverwaltung
- Vermittlung von Versicherungen, Bausparverträgen und Immobilien
- Vermittlung von Sorten und Edelmetallen für angeschlossene Sparkassen

6.2. Derivative Geschäfte

Derivative Geschäfte des NORD/LB Konzerns – Darstellung der Volumina –

- in Mio EUR -	Nominal- werte 31.12.2003	Nominal- werte 31.12.2002	Kreditrisiko- Äquivalente 31.12.2003	Kreditrisiko- Äquivalente 31.12.2002	Wiederbe- schaffungs- kosten 31.12.2003	Wiederbe- schaffungs- kosten 31.12.2002
Zinsrisiken						
Zinsswaps	234 635	239 029	1 036	1 075	3 681	3 978
FRAs	14 066	5 958	42	1	9	7
Zinsoptionen						
- Käufe	4 942	3 934	4	5	17	24
- Verkäufe	4 284	2 524	-	-	-	-
Caps, Floors	4 186	3 182	10	7	7	5
Börsenkontrakte	2 959	6 390	-	-	-	-
Sonstige Zinstermingeschäfte	1 192	770	15	6	16	6
Zinsrisiken – insgesamt –	266 264	261 787	1 107	1 094	3 730	4 020
Währungsrisiken						
Devisentermingeschäfte	30 333	55 969	301	440	567	1 683
Währungsswaps / Zins-Währungsswaps	10 242	10 065	126	122	214	246
Devisenoptionen						
- Käufe	181	147	2	2	6	4
- Verkäufe	203	111	-	-	-	-
Börsenkontrakte	-	-	-	-	-	-
Sonstige Währungstermingeschäfte	880	-	-	-	-	-
Währungsrisiken – insgesamt –	41 839	66 292	429	564	787	1 933
Aktien- und sonstige Preisrisiken						
Aktientermingeschäfte	477	502	16	13	8	3
Aktioptionen						
- Käufe	682	1 760	15	15	28	21
- Verkäufe	698	1 577	-	-	-	-
Börsenkontrakte	54	92	-	-	-	-
Aktien- und sonstige Preisrisiken – insgesamt –	1 911	3 931	31	28	36	24
Kreditderivate*						
- Sicherungsnehmer	1 174	752	17	-	6	-
- Sicherungsgeber**	881	798	164	151	-	-
Kreditderivate – insgesamt –	2 055	1 550	181	151	6	-
Derivative Geschäfte – insgesamt –	312 069	333 560	1 748	1 837	4 559	5 977

* die Vorjahreszahlen wurden angepasst

** werden unter den Eventualverbindlichkeiten ausgewiesen

Derivative Geschäfte der NORD/LB – Darstellung der Volumina –

– in Mio EUR –	Nominal- werte 31.12.2003	Nominal- werte 31.12.2002	Kreditrisiko- Äquivalente 31.12.2003	Kreditrisiko- Äquivalente 31.12.2002	Wiederbe- schaffungs- kosten 31.12.2003	Wiederbe- schaffungs- kosten 31.12.2002
Zinsrisiken						
Zinsswaps	155 543	129 883	872	888	3 128	3 339
FRAs	7 517	5 958	2	1	5	7
Zinsoptionen						
– Käufe	4 912	3 878	4	5	16	23
– Verkäufe	4 174	2 409	–	–	–	–
Caps, Floors	3 455	2 589	4	3	6	4
Börsenkontrakte	2 490	5 264	–	–	–	–
Sonstige Zinstermingeschäfte	1 192	770	15	6	16	6
Zinsrisiken – insgesamt –	179 283	150 751	897	903	3 171	3 379
Währungsrisiken						
Devisentermingeschäfte	11 025	15 726	139	125	451	385
Währungsswaps / Zins-Währungsswaps	7 204	5 706	114	106	191	148
Devisenoptionen						
– Käufe	129	79	2	2	5	3
– Verkäufe	171	76	–	–	–	–
Währungsrisiken – insgesamt –	18 529	21 587	255	233	647	536
Aktien- und sonstige Preisrisiken						
Aktientermingeschäfte	477	502	16	13	8	3
Aktienoptionen						
– Käufe	667	1 755	12	13	28	21
– Verkäufe	684	1 569	–	–	–	–
Börsenkontrakte	54	89	–	–	–	–
Aktien- und sonstige Preisrisiken – insgesamt –	1 882	3 915	28	26	36	24
Kreditderivate*						
– Sicherungsnehmer	400	–	17	–	6	–
– Sicherungsgeber**	881	748	164	151	–	–
Kreditderivate – insgesamt –	1 281	748	181	151	6	–
Derivative Geschäfte – insgesamt –	200 975	177 001	1 361	1 313	3 860	3 939

Die Nominalwerte stellen das Bruttovolumen aller Käufe und Verkäufe dar.

Die Wiederbeschaffungskosten betreffen alle Kontrakte mit positiven Marktwerten, d. h. eine Verrechnung von Kontrakten mit negativen Marktwerten mit der gleichen Gegenpartei wurde nicht vorgenommen.

Die gewichteten Kreditrisikoäquivalente sind nach den Standardanrechnungsverfahren (Marktbewertungsmethode) für den Grundsatz I ermittelt. Nettingverfahren sind hierbei nicht zur Anwendung gekommen.

*die Vorjahreszahlen wurden angepasst

** werden unter den Eventualverbindlichkeiten ausgewiesen

Derivative Geschäfte des NORD/LB Konzerns – Fristengliederung –

Nominalwerte – in Mio EUR –	Zins- risiken 31.12.2003	Zins- risiken 31.12.2002	Währungs- risiken 31.12.2003	Währungs- risiken 31.12.2002	Aktien- und sonstige Preisrisiken 31.12.2003	Aktien- und sonstige Preisrisiken 31.12.2002	Kredit- derivate 31.12.2003	Kredit- derivate 31.12.2002
Restlaufzeiten								
– bis 3 Monate	55 292	69 952	20 858	37 841	869	2 061	43	–
– mehr als 3 Monate bis 1 Jahr	72 307	82 303	11 800	20 594	634	1 243	73	–
– mehr als 1 Jahr bis 5 Jahre	74 764	56 982	5 416	4 838	264	578	1 038	950
– mehr als 5 Jahre	63 901	52 550	3 765	3 019	144	49	901	600
Gesamt	266 264	261 787	41 839	66 292	1 911	3 931	2 055	1 550

Derivative Geschäfte der NORD/LB – Fristengliederung –

Nominalwerte – in Mio EUR –	Zins- risiken 31.12.2003	Zins- risiken 31.12.2002	Währungs- risiken 31.12.2003	Währungs- risiken 31.12.2002	Aktien- und sonstige Preisrisiken 31.12.2003	Aktien- und sonstige Preisrisiken 31.12.2002	Kredit- derivate 31.12.2003	Kredit- derivate 31.12.2002
Restlaufzeiten								
– bis 3 Monate	34 392	20 296	6 930	9 142	848	2 049	20	–
– mehr als 3 Monate bis 1 Jahr	37 010	40 183	4 322	6 564	626	1 239	63	–
– mehr als 1 Jahr bis 5 Jahre	53 491	46 736	4 264	3 642	264	578	858	678
– mehr als 5 Jahre	54 390	43 536	3 013	2 239	144	49	340	70
Gesamt	179 283	150 751	18 529	21 587	1 882	3 915	1 281	748

Die Fristengliederung der Geschäfte beruht auf Restlaufzeiten. Dabei wird bei den Zinsrisikokontrakten auf die Laufzeit des Underlyings abgestellt und bei den übrigen Risiken die Kontraktlaufzeit herangezogen.

Derivative Geschäfte des NORD/LB Konzerns – Kontrahentengliederung –

– in Mio EUR –	Nominal- werte 31.12.2003	Nominal- werte 31.12.2002	Kreditrisiko- Äquivalente 31.12.2003	Kreditrisiko- Äquivalente 31.12.2002	Wiederbe- schaffungs- kosten 31.12.2003	Wiederbe- schaffungs- kosten 31.12.2002
Banken in der OECD	280 930	302 740	1 387	1 529	3 995	5 487
Banken außerhalb der OECD	1 161	848	11	11	20	24
Öffentliche Stellen in der OECD	2 696	1 722	4	–	112	53
Sonstige Kontrahenten*	27 282	28 250	346	297	432	413
Gesamt	312 069	333 560	1 748	1 837	4 559	5 977

Derivative Geschäfte der NORD/LB – Kontrahentengliederung –

– in Mio EUR –	Nominal- werte 31.12.2003	Nominal- werte 31.12.2002	Kreditrisiko- Äquivalente 31.12.2003	Kreditrisiko- Äquivalente 31.12.2002	Wiederbe- schaffungs- kosten 31.12.2003	Wiederbe- schaffungs- kosten 31.12.2002
Banken in der OECD	170 566	147 513	1 014	1 011	3 308	3 462
Banken außerhalb der OECD	1 145	817	11	11	20	24
Öffentliche Stellen in der OECD	2 674	1 700	4	–	111	52
Sonstige Kontrahenten*	26 590	26 971	332	291	421	401
Gesamt	200 975	177 001	1 361	1 313	3 860	3 939

*) inklusive Börsenkontrakte

Derivative Geschäfte des NORD/LB Konzerns – Handelsgeschäfte –

	Nominal- werte	Nominal- werte	Kreditrisiko- Äquivalente	Kreditrisiko- Äquivalente	Wiederbe- schaffungs- kosten	Wiederbe- schaffungs- kosten
– in Mio EUR –	31.12.2003	31.12.2002	31.12.2003	31.12.2002	31.12.2003	31.12.2002
Zinskontrakte	193 215	148 595	814	790	2 448	3 077
Währungskontrakte	18 645	23 628	254	187	630	551
Aktienkontrakte	135	978	1	19	1	9
Kreditderivate	45	–	2	–	–	–
Gesamt	212 040	173 201	1 071	996	3 079	3 637

Derivative Geschäfte der NORD/LB – Handelsgeschäfte –

	Nominal- werte	Nominal- werte	Kreditrisiko- Äquivalente	Kreditrisiko- Äquivalente	Wiederbe- schaffungs- kosten	Wiederbe- schaffungs- kosten
– in Mio EUR –	31.12.2003	31.12.2002	31.12.2003	31.12.2002	31.12.2003	31.12.2002
Zinskontrakte	125 669	91 868	687	703	2 448	2 587
Währungskontrakte	14 400	17 339	213	171	513	394
Aktienkontrakte	106	962	1	19	1	9
Kreditderivate	45	–	2	–	–	–
Gesamt	140 220	110 169	903	893	2 962	2 990

Handelsgeschäfte sind Abschlüsse, die im Rahmen der Handelslinien kontrahiert werden und deren Erfolge in das Handelsergebnis einfließen. Sie dienen sowohl der gegenseitigen Absicherung von derivativen Handelspositionen als auch der Absicherung von bilanzwirksamen Handelsinstrumenten.

6.3 Steuerabgrenzungen

Für latente Steuern besteht bei der NORD/LB eine Rückstellung in Höhe von 13,1 Mio EUR, im Konzern in Höhe von 22,2 Mio EUR (Vorjahr 2,2 Mio EUR). Bei der NORD/LB erfolgte im Vorjahr eine Verrechnung mit den aktivischen latenten Steueransprüchen in gleicher Höhe, so dass sich ein ausgeglichener Saldo ergab.

6.4 Pensionsgeschäfte

– in Mio EUR –	Konzern 2003	Konzern 2002	NORD/LB 2003	NORD/LB 2002
Buchwert der im Rahmen von echten Pensions- geschäften in Pension gegebenen Wertpapiere und anderen Vermögensgegenstände	1 313	765	1 313	765

7. Deckungsrechnung der NORD/LB

- in Mio EUR -	2003	2003	2002	2002
7.1. Pfandbriefdeckung				
Deckungspflichtige Verbindlichkeiten				
- Pfandbriefe	4 863		4 342	
- geloste und gekündigte Stücke	-		5	
- Namenspfandbriefe zur Sicherung aufgenommener Darlehen	73		80	
		4 936		4 427
Deckungswerte				
- Darlehen gegen Grundpfandrechte an Kunden	6 565		6 480	
- Ausleihungen an Kreditinstitute	-		-	
		6 565		6 480
Deckungsüberhang		1 629		2 053
7.2. Kommunaldeckung				
Deckungspflichtige Verbindlichkeiten				
- Kommunalschuldverschreibungen	27 952		27 509	
- geloste und gekündigte Stücke	-		-	
- Namenskommunalschuldverschreibungen zur Sicherung aufgenommener Darlehen	4 325		4 196	
		32 277		31 705
Deckungswerte				
- Kommunaldarlehen an Kreditinstitute	19 479		19 881	
- Kommunaldarlehen an Kunden	14 318		12 575	
- Wertpapier Liquiditätsbestand	2 628		2 030	
		36 425		34 486
Deckungsüberhang		4 148		2 781
Die Vorjahreszahlen wurden angepasst.				

8. Anteilsbesitz

Die nachstehende Liste enthält den Anteilsbesitz gemäß § 285 Ziff. 11 HGB und Beteiligungen im Sinne von § 340a Abs. 4 Nr. 2 HGB. Erfasst sind alle Unternehmen, an denen ein Anteilsbesitz von 20% oder mehr besteht, soweit sie für die Darstellung der Vermögens-, Finanz- und Ertragslage nicht von untergeordneter Bedeutung sind, sowie Beteiligungen an großen Kapitalgesellschaften, die 5% der Stimmrechte überschreiten. Aufgeführt wurde der jeweils letzte vorliegende festgestellte Jahresabschluss der Gesellschaften.

In den Konzernabschluss einbezogene verbundene Unternehmen:

Nr. Name/Sitz	Kapital- anteil v. H.	Eigen- kapital ¹⁾ TEUR	Ergebnis TEUR
1. AB Bankas NORD/LB Lietuva, Vilnius / Litauen (vormals: AB Lietuvos Zemes Ukio Bankas)	93,1	48 025	1 280 ⁶⁾
2. A/S NORD/LB Latvija, Riga / Lettland (vormals: JSC Pirma Banka)	99,5	31 417	2 235 ⁶⁾
3. Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen	92,5	1 107 304	28 400 ⁶⁾
4. Bremer Landesbank Capital Markets PLC, London	100,0	TGBP 6 483	TGBP 316
5. Bremer Landesbank Finance (Curaçao) N.V., Willemstad, Niederländische Antillen	100,0	60	48
6. Bremische Grundstücks-GmbH, Bremen	100,0	47 260	4
7. ISORA Bau-Treuhand GmbH Gewerbeimmobilien KG, Hannover	90,0	173 016	1 123
8. MHB Mitteleuropäische Handelsbank AG Deutsch-Polnische Bank, Frankfurt am Main	100,0	55 130	— ⁶⁾
9. Niedersächsische Bank Gesellschaft mit beschränkter Haftung, Hannover	100,0	381 423	— ^{2) 6)}
10. NILEG Norddeutsche Immobiliengesellschaft mbH, Hannover	99,0	171 151	— ^{2) 6)}
11. NILEG Objektgesellschaft Berlin GmbH & Co. Immobilien KG, Hannover	100,0	– 155	– 314 ⁴⁾
12. NILEG Objektgesellschaft Berlin Verwaltungsgesellschaft mbH, Hannover	100,0	33	4
13. NILEG Objektgesellschaft Frankfurt GmbH & Co. Immobilien KG, Hannover	100,0	– 503	– 1 099 ⁴⁾
14. NILEG Objektgesellschaft Frankfurt Verwaltungsgesellschaft mbH, Hannover	100,0	33	4
15. NILEG Objektgesellschaft Hannover GmbH & Co. Immobilien KG, Hannover	100,0	– 334	– 316 ⁴⁾
16. NILEG Objektgesellschaft Hannover Verwaltungsgesellschaft mbH, Hannover	100,0	33	4
17. NILEG Objektgesellschaft Office-Center Plaza Hannover GmbH & Co. Immobilien KG, Hannover	100,0	101	2 187
18. NILEG Objektgesellschaft Office-Center Plaza Hannover Verwaltungsgesellschaft mbH, Hannover	100,0	33	4
19. NORDCON Asset Management Holding GmbH, Hannover	100,0	12 428	189
20. NORDCON Investment Management AG, Hannover	100,0	6 482	– 1 285 ⁶⁾
21. Norddeutsche Investitionen Beteiligungsgesellschaft mbH, Hannover	100,0	215 313	601
22. Norddeutsche Landesbank Luxembourg S.A., Luxembourg	100,0	715 758	85 000 ⁶⁾
23. Norddeutsche Wohnungsbau-Beteiligungs GmbH & Co. KG, Hannover	100,0	3	4 176
24. NORD/LB Bank Polska Norddeutsche Landesbank S.A., Warschau / Polen (vormals: MHB Bank Polska S. A.)	100,0	43 421	600 ⁶⁾
25. NORD/LB Finance (Curaçao) N.V., Willemstad, Niederländische Antillen	100,0	268 (154)	– 1 ⁶⁾
26. NORD/LB Immobilien-Holding GmbH, Hannover (ab 26.02.2004: NILEG Immobilien-Holding GmbH)	100,0	150 887	— ²⁾
27. NORD/LB Norddeutsche Securities PLC, London	100,0	17 773	1 428 ⁶⁾
28. Nord-Ostdeutsche Bankbeteiligungsgesellschaft mbH, Hannover	100,0	591 615	— ²⁾
29. Osnabrücker Wohnungsbaugesellschaft mbH, Osnabrück	94,1	21 886	— ²⁾
30. Skandifinanz Bank AG, Zürich	100,0	TCHF 34 742	TCHF 241
31. Wohnungsbau Niedersachsen GmbH, Hannover	94,9	– 147 868	5 999 ^{4) 6)}
32. Wohnungsgesellschaft Norden mbH, Hamburg	94,9	– 145 196	8 482 ^{4) 6)}

Anteilig in den Konzernabschluss einbezogenes Unternehmen:

Nr. Name/Sitz	Kapital- anteil v. H.	Eigen- kapital ¹⁾ TEUR	Ergebnis TEUR
1. LBS Norddeutsche Landesbausparkasse, Berlin-Hannover, Hannover	44,0	312 870	17 726 ⁶⁾

Nicht in den Konzernabschluss einbezogene verbundene Unternehmen (mit einem Eigenkapital ab 1 Mio EUR):

Nr. Name/Sitz	Kapital- anteil v. H.	Eigen- kapital ¹⁾ TEUR	Ergebnis TEUR
1. BAMOS Beteiligungs GmbH & Co. Vermietungs-KG, München	94,0	19 378	160
2. BLB Immobilien GmbH, Bremen	100,0	102 126	--
3. Braunschweig Gesellschaft mit beschränkter Haftung, Braunschweig	100,0	73 805	-- ²⁾
4. Bremische Grundstücks-GmbH & Co. Bonn-Center, Bremen	100,0	20 656	1 399
5. Bremische Grundstücks-GmbH & Co. Hamm-Center, Bremen	100,0	14 367	439
6. Bremische Grundstücks-GmbH & Co. Sondervermögen Bonn, Bremen	100,0	4 295	35
7. Bremische Grundstücks-GmbH & Co. Wohnanlagen Bonn-Mitte, Bremen	100,0	16 770	- 19
8. Bremische Grundstücks-GmbH & Co. Wohnanlagen Groß-Bonn, Bremen	100,0	12 833	1 388
9. Bürohaus Ricklinger Kreisel GmbH & Co. Vermietungs-Kommanditgesellschaft, Hannover	100,0	2 819	358
10. City Center Magdeburg I GbR, Magdeburg	94,0	--	-- ⁵⁾
11. DURUM AG, Zürich	100,0	TCHF 2 696	TCHF - 23
12. Fürstenberg Ehemalige Herzoglich Braunschweigische Porzellanmanufaktur, Holzminden	98,0	3 088	-- ²⁾
13. HERMA Verwaltungs- und Beteiligungsgesellschaft mit beschränkter Haftung, Bremen	100,0	43 197	-- ²⁾
14. Interhansa Gesellschaft für Beteiligungen und Warenhandel mbH & Co. Wohnstift Waldhausen KG, Hannover	100,0	2 585 (2 505)	29
15. Niedersächsische Immobilien-Anlagegesellschaft Fonds 2 – Dr. Müller KG –, Hannover	100,0	- 1 043	- 2 ⁴⁾
16. NORD/LB-Immobilien-gesellschaft für Mecklenburg-Vorpommern mbH, Schwerin	100,0	2 446	149
17. NORDWEST VERMÖGEN Bremische Grundstücks-GmbH & Co. KG, Bremen	100,0	50 000	664
18. Öffentliche Lebensversicherung Braunschweig, Braunschweig	75,0	12 935	- 7 841
19. Öffentliche Sachversicherung Braunschweig, Braunschweig	75,0	203 227	1 485
20. PANIMA Beteiligungs GmbH & Co. Objekt Hannover KG, Pöcking	94,0	- 8 393	- 9 164 ⁴⁾
21. SALEG Sachsen-Anhaltinische Landesentwicklungsgesellschaft mbH, Magdeburg	56,6	13 756	263
22. SIAG Anlagen-Verwaltungsgesellschaft, Hannover	100,0	1 485	264
23. UAB NORD/LB Draudimas, Vilnius / Litauen	100,0	TLTL 8 378	TLTL 1 170 ⁶⁾
24. UAB NORD/LB Gyvybes Draudimas, Vilnius / Litauen	100,0	TLTL 5 389	TLTL 337 ⁶⁾
25. UAB NORD/LB Lizingas, Vilnius / Litauen	100,0	TLTL 4 086	TLTL 686 ⁶⁾
26. Vermögensverwaltungsgesellschaft Thiede mit beschränkter Haftung, Braunschweig	100,0	1 278	-- ²⁾
27. Vermögensverwaltungsgesellschaft Thiede GmbH & Co. Grundschulen- Vermietungs-KG, Hannover	79,8	1 797	- 3

Sonstiger Anteilsbesitz ab 20 %

Nr. Name/Sitz	Kapital- anteil v. H.	Eigen- kapital ¹⁾ TEUR	Ergebnis TEUR
1. Ammerländer Wohnungsbaugesellschaft mbH, Westerstede	32,3	23 212	1 979
2. BHN Neukölln Arcaden Grundstücksgesellschaft mbH & Co. KG, Essen	25,0	12 134	- 1 366
3. Braker WohnBau Gesellschaft mbH, Brake/Unterweser	28,0	5 221	- 67
4. Braunschweiger Zeitungsverlag – Druckhaus Albert Limbach GmbH & Co. KG, Braunschweig	25,0	--	-- ³⁾
5. Bremer Spielcasino GmbH & Co., Kommanditgesellschaft, Bremen	49,0	--	-- ³⁾
6. Bremer Toto und Lotto GmbH, Bremen	33,3	3 677	147
7. Bremische Bau- und Siedlungsgesellschaft mbH (Brebau), Bremen	30,0	68 547	3 232 ⁶⁾
8. Bürgschaftsbank Mecklenburg-Vorpommern GmbH, Schwerin	20,9	9 497	- 189 ⁶⁾
9. Bürgschaftsbank Sachsen-Anhalt GmbH, Magdeburg	20,4	8 270	- 7 ⁶⁾
10. Clearing Bank Hannover Aktiengesellschaft i. L., Hannover	20,0	7 378	- 177 ⁶⁾
11. Deutsche Factoring Bank Deutsche Factoring GmbH & Co., Bremen	27,5	22 716	5 100 ⁶⁾
12. FinanzIT GmbH, Hannover	26,0	12 245	- 6 777 ⁶⁾
13. FORMA Beteiligungs GmbH & Co. Mobilienleasing KG, München	31,1	3 331	- 1 160
14. Gewobau Gesellschaft für Wohnungsbau Vechta mbH, Vechta	20,5	6 399	192
15. GSG OLDENBURG Bau- und Wohngesellschaft mbH, Oldenburg	22,2	47 982	1 231 ⁶⁾
16. Hannover Region Grundstücksgesellschaft Verwaltung mbH & Co. – Businesspark Hannover-Nord-KG, Hannover	33,3	1 123	833
17. Haus- und Boden-Anlagefonds Dr. Adolf Darjes & Co. KG – 6-Städte-Fonds –, (HB-Fonds 30 K) i. L., Bremen	40,5	--	-- ³⁾
18. Herrenhausen Verwaltungs GmbH Gastronomie & Co. KG, Hannover	25,0	8 385	- 546
19. Investitions- und Förderbank Niedersachsen GmbH, Hannover	50,0	100 000	-- ⁶⁾
20. Joh. Berenberg, Gossler & Co., Hamburg	25,0	158 679	41 179 ⁶⁾
21. KESOL Beteiligungs GmbH & Co. Vermietungs-KG, Pöcking	27,4	4 334	92
22. Lehrter Wohnungsgesellschaft mbH, Lehrte	28,4	9 472	785
23. LHI Leasing GmbH, München	50,0	57 840 (12 782)	13 357
24. LINOVO Productions GmbH & Co. KG, München	45,2	--	-- ³⁾
25. Mittelständische Beteiligungsgesellschaft Mecklenburg-Vorpommern mbH, Schwerin	26,0	5 142	- 328
26. Mittelständische Beteiligungsgesellschaft Niedersachsen (MBG) mit beschränkter Haftung, Hannover	39,8	2 120	212
27. NBV Beteiligungs-GmbH, Hamburg	28,6	17 648	624
28. NORD Holding Unternehmensbeteiligungsgesellschaft mit beschränkter Haftung, Hannover	40,0	33 644	- 1 765
29. NORD KB Beteiligungsgesellschaft mbH, Hannover	28,7	8 645	- 460

Sonstiger Anteilsbesitz ab 20%

Nr. Name/Sitz	Kapital- anteil v. H.	Eigen- kapital ¹⁾ TEUR	Ergebnis TEUR
30. Öffentliche Versicherung Bremen, Bremen	20,0	5 958 (1 534)	- 919
31. Salzgitter AG, Peine	20,7	603 914	- 28 995 ⁶⁾
32. Schweriner Immobiliengesellschaft mbH, Schwerin	25,0	- 12 240	- 412 ⁴⁾
33. Toto-Lotto Niedersachsen GmbH, Hannover	49,9	36 492	26 266 ⁶⁾
34. Triplan AG, Bad Soden am Taunus	30,2	3 924	- 4 139 ⁶⁾
35. USPF III Beteiligungsgesellschaft mbH & Co. KG, Düsseldorf	42,9	33 331	- 1
36. Wohnungsbaugesellschaft mbH Salzgitter, Salzgitter-Bad	25,1	31 886	- 1 240
37. Wohnstätten-Gesellschaft mbH Hannover	20,0	1 853	136

Beteiligungen im Sinne von § 340 a Abs. 4 Nr. 2 HGB, soweit sie nicht bereits als Konzernunternehmen oder sonstiger Anteilsbesitz erfasst sind:

Bankgesellschaft Berlin AG, Berlin
 Berlin-Hannoversche Hypothekenbank AG, Berlin/Hannover
 B + S Card Service GmbH, Frankfurt am Main
 Gerling Konzern Allgemeine Versicherungs AG, Köln
 GEWOBA Aktiengesellschaft Wohnen und Bauen, Bremen
 Niedersächsische Bürgschaftsbank (NBB) Gesellschaft mit beschränkter Haftung, Hannover
 Niedersächsische Gesellschaft für öffentliche Finanzierungen mbH, Hannover
 Niedersächsische Landgesellschaft mbH, Hannover
 SIZ Informatikzentrum der Sparkassenorganisation GmbH, Bonn

Anmerkungen:

- ¹⁾ Eigenkapitalbegriff entsprechend §§ 266 und 272 HGB; Klammerwerte geben ausstehende Einlagen an.
- ²⁾ Mit der Gesellschaft besteht ein Ergebnisübernahmevertrag.
- ³⁾ Angaben unterbleiben nach § 286 Abs. 3 Satz 2 HGB.
- ⁴⁾ Eine tatsächliche Überschuldung der Gesellschaft liegt nicht vor.
- ⁵⁾ Festgestellter Jahresüberschuss liegt nicht vor.
- ⁶⁾ Angabe auch gemäß § 340 a Abs. 4 Nr. 2 HGB (Kreditinstitute werden als große Kapitalgesellschaften interpretiert)

Darüber hinaus sind die folgenden Konzernunternehmen nicht in den Konzernabschluss einbezogen, da sie – auch zusammen mit den bereits genannten nicht konsolidierten Unternehmen – für die Verpflichtung, ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens-, Finanz- und Ertragslage des Konzerns zu vermitteln, von untergeordneter Bedeutung sind (Unternehmen mit einem Eigenkapital von weniger als 1 Mio EUR).

Nr. Name/Sitz	Kapital- anteil v. H.
1. BLB Consulting GmbH, Bremen	100,0
2. BLB Leasing GmbH, Oldenburg	100,0
3. Braunschweig Grund Objektgesellschaft Driebergen mbH & Co. KG, Braunschweig	100,0
4. Braunschweig-Beteiligungsgesellschaft mbH, Braunschweig	100,0
5. Braunschweig Grundstücksentwicklungs GmbH, Braunschweig	100,0
6. Braunschweig-Informationstechnologie GmbH, Braunschweig	100,0
7. Bürohaus Ricklinger Kreisel GmbH, Hannover	100,0
8. City Center Magdeburg Hasselbach-Passage Grundstücksgesellschaft mbH, Hannover	100,0
9. Combined Operations Inc., Monrovia / Liberia	100,0
10. FL Finanz Leasing GmbH i. L., Wiesbaden	58,0
11. Immobilien Development und Beteiligungsgesellschaft Niedersachsen mbH IDB & Co. – Objekt Zietenterrassen – KG, Göttingen	55,8
12. Interhansa Gesellschaft für Beteiligungen und Warenhandel mit beschränkter Haftung, Hannover	100,0
13. ISORA Bau-Treuhand GmbH, Hannover	100,0
14. LIDON GmbH & Co. Objekt Parkhaus Lüneburg KG, München	100,0
15. Niedersächsische Immobilien-Anlagegesellschaft Fonds 7 – Dr. Focken KG –, Hannover	100,0
16. NILEG Grundstücks- und Verwaltungs-GmbH, Hannover	100,0
17. NILEG-Dienstleistungen GmbH, Hannover	100,0
18. NILEG-Immobilienervice GmbH, Hannover	100,0
19. NORD/FM Norddeutsche Gesellschaft für Facility Management mbH, Hannover	100,0
20. NORD/LB Beteiligungsgesellschaft in Mecklenburg-Vorpommern und Sachsen-Anhalt mbH, Hannover	100,0
21. NORD/LB Informationstechnologie GmbH (NORD IT), Hannover	100,0
22. NORDBAU Hamburger Wohnungs- und Baubetreuungsgesellschaft mbH, Bremen	100,0
23. NORDCON Vermögensmanagement GmbH, Hannover	100,0
24. Norddeutsche Immobilien-Anlagegesellschaft mit beschränkter Haftung, Hannover	100,0
25. NORDGIRO Gesellschaft mit beschränkter Haftung, Hannover	100,0
26. NORDGRUND, Wohnungsbau-, Betreuungs- und Verwaltungsgesellschaft mit beschränkter Haftung, Bremen	100,0
27. NORDGRUND, Wohnungsbau-, Betreuungs- und Verwaltungsgesellschaft mbH & Co. Kommanditgesellschaft, Bremen	100,0
28. NORDIG Norddeutsche Investitionsgesellschaft mbH, Magdeburg	100,0
29. PANIMA Beteiligungs GmbH & Co. Objekt Braunschweig KG, Pöcking	100,0
30. PIKAN Verwaltung GmbH & Co. Vermietungs-KG, München	100,0
31. PLM Grundstücksverwaltung GmbH, Hannover	75,0
32. PLM Grundstücksverwaltung GmbH & Co. Objekt Lagerhalle VII Bad Münder Vermietungs KG, Hannover	100,0
33. PLM Grundstücksverwaltung GmbH & Co. Objekt Lagerhalle VIII Bad Münder Vermietungs KG, Hannover	100,0
34. Schiffsbetriebs-Gesellschaft Bremen mbH, Bremen	100,0
35. TANGENS Grundstücksverwaltung GmbH & Co. Vermietungs-KG, München	100,0
36. UAB NORD/LB investiciju valdymas, Vilnius / Litauen	100,0
37. Unterstützungseinrichtung der Bremer Landesbank Kreditanstalt Oldenburg GmbH, Bremen	100,0
38. Vermögensverwaltungsgesellschaft Thiede GmbH & Co. Objekt Celle-Altenhagen Vermietungs-KG, Hannover	72,7
39. Vermögensverwaltungsgesellschaft Thiede GmbH & Co. Tiefgarage Stade Vermietungs-KG, Hannover	90,0
40. Visurgis Shipping Company, Monrovia / Liberia	100,0
41. WBO Wohnungsbau-Beteiligungs GmbH für Osnabrück, Hannover	100,0
42. WTCH-WORLD TRADE CENTER Hannover GmbH, Hannover	100,0

Hannover / Braunschweig / Magdeburg / Schwerin, den 8. April 2004

Norddeutsche Landesbank – Girozentrale –

Der Vorstand

Bodin

Rehm

Allerkamp

Dunkel

Holterhus

Kösters

Schuster

Vieregge

Der Konzernabschluss der NORD/LB zum 31. Dezember 2003 wird gemeinsam mit dem Jahresabschluss offengelegt. Hierbei werden der Anhang des Einzelabschlusses und der Konzernanhang zusammengefasst. Auch der Lagebericht und der Konzernlagebericht sind in einem Bericht zusammengefasst. Demgemäß haben wir nach dem abschließenden Ergebnis unserer Prüfung mit Datum vom 8. April 2004 den folgenden uneingeschränkten zusammengefassten Bestätigungsvermerk erteilt:

Bestätigungsvermerk des Abschlussprüfers

Wir haben den Jahresabschluss unter Einbeziehung der Buchführung der Norddeutsche Landesbank Girozentrale, Hannover, Braunschweig, Magdeburg und Schwerin, sowie den von ihr aufgestellten Konzernabschluss und ihren Bericht über die Lage der Landesbank und des Konzerns für das Geschäftsjahr vom 1. Januar bis 31. Dezember 2003 geprüft. Die Aufstellung dieser Unterlagen nach den deutschen handelsrechtlichen Vorschriften und den ergänzenden Regelungen in der Satzung liegt in der Verantwortung des Vorstands der Landesbank. Unsere Aufgabe ist es, auf

der Grundlage der von uns durchgeführten Prüfung eine Beurteilung über den Jahresabschluss unter Einbeziehung der Buchführung sowie den von ihr aufgestellten Konzernabschluss und ihren Bericht über die Lage der Landesbank und des Konzerns abzugeben.

Wir haben unsere Jahres- und Konzernabschlussprüfung nach § 317 HGB unter Beachtung der vom Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW) festgestellten deutschen Grundsätze ordnungsmäßiger Abschlussprüfung vorgenommen. Danach ist die Prüfung so zu planen und durchzuführen, dass Unrichtigkeiten und Verstöße, die sich auf die Darstellung des durch den Jahresabschluss und den Konzernabschluss unter Beachtung der Grundsätze ordnungsmäßiger Buchführung und durch den Bericht über die Lage der Landesbank und des Konzerns vermittelten Bildes der Vermögens-, Finanz- und Ertragslage wesentlich auswirken, mit hinreichender Sicherheit erkannt werden. Bei der Festlegung der Prüfungshandlungen werden die Kenntnisse über die Geschäftstätigkeit und über das wirtschaftliche und rechtliche Umfeld der Landesbank und des Konzerns sowie die Erwartungen über mögliche Fehler berücksichtigt. Im Rahmen der Prüfung werden die

Wirksamkeit des rechnungslegungsbezogenen internen Kontrollsystems sowie Nachweise für die Angaben in Buchführung, Jahres- und Konzernabschluss und in dem Bericht über die Lage der Landesbank und des Konzerns überwiegend auf der Basis von Stichproben beurteilt. Die Prüfung umfasst die Beurteilung der angewandten Bilanzierungs- und Konsolidierungsgrundsätze und der wesentlichen Einschätzungen des Vorstands sowie die Würdigung der Gesamtdarstellung des Jahres- und Konzernabschlusses sowie des Berichtes über die Lage der Landesbank und des Konzerns. Wir sind der Auffassung, dass unsere Prüfung eine hinreichend sichere Grundlage für unsere Beurteilung bildet.

Unsere Prüfung hat zu keinen Einwendungen geführt.

Nach unserer Überzeugung vermitteln der Jahresabschluss und der Konzernabschluss unter Beachtung der Grundsätze ordnungsmäßiger Buchführung ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens-, Finanz- und Ertragslage der Landesbank und des Konzerns. Der Bericht über die Lage der Landesbank und des Konzerns gibt insgesamt eine zutreffende Vorstellung von der Lage der Landesbank und des Konzerns und stellt die Risiken der künftigen Entwicklung zutreffend dar.“

Hannover, den 8. April 2004

PwC Deutsche Revision
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Wagener
Wirtschaftsprüfer

ppa. Schmitz
Wirtschaftsprüfer

3.2 Business and Financial Information relating to Landesbank Hessen-Thüringen

The general information concerning Landesbank Hessen-Thüringen has been extracted from the web page of the company www.helaba.de. The information related to the Financial Statement has been extracted from the Consolidated Balance Sheet at 31 December 2003 and from the Consolidated Statement of Income for year ended 31 December 2003. This information has been extracted from Landesbank Hessen-Thüringen's 2003 Annual Report. The Issuer takes responsibility only for the accuracy of the extraction of such information as is reproduced herein and has made no independent investigation of verification thereof. Such information is qualified in its entirety by such documents referred.

Business Profile

Landesbank Hessen-Thüringen (Helaba) is a universal bank that operates in both national and international markets and maintains strong roots in its home region of Hesse and Thuringia. It is the central giro institution for the Sparkasse savings banks in Hesse and Thuringia and works closely with the two states and their municipalities in its capacity as a regional and municipal bank. Helaba's principal focus as a universal bank is wholesale business and with roughly 3,300 employees Helaba takes up an important position among the state banks in Germany.

The foundation stone for Helaba as it is known today was laid half a century ago. Formed in 1953 from three institutions in Wiesbaden, Darmstadt and Kassel, Helaba made an important developmental contribution from the very start by granting loans and financing projects initially during the reconstruction of Germany and then in the course of Hesse's evolution into one of the strongest economic regions in Europe. Another historical step was taken on 1 July 1992 when the Treaty on the Formation of a Joint Savings Bank Organization between the states of Hesse and Thuringia came into force. The merger resulted in Landesbank Hessen-Thüringen (Helaba) which was the first state bank in Germany to cross state borders.

The special history of Landesbank Hessen-Thüringen explains why it has two head offices, one at Frankfurt am Main in Hesse and the other at Erfurt in Thuringia. The Bank also maintains branch offices in Kassel in Germany, and in London, Dublin, Amsterdam and New York abroad. In addition, there are joint holdings with Bayerische Landesbank in Luxembourg (LBLux) and Zurich (LB(Swiss) Privatbank AG) as well as representative offices in Paris and Madrid.

The Bank is a legal entity under public law. The owners and guarantors of the Bank are the Savings Bank and Giro Association Hesse-Thuringia (SGVHT), which is a joint creation of the local Sparkasse savings banks and their guarantors in Hesse and Thuringia, the state of Hesse (10 %) and the state of Thuringia (5 %). State supervision of the Bank and the Association is exercised by the Thuringian Ministry of Finance and the Hessian Ministry for Economics, Transport and Regional Development. The Bank has three executive bodies: the Board of Guarantors, the Supervisory Board and the Board of Managing Directors

The focus of the Bank involves to act as a:

Universal Bank

Helaba's principal focus as a universal bank is wholesale business. It works with multinational corporations, institutional investors and high net worth private customers at both domestic and international levels. The key business areas for Helaba are Corporate Finance, Real Estate, Asset Management, Global Markets, Financial Institutions and International Public Finance, Transaction Business and Services, Home Loans and Savings Business and Development Business.

Partner for the Saving Banks

The Sparkasse savings banks in Hesse and Thuringia play a central role for the Bank, as they are not only customers for its services, but also its owner. Helaba has traditionally provided settlement capacities for the

savings banks in the field of technology-driven mass products and is also their partner in funding and investment business. Approximately one third of Helaba's employees deal directly or indirectly with savings banks business. Helaba aims to put its entire range of consulting resources, products and services to work to strengthen the strategic competitive position of the savings banks.

Partner for Public Sector Customers

Helaba advises and supports states and municipalities with regard to the financing and realization of investment projects. It offers public sector customers innovative funding alternatives such as project and asset finance in addition to the traditional municipal loans and issuing of bonds and notes.

Development Bank

Helaba, through its participation in the state development institutions, provides banking products to support economic and structural policy objectives in the states of Hesse and Thuringia via

- the Landestreuhandstelle Hessen (LTH) land trust agency, which focuses on the promotion of residential construction, municipal infrastructure, agriculture and the environment;
- a 50 % stake in Investitionsbank Hessen (IBH) in Frankfurt, which focuses on the promotion of economic development and the labour market as well as the financing of participations in small and innovative companies; and
- a 50 % stake in Thüringer Aufbaubank (TAB) in Erfurt, which is the state of Thuringia's central financial institution for the promotion of economic development and looks after areas including the EU Structural Fund, infrastructure and residential construction.

Helaba also contributes to public economic and structural development through its affiliates and subsidiaries.

Board of Managing Directors

Dr Günther Merl, Chairman of the Board of Managing Directors

born 1946

at Helaba since: 1978

on the Board since: 1991, Chairman since 1st July 2001

responsible for: Central Board Services & Strategic Planning, Staff, Audit, Asset Management, Public Development Business, CRM Savings Banks

Heinz Riener, Heinz Riener, Vice-Chairman of the Board of Managing Directors

born 1941

at Helaba since: 1992

on the Board since: 1992

responsible for: Corporate Finance, Corporate Loans, CRM Multinational Corporations, CRM Public Authorities/Municipal Corporations

Dr. Norbert Bräuer

born 1947

at Helaba: 1979-1990, 2000-

on the Board since: 2000

responsible for: Capital Markets, Asset/Liability Management, Equity Business, Sales Public Authorities, Financial Institutions and International Public Finance, CRM Institutional Investors

Hans-Dieter Brenner

born 1952

at Helaba since: 2001

on the Board since: 2002

responsible for: Accounting & Taxes, Strategic Controlling, Credit Service/Risk Control Credit, Legal Services, Credit Back Office, Risk Controlling Treasury

Peter Kobiela

born 1943

at Helaba since: 1970

on the Board since: 2001

responsible for: Real Estate Lending, Real Estate Management, Services and Facilities Management, Meta Loans Business

Kurt-Dieter Schrauth

born 1943

at Helaba since: 1993

on the Board since: 1993

responsible for: Thuringia, Organisation and Information Technology, Corporate Loans Restructuring & Transaction Business, Cash Management and Electronic Banking, Settlement/Custody Services, LBS

Financial Information

The information related to the Financial Statement and Notes has been extracted from the from the from Landesbank Hessen-Thüringen's 2003 Annual Report. The Issuer takes responsibility only for the accuracy of the extraction of such information as is reproduced herein and has made no independent investigation of verification thereof. Such information is qualified in its entirety by such documents referred.

PASSIVSEITE

	siehe Anhang Ziffer	Tsd. €	Tsd. €	Tsd. €	Tsd. €	2002 Tsd. €
Verbindlichkeiten gegenüber Kreditinstituten	(15), (18)					
a) täglich fällig				6.225.758		7.815.910
b) mit vereinbarter Laufzeit oder Kündigungsfrist				42.126.830		45.711.908
c) Bauspareinlagen				7.121		3.790
darunter:						
auf zugeteilte Verträge	300					(-)
					48.359.709	53.531.608
Verbindlichkeiten gegenüber Kunden	(15), (19)					
a) Einlagen aus dem Bauspargeschäft und Spareinlagen						
aa) Bauspareinlagen			2.745.456			2.578.643
darunter:						
auf gekündigte Verträge	10.580					(2.224)
auf zugeteilte Verträge	59.245					(25.284)
ab) Spareinlagen mit vereinbarter Kündigungsfrist von drei Monaten			941			1.367
ac) Spareinlagen mit vereinbarter Kündigungsfrist von mehr als drei Monaten			14			11
				2.746.411		2.580.021
b) andere Verbindlichkeiten						
ba) täglich fällig			3.582.127			4.814.700
bb) mit vereinbarter Laufzeit oder Kündigungsfrist			29.039.402			26.217.811
				32.621.529		31.032.511
					35.367.940	33.612.532
Verbriefte Verbindlichkeiten	(20), (32)					
a) begebene Schuldverschreibungen				31.198.378		31.432.194
b) andere verbrieftete Verbindlichkeiten				12.404.168		13.991.506
darunter:					43.602.546	45.423.700
Geldmarktpapiere	11.655.353					(13.794.135)
Treuhandverbindlichkeiten	(21)				2.557.601	2.562.935
darunter:						
Treuhandkredite	2.321.107					(2.302.966)
Sonstige Verbindlichkeiten	(22)				1.940.475	1.990.450
Sonstige Passiva aus dem Immobilienprojektierungsgeschäft	(23)				187.595	-
Rechnungsabgrenzungsposten	(24)				569.420	545.878
Übertrag:					132.585.286	137.667.103

AKTIVSEITE

	siehe Anhang Ziffer	Tsd. €	Tsd. €	Tsd. €	Tsd. €	2002 Tsd. €
Übertrag:					131.770.502	136.483.543
Aktien und andere nicht festverzinsliche Wertpapiere	(6)				1.162.536	1.131.253
Beteiligungen	(7), (17), (46)				552.046	515.693
darunter:						
an Kreditinstituten		190.593				(151.427)
an Finanzdienstleistungsinstituten		391				(366)
Anteile an verbundenen Unternehmen	(8), (17), (46)				1.090.979	1.218.746
Treuhandvermögen	(9)				2.557.601	2.562.935
darunter:						
Treuhandkredite		2.321.107				(2.302.966)
Ausgleichsforderungen gegen die öffentliche Hand ein- schließlich Schuldverschrei- bungen aus deren Umtausch					15.422	23.202
Sachanlagen	(10), (17)				169.956	99.262
Sonstige Vermögensgegenstände	(11)				1.561.058	2.048.338
Sonstige Aktiva aus dem Immobilienprojektierungsgeschäft	(12)				180.431	–
Rechnungsabgrenzungsposten	(13)				369.399	386.105
Summe der Aktiva					139.429.930	144.469.077

PASSIVSEITE

	siehe Anhang Ziffer	Tsd. €	Tsd. €	Tsd. €	Tsd. €	2002 Tsd. €
Übertrag:					132.585.286	137.667.103
Rückstellungen						
a) Rückstellungen für Pensionen und ähnliche Verpflichtungen				380.065		370.908
b) Steuerrückstellungen				115.383		103.284
c) andere Rückstellungen				535.136		386.408
					1.030.584	860.600
Fonds zur baupartechnischen Absicherung					6.220	6.789
Sonderposten mit Rücklageanteil	(25)				–	5.697
Nachrangige Verbindlichkeiten	(26)				1.652.318	1.810.093
Genussrechtskapital					481.214	462.623
darunter:						
vor Ablauf von zwei Jahren fällig		59.719				(–)
Fonds für allgemeine Bankrisiken					126.091	126.161
Eigenkapital	(28)					
a) gezeichnetes Kapital						
aa) Stammkapital			477.000			477.000
ab) Einlagen stiller Gesellschafter			1.868.302			1.868.302
				2.345.302		2.345.302
b) Kapitalrücklage				642.563		642.563
c) Gewinnrücklagen				531.944		513.526
d) Ausgleichsposten für Anteile anderer Gesellschaften				–212		–
e) Bilanzgewinn				28.620		28.620
					3.548.217	3.530.011
Summe der Passiva					139.429.930	144.469.077
Eventualverbindlichkeiten	(15), (29)					
Verbindlichkeiten aus Bürgschaften und Gewährleistungsverträgen					6.176.602	6.275.718
Andere Verpflichtungen	(30)					
a) Platzierungs- und Übernahmeverpflichtungen				2.898.629		3.227.217
b) Unwiderrufliche Kreditzusagen				23.096.635		21.127.026
					25.995.264	24.354.243
Für Anteilinhaber verwaltete Sondervermögen	(31)				12.416.688	8.480.949

Konzern-Gewinn- und Verlustrechnung
der Landesbank Hessen-Thüringen Girozentrale,
Frankfurt am Main/Erfurt, für die Zeit vom 1. Januar bis 31. Dezember 2003

	siehe Anhang Ziffer	Tsd. €	Tsd. €	Tsd. €	Tsd. €	2002 Tsd. €
Zinserträge aus	(34)					
a) Kredit- und Geldmarktgeschäften			4.633.877			4.837.300
darunter Zinserträge der Bausparkasse:						
aus Bauspardarlehen		51.744				(52.752)
aus Vor- und Zwischen- finanzierungskrediten		44.545				(45.675)
aus sonstigen Baudarlehen		929				(509)
b) festverzinslichen Wertpapieren und Schuldbuchforderungen			747.538			894.083
				5.381.415		5.731.383
Zinsaufwendungen				4.905.211		5.189.317
darunter: für Bauspareinlagen		74.093				(70.240)
					476.204	542.066
Laufende Erträge aus	(34)					
a) Aktien und anderen nicht festverzinslichen Wertpapieren				58.227		56.197
b) Beteiligungen				19.176		35.311
c) Anteilen an verbundenen Unternehmen				88.135		15.893
					165.538	107.401
Erträge aus Gewinngemeinschaften, Gewinnabführungs- oder Teilgewinn- abführungsverträgen					41.327	65.396
Provisionserträge	(34), (35)			174.302		153.115
darunter Provisionserträge der Bausparkasse:						
aus Vertragsabschluss und -vermittlung		26.151				(20.667)
aus der Darlehensregelung nach der Zuteilung		6.288				(7.616)
aus der Bereitstellung und Bearbeitung von Vor- und Zwischenfinanzierungskrediten		4				(3)
Provisionsaufwendungen				78.327		44.047
darunter:						
für Vertragsabschluss und -vermittlung der Bausparkasse		32.846				(25.675)
					95.975	109.068
Ergebnis aus dem Immobilien- projektierungsgeschäft	(36)				9.462	–
Nettoertrag aus Finanzgeschäften	(34)				2.797	14.675
Sonstige betriebliche Erträge	(34), (37)				98.723	110.517
Erträge aus der Auflösung von Sonderposten mit Rücklageanteil					–	7.197
Übertrag:					890.026	956.320

Jahresabschlüsse der Landesbank Hessen-Thüringen

	siehe Anhang Ziffer	Tsd. €	Tsd. €	Tsd. €	Tsd. €	2002 Tsd. €
Übertrag:					890.026	956.320
Allgemeine Verwaltungsaufwendungen						
a) Personalaufwand						
aa) Löhne und Gehälter			246.533			220.158
ab) Soziale Abgaben und Aufwendungen für Altersversorgung und für Unterstützung			72.969			98.257
darunter: für Altersversorgung	36.725			319.502		318.415 (61.590)
b) andere Verwaltungsaufwendungen				268.843		297.011
					588.345	615.426
Abschreibungen und Wert- berichtigungen auf immaterielle Anlagewerte und Sachanlagen					25.051	19.950
Sonstige betriebliche Aufwendungen					32.490	28.947
Abschreibungen und Wertberichtigungen (38) auf Forderungen und bestimmte Wert- papiere sowie Zuführungen zu Rück- stellungen im Kreditgeschäft					143.597	574.542
Abschreibungen und Wertberichtigungen auf Beteiligungen und Anteile an verbundenen Unternehmen					4.809	–
Erträge aus Zuschreibungen zu Beteiligungen und Anteilen an verbundenen Unternehmen					–	358.318
Aufwendungen aus Verlustübernahme					351	135
Ergebnis der normalen Geschäftstätigkeit					95.383	75.638
Steuern vom Einkommen und vom Ertrag (39)				27.136		35.182
Sonstige Steuern, soweit nicht unter Posten Sonstige betriebliche Aufwendungen ausgewiesen				1.395		1.464
					28.531	36.646
Jahresüberschuss					66.852	38.992
Anteile anderer Gesellschafter am Ergebnis					–417	–
Entnahmen aus Gewinnrücklagen					41.137	25.337
Einstellung in Gewinnrücklagen					78.952	35.709
Bilanzgewinn					28.620	28.620

Jahresbilanz der Landesbank Hessen-Thüringen Girozentrale, Frankfurt am Main/Erfurt, zum 31. Dezember 2003

AKTIVSEITE

	siehe Anhang Ziffer	Tsd. €	Tsd. €	Tsd. €	Tsd. €	2002 Tsd. €
Barreserve						
a) Kassenbestand				3.011		4.218
b) Guthaben bei Zentralnotenbanken				33.816		277.454
darunter:					36.827	281.672
bei der Deutschen Bundesbank		33.798				(277.449)
Forderungen an Kreditinstitute	(3), (32)					
a) täglich fällig				1.831.697		1.915.967
b) andere Forderungen				36.805.647		43.498.228
					38.637.344	45.414.195
darunter Baudarlehen der Bausparkasse: Bauspardarlehen		7.078				(8.735)
Forderungen an Kunden	(4), (32)				54.126.144	55.753.745
darunter:						
durch Grundpfandrechte gesichert		7.148.961				(6.089.296)
Kommunalkredite		14.142.226				(17.582.586)
Baudarlehen der Bausparkasse						
aus Zuteilungen (Bauspardarlehen)		1.061.519				(1.126.316)
zur Vor- und Zwischenfinanzierung		810.256				(785.981)
sonstige		10.506				(9.145)
darunter:						
durch Grundpfandrechte gesichert		1.306.096				(1.516.886)
Schuldverschreibungen und andere festverzinsliche Wertpapiere	(5)					
a) Geldmarktpapiere						
von anderen Emittenten				2.024.825		2.218.834
darunter:						
beleihbar bei der Deutschen Bundesbank		99.844				(304.199)
b) Anleihen und Schuldverschreibungen						
ba) von öffentlichen Emittenten			2.245.250			2.312.384
darunter:						
beleihbar bei der Deutschen Bundesbank		2.132.115				(2.168.422)
bb) von anderen Emittenten			25.762.754			22.113.191
darunter:				28.008.004		24.425.575
beleihbar bei der Deutschen Bundesbank		20.986.513				(17.003.145)
c) eigene Schuldverschreibungen				1.286.235		733.928
					31.319.064	27.378.337
Nennbetrag		1.258.025				(710.024)
Übertrag:					124.119.379	128.827.949

PASSIVSEITE

	siehe Anhang Ziffer	Tsd. €	Tsd. €	Tsd. €	Tsd. €	2002 Tsd. €
Verbindlichkeiten gegenüber Kreditinstituten	(15), (18)					
a) täglich fällig				5.921.954		7.804.314
b) mit vereinbarter Laufzeit oder Kündigungsfrist				39.346.663		42.360.610
c) Bauspareinlagen				7.121		3.790
darunter:						
auf zugeteilte Verträge		300				(-)
					45.275.738	50.168.714
Verbindlichkeiten gegenüber Kunden	(15), (19)					
a) Einlagen aus dem Bauspargeschäft und Spareinlagen						
aa) Bauspareinlagen			2.745.456			2.578.643
darunter:						
auf gekündigte Verträge		10.580				(2.224)
auf zugeteilte Verträge		59.245				(25.284)
ab) Spareinlagen mit vereinbarter Kündigungsfrist von drei Monaten			941			1.367
ac) Spareinlagen mit vereinbarter Kündigungsfrist von mehr als drei Monaten			14			11
				2.746.411		2.580.021
b) andere Verbindlichkeiten						
ba) täglich fällig			3.384.462			4.708.048
bb) mit vereinbarter Laufzeit oder Kündigungsfrist			31.137.102			28.802.872
				34.521.564		33.510.920
					37.267.975	36.090.941
Verbriefte Verbindlichkeiten	(20), (32)					
a) begebene Schuldverschreibungen				25.909.271		26.012.217
b) andere verbiefte Verbindlichkeiten				11.748.473		13.229.263
darunter:					37.657.744	39.241.480
Geldmarktpapiere		10.999.658				(13.031.892)
Treuhandverbindlichkeiten	(21)				2.219.003	2.227.684
darunter:						
Treuhandkredite		2.218.980				(2.227.662)
Sonstige Verbindlichkeiten	(22)				1.920.135	1.956.349
Rechnungsabgrenzungsposten	(24)				386.144	345.314
Übertrag:					124.726.739	130.030.482

AKTIVSEITE

	siehe Anhang Ziffer	Tsd. €	Tsd. €	Tsd. €	Tsd. €	2002 Tsd. €
Übertrag:					124.119.379	128.827.949
Aktien und andere nicht festverzinsliche Wertpapiere	(6)				1.151.026	1.121.928
Beteiligungen	(7), (17), (46)				806.884	799.524
darunter:						
an Kreditinstituten		492.585				(453.418)
Anteile an verbundenen Unternehmen	(8), (17), (46)				1.254.434	1.355.747
darunter:						
an Kreditinstituten		126.671				(126.671)
an Finanzdienstleistungsinstituten		5.273				(5.273)
Treuhandvermögen	(9)				2.219.003	2.227.684
darunter:						
Treuhandkredite		2.218.980				(2.227.662)
Ausgleichsforderungen gegen die öffentliche Hand einschließlich Schuldverschreibungen aus deren Umtausch					15.422	23.202
Sachanlagen	(10), (17)				81.282	71.357
Sonstige Vermögensgegenstände	(11)				1.545.371	2.033.445
Rechnungsabgrenzungsposten	(13)				327.311	337.377
Summe der Aktiva					131.520.112	136.798.213

PASSIVSEITE

	siehe Anhang Ziffer	Tsd. €	Tsd. €	Tsd. €	Tsd. €	2002 Tsd. €
Übertrag:					124.726.739	130.030.482
Rückstellungen						
a) Rückstellungen für Pensionen und ähnliche Verpflichtungen				376.689		368.349
b) Steuerrückstellungen				106.576		94.119
c) andere Rückstellungen				471.178		370.887
					954.443	833.355
Fonds zur baupartechnischen Absicherung					6.220	6.789
Sonderposten mit Rücklageanteil	(25)				–	5.697
Nachrangige Verbindlichkeiten	(26)				1.648.475	1.806.247
Genussrechtskapital					481.214	462.623
darunter:						
vor Ablauf von zwei Jahren fällig		59.719				(–)
Fonds für allgemeine Bankrisiken					125.000	125.000
Eigenkapital	(28)					
a) gezeichnetes Kapital						
aa) Stammkapital			477.000			477.000
ab) Einlagen stiller Gesellschafter			1.817.738			1.817.738
				2.294.738		2.294.738
b) Kapitalrücklage				642.563		642.562
c) Gewinnrücklagen				612.100		562.100
d) Bilanzgewinn				28.620		28.620
					3.578.021	3.528.020
Summe der Passiva					131.520.112	136.798.213
Eventualverbindlichkeiten	(15), (29)					
Verbindlichkeiten aus Bürgschaften und Gewährleistungsverträgen					6.496.044	6.655.514
Andere Verpflichtungen	(30)					
a) Platzierungs- und Übernahmeverpflichtungen				2.898.629		3.227.217
b) Unwiderrufliche Kreditzusagen				22.734.655		20.743.689
					25.633.284	23.970.906

Gewinn- und Verlustrechnung**der Landesbank Hessen-Thüringen Girozentrale,****Frankfurt am Main/Erfurt, für die Zeit vom 1. Januar bis 31. Dezember 2003**

	siehe Anhang Ziffer	Tsd. €	Tsd. €	Tsd. €	Tsd. €	2002 Tsd. €
Zinserträge aus	(34)					
a) Kredit- und Geldmarktgeschäften			4.341.741			4.528.387
darunter Zinserträge der Bausparkasse: aus Bauspardarlehen		51.744				(52.752)
aus Vor- und Zwischen- finanzierungskrediten		44.545				(45.675)
aus sonstigen Baudarlehen		929				(509)
b) festverzinslichen Wertpapieren und Schuldbuchforderungen			679.430			813.530
				5.021.171		5.341.917
Zinsaufwendungen				4.586.531		4.855.327
darunter: für Bauspareinlagen		74.093				(70.240)
					434.640	486.590
Laufende Erträge aus	(34)					
a) Aktien und anderen nicht festverzinslichen Wertpapieren				58.013		55.966
b) Beteiligungen				33.491		50.829
c) Anteilen an verbundenen Unternehmen				100.051		23.893
					191.555	130.688
Erträge aus Gewinngemeinschaften, Gewinnabführungs- oder Teilgewinn- abführungsverträgen					50.133	71.810
Provisionserträge	(34), (35)			135.311		121.152
darunter Provisionserträge der Bausparkasse:						
aus Vertragsabschluss und -vermittlung		26.128				(20.652)
aus der Darlehensregelung nach der Zuteilung		6.288				(7.616)
aus der Bereitstellung und Bearbeitung von Vor- und Zwischenfinanzierungskrediten		4				(3)
Provisionsaufwendungen				74.123		45.351
darunter:						
für Vertragsabschluss und -vermittlung der Bausparkasse		32.846			61.188	(25.675)
						75.801
Nettoertrag aus Finanzgeschäften	(34)				1.904	13.239
Sonstige betriebliche Erträge	(34), (37)				71.955	86.921
Erträge aus der Auflösung von Sonderposten mit Rücklageanteil					5.697	7.197
Übertrag:					817.072	872.246

Jahresabschlüsse der Landesbank Hessen-Thüringen

	siehe Anhang Ziffer	Tsd. €	Tsd. €	Tsd. €	Tsd. €	2002 Tsd. €
Übertrag:					817.072	872.246
Allgemeine Verwaltungsaufwendungen						
a) Personalaufwand						
aa) Löhne und Gehälter			204.779			188.693
ab) Soziale Abgaben und Aufwendungen für Altersversorgung und für Unterstützung			64.240			91.895
darunter:				269.019		280.588
für Altersversorgung	34.664			253.170		(60.077)
b) andere Verwaltungsaufwendungen						278.329
					522.189	558.917
Abschreibungen und Wert- berichtigungen auf immaterielle Anlagewerte und Sachanlagen					19.983	16.192
Sonstige betriebliche Aufwendungen					22.172	23.153
Abschreibungen und Wertberichtigungen auf Forderungen und bestimmte Wert- papiere sowie Zuführungen zu Rück- stellungen im Kreditgeschäft (38)					141.660	575.482
Abschreibungen und Wertberichtigungen auf Beteiligungen und Anteile an verbundenen Unternehmen					2.531	–
Erträge aus Zuschreibungen zu Beteiligungen und Anteilen an verbundenen Unternehmen					–	357.795
Aufwendungen aus Verlustübernahme					8.709	135
Ergebnis der normalen Geschäftstätigkeit					99.828	56.162
Steuern vom Einkommen und vom Ertrag (39)				20.078		26.299
Sonstige Steuern, soweit nicht unter Posten						
Sonstige betriebliche Aufwendungen ausgewiesen				1.130		1.243
					21.208	27.542
Jahresüberschuss					78.620	28.620
Einstellung in Gewinnrücklagen					50.000	–
Bilanzgewinn					28.620	28.620

Jahresabschlüsse der Landesbank Hessen-Thüringen

Eigenkapitalspiegel des Konzerns

Mio. €	Eigenkapital der Helaba			Erwirtschaftetes Konzern-eigenkapital der Helaba		Eigenkapital der Minder-heitengesell-schafter	Konzerneigenkapital am Ende des Geschäftsjahres	
	Stamm-kapital	Stille Einlagen	Kapital-rücklage	Gewinn-rücklagen	Konzern-bilanz-gewinn		2003	2002
Eigenkapital zum 01.01.	477,0	1.868,3	642,6	513,5	28,6	0,0	3.530,0	3.524,4
Ausschüttung					-28,6		-28,6	0,0
Verwendung des Konzern-Jahresüberschusses				37,8	28,6	0,4	66,8	34,0
Änderung des Konsolidierungskreises				-26,2		-0,8	-27,0	
Sonstige Veränderungen				6,8		0,2	7,0	0,2
Eigenkapital zum 31.12.	477,0	1.868,3	642,6	531,9	28,6	-0,2	3.548,2	3.558,6

Kapitalflussrechnung des Konzerns
Frankfurt am Main/Erfurt, für die Zeit
vom 1. Januar bis 31. Dezember 2003

	Mio. €	
	2003	2002
Jahresüberschuss	66,8	39,0
Im Jahresüberschuss enthaltene zahlungsunwirksame Posten und Überleitung auf den Cash-flow aus laufender Geschäftstätigkeit		
Abschreibungen, Wertberichtigungen und Zuschreibungen auf Forderungen, Sach- und Finanzanlagen	173,5	594,5
Zunahme/Abnahme der Rückstellungen	147,6	176,1
Gewinn/Verlust aus der Veräußerung von Finanz- und Sachanlagen	-14,9	-362,2
Sonstige Anpassungen (Saldo)	-728,4	-729,3
Zwischensumme	-355,4	-281,9
Veränderung des Vermögens und der Verbindlichkeiten aus laufender Geschäftstätigkeit nach Korrektur um zahlungsunwirksame Bestandteile		
Forderungen an Kreditinstitute	6.532,0	-1.516,9
Forderungen an Kunden	1.789,6	-4.507,6
Wertpapiere (ohne Finanzanlagen)	-4.010,4	-7.916,2
Andere Aktiva	604,7	415,0
Verbindlichkeiten gegenüber Kreditinstituten	-5.171,9	8.242,1
Verbindlichkeiten gegenüber Kunden	1.755,4	3.783,6
Verbriefte Verbindlichkeiten	-1.821,2	268,5
Andere Passiva	-179,6	555,4
Erhaltene Zinsen und Dividenden	5.588,3	5.904,2
Gezahlte Zinsen	-4.905,2	-5.189,3
Ertragsteuerzahlungen	45,5	14,4
Cash-flow aus laufender Geschäftstätigkeit	-128,3	-228,7
Einzahlungen aus Abgängen von Finanzanlagen	106,5	814,9
Einzahlungen aus Abgängen von Sachanlagen	18,8	3,0
Auszahlungen für Investitionen in Finanzanlagen	-22,9	-825,5
Auszahlungen für Investitionen in Sachanlagen	-48,4	-25,0
Auszahlungen für den Erwerb von konsolidierten Unternehmen	0,0	-16,0
Cash-flow aus der Investitionstätigkeit	54,0	-48,6
Auszahlungen an Unternehmenseigner und Minderheitsgesellschafter: Dividendenzahlung	-28,6	-28,6
Mittelveränderungen aus sonstigem Kapital (Saldo)	-139,2	54,9
Cash-flow aus der Finanzierungstätigkeit	-167,8	26,3
Zahlungswirksame Veränderungen des Finanzmittelfonds	-242,1	-251,0
Wechselkurs-, konsolidierungskreis- und bewertungsbedingte Änderungen des Finanzmittelfonds	0,2	0,0
Finanzmittelfonds am Anfang der Periode	309,5	560,5
Finanzmittelfonds am Ende der Periode	67,6	309,5

Erläuterungen zur Kapitalflussrechnung sind im Anhang, Ziffer (41), enthalten.

Segmentbericht des Konzerns zum 31.12.2003

| Primäre Segmentierung

in Mio. €	Immo- bilien	Corporate Finance	Financial Markets	Asset Mngt.	LBS	Förder- geschäft	Sonstige/ Konsol.	Konzern
Zinsüberschuss	179,9	169,8	187,7	27,7	73,6	23,4	21,0	683,1
Risikovorsorge/ Bewertung	-69,0	-66,4	15,4	-1,5	-4,1	1,1	-24,3	-148,8
Provisions- überschuss	13,4	16,9	25,8	35,2	1,4	7,0	-3,7	96,0
Nettoergebnis aus Finanzgeschäften	0,0	0,0	2,5	0,3	0,0	0,0	0,0	2,8
Sonstige Erträge/ Aufwendungen	43,9	0,3	3,3	0,1	1,6	14,9	10,1	74,2
Summe risiko- adjustierte Erträge	168,2	120,6	234,7	61,8	72,5	46,4	3,1	707,3
Verwaltungsaufwand	-101,4	-74,2	-129,4	-52,9	-64,1	-42,2	-149,2	-613,4
Ergebnis nach Risikovorsorge	66,8	46,4	105,3	8,9	8,4	4,2	-146,1	93,9
Vermögen (Mrd.)	18,2	22,5	83,2	1,6	4,0	5,5	4,4	139,4
Verbindlichkeiten (Mrd.)	0,3	6,3	107,4	2,0	4,0	5,5	13,9	139,4
Risikoposition (Mrd.)	15,9	15,8	14,2	2,2	1,2	1,1	1,0	51,4
Allokiertes Kapital	271,0	322,0	259,6	71,8	194,5	81,5	450,9	1.651,3
Rentabilität des allokierten Kapitals (%)	24,7	14,4	40,6	12,4	4,3	5,1	k. A.	5,7
Aufwand-/ Ertrag-Relation vor Risikovors. (%)	42,7	39,6	59,0	83,5	83,7	93,2	k. A.	71,7

| Sekundäre Segmentierung

in Mio. €	Deutschland	Europa (o. Deutschland)	Welt (o. Europa)	Sonstige/ Konsolidierung	Konzern
Ergebnis vor Risikovorsorge	214,5	15,9	51,9	-39,6	242,7
Risikovorsorge/Bewertung	-128,0	-13,4	-9,9	2,5	-148,8
Ergebnis nach Risikovorsorge	86,5	2,5	42,0	-37,1	93,9
Vermögen (Mrd.)	109,8	43,9	6,6	-20,9	139,4
Allokiertes Kapital	1.374,1	597,8	119,7	k. A.	1.651,3
Aufwand-/Ertrag-Relation vor Risikovors. (%)	71,6	76,2	37,5	k. A.	71,7

Erläuterungen zum Segmentbericht sind im Anhang, Ziffer (40), enthalten.

Anhang und Konzernanhang

Frankfurt am Main/Erfurt, zum 31.12.2003

Jahresabschluss und Konzernabschluss der Landesbank Hessen-Thüringen werden nach den Vorschriften des HGB in Verbindung mit der Verordnung über die Rechnungslegung der Kreditinstitute (RechKredV) erstellt. Die Bilanzen und Gewinn- und Verlustrechnungen sind nach dieser Verordnung gegliedert. Sie enthalten auch die für Bausparkassen vorgeschriebenen Positionen. Aufgrund der erstmals in den Konsolidierungskreis einbezogenen Gesellschaften mit dem Tätigkeitsschwerpunkt Immobilienprojektierungsgeschäft wurden die Positionen der Bilanz und Gewinn- und Verlustrechnung des Konzerns um immobiliengeschäftsspezifische Posten ergänzt. Anhang und Konzernanhang wurden zusammengefasst; die Erläuterungen gelten, soweit nicht anders vermerkt, für beide Abschlüsse.

(1) Bilanzierungs- und Bewertungsmethoden

Vermögensgegenstände und Schulden werden nach den Vorschriften der §§ 252 ff. HGB unter Berücksichtigung der besonderen Regelungen für Kreditinstitute (§§ 340e ff HGB) bewertet. Forderungen sind mit dem Nennbetrag, Verbindlichkeiten mit dem Rückzahlungsbetrag bilanziert. Unterschiedsbeträge zwischen Nennbeträgen und Auszahlungsbeträgen, die Zinscharakter haben, werden in die Rechnungsabgrenzungsposten eingestellt und zeitanteilig aufgelöst. Abgezinst begebene Schuldverschreibungen und ähnliche Verbindlichkeiten sowie auf abgezinster Basis erworbene Wertpapiere und Forderungen werden zum Barwert angesetzt.

Sämtlichen erkennbaren Risiken wurde durch die Bildung von Einzelwertberichtigungen oder Rückstellungen Rechnung getragen. Daneben bestehen für die besonderen Risiken des Bankgeschäfts – außer dem in der Bilanz gezeigten Fonds für allgemeine Bankrisiken – Pauschalwertberichtigungen und Vorsorgereserven gemäß § 340f HGB.

Als grundpfandrechtlich gesicherte Kundenforderungen werden nur solche ausgewiesen, die den Erfordernissen der §§ 11 und 12 Absatz 1 und 2 des Hypothekendarlehensgesetzes entsprechen.

Die Bestände in den Positionen Schuldverschreibungen und andere festverzinsliche Wertpapiere und Aktien und andere nicht festverzinsliche Wertpapiere sind nach den für das Umlaufvermögen geltenden Vorschriften des § 253 HGB in Verbindung mit § 280 Absatz 1 HGB bewertet. Die gesetzlich vorgeschriebenen Wertaufholungen wurden vorgenommen. Für die langfristige Liquiditätsanlage sowie als Kreditersatz abgeschlossene Wertpapier-Swap-Kombinationen werden verknüpft bewertet.

Beteiligungen und Anteile an verbundenen Unternehmen werden zu Anschaffungskosten oder – bei dauernder Wertminderung – zum niedrigeren Wert am Bilanzstichtag bilanziert. Sofern die Gründe für eine Wertminderung in früheren Geschäftsjahren entfallen sind, erfolgen Zuschreibungen bis zur Höhe des Zeitwertes, maximal bis zur Höhe der Anschaffungskosten.

Bei Gegenständen des Anlagevermögens, deren Nutzung zeitlich begrenzt ist, wurden Abschreibungen entsprechend den steuerlich zulässigen Sätzen vorgenommen. Geringwertige Wirtschaftsgüter werden im Jahr der Anschaffung voll abgeschrieben.

Die Pensionsrückstellungen wurden aufgrund eines versicherungsmathematischen Gutachtens unter Berücksichtigung des § 6a EStG und basierend auf den Richttafeln 1998 sowie vergleichbarer ausländischer Vorschriften ermittelt. Sie beinhalten zudem pensionsähnliche Verpflichtungen (wie Vorruhestand) und Gehaltsumwandlung gemäß BetrAVG. Die Rückstellungen sind ausreichend bemessen und tragen allen erkennbaren Risiken und ungewissen Verbindlichkeiten Rechnung.

Jahresabschlüsse der Landesbank Hessen-Thüringen

Die Bewertung der in der Position „Sonstige Aktiva aus dem Immobilienprojektierungsgeschäft“ ausgewiesenen Immobilien und Baumaßnahmen erfolgt zu Anschaffungs- oder Herstellungskosten oder aufgrund des Grundsatzes verlustfreier Bewertung mit niedrigeren Wertansätzen. Die Herstellungskosten umfassen bei einzelnen Projekten auch direkt zurechenbare Anteile der Gemeinkosten und Fremdkapitalzinsen.

Der im Abschluss der Bank in Vorjahren ausgewiesene Sonderposten mit Rücklageanteil enthielt überwiegend passivierte Wertaufholungen bei Anteilen an verbundenen Unternehmen aus dem Geschäftsjahr 1999. Im Berichtsjahr erfolgte wie im Vorjahr gemäß der steuerlichen Übergangsregelung eine Auflösung der jeweiligen Position. Im Konzernabschluss ist eine Übernahme des Sonderpostens sowie der Erträge aus Auflösungen des Postens nach der Änderung des § 308 HGB durch das TransPubG ab dem Geschäftsjahr 2003 nicht mehr zulässig. Die in der Bilanz zum 31.12.2002 ausgewiesenen Bestände wurden gemäß Art. 54 Abs. 2 EGHGB erfolgsneutral zum 1. Januar 2003 mit den Gewinnrücklagen des Konzerns verrechnet.

Vermögensgegenstände (ohne Beteiligungen bzw. Anteile an verbundenen Unternehmen) und Schulden in Fremdwährung sowie am Bilanzstichtag nicht abgewickelte Kassageschäfte wurden zum Kassamittelkurs umgerechnet. Bei Termingeschäften in fremder Währung erfolgt, nach einer evtl. Neutralisierung von Bewertungsgewinnen/-verlusten aus Kassakurs-Veränderungen, eine Abgrenzung der Swapstellen sowie eine Bewertung der Reststellen.

Im Rahmen der Ermittlung des Ertrages oder Aufwandes aus Devisengeschäften wurde das in § 340h HGB gewährte Wahlrecht bezüglich der Einbeziehung unrealisierter Gewinne in dem Umfang, in dem sie vorübergehend wirksame Aufwendungen ausgleichen, genutzt. Die bankweiten Nettopositionen in den einzelnen Währungen werden täglich ermittelt. Derivate (Termin- und Optionsgeschäfte im Zins-, Aktien- und Währungsbereich sowie Swapvereinbarungen) werden bei Abschluss entsprechend ihrer Zweckbestimmung dem Handels- oder dem Nichthandelsbestand zugeordnet; die Zuordnung kann nur durch Beschluss des Vorstands geändert werden. Derivate werden als schwebende Geschäfte nicht in der Bilanz ausgewiesen. Die Darstellung und Bewertung erfolgen in Anlehnung an die relevanten Stellungnahmen und Rechnungslegungshinweise des IDW.

Die derivativen Handelsgeschäfte werden insgesamt geschäftsstellenbezogen je Währung und Risikobereich zusammengefasst bewertet. Negative Zahlungssalden werden mit positiven Werten bis zur Nulllinie verrechnet. Im Hinblick auf die zentrale Steuerung im Handelsbereich werden zudem die Bewertungen aus London und Frankfurt am Main je Währung zusammengefasst. Um produktübergreifende Handelsgeschäfte adäquat abzubilden, werden zudem Wertpapier-Bewertungen des Handelsbestandes einbezogen. Über diese Berücksichtigung unrealisierter Erfolgsbeiträge hinaus verbleibende Gewinne werden nicht berücksichtigt, für verbleibende Verluste werden Rückstellungen gebildet. Die Ergebnisse aus Tradinggeschäften werden im „Nettoergebnis aus Finanzgeschäften“ ausgewiesen.

Als Grundlage dienen Marktwerte, ersatzweise aus Marktparametern errechnete Werte, deren Ermittlung auf einschlägigen Optionspreisformeln und Barwertberechnungen basiert.

Alle außerhalb des Handels eingesetzten Derivate bleiben unbewertet. Dabei werden laufende Ergebnisse aus Swap-Geschäften zeitanteilig abgegrenzt. Die Abgrenzungen werden unter den Sonstigen Vermögensgegenständen bzw. Sonstigen Verbindlichkeiten ausgewiesen.

(2) Konsolidierungsgrundsätze und Erläuterungen zum Konsolidierungskreis

Im Berichtsjahr ergaben sich Veränderungen des Konsolidierungskreises aus der erstmaligen Konsolidierung von insgesamt 27 Gesellschaften mit überwiegender Geschäftstätigkeit im Immobilienprojektierungsgeschäft.

Die erstmaligen Konsolidierungen zum Stichtag 1. Januar 2003 führten bei Anwendung der Buchwertmethode zu aktiven Unterschiedsbeträgen aus der Kapitalkonsolidierung in Höhe von insgesamt 26 Mio. €, die gemäß § 301 HGB mit den Gewinnrücklagen des Konzerns verrechnet wurden. Die aktiven Unterschiedsbeträge betreffen neben der OFB Projektentwicklungs-GmbH, Frankfurt am Main, vier Projektierungsgesellschaften.

Aus den Veränderungen des Konsolidierungskreises ergeben sich insgesamt keine für die Gesamtverhältnisse des Konzerns wesentlichen Veränderungen der wirtschaftlichen Verhältnisse im Vergleich zum Vorjahr.

Von § 296 Abs. 2 HGB wurde bzgl. verbundener Unternehmen mit nicht bankgeschäftstypischen Geschäftsfeldern Gebrauch gemacht. Ebenso wurde § 311 Abs. 2 HGB angewendet.

Für die Kapitalkonsolidierungen kam unverändert die Buchwertmethode gemäß § 301 Abs. 1 Nr. 1 HGB zur Anwendung. Sie erfolgte nach der geltenden Vorschrift mit den Wertansätzen zum Zeitpunkt der erstmaligen Einbeziehung. Forderungen und Verbindlichkeiten sowie Aufwendungen und Erträge zwischen den einbezogenen Unternehmen wurden konsolidiert.

Beträge in ausländischer Währung wurden zu den entsprechenden Mittelkursen am Bilanzstichtag umgerechnet, ggf. auftretende Umrechnungsdifferenzen wurden ergebnisneutral behandelt.

(3) Forderungen an Kreditinstitute

	Bank Mio. €		Konzern Mio. €	
	2003	2002	2003	2002
In dieser Position sind enthalten:				
Forderungen an angeschlossene Sparkassen	12.764	12.759	12.809	12.805
Forderungen an verbundene Unternehmen	19	8	–	–
Forderungen an Unternehmen, mit denen ein Beteiligungsverhältnis besteht	1.515	3.049	1.093	2.180
Die Unterposition – andere Forderungen – enthält:				
nachrangige Forderungen	24	25	19	20
davon an verbundene Unternehmen	–	–	–	–
davon an Unternehmen, mit denen ein Beteiligungsverhältnis besteht	11	12	7	7
Restlaufzeiten der Unterposition – andere Forderungen –				
bis drei Monate	14.987	17.245	15.607	17.334
mehr als drei Monate bis ein Jahr	5.105	6.594	5.436	6.812
mehr als ein Jahr bis fünf Jahre	9.424	11.718	9.565	12.249
mehr als fünf Jahre	7.290	7.941	7.354	8.000
Als Deckung verwendet	12.809	14.349	12.809	14.349

(4) Forderungen an Kunden

	Bank Mio. €		Konzern Mio. €	
	2003	2002	2003	2002
In dieser Position sind enthalten:				
Forderungen an verbundene Unternehmen	885	1.111	803	916
Forderungen an Unternehmen, mit denen ein Beteiligungsverhältnis besteht	649	580	685	621
nachrangige Forderungen	117	103	117	103
Restlaufzeiten:				
bis drei Monate	8.006	7.398	8.398	7.820
mehr als drei Monate bis ein Jahr	4.568	4.458	4.782	4.738
mehr als ein Jahr bis fünf Jahre	13.885	14.623	15.084	15.693
mehr als fünf Jahre	25.514	26.595	27.672	28.018
mit unbestimmter Laufzeit	2.153	2.680	2.144	2.757
Als Deckung verwendet	19.351	20.318	19.351	20.318

(5) Schuldverschreibungen und andere festverzinsliche Wertpapiere

	Bank Mio. €		Konzern Mio. €	
	2003	2002	2003	2002
Verbriefte Forderungen				
an verbundene Unternehmen	8	11	14	–
an Unternehmen, mit denen ein Beteiligungsverhältnis besteht	1.050	517	1.050	517
Von den börsenfähigen Wertpapieren sind				
börsennotiert	28.508	24.957	30.538	26.758
nicht börsennotiert	2.810	2.421	3.089	2.875
Restlaufzeiten:				
im Folgejahr fällig werdende Beträge	7.805	8.864	8.093	9.295
Nachrangige Vermögensgegenstände	–	–	–	–
Im Rahmen von Offenmarktgeschäften sind in Pension gegeben	1.500	–	1.500	–

(6) Aktien und andere nicht festverzinsliche Wertpapiere

	Bank Mio. €		Konzern Mio. €	
	2003	2002	2003	2002
Von den börsenfähigen Wertpapieren sind				
börsennotiert	3	1	3	1
nicht börsennotiert	7	4	25	13
Nachrangige Vermögensgegenstände	4	5	4	5
an Unternehmen, mit denen ein Beteiligungsverhältnis besteht	4	4	4	4

(7) Beteiligungen

	Bank Mio. €		Konzern Mio. €	
	2003	2002	2003	2002
Von den börsenfähigen Wertpapieren sind				
börsennotiert	21	25	21	25
nicht börsennotiert	232	232	13	13

(8) Anteile an verbundenen Unternehmen

	Bank Mio. €		Konzern Mio. €	
	2003	2002	2003	2002
Von den börsenfähigen Wertpapieren sind				
nicht börsennotiert	8	8	3	3

(9) Treuhandvermögen

	Bank Mio. €		Konzern Mio. €	
	2003	2002	2003	2002
Das Treuhandvermögen gliedert sich in				
Forderungen an Kreditinstitute	6	6	232	259
Forderungen an Kunden	2.213	2.222	2.315	2.297
Sonstige Vermögensgegenstände	–	–	10	7

(10) Sachanlagen

	Bank Mio. €		Konzern Mio. €	
	2003	2002	2003	2002
In dieser Position sind enthalten:				
im Rahmen der eigenen Tätigkeit				
genutzte Grundstücke und Gebäude	18	21	34	37
Betriebs- und Geschäftsausstattung	56	40	63	46

(11) Sonstige Vermögensgegenstände

	Bank Mio. €		Konzern Mio. €	
	2003	2002	2003	2002
Wesentliche Posten sind:				
Zinsforderungen aus Swapvereinbarungen	1.155	1.501	1.157	1.505
Gezahlte Optionsprämien	262	221	262	221
Steuererstattungsansprüche	52	113	53	113
Ergebnisabgrenzung aus				
Asset-Swap Transaktionen	43	48	43	48

(12) Sonstige Aktiva aus dem Immobilienprojektierungsgeschäft

Aufgrund der erstmaligen Konsolidierung von Gesellschaften, die überwiegend das Immobilienprojektierungsgeschäft betreiben, werden deren geschäftsspezifische Positionen in der Bilanz bzw. Gewinn- und Verlustrechnung zusammengefasst ausgewiesen.

	Konzern Mio. €
	2003
In dieser Bilanzposition sind folgende wesentliche Komponenten von Gesellschaften aus dem Immobilienprojektierungsgeschäft enthalten:	
Zum Verkauf bestimmte Grundstücke und andere Vorräte	121
(darunter unfertige Projektierungen und geleistete Anzahlungen)	(121)
Forderungen und sonstige Vermögensgegenstände	59
(darunter Forderungen an verbundene Unternehmen)	(2)
(darunter Forderungen an Unternehmen, mit denen ein Beteiligungsverhältnis besteht)	(2)

(13) Aktive Rechnungsabgrenzungsposten

	Bank Mio. €		Konzern Mio. €	
	2003	2002	2003	2002
In dieser Position sind enthalten:				
Agien aus Forderungen	51	63	55	63
Disagien aus Verbindlichkeiten und begebenen Schuldverschreibungen	238	227	238	224

(14) Echte Pensionsgeschäfte

	Bank Mio. €		Konzern Mio. €	
	2003	2002	2003	2002
In Pension gegebene Vermögensgegenstände	1.708	645	1.708	645

(15) Als Sicherheit übertragene Vermögensgegenstände

	Bank Mio. €		Konzern Mio. €	
	2003	2002	2003	2002
Für nachfolgende Verbindlichkeiten wurden Vermögensgegenstände in angegebener Höhe übertragen:				
Verbindlichkeiten gegenüber Kreditinstituten	4.010 ¹⁾	5.325	4.010 ¹⁾	5.325
Verbindlichkeiten gegenüber Kunden	4.157 ²⁾	3.239	4.157 ²⁾	3.239
Eventualverbindlichkeiten	–	–	–	4

¹⁾ Einschließlich 2.596 Mio. € (Vorjahr 4.152 Mio. €) in Pension genommener Wertpapiere, die an Kreditinstitute im Zusammenhang mit echten Pensionsgeschäften weiter übertragen wurden.

²⁾ Einschließlich 4.157 Mio. € (Vorjahr 3.239 Mio. €) in Pension genommener Wertpapiere, die an Kunden im Zusammenhang mit echten Pensionsgeschäften weiter übertragen wurden.

(16) Von den Vermögensgegenständen lauten auf Fremdwährung

	Bank Mio. €		Konzern Mio. €	
	2003	2002	2003	2002
	31.677	34.694	33.683	36.809

(17) Anlagenspiegel

Anlagevermögen – Mio. € –	Sachanlagen		Beteiligungen		Anteile an verbundenen Unternehmen		Gesamt	
	Bank	Konzern	Bank	Konzern	Bank	Konzern	Bank	Konzern
Anschaffungs-/Herstellungskosten 01.01.2003	247	305	808	525	1.356	1.219	2.411	2.049
Veränderungen des Konsolidierungskreises	–	48	–	30	–	–26	–	52
Zugänge	16	48	8	16	6	6	30	70
Abgänge	22	35	5	5	93	93	120	133
Umbuchungen	21	21	–	–	–	–	21	21
Wechselkursveränderungen	–3	–3	–	–	–	–	–3	–3
Kumulierte Abschreibungen	178	214	4	14	15	15	197	243
Bilanzwert am 31.12.2003	81	170	807	552	1.254	1.091	2.142	1.813
Bilanzwert Vorjahr	71	99	800	516	1.356	1.219	2.227	1.834
Abschreibungen 2003	20	25	–3	–1	15	15	32	39

(18) Verbindlichkeiten gegenüber Kreditinstituten

	Bank Mio. €		Konzern Mio. €	
	2003	2002	2003	2002
In dieser Position sind enthalten:				
Verbindlichkeiten gegenüber angeschlossenen Sparkassen	3.374	4.153	3.379	4.178
Verbindlichkeiten gegenüber verbundenen Unternehmen	95	54	–	–
Verbindlichkeiten gegenüber Unternehmen, mit denen ein Beteiligungsverhältnis besteht	916	789	806	606
Restlaufzeiten der Unterposition – mit vereinbarter Laufzeit oder Kündigungsfrist –				
bis drei Monate	14.952	18.959	16.302	20.905
mehr als drei Monate bis ein Jahr	8.083	5.802	8.474	6.324
mehr als ein Jahr bis fünf Jahre	5.759	7.101	6.193	7.543
mehr als fünf Jahre	10.553	10.499	11.158	10.940

(19) Verbindlichkeiten gegenüber Kunden

	Bank Mio. €		Konzern Mio. €	
	2003	2002	2003	2002
In dieser Position sind enthalten:				
Verbindlichkeiten gegenüber verbundenen Unternehmen	5.198	5.363	137	89
Verbindlichkeiten gegenüber Unternehmen, mit denen ein Beteiligungsverhältnis besteht	57	148	90	148
Restlaufzeiten der Unterposition – andere Verbindlichkeiten mit vereinbarter Laufzeit oder Kündigungsfrist –				
bis drei Monate	10.902	8.558	10.846	8.721
mehr als drei Monate bis ein Jahr	981	1.158	1.000	1.006
mehr als ein Jahr bis fünf Jahre	6.277	7.390	3.645	4.260
mehr als fünf Jahre	12.977	11.697	13.548	12.231

(20) Verbriefte Verbindlichkeiten

	Bank Mio. €		Konzern Mio. €	
	2003	2002	2003	2002
In dieser Position sind enthalten:				
Verbindlichkeiten gegenüber verbundenen Unternehmen	7	14	7	14
Verbindlichkeiten gegenüber Unternehmen, mit denen ein Beteiligungsverhältnis besteht	104	95	103	95
Restlaufzeiten der Unterposition – Begebene Schuldverschreibungen –				
im Folgejahr fällig werdende Beträge	5.168	6.465	5.692	6.982
Restlaufzeiten der Unterposition – andere verbrieft Verbindlichkeiten –				
bis drei Monate	5.921	6.376	6.526	7.074
mehr als drei Monate bis ein Jahr	5.826	6.853	5.877	6.918
mehr als ein Jahr bis fünf Jahre	1	–	1	–
mehr als fünf Jahre	–	–	–	–

(21) Treuhandverbindlichkeiten

	Bank Mio. €		Konzern Mio. €	
	2003	2002	2003	2002
Die Treuhandverbindlichkeiten gliedern sich in				
Verbindlichkeiten gegenüber Kreditinstituten	38	48	54	34
Verbindlichkeiten gegenüber Kunden	2.180	2.180	2.504	2.529

(22) Sonstige Verbindlichkeiten

	Bank Mio. €		Konzern Mio. €	
	2003	2002	2003	2002
Wesentliche Posten sind:				
Zinsverpflichtungen aus Swapvereinbarungen	803	1.008	803	1.027
Ausgleichsposten aus der Devisenbewertung	642	540	642	541
erhaltene Optionsprämien	328	263	328	263

(23) Sonstige Passiva aus dem Immobilienprojektierungsgeschäft

	Konzern Mio. €
	2003
In dieser Bilanzposition sind folgende wesentliche Komponenten von Gesellschaften aus dem Immobilienprojektierungsgeschäft enthalten:	
Verbindlichkeiten gegenüber Kreditinstituten	145
(davon sind grundpfandrechtlich besichert)	(22)
Verbindlichkeiten gegenüber verbundenen Unternehmen	2
Verbindlichkeiten gegenüber Unternehmen, mit denen ein Beteiligungsverhältnis besteht	1
Sonstige Verbindlichkeiten	27

(24) Passive Rechnungsabgrenzungsposten

	Bank Mio. €		Konzern Mio. €	
	2003	2002	2003	2002
Die Position enthält im Wesentlichen				
Disagien aus dem Darlehensgeschäft	251	225	302	286
Agien aus Verbindlichkeiten	29	14	31	16

(25) Sonderposten mit Rücklageanteil

	Bank Mio. €		Konzern Mio. €	
	2003	2002	2003	2002
Die in Vorjahren ausgewiesenen Sonderposten wurden gemäß § 52 Absatz 16 EStG gebildet:				
	–	6	–	6

(26) Nachrangige Verbindlichkeiten

	Bank Mio. €		Konzern Mio. €	
	2003	2002	2003	2002
Im Ausweis sind enthalten:				
anteilige Zinsen	14	22	14	22
Zinsaufwand im Berichtsjahr	82	98	82	98
Verbindlichkeiten gegenüber Unternehmen, mit denen ein Beteiligungsverhältnis besteht	–	–	–	–

Die nachrangigen Mittelaufnahmen, die jeweils 10% der Gesamtposition übersteigen, sind wie folgt ausgestaltet:

Währungsbetrag – in Mio. –	Aktueller Zinssatz – % –	Fällig im Jahr	Vorzeitige Rückzahlungs- verpflichtung
Bank 500 €	5,50	2015	–

Die Bedingungen der Nachrangigkeit dieser Mittel entsprechen dem Kreditwesengesetz. Eine Umwandlung in Kapital oder andere Schuldformen ist weder vereinbart noch vorgesehen.

(27) Von den Schulden lauten auf Fremdwährung

	Bank Mio. €		Konzern Mio. €	
	2003	2002	2003	2002
	35.093	39.686	37.098	42.833

(28) Eigene Mittel

	Bank Mio. €		Konzern Mio. €	
	2003	2002	2003	2002
Die Eigenmittel (ohne Bilanzgewinn) gemäß Bilanz setzen sich zum Jahresende 2003 wie folgt zusammen:				
Gezeichnetes Kapital	2.295	2.295	2.345	2.345
a) Stammkapital	477	477	477	477
b) Einlagen stiller Gesellschafter	1.818	1.818	1.868	1.868
Kapitalrücklage	643	643	643	643
Gewinnrücklagen/Konzerngewinnrücklagen	612	562	532	513
Einschließlich des Genussrechtskapitals	481	463	481	463
und des Fonds für allgemeine Bankrisiken	125	125	126	126
beliefen sich die aus der Bilanz ersichtlichen haftenden Eigenmittel auf	4.156	4.088	4.127	4.090

Die Eigenen Mittel der Bank wurden durch die Ausgabe von Genussrechten und eine Einstellung in die Gewinnrücklagen weiter gestärkt.

(29) Eventualverbindlichkeiten

	Bank Mio. €		Konzern Mio. €	
	2003	2002	2003	2002
In den Verbindlichkeiten aus Bürgschaften und Gewährleistungen sind Kreditbürgschaften in Höhe von enthalten	3.371	4.185	2.959	3.736

(30) Andere Verpflichtungen

	Bank Mio. €		Konzern Mio. €	
	2003	2002	2003	2002
Es bestehen:				
Platzierungs- und Übernahmeverpflichtungen	2.899	3.227	2.899	3.227
Inanspruchnahmen aus Platzierungs- und Übernahmeverpflichtungen	–	–	–	–
Unwiderrufliche Kreditzusagen für Buchkredite	21.317	19.183	23.097	19.566

(31) Für Anteilinhaber verwaltete Sondervermögen

Der Ausweis der zum Bilanzstichtag von zwei in den Konzernabschluss einbezogenen Investmentgesellschaften verwalteten Sondervermögen erfolgt nunmehr als gesonderte Position. Aus Gründen der Vergleichbarkeit wurde der Bilanzausweis des Vorjahres im Treuhandvermögen wie auch die Unterstrichposition angepasst.

	Bank Mio. €		Konzern Mio. €	
	2003	2002	2003	2002
Die Position betrifft zum Stichtag 215 Sondervermögen (im Vorjahr 174)	–	–	12.417	8.480

Jahresabschlüsse der Landesbank Hessen-Thüringen

(32) Deckungsrechnung

	Bank Mio. €		Konzern Mio. €	
	2003	2002	2003	2002
Die deckungspflichtigen Verbindlichkeiten verteilen sich auf				
Inhaberpapiere	10.877	13.947	10.877	13.947
Namenspapiere	15.291	14.791	15.291	14.791
Zur Deckung begebener Schuldverschreibungen sind folgende Aktiva bestimmt:				
Forderungen an Kreditinstitute	12.809	14.349	12.809	14.349
Forderungen an Kunden	19.351	20.318	19.351	20.318
darunter:				
durch Grundpfandrechte gesichert	7.547	7.198	7.547	7.198
Kommunalkredite	11.803	13.120	11.803	13.120

(33) Geschäft mit Derivaten

Das Geschäft mit derivativen Produkten wurde im Berichtsjahr um 8,9% (i. V. 19,1%) ausgeweitet. Der Anstieg resultierte fast ausschließlich aus dem gewachsenen Volumen der mit Zinsrisiken behafteten Derivate, die 91,6% aller Derivate (i. V. 88,4%) ausmachen. Das Nominalvolumen der mit Währungsrisiken behafteten Geschäfte ging hingegen aufgrund von Fälligkeiten um 23,1% zurück. Das Volumen der mit Aktien- und sonstigen Preisrisiken behafteten Geschäfte hat sich gegenüber der Vorperiode leicht erhöht.

	Nominalwerte		Wiederbeschaffungs-
	Mio. €		kosten
	31.12.03	31.12.02	Mio. € 31.12.03
Zinsrisiken			
Zinsswaps	272.547	269.909	6.557
FRAs	8.055	8.906	4
Zinsoptionen	8.992	5.679	67
Käufe	5.812	3.117	67
Verkäufe	3.180	2.562	
Caps, Floors	17.621	14.373	98
Börsenkontrakte	81.543	46.800	
sonstige Zinstermingeschäfte	1.814	585	5
Zinsrisiken – insgesamt –	390.572	346.252	6.731
Währungsrisiken			
Devisentermingeschäfte	18.989	28.808	419
Währungsswaps/Zins-Währungsswaps	11.110	10.520	639
Devisenoptionen	2.302	2.817	72
Käufe	1.148	1.300	72
Verkäufe	1.154	1.517	
Börsenkontrakte	0	0	
sonstige Währungstermingeschäfte	0	0	0
Währungsrisiken – insgesamt –	32.401	42.145	1.130
Aktien- und sonstige Preisrisiken			
Aktientermingeschäfte	1	1	0
Aktienoptionen	1.191	1.108	148
Käufe	590	557	148
Verkäufe	601	551	
Börsenkontrakte	32	31	
sonstige Termingeschäfte	0	0	0
Aktien-, sonstige Preisrisiken – insgesamt –	1.224	1.140	148
Kreditderivate			
Käufe	1.125	941	2
Verkäufe	1.189	1.233	10
Kreditderivate – insgesamt –	2.314	2.174	12

Neben den Nominalvolumina sind die Wiederbeschaffungskosten (Bruttosumme der positiven Markt-/ Barwerte) als Indikator für die mit den Geschäften verbundenen potenziellen Adressenausfallrisiken aufgeführt. Nettingvereinbarungen finden hier keine Berücksichtigung.

Bei den Börsengeschäften bestehen aufgrund der besonderen Sicherheitsleistungen keine Adressenausfallrisiken. Bei Stillhalterpositionen aus Optionsgeschäften existiert ebenfalls kein Adressenausfallrisiko. Deshalb sind für sie keine Wiederbeschaffungskosten berechnet worden.

Die Wiederbeschaffungskosten für alle Derivate betragen 1,9% (i. V. 2,3%) des Nominalvolumens.

Fristengliederung (Nominalwerte)

	Zinsrisiken		Währungsrisiken		Aktien- und sonstige Preisrisiken		Kreditderivate	
	Mio. €		Mio. €		Mio. €		Mio. €	
	31.12.03	31.12.02	31.12.03	31.12.02	31.12.03	31.12.02	31.12.03	31.12.02
Restlaufzeiten								
bis 3 Monate	120.343	84.289	12.733	17.103	31	9	45	0
bis 1 Jahr	71.837	69.095	7.239	15.662	881	85	20	70
bis 5 Jahre	109.654	103.780	9.377	5.091	246	1.046	1.944	1.852
über 5 Jahre	88.738	89.088	3.052	4.289	66	0	305	252
Insgesamt	390.572	346.252	32.401	42.145	1.224	1.140	2.314	2.174

Währungsgeschäfte werden von der Helaba überwiegend im kurzfristigen Laufzeitbereich getätigt. Im Berichtsjahr fällig gewordene Geschäfte wurden teilweise durch Transaktionen im mittelfristigen Bereich ersetzt. Bei den Zinsgeschäften verteilen sich die Fälligkeiten über das gesamte Laufzeitspektrum. Der Volumenanstieg bei den Zinsprodukten im abgelaufenen Geschäftsjahr wird größtenteils durch verstärkte Aktivitäten im kurzen Bereich hervorgerufen. Der Anteil des kurzfristigen Laufzeitbereichs (bis 1 Jahr Restlaufzeit) am gesamten Zinsgeschäft erhöhte sich deshalb auf 49,2 % (i. V. 44,3 %).

Kontrahentengliederung

	Nominalwerte		Kreditrisiko-äquivalente	Wiederbeschaffungskosten
	Mio. €		Mio. €	Mio. €
	31.12.03	31.12.02	31.12.03	31.12.03
Banken in der OECD	309.910	315.516	710	7.110
Banken außerhalb der OECD	404	326	3	3
Öffentliche Stellen in der OECD	4.236	2.448	0	132
Sonstige Kontrahenten	111.961	73.421	331	776
Insgesamt	426.511	391.711	1.044	8.021

Die Kontrahentengliederung dient zur Darstellung der mit den derivativen Geschäften verbundenen Adressenausfallrisiken. Die Helaba schließt derivative Geschäfte überwiegend mit erstklassigen Adressen, vornehmlich OECD-Banken, ab. Der relativ hohe Anteil an Geschäften mit Sonstigen Kontrahenten ist dadurch begründet, dass Börsengeschäfte hierunter subsumiert sind und 72,9 % der Nominalwerte dieser Kategorie ausmachen. Der Anstieg gegenüber dem Vorjahr wird fast ausschließlich durch Börsengeschäfte hervorgerufen.

Kreditrisikoäquivalente werden den Bestimmungen des Grundsatzes I entsprechend nach der Marktbewertungsmethode ermittelt. Kontrahentenbezogene Gewichtungssätze und Nettingvereinbarungen sind im Sinne der aufsichtsrechtlichen Vorschriften berücksichtigt worden.

Der Anteil der Adressenausfallrisiken aus Derivaten an den gesamten Adressenausfallrisiken (anrechnungspflichtige Positionen gemäß Grundsatz I) beträgt 2,0 % (i. V. 2,7 %).

Handelsgeschäfte

	Nominalwerte		Wiederbeschaffungs-
	Mio. €		kosten
	31.12.03	31.12.02	Mio. € 31.12.03
Zinskontrakte	293.648	243.632	4.359
Währungskontrakte	17.034	27.992	642
Aktienkontrakte	1.209	1.136	148
Kreditderivate	2.314	2.174	12
Handelsgeschäfte – insgesamt –	314.205	274.934	5.161

Derivative Finanzinstrumente werden sowohl zur Absicherung von Marktrisiken im Nichthandelsbereich (Aktiv-/Passivsteuerung) als auch zu Handelszwecken (Trading) eingesetzt.

Der Anteil der Derivate des Handelsbestands am gesamten Derivatevolumen hat sich im abgelaufenen Geschäftsjahr leicht auf 73,7 % erhöht. Im Vorjahr betrug der Anteil 70,2 %. Dafür ist im Wesentlichen der Anstieg der Zinskontrakte verantwortlich. Hier entfallen 75,2 % (i. V. 70,4 %) auf den Handelsbestand, während bei den Währungskontrakten der Anteil der Handelsgeschäfte von 66,4 % auf 52,6 % zurückging.

Das Volumen der für Handelszwecke abgeschlossenen Kreditderivate wurde geringfügig gesteigert. Dabei beträgt das sich im Kreditrisikoäquivalent widerspiegelnde Ausfallrisiko des Geschäftspartners 6,8 Mio. €. Das besondere Kursrisiko im Sinne des Grundsatzes I, welches das mit dem Kreditereignis verbundene Ausfallrisiko anzeigt, beläuft sich auf 192,0 Mio. €. Bei Credit Default Swaps des Nichthandelsbestands fungiert die Helaba ausschließlich als Sicherungsgeber; diese werden unter der Position „Verbindlichkeiten aus Bürgschaften und Gewährleistungsverträgen“ ausgewiesen.

(34) Gliederung nach geographischen Märkten

Der Gesamtbetrag der Posten Zinserträge, Laufende Erträge aus Aktien und anderen nicht festverzinslichen Wertpapieren, Beteiligungen und Anteilen an verbundenen Unternehmen, Provisionserträge, Nettoergebnis aus Finanzgeschäften sowie Sonstige betriebliche Erträge verteilt sich auf die folgenden Märkte:

	Bank Mio. €		Konzern Mio. €	
	2003	2002	2003	2002
Inland	4.710	4.855	4.748	4.885
Europäische Union ohne Deutschland	572	646	895	996
Übriges Ausland	140	193	180	235

(35) Provisionserträge

Diese Position beinhaltet im Wesentlichen Provisionserträge aus Bürgschaften und Garantien. Weitere Komponenten bilden Provisionserträge aus Dienstleistungen, die gegenüber Dritten für die Verwaltung und Vermittlung von Wertpapiergeschäften und sonstigen banküblichen Geschäften erbracht wurden.

(36) Ergebnis aus dem Immobilienprojektierungsgeschäft

	Konzern Mio. € 2003
In dieser Position sind folgende wesentliche Komponenten von Gesellschaften aus dem Immobilienprojektierungsgeschäft enthalten:	
Umsatzerlöse	169
darunter aus dem Verkauf von Grundstücken und Projektierungen	112
darunter aus anderen Lieferungen und Leistungen	50
Bestandsveränderungen an zum Verkauf bestimmten Grundstücken, Grundstücken mit fertigen und unfertigen Bauten sowie unfertigen Leistungen	-86
Sonstige betriebliche Erträge aus dem Immobilienprojektierungsgeschäft	19
Aufwendungen für bezogene Lieferungen und Leistungen	-76
Sonstige betriebliche Aufwendungen aus dem Immobilienprojektierungsgeschäft	-18

(37) Sonstige betriebliche Erträge

In der Position sonstige betriebliche Erträge werden im Berichtsjahr unverändert gegenüber dem Vorjahr unter anderem Erträge in Höhe von 28 Mio. € aus Vermietung und Verpachtung und 8 Mio. € aus EDV-Dienstleistungen (i. V. 13 Mio. €) bei der Bank ausgewiesen.

Die Positionen sonstige betriebliche Erträge und sonstige betriebliche Aufwendungen im Konzern enthalten mit jeweils 6 Mio. € Erträge und Aufwendungen aus einem Leasinggeschäft einer Tochtergesellschaft.

(38) Abschreibungen und Wertberichtigungen auf Forderungen und bestimmte Wertpapiere sowie Zuführungen zu Rückstellungen im Kreditgeschäft

Im Geschäftsjahr 2003 wurden – wie in Vorjahren – Vorsorgereserven gemäß § 340f HGB gebildet. Diese Zuführungen der Bank werden ebenso wie andere Risikovorsorgen im Kreditgeschäft in dieser Position ausgewiesen.

(39) Steuern vom Einkommen und vom Ertrag

Die ausgewiesenen Aufwendungen für Steuern vom Einkommen und vom Ertrag entfallen auf das Ergebnis der gewöhnlichen Geschäftstätigkeit. Sie betreffen überwiegend den Steueraufwand des Geschäftsjahres.

(40) Erläuterungen zur Segmentberichterstattung

Die nach den Regelungen der Deutschen Rechnungslegungs Standards Nr. 3 und Nr. 3–10 erstellte Segmentberichterstattung liefert Informationen über die unterschiedlichen Geschäftsfelder und geographischen Tätigkeitsfelder des Konzerns.

Die Geschäftsfelder sind in der primären Segmentierung ausgewiesen. Grundlage für die Segmentierung bildet die interne Organisations- und Berichtsstruktur der Bank. Die Konzernunternehmen sind gemäß ihrer Geschäftsstruktur den Organisationseinheiten und damit ebenfalls den Segmenten zugeordnet.

Die Segmentberichterstattung ist in sieben nachstehend erläuterte primäre Segmente aufgeteilt:

- Das Segment Immobilien umfasst die Unternehmensbereiche Immobilienkreditgeschäft und Immobilienmanagement.
- Das Segment Corporate Finance besteht aus den Unternehmensbereichen Firmenkreditgeschäft, Corporate Finance sowie Restrukturierung & Abwicklung Firmenkredite.
- Das Segment Financial Markets stellt die Ergebnisse der Unternehmensbereiche Kapitalmärkte, Sales Öffentliche Hand, Aktiengeschäft, Aktiv-Passivsteuerung sowie Finanzinstitutionen & ausländische Gebietskörperschaften dar.
- Unter dem Segment Asset Management ist der Unternehmensbereich Asset Management ausgewiesen.
- In dem Segment LBS ist die Landesbausparkasse Hessen-Thüringen erfasst.
- Im Segment Fördergeschäft ist der Geschäftsbereich LTH LandesTreuhandstelle Hessen dargestellt. Ebenfalls enthalten sind die quotall konsolidierten Unternehmen InvestitionsBank Hessen AG (IBH) und Thüringer Aufbaubank.
- In dem Segment Sonstige/Konsolidierung sind die nicht den anderen Segmenten zurechenbaren Ergebnisbeiträge abgebildet. Dazu zählt der Erfolg aus der zentralen Anlage der Eigenmittel sowie aus strategischen Dispositionsentscheidungen. Zudem sind in diesem Segment die Überleitungs- und Konsolidierungsbeträge zwischen den Segmentdaten und dem Konzern ausgewiesen.

Die sekundäre Segmentierung folgt geographischen Kriterien. Die Zuordnung erfolgt nach dem jeweiligen Sitz der Niederlassung oder des Konzernunternehmens.

Die Segmentinformationen stammen aus der betriebswirtschaftlichen Deckungsbeitragsrechnung sowie aus dem externen Rechnungswesen. Der Zinsüberschuss wird in der internen Steuerung mittels der Marktzinsmethode aus der Differenz zwischen dem Kundenzinssatz und dem Marktzinssatz eines strukturkonformen Alternativgeschäfts berechnet. Das Ergebnis aus Risikovorsorge und Bewertung sowie das Nettoergebnis aus Finanzgeschäften wird nach handelsrechtlichen Grundsätzen ermittelt. Die direkt zurechenbaren Kosten zuzüglich der im Rahmen der internen Leistungsrechnung und Kostenumlage verursachungsgerecht verrechneten Kosten der Corporate Center gehen in den Verwaltungsaufwand ein. Unter dem Vermögen werden die bilanziellen Aktiva, unter den Verbindlichkeiten die bilanziellen Passiva – jeweils zum Stichtag – ausgewiesen. Die Risikoposition beinhaltet die Risikoposition des Anlage- und Handelsbuches einschließlich der Marktrisikoposition gemäß Grundsatz I. Das allokierte Kapital – ohne die stillen Einlagen, da deren Bedienung bereits im Zinsüberschuss enthalten ist – wird aus der Bilanz von eigenständig bilanzierenden Geschäftsbereichen entnommen oder entsprechend dem aufsichtsrechtlich

gebundenen Eigenkapital verteilt. Der vorhandene Freiraum wird vollständig dem Segment „Sonstige/Konsolidierung“ zugewiesen.

Das operative Ergebnis nach Risikovorsorge beziehen wir auf das allokierte Kapital, um die Rentabilitätskennziffer zu berechnen. Die Cost-Income-Ratio ergibt sich aus dem Verhältnis des Verwaltungsaufwands zu den Erträgen vor Risikovorsorge und Bewertung.

(41) Erläuterungen zur Kapitalflussrechnung

Die Kapitalflussrechnung der Helaba ist entsprechend der Empfehlung des DRS 2–10 gegliedert. Der ausgewiesene Finanzmittelfonds ist eng abgegrenzt und enthält den Kassenbestand, Guthaben bei Zentralnotenbanken, Guthaben bei Postgiroämtern sowie Schuldtitel öffentlicher Stellen und Wechsel, die zur Refinanzierung bei Zentralnotenbanken zugelassen sind. In Höhe von 15,4 Mio. € (i. V. 12,8 Mio. €) sind im Finanzmittelfonds Zahlungsmittel bzw. Zahlungsmitteläquivalente von quotall konsolidierten Unternehmen enthalten.

(42) Sonstige finanzielle Verpflichtungen

Am Bilanzstichtag bestanden Einzahlungsverpflichtungen auf noch nicht voll eingezahltes Kapital bei fünf (i. V. sieben) Gesellschaften in Höhe von insgesamt 5,3 Mio. € (i. V. 20,0 Mio. €) sowie Mithaftung gemäß § 24 GmbHG (ebenso wie im Vorjahr) bei einer Gesellschaft. Zudem ist die Bank verpflichtet, insgesamt bis zu 1,3 Mio. € in die Kapitalrücklage der TFH Technologie Finanzierungsfonds Hessen GmbH und in die Kapitalrücklage der Sparkassen-Einkaufs-Gemeinschaft GmbH einzuzahlen. Bei der Liquiditäts-Konsortialbank GmbH besteht unverändert eine Nachschusspflicht in Höhe von 39,5 Mio. €. Einzahlungsverpflichtungen gemäß § 172 Abs. 4 HGB bestanden bei drei Gesellschaften über zusammen 51,2 Mio. €.

Weiterhin ist die Bank in der Mithaftung für die Erfüllung der Nachschusspflicht anderer dem Deutschen Sparkassen- und Giroverband e. V. angehörender Gesellschafter. Für den Fall der Inanspruchnahme eines Gewährträgers der DekaBank ist die Helaba zu einem internen anteiligen Haftungsausgleich verpflichtet.

Die Bank ist zum Jahresende 2003 als unbeschränkt haftender Gesellschafter an der GLB GmbH & Co. OHG, Frankfurt am Main, beteiligt.

Mit dem Inkrafttreten des Einlagensicherungs- und Anlegerentschädigungsgesetzes zum 01.08.1998 wurde die damalige Sicherungsreserve von einem Einlagensicherungsfonds zu einer institutssichernden Einrichtung umgestaltet. Damit sind die angeschlossenen Institute selbst in ihrem Bestand geschützt. Das Gesamtvolumen der Sicherungsreserve beträgt 3‰ der Bemessungsgrundlage. Bemessungsgrundlage sind die Forderungen der Institute an Kunden nach Maßgabe der Bilanzwerte des jeweils letzten Jahresabschlusses ohne die Forderungen der rechtlich unselbstständigen Landesbausparkassen und ohne, im Wesentlichen, Kommunalkredite. Das Gesamtvolumen der Sicherungsreserve setzt sich je zur Hälfte aus eingezahlten Barmitteln und aus der Nachschusspflicht der Institute zusammen.

Zugunsten der Helaba Dublin hat die Helaba eine Patronatserklärung gegenüber der irischen Zentralbank abgegeben. Des Weiteren bestehen Patronatserklärungen der OFB Projektentwicklungs-GmbH für zwei im Immobilienprojektierungsgeschäft tätige Gesellschaften gegenüber den Generalunternehmern bzw. den Erwerbern der Immobilien.

Im Zusammenhang mit Geschäften an der Eurex, Frankfurt am Main, sind von der Bank bei der Firma Clearstream Banking AG, Frankfurt am Main, Wertpapiere in Höhe von nominal 86,4 Mio. € und im Konzern in Höhe von nominal 96,4 Mio. € als Sicherheit hinterlegt. Nach ausländischen Bestimmungen sind bei der Bank in Höhe von umgerechnet 51,8 Mio. € sowie im Konzern in Höhe von umgerechnet 1,1 Mrd. € als Sicherheitsleistung gebunden.

Bei einbezogenen Tochterunternehmen, die das Bankgeschäft betreiben oder ergänzende Funktionen wahrnehmen, sowie für die Banque LBLux. S.A., Luxemburg, und die LB(Swiss) Privatbank AG, Zürich, trägt die Helaba, von politischen Risiken abgesehen, im Rahmen ihrer Anteilsquote dafür Sorge, dass diese Gesellschaften ihre Verpflichtungen erfüllen können.

Zum Bilanzstichtag bestehen Verpflichtungen aus bedingten und unbedingten Termingeschäften

- im Währungsbereich (Devisentermin- und -optionsgeschäfte, Währungs- und Zins-/Währungsswaps)
- im Zinsbereich (Termin- und Optionsgeschäfte mit festverzinslichen Wertpapieren und Schuldschein-darlehen, Forward Rate Agreements, Finanzswaps und Optionen darauf, Zinsfutures einschließlich Optionen auf diese Geschäfte sowie Zinsbegrenzungsvereinbarungen)
- im Bereich sonstiger Preisrisiken (Aktien- und Aktienindex-Terminkontrakte/-Optionen)
- im Bereich von Bonitätsrisiken (Kreditderivate)

Unter Risikogesichtspunkten werden im Handel überwiegend geschlossene Positionen geführt, die sich aus verschiedenen Geschäftsarten zusammensetzen. Sofern derivative Instrumente im Nichthandelsbuch gehalten werden, dienen die Geschäfte im Wesentlichen der Absicherung von Marktrisiken auf der Zins- bzw. Währungsseite.

(43) Bezüge des Vorstandes, des Verwaltungsrats und der Beiräte sowie gewährte Kredite

Die Gesamtbezüge des Vorstandes beliefen sich auf 3,9 Mio. € (i. V. 3,1 Mio. €). Unverändert gegenüber dem Vorjahr hat der Konzern dem Verwaltungsrat 0,4 Mio. € und den Beiräten 0,1 Mio. € im Jahr 2003 vergütet. An frühere Mitglieder des Vorstandes und deren Hinterbliebene wurden 2,6 Mio. € (i. V. 2,7 Mio. €) gezahlt. Für Pensionsverpflichtungen gegenüber diesem Personenkreis waren 26,1 Mio. € (i. V. 26,2 Mio. €) zurückgestellt. Zum Jahresende 2003 beliefen sich konzernweit die gewährten Kredite für Vorstandsmitglieder auf 2,4 Mio. € (i. V. 2,3 Mio. €) und für Verwaltungsratsmitglieder auf 6,2 Mio. € (i. V. 7,4 Mio. €).

(44) Beschäftigte im Jahresdurchschnitt

	weiblich	männlich	gesamt
Bank	983	1.412	2.395
Landesbausparkasse	213	189	402
Gesamtbank	1.196	1.601	2.797
Konzerntochtergesellschaften	137	180	317
Quotal einbezogene Gemeinschaftsunternehmen	214	146	360
Helaba-Konzern	1.547	1.927	3.474

(45) Organe der Bank

| Verwaltungsrat

Gregor Böhmer

Geschäftsführender Präsident
des Sparkassen- und Giroverbandes
Hessen-Thüringen,
Frankfurt am Main/Erfurt,
Vorsitzender

Jens B. Fischer

Vorsitzender des Vorstandes
der Nassauischen Sparkasse,
Wiesbaden

Ralf Luther

Landrat,
Landkreis Schmalkalden-Meiningen
– bis 30.06.2003 –

Fritz Kramer

Landrat,
Landkreis Fulda,
Stellvertretender Vorsitzender

Dr. Martin Frühauf

Stellvertretender Vorsitzender
des Aufsichtsrates
der Aventis S. A.,
Straßburg

Fred Mittler

1. stellv. Vorsitzender des Vorstandes
der Sparkasse Mittelthüringen,
Erfurt

Karlheinz Weimar

Staatsminister
Hessisches Ministerium der Finanzen,
Wiesbaden,
Stellvertretender Vorsitzender

Heiko Gentzel

Mitglied des Thüringer Landtages,
Erfurt

Dietrich Möller

Oberbürgermeister,
Marburg

Detlef Wiertz

Vorsitzender des Vorstandes
der Sparkasse Arnstadt-Ilmenau,
Ilmenau,
Stellvertretender Vorsitzender

Stefan Gietowski

Oberbürgermeister,
Rüsselsheim
– vom 01.04.2003
bis 30.06.2003 –

Frank Nickel

Vorsitzender des Vorstandes
der Sparkasse Werra-Meißner,
Eschwege
– seit 01.07.2003 –

Dr. h. c. Ludwig G. Braun

Vorsitzender des Vorstandes
B. Braun Melsungen AG,
Melsungen

Gerhard Grandke

Oberbürgermeister,
Offenbach am Main
– seit 01.07.2003 –

Dr. Peter Röhlinger

Oberbürgermeister,
Jena
– seit 01.07.2003 –

Dieter Brosey

Landrat,
Werra-Meißner-Kreis,
Eschwege

Dr. Werner Henning

Landrat,
Landkreis Eichsfeld,
Heiligenstadt

Petra Roth

Oberbürgermeisterin,
Frankfurt am Main

Armin Clauss

Mitglied des Hessischen Landtages,
Wiesbaden
– bis 30.06.2003 –

Dr. Karl Ludwig Kley

Mitglied des Vorstandes der
Deutschen Lufthansa AG,
Köln
– bis 30.06.2003 –

Horst Schnur

Landrat,
Odenwaldkreis,
Erbach

Konrad Dehnert

Vorsitzender des Vorstandes
der Sparkasse Marburg-Biedenkopf,
Marburg
– bis 30.04.2003 –

Stefan Lauer

Mitglied des Vorstandes der
Deutschen Lufthansa AG,
Köln
– seit 01.07.2003 –

Georg Sellner

Vorsitzender des Vorstandes
der Stadt- und Kreissparkasse
Darmstadt,
Darmstadt
– seit 06.02.2003 –

| Verwaltungsrat

Klaus Wächter

Sprecher des Vorstandes
der Frankfurter Sparkasse,
Frankfurt am Main
– bis 31.12.2003 –

Jürgen Walter

Vorsitzender der SPD-Fraktion
im Hessischen Landtag,
Wiesbaden
– seit 01.07.2003 –

Ulrich Zinn

Vorsitzender des Vorstandes
der Sparkasse Grünberg,
Grünberg

Konsul Dirk Pfeil

Vizepräsident des Hessischen
Landtags a. D.,
Wiesbaden
– bis 30.06.2003 –

Clemens Reif

Vorsitzender des Vorstandes
der VfW AG, Köln,
Mitglied des Hessischen Landtags
– seit 01.07.2003 –

Birgit Diezel

Ministerin
Thüringer Finanzministerium,
Erfurt
– bis 07.03.2003 –

Stephan Illert

Staatssekretär
Thüringer Finanzministerium,
Erfurt
– seit 08.03.2003 –

| Von der Belegschaft entsandt

Horst Biadala

Abteilungsleiter,
Frankfurt am Main,
Stellvertretender Vorsitzender

Wilfried Abt

Abteilungsleiter,
Frankfurt am Main

Joachim Buda

Bankangestellter,
Frankfurt am Main
– bis 30.11.2003 –

Wilfried Carl

Bankprokurist,
Kassel

Heinz Düringer

Bankprokurist,
Frankfurt am Main

Dirk Dietrich

Bankangestellter,
Kassel
– seit 01.07.2003 –

Karl-Josef Eichmanns

Bankangestellter,
Frankfurt am Main
– bis 28.02.2003 –

Gabriele Fuchs

Bankangestellte,
Frankfurt am Main

Marianne Green

Bankangestellte,
Frankfurt am Main
– bis 30.06.2003 –

Roland Haas

Bankangestellter,
Frankfurt am Main

Reinhard Hündersen

Abteilungsleiter,
Frankfurt am Main

Angela Merlau

Bankangestellte,
Frankfurt am Main
– vom 01.03.2003
bis 30.06.2003 –

Susanne Noll

Bankangestellte,
Frankfurt am Main
– bis 30.06.2003
seit 01.12.2003 –

Bärbel Ohlwein

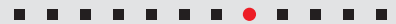
Bankprokuristin,
Kassel

Ute Opfer

Bankangestellte,
Kassel
– seit 01.07.2003 –

Hans Peschka

Bankprokurist,
Frankfurt am Main
– seit 01.07.2003 –



Jahresabschlüsse der Landesbank Hessen-Thüringen

| Vorstand

Dr. Günther Merl

Vorsitzender

Heinz Riener

Stellvertretender Vorsitzender

Dr. Norbert Bräuer

Hans-Dieter Brenner

Peter Kobiela

Kurt-Dieter Schrauth

Anteilsbesitz der Landesbank Hessen-Thüringen
Girozentrale gemäß §285 Nr. 11 sowie
§313 Abs. 2 und §340a Abs. 4 Nr. 2 HGB (Auszug)

| In den Konzernabschluss einbezogene Gesellschaften

Nr.	Name/Sitz der Gesellschaft	Kapital- anteil v.H.	Eigenkapital Mio. €	Ergebnis Tsd. €
1	AlphaHaus GmbH&Co. KG, Frankfurt am Main	100,0	-0,2	-78
2	Banque LBLux S.A., Luxembourg	25,0	470,6	25.260 ²⁾
3	BHT-Baugrund Hessen-Thüringen GmbH, Kassel	100,0	0,1	-1)
4	DIE ROSE GmbH&Co. KG, Wiesbaden	94,0	0,6	-157
5	EAG Erfurter Aufbau-Gesellschaft mbH&Co. KG, Erfurt	100,0	0,9	195
6	GGM Gesellschaft für Gebäude-Management mbH, Erfurt	100,0	0,3	-1)
7	GKH-Gesellschaft für Kommunalbau in Hessen mbH, Frankfurt am Main	100,0	0,3	-1)
8	GKT-Gesellschaft für Kommunalbau in Thüringen mbH, Erfurt	100,0	0	-1)
9	GOB Dritte E&A Grundbesitz GmbH, Eschborn	55,0	0	-580
10	GOB Erste E&A Grundbesitz GmbH, Eschborn	55,0	0	-27
11	GOB Projektentwicklung E&A GmbH&Co. Sechste Rhein-Main KG, Eschborn	55,0	0	-3
12	GOB Projektentwicklung E&A GmbH&Co. Zweite Rhein-Main KG, Eschborn	55,0	0	0
13	GOB Projektentwicklung E&A GmbH&Co. Vierte Rhein-Main KG, Eschborn	55,0	-0,6	-642
14	GOB Projektentwicklung E&A GmbH&Co. Siebte Rhein-Main KG, Eschborn	55,0	0,8	320
15	GOB Projektentwicklung E&A GmbH&Co. Erste Rhein-Main KG, Eschborn	55,0	0	0
16	GOB Projektentwicklung E&A GmbH&Co. Dritte Rhein-Main KG, Eschborn	55,0	0	0
17	GOB Projektentwicklungsgesellschaft E&A mbH, Eschborn	55,0	0	2
18	GOB Zweite E&A Grundbesitz GmbH, Eschborn	55,0	0	-4
19	Grundstücksgesellschaft Nahversorgungszentrum Marzahn mbH&Co. KG, Frankfurt am Main	100,0	0	-2
20	Grundstücksverwaltungsgesellschaft Kaiserlei mbH&Co. Objekt Deutsche Börse KG, Frankfurt am Main	100,0	0,4	-153
21	Grundstücksverwaltungsgesellschaft Kaiserlei mbH, Frankfurt am Main	100,0	0,2	-103
22	Grundstücksverwaltungsgesellschaft Kaiserlei mbH&Co. Projektentwicklung Epinayplatz KG, Frankfurt am Main	100,0	0,1	-340
23	Haus am Brüsseler Platz GmbH&Co. KG, Frankfurt am Main	100,0	0	-235
24	Helaba Dublin Landesbank Hessen-Thüringen International, Dublin	100,0	139,2	11.684
25	Helaba Finance B.V., Amsterdam	100,0	3,3	200
26	Helaba International Finance plc, Dublin	100,0	5,2	1.954
27	Helaba Invest Kapitalanlagegesellschaft mbH, Frankfurt am Main	100,0	5,2	-1)
28	Helaba Investment (Schweiz) AG, Zürich, Schweiz	100,0	2,8	64
29	Helaba Trust Beratungs- und Management-Gesellschaft mbH, Frankfurt am Main	100,0	5,2	-1)
30	Immobilien-Gesellschaft Geschäftshaus Kellnerblock KG, Mühlheim am Main	100,0	-3,4	-37
31	InvestitionsBank Hessen AG (IBH), Frankfurt am Main	50,0	44,1	511 ²⁾
32	LB(Swiss) Privatbank AG Zürich, Schweiz	50,0	80,3	11.591 ²⁾
33	OFB Projektentwicklungs-GmbH, Frankfurt am Main	100,0	1,1	-1)

Jahresabschlüsse der Landesbank Hessen-Thüringen

Nr. Name/Sitz der Gesellschaft	Kapital- anteil v. H.	Eigenkapital Mio. €	Ergebnis Tsd. €
34 Projektentwicklungs-GmbH&Co. Landratsamt KG, Wolfshagen	94,0	0,1	–8
35 Thüringer Aufbaubank, Erfurt	50,0	84,7	4.006 ²⁾
36 Westhafen Haus GmbH&Co. Projektentwicklungs-KG, Frankfurt am Main	50,0	0,3	2.043
37 Westhafen Tower GmbH&Co. Projektentwicklungs-KG, Frankfurt am Main	90,0	–0,5	–3.354

¹⁾ Es besteht ein Ergebnisabführungsvertrag mit einer Konzerngesellschaft.

²⁾ Quotale Einbeziehung gemäß § 310 HGB.

Die vollständige Aufstellung des Anteilsbesitzes gemäß § 285 Nr. 11 und § 313 Abs. 2 HGB ist beim Handelsregister des Amtsgerichtes Frankfurt am Main sowie Erfurt hinterlegt.

Liste der Mandate in Aufsichtsgremien

gem. § 340 a Abs. 4 Nr. 1 HGB

	Mandatsträger
Authenthos GmbH, Berlin	Dr. Norbert Schraad
Banque LBLux S.A., Luxemburg	Dr. Günther Merl
Bundesdruckerei GmbH, Berlin	Dr. Norbert Schraad
DekaBank Deutsche Girozentrale, Frankfurt am Main/Berlin	Dr. Günther Merl
DekaBank Deutsche Girozentrale S.A., Luxemburg	Alexandre Meyer
GZS Gesellschaft für Zahlungssysteme mbH, Bad Vilbel	Kurt-Dieter Schrauth
Helaba Dublin Landesbank Hessen-Thüringen International, Dublin	Rainer Krick, Paul Murray, Patrick Smyth, Dr. Norbert Schraad, Lothar Steinborn-Reetz, Patrick von Gordon
Helaba International Finance, Dublin	Rainer Krick, Paul Murray, Patrick Smyth, Lothar Steinborn-Reetz, Patrick von Gordon
InvestitionsBank Hessen AG (IBH), Frankfurt am Main	Dr. Günther Merl, Heinz Riener, Kurt-Dieter Schrauth
LB(Swiss) Privatbank AG, Zürich, Schweiz	Dr. Günther Merl, Herbert-Hans Grüntker
LB Transaktionsbank GmbH Frankfurt (Main) – München, Dornach	Hans-Dieter Brenner, Kurt-Dieter Schrauth, Frank Pförtke
ORGA Kartensysteme GmbH, Paderborn	Dr. Norbert Schraad
TAB Thüringer Aufbaubank, Erfurt	Dr. Günther Merl, Hans-Dieter Brenner, Kurt-Dieter Schrauth

Frankfurt am Main/Erfurt, den 26. März 2004

Landesbank Hessen-Thüringen Girozentrale

Der Vorstand

Dr. Merl	Riener	Dr. Bräuer
Brenner	Kobiela	Schrauth

„Bestätigungsvermerk des Abschlussprüfers

Wir haben unsere Jahres- und Konzernabschlussprüfung nach § 317 HGB unter Beachtung der vom Institut der Wirtschaftsprüfer (IDW) festgestellten deutschen Grundsätze ordnungsmäßiger Abschlussprüfung vorgenommen. Danach ist die Prüfung so zu planen und durchzuführen, dass Unrichtigkeiten und Verstöße, die sich auf die Darstellung des durch den Jahres- und den Konzernabschluss unter Beachtung der Grundsätze ordnungsmäßiger Buchführung und durch den zusammengefassten Lagebericht vermittelten Bildes der Vermögens-, Finanz- und Ertragslage wesentlich auswirken, mit hinreichender Sicherheit erkannt werden. Bei der Festlegung der Prüfungshandlungen werden die Kenntnisse über die Geschäftstätigkeit und über das wirtschaftliche und rechtliche Umfeld der Bank und des Konzerns sowie die Erwartungen über mögliche Fehler berücksichtigt. Im Rahmen der Prüfung werden die Wirksamkeit des rechnungslegungsbezogenen internen Kontrollsystems sowie Nachweise für die Angaben in Buchführung, Jahres- und Konzernabschluss und im zusammengefassten Lagebericht überwiegend auf der Basis von Stichproben beurteilt. Die Prüfung umfasst für den Jahresabschluss die Beurteilung der angewandten Bilanzierungsgrundsätze und für den Konzernabschluss die Beurteilung der Jahresabschlüsse der in den Konzernabschluss einbezogenen Unternehmen, der Abgrenzung des Konsolidierungskreises und der angewandten Bilanzierungs- und Konsolidierungsgrundsätze sowie für beide Rechenwerke die Beurteilung der wesentlichen Einschätzungen des Vorstands der Bank und die Würdigung der Gesamtdarstellung des Jahres- und des Konzernabschlusses sowie des zusammengefassten Lageberichts. Wir sind der Auffassung, dass unsere Prüfung eine hinreichend sichere Grundlage für unsere Beurteilung bildet.

Nach unserer Überzeugung vermitteln der Jahresabschluss und der Konzernabschluss unter Beachtung der Grundsätze ordnungsmäßiger Buchführung ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens-, Finanz- und Ertragslage der Landesbank Hessen-Thüringen Girozentrale und des Konzerns. Der zusammengefasste Lagebericht gibt insgesamt eine zutreffende Vorstellung von der Lage der Bank und des Konzerns und stellt die Risiken der künftigen Entwicklung zutreffend dar.“

PwC Deutsche Revision
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

125

Lagebericht der Landesbausparkasse Hessen-Thüringen

Bestes Vertriebsergebnis ihrer Geschichte

Das Neugeschäftsvolumen der LBS Hessen-Thüringen stieg 2003 um 29 % auf ein Rekordniveau von 3,1 Mrd. €.

Auch branchenweit wuchs das Neugeschäft durch die Kumulation positiver Faktoren in nahezu gleichem Umfang. Vorsorge durch Mietersparnis im Alter, gepaart mit Verbesserung der Lebensqualität in der Gegenwart, gab dem Wunsch der Bevölkerung nach Wohneigentum enorme Schubkraft. Auch der Wunsch der Haushalte nach der sicheren Geldanlage mit guter Verzinsung stärkte die Wettbewerbsfähigkeit der Bausparprodukte im aktuellen Zinsumfeld. 2003 brachte der Branche einen Neugeschäftsboom, vergleichbar mit 1996, als die Eigenheimzulage eingeführt wurde. Deren politisches Infragestellen bewirkte Vorzieheffekte und zündete zum Jahresende ein fulminantes Abschlussfeuerwerk.

Neues Tarifwerk

Anfang Oktober 2003 hat die LBS das bestehende Tarifwerk durch eine neue Tarifgeneration abgelöst. Der Kernnutzen des Bausparens, die planvolle Ansammlung von Eigenkapital, verbunden mit dem verbrieften Recht auf ein von der Zinsentwicklung am Kapitalmarkt unabhängiges Bauspardarlehen, wurde dabei am historisch niedrigen Zinsniveau ausgerichtet. Der um 0,5 %-Punkte reduzierte Bauspareinlagenzins begrenzt das reine Renditesparen, der um 0,5 %-Punkte zurückgenommene Darlehenszins begünstigt die Finanzierer. Die Verknüpfung der neuen Tarifgeneration mit einer obligatorischen Risiko-Lebensversicherung für die Darlehensphase bietet den Bausparkunden den Zusatznutzen einer sicherheitsorientierten Darlehensaufnahme.

Marktführerschaft im Geschäftsgebiet

Die LBS Hessen-Thüringen hat die Marktführerschaft in ihrem Geschäftsgebiet behauptet und überschritt erstmals die 3-Mrd. €-Grenze. Mit 160.734 Neuabschlüssen über eine Bausparsumme von 3.064 Mio. € wurden die Vorjahreswerte um 38,4 % bzw. 29,4 % übertroffen. In Hessen addierte sich die Vertragsanzahl auf 109.101 Stück (+33,7 %) über eine Bausparsumme von 2.217 Mio. € (+27,2 %). In Thüringen wurde mit 51.633 Neuabschlüssen (+49,6 %) ein Bausparvolumen von 847 Mio. € (+35,6 %) erreicht. Für beide Marktbereiche bedeutet dies ein historisches Bestergebnis.

Gleiches trifft für das eingelöste Neugeschäft zu, mit 145.335 Verträgen über eine Bausparsumme von 2.766 Mio. €. Dies bedeutet für die Vertragsanzahl einen Anstieg von 31,9 % und für die Summe ein Plus von 23,7 %. In Hessen kletterte das eingelöste Neugeschäft mit 100.308 Verträgen um 23,4 % auf ein Rekordvolumen von 2.028 Mio. €. In Thüringen wurde mit 45.027 Verträgen (+39,1 %) über ein Volumen von 738 Mio. € (+24,6 %) ein neuer Abschlussrekord aufgestellt.

Der Vermittlungsanteil der Sparkassen beim Netto-Neugeschäft stieg gemessen an der Bausparsumme in Hessen von 69,0 % auf 70,9 %, in Thüringen von 72,3 % auf 81,2 %.

Vertragsbestand

Im Vertragsbestand betreut die LBS 866.477 Bausparverträge (i. V. 834.445) mit einem Volumen von 17.666 Mio. € (i. V. 16.839 Mio. €).

Zuteilungsentwicklung

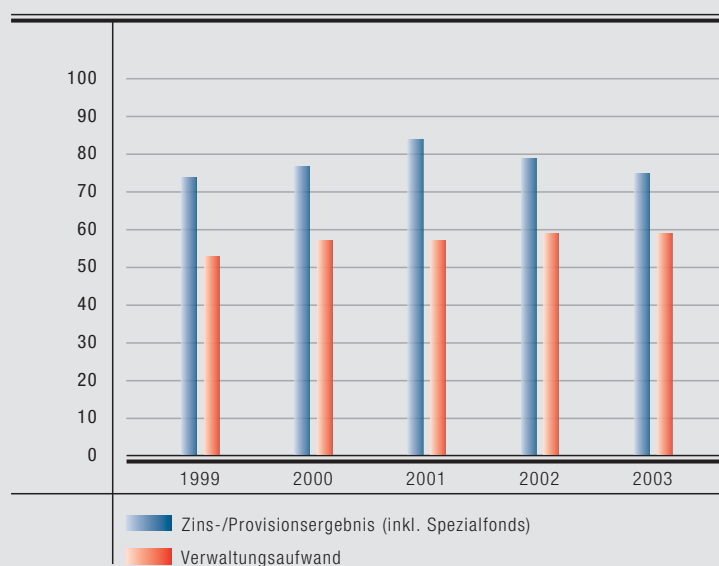
Die Zuflüsse zur Zuteilungsmasse überschritten mit 1.077 Mio. € (+6,6 %) erneut die Euro-Milliardengrenze. Auf den Spargeldeingang einschließlich Vermögenswirksamer Leistungen (VL) und Wohnungsbau-prämien entfielen dabei 781 Mio. € (+6,7 %) und auf Tilgungen 293 Mio. € (+5,4 %). Auch im abgelaufenen Geschäftsjahr wurden die Bausparverträge wie in den Vorjahren in allen Tarifen mit Erreichen der Mindestbewertungszahl zum frühestmöglichen Zeitpunkt zugeteilt. Insgesamt wurden 63.961 Verträge über eine Bausparsumme von 1.060 Mio. € zugeteilt. Die Auszahlungen nach Zuteilung sanken um 22,6 % auf

666 Mio. €. Differenziert in ausbezahlte Bausparguthaben und Bauspardarlehen bedeutet dies zum Vorjahr ein Minus von 12,9% bzw. 27,3%.

Den Zuführungen zur Zuteilungsmasse in Höhe von 1.077 Mio. € standen Entnahmen von insgesamt 841 Mio. € gegenüber. Damit erhöhte sich der Überschuss der Zuführungen zum Jahresende um 236 Mio. € auf 1.690 Mio. €. Der Fonds zur baupartechnischen Absicherung wurde nicht dotiert.

WESENTLICHE GuV-KOMPONENTEN

in Mio. €



Vermögens- und Ertragslage

Die Bilanzsumme stieg um 167 Mio. € (+4,9%) auf 3.961 Mio. €. Den 1.889 Mio. € bilanzierten Baudarlehen standen Bauspareinlagen in Höhe von 2.753 Mio. € gegenüber. Der Anteil der Baudarlehen an der Bilanzsumme lag mit 47,7% unter Vorjahresniveau. Aufgrund des Ausweises des gesamten Jahresüberschusses in Höhe von 4,0 Mio. € als Bilanzgewinn betragen die Gewinnrücklagen weiterhin 195 Mio. €.

Das Betriebsergebnis der LBS Hessen-Thüringen vor Risikovorsorge im Kreditgeschäft und Bewertungsänderungen im Wertpapiergeschäft ist gegenüber dem Vorjahresergebnis (21,9 Mio. €) um 9,4 Mio. € (-42,9%) auf 12,5 Mio. € zurückgegangen.

Der Rückgang resultierte einerseits aus der Erhöhung von Sachaufwand und AfA aufgrund der Einführung der Bausparkassensoftware LBSNEU und ist andererseits auf das anhaltend niedrige, gegenüber dem Vorjahr noch einmal gesunkene Zinsniveau zurückzuführen, das sich auch negativ auf den Provisionsüberschuss ausgewirkt hat.

Die Hauptertragssäule Zinsüberschuss legte trotz des belastenden Zinsumfeldes um 1,9 Mio. € auf 65,5 Mio. € zu. Aus den Wertpapier-Spezialfonds, die zum Teil aufgelöst wurden, wurden 8,1 Mio. € ausgeschüttet (Vorjahr 10,0 Mio. €). Der Provisionsüberschuss ging um 4,2 Mio. € auf 1,4 Mio. € zurück. Aufgrund des anhaltend niedrigen Zinsniveaus wurden erheblich weniger Darlehen von Bausparern in Anspruch genommen, was zu einem deutlichen Rückgang der Darlehensgebühren geführt hat. Darüber hinaus entwickelten sich wegen der 1999 bundesweiten Einführung von Tarifen ohne Kontoführungs-

gebührt diese Gebührenerträge deutlich rückläufig. Der Saldo aus sonstigen betrieblichen Erträgen und Aufwendungen wird mit 1,6 Mio. € auf Vorjahresniveau ausgewiesen.

Diesen Erträgen in Höhe von insgesamt 76,6 Mio. € (–5,2%) standen Verwaltungsaufwendungen in Höhe von 59,5 Mio. € (+1,5%) gegenüber. Auf den Gesamtanstieg der Verwaltungsaufwendungen wirkte der Personalaufwand aufgrund eines Rückgangs um 2,3 Mio. € (–6,5%) auf 33,0 Mio. € mindernd. Positiv wirkten geringere Aufwendungen für Altersversorgung und Pensionsrückstellungen (–3,9 Mio. €). Aufgrund von erhöhten Rückstellungen für Altersteilzeit (+1,3 Mio. €) stiegen dagegen die Löhne und Gehälter um 1,6 Mio. €. Wie in den Vorjahren wurden auch 2003 Personalabgänge nur teilweise ersetzt, ein erster Rationalisierungserfolg der ab 01. Januar 2003 eingesetzten Software LBSNEU. Der Sachaufwand erhöhte sich um 3,2 Mio. € (+13,7%) auf 26,5 Mio. €. Seine drei maßgeblichen Komponenten entwickelten sich dabei sehr unterschiedlich. Der Aufwand aus dem Geschäftsbetrieb wurde durch kostenreduzierende Maßnahmen erheblich um 2,5 Mio. € (–14,2%) gesenkt. Der Aufwand für Gebäude blieb unverändert, wohingegen sich der Aufwand für IT-Investitionen mit der Einführung der Bausparkassensoftware LBSNEU deutlich um 5,7 Mio. € auf 7,9 Mio. € erhöhte. Hinzu kommen Abschreibungen auf Sachanlagen in Höhe von 4,6 Mio. €, was einem Anstieg von 4,1 Mio. € entspricht. Diese Investitionen sind eine zukunftsorientierte Sicherung der Wettbewerbsfähigkeit der LBS, aber auch eine Vorbereitung auf Basel II.

Bausparkassenanwendung LBSNEU

Seit Januar 2003 wird die Bausparsoftware LBSNEU – eine Kooperationsanwendung von derzeit fünf Landesbausparkassen – eingesetzt. Die technologisch moderne, auf die Herausforderungen der Zukunft flexibel anpassbare Bausparkassenanwendung wurde ohne nennenswerte Probleme in Produktion genommen. Die schnelle und kostengünstige Prozessabwicklung im Back-Office bietet neben weiteren Produktivitätssteigerungen in der Zukunft die Möglichkeit, noch besser auf Kundenbedürfnisse sowie auf Markterfordernisse gezielt und flexibel einzugehen.

Risikobericht

Die LBS unterscheidet mit Blick auf die unterschiedlichen Steuerungserfordernisse zwischen Adressenausfall-, Marktpreis-, Liquiditäts- und operationellen Risiken.

Aus Simulations-, Szenarien- und Prognoserechnungen der LBS, welche die Auswirkungen verschiedener Risikoparameter auf die Vermögens- und Ertragslage der LBS quantifizieren, ergeben sich derzeit keine bestandsgefährdenden Risiken.

Die LBS nutzt die Systeme der Landesbank Hessen-Thüringen zur Steuerung und Überwachung von Adressenausfall- und Marktpreisrisiken. Strukturbedingt ist das Ausfallrisiko der LBS im Kreditgeschäft gering. Dem Gesamtvolumen an Einzelwertberichtigungen für Baudarlehen, das sich um 3,0 Mio. € auf 20,4 Mio. € erhöhte, liegt ein Gesamtkreditbestand von 1.913 Mio. € zugrunde. Die Ausfallquote – definiert als die Summe aus Direktabschreibungen und Verbrauch von Risikovorsorgen im Verhältnis zum durchschnittlichen Kreditvolumen – belief sich auf 0,6‰. Die größte 2003 neu vorgenommene Einzelwertberichtigung für ein Engagement betrug 668.000 €.

Dem Zinsänderungsrisiko unterliegende Positionen werden im Rahmen eines Limitsystems gesteuert und überwacht. Hierzu dienen sowohl das gemeinsam mit anderen Landesbausparkassen entwickelte Modell zur Messung der Zinsänderungsrisiken als auch die Messung des Inkongruenz- und Abschreibungsrisikos. Außerkollektive Darlehen werden fristenkongruent refinanziert.

Der Liquiditätsgrundsatz II wurde per 31. Dezember 2003 mit 2,42 erfüllt.

Jahresbilanz der Landesbausparkasse Hessen-Thüringen

Frankfurt am Main/Erfurt, zum 31. Dezember 2003

– in der Bilanz der Gesamtbank enthalten –

AKTIVSEITE

	Tsd. €	Tsd. €	Tsd. €	Tsd. €	2002 Tsd. €
Barreserve					
Kassenbestand				2	3
Forderungen an Kreditinstitute					
a) Bauspardarlehen			7.078		8.735
b) andere Forderungen			1.764.426		1.442.104
darunter:				1.771.504	1.450.839
täglich fällig	214.313				(31.012)
Forderungen an Kunden					
a) Baudarlehen					
aa) aus Zuteilungen (Bauspardarlehen)		1.061.519			1.126.316
ab) zur Vor- und Zwischenfinanzierung		810.255			785.981
ac) sonstige		10.506			9.145
darunter:			1.882.280		1.921.442
durch Grundpfandrechte gesichert	1.306.096				(1.516.886)
b) andere Forderungen			6.162		4.317
				1.888.442	1.925.759
Schuldverschreibungen und andere festverzinsliche Wertpapiere					
Anleihen und Schuldverschreibungen					
a) von öffentlichen Emittenten			84.463		95.424
darunter: beleihbar bei der Deutschen Bundesbank	84.463				(95.424)
b) von anderen Emittenten			33.614		59.251
darunter: beleihbar bei der Deutschen Bundesbank	33.614				(59.251)
				118.077	154.675
Aktien und andere nicht festverzinsliche Wertpapiere				164.175	222.835
Sachanlagen				18.152	816
Sonstige Vermögensgegenstände				450	20.939
Rechnungsabgrenzungsposten				9	–
Summe der Aktiva				3.960.811	3.775.866

PASSIVSEITE

	Tsd. €	Tsd. €	Tsd. €	2002 Tsd. €
Verbindlichkeiten gegenüber Kreditinstituten				
a) Bauspareinlagen				
darunter:		7.121		3.790
auf zugeteilte Verträge	300			–
b) andere Verbindlichkeiten		863.282		847.985
darunter: täglich fällig	5.804			(3.895)
			870.403	851.775
Verbindlichkeiten gegenüber Kunden				
a) Einlagen aus dem Bauspargeschäft				
Bauspareinlagen		2.745.456		2.578.643
darunter:				
auf gekündigte Verträge	10.580			(2.224)
auf zugeteilte Verträge	59.245			(25.284)
b) andere Verbindlichkeiten				
täglich fällig		1.415		427
			2.746.871	2.579.070
Sonstige Verbindlichkeiten			10.390	8.748
Rechnungsabgrenzungsposten			16.674	17.077
Rückstellungen				
a) Rückstellungen für Pensionen und ähnliche Verpflichtungen		56.015		54.125
b) andere Rückstellungen		20.338		18.682
			76.353	72.807
Fonds zur bauspartechischen Absicherung			6.220	6.789
Nachrangige Verbindlichkeiten			10.400	10.400
Fonds für allgemeine Bankrisiken			25.000	25.000
Eigenkapital				
a) Gewinnrücklagen		194.500		194.500
b) Bilanzgewinn		4.000		9.700
			198.500	204.200
Summe der Passiva			3.960.811	3.775.866
Andere Verpflichtungen				
Unwiderrufliche Kreditzusagen			29.695	160.905

Gewinn- und Verlustrechnung der**Landesbausparkasse Hessen-Thüringen****Frankfurt am Main/Erfurt, für die Zeit vom 1. Januar bis 31. Dezember 2003**

	Tsd. €	Tsd. €	Tsd. €	Tsd. €	2002 Tsd. €
Zinserträge aus					
a) Kredit- und Geldmarktgeschäften					
aa) Bauspardarlehen	51.744				52.752
ab) Vor- und Zwischen- finanzierungskrediten	44.545				45.675
ac) sonstigen Baudarlehen	929				509
ad) sonstigen Kredit- und Geldmarktgeschäften	76.894				68.655
		174.112			167.591
b) festverzinslichen Wertpapieren und Schuldbuchforderungen		6.208			7.239
			180.320		174.830
Zinsaufwendungen					
a) für Bauspareinlagen		74.093			70.240
b) andere Zinsaufwendungen		40.723			41.006
			114.816		111.246
				65.504	63.584
Laufende Erträge aus Aktien und anderen nicht festverzinslichen Wertpapieren				8.141	10.001
Provisionserträge					
a) aus Vertragsabschluss und -vermittlung		26.128			20.652
b) aus der Darlehensregelung nach der Zuteilung		6.288			7.616
c) aus der Bereitstellung und Be- arbeitung von Vor- und Zwischen- finanzierungskrediten		4			3
d) andere Provisionserträge		4.239			4.997
			36.659		33.268
Provisionsaufwendungen					
a) für Vertragsabschluss und -vermittlung		32.846			25.675
b) andere Provisionsaufwendungen		2.412			2.001
			35.258		27.676
				1.401	5.592
Übertrag				75.046	79.177

	Tsd. €	Tsd. €	Tsd. €	Tsd. €	2002 Tsd. €
Übertrag				75.046	79.177
Sonstige betriebliche Erträge				2.025	2.127
Allgemeine Verwaltungsaufwendungen					
a) Personalaufwand					
aa) Löhne und Gehälter		23.528			21.969
ab) Soziale Abgaben und Aufwendungen für Altersversorgung und für Unterstützung		9.436			13.365
darunter: für Altersversorgung	5.375		32.964		35.334 (9.198)
b) andere Verwaltungsaufwendungen			26.517		23.250
				59.481	58.584
Abschreibungen und Wertberichtigungen auf Sachanlagen				4.605	288
Sonstige betriebliche Aufwendungen				4.859	7.500
Abschreibungen und Wertberichtigungen auf Forderungen und bestimmte Wert- papiere sowie Zuführungen zu Rück- stellungen im Kreditgeschäft				4.126	5.232
Ergebnis der normalen Geschäftstätigkeit				4.000	9.700
Jahresüberschuss				4.000	9.700
Einstellung in Gewinnrücklagen				–	–
Bilanzgewinn				4.000	9.700

Die Sachanlagen haben sich – ausgehend von den gesamten Anschaffungs- und Herstellungskosten – wie folgt entwickelt:

ANSCHAFFUNGS- UND HERSTELLUNGSKOSTEN	
(vermindert um Rabatte und Skonti)	5.773 Tsd. €
Zugänge 2003	1.499 Tsd. €
Umbuchungen 2003	20.444 Tsd. €
Abgänge 2003	101 Tsd. €
Abschreibungen, insgesamt (einschl. 4.605 Tsd. € aus dem Jahr 2003)	9.463 Tsd. €
Restbuchwert 31.12.2003	18.152 Tsd. €

Die Entwicklungskosten der Bausparkassensoftware in Höhe von 22,5 Mio. € sind unter den Sachanlagen aktiviert worden.

Die aufgenommenen Fremdgelder in Höhe von 857,5 Mio. € dienen ausschließlich der Refinanzierung des außerkollektiven Geschäfts.

Die Rückstellung für die Abschlussgebührenrückerstattung weist den größten Anteil an den anderen Rückstellungen auf.

In der Position Passive Rechnungsabgrenzungsposten sind 0,2 Mio. € Disagio aus Forderungen enthalten.

Der bis 1998 unbesteuerter Fonds zur bautechnischen Absicherung ist linear über fünf Jahre 2003 letztmalig aufgelöst worden. Von der steuerrechtlich aufgelösten Zuteilungsrücklage (1,4 Mio. €) wurden wie im Vorjahr handelsrechtlich 40 % (0,6 Mio. €) als sonstiger betrieblicher Ertrag im Ausgleich für die Steuerzahlung vereinnahmt.

Die sonstigen betrieblichen Aufwendungen bestehen im Wesentlichen aus der Steuerumlage.

Es bestehen längerfristige nachrangige Verbindlichkeiten in Höhe von 10,0 Mio. € gegenüber der Landesbank Hessen-Thüringen. Eine vorzeitige Rückzahlungsverpflichtung ist ausgeschlossen. Die Mittel werden zu einem Durchschnittszinssatz von 4,7 % verzinst und sind im 1. Quartal 2006 fällig.

GLIEDERUNG NACH RESTLAUFZEITEN		
	2003 Mio. €	2002 Mio. €
Andere Forderungen an Kreditinstitute		
bis drei Monate	277,4	231,1
mehr als drei Monate bis ein Jahr	126,4	114,0
mehr als ein Jahr bis fünf Jahre	716,6	676,2
mehr als fünf Jahre	644,0	420,8
Forderungen an Kunden		
bis drei Monate	111,9	128,7
mehr als drei Monate bis ein Jahr	225,0	221,6
mehr als ein Jahr bis fünf Jahre	894,5	913,3
mehr als fünf Jahre	657,0	662,2
Andere Verbindlichkeiten gegenüber Kreditinstituten (ohne Bauspareinlagen)		
bis drei Monate	79,7	68,8
mehr als drei Monate bis ein Jahr	81,3	78,5
mehr als ein Jahr bis fünf Jahre	448,4	426,2
mehr als fünf Jahre	253,9	274,4

Im Jahr 2004 werden Schuldverschreibungen und festverzinsliche Wertpapiere in Höhe von 56,0 Mio. € fällig.

| Sonstige Angaben

Die Bezüge für die Mitglieder des LBS-Fachbeirats beliefen sich auf insgesamt 28 Tsd. €.

Die Bezüge der Mitglieder der Organe der Landesbank Hessen-Thüringen, welche auch für die LBS zuständig sind, wurden von der Bank gezahlt.

An Mitglieder des Verwaltungsrates (Personen im Sinne des § 34 Absatz 2 Satz 1 Nr. 2 RechKredV) wurden von der LBS Kredite in Höhe von 0,2 Mio. € gewährt.

Die Mitglieder der Organe sind im Anhang der Bank aufgeführt.

Die LBS Hessen-Thüringen beschäftigte 2003 im Jahresdurchschnitt 403 Mitarbeiter, davon 213 weibliche und 190 männliche.

Frankfurt am Main/Erfurt, den 26. März 2004

Landesbank Hessen-Thüringen Girozentrale

Der Vorstand

Dr. Bräuer

Schrauth

Wiedergabe des Bestätigungsvermerks

„Bestätigungsvermerk des Abschlussprüfers

Wir haben den Jahresabschluss unter Einbeziehung der Buchführung und den Lagebericht der Landesbausparkasse Hessen-Thüringen, Frankfurt am Main/Erfurt, für das Geschäftsjahr vom 1. Januar bis 31. Dezember 2003 geprüft. Die Buchführung und die Aufstellung von Jahresabschluss und Lagebericht nach den deutschen handelsrechtlichen Vorschriften und den ergänzenden Regelungen in der Satzung liegen in der Verantwortung des Vorstands der Landesbank Hessen-Thüringen Girozentrale, Frankfurt am Main/Erfurt. Unsere Aufgabe ist es, auf der Grundlage der von uns durchgeführten Prüfung eine Beurteilung über den Jahresabschluss unter Einbeziehung der Buchführung und über den Lagebericht abzugeben.

Wir haben unsere Jahresabschlussprüfung nach § 317 HGB unter Beachtung der vom Institut der Wirtschaftsprüfer (IDW) festgestellten deutschen Grundsätze ordnungsmäßiger Abschlussprüfung vorgenommen. Danach ist die Prüfung so zu planen und durchzuführen, dass Unrichtigkeiten und Verstöße, die sich auf die Darstellung des durch den Jahresabschluss unter Beachtung der Grundsätze ordnungsmäßiger Buchführung und durch den Lagebericht vermittelten Bildes der Vermögens-, Finanz- und Ertragslage wesentlich auswirken, mit hinreichender Sicherheit erkannt werden. Bei der Festlegung der Prüfungshandlungen werden die Kenntnisse über die Geschäftstätigkeit und über das wirtschaftliche und rechtliche Umfeld der Bausparkasse sowie die Erwartungen über mögliche Fehler berücksichtigt. Im Rahmen der Prüfung werden die Wirksamkeit des rechnungslegungsbezogenen internen Kontrollsystems sowie Nachweise für die Angaben in Buchführung, Jahresabschluss und Lagebericht überwiegend auf der Basis von Stichproben beurteilt. Die Prüfung umfasst die Beurteilung der angewandten Bilanzierungsgrundsätze und der wesentlichen Einschätzungen des Vorstands sowie die Würdigung der Gesamtdarstellung des Jahresabschlusses und des Lageberichts. Wir sind der Auffassung, dass unsere Prüfung eine hinreichend sichere Grundlage für unsere Beurteilung bildet.

Unsere Prüfung hat zu keinen Einwendungen geführt.

Nach unserer Überzeugung vermittelt der Jahresabschluss unter Beachtung der Grundsätze ordnungsmäßiger Buchführung ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens-, Finanz- und Ertragslage der Landesbausparkasse Hessen-Thüringen. Der Lagebericht gibt insgesamt eine zutreffende Vorstellung von der Lage der Bausparkasse und stellt die Risiken der künftigen Entwicklung zutreffend dar.“

Frankfurt am Main, den 30. März 2004

PwC Deutsche Revision
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Struwe	ppa. Flick
Wirtschaftsprüfer	Wirtschaftsprüfer

3.3 Business and Financial Information relating to HVB Real Estate Bank

The general information concerning HVB Real Estate Bank has been extracted from the web page of the Bank www.hyporealestatebank.de. The information related to the Financial Statement has been extracted from the Consolidated Balance Sheet at 31 December 2003 and from the Consolidated Statement of Income for year ended 31 December 2003. This information has been extracted from HVB Real Estate Bank's 2003 Annual Report. The Issuer takes responsibility only for the accuracy of the extraction of such information as is reproduced herein and has made no independent investigation of verification thereof. Such information is qualified in its entirety by such documents referred.

Business Profile

Hypo Real Estate Bank is a mortgage bank holding a license to offer general banking services as well. As such, it concentrates on commercial real estate finance within Germany with a special focus on finance for property developers and investors. With a workforce of around 1.000 and total assets of over € 121 billion at the end of 2002, Hypo Real Estate Bank is one of the largest banks of its kind in Germany.

In the autumn of 2002 HypoVereinsbank resolved to spin off its commercial real estate finance operations. The spin-off was registered in the Commercial Register at the end of September 2003. Since then, Hypo Real Estate Bank AG, Hypo Real Estate Bank International and Württembergische Hypothekenbank AG have formed an independent real estate finance group under the umbrella of Hypo Real Estate Holding AG; this is now one of the leading corporate groups for high-volume real estate finance transactions within the banking sector.

On November 3, 2003, Westfälische Hypothekenbank AG merged into Hypo Real Estate Bank AG. The integration of Westfälische Hypothekenbank allows the two banks to pool their real estate banking operations. Although the market environment and earnings situation for real estate financing transactions in Germany remain difficult, the merger has opened up opportunities for synergies that will play a key role in enabling the new Hypo Real Estate Group to meet its financial targets. Moreover, the merger of the two banks will strengthen the future position of the new, combined Hypo Real Estate Bank vis-à-vis its competitors.

A key factor determining the Bank's performance in 2003 was the consistent restructuring of its loan portfolio and the associated reduction in risks. Hypo Real Estate Bank continued to pursue a strict lending policy with risk-oriented pricing. In 2003, the Bank intentionally renounced public-sector financing activities because margins were too low. New commitments related almost exclusively to new business concluded by the former WestHyp AG prior to the merger.

HVB Real Estate Bank currently maintains offices in Munich, Dortmund and Nuremberg.

Executive Boards

EXECUTIVE BOARDS

SUPERVISORY BOARD

Name	Profession /position
Georg Funke (Chairman of the Supervisory Board since 1 October 2003)	Chairman of the Executive Board of Hypo Real Estate Holding AG Chief Executive Officer of Hypo Real Estate Bank International
Frank Lamby (Deputy Chairman of the Supervisory Board since 1 October 2003)	Member of the Executive Board of Hypo Real Estate Holding AG Member of the Executive Board of Hypo Real Estate Bank International
Helmut Aichberger	Bank employee
Dr. Ferdinand Graf von Ballestrem (Member of the Supervisory Board until 30 September 2003)	Member of the Executive Board of MAN AG
Dr. Egbert Eisele (Deputy Chairman of the Supervisory Board until 18 August 2003)	Retired Member of the Executive Board of Bayerische Hypo- und Vereinsbank AG
Dr. Paul Eisele (Member of the Supervisory Board since 1 October 2003)	Member of the Executive Board of Hypo Real Estate Holding AG Spokesman of the Executive Board of Württembergische Hypothekenbank AG
Dr. Markus Fell (Member of the Supervisory Board since 1 October 2003)	Member of the Executive Board of Hypo Real Estate Holding AG
Eva Hildebrandt (Member of the Supervisory Board until 30 September 2003)	Bank employee
Dr. Heribert Johann (Member of the Supervisory Board until 30 September 2003)	Chairman of the Shareholders' Committee C.H. Boehringer Sohn
Georg Kordick	Bank employee
Hans Dieter Maier (Member of the Supervisory Board until 30 September 2003)	Bank employee
Dr. Klaus Mangold (Member of the Supervisory Board until 30 September 2003)	Member of the Board of Management of Daimler Chrysler AG and Chairman of the Board of Management of Daimler Chrysler Services AG until 15 December 2003
Franz Neubauer (Member of the Supervisory Board until 30 September 2003)	Retired government minister
Heinz-Joachim Neubürger (Member of the Supervisory Board until 18 August 2003)	Member of the Managing Board of Siemens AG
Dr. Albrecht Schmidt (Member of the Supervisory Board until 30 September 2003)	Chairman of the Supervisory Board of Bayerische Hypo- und Vereinsbank AG
Dr. Götz Wricke (Member of the Supervisory Board until 30 September 2003)	Chairman of the Executive Board of Hamburg-Mannheimer Versicherungs-AG

BOARD OF MANAGING DIRECTORS

Name	Positions on other mandatory supervisory boards of German companies	Membership of comparable control organs of business enterprises in Germany and in other countries
Johann Berger (Member of the Board of Managing Directors since 1 April 2003) Spokesman of the Board of Managing Directors since 1 October 2003)	Westfälische Hypothekenbank AG* (12 March 2003 - 3 November 2003)	
Georg Funke (Chairman of the Board of Managing Directors since 30 September 2003)	Hypo Real Estate Bank AG* (Chairman) (since 1 October 2003) Westfälische Hypothekenbank AG* (Chairman) (12 March 2003 – 3 November 2003) Württembergische Hypothekenbank AG* (Chairman) (since 7 May 2003)	FGH Bank N.V. (Chairman of the Supervisory Board) Utrecht, Netherlands (until 24 October 2003)
Josef Gelb (Member of the Board of Managing Directors until 30 September 2003)		
Frank Hellwig (Member of the Board of Managing Directors since 1 June 2003)		Gesellschaft für Anwendungssoftware mbH, Stuttgart (since 4 August 2003)
Theodor Knepper		PBI Pfandbriefbank International S.A.* , Luxembourg
Frank Lamby (Member of the Board of Managing Directors until 30 September 2003)	Hypo Real Estate Bank AG* (Deputy Chairman) (since 1 October 2003) Westfälische Hypothekenbank AG* (18 July 2003 - 3 November 2003) Württembergische Hypothekenbank AG* (Deputy Chairman) (since 7 May 2003)	BNL-Beteiligungsgesellschaft Neue Länder GmbH & Co. KG H.F.S. Hypo-Fondsbeteiligungen für Sachwerte GmbH (Chairman of the Administrative Board) Hypo Real Estate Capital France S.A. *, Paris, France (Deputy Chairman of the Supervisory Board) Hypo Real Estate Capital Ltd.* , London, Great Britain (Member of the Non-Executive Board) Hypo Real Estate Capital Iberia S.L.* , Madrid, Spain (Member of the Administrative Board) Hypo Real Estate Capital Corporation*, New York, USA (Member of the Non-Executive Board) (since 2 May 2003)
Dr. Wolf Schumacher (Member of the Board of Managing Directors until 31 January 2003)		HVB Immobilienverwaltungs-GmbH DEFO Deutscher Fonds für Immobilienvermögen

* Group mandate

Balance Sheet as of 31 December 2003

BALANCE SHEET AS OF 31 DECEMBER 2003 in € thousands

Assets		31 Dec 2003	31 Dec 2002 ¹⁾
1. Cash reserve			
a) Cash on hand	130		97
b) Balances with central banks	394,253		14,258
thereof			
with the Bundesbank: € 394,253 thousand (2002: € 14,258 thousand)			
c) Balances with postal giro offices	–		–
		394,383	14,355
2. Loans and advances to other banks			
a) Repayable on demand	842,012		299,654
b) Other loans and advances	19,705,573		24,708,171
		20,547,585	25,007,825
thereof			
mortgage loans: € 213,647 thousand (2002: € 338,717 thousand)			
municipal loans: € 14,318,022 thousand (2002: € 17,343,261 thousand)			
3. Loans and advances to customers		60,225,195	69,947,201
thereof			
mortgage loans: € 37,287,515 thousand (2002: € 42,399,863 thousand)			
municipal loans: € 22,588,516 thousand (2002: € 27,509,474 thousand)			
4. Bonds and other fixed-income securities			
a) Money market instruments issued by			
aa) public-sector issuers	–		–
thereof			
eligible for Bundesbank borrowings: € – (2002: € –)			
ab) other issuers	–	–	–
thereof			–
eligible for Bundesbank borrowings: € – (2002: € –)			
b) Bonds and notes issued by			
ba) public-sector issuers	9,131,574		9,996,002
thereof			
eligible for Bundesbank borrowings:			
€ 4,964,959 thousand (2002: € 5,451,190 thousand)			
bb) other issuers	11,964,734		12,708,711
thereof		21,096,308	22,704,713
eligible for Bundesbank borrowings:			
€ 5,572,997 thousand (2002: € 6,701,547 thousand)			
c) Own bonds	1,330,534		1,823,519
Nominal value: € 1,311,109 thousand (2002: € 1,766,449 thousand)		22,426,842	24,528,232
Carryover		103,594,005	119,497,613

¹⁾ The figures for the preceding year relate to the combined totals for the merged institutes, taking into account consolidation effects.

BALANCE SHEET AS OF 31 DECEMBER 2003 in € thousands

Equity and liabilities			31 Dec 2003	31 Dec 2002 ¹⁾
1. Accounts due to other banks				
a) Repayable on demand	722,915			141,392
b) Fixed term or withdrawal notice	18,048,700			20,096,296
thereof			18,771,615	20,237,688
registered mortgage Pfandbrief bonds issued:				
€ 3,884,563 thousand (2002: € 3,994,883 thousand)				
registered public-sector Pfandbrief bonds issued:				
€ 1,979,353 thousand (2002: € 2,325,381 thousand)				
registered mortgage Pfandbrief bonds delivered to lender as				
collateral for loans: € 19,489 thousand (2002: € 29,835 thousand)				
registered public-sector Pfandbrief bonds delivered to lender as				
collateral for loans: € 40,564 thousand (2002: € 55,789 thousand)				
2. Accounts due to customers				
a) Savings deposits				
aa) Withdrawal notice of three months	–			–
ab) Withdrawal notice of more than three months	–	–		–
b) Other liabilities				–
ba) Repayable on demand	301,213			215,884
bb) Fixed term or withdrawal notice	21,566,469	21,867,682		22,571,818
thereof			21,867,682	22,787,702
registered mortgage Pfandbrief bonds issued:				
€ 8,829,756 thousand (2002: € 10,203,714 thousand)				
registered public-sector Pfandbrief bonds issued:				
€ 7,016,311 thousand (2002: € 7,536,593 thousand)				
registered mortgage Pfandbrief bonds delivered to lender as				
collateral for loans: € 86,272 thousand (2002: € 134,884 thousand)				
registered public-sector Pfandbrief bonds delivered to lender as				
collateral for loans: € 128,208 thousand (2002: € 143,600 thousand)				
3. Debts evidenced by certificates				
a) Bonds issued				
aa) Mortgage Pfandbrief bonds	14,431,231			14,224,335
ab) Public-sector Pfandbrief bonds	38,944,992			49,574,722
ac) Other bonds	6,008,279			10,125,403
		59,384,502		73,924,460
b) Other	69,745			453,646
thereof			59,454,247	74,378,106
money market instruments: € 69,745 thousand (2002: € 453,646 thousand)				
own acceptances and promissory notes outstanding: € – (2002: € –)				
Carryover			100,093,544	117,403,496

¹⁾ The figures for the preceding year relate to the combined totals for the merged institutes, taking into account consolidation effects.

[illegible]

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BALANCE SHEET AS OF 31 DECEMBER 2003 in € thousands

Equity and liabilities (continued)		31 Dec 2003	31 Dec 2002 ¹⁾
Carryover		100,093,544	117,403,496
4. Special liabilities		1,176,985	116,875
thereof			
borrowings in transit € 1,176,985 thousand (2002: € 116,818 thousand)			
5. Sundry liabilities		97,562	595,620
6. Deferred income			
a) from issues and loans	241,278		302,561
b) other	128,126		168,284
		369,404	470,845
7. Provisions			
a) for pensions and similar commitments	89,157		88,048
b) for taxes	30,797		30,454
c) other	82,324		48,081
		202,278	166,583
8. Special reserve item		–	114
9. Subordinated liabilities		882,773	929,785
10. Participatory capital		400,849	400,849
thereof			
maturing in less than 2 years € 5,113 thousand (2002: € –)			
11. Fund for general banking risks		18,000	49,565
12. Equity			
a) Capital stock	132,860		132,860
b) Additional paid-in capital	1,853,742		733,742
c) Retained earnings			
ca) Legal reserve	12,655		12,655
cb) Reserve for treasury stock	–		–
cc) Statutory reserves	–		–
cd) Other	248,334		248,334
	260,989		260,989
d) Unappropriated retained earnings	1,935		1,451
		2,249,526	1,129,042
Total equity and liabilities		105,490,921	121,262,774
1. Contingent liabilities			
a) from bills endorsed and discounted	–		–
b) from guarantees and indemnity agreements	120,668		174,297
c) from collateralisation of third-party liabilities	–		–
		120,668	174,297
2. Other commitments			
a) Repurchase agreements from retail repos	–		–
b) Placing and underwriting commitments	–		–
c) Irrevocable loan commitments	646,389		1,305,643
		646,389	1,305,643

¹⁾ The figures for the preceding year relate to the combined totals for the merged institutes, taking into account consolidation effects.

Income Statement for the Period from 1 January 2003 to 31 December 2003

INCOME STATEMENT FOR THE PERIOD FROM 1 JANUARY 2003 TO 31 DECEMBER 2003 in € thousands

Expenses	2003	2002 ¹⁾
1. Interest expense	5,396,357	6,133,944
2. Commission expense	45,262	33,174
3. General administrative expenses		
a) Personnel expenses		
aa) Wages and salaries	56,759	62,993
ab) Social security taxes, pension expense and related employee benefits	19,224	22,223
	75,983	85,216
thereof		
pension expense: € 9,233 thousand (2002: € 12,319 thousand)		
b) Other	57,571	44,891
	133,554	130,107
4. Amortisation, depreciation and write-downs on intangible and tangible assets	51,029	10,157
5. Other operating expenses	3,749	7,470
6. Write-down of and allowances for receivables and specific securities, as well as additions to loan-loss provisions	159,993	423,522
7. Amortisation, depreciation and write-downs on participating interests, shares in affiliated companies, and investment securities	48,925	5,582
8. Expenses relating to the assumption of losses	12,190	3,406
9. Extraordinary expenses	97,033	17,055
10. Income taxes	–	4,774
11. Other taxes, unless shown under Item 5	174	400
12. Profits transferred under a profit pool, a profit and loss transfer agreement or a partial profit and loss transfer agreement	2,513	2,930
13. Net income	484	14,543
Total expenses	5,951,263	6,787,064
1. Net income	484	14,543
2. Allocation to other commitments	–	13,260
3. Profit brought forward	1,451	168
4. Unappropriated retained earnings	1,935	1,451

¹⁾ The figures for the preceding year relate to the combined totals for the merged institutes, taking into account consolidation effects.

Income	2003	2002
1. Interest income from		
a) Lending and money-market business	4,606,213	5,240,115
b) Fixed-income and book-entry securities	1,173,421	1,287,930
	5,779,634	6,528,045
2. Current income from		
a) Equities and other variable-yield securities	8,350	6,539
b) Participating interests	2	239
c) Shares in affiliated companies	32,961	29,582
	41,313	36,360
3. Commission income	41,485	22,989
4. Income from withdrawals from the fund for general banking risks pursuant to § 340 g German Commercial Code (HGB)	31,565	175,404
5. Income from write-ups on participating interests, shares in affiliated companies and investment securities	4,144	-
6. Other operating income	7,423	14,017
7. Income from the release of special reserve item	114	114
8. Extraordinary income	45,585	10,135
Total income	5,951,263	6,787,064

Notes

Notes to the balance sheet

INTEREST ARREARS (ITEMS 2 AND 3, ASSETS)

Interest arrears for mortgage loans including Ib/Ic mortgages with maturities from 1 October 2002 to 30 September 2003 amounted to € 63,071 thousand (preceding year: € 55,986 thousand). Valuation adjustments have been applied, to the extent permitted by fiscal law.

INTEREST ARREARS in € thousands

The arrears are categorised as follows:	2003	2002
land used for commercial purposes	31,264	24,755
land used for residential purposes	31,807	31,231

PROPERTIES PURCHASED AT AUCTION/TAKEN OVER (ITEMS 10 AND 11, ASSETS)

During the year under review, no properties were taken over to protect against losses.

SECURITIES AND INVESTMENTS (ITEMS 4, 5, 6, 7, ASSETS)

The securities negotiable on the stock exchange that are contained in the corresponding balance sheet items are divided into listed and unlisted securities as shown in the following table:

SECURITIES AND INVESTMENTS in € thousands

	Securities negotiable on the stock exchange 2003	Securities negotiable on the stock exchange 2002	thereof listed 2003	thereof listed 2002	thereof unlisted 2003	thereof unlisted 2002
Bonds and other fixed-income securities	22,426,842	24,528,232	20,251,227	23,869,330	2,175,615	658,902
Equities and other variable-yield securities	4,036	1,513	4,036	1,513	–	–
Participating interests	6	6	6	6	–	–
Shares in affiliated companies	–	–	–	–	–	–

Of the bonds and other fixed-income securities (Item 4, Assets), our municipal portfolio includes bonds in an amount of € 12,511,445 thousand that are classed as fixed assets. Overall, investment securities negotiable on the stock exchange with a carrying value of € 503,947 thousand are not shown at the lower applicable value on the balance-sheet date. The premiums and discounts arising on purchase are distributed over the term of these bonds and shown as interest income/interest expenses in the income statement.

The specialised securities funds included under equities and other variable-yield securities (Item 5, Assets) in the preceding year and amounting to € 101,129 thousand were sold during the year under review.

Except in the case of Ragnarök Vermögensverwaltung AG & Co. KG, Munich, the Bank did not constitute a partner with unlimited liability for any of the participating interests (Item 6, Assets) or the shares in affiliated companies (Item 7, Assets).

For additional information, please refer to the table showing shares in affiliated companies/participating interests.

SHARES IN AFFILIATED COMPANIES / PARTICIPATING INTERESTS

1. Shares in affiliated companies (Item 7, Assets)

Name and Registered Office	Total capital share in % § 16 para. 4 AktG	thereof indirect	Equity capital € thousands	Net income € thousands	Last available annual financial statements
FUNDUS Gesellschaft für Grundbesitz und					
Beteiligungen mbH, Munich	94.00 %		904	¹⁾	31 Dec 2003
GfA-Gesellschaft für Anwendungssoftware, Stuttgart	33.33 %		828	1,132	31 Dec 2003
GGV Gesellschaft für Grundbesitzverwaltung und					
Immobilien-Management mbH, Dortmund	94.00 %		2,072	¹⁾	31 Dec 2003
IMMO Invest Gewerbe GmbH, Munich	100.00 %		26	¹⁾	31 Dec 2003
IMMO Invest Real Estate GmbH, Munich	100.00 %		28	¹⁾	31 Dec 2003
Verwaltung Grundstücksgesellschaft Schuhhagen					
Greifswald mbH, Munich	100.00 %		23	- 3	31 Dec 2003
IMMO Trading GmbH, Munich	100.00 %		525	¹⁾	31 Dec 2003
Immovation GmbH i.L., Dortmund	100.00 %		10	- 11	31 Dec 2002
Meridies Grundbesitz- u. Bebauungsgesellschaft mbH, Munich	94.00 %		78	¹⁾	31 Dec 2003
with the following participating interest:					
Frappant Altona GmbH, Munich	94.00 %	94.00 %	25	¹⁾	31 Dec 2003
PBI-Beteiligungs-GmbH i.L., Munich	66.67 %		60,464	9,433	31 Dec 2003
Ragnarök Vermögensverwaltung AG & Co. KG, Munich	94.00 %		94	¹⁾	31 Dec 2003
WestHyp Finance B.V., Amsterdam	100.00 %		395	- 49	31 Dec 2002
WestHyp Immobilien Holding GmbH, Dortmund	100.00 %		- 3,425	- 1,200	31 Dec 2002
WestHyp Immobilien Management Beteiligungs-					
gesellschaft mbH, Dortmund	100.00 %		27	1	31 Dec 2002
WestHyp Immobilien Management GmbH & Co. KG, Dortmund	94.00 %		9,408	- 12,901	31 Dec 2003

2. Other participating interests (Item 6, Assets)

SANO Grundstücks-Vermietungsgesellschaft mbH & Co.					
Objekt Dresden KG, Düsseldorf	33.00 %		- 2,623	- 486	31 Dec 2002
SOMA Grundstücks-Vermietungsgesellschaft mbH & Co.					
Objekt Darmstadt KG, Düsseldorf	33.00 %		- 4,125	- 677	31 Dec 2002
WISUS Beteiligungs GmbH & Co.					
Zweite Vermietungs-KG, Munich	33.00 %		- 2,980	- 232	31 Dec 2002

All other participating interests amount to less than 20 %. There are no additional participating interests in large public limited companies where the participating interest exceeds 5 % of the voting rights (declaration pursuant to § 340 a para. 4 No. 2 German Commercial Code (HGB)).

¹⁾ Assumption of result by shareholder and/or agreement on the transfer of results

SUBORDINATED ASSETS (ITEM 4, ASSETS)

The item in the assets shown under 4 bb) bonds and notes issued by other issuers includes subordinated assets of € 20,000 thousand (preceding year: € 20,000 thousand).

SPECIAL TRANSACTIONS (ITEM 8, ASSETS AND ITEM 4, EQUITY AND LIABILITIES)

The following table shows the breakdown of special transactions into the following categories of assets and liabilities:

in € thousands		
	2003	2002
Loans and advances to customers	1,176,985	116,875
Accounts due to other banks	677,753	103,973
Accounts due to customers	499,232	12,902

These items include the following amounts relating to the temporary administration, on a trust basis, of loan portfolios sold during the fiscal year:

in € thousands		
	2003	2002
Loans and advances to customers	1,064,146	0
Accounts due to other banks	577,271	0
Accounts due to customers	486,875	0

TANGIBLE ASSETS (ITEM 10, ASSETS)

The amount shown under tangible assets includes office and plant equipment in an amount of € 16,952 thousand (preceding year: € 62,348 thousand) and plant under construction in an amount of € 1,708 thousand (preceding year: € 43,087 thousand). With the exception of one property, the land shown under tangible assets (preceding year: € 75,171 thousand) was sold during the year under review.

DEVELOPMENT OF FIXED ASSETS – FIXED ASSETS MOVEMENTS SCHEDULE – (ITEMS 4, 5, 6, 7 AND 10, ASSETS)

	Cost of purchase/ manufacture in € thousands	Additions 2003 in € thousands	Disposals 2003 in € thousands	Re- postings 2003 in € thousands	Write- ups 2003 in € thousands	Amortisation/ depreciation accumulated in € thousands	Amortisation/ depreciation 2003 in € thousands	Residual book value 31 Dec 2003 in € thousands	Residual book value 31 Dec 2002 in € thousands
Tangible assets*	253,499	9,136	165,723	–	–	78,252	51,029	18,660	180,606
Changes +/-**									
Investment securities				+ 6,851,399				12,511,445	5,660,046
Participating interests				– 154				4,727	4,881
Shares in affiliated companies				– 488,505				49,922	538,427

*The figures do not include tangible assets that are not used on a long-term basis for business operations and that are valued as current assets

**The Bank has availed itself of the option of stating combined totals as permitted under § 34 para. 3 of the Accounting Regulation for Financial Institutions (RechKredV).

SUNDRY ASSETS (ITEM 11, ASSETS)

The item largely contains maturing debentures in an amount of € 82,428 thousand, maturing interest and dividend coupons in an amount of

€ 8,404 thousand, tax receivables of € 23,890 thousand and adjustment items relating to the valuation of the Bank's hedged foreign currency transactions in an amount of € 132,323 thousand.

DEFERRED CHARGES AND PREPAID EXPENSES in € thousands

Item 12 a), Assets	2003	2002
Deferred charges and prepaid expenses from issues and loans	296,657	397,748
thereof discount from debentures and loans raised	187,896	228,641
premium from lendings	108,761	169,107
Item 6 a), Equity and liabilities		
Deferred income from issues and loans	241,278	302,561
thereof discount from lendings	220,170	267,969
premium from debentures and loans raised	21,108	34,592

SUNDRY LIABILITIES (ITEM 5, EQUITY AND LIABILITIES)

The item includes an amount of € 25,259 thousand (preceding year: € 26,532 thousand) in respect of prorated /maturing interest from participatory capital and also an amount of € 14,114 thousand (preceding year: € 21,410 thousand) relating to payments received and overpayments that have not been offset. This item also shows liabilities to affiliated companies in an amount of € 45,097 thousand (including € 11,090 thousand from the assumption of losses).

PROVISIONS FOR PENSIONS (ITEM 7A, EQUITY AND LIABILITIES)

At 31 December 2003, pension provisions for former members of the Board of Managing Directors and their surviving dependents amounted to € 26,485 thousand (preceding year: € 23,095 thousand); this represented the net present value pursuant to § 6a of the Income Tax Act (Einkommensteuergesetz, EStG), calculated in accordance with actuarial principles.

OTHER PROVISIONS (ITEM 7C, EQUITY AND LIABILITIES)

The other provisions included the following items as at 31 December 2003:

in € thousands		
	2003	2002
Loan-loss provisions	5,123	4,283
Provisions for contingent liabilities	41,875	33,092
thereof		
Payments to employees	12,318	14,093
Reverse settlement claims	8,800	0
Payments for early retirement, part-time working for older employees	3,997	3,887
Anniversary bonuses	2,365	2,611
Restructuring provisions	35,326	10,706
Total	82,324	48,081

SPECIAL RESERVE ITEM (ITEM 8, EQUITY AND LIABILITIES)

The item was formed in 1999 pursuant to § 52 para. 16 of the Income Tax Act (Einkommensteuergesetz, EStG) and relates to the reinstatement of original values for land and buildings. The residual writeback of € 114 thousand was effected in 2003.

SUBORDINATED LIABILITIES (ITEM 9, EQUITY AND LIABILITIES)

The subordinated liabilities resulted in interest expenses of € 54,459 thousand (preceding year: € 64,988 thousand). In the balance sheet, this item includes prorated interest of € 30,280 thousand (preceding year: € 33,775 thousand).

The terms for borrowing are structured to ensure that they correspond to the requirements of § 10 para. 5a of the German Banking Act (Kreditwesengesetz, KWG); the original terms all amount to more than 5 years.

During the fiscal year, no borrowing under an individual subordinated borrower's note exceeded 10 % of the total amount of subordinated liabilities.

PARTICIPATORY CAPITAL (ITEM 10, EQUITY AND LIABILITIES)

The participatory capital includes the following instruments:

Year of issue	Type	in € thousands	Interest rate	End of term	Redemption
1989	Registered participation certificate	5,113	8.200 %	31 Dec 2004	01.06.2005
1989	Registered participation certificate	10,226	8.000 %	31 Dec 2014	01.06.2015
1990	Registered participation certificate	7,669	9.100 %	31 Dec 2005	01.06.2006
1992	Registered participation certificate	7,669	8.550 %	31 Dec 2007	01.06.2008
1993	Bearer participation certificate	38,347	7.000 %	31 Dec 2008	01.06.2009
1995	Bearer participation certificate Series 1	25,565	8.250 %	31 Dec 2005	01.06.2006
1995	Bearer participation certificate Series 2	38,347	8.000 %	31 Dec 2005	01.06.2006
1995	Bearer participation certificate Series 3	63,911	variable	31 Dec 2005	01.06.2006
1998	Bearer participation certificate	38,372	variable	31 Dec 2009	30.06.2010
1998	Registered participation certificate 01	15,339	6.125 %	31 Dec 2008	01.06.2009
1998	Registered participation certificate 02	10,226	6.125 %	31 Dec 2008	01.06.2009
1998	Registered participation certificate 03	5,113	6.125 %	31 Dec 2008	01.06.2009
1998	Registered participation certificate 04	10,226	6.125 %	31 Dec 2008	01.06.2009
1998	Registered participation certificate 05	5,113	6.125 %	31 Dec 2008	01.06.2009
1998	Registered participation certificate 06	5,113	6.050 %	31 Dec 2008	01.06.2009
1999	Bearer participation certificate Series 100	70,000	7.000 %	31 Dec 2009	01.06.2010
1999	Registered participation certificate 07	5,000	6.000 %	31 Dec 2009	01.06.2010
1999	Registered participation certificate 08	500	6.000 %	31 Dec 2009	01.06.2010
2001	Registered participation certificate	21,000	7.100 %	31 Dec 2011	01.06.2012
2001	Registered participation certificate	5,000	7.130 %	31 Dec 2011	01.06.2012
2001	Bearer participation certificate	13,000	6.750 %	31 Dec 2010	30.06.2011

The distribution to holders of participation certificates is limited to the extent that a distribution would result in a net loss for the year or net deficit in the accounts. If the distribution is limited, then a deferred payment claim exists for the term of the participation certificates concerned. Holders of participation certificates participate in any net loss for the year or net deficit in the accounts through a reduction in their repayment entitlements; this reduction is proportionate to the ratio by which the equity capital (excluding subordinated liabilities) shown in the balance sheet is reduced by redemption of the net loss for the year or net deficit in the accounts. Profits from subsequent years must be used to raise the repayment entitlements back to their nominal amount. Participation certificates document subordinated creditor rights; they do not guarantee any share in liquidation proceeds.

Of the equity funds that are classed as liable for regulatory purposes, a nominal amount of € 395,736 thousand of the total volume of participatory capital (nominal amount € 400,849 thousand at 31 December 2003) has been shown as supplementary capital in accordance with § 10 para. 5 of the German Banking Act (Kreditwesengesetz, KWG).

At the General Meeting held on 28 April 2000, the Bank was authorised to issue participation certificates in an amount of € 100,000 thousand and at the General Meeting held on 28 June 2001 it was authorised to issue participation certificates in an amount of € 200,000 thousand, representing a total of € 300,000 thousand in participation certificates. The Bank has not yet made use of these authorities, which are due to expire on 28 April 2004 and 28 June 2005 respectively.

SUBSCRIBED CAPITAL (ITEM 12A, EQUITY AND LIABILITIES)

The Company's registered capital amounts to € 132,860,432.67 and is divided into 51,970,484 no par value bearer shares with an arithmetical share in the registered capital of € 2.556 reduced per no par value share.

As at the balance sheet date, the Company had approved capital of € 66,430 thousand with an expiration date of 25 May 2008.

DIA Vermögensverwaltungs-GmbH, Munich, holds 100.00 % of the Bank's share capital.

3.4 Business and Financial Information relating to Réseau Ferré de France

The general information concerning Réseau Ferre de France has been extracted from the web page of the company www.rff.fr. The information related to the Financial Statement has been extracted from the from the Consolidated Balance Sheet at 31 December 2002 and from the Consolidated Statement of Income for year ended 31 December 2002. This information has been extracted from the 2002 Activity Report of Réseau Ferré de France. The Issuer takes responsibility only for the accuracy of the extraction of such information as is reproduced herein and has made no independent investigation of verification thereof. Such information is qualified in its entirety by such documents referred.

Business Profile

Created in 1997, Réseau Ferré de France is an EPIC (Etablissement Public Industriel et Commercial – Public Establishment of an Industrial and Commercial nature : State-owned organisation which operates according to the same management and accounting methods as industrial and commercial companies. RFF is an EPIC established by law no. 97-135 of 13 February 1997). As manager of France's rail infrastructure, RFF relies heavily on aid from government

The company owns and manages the French rail network with responsibility for upgrading, development, consistency of and obtaining value from the national rail network. The creation of Réseau Ferré de France profoundly modified the organisation of the French railway system.

As project leader, manager and owner of the national rail network, RFF has been given four main missions.

Manage and maintain the network

The management of traffic as well as the operation and maintenance of the network are carried out by SNCF on behalf of RFF. SNCF is remunerated by RFF which sets the objectives and the principles for each function. The organisation of rail traffic, in terms of allocating capacity, is the responsibility of RFF

Upgrade and develop the network

RFF is responsible for the conception, programming, financing and implementation of investment in the national rail network (heavy maintenance, improvement of the existing network, construction of new lines). The company upgrades and develops the national rail network with two aims in mind : public transport service and sustainable development

Managing railway property

RFF is owner of the majority of railway property – almost 110,000 hectares of land. RFF participates in local development, assisting local authorities in the definition of their projects and in the choice of developers

Managing the debt

RFF manages a debt of €24 billion – a level which was stabilised in 2001. In order to service this debt and to finance its investment, RFF operates in the financial markets.

Supervisory Board

As an Establishment of Industrial and Commercial Nature (EPIC), Réseau Ferré de France is administered by a supervisory board which includes seven representatives of central government departments, five people chosen for their experience and nine representatives elected by the staff

A – REPRESENTATIVES OF CENTRAL GOVERNMENT

Ministry of Transport

Jean-Pierre DUPORT
Président of RFF

Olivier PAUL-DUBOIS-TAINE
Advisor to the Director of economic and international affairs
Secretary of the committee of transport managers

Ministry of the Economy

Edouard VIEILLEFOND
Head of the DA2 Office at the Participations of the State Agency within the Ministry of the Economy

Ministry of the Exchequer

Hugues BIED-CHARRETON
Assistant manager (Budget Department)

Ministry of Strategic Planning

François PHILIZOT
Assistant manager, regional and national land planning (DATAR)

Ministry of local government

Claude GIRAULT
Assistant director of jurisdiction and local authorities
General directorate of local authorities

Ministry for national strategic planning

Jean BERTHEZENE
Deputy commissioner at the General Commissariat for Strategic Planning

B – PEOPLE CHOSEN FOR THEIR EXPERIENCE

Jean-Claude BERTHOD
President of the Federation of Railway Industries
President of Novatrans

Alain BONNAFOUS
Professor at Lyon Institute of Political Studies
Vice-president of National Council for Transport

Local elected representatives, with particular knowledge of regional, departmental or local railway matters

François GERBAUD
Vice-president of the Indre départemental council
Mayor of Bouges-le-Château
Senator of the Indre département
Adrien ZELLER
President of the Alsace regional council

For his knowledge of the social and professional aspects of rail transport

André LAUMIN
Vice-president of FNAUT – National federation of transport users' associations

C – REPRESENTATIVES ELECTED BY THE STAFF

Carole DEVILLIERS
Financial department

Joseph GIORDANO
Department of relations with local authorities

Marie SENNERY
Property department

Bernard SULPIS
Department of relations with local authorities

François TAINURIER
Development department

Didier THOMAS
Investment department

Government commissioner

Patrice RAULIN
Director of land transport

Government vice-commissioner

Bernard MENOIRET
Responsible for rail transport sub-department

Department for economic and financial control of transport

Alain BRIFFOD
Head of department

Financial Information

The information related to the Financial Statement has been extracted from the from the Consolidated Balance Sheet at 31 December 2002 and from the Consolidated Statement of Income for year ended 31 December 2002. This information has been extracted from the 2002 Activity Report of Réseau Ferré de France. The Issuer takes responsibility only for the accuracy of the extraction of such information as is reproduced herein and has made no independent investigation of verification thereof. Such information is qualified in its entirety by such documents referred.

2002 financial statements

BALANCE SHEETS AT 31 DECEMBER

(in € millions)

ASSETS		31-12-02		31-12-02	31-12-01	31-12-00
	Notes	Gross	Depreciation, amortisation and provisions	Net	Net	Net
				Pro forma ⁽¹⁾	Pro forma ⁽¹⁾	Pro forma ⁽¹⁾
Intangible assets	III.1.1	4.5	1.2	3.4	1.1	0.1
(operations)	III.1.2					
Tangible assets	III.1.1					
(rail network)	III.1.2					
– Land		5,082.0		5,082.0	5,057.4	4,846.1
– Other		27,313.9	5,023.2	22,290.7	21,613.0	21,376.0
Tangible assets	III.1.1	16.3	3.5	12.8	4.6	2.5
(operations)	III.1.2					
Long-term investments	III.1.4	1,761.3	0,0	1 761.3	2,549.2	3,047.1
FIXED ASSETS		34 178,0	5,027.9	29,150.1	29,225.4	29,271.8

Trade debtors	III.1.12 ⁽¹⁾	32.1	3.4	28.8	60.1	29.2
Due from SNCF	III.1.12	663.4	125.7	537.7	474.9	341.1
SNCF current accounts	III.1.12	4.5		4.5	16.9	
Other debtors	III.1.3 / 1.12	1,472.3		1,472.3	1,671.3	612.5
Cash and cash equivalents	III.1.4	26.6		26.6	137.4	389.9
Prepaid expenses	III.1.5	27.0		27.0	23.8	9.0
CURRENT ASSETS		2,226.0	129.1	2,096.9	2,384.4	1,381.7

Deferred charges	III.1.6	447.7	225.1	222.6	259.0	276.6
Bond redemption premiums	III.1.6	430.3	24.7	405.6	412.7	419.4
Unrealised foreign exchange losses	III.1.9	124.7		124.7	146.5	148.0
TOTAL ASSETS		37,406.7	5,406.8	31,999.9	32,427.7	31,497.5

⁽¹⁾ See note II.8 under "Accounting policies".

BALANCE SHEETS AT 31 DECEMBER

(in € millions)

LIABILITIES, CAPITAL AND RESERVES		31-12-02	31-12-01	31-12-00
	Notes			
			Pro forma ⁽¹⁾	Pro forma ⁽¹⁾
Initial capital endowment	III.1.7	856.2	856.2	856.2
Capital injections	III.1.7	8 908.5	7,546.2	6,479.1
Deficit	III.1.7	(9,167.1)	(7,520.6)	(5,820.1)
Net loss for the year	III.1.7	(1,586.5)	(1,646.5)	(1,700.5)
Investment grants	III.1.8	3,031.0	2,561.5	2,369.4
CAPITAL AND RESERVES		2,042.1	1,796.8	2,184.1

PROVISIONS FOR LIABILITIES AND CHARGES ⁽¹⁾	III.1.9	125.3	146.6	149.6
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Borrowings	III.1.10	27,887.9	28,469.9	27,347.2
Advances on asset disposals		14.0	4.3	3.5
Operating creditors	III.1.12	502.2	470.9	212.5
SNCF current accounts	III.1.12	4.6		41.5
Due to SNCF	III.1.12	739.4	888.7	920.2
Other liabilities	III.1.12	428.7	404.1	414.7
Debt management instruments	III.1.4	38.2	38.6	0.0
Deferred income	III.1.13	217.5	207.8	224.2
TOTAL LIABILITIES		29,832.5	30,484.3	29 163.8

Unrealised foreign exchange gains		0.0	0.0	0.0
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TOTAL LIABILITIES, CAPITAL AND RESERVES		31,999.9	32,427.7	31,497.5
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PROFIT AND LOSS ACCOUNTS

(in € millions)

	31-12-02	31-12-01	31-12-00
OPERATING INCOME			
		Pro forma	Pro forma
Infrastructure fees	1,824.3	1,630.2	1,498.9
Electricity transmission	123.8	136.5	133.9
Additional electricity fees	97.5	47.9	47.1
Other service fees	17.7	17.3	16.3
Non-traffic income - SNCF delegated management	37.4	66.3	63.2
Income from private sidings	13.1	13.4	12.1
Occupancy fees, directly managed assets	39.9	51.6	3.2
Sales of materials	36.1	0.0	
Other revenue	3.7	4.7	2.1
NET TURNOVER	2,193.3	1,967.9	1 776.8
Capitalised production	333.2	104.8	72.9
State contribution to infrastructure costs	1,406.0	1,606.1	1,632.6
Investment grants written back to income	82.1	71.3	61.9
Other grants	-1.5	2.3	2.9
Releases of provisions for operating liabilities and charges	3.2	3.7	2.5
Expense transfers	5.0	10.3	7.1
TOTAL OPERATING INCOME	4,021.3	3,766.3	3,556.7
OPERATING EXPENSES			
GID network management fees	2,544.9	2,522.4	2,508.2
GID asset management fees	109.6	109.6	108.5
Cost of materials sold	34.8	0.0	
Malicious damage ⁽¹⁾	5.1	0.0	0.0
Private siding management fees paid to SNCF	1.3	1.4	1.3
Engineering costs	86.3	98.7	78.8
Construction and maintenance work	259.0	9.8	0.0
Electricity purchases	123.8	136.5	133.9
Bank charges	6.0	12.1	9.0
Other external charges	39.2	32.2	21.9
Taxes other than on income	1.0	0.7	0.4
Taxes billed by SNCF	8.4	8.4	8.4
Personnel costs	21.1	15.2	9.1
Rail network depreciation	918.1	860.4	783.8
Depreciation of operating assets	1.9	1.2	0.7
Charges to provisions for liabilities and charges	0.5	0.0	0.0
Charges to provisions for impairment in value of current assets ⁽¹⁾	40.8	38.2	38.6
TOTAL OPERATING EXPENSES	4,201.7	3,846.8	3,702.7
OPERATING LOSS	(180.4)	(80.5)	(146.0)

⁽¹⁾ See note II.8 under "Accounting policies".

PROFIT AND LOSS ACCOUNTS

(in € millions)

	31-12-02	31-12-01	31-12-00
FINANCIAL INCOME			
		Pro forma	Pro forma
Other financial income	686.7	682.3	531.0
Foreign exchange gains	0.4	2.4	6.5
Releases of provisions for foreign exchange losses	39.3	32.0	16.9
Interest from short-term investments	130.9	192.1	208.7
TOTAL FINANCIAL INCOME	857.3	908.9	763.1
FINANCIAL EXPENSES			
Interest on debt transferred from SNCF	859.6	1,066.9	1,184.9
Interest on debt contracted by RFF	634.6	569.1	417.2
Interest on short-term debt	32.1	42.8	40.6
Other financial expenses	688.9	685.2	549.7
Foreign exchange losses	50.7	31.7	22.1
Amortisation of bond redemption premiums	7.1	6.7	6.4
Charges to provisions for foreign exchange losses	17.5	30.5	79.9
Amortisation of deferred charges	51.0	69.2	59.8
TOTAL FINANCIAL EXPENSES	2,341.6	2,502.1	2,360.6
NET FINANCIAL EXPENSE	(1,484.2)	(1,593.2)	(1,597.5)
OPERATING LOSS AFTER FINANCIAL EXPENSE	(1,664.6)	(1,673.7)	(1,743.5)
NON-RECURRING INCOME			
Proceeds from the sale of assets	103.9	54.3	59.9
Releases of provisions for liabilities and charges	0.0	0.0	23.6
Other non-recurring income		0.0	0.1
TOTAL NON-RECURRING INCOME	103.9	54.3	83.6
NON-RECURRING EXPENSES			
Net book value of assets sold	22.4	17.8	22.1
Charges to provisions for liabilities and charges	0.0	0.0	0.0
Other non-recurring expenses	3.3	9.3	18.6
TOTAL NON-RECURRING EXPENSES	25.8	27.1	40.7
NET NON-RECURRING INCOME	78.1	27.2	42.9
Corporate income tax			0.0
NET LOSS FOR THE YEAR	(1,586.5)	(1,646.5)	(1,700.5)

STATEMENTS OF CASH FLOWS

(in € millions)

	31-12-02	31-12-01	31-12-00
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the year	(1,586.5)	(1,646.5)	(1,700.5)
Adjustments to reconcile net loss to cash flow for the period			
Net book value of assets sold	22.4	17.8	22.1
Proceeds from asset disposals	(103.9)	(54.3)	(59.9)
Depreciation/Amortisation			
– Rail network	918.1	860.4	783.8
– Operating assets	1.9	1.2	0.7
Write-back of depreciation on disposal of assets	(0.9)		
Charge to provisions for operating liabilities and charges	0.5	(0.0)	(0.0)
Releases of provisions for operating liabilities and charges	(3.2)	(3.7)	(2.5)
Charge to provisions for impairment in value of current assets	40.8	38.2	38.6
Amortisation of deferred charges	16.4	14.8	11.1
Amortisation of bond redemption premiums	7.1	6.7	6.4
Amortisation of premiums/discounts on "in" currency bonds	34.7	54.4	48.7
Charges to provisions for financial items	17.5	30.5	79.9
Releases of provisions for financial items	(39.3)	(32.0)	(16.9)
Charges to provisions included in non-recurring expense	0.0	0.0	0.0
Releases of provisions included in non-recurring income	0.0	0.0	(23.6)
Investment grants written back to income	(82.1)	(71.3)	(61.9)
CASH FLOW	(756.5)	(783.9)	(874.0)

Net change in working capital	91.5	(1,130.4)	(244.4)
Trade debtors	28.6	(31.5)	(28.1)
Other debtors	199.0	(1,058.8)	(55.2)
Prepaid expenses	(3.2)	(14.8)	217.8
Operating creditors	31.4	258.4	84.8
SNCF current accounts	17.0	(58.4)	(426.4)
Due from SNCF	(97.6)	(169.2)	136.2
Due to SNCF	(149.3)	(31.5)	6.4
Unrealised foreign exchange losses	21.8	1.5	(63.0)
Other liabilities	24.6	(10.6)	40.3
Deferred income	9.6	(16.4)	(147.2)
Unrealised foreign exchange gains	0.0	0.0	0.0
Advances on asset disposals	9.7	0.8	(10.0)

NET CASH USED BY OPERATING ACTIVITIES	(665.0)	(1,914.2)	(1,118.4)
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STATEMENTS OF CASH FLOWS

(in € millions)

	31-12-02	31-12-01	31-12-00
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions	(1,654.5)	(1,330.6)	(1,498.2)
Intangible assets	(2.8)	(1.3)	(0.1)
Network fixed assets	(1,642.2)	(1,326.5)	(1,496.7)
Operating fixed assets	(9.6)	(2.9)	(1.4)
Long-term investments	791.3	498.2	101.5
Change in bond portfolio	762.7	494.5	109.0
Change in accrued interest	28.6	3.6	(7.5)
Change in investments excluding bond portfolio	(3.4)	(0.4)	(0.3)
Acquisitions of equity securities	(0.3)	(0.3)	0.0
Guarantee deposits	(3.1)	(0.1)	0.3
Disposals of fixed assets	103.9	54.3	59.9
Proceeds from disposals of tangible fixed assets	103.9	54.3	59.9
NET CASH USED BY INVESTING ACTIVITIES	(762.7)	(778.6)	(1,337.1)

CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of debt	(1,981.5)	(2,029.9)	(2,117.4)
Long-term debt transferred from SNCF	(1,966.9)	(1,978.0)	(2,043.0)
Long-term debt contracted by RFF	0.0	(0.3)	0.0
Short-term issues	0.0	0.0	0.0
Deferred charges	(14.6)	(51.6)	(74.5)
Bond redemption premiums	0.0	0.0	0.0
Increase in capital and reserves	1,913.7	1,330.6	2,141.2
Capital injections	1,362.3	1,067.1	1,829.4
Increase in investment grants	551.5	263.5	311.8
Increase in debt	1,067.2	2,311.0	1,797.6
Long-term debt contracted by RFF	1,148.3	2,248.1	1,656.6
Debt transferred from SNCF	0.0	73.5	176.2
Change in accrued interest	(81.1)	(10.6)	(35.2)
Increase in guarantee deposits received	1.2	0.0	0.0
Debt management instruments (liabilities)	(0.4)	38.6	0.0

NET CASH PROVIDED BY FINANCING ACTIVITIES	1,000.3	1,650.3	1,821.4
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NET CHANGE IN CASH AND CASH EQUIVALENTS	(427.3)	(1,042.5)	(634.0)
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CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	(1,465.8)	(423.3)	210.7
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CASH AND CASH EQUIVALENTS AT YEAR-END	(1,893.1)	(1,465.8)	(423.3)
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NET CHANGE IN CASH AND CASH EQUIVALENTS	(427.3)	(1,042.5)	634.0
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Notes to the financial statements

I PRESENTATION OF RESEAU FERRE DE FRANCE (RFF)

Réseau Ferré de France is a State-owned company ("établissement public à caractère industriel et commercial" – EPIC) established by Act no. 97-135 of 13 February 1997 ("the 1997 Act"), with retroactive effect from 1 January 1997.

This Act and the related enabling legislation (decree nos. 97-444, 97-445 and 97-446) transferred ownership of the French rail infrastructure previously held by SNCF to Réseau Ferré de France.

The purpose was to separate ownership of the rail infrastructure (devolved to RFF) from its operation (devolved to SNCF). However, under the terms of the 1997 Act, SNCF is responsible for managing and maintaining the infrastructure on behalf of RFF. The services to be provided by SNCF and the related fee arrangements are specified in an agreement between RFF and SNCF.

The principles applied to produce RFF's opening balance sheet on 1 January 1997 were as follows:

- The assets taken over by RFF as of 31 December 1996 were recorded at their net book value in SNCF's accounts.
- Grants transferred to RFF's balance sheet included all grants relating to 1) investments in the Paris commuter network, for a total of €1,068.8 million (€556 million for commissioned assets, and €512.8 million for assets under construction) and 2) assets under construction for the main network amounting to €164.5 million, representing a total of €677.3 million in grants relating to assets under construction.

Réseau Ferré de France also recorded in its opening balance sheet €20.5 billion worth of debt transferred from SNCF, as provided for under the 1997 Act.

II ACCOUNTING POLICIES

The financial statements of RFF have been prepared in accordance with French generally accepted accounting principles (1999 Plan Comptable General). Article 3 of the 1997 Act stipulates that RFF is subject to the rules applicable to industrial and commercial entities with respect to its finances and accounts.

The application by RFF of CRC standard 2000-06 relating to liabilities led to a change in accounting method. This consisted of reclassifying the provision set aside in connection with the dispute with SNCF over non-traffic income from provisions for liabilities and charges to provisions for doubtful debts as of 31 December 2002 (see note II.7.2.).

II/1 TANGIBLE ASSETS AND INVESTMENT GRANTS

INFRASTRUCTURE

RFF has full title to the assets transferred to the Company at the time of its formation, including the French rail network and other land and buildings. It is free to manage these assets as it thinks fit and may either develop or dispose of them, subject to compliance with the rules governing public land (Article 11 of the 1997 Act and Article 5 of Decree no. 97-445 of 5 May 1997).

The public land owned by RFF may not be sold and cannot be subject to attachment (Article 46 of Decree no. 97-444)

The net book value of assets transferred to RFF by SNCF on 1 January 1997 amounted to €22.5 billion.

Tangible assets are stated at acquisition or production cost.

For work carried out by SNCF on behalf of RFF, production cost includes the amounts invoiced by sub-contractors, the cost of materials and SNCF labour determined according to a scale agreed between SNCF and RFF, as well as project management and prime contractor fees specified in the contract between the two companies.

The cost of engineering work carried out in relation to projects is capitalised at the pre-project phase.

For projects carried out directly by RFF, production cost includes engineering costs, construction and maintenance work, land acquisitions and compensation charges as well as direct operating expenses.

Depreciation, amortisation and investment grants

Rail network is depreciated on a straight-line basis over the following useful lives:

• Line earthworks	50 years
• Buildings	50 years
• Building fixtures	10 years
• Civil engineering work	70 years
• Track	30 years
• Level crossings	30 years
• Electrical traction equipment	20 years
• Safety equipment	15 years
• Telecommunications	15 years

Investment grants are written back to the profit and loss account to match the depreciation charged on the related assets.

Grants relating to commissioned assets and assets under construction are recorded in the balance sheet under capital and reserves.

Depreciation is calculated from the date on which each individual asset is put in service. In cases where this principle cannot be applied (projects scheduled at under €2.25 million) assets included in projects put into service in the first half of the year are depreciated as from 31 March and those included in projects put into service in the second half are depreciated as from 30 September.

Operating fixed assets are depreciated/amortised as follows:

• Fixtures and fittings	10 years
• Office furniture and equipment	7 years
• Computers and telecommunications equipment	3 to 5 years
• Vehicles	5 years
• Software	1 to 3 years

Disposals

SNCF provides RFF with the net book value of assets sold during the year on the Company's behalf, as follows:

If the necessary information is available to determine the net book value of the assets concerned - i.e. the acquisition price and year of acquisition or construction - the value is calculated in accordance with the applicable accounting principles.

Where the requisite information is not available, RFF applies the calculation method recommended in the 1983 government circular as described below.

Under this method, specific rules are applied for different types of assets in order to make estimates where actual data is not available.

1. Land

The acquisition price of land is determined based on geographic location.

Twelve separate geographic areas have been designated in France and each allocated a price per square metre, based on 1983 market values.

The net book value of the land at 31 December 1996 is then calculated by multiplying the price per square metre by the surface area of the land sold.

2. Buildings

The first stage of the valuation process for buildings is to determine their acquisition price. This is calculated by applying a coefficient to the actual sale price based on the year of acquisition in order to estimate the cost of the same type of building at that time.

Depreciation is then calculated on the basis of the acquisition price determined in this way.

In order to determine the net book value of buildings which have been depreciated by both SNCF and RFF (before and after 31 December 1996 respectively) depreciation is calculated separately for the following two periods:

- from the acquisition date to 31 December 1996
- from 1 January 1997 to the date of disposal.

Where the year of acquisition is unknown, 1946 is applied by default.

This rule was applied to all disposals in 2002.

II/2 DEBTORS

Debtors are stated at face value. A provision for impairment in value is recorded at year-end if their fair value is below their book value.

Occupancy fees receivable from debtors other than SNCF are written down in full at year-end when they are 12 months past due. Fees that are over 6 months past due are written down by 50%. Debtors subject to a dispute are also written down in full.

II/3 TRANSACTIONS IN FOREIGN CURRENCIES AND PROVISIONS FOR FOREIGN EXCHANGE LOSSES

Monetary assets and liabilities denominated in foreign currencies are converted into euros at the year-end exchange rate, except for assets and liabilities covered by currency swaps representing effective hedges, which are converted at the hedging rate.

Differences arising from conversion at the year-end rate are recorded under assets (unrealised losses) and liabilities (unrealised gains). Provision is made for unrealised losses.

II/4 DERIVATIVES

RFF uses derivatives to manage its exposure to interest rate and currency risks.

The instruments used include interest rate swaps and swaptions, forward currency contracts, and currency swaps and options. RFF uses derivatives exclusively for hedging purposes, and does not carry out any trading transactions.

Profits and losses on hedging instruments are recognised on a symmetrical basis with the loss or profit on the hedged items:

- interest on interest rate swaps and swaptions, as well as any related premiums and equalisation payments are taken to the profit and loss account over the life of the related contracts.

- initial differences between the negotiated forward rate and the spot rate for forward currency contracts and currency swaps (contango/backwardation) are taken to the profit and loss account over the life of the related contracts.

II/5 BORROWINGS

When RFF was established on 1 January 1997, €20.5 billion worth of debt was transferred to the Company's opening balance sheet from SNCF. The term, interest rate and currency of this debt was representative of SNCF's debt structure at the time of formation of RFF.

The characteristics of the debt were modified in 2001 due to loan extension clauses. No further modifications were made in 2002.

Premiums and issuance costs for debt issued directly by RFF are amortised by the yield-to-maturity method. Unamortised issuance costs on the SNCF debt transferred to RFF on 1 January 1997, in the amount of €21.4 million, are being amortised by RFF over the average residual term of the debt.

II/6 CASH AND CASH EQUIVALENTS

Marketable securities are stated at the lower of cost and market.

II/7 INSURANCE

RFF has taken out insurance to cover the financial consequences of any damage caused by its operations in the event of a major incident (in excess of €15 million).

The Company is self-insured for events where third-party liability is not involved, such as storm damage.

II/8 CHANGE OF FINANCIAL STATEMENT PRESENTATION

II/8.1 PROVISIONS RECORDED IN THE BALANCE SHEET

The adoption of CRC standard 2000-06 relating to liabilities had no impact on RFF's opening capital and reserves at 1 January 2002. However it did require the Company to reclassify the provision set aside in connection with the dispute with SNCF concerning non-traffic income from provisions for liabilities and charges to provisions for doubtful debts at 31 December 2002. The provision totalled €125.7 million at 31 December 2002 (31 December 2001: €90.9 million; 31 December 2000: €55.5 million).

II/8.2 MALICIOUS DAMAGE

As malicious damage is now suffered on a regular basis and SNCF is only responsible for a portion of the related costs under the network management agreement between the two companies, RFF recorded malicious damage under operating expenses in 2002 rather than in non-operating expense as in previous years. In 2001 expenses relating to malicious damage amounted to €4.7 million, compared with €3.5 million in 2001.

II/8.3 SALES OF OBSOLETE MATERIALS

As these sales are carried out on a regular basis, they have been recorded under "Cost of materials sold" in operating expenses and "Sales of materials" in operating income for 2002 whereas in previous years the two amounts were netted off. In 2001, the amounts concerned totalled €17.4 million.

III NOTES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

III/1 NOTES TO THE BALANCE SHEET

III/1.1 TANGIBLE AND INTANGIBLE ASSETS

(in € millions)

TYPE	Cost at 1 Jan. 2002	Increases	Transfers	Decreases	Cost at 31 Dec. 2002
INFRASTRUCTURE ASSETS					
Land	5,057.4	34.3	7.6	(17.2)	5,082.1
Line earthworks	3,435.3		16.3		3,451.5
Buildings	629.7	0.5	29.9	(5.4)	654.7
Building fixtures	38.1		4.0		42.1
Track	7,674.4		570.0		8,244.4
Level crossings	456.6		11.6		468.2
Civil engineering work	6,906.6		160.0		7,066.6
Electrification	1,914.8		116.0		2,030.7
Signalling	2,950.5		112.6		3,063.1
Telecommunications	699.6		14.5		714.1
Assets under construction	1,013.2	1,607.4	(1,042.4)		1,578.2
TOTAL INFRASTRUCTURE ASSETS AT COST	30,776.2	1,642.2	0.0	(22.6)	32,395.8
OPERATING ASSETS					
Software	1.8	2.8			4.5
Fixtures and fittings	1.6	8.3			9.9
House alterations on the Mediterranean high-speed line trajectory	0.2	0.3			0.5
Vehicles	0.4	0.0			0.4
Office equipment	0.2	0.0			0.3
Computer equipment	2.4	0.9			3.3
Telecommunications equipment	0.5	0.1			0.5
Furniture	1.4	0.1			1.6
TOTAL OPERATING ASSETS AT COST	8.5	12.4	0.0	0.0	20.9
TOTAL	30,784.7	1,654.5	0.0	(22.6)	32,416.6

CONSTRUCTION OF INFRASTRUCTURE ASSETS

Total 2002 production excluding direct acquisitions amounted to €1,607.4 million.

This breaks down into:

- €1,277.6 million in production carried out by SNCF on behalf of RFF.
- For work carried out by SNCF on behalf of RFF, production cost includes the amounts invoiced by sub-contractors, the cost of

materials and SNCF labour determined according to a scale agreed between SNCF and RFF, as well as project management and prime contractor fees specified in the contract between the two companies.

- €329.8 million in direct production costs for the construction of the East European and South Europe Atlantic high-speed lines, as well as the Nîmes / Montpellier bypass, tunnel works at Fréjus and Saint-Antoine and the "Massif de la Chartreuse"

operation. Lastly, initial engineering work for projects carried out by CPER accounts for an increasing portion of direct production.

The main projects carried out in 2002 are as follows:

Development of RFF operations	700.6
– Extension of high-speed network	420.5
– <i>Mediterranean high-speed line</i>	113.8
– <i>East European high-speed line</i>	297.9
– <i>Other</i>	8.8
– Other track development	265.8
– Productivity programmes	14.3
Compliance work	870.7
– Repairs and renewals	749.7
– <i>Track</i>	553.7
– <i>Civil engineering work</i>	114.9
– <i>Electrification</i>	35.7
– <i>Signalling</i>	42.3
– <i>Other</i>	3.1
– Safety	56.2
– Service quality	20.1
– Other	44.7
Work on other assets	4.4
Third party contracting	31.7
TOTAL	1,607.4

LAND PURCHASES

RFF also purchased land during the year for a total of €34.8 million, including €32.8 million relating to the development of the East European high-speed line.

ASSETS COMMISSIONED DURING THE YEAR

Assets commissioned during the year totalled €1,042.4 million, as follows:

Development of RFF operations	272.6
– Extension of high-speed network	169.2
– <i>Mediterranean high-speed line</i>	169.0
– <i>Other</i>	0.3
– Other track development	99.3
– Productivity programmes	4.1
Compliance work	739.0
– Repairs and renewals	641.5
– <i>Track</i>	482.5
– <i>Civil engineering work</i>	106.4
– <i>Electrification</i>	39.0
– <i>Signalling</i>	13.3
– <i>Other</i>	0.2
– Safety	39.1
– Service quality	20.0
– Other	38.3
Work on other assets	3.8
Third party contracting	27.1
TOTAL	1,042.4

DISPOSALS

Disposal gains and losses are determined based on information provided by SNCF and title deeds signed directly by RFF. Land and buildings with a total net book value of €22.4 million were sold during the year for €103.9 million, netting gains of €81.5 million.

III/1.2 DEPRECIATION AND AMORTISATION

(in € millions)

TYPE OF ASSET	Accumulated depreciation/amortisation at 1 Jan 2002	Increases	Transfers	Decreases	Accumulated depreciation/amortisation at 31 Dec 2002
INFRASTRUCTURE ASSETS					
Line earthworks	276.2	73.6			349.8
Buildings	65.5	15.9		(0.9)	80.5
Building fixtures	9.6	4.1			13.7
Track	1,248.3	280.3			1,528.6
Level crossings	125.3	18.8			144.1
Civil engineering work	444.5	104.2			548.7
Electrification	547.5	123.3			670.8
Signalling	1,106.4	237.6			1,344.0
Telecommunications	282.7	60.3			343.0
TOTAL DEPRECIATION OF INFRASTRUCTURE ASSETS	4,106.0	918.1	0,0	(0,9)	5,023.2

Operating assets

Software	0.7	0.5			1.2
Fixtures and fittings	0.2	0.1			0.3
House alterations on the Mediterranean high-speed line trajectory	0,0	0.0			0.0
Vehicles	0.2	0.0		0.0	0.2
Office equipment	0.1	0.1			0.2
Computer equipment	0.9	0.9			1.8
Telecommunications equipment	0.3	0.1			0.4
Furniture	0.4	0.2			0.6
TOTAL DEPRECIATION AND AMORTISATION OF OPERATING ASSETS	2.8	1.9	0.0	0.0	4.7

TOTAL	4,108.8	920.0	0.0	(0.9)	5,027.9
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DEPRECIATION EXPENSE

Depreciation expense breaks down as follows:

(in € millions)

	31-12-02	31-12-01	31-12-00
TOTAL	TOTAL	TOTAL	TOTAL
Assets transferred on 1 January 1997	599.3	613.6	624.4
Assets commissioned as from 1997	320.7	248.0	160.0
TOTAL	920.0	861.6	784.5

III/1.3 OTHER DEBTORS

Other debtors can be analysed as follows:

(in € millions)

	31-12-02	31-12-01	31-12-00
VAT credit	86.6	29.7	70.8
VAT on invoices not received	81.7	84.6	125.6
Recoverable VAT	60.2	84.3	35.1
VAT on credit notes to be issued	19.3	9.2	6.2
Other prepaid and recoverable taxes	0.2	0.2	0.2
Capital injection receivable from the State	600.0	1,067.1	0.0
Amounts receivable on sales of fixed assets	26.8	6.4	5.8
Grants receivable	154.8	73.4	119.5
Grants not yet claimed ⁽¹⁾	158.5	113.3	85.0
Accrued income on debt instruments	214.2	199.5	164.0
Receivables due from personnel	0.0	0.0	0.0
Prepayments to suppliers	67.7	3.2	0.4
Sundry debtors	2.0	0.2	0.0
TOTAL	1,472.2	1,671.3	612.5

⁽¹⁾ including €3.8 million in operating grants for 2001 and €4.6 million for 2002.

III/1.4 CASH AND CASH EQUIVALENTS, LONG-TERM INVESTMENTS, DEBT MANAGEMENT INSTRUMENTS

Cash and cash equivalents

This item breaks down as follows:

(in € millions)

	31-12-02	31-12-01	31-12-00
MARKETABLE SECURITIES			
Money market securities	0,0	107.0	322.6
Mutual funds	21.6	20.3	63.1
Accrued interest on money market securities	0.0	0.1	0.3
DEBT MANAGEMENT INSTRUMENTS	0.6	0.8	1.7
CASH AT BANK			
Euro-denominated accounts	4.3	9.2	2.2
Foreign currency accounts	0.1	0.0	0.0
TOTAL	26.6	137.4	389.9

In 2000, this item included the bond portfolio transferred to long-term investments in 2001 (see II.6).

Mutual funds exclusively represent units in money market funds.

Long-term investments:

Effective from 2001, the bond portfolio is included in “Long-term investments”.

The following table shows long-term investments at 31 December 2000, 2001 and 2002:

	(in € millions)		
	31-12-02	31-12-01	31-12-00
BOND PORTFOLIO:	1,683.2	2,445.9	2,940.5
Bonds	1,683.2	2,163.9	2,608.5
BTAN Treasury notes (included in money-market securities)		282.0	332.0
Accrued interest on euro-denominated bonds	74.0	89.3	90.2
Accrued interest on bonds denominated in foreign currencies		2.6	3.0
Accrued interest on BTAN Treasury notes		10.8	13.1
Guarantee deposits	3.6	0.4	0.3
Equity securities	0.5	0.3	0.0
TOTAL LONG-TERM INVESTMENTS	1,761.3	2,549.2	3,047.1

Debt management instruments (liabilities)

The €38.2 million recorded under this item at 31 December 2002 represents contracts entered into to hedge interest rate risks in connection with RFF's active debt management.

Details of the bond portfolio by issuer and maturity

(in € millions)						
ISSUER/MATURITY	2003	2004	2005	2006	TOTAL	%
Supranational issuers		66.5	58.8		125.3	7%
Sovereign debt	501.6	200.0		153.1	854.6	51%
Government agencies	30.0	268.3			298.3	18%
Secured bonds			404.9		404.9	24%
TOTAL	531.6	534.8	463.7	153.1	1,683.2	100%

III/1.5 PREPAID EXPENSES

Prepaid expenses break down as follows:

	(in € millions)		
	31-12-02	31-12-01	31-12-00
Interest on commercial paper denominated in foreign currencies	2.5	4.1	4.4
Interest on French commercial paper	4.7	1.6	0.8
Equalisation payments on interest rate swaps	16.9	16.1	3.0
Contango/backwardation	2.6	1.4	0.0
Other, including prepaid rentals and expenses	0.4	0.5	0.8
TOTAL	27.0	23.8	9.0

III/1.6 DEFERRED CHARGES

	(in € millions)			
	Gross	Amortisation for the year	Accumulated amortisation	Net
This item breaks down as follows:				
Debt premiums and issuance costs	228.4	13.3	38.7	189.7
Unamortised issuance costs on debt transferred from SNCF	21.4	3.1	18.3	3.1
Discounts/premiums on bond portfolio	197.9	34.7	168.1	29.8
SUB-TOTAL	447.7	51.0	225.1	222.6
Bond redemption premiums ⁽¹⁾	430.3	7.1	24.7	405.6
TOTAL	878.0	58.1	249.8	628.2

⁽¹⁾ Corresponding to the redemption premium on zero coupon bonds, amortised on a yield-to-maturity basis.

III/1.7 STATEMENT OF CHANGES IN CAPITAL AND RESERVES

	Initial capital endowment	Capital injections	Deficit	Net loss for the year	Investment grants ⁽¹⁾	Total
31 DECEMBER 2001	856.2	7,546.2	(7,520.6)	(1,646.5)	2,561.5	1,796.9
Capital injections ⁽²⁾		1,362.3				1,362.3
Appropriation of prior year loss			(1,646.5)	1,646.5		0.0
Net loss for the year				(1,586.5)		(1,586.5)
Investment grants – commissioned assets					94.3	94.3
Investment grants – assets under construction					375.2	375.2
31 DECEMBER 2002	856.2	8,908.5	(9,167.1)	(1,586.5)	3,031.0	2,024.2

⁽¹⁾ See details on the following page.

⁽²⁾ Representing part of the 2001 capital injection due by the French State and paid in May 2002 in an amount of €762.3 million and part of the 2002

III/1.8 INVESTMENT GRANTS

	(in € millions)				
Investment grants for commissioned assets	Net at 1 Jan. 2002	Grants related to co-financed projects	Transfers	Grants written back to income	Net at 31 Dec. 2001
Land	21.0	3.3		(3.1)	21.2
Line earthworks	149.9	(4.1)		(3.1)	142.7
Buildings	82.0	5.9		(1.8)	86.1
Building fixtures	5.3	0.6		(0.8)	5.1
Civil engineering work	1,062.0	56.2		(16.7)	1,101.5
Track	387.3	59.3		(16.0)	430.6
Level crossings	17.2	0.3		(0.8)	16.7
Electrification	141.7	19.0		(9.8)	150.9
Signalling	264.6	31.7		(24.7)	271.6
Telecommunications	54.5	5.3		(5.3)	54.5
Operating assets	1.2	(1.1)		0.0	0.1
TOTAL	2,186.7	176.3	0.0	(82.1)	2,280.9

Investment grants for assets under construction

Grants for assets under construction are recognised by the percentage of completion method. They are included in capital and reserves under "Investment grants – assets under construction".

• Total grants claimed since 1 January 1997	2 890,3
• Total grants received since 1 January 1997	(2159,8)
• Investment grants claimed in advance	(134,5)
• Investment grants not yet claimed	153,9

• Investment grants for assets under construction	750,0
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Investment grants claimed but not yet received at 31 December 2002 amounted to €154.8 million.

Investment grants related to fixed assets produced increased two-fold during 2002 to €551.5 million compared with €263 million in 2001. This increase is primarily due to the €264 million rise in the investment grant concerning the East European high-speed line in 2002.

In the summer of 2002, RFF announced that there was a risk of the estimated construction cost for this project being €300 million higher than the amount originally estimated. As no decision has been reached concerning the allocation of this additional cost between the French State and RFF, the Company has not adjusted the calculation of the investment grant related to the project.

III/1.9 PROVISIONS FOR LIABILITIES AND CHARGES

(in € millions)

TYPE	Amount at		Additions in 2002	Releases in 2002		Amount at 31-Dec-2002
	31-Dec-2000	31-Dec-2001		Provisions utilised	Surplus provisions	
PROVISIONS FOR FOREIGN EXCHANGE LOSSES						
On CHF debt	140.1	140.1	17.5	37.5		120.1
On Charisma issue	7.9	6.4	0.0	1.8		4.6
On other issues	0.0	0.0	0.0	0.0		
PROVISIONS FOR LIABILITIES AND CHARGES						
IT dispute	0.0	0.0	0.5			0.5
Disposal losses	1.6	0.1	0.0	0.0		0.1
TOTAL	149.6	146.6	18.1	39.3	0.0	125.3

As explained in note II.3, Swiss franc debt transferred from SNCF is converted and recorded in euros at the year-end exchange rate. At the end of the period, conversion losses are recorded in assets under "unrealised foreign exchange losses".

In July 2001, RFF and Transcial entered into an agreement under which RFF agreed to pay a fixed fee for the design of a computerised billing system for infrastructure fees. RFF terminated the agreement in July 2002 as Transcial had not met the applicable deadlines for the work concerned. In the same month, Transiciel applied to the Commercial Court claiming €1.2 million in damages. RFF considers that it was justified in terminating the contract but for reasons of prudence has recorded a €531,000 provision in relation to this dispute.

The adoption of CRC standard 2000-06 relating to liabilities had no impact on RFF's opening capital and reserves at 1 January 2002. However it did require the Company to reclassify the provision set aside in connection with the dispute with SNCF concerning non-traffic income from provisions for liabilities and charges to provisions for doubtful debts at 31 December 2002 (see note II/7.1).

III/1.10 BORROWINGS (ANALYSIS BY TYPE)

RFF raises funds on the bond market to cover its long-term financing needs. To provide additional liquidity, the Company uses short-term financing instruments such as commercial paper. The wide range of short-term financing instruments used by RFF guarantees access to liquid financing.

III/1.10.1 NET DEBT

RFF's borrowings break down as follows:

(in € millions)

	31-Dec-2000 / Y - 2	31-Dec-2001 / Y -1	31-Dec-2002 / Y	Change / (Y-1) - Y
DEBT TRANSFERRED FROM SNCF				
Principal	15,700.4	13,795.9	11,829.0	(1,966.9)
– Transferred debt	15,490.5	13,512.5	11,545.8	(1,966.7)
– Greater Paris Region loans	6.6	9.9	9.7	(0.2)
– Rollover of EIB line	203.3	273.5	273.5	0.0
Accrued interest:	561.9	500.1	393.4	(106.7)
RFF DEBT ISSUES				0.0
Principal	10,825.4	13,864.5	15,329.8	1,465.3
– Of which short-term	808.0	1,599.3	1,916.3	317.0
– Of which long-term	9,982.5	12,226.9	13,370.5	1,143.6
– Greater Paris Region loans	34.9	38.3	43.0	4.7
Accrued interest	254.3	305.5	331.1	25.6
Bank overdrafts	5.2	3.8	3.3	(0.5)
Guarantee deposits received	0.0	0.1	1.3	1.2

TOTAL BORROWINGS (A)	27,347.2	28,469.9	27,887.9	(582.0)
Marketable securities and long-term investments (B)	3,436.7	2,686.7	1,788.0	(898.7)
Net debt (A) - (B)	23,910.5	25,783.2	26,099.9	316.7

Short-term debt:

In addition to the French Commercial Paper programme, a US\$ 2 billion Global US and Euro Commercial Paper Programme was set up in 1998 to diversify RFF's sources of funds. This also allows RFF to cultivate a global investor base.

Average outstanding short-term debt in 2002 can be analysed as follows:

– French commercial paper	47%
– US commercial paper	5%
– Euro commercial paper	48%

RFF's presence on these three markets (France, Europe and the USA) allows the Company to raise substantial amounts very quickly. In addition, the use of several borrowing currencies allows RFF to optimise its borrowing costs by taking advantage of market opportunities.

Average short-term financing raised by RFF in 2002 amounted to €1,270 million.

Four currencies were used: USD, EUR, CHF and GBP.

The €1.5 billion multi-currency syndicated facility maturing on 29 December 2007 – used as collateral for Commercial Paper programmes – was renewed at the end of the year.

Long-term debt:

In 2002, RFF raised €1,144 million in long-term financing, through a total of 7 issues carried out on the Euro, Sterling and Yen markets, along with a US dollar loan.

The tables below show the breakdown of RFF's short- and long-term debt, by currency and interest rate:

(in € millions)

DEBT BEFORE SWAPS	GROSS	DUE WITHIN ONE YEAR	DUE IN ONE TO FIVE YEARS	DUE IN MORE THAN FIVE YEARS
A - DEBT	15,329.8	1,917.9	227.4	13,184.6
1 – BOND ISSUES	13,413.5	1.6	227.4	13,184.6
TOTAL FIXED RATE	12,681.9	0.0	165.0	12,516.9
TOTAL FLOATING RATE	731.7	1.6	62.4	667.7
EUR fixed rate	8,066.1	0.0	0.0	8,066.1
EUR floating rate ^(*)	594.2	1.6	7.5	585.1
TOTAL EUR	8,660.2	1.6	7.5	8,651.2
CHF fixed rate	698.9	0.0	0.0	698.9
CHF floating rate	0.0	0.0	0.0	0.0
TOTAL CHF	698.9	0.0	0.0	698.9
GBP fixed rate	3,819.6	0.0	165.0	3,654.6
GBP floating rate	82.6	0.0	0.0	82.6
TOTAL GBP	3,902.2	0.0	165.0	3,737.2
JPY fixed rate	97.4	0.0	0.0	97.4
JPY floating rate	0.0	0.0	0.0	0.0
TOTAL JPY	97.4	0.0	0.0	97.4
USD fixed rate	0.0	0.0	0.0	
USD floating rate	54.9	0.0	54.9	0.0
TOTAL USD	54.9	0.0	54.9	0.0
2 - MONEY MARKET SECURITIES	1,916.3	1,916.3	0.0	0.0
French Commercial Paper	907.0	907.0	0.0	0.0
Euro Commercial Paper			0.0	0.0
EUR	103.0	103.0	0.0	0.0
GBP	0.0	0.0		
CHF	232.1	232.1		
USD	570.1	570.1	0.0	0.0
US Commercial Paper	104.1	104.1	0.0	0.0

* Of which Greater Paris Region loans totalling €43,036 million.

(in € millions)

DEBT BEFORE SWAPS	GROSS	DUE WITHIN ONE YEAR	DUE IN ONE TO FIVE YEARS	DUE IN MORE THAN FIVE YEARS
B - ACCRUED INTEREST	332.4	332.4	0.0	0.0
BOND ISSUES	325.2	325.2	0.0	0.0
TOTAL FIXED RATE	320.2	320.2	0.0	0.0
TOTAL FLOATING RATE	5.0	5.0	0.0	0.0
EUR fixed rate	257.0	257.0	0.0	0.0
EUR floating rate ^(*)	4.1	4.1	0.0	0.0
TOTAL EUR	261.1	261.1	0.0	0.0
CHF fixed rate	11.2	11.2	0.0	0.0
CHF floating rate	0.0	0.0	0.0	0.0
TOTAL CHF	11.2	11.2	0.0	0.0
GBP fixed rate	51.5	51.5	0.0	0.0
GBP floating rate	0.9	0.9	0.0	0.0
TOTAL GBP	52.4	52.4	0.0	0.0
JPY fixed rate	0.4	0.4	0.0	0.0
JPY floating rate	0.0	0.0	0.0	0.0
TOTAL JPY	0.4	0.4	0.0	0.0
USD fixed rate	0.1	0.1	0.0	0.0
USD floating rate	0.1	0.1	0.0	0.0
TOTAL USD	0.2	0.2	0.0	0.0
C - PREPAID INTEREST	7.2	7.2	0.0	0.0
French Commercial Paper	4.2	4.2	0.0	0.0
Euro Commercial Paper	0.0		0.0	0.0
EUR	0.7	0.7	0.0	0.0
GBP	0.0	0.0		
CHF	0.4	0.4		
USD	1.8	1.8	0.0	0.0
US Commercial Paper	0.2	0.2	0.0	0.0

III/1.10.2 DEBT TRANSFERRED FROM SNCF

The table below gives a breakdown of the debt transferred from SNCF to RFF by main category.

(in € millions)				
	GROSS	DUE WITHIN ONE YEAR	DUE IN ONE TO FIVE YEARS	DUE IN MORE THAN FIVE YEARS
TOTAL	12,222.3	2,070.1	6,458.9	3,693.4
A - TRANSFERRED DEBT	11,829.0	1,692.1	6,443.5	3,693.4
EUR fixed rate	8,908.2	1,513.4	5,123.7	2,271.0
EUR floating rate	1,722.9	178.3	654.3	890.3
<i>o/w Greater Paris region loans</i>	9.7	0.4	1.7	7.6
TOTAL EUR	10,631.1	1,691.7	5,778.0	3,161.3
GBP fixed rate	0.0			
GBP floating rate	345.5			345.5
<i>o/w rollover of EIB line</i>	273.5			273.5
TOTAL GBP	345.5			345.5
CHF fixed rate	852.5	0.4	665.5	186.6
CHF floating rate	0.0	0.0	0.0	0.0
TOTAL CHF	852.5	0.4	665.5	186.6
B - ACCRUED INTEREST	393.3	378.0	15.4	0.0
EUR fixed rate	361.4	346.1	15.4	
EUR floating rate	12.5	12.5		0.0
TOTAL EUR	373.9	358.6	15.4	
GBP fixed rate	0.0			
GBP floating rate	0.5	0.5		
TOTAL GBP	0.5	0.5		
CHF fixed rate	18.9	18.9	0.0	0.0
CHF floating rate	0.0	0.0	0.0	0.0
TOTAL CHF	18.9	18.9	0.0	0.0
C- SWAPTIONS	673.8	0.7	673.0	0.0
Outstanding	673.0	0.0	673.0	
Accrued interest receivable	0.7	0.7	0.0	0.0

III/1.11 LONG-TERM DEBT (SUMMARY)

The following table analyses RFF's long-term debt by interest rate and year-on-year changes, taking into account the impact of interest rate and currency swaps.

(n € millions – at 31 December 2002)															
Currency	Fixed rate debt			Average rate of fixed-rate debt (%)			Average sensitivity* of fixed rate debt (%)			Floating rate debt			Total debt		
	2000	2001	2002	2000	2001	2002	2000	2001	2002	2000	2001	2002	2000	2001	2002
EUR	14,922.2	20,391.7	18,475.6	7.22	6.34	6.59	5.77	5.49	6.99	9,373.6	4,529.1	5,914.4	24,295.8	24,920.8	24,390.0
CHF	892.4	596.4	297.2	5.02	4.79	4.45	3.00	4.55	4.15	529.5	543.9	555.3	1 421.9	1,140.3	852.5
TOTAL	15,814.6	20,988.1	18,772.8	7.10	6.30	6.56	5.61	5.46	6.63	9,903.1	5,073.0	6,469.7	25,717.7	26,061.1	25,242.5
En %	61.49%	80.53%	74.37%							38.51%	19.47%	25.63%	100%	100%	100%
* Sensitivity: the relative change in the value of debt caused by a 1 bp change in the yield to maturity.													2000	2001	2002
TOTAL DEBT													25,717.7	26,061.1	25,242.5
Total accrued interest on RFF - issued debt													254.3	305.5	331.1
Accrued interest on transferred debt													561.9	500.1	393.4
TOTAL													26,533.9	26,866.7	25,967.0

III/1.12 MATURITIES OF DEBTORS AND CREDITORS AT 31 DECEMBER 2002

(in € millions)			
DEBTORS	Gross	Due within one year	Due in more than one year
TRADE DEBTORS:			
Trade debtors	32.1	32.1	
DUE FROM SNCF	663.4	663.4	0.0
Credit notes receivable from SNCF	12.8	12.8	
Invoices to be issued to SNCF	286.6	286.6	
Due from SNCF in connection with property disposals	0.1	0.1	
Due from SNCF in connection with non-traffic income and electricity sales	363.9	363.9	
OTHER DEBTORS	1,472.2	1,472.2	0.0
Other operating debtors:	1,258.2	1,258.2	
Prepaid tax and personnel costs	248.2	248.2	
Capital injection receivable from the State	600.0	600.0	
Amounts receivable on sales of fixed assets	26.8	26.8	
Grants receivable	154.8	154.8	
Grants not yet claimed	158.5	158.5	
Sundry debtors	69.7	69.7	
Receivables related to financial instruments			
Accrued income on debt instruments	214.1	214.1	
TOTAL	2,167.7	2,167.7	0.0

(in € millions)

CREDITORS*	Gross	Due within one year	Due in one to five years	Due in more than five years
BORROWINGS				
Borrowings	27,886.6	4,322.4	6,686.3	16,878.0
Other (guarantee deposits received)	1.3	0.0		1.3
OPERATING CREDITORS	502.2	502.2	0.0	0.0
Trade creditors	105.2	105.2		
Accrued taxes and personnel costs	397.1	397.1		
DUE TO SNCF	739.4	739.4	0.0	0.0
Invoices not received from SNCF	422.2	422.2		
Credit notes to be issued to SNCF	121.9	121.9		
Other amounts due to SNCF	195.2	195.2		
OTHER LIABILITIES	428.7	428.7	0.0	0.0
Other operating liabilities	168.3	168.3		
– Prepaid investment grants	134.5	134.5		
– Balance due on acquisitions of equity securities (LTF)	0.7	0.7		
– Other liabilities	33.1	33.1		
Other liabilities on financial instruments	260.5	260.5		
– Accrued interest on debt instruments	254.5	254.5		
– Currency swap accounts	6.0	6.0		
TOTAL	29,558.3	5,992.7	6,686.3	16,879.3

* Excluding advances and prepayments and grants received for assets under construction.

SNCF current account balances break down as follows:

(in € millions)

	31-12-02	31-12-01	31-12-00
Géode current account	(4.5)	0.1	42.8
Operating current account	4.0	(17.0)	(1.3)
Financial current account	0.6	–	–
TOTAL	0.1	(16.9)	41.5

Movements in provisions for doubtful debts break down as follows:

(in € millions)

TYPE	Amount at 31-Dec-2001	Additions in 2002	Releases in 2002 Provisions utilised	Releases in 2002 Surplus provisions	Amount at 31-Dec-2002
Provisions for doubtful debts	0.6	2.8			3.4
Provision relating to non-traffic income	90.9	38.0	3.2		125.7
TOTAL	91.5	40.8	3.2	0.0	129.1

The adoption of CRC standard 2000-06 relating to liabilities had no impact on RFF's opening capital and reserves at 1 January 2002. However it did require the Company to reclassify the provision set

aside in connection with the dispute with SNCF concerning non-traffic income from provisions for liabilities and charges to provisions for doubtful debts at 31 December 2002 (see note II.7.1.).

III/1.13 DEFERRED INCOME

Deferred income can be analysed as follows:

(in € millions)

	31-12-02	31-12-01	31-12-00
Prepaid occupancy fees	12.5	4.0	3.2
Prepaid grants	0.0	0.0	1.9
Interest on money market securities	(0.1)	0.0	1.1
Bond issue premiums	68.1	39.3	13.9
Equalisation payments on interest rate swaps	136.9	164.2	202.9
Contango/backwardation	0.0	0.3	1.2
TOTAL	217.5	207.8	224.2

III/2 NOTES TO THE PROFIT AND LOSS ACCOUNT

III/2.1 ANALYSIS OF TURNOVER

(in € millions)

	31-12-02	31-12-01	31-12-00
Infrastructure fees	1,824.3	1,630.2	1,498.9
Electricity sales	123.8	136.5	133.9
Additional electricity fees	97.5	47.9	47.1
Other service fees	17.7	17.3	16.3
Non-traffic income	37.4	66.3	63.2
Occupancy fees, directly managed assets	13.1	13.4	12.1
Income from private sidings	39.9	51.6	3.2
Sales of materials	36.1		
Other	3.7	4.7	2.1
TOTAL	2,193.3	1,967.9	1,776.8

III/2.2 NETWORK MANAGEMENT FEES

The management principles for the French national rail network are set out in Article 11 of Decree 97-444 of 5 May 1997 which establishes RFF's functions and bylaws.

SNCF performs three main services for RFF:

- 1 – Production of train schedules
- 2 – Management of safety and control systems and traffic management.
- 3 – Maintenance and repair of the entire rail infrastructure.

SNCF is paid a standard fee for each of these three service categories (Article 15 of Decree 97-444).

In addition, in 2002 RFF paid SNCF an asset management fee of €109.6 million.

III/2.3 PURCHASE AND RESALE OF TRACTION ELECTRICITY

1 – Transmission of high-voltage electricity used by the whole rail system As there is currently no contract between EDF, RTE, SNCF and RFF governing the electricity supply for the railway network, the following principles were applied in 2002:

- RFF, which is qualified as an eligible customer within the meaning of Act no. 2000-108, paid fees to RTE for the transmission of the high-voltage electricity used by the entire railway system up to its sub-stations which are connected to the public electricity transmission network. In 2002, these fees amounted to €109.8 million and were recorded as an expense in RFF's accounts.
- RFF then billed the full amount of these fees to SNCF, the

sole operator in 2002, as additional traction electricity services. These billings were authorised by RFF's Board of Directors on 28 November 2002. The total amount billed in 2002 came to €109.8 million.

2 – SNCF purchased services on behalf of RFF corresponding to losses of electricity in the substations and overhead lines owned by RFF.

The cost is billed to RFF which then bills the amounts back to SNCF as the sole consumer of traction electricity. These billings amounted to €14 million in 2002.

3 – In 2002, RFF billed SNCF a total of €97.5 million in additional electricity fees.

III/2.4 PERSONNEL COSTS

(in € millions)			
DIRECT SALARIES	31-12-02	31-12-01	31-12-00
Salaries	14.7	10.5	6.3
Payroll taxes	6.4	4.7	2.8
TOTAL	21.1	15.2	9.1

The cost of personnel seconded to RFF is reported under "Other external charges".

Personnel seconded to RFF:	6.4	5.9	4.9
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III/2.5 NUMBER OF EMPLOYEES AND PAYROLL

At 31 December 2002, RFF had 422 employees, including 39 specifically assigned civil servants and 69 seconded staff (59 from SNCF, 4 private sector employees, 4 from RATP Paris public transport authority, 1 from Crédit Foncier and 1 from SCET). In 2001, the Company had 318 employees. In 2002, total payroll amounted to €21.1 million.

Total remuneration paid to the eleven members of the RFF Executive Committee in 2002 (average number for the year) amounted to €1,257,628.62.

III/2.6 NON-RECURRING ITEMS

Non-recurring items primarily concern asset sales, with proceeds from asset sales almost doubling in 2002 to €103.9 million compared with €54.3 million a year earlier. Six transactions accounted for 62% of these proceeds, including the sale of land at Vincennes and Charenton and the Paris Rive Gauche business centre.

RFF also carried out "bulk" sales which generated significant capital gains.

Expenses relating to storm damage were recorded in an amount of €3.3 million in 2002.

IV OFF-BALANCE SHEET COMMITMENTS

IV/1 COMMITMENTS GIVEN AND RECEIVED ON FINANCIAL INSTRUMENTS

RFF is exposed to market risk in connection with the management of borrowing costs. RFF uses a variety of financial instruments to optimise borrowing costs, based on an analysis of its general exposure to risk – primarily arising from changes in interest and exchange rates – within the limits set by the Board of Directors.

LONG-TERM DEBT MANAGEMENT

Fixed/floating rate debt

RFF manages a structural fixed/floating rate position to reduce borrowing costs, using interest rate swaps and swaptions within the limits set by the Board of Directors.

Management of current maturities of long-term debt in CHF transferred from SNCF

RFF hedges currency risks on short-dated maturities of long-term debt in CHF transferred from SNCF, using forward purchase contracts.

MANAGEMENT OF SIGNATURE AND COUNTERPARTY RISK

Signature risk

Signature risks correspond to RFF's exposure on its investments in certificates of deposits and French and international

commercial paper. Exposure limits are set on a notional amount. Counterparties must be rated at least A1 / P1 and the maximum exposure is limited to €305 million per counterparty (except CDC IXIS Capital Markets, for which the limit is €762 million). The same limits apply to mutual fund trustees.

Counterparty risk

RFF is exposed to counterparty risk on OTC instruments. Counterparty risk corresponds to the risk of the counterparty defaulting on its commitments when the spread is in RFF's favour.

RFF assesses these risks by marking to market its commitments with duly approved counterparties.

Collateral contracts are established with all counterparties. Collateral must be put up as soon as the counterparty's credit rating slips below AA- / Aa3. The rating taken into account is that awarded by two of the following three rating agencies: Fitch, Moody's, Standard & Poor's.

Notional amount of financial derivatives

The contracts or notional amounts presented below do not constitute the amounts payable or receivable and consequently do not represent the risk to which RFF is exposed due to its use of derivatives:

		31-12-02	31-12-01	31-12-00
(Amount in million foreign currency units)				
I - FUTURES AND FORWARD CONTRACTS				
Interest rate instruments:				
■ OTC:				
Hedging transactions:				
EUR swaps:				
– Specific hedges	< 1 year	 1,961.6 EUR	 1,085.5 EUR	 7,655.0 EUR
	1-5 years	 2,801.6 EUR	 4,783.2 EUR	
	> 5 years	 3,269.8 EUR	 3,269.8 EUR	
– General hedges	< 1 year	 766.9 EUR	 365.8 EUR	
	1-5 years		 766.9 EUR	
	> 5 years			
Swaps in other currencies:				
– Specific hedges	< 1 year			 806.5 CHF
	1-5 years	 806.5 CHF	 806.5 CHF	
	> 5 years			
EUR caps:				
– Specific hedges	< 1 year	 381.1 EUR	 314.6 EUR	
	1-5 years		 381.1 EUR	
	> 5 years	 124.7 EUR	 124.7 EUR	
– General hedges	< 1 year	 370.0 EUR	 798.0 EUR	
	1- 5 years		 370.0 EUR	
	> 5 years			
EUR floors:				
– Specific hedges	< 1 years	 214.0 EUR	 192.0 EUR	
	1-5 years		 214.0 EUR	
	> 5 years			
– General hedges	< 1 year	 222.0 EUR	 478.8 EUR	
	1-5 years		 222.0 EUR	
	> 5 years			

IV/2 OTHER COMMITMENTS GIVEN AND RECEIVED

As the multi-currency credit facility signed on 29 December 1997 now only has only one €914.7 million 5-year tranche, no drawdowns were made in 2002. A new €1,500 million five-year credit line was set up on 18 December 2002.

		31-12-02	31-12-01	31-12-00
(Amount in million foreign currency units)				
II - FOREX TRANSACTIONS				
OTC hedging transactions::				
EUR forward contracts:				
	< 1 year	 667.0 USD	 891.5 USD	 497.0 USD
		 0.0 GBP	 65.0 GBP	 277.7 CHF
		 340.0 CHF		
	1-5 years			
	> 5 years			
EUR currency swaps:				
	< 1 year		... 20,000.0 JPY	... 20,000.0 JPY
	1-5 years	 100.0 GBP	 100.0 GBP	 100.0 GBP
		 55.0 USD		 55.5 USD
	> 5 years	 1,100.0 CHF	 1,100.0 CHF	 800.0 CHF
		 2,316.3 GBP	 1,966.0 GBP	 1,472.0 GBP
		... 12,000.0 JPY	 5,000.0 JPY	 5,000.0 JPY
EUR currency options:				
	< 1 year			
	1-5 years	 912.3 CHF		
	> 5 years		 1,254.1 CHF	 1,667.7 CHF
III - OTHER OFF-BALANCE SHEET COMMITMENTS				
Financing commitments::				
■ Commitments received:				
Syndicated multi-currency loan		 1 500.0 EUR	 914.7 EUR	 914.7 EUR
Bonds		 0.0 EUR		 75.0 GBP
Greater Paris Region loan		 0.0 EUR	 0.1 EUR	 3.2 EUR

V SIGNIFICANT EVENTS OF THE YEAR

V/1 SIGNIFICANT EVENTS OF THE YEAR

On 25 October 1996 SNCF created Télécom Développement in which it has a majority stake. On 22 November 1996, the two companies entered into a framework agreement concerning the right to use the public rail network and its existing fibre optic capacities for a thirty-year period.

Under Act number 97-135 of 13 February 1997 ownership of

the public railwork network was transferred to RFF but the Company has never received any fees from Télécom Développement for its occupancy of public land or the use of the fiber optic capacities.

As the legal opinions relating to this matter are contradictory and negotiations are still under way with SNCF and Télécom Développement, RFF has not recorded any income in relation to these fees.

Auditors' report on the financial statements

YEAR ENDED 31 DECEMBER 2002

In compliance with the assignment entrusted to us by the Economy, Finance and Budget Minister, we hereby report to you, for the year ended 31 December 2002 on:

- the audit of the accompanying financial statements of Réseau Ferré de France (RFF),
- the specific verifications and information required by the law. These financial statements have been approved by the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

1• OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with the professional standards applied in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Based on our audit work, our opinion on the financial statements is qualified due to the significant differences at 31 December 2002 between RFF and SNCF concerning the transfer of certain property and the non-traffic income relating thereto. The balance sheet of RFF at 31 December 2002 includes a provision of €125.7 million to align the amounts recognised in RFF's accounts with the amounts proposed by SNCF. This position is prudent.

Subject to the above qualification, in our opinion, the financial statements give a true and fair view of the Company's financial position and its assets and liabilities as of 31 December 2002,

and of the results of its operations for the year then ended in accordance with French accounting principles and regulations.

Without further qualifying our opinion expressed above, we emphasise the following matters:

1. note II.8 to the financial statements, which explains certain changes made to the presentation of the financial statements in 2002,
2. note III.2 to the financial statements, which explains that certain payments between RFF and SNCF are determined on the basis stipulated in the laws which created RFF,
3. note III.1.8 to the financial statements, which explains the treatment of the budget overruns relating to the East European high-speed line,
4. note V to the financial statements, which describes the situation relating to RFF's relations with Télécom Développement.

2• SPECIFIC VERIFICATIONS AND INFORMATION

We have also performed the specific verifications required by the law, in accordance with the professional standards applied in France.

Except for the above emphasis of matters, we have no comments as to the fair presentation and the conformity with the financial statements of the information given in the management report of the Board of Directors and the documents provided with respect to the financial position and the financial statements.

In accordance with the law, we have verified that the management report contains the appropriate disclosures as to the acquisition of shares and controlling interests.

Paris, 11 April 2003

Coopers & Lybrand Audit
Member of PricewaterhouseCoopers

The Statutory Auditors

RSM Salustro Reydel

Pierre-Bernard Anglade

Serge Villepelet

Edouard Salustro

Philippe Arnaud

UNDISCLOSED CAPITAL CONTRIBUTIONS

The undisclosed capital contributions (preceding year: € 41,500 thousand) were repaid during the fiscal year.

During the year under review, expenses of € 2,513 thousand (preceding year: € 2,930 thousand) were incurred in servicing the undisclosed capital contributions.

The contracts related to partial profit and loss transfer agreements pursuant to § 292 para. 1 No. 2 of the German Stock Corporation Act (Aktiengesetz, AktG).

REVALUATION RESERVE

No revaluation reserves were added to the liable equity capital pursuant to § 10 para. 4a of the German Banking Act (Kreditwesengesetz, KWG) (preceding year: € 29,667 thousand).

CURRENCY POSITIONS

The total amount of assets in foreign currencies (excluding euro currencies) amounted to € 3,515,585 thousand (preceding year: € 3,680,073 thousand). At the year end, liabilities in foreign currencies amounted to € 2,105,872 thousand (preceding year: € 2,318,565 thousand).

ASSETS TRANSFERRED AS COLLATERAL

As part of its open market operations with the European Central Bank, the Bank pledged a corresponding amount of securities as collateral for liabilities amounting to € 1,500,949 thousand (shown under item 1b, Equity and liabilities); securities with a book value of € 4,136,906 thousand were sold under repurchase agreements. Claims totalling € 528,964 thousand arising from loan relationships were assigned as collateral for loans taken out.

OTHER COMMITMENTS (ITEM 2C (BELOW THE LINE), EQUITY AND LIABILITIES)

Of the irrevocable loan commitments shown, an amount of € 646,389 thousand (preceding year: € 1,203,385 thousand) related to mortgage loans and an amount of € 0 (preceding year: € 102,258 thousand) related to municipal loans.

DEVELOPMENT OF RESERVES (ITEM 12 b + c, EQUITY AND LIABILITIES) in € thousands

b)				
Additional paid-in capital			2003	2002
Carried forward				
to 1 January			733,742	733,742
Change			1,120,000	–
Position at				
31 December			1,853,742	733,742
c)				
Retained earnings	Legal reserve	Other reserve	Total 2003	Total 2002
Carried forward				
to 1 January	12,655	248,334	260,989	260,989
Change	–	–	–	–
Position at				
31 December	12,655	248,334	260,989	260,989

RECEIVABLES FROM AND LIABILITIES TO AFFILIATED COMPANIES AND COMPANIES WITH WHOM A PARTICIPATORY RELATIONSHIP EXISTS in € thousands

Balance sheet item	from/to affiliated companies		from/to affiliated companies with whom a participatory relationship exists	
	2003	2002	2003	2002
Loans and advances to other banks (Item 2, Assets)	600,691	4,674,471	–	–
Loans and advances to customers (Item 3, Assets)	258,636	213,307	487,141	484,350
Bonds and other fixed-income securities (Item 4, Assets)	15,143	132,945	–	53,812
Accounts due to other banks (Item 1, Equity and liabilities)	–	1,291,139	–	–
Accounts due to customers (Item 2, Equity and liabilities)	694	1,649	–	–
Debts evidenced by certificates (Item 3, Equity and liabilities)	51,296	3,887,676	–	–
Subordinated liabilities (Item 9, Equity and liabilities)	–	197,636	–	–

Notes to the income statement

REMUNERATION PAID TO MEMBERS OF THE BOARD OF MANAGING DIRECTORS AND THE SUPERVISORY BOARD, ADMINISTRATIVE EXPENSES (ITEM 3, EXPENSES)

Total remuneration to members of the Board of Managing Directors in the year under review amounted to € 2,964 thousand (preceding year: € 4,019 thousand) and is divided as follows:

in € thousands	
Fixed remuneration	1,577
Performance-related remuneration	1,132
Components with a long-term incentive effect	255

For 2003, pensions for and payments to surviving dependents of former members of the Board of Managing Directors amounted to € 3,164 thousand (preceding year: € 4,844 thousand).

Remuneration to members of the Supervisory Board in the year under review amounted to € 326 thousand (preceding year: € 574 thousand). During the year under review, this remuneration consisted solely of fixed remuneration. Remuneration paid to members of the Advisory Council during the year under review amounted to € 16 thousand (preceding year: € 41 thousand).

AMORTISATION, DEPRECIATION AND WRITEDOWNS ON INTANGIBLE AND TANGIBLE ASSETS (ITEM 4, EXPENSES)

Reducing the residual useful life of the old IT system to the period up to 31 December 2003 resulted in depreciation of € 34,014 thousand. Amortisation/depreciation effected on the basis of fiscal provisions was not of material significance during the year under review.

OTHER OPERATING EXPENSES (ITEM 5, EXPENSES)

Other operating expenses mainly contain an amount of € 1,182 thousand in expenses for buildings owned by the Bank and for land and buildings acquired under the Bank's mortgage business, as well as an amount of € 1,406 thousand in respect of currency translation losses.

AMORTISATION/DEPRECIATION AND WRITE-DOWNS IN RESPECT OF PARTICIPATING INTERESTS, SHARES IN AFFILIATED COMPANIES AND INVESTMENT SECURITIES (ITEM 7, EXPENSES)

During the year under review, the sale of an affiliated company resulted in a loss of € 33,305 thousand.

Amortisation/depreciation in respect of shares in affiliated companies amounted to € 15,600 thousand.

EXTRAORDINARY EXPENSES (ITEM 9, EXPENSES)

The extraordinary expenses include an amount of € 50,800 thousand for restructuring expenses, an amount of € 26,621 thousand representing the loss from the merger with Westfälische Hypothekenbank AG, and also an amount of € 19,537 thousand from losses from the sale of the Bank's real property.

TAXES (ITEMS 10 AND 11, EXPENSES)

Until 28 September 2003, the Bank maintained an integrated company relationship for turnover tax purposes with Bayerische Hypo- und Vereinsbank Aktiengesellschaft. Since the spin-off from the HypoVereinsbank Group, the integrated company relationship for turnover tax purposes has been maintained with Hypo Real Estate Holding AG.

OTHER OPERATING INCOME (ITEM 6, INCOME)

The other operating income includes an amount of € 2,601 thousand in respect of rental income from our long-term land holdings and from properties purchased at auctions, an amount of € 2,406 thousand in respect of income from the writeback of provisions in non-lending business, and also an amount of € 1,312 thousand from costs charged on.

EXTRAORDINARY INCOME (ITEM 8, INCOME)

Extraordinary income related to gains from the sale of real property belonging to the Bank.

3.5 Business and Financial Information relating to Stadtsparkasse Köln

The general information concerning Stadtsparkasse Köln has been extracted from the web page of the Saving Bank www.sk-koeln.de. The information related to the Financial Statement has been extracted from the Consolidated Balance Sheet at 31 December 2003 and from the Consolidated Statement of Income for year ended 31 December 2003. This information has been extracted from Stadtsparkasse Köln's 2003 Annual Report. The Issuer takes responsibility only for the accuracy of the extraction of such information as is reproduced herein and has made no independent investigation or verification thereof. Such information is qualified in its entirety by such documents referred to.

Business Profile

Established in 1826 and with total assets of EUR 22.2 bn, Stadtsparkasse Köln is the second largest savings bank and the largest publicly owned savings bank in Germany as well as market leader in Cologne. It can offer the full range of banking services to retail and corporate customers, serving its clients via 90 branches and 16 business centres with a staff of approximately 3,900 (31.12.2003). Stadtsparkasse Köln is a market leader in numerous growing and profitable market segments (i.e. retail banking, small and medium-sized companies), providing consistently high quality service in order to maintain its long-term customer relationships.

A real estate center in the heart of Cologne offers solutions to all questions on real estate, whether it be investment, financing or insurance. In the business start-up centre, specialists provide consultancy services to young companies before, during and immediately following their incorporation. Stadtsparkasse Köln is one of the leading banks for media financing in Germany with a dedicated "Entertainment Finance" department where customers have access to the expertise of internationally experienced specialists. 14 initial public offerings and 3 secondary public offerings bear witness to the degree of competence that we have been able to create.

Stadtsparkasse Köln is a qualified and stable partner for all its clients, both private and corporate. Stadtsparkasse Köln makes full use of its regional focus and strong franchise through its diversified distribution channels, including branches, business centres for private and corporate clients, telephone banking, home banking and discount brokerage.

Stadtsparkasse Köln ensures a regular supply of financial services to all sectors of the population and feels connected with Cologne and its citizens in a special way. The advancement of the economy and promotion of Cologne as a business location are all part of Stadtsparkasse Köln's mission. This includes providing financing to corporates, particularly smaller and medium-sized companies and giving support in all fiscal questions. Even in the future one of the substantial aims of Stadtsparkasse Köln will be to support the restructuring of the Cologne economy.

This also includes commitment in the fields of culture, art, local traditions and sports. Stadtsparkasse Köln is one of the city's greatest sponsors. Without its engagement a number of large and important museum exhibitions in Cologne as well as several sporting events could simply not have taken place. The principle is to sponsor events which are accessible to everyone and where people can take part or simply come along and watch. This applies to exhibitions as well as to the Cologne marathon or the world rowing championship. In addition, Stadtsparkasse Köln also supports a large number of clubs, groups and other bodies. In a nutshell: More than just banking.

Board of Managers

Der Vorstand der Stadtsparkasse Köln	
	
Gustav Adolf Schröder Vorsitzender des Vorstandes	Dietmar P. Binkowska Stellvertretender Vorsitzender des Vorstandes
	
Bernd Eberding Mitglied des Vorstandes	Franz-Josef Schäfer Mitglied des Vorstandes
	
Dr. Klaus Steinbrink Mitglied des Vorstandes	Dr. Joachim Schmalzl Stellvertretendes Mitglied des Vorstandes

Vorstand

Vorsitzender
Gustav Adolf Schröder

Mitglieder
Dietmar P. Binkowska
(ab 01.04.2003)
Winfried Drewes
(bis 31.03.2003)
Bernd Eberding
Franz-Josef Schäfer
Dr. Klaus Steinbrink
Dr. Joachim Schmalzl, stv.
(ab 01.04.2003)

Folgende Mitglieder des Vorstandes der Stadtsparkasse Köln sind Mitglieder des Aufsichtsrates von Kapitalgesellschaften gemäß § 340 a Abs. 4 Nr. 1 HGB:

- Gustav Adolf Schröder
- Mitglied im Aufsichtsrat der Stollwerck AG
 - Mitglied des Aufsichtsrates der AXA Lebensversicherung AG
 - Mitglied des Aufsichtsrates der Deutscher Sparkassen Verlag GmbH
- Dietmar P. Binkowska
- Mitglied des Aufsichtsrates der S Broker AG
 - Mitglied des Aufsichtsrates der GAG Immobilien AG
- Bernd Eberding
- Mitglied des Aufsichtsrates der TS Lease- und Technologie AG
- Dr. Joachim Schmalzl
- Mitglied des Aufsichtsrates der NetCologne Gesellschaft für Telekommunikation mbH

Financial Information

The information related to the Financial Statements and Notes has been extracted from Stadtsparkasse Köln's 2003 Annual Report. The Issuer takes responsibility only for the accuracy of the extraction of such information as is reproduced herein and has made no independent investigation or verification thereof. Such information is qualified in its entirety by such documents referred.

Aktiva

	EUR	EUR	EUR	31.12.2002 TEUR
1. Barreserve				
a) Kassenbestand		151.609.552,61		143.986
b) Guthaben bei der Deutschen Bundesbank		115.643.880,38		184.974
			267.253.432,99	328.960
2. Schuldtitel öffentlicher Stellen und Wechsel, die zur Refinanzierung bei der Deutschen Bundesbank zugelassen sind				
a) Schatzwechsel und unverzinsliche Schatzanweisungen sowie ähnliche Schuldtitel öffentlicher Stellen		–,—		–
b) Wechsel		4.744.913,92		8.632
			4.744.913,92	8.632
3. Forderungen an Kreditinstitute				
a) täglich fällig		789.881.679,98		613.642
b) andere Forderungen		1.708.107.761,89		1.470.146
			2.497.989.441,87	2.083.788
4. Forderungen an Kunden			15.942.723.838,39	15.465.229
darunter:				
durch Grundpfandrechte gesichert	EUR	5.743.702.504,15		(5.511.043)
Kommunalkredite	EUR	1.735.872.574,19		(1.434.203)
5. Schuldverschreibungen und andere festverzinsliche Wertpapiere				
a) Geldmarktpapiere				
aa) von öffentlichen Emittenten		–,—		–
darunter: beleihbar bei der Deutschen Bundesbank		–,—		(–)
ab) von anderen Emittenten		65.703.759,47		14.942
darunter: beleihbar bei der Deutschen Bundesbank	EUR	20.947.814,48		(14.942)
			65.703.759,47	14.942
b) Anleihen und Schuldverschreibungen				
ba) von öffentlichen Emittenten		198.282.683,23		329.877
darunter: beleihbar bei der Deutschen Bundesbank	EUR	146.270.525,04		(259.037)
bb) von anderen Emittenten		1.679.282.196,72		2.172.590
darunter: beleihbar bei der Deutschen Bundesbank	EUR	1.435.931.902,14	1.877.564.879,95	2.502.467
				(129.274)
c) eigene Schuldverschreibungen			11.078.579,50	12.659
			1.954.347.218,92	2.530.068
Nennbetrag	EUR	10.561.783,65		(12.301)
6. Aktien und andere nicht festverzinsliche Wertpapiere			679.651.140,51	638.786
7. Beteiligungen		241.749.400,48	239.058	
darunter:				
an Kreditinstituten	EUR	255.645,94		(256)
an Finanzdienstleistungsinstituten	EUR	–,—		(–)
8. Anteile an verbundenen Unternehmen			215.120.853,74	206.234
darunter:				
an Kreditinstituten	EUR	–,—		–)
an Finanzdienstleistungsinstituten	EUR	–,—		(–)
9. Treuhandvermögen			27.824.136,14	28.334
darunter: Treuhandkredite	EUR	27.824.136,14		(28.334)
10. Ausgleichsforderungen gegen die öffentliche Hand einschließlich Schuldverschreibungen aus deren Umtausch			–,—	–
11. Immaterielle Anlagewerte			4.731.862,83	4.364
12. Sachanlagen			47.526.616,99	52.118
13. Sonstige Vermögensgegenstände			146.789.326,43	71.855
14. Rechnungsabgrenzungsposten			223.496.142,31	164.105
Summe der Aktiva			22.253.948.325,52	21.821.531

Passiva

				31.12.2002
				TEUR
				EUR
1. Verbindlichkeiten gegenüber Kreditinstituten				
a) täglich fällig		165.549.519,25		35.725
b) mit vereinbarter Laufzeit oder Kündigungsfrist		4.029.346.437,57		3.956.878
			4.194.895.956,82	3.992.603
2. Verbindlichkeiten gegenüber Kunden				
a) Spareinlagen				
aa) mit vereinbarter Kündigungsfrist von drei Monaten	3.469.326.062,36			3.249.214
ab) mit vereinbarter Kündigungsfrist von mehr als drei Monaten	343.692.054,31			615.891
		3.813.018.116,67		3.865.105
b) andere Verbindlichkeiten				
ba) täglich fällig	3.815.896.047,00			3.626.439
bb) mit vereinbarter Laufzeit oder Kündigungsfrist	4.313.378.109,11			4.476.269
		8.129.274.156,11		8.102.708
			11.942.292.272,78	11.967.813
3. Verbriefte Verbindlichkeiten				
a) begebene Schuldverschreibungen		4.295.434.586,70		4.023.774
b) andere verbrieftete Verbindlichkeiten		-,--		-
			4.295.434.586,70	4.023.774
darunter:				
Geldmarktpapiere	EUR	-,--		(-)
eigene Akzepte und Solawechsel im Umlauf	EUR	-,--		(-)
4. Treuhandverbindlichkeiten			27.824.136,14	28.334
darunter: Treuhandkredite	EUR	27.824.136,14		(28.334)
5. Sonstige Verbindlichkeiten			82.870.130,19	108.060
6. Rechnungsabgrenzungsposten			141.340.141,94	140.641
7. Rückstellungen				
a) Rückstellungen für Pensionen und ähnliche Verpflichtungen		26.443.325,00		26.293
b) Steuerrückstellungen		6.663.291,47		7.243
c) andere Rückstellungen		75.049.206,85		57.021
			108.155.823,32	90.557
8. Sonderposten mit Rücklageanteil			-,--	-
9. Nachrangige Verbindlichkeiten			611.444.485,02	640.132
10. Genussrechtskapital			1.136.926,68	1.137
darunter: vor Ablauf von zwei Jahren fällig	EUR	-,--		(-)
11. Eigenkapital				
a) gezeichnetes Kapital		-,--		-
b) Kapitalrücklage		-,--		-
c) Gewinnrücklagen				
ca) Sicherheitsrücklage	828.479.657,07			806.837
cb) andere Rücklagen	-,--			-
		828.479.657,07		806.837
d) Bilanzgewinn		20.074.208,86		21.643
			848.553.865,93	828.480
Summe der Passiva			22.253.948.325,52	21.821.531
1. Eventualverbindlichkeiten				
a) Eventualverbindlichkeiten aus weitergegebenen abgerechneten Wechseln		-,--		-
b) Verbindlichkeiten aus Bürgschaften und Gewährleistungsverträgen		604.627.389,82		551.129
c) Haftung aus der Bestellung von Sicherheiten für fremde Verbindlichkeiten		-,--		-
			604.627.389,82	551.129
2. Andere Verpflichtungen				
a) Rücknahmeverpflichtungen aus unechten Pensionsgeschäften		-,--		-
b) Platzierungs- und Übernahmeverpflichtungen		-,--		-
c) Unwiderrufliche Kreditzusagen		484.584.999,69		452.552
			484.584.999,69	452.552

Gewinn- und Verlustrechnung für die Zeit vom 1. Januar 2003 bis 31. Dezember 2003

	EUR	EUR	EUR	1.1. – 31.12.2002 TEUR
1. Zinserträge aus				
a) Kredit- und Geldmarktgeschäften	1.012.215.098,74			999.626
b) festverzinslichen Wertpapieren und Schuldbuchforderungen	103.313.303,10			145.508
		1.115.528.401,84		1.145.134
2. Zinsaufwendungen		700.123.742,51		764.700
			415.404.659,33	380.434
3. Laufende Erträge aus				
a) Aktien und anderen nicht festverzinslichen Wertpapieren		30.681.510,40		(54.882)
b) Beteiligungen		4.123.948,61		(7.900)
c) Anteilen an verbundenen Unternehmen		38.875.000,00		(97)
			73.680.459,01	62.879
4. Erträge aus Gewinngemeinschaften, Gewinnabführungs- oder Teilgewinnabführungsverträgen			-,--	-
5. Provisionserträge		118.163.972,22		(114.916)
6. Provisionsaufwendungen		8.749.234,62		(7.119)
			109.414.737,60	107.797
7. Nettoertrag aus Finanzgeschäften			15.705.844,26	13.450
8. Sonstige betriebliche Erträge			34.497.649,49	42.567
9. Erträge aus der Auflösung von Sonderposten mit Rücklageanteil			-,--	-
			648.703.349,69	607.127
10. Allgemeine Verwaltungsaufwendungen				
a) Personalaufwand				
aa) Löhne und Gehälter	136.438.281,09			(130.671)
ab) Soziale Abgaben und Aufwendungen für Altersversorgung und für Unterstützung	40.990.291,95			(34.368)
darunter: für Altersversorgung	EUR 13.570.123,19	177.428.573,04		(165.039)
b) andere Verwaltungsaufwendungen		137.968.972,61		(9.666)
			315.397.545,65	(141.501)
				306.540
11. Abschreibungen und Wertberichtigungen auf immaterielle Anlagewerte und Sachanlagen			13.989.372,10	17.867
12. Sonstige betriebliche Aufwendungen			20.983.567,68	22.050
13. Abschreibungen und Wertberichtigungen auf Forderungen und bestimmte Wertpapiere sowie Zuführungen zu Rückstellungen im Kreditgeschäft		259.677.798,74		(213.733)
14. Erträge aus Zuschreibungen zu Forderungen und bestimmten Wertpapieren sowie aus der Auflösung von Rückstellungen im Kreditgeschäft		-,--		(-)
			259.677.798,74	213.733
15. Abschreibungen und Wertberichtigungen von Beteiligungen, Anteile an verbundenen Unternehmen und wie Anlagevermögen behandelte Wertpapiere		13.581.874,79		(5.468)
16. Erträge aus Zuschreibungen zu Beteiligungen, Anteilen an verbundenen Unternehmen und wie Anlagevermögen behandelten Wertpapieren		-,--		(-)
			13.581.874,79	5.468
17. Aufwendungen aus Verlustübernahme			511,00	1
18. Einstellungen in Sonderposten mit Rücklageanteil			-,--	-
19. Ergebnis der normalen Geschäftstätigkeit			25.072.679,73	41.468
20. Außerordentliche Erträge		-,--		(-)
21. Außerordentliche Aufwendungen		-,--		(-)
22. Außerordentliches Ergebnis			-,--	-
23. Steuern vom Einkommen und vom Ertrag		4.959.026,53		(19.768)
24. Sonstige Steuern, soweit nicht unter Posten 12 ausgewiesen		39.444,34		(57)
			4.998.470,87	19.825
25. Jahresüberschuss			20.074.208,86	21.643
26. Gewinnvortrag aus dem Vorjahr			-,--	-
			20.074.208,86	21.643
27. Entnahmen aus Gewinnrücklagen				
a) aus der Sicherheitsrücklage		-,--		(-)
b) aus anderen Rücklagen		-,--		(-)
			-,--	-
			20.074.208,86	21.643
28. Einstellungen in Gewinnrücklagen				
a) in die Sicherheitsrücklage		-,--		(-)
b) in andere Rücklagen		-,--		(-)
			-,--	-
29. Bilanzgewinn			20.074.208,86	21.643

I Allgemeine Angaben

Der Jahresabschluss der Stadtparkasse Köln wurde nach den Vorschriften des Handelsgesetzbuches (HGB) sowie der Verordnung über die Rechnungslegung der Kreditinstitute (RechKredV) aufgestellt.

In Ausübung des Wahlrechtes nach § 11 Satz 3 RechKredV beinhalten die zu Posten oder Unterposten der Bilanz nach Restlaufzeiten gegliederten Beträge keine anteiligen Zinsen.

II Bilanzierungs- und Bewertungsmethoden

Der Ausweis der Forderungen an Kreditinstitute und Kunden einschließlich Schuldscheindarlehen und Namensschuldverschreibungen erfolgt zum Nennwert, vermindert um Wertberichtigungen und Vorsorgereserven.

Kreditgeschäft

Bei der Auszahlung von Darlehen einbehaltene Disagien bzw. in Rechnung gestellte Agien wurden auf die Darlehenslaufzeit beziehungsweise die Festzinsbindungsdauer verteilt.

Bestandswechsel wurden zum Zeitwert bilanziert.

Von Dritten erworbene Schuldscheindarlehen und Namensschuldverschreibungen wurden mit den Anschaffungskosten angesetzt.

Erkennbaren Risiken aus dem Kreditgeschäft wurde durch die Bildung angemessener Einzelwertberichtigungen oder Rückstellungen Rechnung getragen. Neben den aus der Erfahrung der Vergangenheit bemessenen Pauschalwertberichtigungen für den latent gefährdeten Forderungsbestand haben wir Vorsorge für die besonderen Risiken der Kreditinstitute getroffen.

Die Wertpapiere im Umlaufvermögen wurden nach dem strengen Niederstwertprinzip bewertet; dabei wurde von der Möglichkeit der Durchschnittsbewertung Gebrauch gemacht. Im Zusammenhang mit einem im Jahr 2003 erstmals den Mitarbeitern angebotenen Modell zur arbeitnehmerfinanzierten betrieblichen Altersvorsorge hat die Stadtparkasse Köln Fondsanteile erworben, die dauerhaft der Rückdeckung von Versorgungsverpflichtungen im Rahmen des Entgeltverzichts der Mitarbeiter dienen. Diese Fondsanteile wurden dem Anlagevermögen zugeordnet und nach dem gemilderten Niederstwertprinzip bewertet.

Wertpapiere

Für die in Aktiva 5 und 6 ausgewiesenen Wertpapiere des Umlaufvermögens wurden aufgrund des Wertaufholungsgebotes gemäß § 280 Abs. 1 HGB Zuschreibungen auf den Kurswert vom 31. 12. 2003 beziehungsweise höchstens die Anschaffungskosten vorgenommen.

Für die besonderen Risiken im Wertpapiergeschäft wurde Vorsorge getroffen.

Wertpapiere in Bewertungseinheiten mit derivativen Instrumenten und Wertpapiere in Portfolien wurden einer gesonderten Betrachtung unterzogen (vgl. III „Sonstige Angaben“).

Die Beteiligungen und Anteile an verbundenen Unternehmen wurden mit den Anschaffungskosten, gegebenenfalls vermindert um Abschreibungen wegen dauernder Wertminderung, bilanziert.

**Anteile an
verbundenen
Unternehmen und
Beteiligungen**

Die immateriellen Anlagewerte wurden zu Anschaffungskosten, vermindert um die planmäßigen linearen Abschreibungen, ausgewiesen.

**Immaterielle
Anlagewerte**

Sachanlagen	Das Sachanlagevermögen wurde entsprechend der betriebsgewöhnlichen Nutzungsdauer linear abgeschrieben. Geringwertige Wirtschaftsgüter wurden im Geschäftsjahr voll abgeschrieben.
Verbindlichkeiten	Die Verbindlichkeiten wurden mit den Rückzahlungsbeträgen angesetzt und die Disagien in den Rechnungsabgrenzungsposten auf der Aktivseite aufgenommen. Die Unterschiedsbeträge zwischen Auszahlungs- und Rücknahmebetrag wurden entsprechend der Laufzeit der Verbindlichkeiten verteilt.
Rückstellungen	Rückstellungen für ungewisse Verbindlichkeiten und drohende Verluste aus schwebenden Geschäften wurden in ausreichender Höhe gebildet. Für Finanzinstrumente des Anlagebuches wurde insgesamt ein Rückstellungsbetrag von 4.648.511,73 EUR zugeführt. Für Finanzinstrumente des Handelsbuches wurden per Saldo Rückstellungen in Höhe von 10.919.714,37 EUR gebildet. Die Pensionsrückstellungen wurden auf der Grundlage der Heubeck-Richttafeln von 1998 berechnet. Als Rechnungszinsfuß wurde ein Zinssatz von 4,0 Prozent angehalten. Außerdem wurden Aufwandsrückstellungen gemäß § 249 Abs. 2 HGB für Einlagen mit jährlich ansteigenden Zinssätzen gebildet.
Währungs- umrechnung	Die Währungsumrechnung erfolgte nach den Vorschriften des § 340 h HGB. Auf ausländische Währung lautende Vermögensgegenstände des Umlaufvermögens und Schulden sowie nicht abgewickelte Kassageschäfte wurden mit Kassakursen am Bilanzstichtag in EUR umgerechnet. Für am Abschlussstichtag nicht abgewickelte Termingeschäfte wurde der Terminkurs herangezogen. Die Aufwendungen aus der Währungsumrechnung wurden in der Gewinn- und Verlustrechnung berücksichtigt. Erträge aus gedeckten Geschäften wurden nur berücksichtigt, soweit sie einen vorübergehend wirksamen Aufwand aus der Währungsumrechnung ausgeglichen haben. In anderen Fällen wurden Erträge aus der Währungsumrechnung nicht berücksichtigt und auch nicht mit Aufwendungen verrechnet.

III Sonstige Angaben

Interne Geschäfte	Die Stadtparkasse Köln betreibt für einzelne Produktgruppen den Handel in so genannten internen Geschäften. Unter internen Geschäften sind zu marktgerechten Konditionen abgeschlossene Handelsgeschäfte zwischen rechtlich unselbstständigen Organisationseinheiten der Stadtparkasse Köln zu verstehen. Handelsrechtlich wurden interne Geschäfte grundsätzlich wie externe Geschäfte bewertet, Zins- und Prämienzahlungen blieben für Zwecke der Bilanzierung außer Ansatz.
Finanzderivate im Anlagebuch	Derivative Geschäfte, die Zins- oder Währungsrisiken sowie sonstige Preisrisiken aus Aktiv- und Passivgeschäften absichern, wurden mit den zugrundeliegenden Positionen zu Bewertungseinheiten zusammengefasst. Die zur Absicherung von Zinsänderungsrisiken abgeschlossenen Zinsswap-Geschäfte wurden in die Gesamtbetrachtung des Zinsänderungsrisikos einbezogen und somit nicht einzeln bewertet. Optionsgeschäfte wurden zum Marktpreis am 31.12.2003 bewertet. Bei den Zinsbegrenzungsvereinbarungen und den Aktienoptionen wurden ebenfalls Bewertungseinheiten gebildet. Dabei

wurden Bewertungsgewinne bis zur Höhe der Bewertungsverluste kompensiert. Verbleibende Gewinne blieben unberücksichtigt.

Die Rückstellungen für drohende Verluste aus schwebenden Geschäften betrugen 4.648.511,73 EUR.

Strukturierte eigenemittierte Produkte wurden, soweit handelsrechtlich erforderlich, in ihre Einzelbestandteile zerlegt angesetzt.

Die Stadtparkasse Köln bewertet ihre Handelsgeschäfte mit Hilfe der Portfoliobewertung. Dabei entsprechen die gebildeten Portfolios der Anforderung, die betriebswirtschaftliche Ertragslage im handelsrechtlichen Jahresabschluss weitgehend wiederzugeben. Das Imparitätsprinzip bleibt auf der Ebene des Portfolios gewahrt. Die Verrechnung von realisierten Verlustüberhängen mit unrealisierten Gewinnüberhängen führte zur Bildung eines aktivischen Ausgleichspostens über 6.420.277,61 EUR in der Bilanz.

Im Rahmen der Portfoliobewertung bildete die Stadtparkasse Köln Rückstellungen in Höhe von 10.919.714,37 EUR.

Die Stadtparkasse Köln hat in 2003 weitere Pfandbriefe platziert. Die Deckungsrechnung zum 31. 12. 2003 stellt sich wie folgt dar:

Finanzinstrumente im Handelsbuch

Deckungs- rechnung

Deckungsrechnung in TEUR

Deckungspflichtige öffentliche Pfandbriefe	428.184,6
Zur Deckung bestimmte Kundenforderungen	39.902,8
Zur Deckung bestimmte Wertpapiere	569.451,7
Deckungsüberhang	181.169,9

Die Stadtparkasse Köln ist Mitglied der Zusatzversorgungskasse der Stadt Köln (ZVK). Grundlage der Versicherung bei der ZVK ist seit dem 01. 01. 2002 der Tarifvertrag über die zusätzliche Altersvorsorge der Beschäftigten des öffentlichen Dienstes (ATV-K). Mit dem Abschluss des neuen Tarifvertrages ist das bisherige System einer Gesamtversorgung durch ein neues Betriebsrentenmodell mit einem Punktesystem ersetzt worden. Die Abkehr von dem bisherigen Gesamtversorgungssystem trägt zu einer besseren Kalkulierbarkeit der Aufwendungen für die Altersversorgung bei und erhöht die Transparenz des Systems. Alle bisherigen Anwartschaften werden komplett in das neue System überführt.

Zusatzversorgung

Nach wie vor gewährt die ZVK eine Alters- und Hinterbliebenenrente sowie Erwerbsminderungsrenten. Das Punktemodell basiert auf dem Prinzip, dass Beiträge zur Zusatzversorgung, multipliziert mit einem Altersfaktor, Versorgungspunkte für die Beschäftigten ergeben. Jeder Versorgungspunkt hat einen bestimmten Wert.

Der bisherige Umlagesatz von 5,8 Prozent des versorgungspflichtigen Entgeltes (5,5 Prozent Arbeitgeberanteil und 0,3 Prozent Arbeitnehmeranteil) ist festgeschrieben. Die Umlage dient überwiegend dazu, die aktuell anfallenden Rentenleistungen zu finanzieren.

Zum Aufbau einer Kapitaldeckung wird deshalb seit dem 01. 01. 2003 ein Zusatzbeitrag erhoben. Dieser Zusatzbeitrag beträgt im Jahre 2004 2,3 Prozent und wird jeweils in den kommenden Jahren um 0,3 Prozent angehoben, bis er im Jahre 2007 3,2 Prozent des jeweiligen zusatzversorgungspflichtigen Entgeltes erreicht hat. Ab dem Jahre 2007 wird dann mit einer dauerhaft gleichbleibenden Gesamtbelastung von 9,0 Prozent gerechnet, in der langfristigen Perspektive (ab 2030) wird von einem spürbaren Rückgang der Belastung ausgegangen.

Aktiva 3

Forderungen an Kreditinstitute		EUR
In diesem Posten sind enthalten:		
Forderungen an die eigene Girozentrale		282.823.898,02
	(Vorjahr:	197.018.310,94)
Nachrangige Forderungen		22.556.459,40
	(Vorjahr:	20.000.000,00)
Der Unterposten b) – andere Forderungen – setzt sich nach Restlaufzeiten wie folgt zusammen:		
bis drei Monate		699.708.896,96
mehr als drei Monate bis ein Jahr		89.883.303,22
mehr als ein Jahr bis fünf Jahre		342.144.531,73
mehr als fünf Jahre		206.455.783,01

Aktiva 4

Forderungen an Kunden		EUR
In diesem Posten sind enthalten:		
Forderungen an Unternehmen, mit denen ein Beteiligungsverhältnis besteht		505.559.529,58
	(Vorjahr:	583.774.515,49)
Forderungen an verbundene Unternehmen		445.940.333,30
	(Vorjahr:	438.084.416,40)
Nachrangige Forderungen		38.371.293,93
	(Vorjahr:	44.180.780,73)
darunter:		
an Unternehmen, mit denen ein Beteiligungsverhältnis besteht		6.372.054,10
	(Vorjahr:	20.357.013,59)
Forderungen an verbundene Unternehmen		150.000,00
	(Vorjahr:	1.235.189,48)
Für die nachrangigen Forderungen bestehen Haftungsfreistellungen (Deutsche Ausgleichsbank) in Höhe von		837.549,84
	(Vorjahr:	1.243.973,17)
Dieser Posten setzt sich nach Restlaufzeiten wie folgt zusammen:		
bis drei Monate		1.108.321.948,97
mehr als drei Monate bis ein Jahr		1.318.501.469,41
mehr als ein Jahr bis fünf Jahre		2.998.902.296,00
mehr als fünf Jahre		9.203.555.855,37
Forderungen mit unbestimmter Laufzeit		1.275.336.058,29

Schuldverschreibungen und andere festverzinsliche Wertpapiere	EUR
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Aktiva 5

In diesem Posten sind enthalten:

Beträge, die bis zum 31. 12. 2004 fällig werden	
a) Geldmarktpapiere	65.703.759,47
b) Anleihen und Schuldverschreibungen	220.894.123,14
c) eigene Schuldverschreibungen	1.050.053,10

Von den in diesem Posten enthaltenen börsenfähigen Wertpapieren sind:

börsennotiert	1.874.752.166,41
nicht börsennotiert	79.595.052,51

In folgenden Unterposten sind nachrangige Schuldverschreibungen enthalten:

b) Anleihen und Schuldverschreibungen	15.468.996,89
	(Vorjahr: 14.755.756,76)
c) Eigene Schuldverschreibungen	531.970,68
	(Vorjahr: 915.854,22)

Aktien und andere nicht festverzinsliche Wertpapiere	EUR
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Aktiva 6

In diesem Posten sind enthalten:

Nachrangige Vermögensgegenstände	--,-
	(Vorjahr: --,-)
Investmentanteile Spezialfonds mit einem Buchwert von	593.682.076,76
	(Vorjahr: 551.891.935,79)

Alleinige Anteilsinhaberin ist die Stadtparkasse Köln.

Die Anteilscheine sind übertragbar; die Sparkasse kann

Sachauskehrung der Vermögenswerte verlangen.

Die in diesem Posten enthaltenen börsenfähigen Wertpapiere sind:

börsennotiert	27.135.658,13
nicht börsennotiert	51.555.961,72

Aktiva 7/Aktiva 8

Beteiligungen/Anteile an verbundenen Unternehmen EUR

Von den Beteiligungen, die in börsenfähigen Wertpapieren verbriefte sind, sind:

börsennotiert	24.533.266,78
nicht börsennotiert	--

Ausgewählter Anteilsbesitz der Stadtparkasse Köln

Name der Gesellschaft	Anteil in %	Beteiligung direkt	Beteiligung indirekt
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I. Verbundene Unternehmen

„Laurenz“ Vermögensanlage- und -verwaltungsgesellschaft mbH	100,0	x	
Grundbesitz und Beteiligungen „Laurenz“ Vermögensanlage- und -verwaltungsgesellschaft mbH & Co. KG	100,0	x	
SK Kapitalbeteiligungsgesellschaft Köln mbH	100,0	x	
TechnoMedia Kapitalbeteiligungsgesellschaft Köln mbH	100,0	x	
SK Unternehmensbeteiligungsgesellschaft Köln mbH	100,0	x	
SKI Standort Köln-Immobilien GmbH & Co. KG	100,0		x
SAVOR Verwaltung GmbH & Co. Objekt Kalk KG	100,0		x
EUROFORUM Grundstücksentwicklungsgesellschaft mbH & Co. KG	100,0		x
Byteburg Betreibergesellschaft mbH	100,0		x
GKS – Gesellschaft für KontoService mbH	100,0		x
professional eservices GmbH	100,0		x
HC Bauprojektentwicklung GmbH & Co. KG	100,0		x
KOPOR Grundbesitzverwaltung GmbH	90,0		x
Campus Grundstücksentwicklungsgesellschaft mbH	86,5		x
FDK Köln Finanzdienste Vertriebsgesellschaft mbH	83,3		x
SSG Sparkassen-Service-Gesellschaft mbH	60,0		x
GSE Grundstücksentwicklungsgesellschaft mbH & Co. KG	51,0		x

II. Beteiligungen

mbw Mittelstandsberatung GmbH	50,0		x
Betriebsgesellschaft Informationstechnik-Zentrum Köln mbH	49,5		x
Betriebsgesellschaft Gründer- und Innovationszentrum Köln (GIZ) mbH	47,3		x
msc Multimedia Support Center GmbH	42,0		x
MUK Kapitalbeteiligungsgesellschaft mbH	30,0		x
RTZ Besitzgesellschaft Rechtsrheinisches Technologiezentrum Köln mbH	25,5		x
MMC Magic Media Company TV-Produktionsgesellschaft mbH	25,4		x
IDEENKAPITAL Media Finance AG	25,3		x
NetCologne Gesellschaft für Telekommunikation mbH*	25,1		x
CORPUS Immobiliengruppe GmbH & Co. KG	25,0		x
modernes köln Gesellschaft für Stadtentwicklung mbH	25,0		x
TS Lease- und Technologie AG	25,0		x
VEMAG Verlags- und Medien AG	24,9		x
Grund und Boden GmbH*	10,0	x	
GAG Immobilien AG*	10,0	x	
neue leben Pensionsverwaltung AG*	6,6	x	

* Angabe gemäß § 340 a Abs. 4 Nr. 2 HGB

Die nach § 285 Nr. 11 HGB notwendigen Angaben über den Anteilsbesitz der Stadtparkasse Köln wurden gemäß § 287 HGB in einer gesonderten Aufstellung beim Handelsregister Köln (HR Auszug A 7961) hinterlegt.

Treuhandvermögen		EUR	Aktiva 9	
Bei den Treuhandforderungen handelt es sich um Forderungen gegenüber:				
Kreditinstituten		--,--		
Kunden		27.824.136,14		
Sachanlagen		EUR	Aktiva 12	
In diesem Posten sind enthalten:				
im Rahmen der eigenen Tätigkeit genutzte Grundstücke und Gebäude		652.618,08		
Rechnungsabgrenzungsposten		EUR	Aktiva 14	
Hierin sind enthalten:				
Unterschiedsbetrag zwischen Nennbetrag und höherem Auszahlungsbetrag von Forderungen		4.197.331,99		
	(Vorjahr:	--,--)		
Unterschiedsbetrag zwischen Rückzahlungsbetrag und niedrigerem Ausgabebetrag bei Verbindlichkeiten		148.355.836,16		
	(Vorjahr:	94.098.858,41)		
Entwicklung des Anlagevermögens		EUR		
Finanzanlagevermögen	Aktien und andere nicht festverzinsliche Wertpapiere	Anteile an verbundenen Unternehmen	Beteiligungen	Sonstige Vermögensgegenstände
Bilanzwert 01.01. 2003	--,--	206.233.772,55	239.058.062,31	10.011.587,29
Veränderungen im Geschäftsjahr	527.093,00	8.887.081,19	2.691.338,17	-- 2.130,00
Bilanzwert 31. 12. 2003	527.093,00	215.120.853,74	241.749.400,48	10.009.457,29
(Vorjahr)	(--,--)	(206.233.772,55)	(239.058.062,31)	(10.011.587,29)
Sonstiges Anlagevermögen	Immaterielle Anlagewerte	Grundstücke und Gebäude	Betriebs- und Geschäftsausstattung	Sonstige Vermögensgegenstände
Anschaffungskosten	13.944.193,57	5.819.037,18	158.416.727,84	853.035,11
Zugänge	2.412.809,77	2.097,52	8.040.518,06	--,--
Abgänge	468.165,33	--,--	7.173.514,51	--,--
Umbuchungen	--,--	--,--	--,--	--,--
Zuschreibungen	--,--	--,--	--,--	--,--
Kumulierte Abschreibungen	11.156.975,18	3.894.748,42	113.683.500,68	266.028,19
Bilanzwert 31. 12. 2003	4.731.862,83	1.926.386,28	45.600.230,71	587.006,92
(Vorjahr)	(4.364.302,55)	(2.191.022,15)	(49.926.693,75)	(661.838,31)
Abschreibungen Geschäftsjahr	1.627.145,26	266.733,39	12.095.493,45	74.831,39
(Vorjahr)	(1.382.164,17)	(681.131,59)	(15.803.961,43)	(90.651,75)

Passiva 1

Verbindlichkeiten gegenüber Kreditinstituten	EUR
In diesem Posten sind enthalten:	
Verbindlichkeiten gegenüber der eigenen Girozentrale	695.619.723,29
(Vorjahr: 682.420.529,92)	
Verbindlichkeiten gegenüber Unternehmen, mit denen ein Beteiligungsverhältnis besteht	586.765,90
(Vorjahr: 2.869,61)	
Der Unterposten b) – mit vereinbarter Laufzeit oder Kündigungsfrist – setzt sich nach Restlaufzeiten wie folgt zusammen:	
bis drei Monate	341.635.961,62
mehr als drei Monate bis ein Jahr	399.415.108,31
mehr als ein Jahr bis fünf Jahre	928.204.729,71
mehr als fünf Jahre	1.916.999.757,82
Für die in diesem Posten ausgewiesenen Refinanzierungsmittel aus zentralen Kreditaktionen sind Vermögensgegenstände in Höhe von 210.134.352,78 EUR als Sicherheit übertragen.	

Passiva 2

Verbindlichkeiten gegenüber Kunden	EUR
In diesem Posten sind enthalten:	
Verbindlichkeiten gegenüber Unternehmen, mit denen ein Beteiligungsverhältnis besteht	33.057.100,11
(Vorjahr: 33.221.635,04)	
Verbindlichkeiten gegenüber verbundenen Unternehmen	24.749.798,27
(Vorjahr: 18.247.278,15)	
Der Unterposten a) ab) – Spareinlagen mit vereinbarter Kündigungsfrist von mehr als drei Monaten – setzt sich nach Restlaufzeiten wie folgt zusammen:	
bis drei Monate	111.062.103,49
mehr als drei Monate bis ein Jahr	152.172.500,39
mehr als ein Jahr bis fünf Jahre	76.521.212,92
mehr als fünf Jahre	3.445.168,55
Der Unterposten b) bb) – andere Verbindlichkeiten mit vereinbarter Laufzeit oder Kündigungsfrist – setzt sich nach Restlaufzeiten wie folgt zusammen:	
bis drei Monate	1.349.884.474,48
mehr als drei Monate bis ein Jahr	392.754.554,56
mehr als ein Jahr bis fünf Jahre	1.375.031.944,85
mehr als fünf Jahre	1.131.439.430,17

Passiva 3

Verbriefte Verbindlichkeiten	EUR
In diesem Posten sind enthalten:	
Verbindlichkeiten gegenüber Unternehmen, mit denen ein Beteiligungsverhältnis besteht	–,–
(Vorjahr: –,–)	
Im Unterposten a) – begebene Schuldverschreibungen – sind vor dem 31.12.2004 fällige Beträge enthalten	1.001.761.853,22

Treuhandverbindlichkeiten	EUR	Passiva 4
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Bei den Treuhandverbindlichkeiten handelt es sich um Verbindlichkeiten gegenüber:

Kreditinstituten	24.839.199,13
Kunden	2.984.937,01

Rechnungsabgrenzungsposten	EUR	Passiva 6
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In diesem Posten ist der Unterschiedsbetrag zwischen Nennbetrag und niedrigerem Auszahlungsbetrag von Forderungen enthalten

	121.033.557,62
(Vorjahr:	119.564.601,36)

Rückstellungen	EUR	Passiva 7
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Im Unterposten b) – Steuerrückstellungen – sind u. a. Rückstellungen für latente Steuern enthalten

	1.000.000,00
(Vorjahr:	–,—)

Im Unterposten c) – andere Rückstellungen – sind u. a. Rückstellungen enthalten für:

noch nicht fällige Bonusverbindlichkeiten aus Sparverträgen	8.156.459,92
	(Vorjahr: 7.932.951,69)
Jubiläumszuwendungen	9.118.670,00
	(Vorjahr: 8.576.446,00)

Nachrangige Verbindlichkeiten	Passiva 9
--------------------------------------	------------------

Von dem in diesem Posten ausgewiesenen Betrag entfallen 9.917.820,72 EUR auf anteilige Zinsen, für die keine Nachrangabrede getroffen wurde.

Vereinbart wurden Ursprungslaufzeiten von 4 bis 35 Jahren.

Für die in diesem Posten ausgewiesenen Verbindlichkeiten sind im Geschäftsjahr Aufwendungen in Höhe von 30.185.268,66 EUR angefallen.

Die Durchschnittsverzinsung der nachrangigen Verbindlichkeiten beträgt 4,94 Prozent.

Innerhalb des nächsten Geschäftsjahres werden 36.876.926,93 EUR zur Rückzahlung fällig.

Sonstige Angaben

In den Aktiva sind Vermögensgegenstände, die auf Fremdwährung lauten, im Gesamtbetrag von 370.614.751,15 EUR enthalten.

Von den Passiva und den Eventualverbindlichkeiten lauten auf Fremdwährung 956.900.192,31 EUR.

Die Übersicht der noch nicht abgewickelten Termingeschäfte (zins-, währungs-, aktien-/index- und kreditbezogene Produkte) zum 31. 12. 2003 wurde aus Gründen der Risikotransparenz in den Lagebericht integriert.

Im Wesentlichen entfallen diese Geschäfte mit derivativen Produkten zum einen auf Handelsgeschäfte und zum anderen auf die Absicherung von Zins-, Wechselkurs- und Marktpreisrisiken von Kundengeschäften.

In zunehmendem Maße werden eigene Bestände auch durch interne Geschäfte im Handelsbestand abgesichert.

Für die früheren Mitglieder des Vorstandes und deren Hinterbliebene bestehen Pensionsrückstellungen in Höhe von 12.555.211,00 EUR.

Den Mitgliedern des Vorstandes wurden Kredite in Höhe von 1.541.772,49 EUR, den Mitgliedern des Verwaltungsrates in Höhe von 16.962.195,89 EUR gewährt.

Mitarbeiter/-innen

Im Jahresdurchschnitt 2003 wurden beschäftigt:

Vollzeitkräfte	2.348
Teilzeit- und Ultimokräfte	1.079
	3.427
Auszubildende	234
Insgesamt	3.661

Bestätigungsvermerk

Wir haben den Jahresabschluss unter Einbeziehung der Buchführung und den Lagebericht der Stadtparkasse Köln für das Geschäftsjahr vom 01.01.2003 bis 31.12.2003 geprüft. Die Buchführung und die Aufstellung von Jahresabschluss und Lagebericht nach den deutschen handelsrechtlichen Vorschriften liegen in der Verantwortung des Vorstandes. Unsere Aufgabe ist es, auf der Grundlage der von uns durchgeführten Prüfung eine Beurteilung über den Jahresabschluss unter Einbeziehung der Buchführung und über den Lagebericht abzugeben.

Wir haben unsere Prüfung nach § 317 HGB unter Beachtung der vom Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW) festgestellten deutschen Grundsätze ordnungsmäßiger Abschlussprüfung vorgenommen. Danach ist die Prüfung so zu planen und durchzuführen, dass Unrichtigkeiten und Verstöße, die sich auf die Darstellung des durch den Jahresabschluss – unter Beachtung der Grundsätze ordnungsmäßiger Buchführung – und durch den Lagebericht vermittelten Bildes der Vermögens-, Finanz- und Ertragslage wesentlich auswirken, mit hinreichender Sicherheit erkannt werden. Bei der Festlegung der Prüfungshandlungen werden die Kenntnisse über die Geschäftstätigkeit und über das wirtschaftliche und rechtliche Umfeld der Stadtparkasse Köln sowie die Erwartungen über mögliche Fehler berücksichtigt. Im Rahmen der Prüfung werden die Wirksamkeit des rechnungslegungsbezogenen internen Kontrollsystems sowie Nachweise für die Angaben in Buchführung, Jahresabschluss und Lagebericht überwiegend auf der Basis von Stichproben beurteilt. Die Prüfung umfasst die Beurteilung der angewandten Bilanzierungsgrundsätze und der wesentlichen Einschätzungen des Vorstandes sowie die Würdigung der Gesamtdarstellung des Jahresabschlusses und des Lageberichtes. Wir sind der Auffassung, dass unsere Prüfung eine hinreichend sichere Grundlage für unsere Beurteilung bildet.

Unsere Prüfung hat zu keinen Einwendungen geführt.

Nach unserer Überzeugung vermittelt der Jahresabschluss unter Beachtung der Grundsätze ordnungsmäßiger Buchführung ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens-, Finanz- und Ertragslage der Stadtparkasse Köln. Der Lagebericht gibt insgesamt eine zutreffende Vorstellung von der Lage der Stadtparkasse Köln und stellt die Risiken der künftigen Entwicklung zutreffend dar.

Düsseldorf, 11. Mai 2004

Prüfungsstelle des
Rheinischen Sparkassen- und Giroverbandes



Engel
Wirtschaftsprüfer



Krüppel
Verbandsprüfer

Bericht des Verwaltungsrates

Der Verwaltungsrat hat 2003 die ihm nach Gesetz und Satzung obliegenden Aufgaben wahrgenommen. Der Vorstand informierte den Verwaltungsrat laufend über die Geschäftsentwicklung und die wirtschaftlichen Verhältnisse der Stadtparkasse Köln. In seinen turnusmäßigen Sitzungen fasste der Verwaltungsrat die nach dem Gesetz erforderlichen Beschlüsse. In seiner Sitzung vom 07. 10. 2003 hat der Rat der Stadt Köln für das Geschäftsjahr 2002 den Organen der Stadtparkasse Köln – Verwaltungsrat, Kreditausschuss und Vorstand – Entlastung erteilt.

Die Prüfungsstelle des Rheinischen Sparkassen- und Giroverbandes, Düsseldorf, nahm die gesetzlich vorgeschriebenen Prüfungen des Jahresabschlusses, des Kredit- und Depotgeschäftes vor. Sie bestätigte, dass die geprüften Sachverhalte sachkundig und sorgfältig bearbeitet wurden und dass das Rechnungswesen den Grundsätzen ordnungsmäßiger Buchführung entspricht. Dem vom Vorstand vorgelegten Jahresabschluss und Lagebericht 2003 wurde der uneingeschränkte Bestätigungsvermerk erteilt.

Im Rahmen der vom Verwaltungsrat erlassenen Dienstanweisung prüfte die Innenrevision unvermutet und planmäßig in allen Geschäftsbereichen. Schwerpunkte wurden dabei auf das Funktionieren des Kontrollsystems, die Ordnungsmäßigkeit, die Zweckmäßigkeit und Wirtschaftlichkeit betrieblicher Arbeitsverfahren und -abläufe sowie die Überwachung des Kreditgeschäftes gelegt.

Der Verwaltungsrat hat den Jahresabschluss 2003 festgestellt und den Lagebericht des Vorstandes gebilligt. Der Bilanzgewinn in Höhe von 20,1 Mio EUR wird voll in die Sicherheitsrücklage eingestellt.

Dem Vorstand sowie allen Mitarbeiterinnen und Mitarbeitern spricht der Verwaltungsrat Dank und Anerkennung für die erfolgreiche Arbeit des Jahres 2003 aus.

Köln, den 11. Mai 2004

Der Vorsitzende des Verwaltungsrates



Professor Dr. Rolf Bietmann
Mitglied des Bundestages
Rechtsanwalt und Hochschullehrer

3.6 Business and Financial Information relating to Bremer LB

The general information concerning Bremer LB has been extracted from the web page of the Bank www.bremerlandesbank.com and from the 2002 and 2003 Annual Reports of the Bank. The information related to the Financial Statement has been extracted from the Consolidated Balance Sheet at 31 December 2003 and from the Consolidated Statement of Income for year ended 31 December 2003. This information is provided in the 2003 Annual Report in German of Bremer Landesbank. The Bank has provided a 2003 summary of consolidated income and balance sheet in English which is also included in this schedule. The Issuer takes responsibility only for the accuracy of the extraction of such information as is reproduced herein and has made no independent investigation of verification thereof. Such information is qualified in its entirety by such documents referred.

Business Profile

Bremer Landesbank Kreditanstalt Oldenburg (Bremer LB) is a financial institution established under public law (Anstalt des öffentlichen Rechts). It evolved in its current form through a treaty between the State of Bremen and the State of Lower Saxony in 1983 under which the Staatliche Kreditanstalt Oldenburg-Bremen (established in 1983) and the former Bremer Landesbank (established in 1938) were merged to form a single banking institution.

Other than a single direct subsidiary (Capital Markets), Bremer LB as parent company has diverse participations in domestic undertakings, especially those in housing and property management and in holdings in regional capital investment companies.

According to the status, Bremer LB's functions as a universal bank are those of a state and municipal bank, a central bank for the 15 saving banks in its region and a commercial bank providing a full range of banking services both nationally and internationally.

Bremer LB is particularly active in lending to The Free Hanseatic City of Bremen and municipalities of the northern area of Lower Saxony, is the traditional lead manager of The Free Hanseatic City of Bremen's public bond issues and assists in the promotion of regional trade and industry through loan programmes.

In its capacity as a clearing bank for the savings banks in the region, Bremer LB receives deposits from these banks and provides loans to them. In addition, Bremer LB offers to the savings banks a wide range of financing services, implements their foreign business and makes joint loans to industry and trade.

Bremer LB's activities as a commercial bank include the receipt of deposits from banks and non-bank customers, the issuance of bonds and notes and the extension of credit. Additionally, Bremer LB offers other banking services such as investment and portfolio management and corporate finance and advisory services and, through subsidiaries, leasing and factoring services. Bremer LB places a substantial amount both of its own bonds and those of other issuers and actively trades many fixed income securities.

Bremer LB frequently issues debt instruments in accordance with the "Law concerning "Pfandbriefe" and related Debt Instruments issued by Credit Institutions under Public Law".

Management Board

Management Board

The members of the Management Board are appointed by the Supervisory Board. Current membership is as follows:

Members	Significant Outside Activities
Dr. Peter Hasskamp Chairman	Member of the Board of Bundesverband Öffentlicher Banken Deutschlands Member of the Board of Deutscher Sparkassen- und Giroverband Chairman of the Supervisory Board of Deutsche Factoring Bank / Deutsche Factoring GmbH & Co. Member of the Supervisory Board of Norddeutsche Landesbank Luxembourg, S.A. Member of the Supervisory Board of DekaBank Deutsche Girozentrale Member of the Supervisory Board of CTS EVENTIM AG Member of the Supervisory Board of NORD Holding Unternehmensbeteiligungsgesellschaft mbH Chairman of the Supervisory Board of Bremische Bau- und Siedlungsgesellschaft (BREBAU)
Thomas Christian Buchbinder, Deputy Chairman	Member of the Supervisory Board of Bremer Lagerhaus-Gesellschaft AG von 1877 Member of the Supervisory Board of GEWOBA Aktiengesellschaft Wohnen und Bauen Member of the Supervisory Board of DEUTSCHE FACTORING BANK Deutsche Factoring GmbH & Co. Member of the Supervisory Board of Bremer Wertpapierbörse AG
Fritz Lütke-Uhlenbrock	Chairman of the Supervisory Board of Sloman Neptun Schiffahrts - AG Member of the Board of Sparkassenstiftung für Internationale Kooperation e.V. - Kuratorium- Member of the Supervisory Board of DekaBank Luxembourg, S.A. Member of the Supervisory Board of Öffentliche Versicherung Bremen
Bodo Rimpler	Member of the Supervisory Board of GSG Oldenburg Bau- und Wohnungsgesellschaft mbH Member of the Supervisory Board of NILEG Norddeutsche Immobilien-gesellschaft Member of the Supervisory Board of WLO Wirtschaftsförderungsgesellschaft für den Landkreis Oldenburg mbH

The business address of each of the above is

c/o Bremer Landesbank Kreditanstalt Oldenburg - Girozentrale -, Domshof 26, D 28195 Bremen.

Financial Information

The information related to the Financial Statement has been extracted from the from the Consolidated Balance Sheet at 31 December 2003 and from the Consolidated Statement of Income for year ended 31 December 2003.

This information is provided in the 2003 Annual Report in German of Bremer Landesbank. The Bank has provided a 2003 summary of consolidated income and balance sheet in English which is also included in this schedule.

The Issuer takes responsibility only for the accuracy of the extraction of such information as is reproduced herein and has made no independent investigation or verification thereof. Such information is qualified in its entirety by such documents referred.

Balance sheet – assets

- in € m -	1999		2000		2001		2002		2003	
		in %		in %		in %		in %		in %
Receivables from banks	11.419	35,1	11.556	32,3	10.572	30,1	9.602	28,6	8.452	26,1
Receivables from clients	14.549	44,7	15.856	44,3	15.409	43,9	15.693	46,7	16.125	49,8
Debentures and other fixed interest securities	4.435	13,6	6.143	17,2	6.975	19,9	6.178	18,4	5.880	18,1
Shares and other non-fixed interest securities	818	2,5	435	1,2	477	1,4	539	1,6	560	1,7
Other assets	1.339	4,1	1.814	5,1	1.655	4,7	1.573	4,7	1.383	4,3
Total	32.560	100,0	35.804	100,0	35.088	100,0	33.585	100,0	32.400	100,0

Balance sheet – liabilities

- in € m -	1999		2000		2001		2002		2003	
		in %		in %		in %		in %		in %
Liabilities to banks	13.500	41,5	13.681	38,2	13.704	39,1	13.612	40,5	12.464	38,5
Liabilities to customers	6.571	20,2	6.440	18,0	6.916	19,7	6.951	20,7	7.307	22,6
Certificated liabilities	10.675	32,8	13.188	36,8	11.347	32,3	10.045	29,9	9.655	29,8
Accruals	137	0,4	135	0,4	151	0,4	177	0,5	218	0,7
Equity	1.019	3,1	1.265	3,5	1.697	4,8	1.749	5,2	1.828	5,6
Others	658	2,0	1.095	3,1	1.273	3,6	1.051	3,1	928	2,9
Total	32.560	100	35.804	100	35.088	100	33.585	100	32.400	100

Statement of Income

- in € m -	31.12.2001	31.12.2002	31.12.2003
interest income	204,8	219,9	263,3
commission income	26,4	27,4	31,0
income from financial transactions	3,4	4,9	11,1
administrative expense	-123,1	-139,2	-134,0
- personnel expense	-82,7	-96,9	-92,9
- others	-40,4	-42,3	-41,1
amortisation and depreciation of intangible and tangible fixed assets	-6,4	-5,6	-5,4
other operative income and expense	0,4	-0,5	0,1
result of risk provisions and valuations	13,3	-33,0	-74,8
operating income	118,8	73,9	91,3
extraordinary income	0,0	0,0	0,0
taxes	-37,6	-2,0	-19,5
profit emanating from a profit transfer or partial profit transfer agreement	-26,8	-43,5	-43,4
net income for the year	54,4	28,4	28,4

Jahresbilanz zum 31. Dezember 2003

Aktivseite				31.12.2002
	T€	T€	T€	T€
1. Barreserve			141.840	127.622
a) Kassenbestand		4.405		3.953
b) Guthaben bei Zentralnotenbanken		137.435		123.669
darunter:				
bei der Deutschen Bundesbank	T€	137.435		(123.669)
2. Schuldtitel öffentlicher Stellen und Wechsel, die zur Refinanzierung bei Zentralnotenbanken zugelassen sind:			10.710	7.768
a) Schatzwechsel und unverzinsliche Schatzanweisungen sowie ähnliche Schuldtitel öffentlicher Stellen			–	–
darunter:				
bei der Deutschen Bundesbank refinanzierbar	T€	–		(–)
b) Wechsel			10.710	7.768
darunter:				
bei der Deutschen Bundesbank refinanzierbar	T€	10.710		(7.768)
3. Forderungen an Kreditinstitute			8.451.208	9.602.395
a) täglich fällig			490.672	338.255
b) andere Forderungen			7.960.536	9.264.140
4. Forderungen an Kunden			16.125.161	15.692.522
durch Grundpfandrechte gesichert	T€	2.020.176		(2.085.410)
Kommunalkredite	T€	5.435.617		(5.307.661)
5. Schuldverschreibungen und andere festverzinsliche Wertpapiere			5.880.536	6.178.093
a) Geldmarktpapiere				
aa) von öffentlichen Emittenten			–	–
darunter:				
beleihbar bei der Deutschen Bundesbank	T€	–		(–)
ab) von anderen Emittenten			10.273	–
darunter:				
beleihbar bei der Deutschen Bundesbank	T€	10.273		(–)
b) Anleihen und Schuldverschreibungen				
ba) von öffentlichen Emittenten			266.589	236.057
darunter:				
beleihbar bei der Deutschen Bundesbank	T€	186.594		(137.871)
bb) von anderen Emittenten			5.541.663	5.847.934
darunter:				
beleihbar bei der Deutschen Bundesbank	T€	5.215.127		(4.748.690)
c) eigene Schuldverschreibungen			62.011	94.102
Nennbetrag	T€	59.625		(90.803)
6. Aktien und andere nicht festverzinsliche Wertpapiere			559.583	538.913
7. Beteiligungen			185.319	200.902
darunter:				
an Kreditinstituten		32.290		(32.181)
an Finanzdienstleistungsinstituten		80		(–)
8. Anteile an verbundenen Unternehmen			186.176	140.426
darunter:				
an Kreditinstituten		–		(–)
an Finanzdienstleistungsinstituten		–		(–)
9. Treuhandvermögen			145.250	170.771
darunter:				
Treuhandkredite		85.818		(101.308)
10. Ausgleichsforderungen gegen die öffentliche Hand einschließlich Schuldverschreibungen aus deren Umtausch			16.074	24.111
11. Sachanlagen			39.737	42.851
12. Sonstige Vermögensgegenstände			620.444	809.779
13. Rechnungsabgrenzungsposten			38.325	48.839
Summe der Aktiva			32.400.363	33.584.992

Passivseite

	T€		T€	31.12.2002 T€
1. Verbindlichkeiten gegenüber Kreditinstituten			12.464.221	13.611.789
a) täglich fällig		903.876		1.262.447
b) mit vereinbarter Laufzeit oder Kündigungsfrist		11.560.345		12.349.342
2. Verbindlichkeiten gegenüber Kunden			7.306.723	6.950.913
a) Spareinlagen				
aa) mit vereinbarter Kündigungsfrist von drei Monaten	226.509			194.329
ab) mit vereinbarter Kündigungsfrist von mehr als drei Monaten	20.399	246.908		18.534
b) andere Verbindlichkeiten				
ba) täglich fällig	1.400.092			1.285.223
bb) mit vereinbarter Laufzeit oder Kündigungsfrist	5.659.723	7.059.815		5.452.827
3. Verbriefte Verbindlichkeiten			9.655.171	10.045.275
a) begebene Schuldverschreibungen		9.655.171		9.819.275
b) andere verbrieftete Verbindlichkeiten		–		226.000
darunter:				
Geldmarktpapiere	T€	–		(–)
eigene Akzepte und Solawechsel im Umlauf	T€	–		(–)
4. Treuhandverbindlichkeiten			145.250	170.771
darunter:				
Treuhandkredite	T€	85.818		(101.308)
5. Sonstige Verbindlichkeiten			766.842	854.351
6. Rechnungsabgrenzungsposten			15.928	17.519
7. Rückstellungen			218.101	176.778
a) Rückstellungen für Pensionen und ähnliche Verpflichtungen		111.778		107.921
b) Steuerrückstellungen		29.230		17.359
c) andere Rückstellungen		77.093		51.498
8. Sonderposten mit Rücklageanteil			–	–
9. Nachrangige Verbindlichkeiten			500.000	446.461
10. Genussrechtskapital			127.823	150.831
darunter:				
vor Ablauf von zwei Jahren fällig	T€	127.823		(150.831)
11. Fonds für allgemeine Bankrisiken			93.000	73.000
12. Eigenkapital			1.107.304	1.087.304
a) gezeichnetes Kapital				
aa) Stammkapital	140.000			140.000
ab) Stille Einlagen	607.904	747.904		607.904
b) Kapitalrücklage		40.000		40.000
c) Gewinnrücklage				
ca) gesetzliche Rücklagen	–			–
cb) satzungsmäßige Rücklagen	119.000			109.000
cc) andere Gewinnrücklagen	192.000	311.000		182.000
d) Bilanzgewinn		8.400		8.400
		Summe der Passiva	32.400.363	33.584.992
1. Eventualverbindlichkeiten			1.705.162	1.674.326
a) Eventualverbindlichkeiten aus weitergegebenen abgerechneten Wechseln		–		–
b) Verbindlichkeiten aus Bürgschaften und Gewährleistungsverträgen		1.705.162		1.674.326
c) Haftung aus der Bestellung von Sicherheiten für fremde Verbindlichkeiten		–		–
2. Andere Verpflichtungen			1.715.938	1.261.210
a) Rücknahmeverpflichtungen aus unechten Pensionsgeschäften		–		–
b) Platzierungs- und Übernahmeverpflichtungen		–		–
c) Unwiderrufliche Kreditzusagen		1.715.938		1.261.210

Gewinn- und Verlustrechnung

für die Zeit vom 1. Januar bis 31. Dezember 2003

	T€		31.12.2002 T€	
1. Zinserträge aus				
a) Kredit -und Geldmarktgeschäften	1.159.124			1.297.128
b) festverzinslichen Wertpapieren und Schuldbuchforderungen	<u>215.450</u>	1.374.574		297.187
2. Zinsaufwendungen		<u>1.141.814</u>		1.395.135
			232.760	199.180
3. Laufende Erträge aus			29.202	19.087
a) Aktien und anderen nicht festverzinslichen Wertpapieren		22.946		14.264
b) Beteiligungen		6.023		4.237
c) Anteilen an verbundenen Unternehmen		233		586
4. Erträge aus Gewinngemeinschaften, Gewinnabführungs- oder Teilgewinnabführungsverträgen			1.303	1.621
5. Provisionserträge		40.769		37.261
6. Provisionsaufwendungen		<u>9.754</u>		9.884
			31.015	27.377
7. Nettoertrag aus Finanzgeschäften			11.089	4.887
8. Sonstige betriebliche Erträge			5.269	3.921
9. Erträge aus der Auflösung von Sonderposten mit Rücklageanteil			–	5.532
10. Allgemeine Verwaltungsaufwendungen			133.945	139.247
a) Personalaufwand				
aa) Löhne und Gehälter	57.536			57.171
ab) Soziale Abgaben und Aufwendungen für Altersversorgung und für Unterstützung	<u>35.320</u>	92.856		39.779
darunter:				
für Altersversorgung	T€ 23.072			(29.950)
b) andere Verwaltungsaufwendungen		41.089		42.297
11. Abschreibungen und Wertberichtigungen auf immaterielle Anlagewerte und Sachanlagen			5.432	5.606
12. Sonstige betriebliche Aufwendungen			5.124	4.321
13. Abschreibungen und Wertberichtigungen auf Forderungen und bestimmte Wertpapiere sowie Zuführungen zu Rückstellungen im Kreditgeschäft			85.555	121.846
14. Zuführungen zum Fonds für allgemeine Bankrisiken			20.000	30.000
15. Erträge aus Zuschreibungen zu Beteiligungen, Anteilen an verbundenen Unternehmen und wie Anlagevermögen behandelten Wertpapieren			33.038	113.299
16. Aufwendungen aus Verlustübernahme			2.323	–
17. Einstellungen in Sonderposten mit Rücklageanteil			–	–
18. Ergebnis der normalen Geschäftstätigkeit			91.297	73.884
19. Außerordentliche Erträge		–		–
20. Außerordentliche Aufwendungen		–		–
21. Außerordentliches Ergebnis		–	–	–
22. Steuern vom Einkommen und vom Ertrag		19.323		2.591
23. Sonstige Steuern, soweit nicht unter Posten 12 ausgewiesen		<u>204</u>		–563
			19.527	2.028
24. Auf Grund einer Gewinngemeinschaft, eines Gewinnabführungs- oder eines Teilgewinnabführungsvertrages abgeführte Gewinne			43.370	43.456
25. Jahresüberschuss			28.400	28.400
26. Gewinnvortrag aus dem Vorjahr			–	–
27. Einstellungen in Gewinnrücklagen			20.000	20.000
a) in die gesetzliche Rücklage		–		–
b) in die Rücklage für eigene Anteile		–		–
c) in satzungsmäßige Rücklagen		10.000		10.000
d) in andere Gewinnrücklagen		10.000		10.000
28. Vorabausschüttung			–	–
29. Bilanzgewinn			8.400	8.400

Anhang

Der Jahresabschluss der Bremer Landesbank zum 31. Dezember 2003 wurde nach den Vorschriften des Handelsgesetzbuches (HGB) sowie der Verordnung über die Rechnungslegung der Kreditinstitute (RechKredV) erstellt.

Der Ausweis der Commercial Papers erfolgt erstmalig unter den begebenen Inhaberschuldverschreibungen (Passiva 3.a).

Grundsätze der Währungsumrechnung

Fremdwährungsbestände sind zum 31. Dezember 2003 nach den Grundsätzen des § 340 h HGB umgerechnet worden.

Vermögensgegenstände des Anlagevermögens, bei denen keine besondere Deckung bestand, wurden zu historischen Anschaffungskosten angesetzt. Insgesamt beläuft sich der Betrag der auf fremde Währung lautenden Vermögensgegenstände und Schulden auf 2.743 Mio. € bzw. 3.254 Mio. €.

Bei noch nicht abgewickelten Termingeschäften in fremder Währung wurde für künftige Verluste Vorsorge getroffen.

Bewertungsmethoden

Die Bewertung der Vermögensgegenstände und Schulden erfolgte – soweit sie nicht in § 340 e HGB Sonderregelungen für Kreditinstitute kodifiziert sind – nach den Bewertungsvorschriften der §§ 252 ff. HGB.

Forderungen wurden mit dem Nennbetrag, Verbindlichkeiten mit dem Rückzahlungsbetrag bilanziert. Agien und Disagien wurden in den aktiven bzw. passiven Rechnungsabgrenzungsposten eingestellt und zeitanteilig aufgelöst. Den Risiken im Kreditgeschäft wurde durch Einzelwertberichtigungen bzw. Rückstellungen sowie Pauschalwertberichtigungen Rechnung getragen. Die Wertberichtigungen sind von den Buchbeständen abgesetzt.

Wertpapiere des Anlagevermögens wurden mit den Anschaffungskosten bewertet, soweit keine dauerhaften Wertminderungen vorlagen. Dadurch unterblieb bei diesen Wertpapieren mit einem Buchwert von 1.161 Mio. € die Niederstwertabschreibung in Höhe von 2,9 Mio. €. Wertpapiere des Handelsbestandes und der Liquiditätsreserve wurden nach dem strengen Niederstwertprinzip bewertet.

Bestände, die mit einem betrags-, währungs- und laufzeitkongruenten Zinsswapgeschäft verbunden wurden, sind als Bewertungseinheit betrachtet worden.

Wirtschaftlich zusammengehörende Finanzinstrumente wurden in einem Handelsbuch zu einer Bewertungseinheit zusammengefasst. Innerhalb des Handelsbuches wurden Bewertungsgewinne bis zur Höhe der ihnen gegenüberstehenden Bewertungsverluste verrechnet. Für einen Verlustsaldo wurden Rückstellungen gebildet, während Gewinnspitzen unberücksichtigt bleiben.

Bei Gegenständen des Sachanlagevermögens, deren Nutzung zeitlich begrenzt ist, wurden entsprechend den steuerlichen Möglichkeiten Abschreibungen vorgenommen. Geringwertige Wirtschaftsgüter wurden im Jahr der Anschaffung voll abgeschrieben.

Die Beteiligungen und Anteile an verbundenen Unternehmen wurden zu Anschaffungskosten bzw. dem niedrigeren beizulegenden Wert angesetzt.

Die Pensionsverpflichtungen wurden nach versicherungsmathematischen Methoden berechnet und mit dem Teilwert der Verpflichtungen für laufende Pensionszahlungen und Pensionsanwartschaften bewertet. Als Renteneintrittsalter wurde das nach dem Rentenreformgesetz 1999 frühestmögliche Pensionsalter zugrunde gelegt. Darüber hinaus bestehen mittelbare Versorgungsverpflichtungen gemäß Artikel 28 Abs. 2 EGHGB in Höhe von T€ 6.332.

Die übrigen Rückstellungen sind gemäß den Grundsätzen vorsichtiger kaufmännischer Beurteilung in Höhe der voraussichtlichen Inanspruchnahme gebildet.

Angaben und Erläuterungen zur Bilanz

Die nachfolgenden Erläuterungen zu den einzelnen Posten der Bilanz und Gewinn- und Verlustrechnung erfolgen entsprechend der Reihenfolge des Ausweises in den Formblättern.

Bilanz – Aktiva

	31.12.2003 T€	31.12.2002 T€
Pos. 3: Forderungen an Kreditinstitute		
Forderungen an verbundene Unternehmen	36.837	49.188
Forderungen an Unternehmen, mit denen ein Beteiligungsverhältnis besteht	39.921	142.802
Nachrangige Forderungen	28.599	29.655
Forderungen an angeschlossene Sparkassen	3.445.926	2.939.058
Zur Deckung begebener Schuldverschreibungen bestimmte Forderungen	3.643.058	3.423.905
Pos. 4: Forderungen an Kunden		
Forderungen an verbundene Unternehmen	60.251	35.903
Forderungen an Unternehmen, mit denen ein Beteiligungsverhältnis besteht	358.824	346.219
Nachrangige Forderungen	12.271	12.271
Zur Deckung begebener Schuldverschreibungen bestimmte Forderungen	6.927.734	7.115.222
Pos. 5: Schuldverschreibungen und andere festverzinsliche Wertpapiere		
a) Geldmarktpapiere		
aa) Von anderen Emittenten		
börsenfähig und börsennotiert	10.273	–
von verbundenen Unternehmen	–	–
b) Anleihen und Schuldverschreibungen		
ba) Von öffentlichen Emittenten		
börsenfähig und börsennotiert	266.589	236.057
börsenfähig, nicht börsennotiert	0	0
bb) Von anderen Emittenten		
börsenfähig und börsennotiert	5.524.927	5.787.315
börsenfähig, nicht börsennotiert	16.736	60.619
von verbundenen Unternehmen	1.655.299	1.782.558
von Unternehmen, mit denen ein Beteiligungsverhältnis besteht	95.103	66.639
c) Eigene Schuldverschreibungen		
börsenfähig und börsennotiert	59.238	94.102
börsenfähig, nicht börsennotiert	2.773	0



	31.12.2003 T€	31.12.2002 T€
Pos. 6: Aktien und andere nicht festverzinsliche Wertpapiere		
börsenfähig und börsennotiert	6.946	13.411
börsenfähig, nicht börsennotiert	552.637	525.502
Pos. 7: Beteiligungen		
börsenfähige und börsennotierte Anteile	2.816	2.816
börsenfähige, nicht börsennotierte Anteile	0	2
Pos. 9: Treuhandvermögen		
Forderungen an Kunden	85.818	101.308
Beteiligungen	50.484	60.515
Sachanlagen	8.948	8.948
Pos. 11: Sachanlagen		
Im Rahmen der eigenen Tätigkeit genutzte		
– Grundstücke und Gebäude	27.026	28.629
– Betriebs- und Geschäftsausstattung	6.435	7.775
Pos. 12: Sonstige Vermögensgegenstände		
Zinsabgrenzung für Finanzswapgeschäfte	595.992	740.995
Ansprüche aus Beteiligungen	4.003	2.113
Ansprüche auf Erstattung von Steuern	7.165	8.626
Prämien für Optionsgeschäfte	7.334	7.730
Pos. 13: Rechnungsabgrenzungsposten		
Disagioabgrenzung	18.106	18.654
Agioabgrenzung	19.780	29.603

Entwicklung des Anlagevermögens in T€

	Anschaffungs-/ Herstellungskosten	Veränderungen				Abschreibungen kumuliert	Restbuchwert 31.12.03	Restbuchwert 31.12.02	Abschreibungen des Geschäftsjahres
		Zugänge	Abgänge	Umbuchungen	Zuschreibungen				
Beteiligungen							185.319	200.902	
Anteile an verbundenen Unternehmen							186.176	140.426	
Wertpapiere des Anlagevermögens							2.332.581	2.502.292	
Sachanlagen	111.962	2.467	2.015	–	–	72.677	39.737	42.851	–5.432

Die nachstehend aufgeführten Posten der Aktiva gliedern sich nach Restlaufzeiten wie folgt:

	31.12.2003 T€	31.12.2002 T€
Pos. 3 b): Andere Forderungen an Kreditinstitute		
bis 3 Monate	1.718.985	1.946.596
mehr als 3 Monate bis 1 Jahr	1.223.680	2.077.751
mehr als 1 Jahr bis 5 Jahre	2.689.950	2.572.746
mehr als 5 Jahre	2.327.921	2.667.047
Pos. 4: Forderungen an Kunden		
bis 3 Monate	2.242.091	1.791.926
mehr als 3 Monate bis 1 Jahr	1.537.235	1.411.244
mehr als 1 Jahr bis 5 Jahre	4.492.068	4.427.312
mehr als 5 Jahre	7.853.839	8.062.040
darunter:		
mit unbestimmter Laufzeit	733.824	446.368
Pos. 5: Schuldverschreibungen und andere festverzinsliche Wertpapiere		
im Folgejahr fällig	2.391.289	2.054.654

Bilanz – Passiva

	31.12.2003 T€	31.12.2002 T€
Pos. 1: Verbindlichkeiten gegenüber Kreditinstituten		
Verbindlichkeiten gegenüber verbundenen Unternehmen	474.153	1.276.255
Verbindlichkeiten gegenüber Unternehmen, mit denen ein Beteiligungsverhältnis besteht	71.780	69.692
Verbindlichkeiten gegenüber angeschlossenen Sparkassen	529.479	478.447
Pos. 2: Verbindlichkeiten gegenüber Kunden		
Verbindlichkeiten gegenüber verbundenen Unternehmen	640.238	532.422
Verbindlichkeiten gegenüber Unternehmen, mit denen ein Beteiligungsverhältnis besteht	28.062	27.837
Pos. 3: Verbriefte Verbindlichkeiten		
Verbindlichkeiten gegenüber verbundenen Unternehmen	1.617.098	1.952.882
Verbindlichkeiten gegenüber Unternehmen, mit denen ein Beteiligungsverhältnis besteht	313.836	675.656
Pos. 4: Treuhandverbindlichkeiten		
Verbindlichkeiten gegenüber Kreditinstituten	85.163	99.458
Verbindlichkeiten gegenüber Kunden	60.087	71.313
Pos. 5: Sonstige Verbindlichkeiten		
Zinsen für stille Einlagen	43.370	43.694
Zinsen auf das Genussrechtskapital	11.440	13.626
Zinsen auf nachrangige Verbindlichkeiten	1.376	3.681
Zinsabgrenzung aus Finanzswapgeschäften	635.979	770.226
erhaltene Optionsprämien	10.620	9.708
Steuerverbindlichkeiten	4.382	5.282
Pos. 6: Rechnungsabgrenzungsposten		
Agioabgrenzung	3.349	2.351
Disagioabgrenzung	10.595	13.144

31.12.2003
T€

31.12.2002
T€

Pos. 9: Nachrangige Verbindlichkeiten

Aufwendungen für nachrangige Verbindlichkeiten 13.349 18.666

Spezifikation der 10 % des Gesamtbetrages der nachrangigen

Verbindlichkeiten übersteigenden Mittelaufnahme:

Betrag: 150.000.000,00

Währung: €

Zinssatz: 4,875 %

Fälligkeit: 15.12.2015

Eine vorzeitige Rückzahlungsverpflichtung kann für diese Mittelaufnahme nicht entstehen.

Die übrigen nachrangigen Verbindlichkeiten erfüllen ebenfalls die Bedingungen der Nachrangigkeit gemäß § 10 Abs. 5a KWG. Ihre Ursprungslaufzeit beträgt in allen Fällen mindestens 10 Jahre.

Die nachstehend aufgeführten Posten der Passiva gliedern sich nach Restlaufzeiten wie folgt:

Pos. 1 b): Verbindlichkeiten gegenüber Kreditinstituten

bis 3 Monate 4.253.738 4.962.597

mehr als 3 Monate bis 1 Jahr 1.598.185 1.997.247

mehr als 1 Jahr bis 5 Jahre 2.774.063 2.291.730

mehr als 5 Jahre 2.934.359 3.097.767

Pos. 2 aa): Verbindlichkeiten gegenüber Kunden/Spareinlagen

bis 3 Monate 2.559 4.285

mehr als 3 Monate bis 1 Jahr 14.440 10.559

mehr als 1 Jahr bis 5 Jahre 3.369 3.664

mehr als 5 Jahre 30 26

Pos. 2 bb): Andere Verbindlichkeiten gegenüber Kunden

bis 3 Monate 622.305 714.398

mehr als 3 Monate bis 1 Jahr 340.884 226.585

mehr als 1 Jahr bis 5 Jahre 2.058.384 2.025.822

mehr als 5 Jahre 2.638.151 2.486.022

Pos. 3 a): Verbriefte Verbindlichkeiten/begebene Schuldverschreibungen

im Folgejahr fällig 4.553.473 4.821.634

Pos. 3 b): Andere verbiefte Verbindlichkeiten

im Folgejahr fällig – 226.000

Angaben und Erläuterungen zur Gewinn- und Verlustrechnung

Pos. 22: Steuern vom Einkommen und vom Ertrag

Die Steuern vom Einkommen und vom Ertrag betreffen ausschließlich das Ergebnis der gewöhnlichen Geschäftstätigkeit.

Sonstige finanzielle Verpflichtungen

Von den sonstigen finanziellen Verpflichtungen sind folgende wesentliche Beträge zu nennen:

Die Bremer Landesbank haftet gemeinsam mit den anderen Gesellschaftern der DekaBank Deutsche Girozentrale für diese als Gewährträger.

Gegenüber der NORD KB Beteiligungsgesellschaft mit beschränkter Haftung besteht eine Verpflichtung zur Gewährung eines Gesellschafterdarlehens in Höhe von T€ 4.134.

Eine Nachschussverpflichtung besteht gegenüber der Sicherungsreserve der Landesbanken in Höhe von T€ 17.144 (i.V. T€ 13.754).

Eine weitere Nachschussverpflichtung sowie zusätzliche Mithaftung für andere Gesellschafter besteht gegenüber der Liquiditäts-Konsortialbank GmbH, Frankfurt, in Höhe von T€ 3.300.



Sonstige Angaben

1. Mitglieder des Vorstandes

Dr. Peter Haßkamp – Vorsitzender (bis 31.12.2003)

Thomas Christian Buchbinder – stellv. Vorsitzender (bis 31.12.2003)

– Vorsitzender (ab 01.01.2004)

Bodo Rimpler – stellv. Vorsitzender (ab 01.01.2004)

Dr. Guido Brune (ab 01.11.2003)

Fritz Lütke-Uhlenbrock

2. Mitglieder des Aufsichtsrates

Bürgermeister **Hartmut Perschau** – (Vorsitzender bis 30.06.2003)

Der Senator für Finanzen der Freien Hansestadt Bremen (bis 06.07.2003)

Der Senator für Wirtschaft, Häfen und Kultur der Freien Hansestadt Bremen (ab 07.07.2003)

Hartmut Möllring (ab 05.03.2003, Vorsitzender ab 01.07.2003)

Niedersächsischer Finanzminister

Dr. h.c. Manfred Bodin – (Stellv. Vorsitzender)

Vorsitzender des Vorstandes der Norddeutschen Landesbank Girozentrale

Heinrich Aller (bis 04.03.2003)

Niedersächsischer Minister der Finanzen

Wilfried Barnstedt

Vorsitzender des Vorstandes der Landessparkasse zu Oldenburg

Hermann Bröring (ab 25.02.2003)

Landrat des Landkreises Emsland

Dr. Claas Brons

Geschäftsführer der Firma Y. & B. Brons, Emden

Klaus Busch

Stellvertretender Geschäftsführer der Gewerkschaft ver.di, Bezirk Land Bremen

Prof. Dr. Wolfgang Däubler

Hochschullehrer, Lehrstuhl für Arbeits- und Wirtschaftsrecht, Universität Bremen

Heinz Feldmann (ab 01.07.2003)

Vorsitzender des Vorstandes der Kreissparkasse Wittmund

Matthias Gloystein (bis 30.06.2003)

Bankkaufmann

Bremer Landesbank

Josef Hattig (bis 30.06.2003)

Der Senator für Wirtschaft und Häfen der Freien Hansestadt Bremen

Dr. Wilhelm Krautwig

Ministerialdirigent

Niedersächsisches Ministerium für Wirtschaft, Technologie und Verkehr

Thomas Mang (ab 01.02.2003)

Präsident des Niedersächsischen Sparkassen- und Giroverbandes

Dr. Ulrich Nußbaum (ab 01.07.2003)

Der Senator für Finanzen der Freien Hansestadt Bremen

Klaus Otto Ortmann (bis 28.02.2003)

Vorsitzender des Vorstandes der Sparkasse Aurich-Norden in Ostfriesland

– Ostfriesische Sparkasse –

Thomas Pulsfort (ab 01.07.2003)

Bankkaufmann, Bremer Landesbank

Dr. Hannes Rehm

Stellv. Vorsitzender des Vorstandes der Norddeutschen Landesbank Girozentrale

Hans-Joachim Schnause

Bankkaufmann, Bremer Landesbank

Arno Schreiber (bis 25.02.2003)

Oberstadtdirektor der Stadt Wilhelmshaven

Lutz Stratmann (ab 22.04.2003)

Niedersächsischer Minister für Wissenschaft und Kultur

Dr. Gitta Trauernicht (bis 04.03.2003)

Niedersächsische Ministerin für Frauen, Arbeit und Soziales

Jörg Walde

Bankkaufmann, Bremer Landesbank

Fokko Weinobst

Bankkaufmann, Bremer Landesbank

3. Mandate gem. § 340 a Abs. 4 Nr. 1 HGB

Die gesetzlichen Vertreter der Bank haben im Berichtsjahr folgende Mandate gemäß § 340 a Abs. 4 Nr. 1 HGB wahrgenommen*:

Dr. Peter Haßkamp (bis 31.12.2003)

CTS EVENTIM AG, Bremen

DEUTSCHE FACTORING BANK Deutsche Factoring GmbH & Co., Bremen

DekaBank Deutsche Girozentrale, Frankfurt a.M. (bis 31.12.2003)

Norddeutsche Landesbank Luxembourg S.A. (bis 31.12.2003)

Thomas Christian Buchbinder

Bremer Lagerhaus-Gesellschaft Aktiengesellschaft von 1877, Bremen

DekaBank Deutsche Girozentrale, Frankfurt a.M. (seit 01.01.2004)

GEWOBA Aktiengesellschaft Wohnen und Bauen, Bremen

DEUTSCHE FACTORING BANK Deutsche Factoring GmbH & Co., Bremen (bis 31.12.2003)

Bodo Rimpler

DEUTSCHE FACTORING BANK Deutsche Factoring GmbH & Co., Bremen (seit 01.01.2004)

GSG OLDENBURG Bau- und Wohnungsgesellschaft mbH, Oldenburg

NILEG Norddeutsche Immobiliengesellschaft mbH, Hannover

Fritz Lütke-Uhlenbrock

DekaBank Deutsche Girozentrale Luxemburg S.A.

SLOMAN NEPTUN Schifffahrts-AG, Bremen

Dr. Guido Brune (seit 01.11.2003)

* Kreditinstitute wurden großen Kapitalgesellschaften gleichgestellt.

	31.12.2003	31.12.2002
	T€	T€

4. Aufwendungen für die Organe und Organkredite

4.1 Gesamtbezüge der Organmitglieder

Vorstand	2.033	1.807
Aufsichtsrat	150	151
Beirat	56	62

4.2 Gesamtbezüge früherer Organmitglieder und deren Hinterbliebener

Vorstand	809	965
Aufsichtsrat	–	–
Beirat	–	–

Für Pensionsverpflichtungen gegenüber diesem Personenkreis wurden 6.664 T€ (Vj. 8.253 T€) zurückgestellt.

4.3 Vorschüsse, Kredite und Haftungsverhältnisse

Der Gesamtbetrag der Organmitgliedern gewährten Vorschüsse, Kredite sowie Haftungsverhältnisse beläuft sich auf 1.412 T€ (Vj. 1.221 T€).

5. Anzahl der Arbeitnehmer im Jahresdurchschnitt

	2003	2002
männlich	539	543
weiblich	518	529
gesamt	1.057	1.072

6. Weitere Angaben

6.1 Dritten gegenüber erbrachte Dienstleistungen

Die Dritten gegenüber erbrachten Dienstleistungen für Verwaltung und Vermittlung sind von untergeordneter Bedeutung.

6.2 Termingeschäfte

Am Bilanzstichtag noch nicht abgewickelte Termingeschäfte beinhalten vor allem die nachfolgenden Arten von Geschäften:

Zinssatzbezogene Geschäfte

Zinstauschvereinbarungen, Zinstermingeschäfte, Optionen auf Zinstauschvereinbarungen, Zinsbegrenzungsvereinbarungen

Wechselkursbezogene Geschäfte

Devisentermingeschäfte, Währungstauschvereinbarungen, Devisenoptionsgeschäfte

Sonstige Geschäfte – Optionsgeschäfte aus Aktien

Die oben genannten Geschäfte wurden überwiegend zur Deckung von Positionen und des weiteren als reine Handelsgeschäfte abgeschlossen.

6.3 Derivative Geschäfte

Die in dem nachstehenden Schema dargestellten Kreditrisikoäquivalente sind gemäß der bankaufsichtlichen Vorgabe des Grundsatzes I unter Berücksichtigung der Marktbewertungsmethode ermittelt worden. Zur erweiterten Risikodarstellung sind auch die Wiederbeschaffungskosten abgebildet. Die Wiederbeschaffungskosten stellen den potenziellen Aufwand dar, der bei einem Ausfall des Vertragspartners durch den zur Wiederherstellung der Position notwendigen Abschluss eines Ersatzgeschäftes entstehen würde.

Derivative Geschäfte – Darstellung der Volumina –

	Nominalwerte		Kreditrisiko- äquivalente	Wiederbeschaf- fungskosten
– in Mio. € –	31.12.2003	31.12.2002	31.12.2003	31.12.2003
Zinsrisiken				
Zinsswaps	36.089	43.125	119	426
FRAs	3.065	0	39	1
Zinsoptionen				
– Käufe –	30	56	–	1
– Verkäufe –	110	85	–	–
Caps, Floors	731	593	6	1
Börsenkontrakte	0	442	–	–
Sonstige Zinstermingeschäfte	–	–	–	–
Zinsrisiken – insgesamt –	40.025	44.301	164	429
Währungsrisiken				
Devisentermingeschäfte	3.611	6.194	9	116
Währungsswaps/				
Zins-Währungsswaps	2.590	3.880	9	23
Devisenoptionen				
– Käufe –	52	68	0	1
– Verkäufe –	32	35	–	–
Börsenkontrakte	–	–	–	–
Sonstige Währungstermingeschäfte	881	–	0	–
Währungsrisiken – insgesamt –	7.166	10.177	18	140
Aktien- und sonstige Preisrisiken				
Aktientermingeschäfte	–	–	–	–
Aktienoptionen				
– Käufe –	8	5	3	0
– Verkäufe –	6	8	–	–
Börsenkontrakte	0	3	–	–
Sonstige Termingeschäfte	–	–	–	–
Aktien- und sonstige				
Preisrisiken – insgesamt –	14	16	3	0
Kreditderivate				
– Käufe –	0	50	–	–
– Verkäufe –	774	752	–	–
Kreditderivate – insgesamt –	774	802	–	–

Derivative Geschäfte – Fristengliederung –

Nominalwerte – in Mio. € –	Zinsrisiken		Währungsrisiken		Aktien- und sonstige Preisrisiken		Kreditderivate	
	31.12.2003	31.12.2002	31.12.2003	31.12.2002	31.12.2003	31.12.2002	31.12.2003	31.12.2002
Restlaufzeiten								
– bis 3 Monate	13.217	17.410	2.994	4.245	21	12	23	–
– mehr als 3 Monate								
bis 1 Jahr	9.138	12.612	2.402	4.029	8	4	10	–
– mehr als 1 Jahr								
bis 5 Jahre	10.298	7.584	1.062	1.123	–	–	180	272
– mehr als 5 Jahre	7.372	6.695	708	780	–	–	561	530
insgesamt	40.025	44.301	7.166	10.177	29	16	774	802

Derivative Geschäfte – Kontrahentengliederung –

– in Mio. € –	Nominalwerte		Kreditrisiko- äquivalente 31.12.2003	Wiederbeschaf- fungskosten 31.12.2003
	31.12.2003	31.12.2002		
Banken in der OECD	47.323	54.220	174	557
Banken außerhalb der OECD	–	–	–	–
Öffentliche Stellen in der OECD	22	22	–	1
Sonstige Kontrahenten*)	633	1.054	11	10
Summe	47.978	55.296	185	568

*) inklusive Börsenkontrakte

Derivative Geschäfte – Handelsgeschäfte –

– in Mio. € –	Nominalwerte		Kreditrisiko- äquivalente 31.12.2003	Wiederbeschaf- fungskosten 31.12.2003
	31.12.2003	31.12.2002		
Zinskontrakte	35.106	23.719	0	0
Währungskontrakte	4.245	6.288	18	117
Aktienkontrakte	29	16	–	–
Kreditderivatekontrakte	–	–	–	–
Handelsgeschäfte insgesamt	39.380	30.023	18	117

31.12.2003
T€

6.4 Offenmarktgeschäfte

Im Rahmen von Offenmarktgeschäften wurden bei der Deutschen Bundesbank Anleihen im Buchwert von 500 Mio. € (Vj. keine) hinterlegt.

7. Deckungsrechnung

7.1 Hypothekenkreditgeschäft

Deckungspflichtige Verbindlichkeiten

Pfandbriefe

Inhaberschuldverschreibungen 512.888

Namensschuldverschreibungen 1.232.397 1.745.285

Deckungswerte

Forderungen an Kreditinstitute

Forderungen an Kunden 1.997.510 1.997.510

Deckungsüberhang 252.225

7.2 Kommunalkreditgeschäft

Deckungspflichtige Verbindlichkeiten

Kommunalobligationen

Inhaberschuldverschreibungen 3.515.796

Namensschuldverschreibungen 4.767.837 8.283.633

Deckungswerte

Forderungen an Kreditinstitute 3.643.058

Forderungen an Kunden 4.930.224

Ausgleichsforderungen und andere

Wertpapiere öffentlicher Emittenten 323.665 8.896.947

Deckungsüberhang 613.314

8. Anteilsbesitz

Die nachstehende Aufstellung enthält den Anteilsbesitz der Bremer Landesbank gemäß §§ 285 Nr. 11 und 340a Abs. 4 Nr. 2 HGB. Erfasst wurde der jeweils letzte festgestellte Jahresabschluss der Gesellschaften.

lfd. Nr.	Name und Sitz der Gesellschaft	Anteil am Kapital in %	Eigenkapital ¹⁾ in T€	Ergebnis in T€
1.	Ammerländer Wohnungsbau-Gesellschaft mbH, Westerstede	32,26	23.212	1.979
2.	BLB Consulting GmbH, Bremen	100,00	8	-12
3.	BLB Immobilien GmbH, Bremen	100,00	102.126	0 ²⁾
4.	BLB Leasing GmbH, Oldenburg	100,00	511	0 ²⁾
5.	Braker WohnBau-Gesellschaft mbH, Brake/Unterweser	28,00	5.221	-67
6.	Braker Bau- und Verwaltungsgesellschaft mbH, Brake/Unterweser	28,00	219	-51
7.	Bremer Landesbank Capital Markets PLC, London	100,00	10.543	432
8.	Bremer Landesbank Finance (Curacao) N.V., Willemstad/Niederländische Antillen	100,00	60	7
9.	Bremer Spielcasino GmbH & Co. KG, Bremen	49,00		3)
10.	Bremer Toto und Lotto GmbH, Bremen	33,33	3.677	147
11.	Bremische Bau- und Siedlungsgesellschaft mbH (Brebau), Bremen	30,00	68.547	3.232
12.	Bremische Grundstücks-GmbH, Bremen	100,00	236	108
13.	Bremische Grundstücks-GmbH & Co., Bonn-Center, Bremen	100,00	20.656	1.399
14.	Bremische Grundstücks-GmbH & Co., Hamm-Center, Bremen	100,00	14.367	439
15.	Bremische Grundstücks-GmbH & Co., Sondervermögen Bonn, Bremen	100,00	4.295	35
16.	Bremische Grundstücks-GmbH & Co., Wohnanlagen Bonn-Mitte, Bremen	100,00	16.770	-19

lfd. Nr.	Name und Sitz der Gesellschaft	Anteil am Kapital in %	Eigenkapital ¹⁾ in T€	Ergebnis in T€
17.	Bremische Grundstücks-GmbH & Co., Wohnanlagen Groß-Bonn, Bremen	100,00	12.833	1.388
18.	Container Schiffahrtsgesellschaft „Weser“ mbH, Bremen	50,00	0	-2
19.	Deutsch-Indonesische Tabak- Handelsgesellschaft mbH, Bremen	25,00	157	106
20.	Deutsch-Indonesische Tabak- Handelsgesellschaft mbH & Co. KG, Bremen	25,00		3)
21.	FinanzIT GmbH, Hannover	10,40	12.245	-6.777
22.	GEWOBA Aktiengesellschaft Wohnen und Bauen, Bremen	7,75	205.509	15.058
23.	Gewobau Gesellschaft für Wohnungsbau Vechta mbH, Vechta	20,46	6.399	192
24.	GSG OLDENBURG Bau- und Wohn- gesellschaft mbH, Oldenburg	22,22	47.982	1.231
25.	Haus- und Boden-Anlagefonds Dr. Adolf Darjes & Co. KG 6-Städte-Fonds (HB-Fonds 30 K) i. L., Bremen	40,52		3)
26.	NORDWEST VERMÖGEN Bremische Grundstücks-GmbH & Co. KG, Bremen	100,00	50.000	664
27.	Öffentliche Versicherung Bremen, Bremen	20,00	5.958 (1.534)	61
28.	PIKAN Verwaltung GmbH & Co. Vermietungs-KG, München	100,00	0	77
29.	Schiffsbetriebs-Gesellschaft Bremen mbH, Bremen	100,00	461	15
30.	Stifterinstitut Bremen GmbH, Bremen	20,00	50	
31.	Unterstützungseinrichtung der Bremer Landesbank Kreditanstalt Oldenburg GmbH, Bremen	100,00	26	0

lfd. Nr.	Name und Sitz der Gesellschaft	Anteil am Kapital in %	Eigenkapital ¹⁾ in T€	Ergebnis in T€
32.	Visurgis Shipping Comp., Monrovia/Liberia	100,00	0	0
33.	WLO Wirtschaftsförderungsgesellschaft für den Landkreis Oldenburg mbH, Wildeshausen	23,84	41	0

Anmerkungen:

¹⁾ Eigenkapitalbegriff entsprechend §§ 266 und 272 HGB; Klammerwerte geben ausstehende Einlagen an.

²⁾ Mit der Gesellschaft besteht ein Ergebnisübernahmevertrag.

³⁾ Die Angaben unterbleiben nach § 286 Abs. 3 Satz 2 HGB.

9. Mutterunternehmen

Die Norddeutsche Landesbank Girozentrale, Hannover/Braunschweig/Magdeburg/Schwerin, stellt im Verhältnis zur Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale – einen befreienden Konzernabschluss auf, in den der Jahresabschluss der Bank einbezogen ist. Der Konzernabschluss wird beim Handelsregister des Amtsgerichts Hannover hinterlegt.

Bremen, 8. März 2004

Bremer Landesbank Kreditanstalt Oldenburg
– Girozentrale –
Vorstand

Buchbinder

Rimpler

Dr. Brune

Lütke-Uhlenbrock



Bestätigungsvermerk

Wir haben den Jahresabschluss unter Einbeziehung der Buchführung und den Lagebericht der Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen, für das Geschäftsjahr vom 1. Januar bis 31. Dezember 2003 geprüft. Die Buchführung und die Aufstellung von Jahresabschluss und Lagebericht nach den deutschen handelsrechtlichen Vorschriften und den ergänzenden Regelungen in der Satzung liegen in der Verantwortung des Vorstandes der Bank. Unsere Aufgabe ist es, auf der Grundlage der von uns durchgeführten Prüfung eine Beurteilung über den Jahresabschluss unter Einbeziehung der Buchführung und den Lagebericht abzugeben.

Wir haben unsere Jahresabschlussprüfung nach § 317 HGB unter Beachtung der vom Institut der Wirtschaftsprüfer (IDW) festgestellten deutschen Grundsätze ordnungsmäßiger Abschlussprüfung vorgenommen. Danach ist die Prüfung so zu planen und durchzuführen, dass Unrichtigkeiten und Verstöße, die sich auf die Darstellung des durch den Jahresabschluss unter Beachtung der Grundsätze ordnungsmäßiger Buchführung und durch den Lagebericht vermittelten Bildes der Vermögens-, Finanz- und Ertragslage wesentlich auswirken, mit hinreichender Sicherheit erkannt werden. Bei der Festlegung der Prüfungshandlungen werden die Kenntnisse über die Geschäftstätigkeit und über das wirtschaftliche und rechtliche Umfeld der Bank sowie die Erwartungen über mögliche Fehler berücksichtigt. Im Rahmen der Prüfung werden die Wirksamkeit des rechnungslegungsbezogenen internen Kontrollsystems sowie Nachweise für die Angaben in Buchführung, Jahresabschluss und Lagebericht überwiegend auf der Basis von Stichproben beurteilt. Die Prüfung umfasst die Beurteilung der angewandten Bilanzierungsgrundsätze und der wesentlichen Einschätzungen des Vorstandes sowie die Würdigung der Gesamtdarstellung des Jahresabschlusses und des Lageberichts. Wir sind der Auffassung, dass unsere Prüfung eine hinreichend sichere Grundlage für unsere Beurteilung bildet.

Unsere Prüfung hat zu keinen Einwendungen geführt.

Nach unserer Überzeugung vermittelt der Jahresabschluss unter Beachtung der Grundsätze ordnungsmäßiger Buchführung ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens-, Finanz- und Ertragslage der Bank. Der Lagebericht gibt insgesamt eine zutreffende Vorstellung von der Lage der Bank und stellt die Risiken der künftigen Entwicklung zutreffend dar.

Bremen, 9. März 2004

PwC Deutsche Revision
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

FIDES Treuhandgesellschaft KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Schlüter
Wirtschaftsprüfer

ppa. Gerdes
Wirtschaftsprüfer

Bischoff
Wirtschaftsprüfer

Hegeler
Wirtschaftsprüfer

Schedule 3
Business and Financial Information relating to the issuer of the Securities

3.1 Business and Financial Information relating to Merrill Lynch, Inc

The general information concerning Merrill Lynch, Inc has been extracted from the web page of the company www.ml.com and Hoovers.com. The information related to the Financial Statement has been extracted from the Consolidated Balance Sheet at 26 December 2003 and from the Consolidated Statement of Income for year ended 26 December 2003. This information has been extracted from Merrill Lynch's 2003 Annual Report and 2003 Annual Accounts deposited at the US Securities and Exchange Commission (SEC). The Issuer takes responsibility only for the accuracy of the extraction of such information as is reproduced herein and has made no independent investigation of verification thereof. Such information is qualified in its entirety by such documents referred.

Business Profile

Merrill Lynch & Co., Inc., 1 a Delaware corporation formed in 1973, is a holding company that, through its subsidiaries and affiliates, provides broker-dealer, investment banking, financing, wealth management, advisory, asset management, insurance, lending and related products and services on a global basis. These products and services include:

- Securities brokerage, trading and underwriting
- Investment banking, strategic advisory services (including mergers and acquisitions) and other corporate finance activities;
- Wealth management products and services, including financial, retirement and generational planning
- Asset management and investment advisory services
- Origination, brokerage, dealer and related activities in swaps, options, forwards, exchange-traded futures, other derivatives and foreign exchange products;
- Securities clearance, settlement financing services and prime brokerage
- Equity, debt, foreign exchange and economic research;
- Private equity and other principal investing activities;
- Banking, trust and lending services, including deposit taking, commercial and mortgage lending and related services;
- Insurance and annuities sales and annuity underwriting services; and
- Investment advisory and related record keeping services.

Merrill Lynch provides these products and services to a wide array of clients, including individual investors, small businesses, corporations, financial institutions, governments and government agencies. Merrill Lynch reports its results in three business segments: the Global Markets and Investment Banking group ("GMI"), Global Private Client ("GPC"), and Merrill Lynch Investment Managers ("MLIM"). Merrill Lynch provides financial services worldwide through various subsidiaries and affiliates. Merrill Lynch's operations outside the United States are organized into five geographic regions: Europe, Middle East, and Africa ("EMEA"); Japan; Asia Pacific; Canada; and Latin America. Merrill Lynch conducts its business from various locations throughout the world. Its world headquarters is located at the World Financial Center in New York City and its other principal United States business and operational centers are located in New Jersey, Utah and Florida. Merrill Lynch has a presence in 34 countries outside the United States, including offices in Buenos Aires, Dubai, Dublin, Frankfurt, Geneva, Hong Kong, Johannesburg, London, Madrid, Melbourne, Mexico City, Milan, Paris, Sao Paulo, Singapore, Sydney, Tokyo, Toronto and Zurich.

The common stock of Merrill Lynch (trading symbol MER) is listed on the New York Stock Exchange, Chicago Stock Exchange, Pacific Exchange, Paris Stock Exchange, London Stock Exchange and Tokyo Stock Exchange.

Merrill Lynch, Inc - Board of Directors

W. H. Clark

Corporate Director; former Chairman of the Board, Chief Executive Officer and President of Nalco Chemical Company, a producer of specialty chemicals; 71 years old; elected a Director of Merrill Lynch in 1995.

Jill K. Conway

Visiting Scholar, Massachusetts Institute of Technology; President of Smith College from 1975 to 1985; 69 years old; elected a Director of Merrill Lynch in 1978.

Alberto Cribiore

Managing Principal of Brera Capital Partners LLC, a private equity investment firm that he founded in 1997; Co-President of Clayton, Dubilier and Rice from 1986 until 1997; Senior Vice President of Warner Communications (Time Warner, Inc.) responsible for mergers, acquisitions and divestitures from 1982 until 1986; 57 years old; elected a Director of Merrill Lynch in 2003.

George B. Harvey*

Corporate Director; former Chairman of the Board, President and Chief Executive Officer of Pitney Bowes Inc., a provider of mailing, office and logistics systems and management and financial services; 72 years old; elected a Director of Merrill Lynch in 1993.

Heinz-Joachim Neubürger

Executive Vice President and Chief Financial Officer of Siemens AG; Member of the Executive Committee of the Managing Board of Siemens AG; 51 years old; elected a Director of Merrill Lynch in 2001.

David K. Newbigging

Chairman of the Board of Friends Provident plc, a United Kingdom-based life assurance company; former Chairman of the Board of Equitas Holdings Limited; former Chairman of the Board of Rentokil Group plc; former Chairman of the Board and Senior Managing Director of Jardine, Matheson & Co. Limited; 70 years old; elected a Director of Merrill Lynch in 1996.

E. Stanley O'Neal

Chairman of the Board, Chief Executive Officer and President of Merrill Lynch; 52 years old; elected a Director of Merrill Lynch in 2001; joined Merrill Lynch in 1986.

Aulana L. Peters

Corporate Director; Retired Partner in the law firm of Gibson, Dunn & Crutcher LLP; former Member, Public Oversight Board of AICPA; former Commissioner of the U.S. Securities and Exchange Commission; 62 years old; elected a Director of Merrill Lynch in 1994.

John J. Phelan, Jr.*

Corporate Director; Member of the Council on Foreign Relations; former Senior Advisor, Boston Consulting Group; former Chairman and Chief Executive Officer of The New York Stock Exchange, Inc.; former President of the International Federation of Stock Exchanges; 72 years old; elected a Director of Merrill Lynch in 1991.

Joseph W. Prueher

Corporate Director; U.S. Ambassador to the People's Republic of China from 1999 to 2001; Consulting Professor to the Stanford-Harvard Preventive Defense Project; U.S. Navy Admiral (Ret.), Commander-in-Chief of U.S. Pacific Command from 1996 to 1999; 61 years old; elected a Director of Merrill Lynch in 2001.

* Mr. Harvey and Mr. Phelan will continue to serve on the Board of Directors until the 2004 Annual Meeting of Shareholders on Friday, April 23, 2004.

Financial Information

The information related to the Financial Statement has been extracted from the from the Consolidated Balance Sheet at 26 December 2003 and from the Consolidated Statement of Income for year ended 26 December 2003. This information has been extracted from Merrill Lynch's 2003 Annual Report and 2003 Annual Accounts deposited at the US Securities and Exchange Commission (SEC). The Issuer takes responsibility only for the accuracy of the extraction of such information as is reproduced herein and has made no independent investigation of verification thereof. Such information is qualified in its entirety by such documents referred

Consolidated Statements of Earnings

(dollars in millions, except per share amounts)

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	Year Ended Last Friday in December		
	2003	2002	2001
Net Revenues			
Asset management and portfolio service fees	\$ 4,696	\$ 4,914	\$ 5,351
Commissions	4,396	4,657	5,266
Principal transactions	3,236	2,331	3,930
Investment banking	2,628	2,413	3,539
Other	1,111	751	528
	<u>16,067</u>	<u>15,066</u>	<u>18,614</u>
Interest and dividend revenues	11,678	13,206	20,142
Less interest expense	<u>7,591</u>	<u>9,645</u>	<u>16,877</u>
Net interest profit	<u>4,087</u>	<u>3,561</u>	<u>3,265</u>
Total Net Revenues	<u>20,154</u>	<u>18,627</u>	<u>21,879</u>
Non-Interest Expenses			
Compensation and benefits	9,570	9,426	11,269
Communications and technology	1,457	1,741	2,232
Occupancy and related depreciation	889	909	1,077
Brokerage, clearing, and exchange fees	722	727	895
Advertising and market development	429	540	703
Professional fees	581	552	545
Office supplies and postage	197	258	349
Goodwill amortization	—	—	207
Other	787	630	901
Net (recoveries) expenses related to September 11	(147)	(212)	131
Net restructuring and other charges	20	8	2,193
Research and other settlement-related expenses	<u>—</u>	<u>291</u>	<u>—</u>
Total Non-Interest Expenses	<u>14,505</u>	<u>14,870</u>	<u>20,502</u>
Earnings Before Income Taxes and Dividends on Preferred Securities Issued by Subsidiaries	5,649	3,757	1,377
Income Tax Expense	1,470	1,053	609
Dividends on Preferred Securities Issued by Subsidiaries	<u>191</u>	<u>191</u>	<u>195</u>
Net Earnings	<u>\$ 3,988</u>	<u>\$ 2,513</u>	<u>\$ 573</u>
Net Earnings Applicable to Common Stockholders	<u>\$ 3,950</u>	<u>\$ 2,475</u>	<u>\$ 535</u>
Earnings Per Common Share			
Basic	<u>\$ 4.39</u>	<u>\$ 2.87</u>	<u>\$ 0.64</u>
Diluted	<u>\$ 4.05</u>	<u>\$ 2.63</u>	<u>\$ 0.57</u>

See Notes to Consolidated Financial Statements.

Consolidated Balance Sheets

(dollars in millions, except per share amounts)

	December 26, 2003	December 27, 2002
Assets		
Cash and cash equivalents	\$ 10,150	\$ 10,211
Cash and securities segregated for regulatory purposes or deposited with clearing organizations	15,171	7,375
Securities financing transactions		
Receivables under resale agreements	71,756	71,338
Receivables under securities borrowed transactions	45,472	45,543
	<u>117,228</u>	<u>116,881</u>
Trading assets, at fair value <i>(includes securities pledged as collateral of \$23,146 in 2003 and \$11,344 in 2002)</i>		
Contractual agreements	37,196	38,728
Equities and convertible debentures	23,170	13,530
Corporate debt and preferred stock	22,459	18,569
Mortgages, mortgage-backed, and asset-backed securities	20,508	14,987
Non-U.S. governments and agencies	15,991	10,095
U.S. Government and agencies	10,408	10,116
Municipals and money markets	4,577	5,535
	<u>134,309</u>	<u>111,560</u>
Investment securities <i>(includes securities pledged as collateral of \$6,608 in 2003 and \$0 in 2002)</i>	74,267	81,787
Securities received as collateral	9,156	3,693
Other receivables		
Customers <i>(net of allowance for doubtful accounts of \$60 in 2003 and \$79 in 2002)</i>	36,955	35,317
Brokers and dealers	7,346	8,485
Interest and other	9,888	10,437
	<u>54,189</u>	<u>54,239</u>
Loans, notes, and mortgages <i>(net of allowance for loan losses of \$318 in 2003 and \$285 in 2002)</i>	50,993	38,833
Separate accounts assets	17,034	13,042
Equipment and facilities <i>(net of accumulated depreciation and amortization of \$5,054 in 2003 and \$4,671 in 2002)</i>	2,612	3,080
Goodwill	4,814	4,446
Other assets	4,595	4,454
Total Assets	<u>\$ 494,518</u>	<u>\$ 449,601</u>

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	December 26, 2003	December 27, 2002
Liabilities		
Securities financing transactions		
Payables under repurchase agreements	\$ 96,138	\$ 85,378
Payables under securities loaned transactions	11,081	7,640
	<u>107,219</u>	<u>93,018</u>
Commercial paper and other short-term borrowings	5,000	5,353
Deposits	79,457	81,842
Trading liabilities, at fair value		
Contractual agreements	43,353	45,202
U.S. Government and agencies	15,323	14,678
Non-U.S. governments and agencies	12,066	7,952
Equities and convertible debentures	10,793	4,864
Corporate debt, municipals and preferred stock	7,798	6,500
	<u>89,333</u>	<u>79,196</u>
Obligation to return securities received as collateral	9,156	3,693
Other payables		
Customers	28,859	28,569
Brokers and dealers	19,109	16,541
Interest and other	22,378	20,724
	<u>70,346</u>	<u>65,834</u>
Liabilities of insurance subsidiaries	3,353	3,566
Separate accounts liabilities	17,034	13,042
Long-term borrowings	<u>83,299</u>	<u>78,524</u>
Total Liabilities	<u>464,197</u>	<u>424,068</u>
Preferred Securities Issued by Subsidiaries	<u>2,670</u>	<u>2,658</u>
Stockholders' Equity		
Preferred Stockholders' Equity (42,500 shares issued and outstanding and liquidation preference \$10,000 per share)	<u>425</u>	<u>425</u>
Common Stockholders' Equity		
Shares exchangeable into common stock	43	58
Common stock (par value \$1.33 1/3 per share; authorized: 3,000,000,000 shares; issued: 2003 — 1,063,205,274 shares and 2002 — 983,502,078 shares)	1,417	1,311
Paid-in capital	6,709	5,315
Accumulated other comprehensive loss (net of tax)	(551)	(570)
Retained earnings	21,426	18,072
	<u>29,044</u>	<u>24,186</u>
Less: Treasury stock, at cost (2003 — 117,294,392 shares; 2002 — 116,211,158 shares)	1,195	961
Unamortized employee stock grants	623	775
Total Common Stockholders' Equity	<u>27,226</u>	<u>22,450</u>
Total Stockholders' Equity	<u>27,651</u>	<u>22,875</u>
Total Liabilities, Preferred Securities Issued by Subsidiaries, and Stockholders' Equity	<u>\$ 494,518</u>	<u>\$ 449,601</u>

See Notes to Consolidated Financial Statements.

>> Merrill Lynch 2003 Annual Report

Consolidated Statements of Changes in Stockholders' Equity

(dollars in millions)

	Year Ended Last Friday in December					
	Amounts			Shares		
	2003	2002	2001	2003	2002	2001
Preferred Stock , Balance, beginning and end of year	\$ 425	\$ 425	\$ 425	42,500	42,500	42,500
Common Stockholders' Equity						
Shares Exchangeable into Common Stock						
Balance, beginning of year	58	62	68	3,911,041	4,195,407	4,654,378
Exchanges	(15)	(4)	(6)	(1,011,118)	(284,366)	(458,971)
Balance, end of year	43	58	62	2,899,923	3,911,041	4,195,407
Common Stock						
Balance, beginning of year	1,311	1,283	1,283	983,502,078	962,533,498	962,533,498
Shares issued to employees	106	28	—	79,703,196	20,968,580	—
Balance, end of year	1,417	1,311	1,283	1,063,205,274	983,502,078	962,533,498
Paid-in Capital						
Balance, beginning of year	5,315	4,209	2,843			
Shares issued to employees	1,394	1,106	1,366			
Balance, end of year	6,709	5,315	4,209			
Accumulated Other Comprehensive Loss						
Foreign Currency Translation Adjustment (net of tax)						
Balance, beginning of year	(320)	(302)	(309)			
Translation adjustment	19	(18)	7			
Balance, end of year	(301)	(320)	(302)			
Net Unrealized Gains (Losses) on Available-for-Sale Securities (net of tax)						
Balance, beginning of year	(145)	(92)	(36)			
Net unrealized gains (losses) on available-for-sale	27	(58)	(70)			
Other adjustments ^(a)	7	5	14			
Balance, end of year	(111)	(145)	(92)			
Deferred Gains on Cash Flow Hedges (net of tax)						
Balance, beginning of year	20	36	—			
Net deferred gains on cash flow hedges	43	104	41			
Reclassification adjustment to earnings	(52)	(120)	(5)			
Balance, end of year	11	20	36			
Minimum Pension Liability (net of tax)						
Balance, beginning of year	(125)	(10)	—			
Net minimum pension liability adjustment	(25)	(115)	(10)			
Balance, end of year	(150)	(125)	(10)			
Balance, end of year	(551)	(570)	(368)			
Retained Earnings						
Balance, beginning of year	18,072	16,150	16,156			
Net earnings	3,988	2,513	573			
9% Cumulative Preferred stock dividends declared	(38)	(38)	(38)			
Common stock dividends declared	(596)	(553)	(541)			
Balance, end of year	21,426	18,072	16,150			
Treasury Stock, at cost						
Balance, beginning of year	(961)	(977)	(1,273)	(116,211,158)	(119,059,651)	(154,578,945)
Shares issued to (reacquired from) employees ^(b)	(273)	(12)	291	(2,094,352)	2,564,127	35,060,323
Share exchanges	39	28	5	1,011,118	284,366	458,971
Balance, end of year	(1,195)	(961)	(977)	(117,294,392)	(116,211,158)	(119,059,651)
Unamortized Employee Stock Grants						
Balance, beginning of year	(775)	(776)	(853)			
Net issuance of employee stock grants	(440)	(697)	(720)			
Amortization of employee stock grants	592	697	797			
Other	—	1	—			
Balance, end of year	(623)	(775)	(776)			
Total Common Stockholders' Equity	27,226	22,450	19,583			
Total Stockholders' Equity	\$ 27,651	\$ 22,875	\$ 20,008			

(a) Other adjustments relate to policyholder liabilities, deferred policy acquisition costs, and income taxes.

(b) Share amounts are net of reacquisitions from employees of 8,355,168; 2,664,083; and 4,756,694 in 2003, 2002 and 2001, respectively.

See Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

(dollars in millions)

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	Year Ended Last Friday in December		
	2003	2002	2001
Net Earnings	\$ 3,988	\$ 2,513	\$ 573
Other Comprehensive Income (Loss)			
Foreign currency translation adjustment:			
Foreign currency translation gains (losses)	(392)	(263)	127
Income tax (expense) benefit	411	245	(120)
Total	<u>19</u>	<u>(18)</u>	<u>7</u>
Net unrealized gains (losses) on investment securities available-for-sale:			
Net unrealized holding gains (losses) arising during the period	598	213	(51)
Reclassification adjustment for realized gains included in net earnings	<u>(571)</u>	<u>(271)</u>	<u>(19)</u>
Net unrealized gains (losses) on investment securities available-for-sale	<u>27</u>	<u>(58)</u>	<u>(70)</u>
Adjustments for:			
Policyholder liabilities	8	(16)	(10)
Deferred policy acquisition costs	(1)	1	(13)
Income tax (expense) benefit	—	20	37
Total	<u>34</u>	<u>(53)</u>	<u>(56)</u>
Deferred gain (loss) on cash flow hedges			
Deferred gain on cash flow hedges	37	94	65
Income tax (expense) benefit	6	10	(24)
Reclassification adjustment to earnings	<u>(52)</u>	<u>(120)</u>	<u>(5)</u>
Total	<u>(9)</u>	<u>(16)</u>	<u>36</u>
Minimum pension liability			
Minimum pension liability adjustment	(38)	(168)	(10)
Income tax benefit	13	53	—
Total	<u>(25)</u>	<u>(115)</u>	<u>(10)</u>
Total Other Comprehensive Income (Loss)	<u>19</u>	<u>(202)</u>	<u>(23)</u>
Comprehensive Income	<u>\$ 4,007</u>	<u>\$ 2,311</u>	<u>\$ 550</u>

See Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

(dollars in millions)

	Year Ended Last Friday in December		
	2003	2002	2001
Cash Flows from Operating Activities			
Net Earnings	\$ 3,988	\$ 2,513	\$ 573
Noncash items included in earnings:			
Depreciation and amortization	570	652	888
Amortization of stock-based compensation	592	697	797
Deferred taxes	382	74	(783)
Policyholder reserves	156	168	183
Goodwill amortization	—	—	207
Restructuring and other charges	20	8	491
Undistributed (earnings) loss from equity investments	(179)	31	13
Other	17	125	(38)
Changes in operating assets and liabilities ^(a) :			
Trading assets	(22,890)	(7,280)	(4,378)
Cash and securities segregated for regulatory purposes or deposited with clearing organizations	(1,217)	(2,908)	1,625
Receivables under resale agreements	(406)	(5,100)	11,672
Receivables under securities borrowed transactions	71	9,387	(19,589)
Customer receivables	(1,619)	4,533	1,741
Brokers and dealers receivables	1,139	(1,617)	19,553
Trading liabilities	9,553	3,279	7,060
Payables under repurchase agreements	10,760	10,474	(15,006)
Payables under securities loaned transactions	3,441	(4,651)	(1,691)
Customer payables	290	(135)	3,942
Brokers and dealers payables	2,568	4,609	2,418
Other, net	2,248	5,088	(1,129)
Cash Provided by Operating Activities	<u>9,484</u>	<u>19,947</u>	<u>8,549</u>
Cash Flows from Investing Activities			
Proceeds from (payments for):			
Maturities of available-for-sale securities	31,345	37,891	33,135
Sales of available-for-sale securities	56,448	36,697	14,138
Purchases of available-for-sale securities	(81,639)	(71,183)	(76,201)
Maturities of held-to-maturity securities	1,541	206	811
Purchases of held-to-maturity securities	(1,479)	(303)	(757)
Loans, notes, and mortgages	(12,625)	(15,716)	(4,324)
Proceeds from sale of business	—	—	344
Other investments and other assets	(3,623)	(1,684)	(814)
Equipment and facilities	(102)	(860)	(663)
Cash Used for Investing Activities	<u>(10,134)</u>	<u>(14,952)</u>	<u>(34,331)</u>
Cash Flows from Financing Activities			
Proceeds from (payments for):			
Commercial paper and other short-term borrowings	(353)	212	(10,042)
Deposits	(2,385)	(3,977)	18,171
Issuance and resale of long-term borrowings	29,139	25,493	38,781
Settlement and repurchase of long-term borrowings	(26,455)	(27,232)	(32,827)
Derivative financing transactions	584	—	—
Issuance of common stock	612	289	—
Issuance of treasury stock	12	6	515
Other common stock transactions	69	(54)	(372)
Dividends	(634)	(591)	(579)
Cash Provided by (used for) Financing Activities	<u>589</u>	<u>(5,854)</u>	<u>13,647</u>
Decrease in Cash and Cash Equivalents	<u>(61)</u>	<u>(859)</u>	<u>(12,135)</u>
Cash and Cash Equivalents, beginning of year	<u>10,211</u>	<u>11,070</u>	<u>23,205</u>
Cash and Cash Equivalents, end of year	<u>\$ 10,150</u>	<u>\$ 10,211</u>	<u>\$ 11,070</u>

(a) Net of effects of acquisitions and divestitures.

Supplemental Disclosures

Cash paid for:

Income taxes	\$ 205	\$ 861	\$ 887
Interest	7,464	9,922	18,042

See Notes to Consolidated Financial Statements.



Notes to Consolidated Financial Statements

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>> Note 1. Summary of Significant Accounting Policies

Description of Business

Merrill Lynch & Co., Inc. ("ML & Co.") and subsidiaries ("Merrill Lynch") provides investment, financing, insurance, and related services to individuals and institutions on a global basis through its broker, dealer, banking, insurance, and other financial services subsidiaries. Its principal subsidiaries include:

- Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"), a U.S.-based broker-dealer in securities and futures commission merchant;
- Merrill Lynch International ("MLI"), a U.K.-based broker-dealer in securities and dealer in equity and credit derivatives;
- Merrill Lynch Government Securities Inc. ("MLGSI"), a U.S.-based dealer in U.S. Government securities;
- Merrill Lynch Capital Services, Inc., a U.S.-based dealer in interest rate, currency, and credit derivatives;
- Merrill Lynch Investment Managers, LP, a U.S.-based asset management company;
- Merrill Lynch Investment Managers Limited, a U.K.-based asset management company;
- Merrill Lynch Bank USA ("MLBUSA"), a U.S.-based FDIC-insured depository;
- Merrill Lynch Bank & Trust Co. ("MLB&T"), a U.S.-based FDIC-insured depository;
- Merrill Lynch International Bank Limited ("MLIB"), a U.K.-based bank;
- Merrill Lynch Capital Markets Bank Limited ("MLCMB"), an Ireland-based bank;
- Merrill Lynch Japan Securities Co., Ltd., a Japan-based broker-dealer;
- Merrill Lynch Canada, Inc., a Canada-based broker-dealer; and
- Merrill Lynch Insurance Group, Inc., a U.S.-based provider of life insurance and annuity products.

Services provided to clients by Merrill Lynch include:

- securities brokerage, trading, and underwriting;
- investment banking, strategic advisory services (including mergers and acquisitions), and other corporate finance activities;
- wealth management products and services;
- asset management;
- origination, brokerage, dealer, and related activities in swaps, options, forwards, exchange-traded futures, other derivatives, and foreign exchange products;
- securities clearance, settlement financing services and prime brokerage;
- equity, debt, foreign exchange, and economic research;
- private equity and other principal investing activities;
- banking, trust, and lending services, including deposit-taking, commercial and mortgage lending and related services;
- insurance and annuities sales and annuity underwriting services; and
- investment advisory and related record-keeping services.

Basis of Presentation

The Consolidated Financial Statements include the accounts of Merrill Lynch, whose subsidiaries are generally controlled through a majority voting interest but may be controlled by means of a significant minority ownership, by contract, lease or otherwise. In certain cases, Merrill Lynch subsidiaries (i.e., Variable Interest Entities ("VIEs")) may also be consolidated based on a risks and rewards approach as required by Financial Accounting Standards Board ("FASB") Interpretation No. 46 ("FIN 46") and the revised Interpretation ("FIN 46R"). See Note 7 to the Consolidated Financial Statements for further discussion regarding the consolidation of VIEs.

The Consolidated Financial Statements are presented in accordance with accounting principles generally accepted in the United States of America, which include industry practices. All material intercompany transactions and balances have been eliminated.

Certain reclassifications and format changes have been made to prior year amounts to conform to the current year presentation.

The Consolidated Financial Statements are presented in U.S. dollars. Many non-U.S. subsidiaries have a functional currency (i.e., the currency in which activities are primarily conducted) that is other than the U.S. dollar, often the currency of the country in which a subsidiary is domiciled. Subsidiaries' assets and liabilities are translated to U.S. dollars at year-end exchange rates, while revenues and expenses are translated at average exchange rates during the year. Adjustments that result from translating amounts in a subsidiary's functional currency and related hedging, net of related tax effects, are reported in stockholders' equity as a component of accumulated other comprehensive loss. All other translation adjustments are included in earnings. Merrill Lynch uses derivatives to manage the currency exposure arising from activities in non-U.S. subsidiaries. (See the Derivatives section for additional information on accounting for derivatives.)

Use of Estimates

In presenting the Consolidated Financial Statements, management makes estimates regarding:

- certain trading inventory valuations
- the outcome of litigation
- the carrying amount of goodwill
- the allowance for loan losses
- the realization of deferred tax assets
- tax reserves
- insurance reserves and recovery of insurance deferred acquisition costs
- cash flow projections used in determining whether variable interest entities should be consolidated; and
- other matters that affect the reported amounts and disclosure of contingencies in the financial statements.

Estimates, by their nature, are based on judgment and available information. Therefore, actual results could differ from those estimates and could have a material impact on the Consolidated Financial Statements, and it is possible that such changes could occur in the near term. A discussion of certain areas in which estimates are a significant component of the amounts reported in the Consolidated Financial Statements follows:

Trading Assets and Liabilities

Fair values of trading securities are based on quoted market prices, pricing models (utilizing indicators of general market conditions and other economic measurements), or management's estimates of amounts to be realized on settlement, assuming current market conditions and an orderly disposition over a reasonable period of time. Estimating the fair value of certain illiquid securities requires significant management judgment. Merrill Lynch values trading security assets at the institutional bid price and recognizes bid-offer revenues when assets are sold. Trading security liabilities are valued at the institutional offer price and bid-offer revenues are recognized when the positions are closed.

Fair values for over-the-counter ("OTC") derivative financial instruments, principally forwards, options, and swaps, represent the present value of amounts estimated to be received from or paid to a third party in settlement of these instruments. These derivatives are valued using pricing models based on the net present value of estimated future cash flows and directly observed prices from exchange-traded derivatives, other OTC trades, or external pricing services. Obtaining the fair value for OTC derivatives contracts requires the use of management judgment and estimates.

New and/or complex instruments may have immature or limited markets. As a result, the pricing models used for valuation often incorporate significant estimates and assumptions, which may impact the results of operations reported in the financial statements. For long-dated and illiquid contracts, extrapolation methods are applied to observed market data in order to estimate inputs and assumptions that are not directly observable. This enables Merrill Lynch to mark all positions consistently when only a subset of prices are directly observable. Values for OTC derivatives are verified using observed information about the costs of hedging the risk and other trades in the market. As the markets for these products develop, Merrill Lynch continually refines its pricing models based on experience to correlate more closely to the market risk of these instruments. Unrealized gains for these instruments are not recognized unless the valuation model incorporates significant observable market inputs.

Valuation adjustments are an integral component of the mark-to-market process and are taken for individual positions where either the sheer size of the trade or other specific features of the trade or particular market (such as counterparty credit quality or concentration or market liquidity) requires the valuation to be based on more than simple application of the pricing models.

Restricted Investments

Merrill Lynch holds investments that may have quoted market prices but that are subject to restrictions (e.g., requires consent of other investors to sell) that may limit Merrill Lynch's ability to realize the quoted market price. Merrill Lynch estimates the fair value of these securities taking into account the restrictions using pricing models based on projected cash flows, earnings multiples, comparisons based on similar transactions, and/or review of underlying financial conditions and other market factors. Such estimation may result in a fair value for a security that is less than its quoted market price.

Valuation Allowance for Deferred Tax Assets

Deferred tax assets and liabilities are recorded for the effects of temporary differences between the tax basis of an asset or liability and its reported amount in the financial statements. Merrill Lynch assesses its ability to realize deferred tax assets primarily based on the earnings history and future earnings potential of the legal entities to which the deferred tax assets are attributable as discussed in Statement of Financial Accounting Standards ("SFAS") No. 109, *Accounting for Income Taxes*. See Note 16 to the Consolidated Financial Statements for further discussion of income taxes.

Valuation of Loans and Allowance for Loan Losses

The fair value of loans made in connection with commercial lending activity, consisting primarily of senior debt, is estimated using discounted cash flows. Merrill Lynch's estimate of fair value for other loans, notes, and mortgages is determined based on the individual loan characteristics. For certain homogeneous categories of loans, including residential mortgages and home equity loans, fair value is estimated using market price quotations or previously executed transactions for securities backed by similar loans, adjusted for credit risk and other individual loan characteristics. For Merrill Lynch's variable-rate loan receivables, carrying value approximates fair value.

The provision for loan losses is based on management's estimate of the amount necessary to maintain the allowance at a level adequate to absorb probable incurred loan losses. Management's estimate of loan losses is influenced by many factors, including adverse situations that may affect the borrower's ability to repay, current economic conditions, prior loan loss experience, and the estimated fair value of any underlying collateral. The fair value of collateral is generally determined by third-party appraisals in the case of residential mortgages, quoted market prices for securities, and estimates of fair value for other assets. Management's estimates of loan losses include considerable judgment about collectibility based on available facts and evidence at the balance sheet date, and the uncertainties inherent in those assumptions. While management uses the best information available on which to base its estimates, future adjustments to the allowance may be necessary based on changes in the economic environment or variances between actual results and the original assumptions used by management.

Insurance Reserves and Deferred Acquisition Costs Relating to Insurance Policies

Merrill Lynch records reserves related to life insurance, annuity products and other universal life type contracts. Included in these reserves is a mortality reserve that approximates the long-term cost of the associated guaranteed benefits within the contract. The estimate of long-term cost is based on historical experience.

Merrill Lynch records deferred insurance policy acquisition costs that are amortized in proportion to the estimated future gross profits for each group of contracts over the anticipated life of the insurance contracts, utilizing an effective yield methodology. These future gross profit estimates are subject to periodic evaluation by Merrill Lynch, with necessary revisions applied against amortization to date.

Legal and Other Reserves

Merrill Lynch is a party in various actions, some of which involve claims for substantial amounts. Amounts are accrued for the financial resolution of claims that have either been asserted or are deemed probable of assertion if, in the opinion of management, it is both probable that a liability has been incurred and the amount of the liability can be reasonably estimated. In many cases, it is not possible to determine whether a liability has been incurred or to estimate the ultimate or minimum amount of that liability until years after the litigation has

been commenced, in which case no accrual is made until that time. Accruals are subject to significant estimation by management with input from outside counsel.

Variable Interest Entities ("VIEs")

In the normal course of business, Merrill Lynch enters into a variety of transactions with VIEs. The applicable accounting guidance requires Merrill Lynch to perform a qualitative and quantitative analysis of a VIE to determine whether it is the primary beneficiary of the VIE and therefore must consolidate the VIE. In performing this analysis, Merrill Lynch makes assumptions regarding future performance of assets held by the VIE, taking into account estimates of credit risk, estimates of the fair value of assets, timing of cash flows, and other significant factors. It should also be noted that although a VIE's actual results may differ from projected outcomes, a revised consolidation analysis is not required.

Fair Value

At December 26, 2003, \$439 billion, or 89%, of Merrill Lynch's total assets and \$446 billion, or 96%, of Merrill Lynch's total liabilities were carried at fair value or at amounts that approximate fair value. At December 27, 2002, \$400 billion, or 89%, of Merrill Lynch's total assets and \$407 billion, or 96%, of Merrill Lynch's total liabilities were carried at fair value or at amounts that approximate such values. Financial instruments that are carried at fair value include cash and cash equivalents, cash and securities segregated for regulatory purposes or deposited with clearing organizations, trading assets and liabilities, securities received as collateral and obligation to return securities received as collateral, available-for-sale and trading securities included in investment securities, certain investments of insurance subsidiaries and certain other investments.

Financial instruments recorded at amounts that approximate fair value include receivables under resale agreements, receivables under securities borrowed transactions, other receivables, payables under repurchase agreements, payables under securities loaned transactions, commercial paper and other short-term borrowings, deposits, and other payables. The fair value of these items is not materially sensitive to shifts in market interest rates because of the limited term to maturity of many of these instruments and/or their variable interest rates.

The fair value amounts for financial instruments are disclosed in each respective footnote.

Securities Accounting

Merrill Lynch's non-broker-dealer subsidiaries follow the guidance prescribed by SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, when accounting for investments in debt and publicly traded equity securities. Merrill Lynch classifies those debt securities that it has the intent and ability to hold to maturity as held-to-maturity securities, which are carried at cost unless a decline in value is deemed other than temporary, in which case the carrying

value is reduced. Those securities that are bought and held principally for the purpose of selling them in the near term are classified as trading and marked to fair value through earnings. All other qualifying securities are classified as available-for-sale with unrealized gains and losses reported in accumulated other comprehensive loss.

Securities held by a broker-dealer subsidiary are subject to specialized industry guidance as prescribed by the American Institute of Certified Public Accountants ("AICPA") Audit and Accounting Guide, *Brokers and Dealers in Securities*. Merrill Lynch accounts for substantially all securities held by broker-dealer subsidiaries at fair value with realized and unrealized gains and losses reported in earnings.

Investment Banking and Advisory Services

Underwriting revenues and fees for merger and acquisition advisory services are accrued when services for the transactions are substantially completed. Transaction-related expenses are deferred to match revenue recognition. Investment banking and advisory services revenues are presented net of transaction-related expenses.

Balance Sheet Captions

The following are policies related to specific balance sheet captions. Refer to the related footnotes for additional information.

Cash and Cash Equivalents

Merrill Lynch defines cash equivalents as short-term, highly liquid securities and interest-earning deposits with original maturities of 90 days or less, other than those used for trading purposes.

Cash and Securities Segregated for Regulatory Purposes or Deposited with Clearing Organizations

Cash and securities segregated for regulatory purposes or deposited with clearing organizations include cash and securities segregated in compliance with federal and other regulations and represent funds deposited by customers and funds accruing to customers as a result of trades or contracts. Also included are funds segregated in a special reserve account for the benefit of customers under Rule 15c3-3 of the Securities and Exchange Commission, as well as funds segregated and held in separate accounts in accordance with Section 4d(2) and Regulation 30.7 of the Commodity Exchange Act.

Securities Financing Transactions

Merrill Lynch enters into repurchase and resale agreements and securities borrowed and loaned transactions to accommodate customers (also referred to as "matched-book transactions"), finance firm inventory positions, obtain securities for settlement and earn residual interest rate spreads. Merrill Lynch also engages in securities financing for customers through margin lending (see customer receivables and payables section).

Resale and repurchase agreements are accounted for as collateralized financing transactions and are recorded at their contractual amounts plus accrued interest. Merrill Lynch's policy is to obtain possession of collateral with a market value

equal to or in excess of the principal amount loaned under resale agreements. To ensure that the market value of the underlying collateral remains sufficient, collateral is valued daily, and Merrill Lynch may require counterparties to deposit additional collateral or return collateral pledged, when appropriate. Substantially all repurchase and resale activities are transacted under master netting agreements that give Merrill Lynch the right, in the event of default, to liquidate collateral held and to offset receivables and payables with the same counterparty. Merrill Lynch offsets certain repurchase and resale agreement balances with the same counterparty on the Consolidated Balance Sheets.

Interest rate swaps may be used to modify the interest rate characteristics of long-term resale and repurchase agreements. (See the Derivatives section for additional information on accounting policy for derivatives.)

Securities borrowed and loaned transactions are recorded at the amount of cash collateral advanced or received. Securities borrowed transactions require Merrill Lynch to provide the counterparty with collateral in the form of cash, letters of credit, or other securities. Merrill Lynch receives collateral in the form of cash or other securities for securities loaned transactions. For these transactions, the fees received or paid by Merrill Lynch are recorded as interest revenue or expense. On a daily basis, Merrill Lynch monitors the market value of securities borrowed or loaned against the collateral value. Although substantially all securities borrowing and lending activities are transacted under master netting agreements, such receivables and payables with the same counterparty are not offset on the Consolidated Balance Sheets.

All firm-owned securities pledged to counterparties where the counterparty has the right, by contract or custom, to sell or repledge the securities are disclosed parenthetically in trading assets on the Consolidated Balance Sheets.

In transactions where Merrill Lynch acts as the lender in a securities lending agreement and receives securities that can be pledged or sold as collateral, it recognizes on the Consolidated Balance Sheets an asset, representing the securities received (securities received as collateral) and a liability, representing the obligation to return those securities (obligation to return securities received as collateral).

Trading Assets and Liabilities

Merrill Lynch's trading activities consist primarily of securities brokerage, trading, and underwriting; derivatives dealing and brokerage; and securities financing transactions. Trading assets and trading liabilities consist of cash instruments (such as securities) and derivative instruments used for trading purposes or for managing risk exposures in other trading inventory. See the Derivatives section for additional information on accounting policy for derivatives.

Trading securities and other cash instruments (e.g., loans held for trading purposes) are recorded on a trade date basis at fair value. Included in trading liabilities are securities that Merrill Lynch has sold but did not own and will therefore be obligated to purchase at a future date ("short sales"). Changes in fair value (i.e., unrealized gains and losses) are recognized as

principal transactions revenues in the current period. Realized gains and losses and any related interest amounts are included in principal transactions revenues and interest revenues and expenses, depending on the nature of the instrument.

Fair values of trading assets and liabilities are based on quoted market prices, pricing models (utilizing indicators of general market conditions or other economic measurements), or management's best estimates of amounts to be realized on settlement, assuming current market conditions and an orderly disposition over a reasonable period of time. As previously noted, estimating the fair value of certain trading assets and liabilities requires significant management judgment.

Derivatives

A derivative is an instrument whose value is "derived" from an underlying instrument or index such as a future, forward, swap, or option contract, or other financial instrument with similar characteristics. Derivative contracts often involve future commitments to exchange interest payment streams or currencies based on a notional or contractual amount (e.g., interest rate swaps or currency forwards) or to purchase or sell other financial instruments at specified terms on a specified date (e.g., options to buy or sell securities or currencies).

Accounting for Derivatives and Hedging Activities

SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts ("embedded derivatives") and for hedging activities. SFAS No. 133 requires that an entity recognize all derivatives as either assets or liabilities in the Consolidated Balance Sheets and measure those instruments at fair value. (See section below for additional information regarding the valuation of derivatives). The fair value of all derivatives is recorded on a net-by-counterparty basis on the Consolidated Balance Sheets where management believes a legal right of setoff exists under an enforceable netting agreement.

The accounting for changes in fair value of a derivative instrument depends on its intended use and the resulting designation.

Derivatives entered into in a dealing capacity

Merrill Lynch enters into derivatives in a dealing capacity, providing them to clients, and enters into them for proprietary trading and financing strategies and to manage its risk exposures arising from trading assets and liabilities. As a result of these hedging techniques, a significant portion of trading assets and liabilities represents hedges of other trading positions. Derivatives entered into in a dealing capacity are recognized at fair value on the Consolidated Balance Sheets as trading assets and liabilities in Contractual agreements and the change in fair value is reported in current period earnings as principal transactions revenues.

Derivatives entered into in a non-dealing capacity

Merrill Lynch also enters into derivatives in a non-dealing capacity, in order to manage its risk exposures arising from

non-trading assets and liabilities. Merrill Lynch routinely issues debt in a variety of maturities and currencies to achieve the lowest cost financing possible. Merrill Lynch uses derivative transactions to more closely match the duration of these borrowings to the duration of the assets being funded to minimize interest rate risk. Merrill Lynch also enters into currency swaps to ensure that non-U.S. dollar-denominated assets are funded with like-currency-denominated liabilities (to the extent that the currency cannot be sourced more efficiently through a direct debt issuance). Derivatives used most frequently include swap agreements that:

- Convert fixed rate interest payments into variable payments
- Change the underlying interest rate basis or reset frequency
- Convert non-U.S. dollar payments into U.S. dollars.

In addition, Merrill Lynch enters into hedges on marketable investment securities to manage the interest rate risk and net duration of its investment portfolio.

Merrill Lynch also uses foreign-exchange forward contracts, foreign-exchange options, currency swaps, and foreign-currency-denominated debt to hedge its net investments in foreign operations. These derivatives and cash instruments are used to mitigate the impact of changes in exchange rates.

Derivatives entered into by Merrill Lynch in a non-dealing capacity used to hedge its funding, marketable investment securities and net investments in foreign subsidiaries are reported at fair value in other assets or interest and other payables in the Consolidated Balance Sheets at December 26, 2003 and December 27, 2002.

Derivatives entered into in a non-dealing capacity are designated, on the date they are entered into, as either:

- 1) A hedge of the fair value of a recognized asset or liability ("fair value" hedge). Changes in the fair value of derivatives that are designated and qualify as fair value hedges, along with the gain or loss on the hedged asset or liability that is attributable to the hedged risk, are recorded in current period earnings as interest revenue or expense
- 2) A hedge of the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow" hedge). Changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recorded in accumulated other comprehensive loss until earnings are affected by the variability of cash flows of the hedged asset or liability (e.g., when periodic settlements on a variable-rate asset or liability are recorded in earnings)
- 3) A hedge of a net investment in a foreign operation. Changes in the fair value of derivatives that are designated and qualify as hedges of a net investment in a foreign operation are recorded in the foreign currency translation adjustment account within accumulated other comprehensive loss

Changes in the fair value of derivatives that are economically used to hedge non-trading assets and liabilities, but that do not meet the criteria in SFAS No. 133 to qualify as an accounting hedge are reported in current period earnings as either Principal transactions revenues, other revenue or expense or interest expense depending on the nature of the transaction.

Merrill Lynch formally assesses, both at the inception of the hedge and on an ongoing basis, whether the hedging derivatives are highly effective in offsetting changes in fair value or cash flows of hedged items. When it is determined that a derivative is not highly effective as a hedge, Merrill Lynch discontinues hedge accounting. Under the provisions of SFAS No. 133, hedge effectiveness is assumed for those derivatives whose terms match the terms of the asset or liability being hedged and that otherwise meet the conditions of SFAS No. 133.

As noted above, Merrill Lynch enters into interest rate swaps to hedge the interest rate exposure of certain investment securities. Hedge effectiveness testing is required for some of these hedging relationships and the component of each derivative's change in fair value not attributable to the change in interest rates is excluded and reported in earnings. For 2003 and 2002, the amounts excluded from hedge effectiveness not attributed to the change in interest rates was not material. In addition, the amount of hedge ineffectiveness on fair-value hedges was not material in 2003 or 2002.

For the years ended 2003 and 2002, respectively, \$527 million and \$362 million of net losses related to non-U.S. dollar hedges of investments in non-U.S. dollar subsidiaries were included in accumulated other comprehensive loss on the Consolidated Balance Sheets. These amounts were substantially offset by net gains on the hedged investments.

The majority of deferred net gains (losses) on derivative instruments designated as cash flow hedges that were in accumulated other comprehensive loss at December 26, 2003 are expected to be reclassified into earnings over the next four years. The amount of ineffectiveness related to these hedges reported in earnings was not material.

Embedded Derivatives

Merrill Lynch issues debt and Certificates of Deposit whose coupons or repayment terms are linked to the performance of equity or other indices (e.g., S&P 500) or baskets of securities. The contingent payment components of these obligations may meet the definition of an "embedded derivative." These debt instruments are assessed to determine if the embedded derivative requires separate reporting and accounting, and if so, the embedded derivative is separated and reported in long-term borrowings or deposits on the Consolidated Balance Sheets along with the debt obligation; changes in the fair value of the embedded derivative and related hedges are reported in interest expense. Separating an embedded derivative from its host contract requires careful analysis, judgment, and an understanding of the terms and conditions of the instrument. The risk exposures in embedded derivatives are economically hedged with cash instruments and/or other non-trading derivatives reported at fair value.

Merrill Lynch may also purchase financial instruments that contain embedded derivatives. These instruments may be part of either trading inventory or trading marketable investment securities. These instruments are generally accounted for at fair value in their entirety; the embedded derivative is not separately accounted for, and all changes in fair value are reported in principal transactions revenues.

Derivatives that contain a significant financing element

In the ordinary course of trading activities, Merrill Lynch enters into certain transactions that are documented as derivatives where a significant cash investment is made by one party. These transactions can be in the form of simple interest rate swaps where the fixed leg is prepaid or may be in the form of equity-linked or credit-linked transactions where the initial investment equals the notional amount of the derivative. In accordance with SFAS No. 149, *Amendment of Statement 133 on Derivative Instruments and Hedging Activities*, certain derivative instruments entered into or modified after June 30, 2003 that contain a significant financing element at inception and where Merrill Lynch is deemed the borrower, are now included in financing activities in the Consolidated Statements of Cash Flows. Prior to July 1, 2003, the activity associated with such derivative instruments is included in operating activities in the Consolidated Statements of Cash Flows. In addition, the cash flows from all other derivative transactions that do not contain a significant financing element at inception are included in operating activities.

Valuation of Derivatives

Fair values for certain exchange-traded derivatives, principally futures and certain options, are based on quoted market prices. Fair values for OTC derivative financial instruments, principally forwards, options, and swaps, represent amounts estimated to be received from or paid to a third party in settlement of these instruments. These derivatives are valued using pricing models based on the net present value of estimated future cash flows and directly observed prices from exchange-traded derivatives, other OTC trades, or external pricing services.

New and/or complex instruments may have immature or limited markets. As a result, the pricing models used for valuation often incorporate significant estimates and assumptions, which may impact the level of precision in the financial statements. For long-dated and illiquid contracts, extrapolation methods are applied to observed market data in order to estimate inputs and assumptions that are not directly observable. This enables Merrill Lynch to mark all positions consistently when only a subset of prices are directly observable. Values for non-exchange-traded derivatives are verified using observed information about the costs of hedging out the risk and other trades in the market. Unrealized gains for these instruments are not recognized unless the valuation model incorporates significant observable market inputs. As the markets for these products develop, Merrill Lynch continually refines its pricing models based on experience to correlate more closely to the market risk of these instruments.

Valuation adjustments are an integral component of the mark-to-market process and are taken for individual positions where either the sheer size of the trade or other specific features of the trade or particular market (such as counterparty credit quality or concentration or market liquidity) requires the valuation to be based on more than the simple application of the pricing models.

Risk Management of Derivatives

Derivative activity is subject to Merrill Lynch's overall risk management policies and procedures. In the course of conducting its business operations, Merrill Lynch is exposed to a variety of risks. These risks include market, credit, liquidity, operational, and other risks that are material and require comprehensive controls and management. (See Note 6, Market Risk and Credit Risk sections). The Corporate Risk Management ("CRM") group, along with other control units, ensures that these risks are properly identified, monitored, and managed throughout Merrill Lynch. To accomplish this, CRM has established a risk management process that includes:

- A formal risk governance organization that defines the oversight process and its components
- A regular review of the entire risk management process by the Audit Committee of the Board of Directors
- Clearly defined risk management policies and procedures supported by a rigorous analytic framework
- Close communication and coordination between the business, executive, and risk functions while maintaining strict segregation of responsibilities, controls, and oversight
- Clearly articulated risk tolerance levels as defined by a group composed of executive management that are regularly reviewed to ensure that Merrill Lynch's risk-taking is consistent with its business strategy, capital structure, and current and anticipated market conditions.

The risk management process, combined with CRM's personnel and analytic infrastructure, works to ensure that Merrill Lynch's risk tolerance is well-defined and understood by the firm's risk-takers as well as by its executive management. Other groups, including Corporate Audit, Finance, Legal, and Treasury, work with CRM to establish this overall risk management control process. While no risk management system can ever be absolutely complete, the goal of CRM is to make certain that risk-related losses occur within acceptable, predefined levels.

Merrill Lynch documents its risk management objectives and strategies for undertaking various hedge transactions. The risk management objectives and strategies are monitored and managed by CRM in accordance with established risk management policies and procedures that include risk tolerance levels.

Investment Securities

Investment securities consist of marketable investment securities, investments of Merrill Lynch insurance subsidiaries, and other investments.

Marketable Investment Securities

Merrill Lynch's non-broker-dealer subsidiaries hold debt and equity investments, which are primarily classified as available-for-sale.

Debt and marketable equity securities classified as available-for-sale are reported at fair value. Unrealized gains or losses on these securities are reported in stockholders' equity as a component of accumulated other comprehensive loss, net of income taxes and other related items. Any unrealized losses deemed other than temporary are included in current period earnings.

Debt securities that Merrill Lynch has the positive intent and ability to hold to maturity are classified as held-to-maturity. These investments are recorded at amortized cost unless a decline in value is deemed other than temporary, in which case the carrying value is reduced. The amortization of premiums or accretion of discounts and any unrealized losses deemed other than temporary are included in current period earnings.

Debt and marketable equity securities purchased principally for the purpose of resale in the near-term are classified as trading investments and are reported at fair value. Unrealized gains or losses on these investments are included in current period earnings.

Realized gains and losses on all investment securities are included in current period earnings. For purposes of computing realized gains and losses, the cost basis of each investment sold is generally based on the average cost method.

To the extent that Merrill Lynch enters into interest rate swaps to hedge the interest rate exposure of certain investment securities, the gain or loss on the derivative instrument as well as the offsetting loss or gain on the investment security are recorded in current period earnings as interest revenue or expense. Refer to the Derivatives section for additional information.

Investments of Insurance Subsidiaries and Related Liabilities

Insurance liabilities are future benefits payable under annuity and life insurance contracts and include deposits received plus interest credited during the contract accumulation period, the present value of future payments for contracts that have annuitized, and a mortality provision for certain products. Certain policyholder liabilities are also adjusted for those investments classified as available-for-sale. Liabilities for unpaid claims consist of the mortality benefit for reported claims and an estimate of unreported claims based upon prior experience.

Substantially all security investments of insurance subsidiaries are classified as available-for-sale and recorded at fair value. These investments support Merrill Lynch's in-force, universal life-type contracts. Merrill Lynch records adjustments to deferred acquisition costs and policyholder account balances which, when combined, are equal to the gain or loss that would have been recorded if those available-for-sale investments had been sold at their estimated fair values and the proceeds reinvested at current yields. The corresponding credits or charges for these adjustments are recorded in stockholders' equity as a component of accumulated other comprehensive loss, net of applicable income taxes.

Certain variable costs related to the sale or acquisition of new and renewal insurance contracts have been deferred, to the extent deemed recoverable, and amortized over the estimated lives of the contracts in proportion to the estimated gross profit for each group of contracts.

Other Investments

Other investments primarily consist of:

- Investments held by a regulated broker-dealer that are of a longer-term nature than trading inventory and are held for strategic purposes. These investments are carried at fair value

with gains and losses reported in principal transactions revenues. Certain of these investments are subject to restrictions that may limit Merrill Lynch's ability to realize currently the estimated fair value of its investment until such restrictions expire. Accordingly, Merrill Lynch estimates the fair value of these securities, taking into account the restrictions by using pricing models based on projected cash flows, earnings multiples, comparisons based on similar transactions, and/or review of underlying financial conditions and other market factors. In 2003, certain of the investments that had been held by a regulated broker-dealer were sold to a non-broker-dealer subsidiary and are now carried at the lower of cost or net realizable value.

- Private equity investments held by non-broker-dealer subsidiaries which are carried at the lower of cost or net realizable value, or under the equity method depending on Merrill Lynch's ability to exercise significant influence over the investee. Certain of Merrill Lynch's investments that are accounted for under the equity method require management to make certain estimates in determining the allocation of its cost basis to the underlying assets. Gains and losses on these investments are reported in other revenues.
- Investments economically hedging deferred compensation liabilities which are carried at fair value, with gains and losses reported in earnings.

Other Receivables and Payables

Customer Receivables and Payables

Customer securities and commodities transactions are recorded on a settlement date basis. Receivables from and payables to customers include amounts due on cash and margin transactions. Securities owned by customers, including those that collateralize margin or other similar transactions, are not reflected on the Consolidated Balance Sheets.

Commissions charged for executing customer transactions are accrued on a trade date basis and are included in current period earnings. Financial Advisors' compensation and benefits expense is accrued in the same period as revenue is recognized.

Mutual fund distribution fee revenues are accrued as earned, and redemption fee revenues are recognized upon redemption. Performance-based incentive fees are recognized prior to the end of the contract measurement period based on performance to date. Certain compensation costs related to sales of rear-load open-end mutual funds are deferred to match revenue recognition. Amortization of deferred amounts is accelerated when it is determined that deferred expenses cannot be recovered.

Brokers and Dealers Receivables and Payables

Receivables from brokers and dealers include amounts receivable for securities not delivered by Merrill Lynch to a purchaser by the settlement date ("fails to deliver"), deposits for securities borrowed, margin deposits, commissions, and net receivables arising from unsettled trades. Payables to brokers and dealers include amounts payable for securities not received by Merrill Lynch from a seller by the settlement date ("fails to

receive"), deposits received for securities loaned, and net payables arising from unsettled trades.

Interest and Other Receivables and Payables

Interest and other receivables include interest receivable on corporate and governmental obligations, customer or other receivables, stock borrowed transactions, receivables from commissions and fees, and income taxes. Interest and other payables include interest payable for stock-loaned transactions, long-term borrowings, and amounts payable for employee compensation and benefits, restructuring reserves, and income taxes.

Loans, Notes, and Mortgages

Merrill Lynch's lending and related activities include loan originations, syndications, and securitizations. Loan originations include commercial and residential mortgages, loans to small- and middle-markets businesses, and credit extended to individuals. Merrill Lynch also engages in secondary market loan trading and margin lending (see Trading assets and liabilities and Customer receivables and payables sections, respectively).

Loans held for investment purposes, including some commercial loans that are syndicated and some consumer and small business loans, are carried at their principal amount outstanding. The allowance for loan losses is established through provisions that are based on management's estimate of probable incurred losses. Loans are charged off against the allowance for loan losses when management determines that the loan is uncollectible.

Loans held for sale, which include commercial loans that are syndicated and certain residential mortgage loans, are reported at the lower of cost or estimated fair value. The impact of the loan loss provision for syndicated loans other than those held by Merrill Lynch's U.S. banks is included in principal transactions revenues in the Consolidated Statements of Earnings. The loan loss provision related to all other loans is included in interest revenue in the Consolidated Statements of Earnings. The gain or loss on the sale of mortgages into the secondary market is reflected in other revenues.

Nonrefundable loan origination fees, loan commitment fees, and "draw down" fees received in conjunction with financing arrangements are generally deferred and recognized over the contractual life of the loan as an adjustment to the yield. If, at the outset, or any time during the term of the loan it becomes highly probable that the repayment period will be extended, the amortization is recalculated using the expected remaining life of the loan. When the loan contract does not provide for a specific maturity date, management's best estimate of the repayment period is used. At repayment of the loan, any unrecognized deferred fee is immediately recognized in earnings.

Separate Accounts Assets and Liabilities

Merrill Lynch maintains separate accounts representing segregated funds held for purposes of funding variable life and annuity contracts. The separate account assets are not subject to general claims of Merrill Lynch. These accounts and the related liabilities are recorded as separate accounts assets and

separate accounts liabilities on the Consolidated Balance Sheets.

Equipment and Facilities

Equipment and facilities primarily consist of technology hardware and software, leasehold improvements, and owned facilities. Equipment and facilities are reported at historical cost, net of accumulated depreciation and amortization, except for land, which is reported at historical cost.

Depreciation and amortization are computed using the straight-line method. Equipment is depreciated over its estimated useful life, while leasehold improvements are amortized over the lesser of the improvement's estimated economic useful life or the term of the lease. Maintenance and repair costs are expensed as incurred.

Included in the occupancy and related depreciation expense category was depreciation and amortization of \$209 million, \$204 million, and \$245 million in 2003, 2002, and 2001, respectively. Depreciation and amortization recognized in the communications and technology expense category was \$361 million, \$448 million, and \$643 million, for 2003, 2002, and 2001, respectively.

Qualifying costs incurred in the development of internal-use software are capitalized when costs exceed \$5 million and are amortized over the useful life of the developed software, generally not exceeding three years.

Goodwill

In 2002, Merrill Lynch adopted SFAS No. 142, *Goodwill and Other Intangible Assets*. Under SFAS No. 142, intangible assets with indefinite lives and goodwill are no longer amortized. Instead, these assets are tested annually for impairment.

Merrill Lynch has reviewed its goodwill in accordance with SFAS No. 142 and determined that the fair value of the reporting units to which goodwill relates exceeded the carrying value of such reporting units. Accordingly, no goodwill impairment loss has been recognized. The majority of the goodwill, and related accumulated amortization, is denominated in sterling, and as a result has changed from 2002 due to exchange rate changes. This goodwill is related to the 1997 purchase of the Mercury Asset Management Group and was tested for impairment at the Merrill Lynch Investment Managers ("MLIM") segment level since this business has been fully integrated into MLIM. Accumulated amortization of goodwill amounted to \$1,039 million and \$984 million at year-end 2003 and 2002, respectively.

Other Assets

Other assets consist of unrealized gains on derivatives used to hedge Merrill Lynch's borrowing and investing activities. All of these derivatives are recorded at fair value with changes reflected in earnings and accumulated other comprehensive loss (refer to the Derivatives section for more information). Other assets also include prepaid pension expense related to plan contributions in excess of obligations, other prepaid expenses, and other deferred charges. Refer to Note 14 to the Consolidated Financial Statements for further information.

In addition, real estate purchased for investment purposes is also included in this category. Real estate held in this category may be classified as either held and used or held for sale depending on the facts and circumstances. Real estate held and used is valued at cost, less depreciation, and real estate held for sale is valued at the lower of cost or fair value, less cost to sell.

Commercial Paper and Short- and Long-Term Borrowings

Merrill Lynch's unsecured general-purpose funding is principally obtained from medium-term and long-term borrowings. Commercial paper, when issued at a discount, is recorded at the proceeds received and accreted to its par value. Long-term borrowings are carried at the principal amount borrowed, net of unamortized discounts or premiums, adjusted for the effects of fair-value hedges.

Merrill Lynch is a significant issuer of debt whose coupons or repayment terms are linked to the performance of equity or other indices, or a basket of securities. These debt instruments must be separated into a debt host and an embedded derivative if the derivative is not considered clearly and closely related under the criteria established in SFAS No. 133. Embedded derivatives are recorded at fair value and changes in fair value are reflected in the income statement. See the Embedded Derivatives section above for additional information.

Merrill Lynch uses derivatives to manage the interest rate, currency, equity, and other risk exposures of its borrowings. See the Derivatives section for additional information on accounting policy for derivatives.

Deposits

Savings deposits are interest-bearing accounts that have no maturity or expiration date, whereby the depositor is not required by the deposit contract, but may at any time be required by the depository institution, to give written notice of an intended withdrawal not less than seven days before withdrawal is made. Time deposits are accounts that have a stipulated maturity and interest rate. Depositors holding time deposits may recover their funds prior to the stated maturity but may pay a penalty to do so.

Stock-Based Compensation

Merrill Lynch accounts for stock-based compensation in accordance with the intrinsic value method in Accounting Principles Board ("APB") Opinion No. 25, *Accounting for Stock Issued to Employees*, rather than the fair value method in SFAS No. 123, *Accounting for Stock-Based Compensation*. For the years 2003, 2002, and 2001, \$756 million, (\$484 million after-tax), \$821 million (\$527 million after-tax), and \$732 million (\$470 million after-tax), respectively, of pre-tax compensation expense related to employee stock compensation awards was recorded in earnings. Compensation expense for stock options is not recognized since Merrill Lynch grants stock options that have no intrinsic value on the date of grant. Had Merrill Lynch adopted the provisions of SFAS No. 123 and accounted for all employee stock awards at fair value, Merrill Lynch would have recognized additional pre-tax compensation expense related

to employee stock awards of \$241 million (\$154 million after-tax), \$1,252 million (\$804 million after-tax), and \$1,419 million (\$910 million after-tax), respectively, for the years 2003, 2002, and 2001. See New Accounting Pronouncements section for further information on accounting for employee stock awards and Note 15 to the Consolidated Financial Statements for pro forma net income and earnings per share, as if Merrill Lynch had accounted for all stock-based awards in accordance with SFAS No. 123.

Employee stock-based awards, excluding stock options, are amortized over the vesting period. The unamortized portion of the grant value for certain of these plans is reflected as a reduction of stockholders' equity in Unamortized employee stock grants on the Consolidated Balance Sheets.

Income Taxes

ML & Co. and certain of its wholly owned subsidiaries file a consolidated U.S. federal income tax return. Certain other Merrill Lynch entities file tax returns in their local jurisdictions.

Merrill Lynch uses the asset and liability method in providing income taxes on all transactions that have been recognized in the Consolidated Financial Statements. The asset and liability method requires that deferred taxes be adjusted to reflect the tax rates at which future taxable amounts will likely be settled or realized. The effects of tax rate changes on future deferred tax liabilities and deferred tax assets, as well as other changes in income tax laws, are recognized in net earnings in the period during which such changes are enacted. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized. See Note 16 to the Consolidated Financial Statements for further information.

New Accounting Pronouncements

On January 12, 2004, the FASB issued a final FASB Staff Position ("FSP") FAS 106-1, *Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003*. On December 8, 2003, President Bush signed into law the Medicare Prescription Drug Improvement and Modernization Act of 2003 ("the Act"), which expanded Medicare to include prescription drug coverage. FSP FAS 106-1 permits a sponsor of a postretirement health care plan that provides a prescription drug benefit to make a one-time election to defer accounting for the effects of the Act. Merrill Lynch has elected to defer accounting for the effects of the Act, and as a result any measures of the accumulated postretirement benefit obligation or net periodic postretirement benefit cost in the financial statements or accompanying notes do not reflect the effects of the Act on the plan. Furthermore, specific authoritative guidance on the accounting for the federal subsidy is pending and that guidance, when issued, could require Merrill Lynch to change previously reported information. Merrill Lynch will assess the impact on the Consolidated Financial Statements when the final guidance is issued. FSP FAS 106-1 is effective for interim or annual financial statements of fiscal years ending after December 7, 2003.

On December 23, 2003, the FASB issued SFAS No. 132 (revised 2003), *Employers' Disclosures about Pensions and*

Other Postretirement Benefits. The revised SFAS No. 132 retains the disclosure requirements in the original statement and requires additional disclosures about pension plan assets, benefit obligations, cash flows, benefit costs and other relevant information. The new disclosures are effective for financial statements of annual periods ending after December 15, 2003. However, the revised SFAS No. 132 provides that disclosures of information about foreign plans and estimated future benefit payments shall be effective for fiscal years ending after June 15, 2004. See Note 14 to the Consolidated Financial Statements for these disclosures.

In December of 2003, the AICPA issued Statement of Position ("SOP") 03-3, *Accounting for Certain Loans or Debt Securities Acquired in a Transfer*. SOP 03-3 addresses accounting for differences between contractual cash flows and expected cash flows in loans or debt securities acquired in a transfer if those differences are attributable, at least in part, to credit quality. SOP 03-3 limits the yield that may be accreted ("accretable yield") to the expected cash flows at acquisition and requires that the difference between contractual cash flows and expected cash flows ("non-accretable difference") not be recognized as either an adjustment of yield, loss accrual, or valuation allowance. SOP 03-3 prohibits investors from displaying accretable yield and non-accretable difference in the balance sheet and prohibits "carrying over" or creation of valuation allowances in the initial accounting of all loans acquired in a transfer that are within the scope of this SOP. In addition, SOP 03-3 requires that subsequent increases in expected cash flows be recognized prospectively through adjustment of the yield over the remaining life with decreases in expected cash flows recognized as impairment. SOP 03-3 is effective for loans and debt securities acquired in fiscal years beginning after December 15, 2004. Merrill Lynch will adopt SOP 03-3 at the beginning of fiscal year 2005, and is currently assessing the potential impact on the Consolidated Financial Statements.

In November of 2003, the Emerging Issues Task Force ("EITF") reached a consensus on Issue 03-01, *The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments*, as it relates to disclosures for SFAS 115 securities. In addition to the disclosures already required by SFAS 115, EITF Issue 03-01 requires both quantitative and qualitative disclosures for marketable equity and debt securities. The new disclosure requirements are required to be applied to financial statements for fiscal years ending after December 15, 2003. See Note 5 to the Consolidated Financial Statements for these disclosures.

On July 7, 2003, the AICPA issued SOP 03-1, *Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts*. The SOP is effective for financial statements for Merrill Lynch beginning in 2004. The SOP requires the establishment of a liability for contracts that contain death or other insurance benefits using a specified reserve methodology that is different from the methodology that Merrill Lynch currently employs. The adoption of SOP 03-1 will result in an additional \$45 million of pre-tax expense at the beginning of fiscal year 2004.

On May 15, 2003, the FASB issued SFAS No. 150, *Accounting for Certain Financial Instruments with Characteris-*

tics of both Liabilities and Equity. SFAS No. 150 changes the accounting for certain financial instruments, including mandatorily redeemable preferred stock and certain freestanding equity derivatives, which under previous guidance were accounted for as equity. SFAS No. 150 requires that most mandatorily redeemable preferred shares, written put options and physically settled forward purchase contracts on an issuer's shares, and certain financial instruments that must be settled by issuing a variable number of an issuer's shares, be classified as liabilities in the Consolidated Balance Sheets. SFAS No. 150 became effective for all new instruments issued or modified after May 31, 2003 and to all other pre-existing instruments beginning in the third quarter of this year. The adoption of SFAS No. 150 did not have a material impact on the Consolidated Financial Statements.

On April 30, 2003, the FASB issued SFAS No. 149, which amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS No. 133. In addition, it clarifies when a derivative contains a financing component that warrants special reporting in the statement of cash flows. SFAS No. 149 is effective for contracts entered into or modified after June 30, 2003 and for hedging relationships designated after June 30, 2003. Beginning in the third quarter of 2003, in accordance with SFAS No. 149, Merrill Lynch modified its classification within the Consolidated Statement of Cash Flows. Certain derivative instruments entered into or modified after June 30, 2003, that have been determined to contain a financing element at inception, where Merrill Lynch is deemed the borrower, are now included as a separate component within cash flows from financing activities. Prior to July 1, 2003, the activity associated with such derivative instruments is included within cash flows from operating activities. The adoption of SFAS No. 149 did not have a material impact on the Consolidated Financial Statements.

On January 17, 2003, the FASB issued FIN 46, which clarifies when an entity should consolidate another entity known as a VIE. A VIE is an entity in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support, and may include many types of SPEs. FIN 46 requires that an entity consolidate a VIE if that enterprise has a variable interest that will absorb a majority of the VIE's expected losses, receive a majority of the VIE's expected residual returns, or both. FIN 46 does not apply to qualifying special purpose entities ("QSPEs"), the accounting for which is governed by SFAS No. 140. Merrill Lynch adopted FIN 46 on February 1, 2003 for VIEs with which it became involved after January 31, 2003. On October 8, 2003, the FASB deferred the effective date for pre-existing VIEs, and on December 24, 2003, the FASB issued a revision to FIN 46. Companies are required to adopt either FIN 46 or FIN 46R on an entity by entity basis for periods ending after December 15, 2003. As a result, Merrill Lynch has adopted FIN 46R as the method used for evaluating whether or not VIEs must be consolidated, with the exception of those VIEs that issue Merrill Lynch Trust Originated Preferred Securities ("TOPRSSM"), in which case Merrill Lynch has elected to apply the provisions of FIN 46. See

Note 7 to the Consolidated Financial Statements for additional FIN 46 disclosure.

On December 31, 2002 the FASB issued SFAS No. 148, *Accounting for Stock-Based Compensation — Transition and Disclosure*, an amendment of FASB Statement No. 123, *Accounting for Stock-Based Compensation*. SFAS No. 148 permits three alternative methods for a voluntary transition to the fair value-based method for those entities that adopt the standard prior to the end of fiscal year-end 2003. Beginning in 2004, SFAS No. 148 eliminates prospective application as a method of adoption for reporting stock-based compensation, but continues to permit modified prospective application, which requires the fair value of all unvested awards to be amortized over the remaining service period, as well as restatement of prior years' expense. The transition guidance and disclosure provisions of SFAS No. 148 were effective for fiscal years ending after December 15, 2002. See Note 15 to the Consolidated Financial Statements for these disclosures. Merrill Lynch intends to adopt the fair value method of accounting for stock-based compensation under SFAS No. 123 in 2004 using the retroactive restatement method under SFAS No. 148.

On November 25, 2002, the FASB issued FIN 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others, an Interpretation of FASB Statements Nos. 5, 57, and 107 and Rescission of FASB Interpretation No. 34*. FIN 45 requires guarantors to disclose their obligations under certain guarantees. It also requires a guarantor to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The initial recognition and measurement provisions of FIN 45 apply on a prospective basis to guarantees issued or modified after December 31, 2002. The disclosures were effective for financial statements of interim or annual periods ending after December 15, 2002. See Note 13 to the Consolidated Financial Statements for these disclosures.

In July 2002, the FASB issued SFAS No. 146, *Accounting for Costs Associated with Exit or Disposal Activities*. This standard requires companies to recognize costs associated with exit or disposal activities when they are incurred, rather than at the date of a commitment to an exit or disposal plan. SFAS No. 146 replaces the guidance provided by EITF Issue No. 94-3, *Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)*. Merrill Lynch adopted SFAS No. 146 as of the beginning of fiscal year 2003, which had no material impact on the Consolidated Financial Statements.

In June 2001, the FASB issued SFAS No. 143, *Accounting for Asset Retirement Obligations*. SFAS No. 143 requires companies to recognize legal obligations associated with the future retirement of tangible long-lived assets at their fair value. Asset retirement obligations are then realized through earnings over the economic life of the long-lived asset. Merrill Lynch adopted SFAS No. 143 as of January 1, 2003 and there was no material impact on the Consolidated Financial Statements.

>> Note 2. Other Significant Events

September 11-related Recoveries/Expenses

On September 11, 2001, terrorists attacked the World Trade Center complex, which subsequently collapsed and damaged surrounding buildings, some of which were occupied by Merrill Lynch. These events caused the temporary relocation of approximately 9,000 employees from Merrill Lynch's global headquarters in the North and South Towers of the World Financial Center, and from offices at 222 Broadway to back-up facilities. Merrill Lynch maintains insurance for losses caused by physical damage to property. This coverage includes repair or replacement of property and lost profits due to business interruption, including costs related to lack of access to facilities. Merrill Lynch recorded September 11-related net insurance recoveries of \$147 million and \$212 million in 2003 and 2002, respectively. In 2001, Merrill Lynch recorded net September 11-related expenses of \$131 million. Expenses related to September 11 were \$38 million, \$113 million and \$346 million in 2003, 2002 and 2001, respectively.

Merrill Lynch has now concluded its insurance recovery efforts related to the events of September 11th. In aggregate, Merrill Lynch was reimbursed \$725 million for repair and replacement of physical damage, recovery expenses, and losses due to business interruption.

Restructuring and Other Charges

During the fourth quarter of 2001, Merrill Lynch's management formally committed to a restructuring plan designed to position Merrill Lynch for improved profitability and growth, which included the resizing of selected businesses and other structural changes. As a result, Merrill Lynch incurred a fourth quarter pre-tax charge to earnings of \$2.2 billion, which included restructuring costs of \$1.8 billion and other charges of \$396 million. These other charges primarily related to asset write-offs, which were recorded in 2001. In addition, a charge of approximately \$135 million of deferred tax expense was recorded related to losses of the Global Private Client ("GPC") operations in Japan that are not expected to be utilized during the carryforward period.

During 2003, a charge of \$56 million was recorded related to lease write-offs as well as technology and other fixed asset write-offs relating to GMI, GPC and MLIM following a real estate rationalization effort. This charge, in combination with

the \$36 million net reduction in the 2001 restructuring reserve, was recorded as a net \$20 million restructuring and other charge in the Consolidated Statements of Earnings in 2003. During 2002, a charge of \$17 million was recorded related to location closings in GPC from the consolidation of office space arising from workforce reductions in Europe. This charge, in combination with the \$9 million net reduction in the 2001 restructuring reserve, was recorded as a net \$8 million restructuring and other charge in the Consolidated Statements of Earnings in 2002.

Restructuring Charge

The 2001 restructuring charges related primarily to initial severance costs of \$1.1 billion, facilities costs of \$299 million, technology and fixed asset write-offs of \$187 million, and legal, technology, and other costs of \$178 million. Structural changes included workforce reductions of 6,205 through a combination of involuntary and voluntary separations across all business groups. The initial \$1.1 billion of severance costs included non-cash charges related to accelerated amortization for stock grants associated with employee separations totaling \$135 million. Facilities-related costs included the closure or subletting of excess space, and the consolidation of GPC offices in the United States, Europe, Asia Pacific, and Japan. Office consolidations have been completed as employees have vacated the facilities. However, additional reserves remain at December 26, 2003, as remaining lease payments extend to future periods. Any unused portion of the original restructuring reserve will be reversed. Substantially all of the remaining cash payments related to real estate and severance will be funded by cash from operations. Asset write-offs primarily reflected the write-off of technology assets and furniture and equipment that resulted from management's decision to close Private Client branch offices. Utilization of the restructuring reserve and a rollforward of staff reductions at December 26, 2003 is as follows:

(dollars in millions)

	Balance Dec. 28, 2001	Utilized in 2002	Net Change in Estimate	Balance Dec. 27, 2002	Utilized in 2003	Net Change in Estimate	Balance Dec. 26, 2003
Category:							
Severance costs	\$ 919	\$ (842)	\$ (32)	\$ 45	\$ (32)	\$ (8)	\$ 5
Facilities costs	299	(66)	51	284	(91)	13	206
Technology and fixed asset write-offs	—	(9)	9	—	—	—	—
Other costs	178	(82)	(37)	59	2	(41)	20
	<u>\$ 1,396</u>	<u>\$ (999)</u>	<u>\$ (9)</u>	<u>\$ 388</u>	<u>\$ (121)</u>	<u>\$ (36)</u>	<u>\$ 231</u>
Staff reductions	5,456	(5,211)	(22)	223	(102)	(121)	—

The changes in estimate during 2003 and 2002 are attributable to differences in actual costs from initial estimates in implementing the original restructuring plan. As a result of changes in estimates during 2003, severance-related reserves of \$8 million and other reserves of \$41 million were reversed and recorded to the Consolidated Statements of Earnings as Restructuring credits. These amounts resulted from lower than anticipated costs, principally in the Japan GPC business. The estimates for facilities costs were increased by \$13 million in 2003, reflecting increased facilities closure costs for locations in the United States and Europe. The charges and credits above are included in net restructuring and other charges in the Consolidated Statements of Earnings.

As a result of changes in estimates during 2002, severance-related reserves of \$32 million and other reserves of \$37 million, principally related to the Japan GPC business, were reversed and recorded to the Consolidated Statements of Earnings as restructuring credits. The estimates for facilities costs were adjusted in 2002 to reflect increased costs relating primarily to unutilized space in the World Financial Center of \$70 million and certain other location closings in the United States of \$22 million. These changes in estimates were partially offset by lower than anticipated costs in Japan of \$41 million. Technology and fixed assets write-offs was also adjusted in 2002 to reflect increased fixed asset write-offs in various other U.S. corporate locations totaling \$9 million. The charges and credits above are included in net restructuring and other charges in the Consolidated Statements of Earnings.

Divestitures

In the first quarter of 2002, Merrill Lynch sold its Securities Pricing Services business and its Canadian retail asset management business. Merrill Lynch recorded pre-tax gains of \$45 million and \$17 million, respectively, related to these sales, which were included in other revenues on the Consolidated Statements of Earnings.

In 2002, Merrill Lynch and HSBC integrated their joint venture company, Merrill Lynch HSBC ("MLHSBC"), into the HSBC Group. MLHSBC was a 50/50 joint venture formed by Merrill Lynch and HSBC in April 2000 to create a global online investment and banking services company, serving individual self-directed customers outside the United States. Merrill Lynch recognized losses related to MLHSBC of \$34 million and \$150 million in 2002 and 2001, respectively, which have been recorded in other revenues on the Consolidated Statements of Earnings.

Research and other settlements

In May 2002, Merrill Lynch executed an agreement with the New York Attorney General regarding alleged conflicts of interest between Merrill Lynch's Research and Investment Banking groups. As part of the agreement, the Attorney General terminated his investigation and Merrill Lynch agreed to implement changes to further insulate the Research Department from Investment Banking. In addition, in order to reach a resolution and settlement of the matter, Merrill Lynch agreed to make a civil payment of \$48 million to New York State and an additional \$52 million to the other 49 states and to Puerto Rico and the District of Columbia. Merrill Lynch admitted no

wrongdoing or liability as part of this agreement. The majority of these payments were made in the fourth quarter of 2002. In addition, \$11 million of related legal fees were incurred.

In April 2003, the Securities and Exchange Commission, New York Stock Exchange, National Association of Securities Dealers, and state securities regulators announced that the settlements-in-principle that the regulators had disclosed on December 20, 2002 had been reduced to final settlements with regard to ten securities firms, including Merrill Lynch. Merrill Lynch disclosed the settlements-in-principle on December 24, 2002. The final settlements pertaining to Merrill Lynch, which involve both monetary and non-monetary relief set forth in the regulators' announcements, concluded the regulatory actions against Merrill Lynch related to those alleged conflicts of interest affecting research analysts. The settlement became final on October 31, 2003 when the Court entered the order approving the related agreement. Merrill Lynch entered into these settlements without admitting or denying the allegations and findings by the regulators, and the settlements do not establish wrongdoing or liability for purposes of any other proceedings. Pursuant to this settlement, Merrill Lynch, among other things, contributed \$100 million for the funding of independent research and investor education over five years, but did not pay any fines or make any additional civil payments. The full amount of the settlement-in-principle was accrued for in 2002.

In March 2003, Merrill Lynch entered into a final settlement agreement with the Securities and Exchange Commission, in which it neither admitted nor denied any wrongdoing, regarding an investigation into two 1999 transactions between Merrill Lynch and Enron Corporation. This final settlement concluded the Securities and Exchange Commission's investigation of all Enron-related matters with respect to Merrill Lynch. As a result, a pre-tax charge of \$80 million (\$64 million after-tax), which includes disgorgement, penalties and interest, was included in the 2002 Consolidated Statements of Earnings in research and other settlement-related expenses.

In September 2003, the Department of Justice agreed not to prosecute Merrill Lynch for alleged crimes of its former employees related to certain transactions with Enron, subject to certain understandings, including Merrill Lynch's continued cooperation with the Department, its acceptance of responsibility for conduct of its former employees, and its agreement to adopt and implement new policies and procedures related to the integrity of client and counterparty financial statements, complex-structured finance transactions and year-end transactions.

>> Note 3. Segment and Geographic Information

Segment Information

In reporting to management during 2003, Merrill Lynch's operating results were categorized into three business segments: Global Markets and Investment Banking ("GMI"), GPC, and MLIM. Prior period amounts have been restated to conform to the 2003 presentation.

The principal methodology used in preparing the segment results in the table that follows is:

- Revenues and expenses are assigned to segments where directly attributable
- Principal transactions, net interest and investment banking revenues and related costs resulting from the client activities of GPC are allocated among GMI and GPC based on production credits, share counts, trade counts, and other measures which estimate relative value
- MLIM receives a net advisory fee from GPC relating to certain MLIM branded products offered through GPC's 401 (k) product offering
- Revenues and expenses related to mutual fund shares bearing a contingent deferred sales charge are reflected in segment results as if MLIM and GPC were unrelated entities

- Interest (cost of carry) is allocated based on management's assessment of the relative liquidity of segment assets and liabilities
- Acquisition financing costs and other corporate interest, September 11-related expenses, research and other settlement-related expenses and goodwill amortization are not attributed to segments because management excludes these items from segment operating results in evaluating segment performance. The elimination of intersegment revenues and expenses is also included in Corporate items
- Residual expenses (i.e., those related to overhead and support units) are attributed to segments based on specific methodologies (e.g., headcount, square footage, intersegment agreements etc.).

Management believes that the following information by business segment provides a reasonable representation of each segment's contribution to the consolidated net revenues and pre-tax earnings:

(dollars in millions)

	GMI	GPC	MLIM	Corporate Items (including intersegment eliminations)	Total
2003					
Non-interest revenues	\$ 7,223	\$ 7,505	\$ 1,377	\$ (38) ⁽¹⁾	\$ 16,067
Net interest profit ⁽²⁾	2,853	1,358	24	(148) ⁽³⁾	4,087
Net revenues	10,076	8,863	1,401	(186)	20,154
Non-interest expenses	6,142	7,281	1,117	(35) ⁽⁴⁾	14,505
Pre-tax earnings (loss)	\$ 3,934	\$ 1,582	\$ 284	\$ (151)	\$ 5,649
Year-end total assets	\$ 417,198	\$ 66,228	\$ 6,278	\$ 4,814	\$ 494,518
2002					
Non-interest revenues	\$ 6,167	\$ 7,447	\$ 1,526	\$ (74) ⁽¹⁾	\$ 15,066
Net interest profit ⁽²⁾	2,261	1,333	24	(57) ⁽³⁾	3,561
Net revenues	8,428	8,780	1,550	(131)	18,627
Non-interest expenses	6,039	7,483	1,232	116 ⁽⁴⁾	14,870
Pre-tax earnings (loss)	\$ 2,389	\$ 1,297	\$ 318	\$ (247)	\$ 3,757
Year-end total assets	\$ 382,131	\$ 57,884	\$ 5,140	\$ 4,446	\$ 449,601
2001					
Non-interest revenues	\$ 8,460	\$ 8,379	\$ 1,902	\$ (127) ⁽¹⁾	\$ 18,614
Net interest profit ⁽²⁾	1,808	1,518	21	(82) ⁽³⁾	3,265
Net revenues	10,268	9,897	1,923	(209)	21,879
Non-interest expenses	8,276	10,063	1,908	255 ⁽⁴⁾	20,502
Pre-tax earnings (loss)	\$ 1,992	\$ (166)	\$ 15	\$ (464)	\$ 1,377
Year-end total assets	\$ 358,346	\$ 67,477	\$ 5,798	\$ 4,071	\$ 435,692

(1) Primarily represents the elimination of intersegment revenues and expenses.

(2) Management views interest income net of interest expense in evaluating results.

(3) Represents acquisition financing costs and other corporate interest.

(4) Represents elimination of intersegment revenues and expenses and September 11-related net expenses. 2002 also included research and other settlement-related expenses. 2001 also included goodwill amortization.

Geographic Information

Merrill Lynch operates in both U.S. and non-U.S. markets. Merrill Lynch's non-U.S. business activities are conducted through offices in five regions:

- Europe, Middle East, and Africa
- Japan
- Asia Pacific
- Canada, and
- Latin America

The principal methodology used in preparing the geographic data in the table that follows is:

- Revenue and expenses are generally recorded based on the location of the employee generating the revenue or incurring the expense
- Earnings before income taxes include the allocation of certain shared expenses among regions, and
- Intercompany transfers are based primarily on service agreements.

The information that follows, in management's judgment, provides a reasonable representation of each region's contribution to the consolidated net revenues and pre-tax earnings:

(dollars in millions)

	2003	2002	2001
Net revenues			
Europe, Middle East, and Africa	\$ 3,295	\$ 2,579	\$ 3,435
Japan	1,252	778	1,007
Asia Pacific	736	669	792
Canada	218	245	880
Latin America	553	491	538
Total Non-U.S.	6,054	4,762	6,652
United States	14,286	13,996	15,436
Corporate	(186)	(131)	(209)
Total	\$ 20,154	\$ 18,627	\$ 21,879
Earnings (loss) before income taxes			
Europe, Middle East, and Africa	\$ 862	\$ 55	\$ (51)
Japan	656	236	(389)
Asia Pacific	160	58	(42)
Canada	67	104	239
Latin America	193	115	21
Total Non-U.S.	1,938	568	(222)
United States	3,862	3,436	2,063
Corporate	(151)	(247)	(464)
Total	\$ 5,649	\$ 3,757	\$ 1,377

>> Note 4. Securities Financing Transactions

Merrill Lynch enters into secured borrowing and lending transactions in order to finance trading inventory positions, obtain securities for settlement, meet customers' needs and earn residual interest rate spreads.

Under these transactions, Merrill Lynch either receives or provides collateral, including U.S. Government and agencies, asset-backed, corporate debt, equity, and non-U.S. governments and agencies securities. Merrill Lynch receives collateral in connection with resale agreements, securities borrowed transactions, customer margin loans, and other loans. Under many agreements, Merrill Lynch is permitted to sell or repledge these securities held as collateral (e.g., use the securities to secure repurchase agreements, enter into securities lending transactions, or deliver to counterparties to cover short positions). At December 26, 2003 and December 27, 2002, the fair value of securities received as collateral where Merrill Lynch is permitted to sell or repledge the securities was \$270 billion and \$276 billion, respectively, and the fair value of the portion that has been sold or repledged was \$236 billion and \$229 billion, respectively.

Merrill Lynch pledges firm-owned assets to collateralize repurchase agreements and other secured financings. Pledged securities that can be sold or repledged by the secured party are parenthetically disclosed in trading assets and investment securities on the Consolidated Balance Sheets. The carrying value and classification of securities owned by Merrill Lynch

that have been loaned or pledged to counterparties where those counterparties do not have the right to sell or repledge at year-end 2003 and 2002 are as follows:

(dollars in millions)

	2003	2002
Asset Category		
Trading assets		
Mortgages, mortgage-backed, and asset-backed securities	\$ 10,855	\$ 11,530
U.S. Government and agencies	9,293	5,112
Corporate debt and preferred stock	6,766	7,843
Equities and convertible debentures	2,215	256
Non-U.S. governments and agencies	910	811
Municipals and money markets	82	337
Loans, notes, and mortgages	4,272	3,078
Total	\$ 34,393	\$ 28,967

>> Note 5. Investment Securities

Investment securities on the Consolidated Balance Sheets includes highly liquid debt securities including those held for liquidity management purposes, equity securities, the investment portfolio for Merrill Lynch's U.S. banks, and investments of insurance subsidiaries. Investments of insurance subsidiaries are primarily debt securities, which are used to fund policyholder liabilities. Also included in investment securities are non-qualifying investments under SFAS No. 115, which include merchant banking investments, private equity investments, including partnership interests, and insurance policy loans. Investment securities reported on the Consolidated Balance Sheets at December 26, 2003 and December 27, 2002 are as follows:

(dollars in millions)

	2003	2002
Investment securities		
Available-for-sale ⁽¹⁾	\$ 66,153	\$ 72,229
Trading	4,798	3,337
Held-to-maturity	636	638
Non-qualifying ⁽²⁾		
Deferred compensation hedges ⁽³⁾	636	1,927
Other ⁽⁴⁾	8,623	3,656
Total ⁽¹⁾	\$ 80,846	\$ 81,787

(1) At December 26, 2003, includes \$6.6 billion of investment securities reported in cash and securities segregated for regulatory purposes or deposited with clearing organizations.

(2) Non-qualifying for SFAS No. 115 purposes.

(3) Represents investments economically hedging deferred compensation liabilities.

(4) Includes insurance policy loans, merchant banking investments, preferred stock and other non-qualifying investments.

The fair value of non-qualifying investment securities approximated the carrying amounts at year-end 2003 and 2002, respectively. Fair value for non-qualifying investments is estimated using a number of methods, including earnings multiples, discounted cash flow analyses, and review of underlying financial conditions and other market factors. These instruments may be subject to restrictions (e.g., sale requires consent of other investors to sell) that may limit Merrill Lynch's ability to realize currently the estimated fair value. Accordingly, Merrill Lynch's current estimate of fair value and the ultimate realization for these instruments may differ.

Investment securities are classified as available-for-sale, held-to-maturity, or trading as described in Note 1 to the Consolidated Financial Statements.

Information regarding investment securities subject to SFAS No. 115 follows:

(dollars in millions)

	December 26, 2003				December 27, 2002			
	Cost/ Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Cost/ Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Available-for-Sale								
Mortgage- and asset-backed securities	\$ 45,950	\$ 636	\$ (155)	\$ 46,431	\$ 49,078	\$ 1,085	\$ (140)	\$ 50,023
U.S. Government and agencies	11,474	210	(77)	11,607	13,642	686	(14)	14,314
Corporate debt	3,490	84	(13)	3,561	4,720	173	(57)	4,836
Other debt securities	2,801	13	(14)	2,800	1,698	1	(18)	1,681
Total debt securities	63,715	943	(259)	64,399	69,138	1,945	(229)	70,854
Equity securities	1,747	11	(4)	1,754	1,418	2	(45)	1,375
Total	\$ 65,462	\$ 954	\$ (263)	\$ 66,153	\$ 70,556	\$ 1,947	\$ (274)	\$ 72,229
Held-to-Maturity								
U.S. Government and agencies	\$ 2	\$ —	\$ —	\$ 2	\$ 254	\$ —	\$ —	\$ 254
Mortgage- and asset-backed securities	20	—	—	20	26	—	—	26
Other debt securities	614	—	—	614	358	—	—	358
Total	\$ 636	\$ —	\$ —	\$ 636	\$ 638	\$ —	\$ —	\$ 638

The following table presents fair value and unrealized losses, after hedges, for available-for-sale securities, aggregated by investment category and length of time that the individual securities have been in a continuous unrealized loss position at December 26, 2003.

(dollars in millions)

	Less than 1 Year		More than 1 Year		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Asset category						
Mortgage- and asset-backed securities	\$ 6,518	\$ (33)	\$ 16,265	\$ (119)	\$ 22,783	\$ (152)
U.S. Government and agencies	4,321	(25)	2,475	(63)	6,796	(88)
Corporate debt	446	(6)	96	(7)	542	(13)
Other debt securities	730	(20)	—	—	730	(20)
Total debt securities	12,015	(84)	18,836	(189)	30,851	(273)
Equity securities	—	—	24	(4)	24	(4)
Total temporarily impaired securities	\$ 12,015	\$ (84)	\$ 18,860	\$ (193)	\$ 30,875	\$ (277)

The amortized cost and estimated fair value of debt securities at December 26, 2003 by contractual maturity, for available-for-sale and held-to-maturity investments follow:

(dollars in millions)

	Available-for-Sale		Held-to-Maturity	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due in one year or less	\$ 3,115	\$ 3,120	\$ 361	\$ 361
Due after one year through five years	9,990	10,122	1	1
Due after five years through ten years	4,033	4,058	—	—
Due after ten years	627	668	254	254
	17,765	17,968	616	616
Mortgage- and asset-backed securities	45,950	46,431	20	20
Total ⁽¹⁾	\$ 63,715	\$ 64,399	\$ 636	\$ 636

(1) Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without prepayment penalties.

The proceeds and gross realized gains (losses) from the sale of available-for-sale investments are as follows:

(dollars in millions)

	2003	2002	2001
Proceeds	\$ 56,448	\$ 36,697	\$ 14,138
Gross realized gains	709	331	85
Gross realized losses	(138)	(60)	(66)

Net unrealized gains (losses) from investment securities classified as trading included in the 2003, 2002, and 2001 Consolidated Statements of Earnings were \$(93) million, \$70 million, and \$47 million, respectively.

The majority of the unrealized losses relate to mortgage-backed securities and U.S. Government and agency securities where Merrill Lynch has held these positions greater than one year. The majority of the investments are AAA rated debentures and mortgage-backed securities issued by U.S. agencies.

These investments are not considered other-than-temporarily impaired because Merrill Lynch has the ability and intent to hold the investments for a period of time sufficient for a forecasted market price recovery up to or beyond the cost of the investment.

Also during 2003, other revenues include a write-down of \$114 million related to certain available-for-sale securities that were considered to be impaired on an other than temporary basis. Unrealized losses on these securities were previously included in accumulated other comprehensive loss. During 2003, the write-down was charged to earnings and removed from accumulated other comprehensive loss.

>> Note 6. Trading Assets and Liabilities

As part of its trading activities, Merrill Lynch provides its clients with brokerage, dealing, financing, and underwriting services for a broad range of products. While trading activities are primarily generated by client order flow, Merrill Lynch also takes proprietary positions based on expectations of future market movements and conditions. Merrill Lynch's trading strategies rely on the integrated management of its client-driven and proprietary positions, along with related hedging and financing.

Interest revenue and expense are integral components of trading activities. In assessing the profitability of trading activities, Merrill Lynch views net interest and principal transactions revenues in the aggregate.

Trading activities expose Merrill Lynch to market and credit risks. These risks are managed in accordance with established risk management policies and procedures. Refer to Note 1 to the Consolidated Financial Statements for additional information on risk management.

Market Risk

Market risk is the potential change in an instrument's value caused by fluctuations in interest and currency exchange rates, equity and commodity prices, credit spreads, or other risks. The level of market risk is influenced by the volatility and the liquidity in the markets in which financial instruments are traded.

Merrill Lynch seeks to mitigate market risk associated with trading inventories by employing hedging strategies that correlate rate, price, and spread movements of trading inventories and related financing and hedging activities. Merrill Lynch uses a combination of cash instruments and derivatives to hedge its market exposures. The following discussion describes the types of market risk faced by Merrill Lynch.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. Interest rate swap agreements, Eurodollar futures, and U.S. Treasury securities and futures are common interest rate risk management tools. The decision to manage interest rate risk using futures or swap contracts, as opposed to buying or selling short U.S. Treasury or other securities, depends on current market conditions and funding considerations.

Interest rate agreements used by Merrill Lynch include caps, collars, floors, basis swaps, leveraged swaps, and options. Interest rate caps and floors provide the purchaser with protection against rising and falling interest rates, respectively. Interest rate collars combine a cap and a floor, providing the purchaser with a predetermined interest rate range. Basis swaps are a type of interest rate swap agreement where variable rates are received and paid, but are based on different index rates. Leveraged swaps are another type of interest rate swap where changes in the variable rate are multiplied by a contractual leverage factor, such as four times three-month LIBOR (London Interbank Offered Rate). Merrill Lynch's exposure to interest rate risk resulting from these leverage factors is typically hedged with other financial instruments.

Currency Risk

Currency risk arises from the possibility that fluctuations in foreign exchange rates will impact the value of financial instruments. Merrill Lynch's trading assets and liabilities include both cash instruments denominated in and derivatives linked to more than 50 currencies, including the Euro, Japanese Yen, Swiss franc, and British pound. Currency forwards and options are commonly used to manage currency risk associated with these instruments. Currency swaps may also be used in situations where a long-dated forward market is not available or where the client needs a customized instrument to hedge a foreign currency cash flow stream. Typically, parties to a currency swap initially exchange principal amounts in two currencies, agreeing to exchange interest payments and to re-exchange the currencies at a future date and exchange rate.

Equity Price Risk

Equity price risk arises from the possibility that equity security prices will fluctuate, affecting the value of equity securities and other instruments that derive their value from a particular stock, a defined basket of stocks, or a stock index. Instruments typically used by Merrill Lynch to manage equity price risk include equity options, warrants, and baskets of equity securities. Equity options, for example, can require the writer to purchase or sell a specified stock or to make a cash payment based on changes in the market price of that stock, basket of stocks, or stock index.

Credit Spread Risk

Credit spread risk arises from the possibility that changes in credit spreads will affect the value of financial instruments. Credit spreads represent the credit risk premiums required by market participants for a given credit quality (i.e., the additional yield that a debt instrument issued by a AA-rated entity must produce over a risk-free alternative (e.g., U.S. Treasury instrument)). Certain instruments are used by Merrill Lynch to manage this type of risk. Swaps and options, for example, can be designed to mitigate losses due to changes in credit spreads, as well as the credit downgrade or default of the issuer. Credit risk resulting from default on counterparty obligations is discussed in the Credit Risk section.

Commodity Price and Other Risks

Merrill Lynch views its commodity contracts as financial instruments since they are generally settled in cash and not by delivery of the underlying commodity. Commodity price risk results from the possibility that the price of the underlying commodity may rise or fall. Cash flows from commodity contracts are based on the difference between an agreed-upon fixed price and a price that varies with changes in a specified commodity price or index. Commodity contracts held by Merrill Lynch principally relate to precious metals and base metals.

Merrill Lynch is also a party to financial instruments that contain risks not correlated to typical financial risks. Merrill Lynch generally mitigates the risk associated with these transactions by entering into offsetting derivative transactions.

Credit Risk

Merrill Lynch is exposed to risk of loss if an issuer or a counterparty fails to perform its obligations under contractual terms ("default risk"). Both cash instruments and derivatives expose Merrill Lynch to default risk. Credit risk arising from changes in credit spreads was previously discussed in the Market Risk section.

Merrill Lynch has established policies and procedures for mitigating credit risk on principal transactions, including reviewing and establishing limits for credit exposure, maintaining collateral, and continually assessing the creditworthiness of counterparties.

In the normal course of business, Merrill Lynch executes, settles, and finances various customer securities transactions. Execution of these transactions includes the purchase and sale of securities by Merrill Lynch. These activities may expose Merrill Lynch to default risk arising from the potential that customers or counterparties may fail to satisfy their obligations. In these situations, Merrill Lynch may be required to purchase or sell financial instruments at unfavorable market prices to satisfy obligations to other customers or counterparties. Additional information about these obligations is provided in Note 13 to the Consolidated Financial Statements. In addition, Merrill Lynch seeks to control the risks associated with its customer margin activities by requiring customers to maintain collateral in compliance with regulatory and internal guidelines.

Liabilities to other brokers and dealers related to unsettled transactions (i.e., securities failed-to-receive) are recorded at the amount for which the securities were purchased, and are paid upon receipt of the securities from other brokers or dealers. In the case of aged securities failed-to-receive, Merrill Lynch may purchase the underlying security in the market and seek reimbursement for losses from the counterparty.

Concentrations of Credit Risk

Merrill Lynch's exposure to credit risk (both default and credit spread) associated with its trading and other activities is measured on an individual counterparty basis, as well as by groups of counterparties that share similar attributes. Concentrations of credit risk can be affected by changes in political, industry, or economic factors. To reduce the potential for risk concentration, credit limits are established and monitored in light of changing counterparty and market conditions.

At December 26, 2003, Merrill Lynch's most significant concentration of credit risk was with the U.S. Government and its agencies. This concentration consists of both direct and indirect exposures. Direct exposure, which primarily results from trading asset and investment security positions in instruments issued by the U.S. Government and its agencies, amounted to \$22.1 billion and \$24.8 billion at December 26, 2003 and December 27, 2002, respectively. Merrill Lynch's indirect exposure results from maintaining U.S. Government and agencies securities as collateral for resale agreements and securities borrowed transactions. Merrill Lynch's direct credit exposure on these transactions is with the counterparty; thus Merrill Lynch has credit exposure to the U.S. Government and its agencies only in the event of the counterparty's default. Securities issued by the U.S. Government or its agencies held as collateral for resale agreements and securities borrowed transactions at December 26, 2003 and December 27, 2002 totaled \$98.2 billion and \$113.9 billion, respectively.

At December 26, 2003, Merrill Lynch had concentrations of credit risk with other counterparties, the largest of which was a government-sponsored agency rated AAA by recognized credit-rating agencies. Total unsecured exposure to this counterparty was approximately \$3.7 billion, or 0.8% of total assets.

Merrill Lynch's most significant industry credit concentration is with financial institutions. Financial institutions include other brokers and dealers, commercial banks, finance companies, insurance companies, and investment companies. This concentration arises in the normal course of Merrill Lynch's brokerage, trading, hedging, financing, and underwriting activities. Merrill Lynch also monitors credit exposures worldwide by region. Outside the United States, sovereign governments and financial institutions represent the most significant concentrations.

In the normal course of business, Merrill Lynch purchases, sells, underwrites, and makes markets in non-investment grade instruments. In conjunction with merchant banking activities, Merrill Lynch also provides extensions of credit and makes equity investments to facilitate leveraged transactions. These activities expose Merrill Lynch to a higher degree of credit risk than is associated with trading, investing in, and underwriting investment grade instruments and extending credit to investment grade counterparties.

Derivatives

Merrill Lynch's trading derivatives consist of derivatives provided to customers and derivatives entered into for proprietary trading strategies or risk management purposes.

Default risk on derivatives can also occur for the full notional amount of the trade where a final exchange of principal takes place, as may be the case for currency swaps. Default risk exposure varies by type of derivative. Swap agreements and forward contracts are generally OTC-transacted and thus are exposed to default risk to the extent of their replacement cost. Since futures contracts are exchange-traded and usually require daily cash settlement, the related risk of loss is generally limited to a one-day net positive change in market value. Generally such receivables and payables are recorded in Cus-

tomers receivables and payables on the Consolidated Balance Sheets. Option contracts can be exchange-traded or OTC-transacted. Purchased options have default risk to the extent of their replacement cost. Written options represent a potential obligation to counterparties and, accordingly, do not subject Merrill Lynch to default risk. Additional information about derivatives that meet the definition of a guarantee for accounting purposes is included in Note 13 to the Consolidated Financial Statements.

Merrill Lynch generally enters into International Swaps and Derivatives Association, Inc. master agreements or their equivalent ("master netting agreements") with each of its counterparties, as soon as possible. Master netting agreements provide protection in bankruptcy in certain circumstances and, in some cases, enable receivables and payables with the same counterparty to be offset on the Consolidated Balance Sheets, providing for a more meaningful balance sheet presentation of credit exposure. However, the enforceability of master netting agreements under bankruptcy laws in certain countries, or in certain industries is not free from doubt and receivables and payables with counterparties in these countries or industries are accordingly recorded on a gross basis.

To reduce default risk, Merrill Lynch requires collateral, principally cash and U.S. Government and agencies securities, on certain derivative transactions. From an economic standpoint, Merrill Lynch evaluates default risk exposures net of related collateral. At December 26, 2003, such collateral amounted to \$10.4 billion. In addition to obtaining collateral, Merrill Lynch attempts to mitigate default risk on derivatives by entering into transactions with provisions that enable Merrill Lynch to terminate or reset the terms of the derivative contract.

Many of Merrill Lynch's derivative contracts contain provisions that could, upon an adverse change in ML & Co.'s credit rating, trigger a requirement for an early payment or additional collateral support.

>> Note 7. Securitization Transactions and Transactions with Special Purpose Entities (SPEs)

Securitizations

In the normal course of business, Merrill Lynch securitizes: commercial and residential mortgage and home equity loans; municipal, government, and corporate bonds; and other types of financial assets. SPEs are often used when entering into or facilitating securitization transactions. Merrill Lynch's involvement with SPEs used to securitize financial assets includes: establishing SPEs; selling assets to SPEs; structuring SPEs; underwriting, distributing, and making loans to SPEs; making markets in securities issued by SPEs; engaging in derivative transactions with SPEs; owning notes or certificates issued by SPEs; and/or providing liquidity facilities and other guarantees to SPEs.

Merrill Lynch securitized assets of \$61.9 billion and \$42.4 billion for the years ended December 26, 2003 and December 27, 2002, respectively. For the years ended December 26, 2003

and December 27, 2002, Merrill Lynch received \$62.7 billion and \$43.4 billion, respectively, of proceeds, and other cash inflows, from new securitization transactions, and recognized net securitization gains, excluding gains on related derivative transactions, of \$111.3 million and \$52.2 million, respectively in Merrill Lynch's Consolidated Statements of Earnings. Merrill Lynch generally records assets prior to securitization at fair value.

In 2003 and 2002, cash inflows from securitizations related to the following asset types:

(dollars in millions)

	2003	2002
Asset category		
Residential mortgage loans	\$ 43,717	\$ 28,676
Municipal bonds	11,301	7,956
Corporate and government bonds	1,721	2,708
Commercial loans and other	6,002	4,077
	<u>\$ 62,741</u>	<u>\$ 43,417</u>

In certain instances, Merrill Lynch retains interests in the senior tranche, subordinated tranche, and/or residual tranche of securities issued by certain SPEs created to securitize assets. The gain or loss on sale of the assets is determined with reference to the previous carrying amount of the financial assets transferred, which is allocated between the assets sold and the retained interests, if any, based on their relative fair value at the date of transfer.

Retained interests are recorded in the Consolidated Financial Statements at fair value. To obtain fair values, observable market prices are used if available. Where observable market prices are unavailable, Merrill Lynch generally estimates fair value initially and on an ongoing basis based on the present value of expected future cash flows using management's best estimates of credit losses, prepayment rates, forward yield curves, and discount rates, commensurate with the risks involved. Retained interests are either held as trading assets, with changes in fair value recorded in the Consolidated Statements of Earnings, or as securities available-for-sale, with changes in fair value included in accumulated other comprehensive loss. Retained interests held as available-for-sale are reviewed periodically for impairment.

Retained interests in securitized assets were approximately \$2.7 billion and \$3.3 billion at December 26, 2003 and December 27, 2002, respectively, which related primarily to residential mortgage loan and municipal bond securitization transactions. The majority of the retained interest balance consists of mortgage-backed securities that have observable market prices. These retained interests include mortgage-backed securities that Merrill Lynch has committed to purchase and expects to sell to investors in the normal course of its underwriting activity. Approximately 64% and 77% at December 26, 2003 and December 27, 2002, respectively, of residential mortgage loan retained interests consist of interests in U.S. Government agency sponsored securitizations, which are guaranteed with respect to principal and interest. In addition, \$740 million and \$851 million at December 26, 2003 and December 27, 2002, respectively, of the retained interest balance relates to municipal bond transactions where observable market prices are available for the underlying assets, which provide the inputs and parameters used to calculate the fair value of the retained interest.

The following table presents information on retained interests, excluding the offsetting benefit of financial instruments used to hedge risks, held by Merrill Lynch as of December 26, 2003 arising from Merrill Lynch's residential mortgage loan, municipal bond and other securitization transactions. As noted above, most retained interests are priced based on observable market values or derive their value directly from the observable value of the underlying securities. Key economic assumptions and parameters shown in the table below represent inputs derived from these observable market values. These assumptions and parameters are as of December 26, 2003. The sensitivities of the current fair value of the retained interests to immediate 10% and 20% adverse changes in those assumptions and parameters are also shown.

(dollars in millions)

	Residential Mortgage Loans	Municipal Bonds	Other
Retained interest amount	\$ 1,822	\$ 740	\$ 122
Weighted average life (in years)	3.2	3.6	N/A
Range	0.0 – 20.0	0.1 – 6.9	N/A
Weighted average credit losses (rate per annum)	0.7%	0%	0.4%
Range	0.0 – 3.5%	0%	0.0 – 3.1%
Impact on fair value of 10% adverse change	\$ (14)	\$ –	\$ –
Impact on fair value of 20% adverse change	\$ (23)	\$ –	\$ (1)
Weighted average discount rate	6.4%	2.2%	6.6%
Range	0.0 – 83.9%	1.0 – 11.3%	1.8 – 25.0%
Impact on fair value of 10% adverse change	\$ (12)	\$ (52)	\$ (3)
Impact on fair value of 20% adverse change	\$ (23)	\$ (100)	\$ (6)
Weighted average prepayment speed (CPR)	17.6%	15.1% ⁽¹⁾	N/A
Range	0.0 – 65.0%	7.0 – 24.0% ⁽¹⁾	N/A
Impact on fair value of 10% adverse change	\$ (12)	\$ (1)	N/A
Impact on fair value of 20% adverse change	\$ (23)	\$ (2)	N/A

N/A=Not Applicable

CPR=Constant Prepayment Rate

(1) Relates to select securitization transactions where assets are prepayable.

The preceding table does not include the offsetting benefit of financial instruments that Merrill Lynch utilizes to hedge risks including credit, interest rate, and prepayment risk that are inherent in the retained interests. Merrill Lynch employs hedging strategies that are structured to take into consideration the hypothetical stress scenarios above such that they would be effective in principally offsetting Merrill Lynch's exposure to loss in the event these scenarios occur. In addition, the sensitivity analysis is hypothetical and should be used with caution. In particular, the effect of a variation in a particular assumption on the fair value of the retained interest is calculated independent of changes in any other assumption; in practice, changes in one factor may result in changes in another, which might magnify or counteract the sensitivities. Further, changes in fair value based on a 10% or 20% variation in an assumption or parameter generally cannot be extrapolated because the relationship of the change in the assumption to the change in fair value may not be linear. Also, the sensitivity analysis does not consider any

hedging activity that Merrill Lynch may take to mitigate the impact of any adverse changes in the key assumptions.

The weighted average assumptions and parameters used initially to value retained interests relating to securitizations effected in 2003 that were still held by Merrill Lynch as of December 26, 2003 are as follows:

	Residential Mortgage Loans	Municipal Bonds	Other
Weighted average life (in years)	5.6	N/A	N/A
Credit losses (rate per annum)	0.3%	0%	0%
Weighted average discount rate	6.0%	3.2%	4.5%
Prepayment speed assumption (CPR)	17.9%	N/A	N/A

N/A=Not Applicable

CPR=Constant Prepayment Rate

For residential mortgage loan and other securitizations, the investors and the securitization trust have no recourse to Merrill Lynch's other assets for failure of mortgage holders to pay when due.

For municipal bond securitization SPEs, in the normal course of dealer market-making activities, Merrill Lynch acts as liquidity provider. Specifically, the holders of beneficial interests issued by municipal bond securitization SPEs have the right to tender their interests for purchase by Merrill Lynch on specified dates at a specified price. Beneficial interests that are tendered are then sold by Merrill Lynch to investors through a best efforts remarketing where Merrill Lynch is the remarketing agent. If the beneficial interests are not successfully remarketed, the holders of beneficial interests are paid from funds drawn under a standby liquidity letter of credit issued by Merrill Lynch.

Merrill Lynch also provides default protection or credit enhancement to investors in securities issued by certain municipal bond securitization SPEs. Interest and principal payments on beneficial interests issued by these SPEs are secured by a guarantee issued by Merrill Lynch. In the event that the issuer of the underlying municipal bond defaults on any payment of principal and/or interest when due, the payments on the bonds will be made to beneficial interest holders from an irrevocable guarantee by Merrill Lynch.

The maximum commitment under these liquidity and default guarantees totaled \$17.0 billion and \$13.7 billion at December 26, 2003 and December 27, 2002, respectively. The fair value of the commitments approximate \$126 million and \$69 million at December 26, 2003 and December 27, 2002, respectively, which is reflected in the Consolidated Financial Statements. Of these arrangements, \$2.8 billion and \$2.3 billion at December 26, 2003 and December 27, 2002, respectively, represent agreements where the guarantee is provided to the SPE by a third-party financial intermediary and Merrill Lynch enters into a reimbursement agreement with the financial intermediary. In these arrangements, if the financial intermediary incurs losses, Merrill Lynch has up to one year to fund those losses. Additional information regarding these commitments is provided in Note 13 to the Consolidated Financial Statements.

The following table summarizes principal amounts outstanding, delinquencies, and net credit losses of securitized financial assets as of December 26, 2003 and December 27, 2002:

(dollars in millions)

	Residential Mortgage Loans	Municipal Bonds	Other
December 26, 2003			
Principal Amount			
Outstanding	\$ 43,777	\$ 14,890	\$ 4,527
Delinquencies	54	—	—
Net Credit Losses	3	—	8
December 27, 2002			
Principal Amount			
Outstanding	\$ 23,107	\$ 18,379	\$ 2,476
Delinquencies	90	—	3
Net Credit Losses	5	—	44

Variable Interest Entities

In January 2003, the FASB issued FIN 46, which clarifies the application of Accounting Research Bulletin No. 51, Consolidated Financial Statements, for enterprises that have interests in entities that meet the definition of a VIE. A VIE is an entity in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 requires that an entity shall consolidate a VIE if that enterprise has a variable interest that will absorb a majority of the VIE's expected losses; receive a majority of the VIE's expected residual returns; or both.

The FASB issued FIN 46R on December 24, 2003, which provides most public entities with the ability to defer implementation of the revised FIN 46 to no later than the first fiscal quarter of 2004. However, should a public issuer elect to defer implementation of FIN 46R, the entity is required to adopt FIN 46 for the 2003 fiscal year-end reporting. Merrill Lynch has elected to follow the guidance in FIN 46R for purposes of determining those VIEs that must be consolidated or disclosed as giving rise to a significant variable interest at December 26, 2003, with the exception of those VIEs that issue TOPRSSM, in which case Merrill Lynch has elected to apply the provisions of FIN 46. Merrill Lynch has accounted for those VIEs that are consolidated under the new guidance as a cumulative effect of a change in accounting principle, which did not have a material effect on the 2003 year-end financial statements.

In the normal course of business, Merrill Lynch acts as a transferor, derivative counterparty, investor, arranger, structurer, underwriter, market-maker, guarantor, and/or liquidity provider to many VIEs. In addition, Merrill Lynch acts as transferor to certain entities that meet the requirements of qualifying special purpose entities, which are not consolidated in the Merrill Lynch Financial Statements in accordance with SFAS No. 140, but which are disclosed herein where Merrill Lynch typically holds a significant variable interest and/or the transaction type represents a significant Merrill Lynch sponsored program.

Merrill Lynch has entered into transactions with a number of VIEs in which it is the primary beneficiary and therefore must consolidate the VIE; or is a significant variable interest holder in the VIE. These VIEs are as follows:

- Merrill Lynch is the primary beneficiary of VIEs that own convertible bonds purchased from Merrill Lynch, in which Merrill Lynch maintains a call option to repurchase the convertible bonds from the VIE. The purpose of these VIEs is to market convertible bonds to a broad investor base by separating the bonds into callable debt and a conversion call option. Assets held by these VIEs are reported in equities and convertible debentures or resale agreements, depending on the nature of the transaction, in the Consolidated Balance Sheet. Holders of the beneficial interests in these VIEs have no recourse to the general credit of Merrill Lynch; rather their investment is paid exclusively from the convertible bonds held by the VIE.
- Merrill Lynch is the primary beneficiary of "maturity shortening transactions," in which the VIE serves to shorten the maturity of a fixed income security, and, at the maturity date of the VIE, Merrill Lynch has the obligation to repurchase some or all of the securities held by the VIE. Assets held by these VIEs are reported in corporate debt and preferred stock. The beneficial interest holders in these VIEs have recourse to Merrill Lynch to the extent that the underlying assets that Merrill Lynch is required to repurchase have declined in value from the initial transaction date.
- Merrill Lynch is the sponsor and guarantor of VIEs that provide a guarantee of principal to beneficial interest holders, thereby limiting investors' losses generated from the assets. Merrill Lynch may also guarantee investors returns in excess of principal depending on the nature of the fund. In certain of these VIEs, Merrill Lynch is the primary beneficiary. Investors in these VIEs have recourse to Merrill Lynch to the extent that the value of the assets held by the VIEs at maturity is less than the investors' initial investment or guaranteed amount. Where Merrill Lynch is not the primary beneficiary, guarantees related to these funds are discussed and disclosed in Note 13 to the Consolidated Financial Statements.
- Merrill Lynch has made loans to, and/or investments in, VIEs that hold loan receivable assets and real estate, and as a result of these loans and investments, Merrill Lynch may be either the primary beneficiary and consolidate, or a significant variable interest holder. These VIEs are primarily designed to provide temporary on or off balance sheet financing to clients and/or to invest in real estate. Assets held by VIEs where ML has provided financing and is the primary beneficiary are recorded in other assets and/or loans, notes and mortgages in the Consolidated Balance Sheet. Assets held by VIEs where Merrill Lynch has invested in real estate partnerships are classified as investment securities where Merrill Lynch holds a significant variable interest, and in other assets where Merrill Lynch is the primary beneficiary. The beneficial interest holders in these VIEs have no recourse to the general credit of Merrill Lynch; rather their investments are paid exclusively from the assets in the VIE.
- Merrill Lynch has a significant variable interest in municipal bond securitization QSPEs to which it provides liquidity and default facilities. Additional information on these programs is provided in the retained interest securitization disclosures above and in Note 13 to the Consolidated Financial Statements.

- Merrill Lynch has entered into transactions with VIEs that are used, in part, to provide foreign tax planning strategies to investors. Merrill Lynch is a significant variable interest holder in these VIEs.
- Merrill Lynch has a significant variable interest in residential mortgage securitizations entered into by one of its banking subsidiaries. In accordance with the previous accounting guidance of SFAS No. 125, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, this entity qualifies as a QSPE, although Merrill Lynch retains a 97% interest in the vehicle.
- Merrill Lynch has entered into transactions with VIEs where Merrill Lynch is a derivative counterparty to a VIE that serves to synthetically expose investors to a specific credit risk. Based on the provisions of FIN 46R, Merrill Lynch does not have a significant variable interest since the derivative it has purchased does not absorb variability. However, because these structures represent a significant Merrill Lynch sponsored program, information related to these structures has been included in the following table.

The following table summarizes Merrill Lynch's involvement with the VIEs listed above as of December 26, 2003. Where an entity is a significant variable interest holder, FIN 46R requires that entity to disclose its maximum exposure to loss as a result of its interest in the VIE. It should be noted that this measure does not reflect Merrill Lynch's estimate of the actual losses that could result from adverse changes, nor does it reflect the economic hedges Merrill Lynch enters into to reduce its exposure.

(dollars in millions)

December 26, 2003				
Description	Primary Beneficiary		Significant Variable Interest Holder	
	Asset Size	Recourse to Merrill Lynch ⁽⁴⁾	Asset Size	Maximum Exposure
Convertible Bond Stripping	\$ 1,864	None	\$ —	\$ —
Maturity Shortening	379	\$ 1	—	—
Guaranteed Funds	863	863	—	—
Loan and Real Estate VIEs	775	None	636	567
Municipal Bond Securitizations ⁽¹⁾	—	—	16,927	16,927
Foreign Tax Planning VIEs ⁽²⁾	—	—	2,811	114
Mortgage Securitizations	—	—	345	334
Synthetic Credit Risk VIEs ⁽³⁾	—	—	6,402	474

(1) The maximum exposure for Municipal Bond Securitizations reflects Merrill Lynch's potential liability as a result of the liquidity and default facilities entered into with the VIEs. It significantly overestimates Merrill Lynch's exposure to these VIEs since Merrill Lynch enters into economic hedges that are designed to be effective in principally offsetting Merrill Lynch's exposure to loss.

(2) The maximum exposure for Foreign Tax Planning VIEs reflects the fair value of derivatives entered into with the VIEs, as well as the maximum exposure to loss associated with indemnifications made to investors in the VIEs.

(3) The maximum exposure for Synthetic Credit Risk VIEs is the asset carrying value of the derivatives entered into with the VIEs as of December 26, 2003.

(4) This column reflects the extent, if any, to which investors have recourse to Merrill Lynch beyond the assets held in the VIE.

At December 26, 2003, the Consolidated Balance Sheet included \$1.2 billion of incremental assets related to the consolidation of these entities in which Merrill Lynch is the primary beneficiary.

>> Note 8. Loans, Notes, and Mortgages and Related Commitments to Extend Credit

Loans, notes, and mortgages and related commitments to extend credit at December 26, 2003 and December 27, 2002, are presented below:

(dollars in millions)

	Loans		Commitments	
	2003	2002	2003 ⁽¹⁾	2002
Consumer and small- and middle-market business:				
Mortgages	\$ 16,688	\$ 16,484	\$ 4,842	\$ 5,168
Small- and middle-market business	6,737	4,982	3,411	2,673
Other	4,045	1,172	603	477
Commercial:				
Secured	21,048	11,972	12,425	9,321
Unsecured				
investment grade	1,806	3,492	15,028	10,882
Unsecured non-investment grade	669	731	562	300
Total	\$ 50,993	\$ 38,833	\$ 36,871	\$ 28,821

(1) See Note 13 for a maturity profile of these commitments.

The loan amounts are net of an allowance for loan losses of \$318 million and \$285 million as of December 26, 2003 and December 27, 2002, respectively.

Consumer and small- and middle-market business loans, which are substantially secured, consisted of approximately 269,500 individual loans at December 26, 2003, and included residential mortgages, home equity loans, small- and middle-market business loans, and other loans to individuals for household, family, or other personal expenditures. Commercial loans, which at year-end 2003 consisted of approximately 7,500 separate loans, include syndicated loans and other loans to corporations and other businesses. Secured loans and commitments include lending activities made in the normal course of Merrill Lynch's securities and financing businesses. The investment grade and non-investment grade categorization is determined using the credit rating agency equivalent of internal credit ratings. Non-investment grade counterparties are those rated lower than BBB. Merrill Lynch enters into credit default swaps to mitigate credit exposure related to funded and unfunded unsecured commercial loans. The notional value of these swaps totaled \$4.9 billion and \$3.8 billion at December 26, 2003 and December 27, 2002, respectively. For information on credit risk management see Note 6 to the Consolidated Financial Statements.

The above amounts include \$7.6 billion and \$6.2 billion of loans held for sale at December 26, 2003 and December 27, 2002, respectively. Loans held for sale are loans that management expects to sell prior to maturity. At December 26, 2003, such loans consisted of \$5.2 billion of consumer loans, primarily residential mortgages, and \$2.4 billion of commercial loans, approximately 59% of which are to investment grade counterparties. At December 27, 2002, such loans consisted of \$3.2 billion of consumer loans, primarily residential mortgages, and \$3.0 billion of commercial loans, approximately 49% of which were to investment grade counterparties. For information on the accounting policy related to loans, notes and mortgages, see Note 1 to the Consolidated Financial Statements.

The fair values of loans, notes, and mortgages were approximately \$51.1 billion and \$38.9 billion at December 26, 2003 and December 27, 2002, respectively. Fair value for loans made in connection with private equity investing activities, consisting primarily of senior debt, is estimated using discounted cash flows. Merrill Lynch's estimate of fair value for other loans, notes, and mortgages is determined based on loan characteristics. For certain homogeneous categories of loans, including residential mortgages and home equity loans, fair value is estimated using market price quotations or previously executed transactions for securities backed by similar loans, adjusted for credit risk and other individual loan characteristics. For Merrill Lynch's variable-rate loan receivables, carrying value approximates fair value.

Merrill Lynch generally maintains collateral on secured loans in the form of securities, liens on real estate, perfected security interests in other assets of the borrower, and guarantees.

Merrill Lynch enters into commitments to extend credit, predominantly at variable interest rates, in connection with corporate finance and loan syndication transactions. Customers may also be extended loans or lines of credit collateralized by first and second mortgages on real estate, certain liquid assets of small businesses, or securities. Merrill Lynch considers commitments to be outstanding as of the date the commitment letter is issued. These commitments usually have a fixed expiration date and are contingent on certain contractual conditions that may require payment of a fee by the counterparty. Once commitments are drawn upon, Merrill Lynch may require the counterparty to post collateral depending on its creditworthiness and general market conditions.

The contractual amounts of these commitments represent the amounts at risk should the contract be fully drawn upon, the client defaults, and the value of the existing collateral becomes worthless. The total amount of outstanding commitments may not represent future cash requirements, as commitments may expire without being drawn upon. For a maturity profile of these and other commitments see Note 13 to the Consolidated Financial Statements.

>> Note 9. Commercial Paper and Short- and Long-Term Borrowings

ML & Co. is the primary issuer of all debt instruments. For local tax or regulatory reasons, debt is also issued by certain subsidiaries.

Total borrowings at December 26, 2003 and December 27, 2002 consisted of the following:

(dollars in millions)

	2003	2002
Senior debt issued by ML & Co.	\$ 80,159	\$ 76,822
Senior debt issued by subsidiaries, guaranteed by ML & Co.	5,441	5,833
Other subsidiary financing	2,699	1,222
Total	\$ 88,299	\$ 83,877

These borrowing activities may create exposure to market risk, most notably interest rate, equity, and currency risk. Refer to Note 1 to the Consolidated Financial Statements, Derivatives section for additional information on the use of derivatives to hedge these risks and the accounting for derivatives embedded in these instruments.

Borrowings at December 26, 2003 and December 27, 2002 are presented below:

(dollars in millions)

	2003	2002
Commercial paper and other short-term borrowings		
Commercial paper	\$ 4,568	\$ 3,966
Other	432	1,387
Total	\$ 5,000	\$ 5,353
Long-term borrowings		
Fixed-rate obligations ⁽¹⁾⁽³⁾	\$ 37,210	\$ 34,084
Variable-rate obligations ⁽²⁾⁽³⁾	41,297	39,703
Zero-coupon contingent convertible debt (LYONs®)	4,792	4,737
Total	\$ 83,299	\$ 78,524

(1) Fixed-rate obligations are generally swapped to floating rates.

(2) Variable interest rates are generally based on rates such as LIBOR, the U.S. Treasury Bill Rate, or the Federal Funds Rate.

(3) Included are various equity-linked or other indexed instruments.

Long-term borrowings, including adjustments related to fair value hedges and various equity-linked or other indexed instruments, at December 26, 2003, mature as follows:

(dollars in millions)

2004	\$ 17,397	21%
2005	12,174	14
2006	13,092	16
2007	10,023	12
2008	8,205	10
2009 and thereafter	22,408	27
Total	\$ 83,299	100%

Certain long-term borrowing agreements contain provisions whereby the borrowings are redeemable at the option of the holder at specified dates prior to maturity. Management believes, however, that a portion of such borrowings will remain outstanding beyond their earliest redemption date. A limited number of notes whose coupon or repayment terms are linked to the performance of equity, other indices, or baskets of securities, may be accelerated based on the value of a referenced index or security, in which case Merrill Lynch may be required to immediately settle the obligation for cash or other securities. Merrill Lynch typically hedges these notes with positions in derivatives and/or in the underlying securities. Merrill Lynch also makes markets buying and selling its debt instruments, including such notes.

Senior debt issued by ML & Co. and senior debt issued by subsidiaries guaranteed by ML & Co. do not contain provisions that could, upon an adverse change in ML & Co.'s credit rating, financial ratios, earnings, cash flows, or ML & Co. stock price, trigger a requirement for an early payment, additional collateral support, changes in terms, acceleration of maturity, or the creation of an additional financial obligation.

The fair values of long-term borrowings and related hedges approximated the carrying amounts at year-end 2003 and 2002.

The effective weighted-average interest rates for borrowings, at December 26, 2003 and December 27, 2002 were:

	2003	2002
Commercial paper and other short-term borrowings	2.10%	2.27%
Long-term borrowings, contractual rate	2.99	3.26
Long-term borrowings, including the impact of hedges	1.38	1.74

In March 2002, Merrill Lynch issued \$2.3 billion aggregate original principal amount of floating rate zero-coupon contingently convertible debt (Liquid Yield Option™ notes or LYONs®) at an issue price of \$1,000 per note, which resulted in gross proceeds of \$2.3 billion. The LYONs® are unsecured and unsubordinated indebtedness of Merrill Lynch with a maturity date of 30 years. Merrill Lynch will pay no interest prior to maturity unless, during any six-month period commencing June 1, 2007, the average market price of the LYONs® for a certain period exceeds 120% or more of the accreted value of the LYONs®. In the case that payment is required, contingent interest will be equal to the greater of the common stock dividend for that period or \$0.16 multiplied by the initial amount of shares into which the LYONs® are convertible. At maturity on March 13, 2032, holders will receive, for each note, a contingent principal amount equal to \$1,000 increased daily by a yield of 3-month LIBOR minus 2.0% per annum, reset quarterly. Regardless of the level of 3-month LIBOR, however, the yield will never be less than 0% and, after March 13, 2007, the yield will not exceed 5.5%. For the year ended December 26, 2003, the weighted average yield of the notes was 0%. Merrill Lynch is recognizing any contingent principal amount as it is accrued over the term of the LYONs®. Each LYONs® is convertible into 13.8213 shares of common stock if certain conditions are met. Holders may require Merrill Lynch to purchase all or a portion of their LYONs® on March 13, 2005, 2007, 2012, 2017, 2022, and 2027 at the then contingent principal amount. Holders may also require Merrill Lynch to repurchase all or a portion of the LYONs® upon a change in control occurring on or before March 13, 2007 at a price equal to the then contingent principal amount. Merrill Lynch may elect to pay the purchase price in cash, shares of common stock or any combination thereof. Merrill Lynch may redeem all or a portion of the LYONs® at any time after March 13, 2007.

In May 2001, Merrill Lynch issued \$4.6 billion of LYONs® at an issue price of \$511.08 per note, which resulted in gross proceeds of approximately \$2.4 billion. The LYONs® are unsecured and unsubordinated indebtedness of Merrill Lynch with a maturity date of 30 years. Merrill Lynch will pay no

interest prior to maturity unless, during any six-month period commencing June 1, 2006, the average market price of the LYONs® for a certain period exceeds 120% or more of the accreted value of the LYONs®. In the case that payment is required, contingent interest will be equal to the greater of the common stock dividend for that period or \$0.16 multiplied by the initial amount of shares into which the LYONs® are convertible. Each note has a yield to maturity of 2.25% with a maturity value of \$1,000 on May 23, 2031. Merrill Lynch is amortizing the issue discount using the effective interest method over the term of the LYONs®. Each LYONs® is convertible into 5.6787 shares of common stock if certain conditions are met. Holders may require Merrill Lynch to purchase all or a portion of their LYONs® on May 23, 2004, 2005, 2006, 2011, 2016, 2021 and 2026 at the then accreted value. Holders may also require Merrill Lynch to repurchase all or a portion of the LYONs® upon a change in control occurring on or before May 23, 2006 at a price equal to the then accreted value. Merrill Lynch may elect to pay the purchase price in cash, shares of common stock or any combination thereof. Merrill Lynch may redeem all or a portion of the LYONs® at any time after May 23, 2006.

Borrowing Facilities

Merrill Lynch has a committed, senior, unsecured bank credit facility aggregating \$3.0 billion under an agreement with a syndicate of banks. The agreement contains covenants requiring, among other things, that Merrill Lynch maintain specified levels of net worth, as defined in the agreement, on the date of an advance. At December 26, 2003, this credit facility was not drawn upon.

The credit quality, amounts, and terms of this credit facility are continually monitored and modified as warranted by business conditions. Under the existing agreement, the credit facility will mature in May 2004.

>> Note 10. Deposits

Deposits at December 26, 2003 and December 27, 2002 are presented below:

	2003	2002
(dollars in millions)		
U.S.		
Savings Deposits	\$ 64,197	\$ 67,528
Time Deposits	1,212	1,022
Total U.S. Deposits	65,409	68,550
Non-U.S.		
Non-interest bearing	359	237
Interest bearing	13,689	13,055
Total Non-U.S. Deposits	14,048	13,292
Total Deposits	\$ 79,457	\$ 81,842

The effective weighted-average interest rates for deposits, which include the impact of hedges, at December 26, 2003 and December 27, 2002 were 0.78% and 1.32%, respectively. The fair values of deposits approximated carrying values at December 26, 2003 and December 27, 2002.

>> **Note 11. Preferred Securities Issued by Subsidiaries**

Preferred securities issued by subsidiaries, which represent preferred minority interests in consolidated subsidiaries, consist of perpetual trust-issued preferred securities.

TOPrSSM were issued to investors by trusts created by Merrill Lynch and are registered with the Securities and Exchange Commission. Using the issuance proceeds, the trusts purchased Partnership Preferred Securities, representing limited partnership interests. Using the purchase proceeds, the limited partnerships extended loans to ML & Co. and one or more subsidiaries of ML & Co. ML & Co. has guaranteed, on a subordinated basis, the payment in full of all distributions and other payments on the TOPrSSM to the extent that the trusts have funds legally available. This guarantee and a similar partnership distribution guarantee are subordinated to all other liabilities of ML & Co. and rank equally with preferred stock of ML & Co. Merrill Lynch has elected to account for its issuance of TOPrSSM in accordance with the provisions of FIN 46 and, as a result, the Partnerships and Trusts that issue these securities are consolidated in Merrill Lynch's financial statements.

The following table presents data related to the issuance of TOPrSSM by Merrill Lynch Capital Trust I, II, III, IV, and V. All TOPrSSM issued have a liquidation value of \$25 per security, have a perpetual life, and can be redeemed at the option of the trusts, in whole or in part, at the liquidation value on or after their respective optional redemption dates (see following table). The holders of the TOPrSSM do not have the right to redeem the securities. Distributions, which are deductible for U.S. federal tax purposes, are payable from the date of original issuance and are payable quarterly if, and when the trusts have funds available for payment.

(dollars in millions)

TOPrS SM	Annual Distribution Rate	Issue Date	Optional Redemption Date	Liquidation Value
I	7.75%	Dec. 1996	Dec. 2006	\$ 275
II	8.00	Feb. 1997	Mar. 2007	300
III	7.00	Jan. 1998	Mar. 2008	750
IV	7.12	Jun. 1998	Jun. 2008	400
V	7.28	Nov. 1998	Sep. 2008	850
Other ⁽¹⁾	2.70	Jul. 1999	Jun. 2004	95
				<u>\$ 2,670</u>

(1) Represents Yen-denominated TOPrSSM issued by Merrill Lynch Yen TOPrSSM Trust I.

>> **Note 12. Stockholders' Equity and Earnings Per Share**

Preferred Equity

ML & Co. is authorized to issue 25,000,000 shares of undesignated preferred stock, \$1.00 par value per share. All shares of currently outstanding preferred stock constitute one and the same class that have equal rank and priority over common stockholders as to dividends and in the event of liquidation.

9% Cumulative Preferred Stock, Series A

ML & Co. has issued 17,000,000 Depositary Shares, each representing a one-four-hundredth interest in a share of 9% Cumulative Preferred Stock, Series A, liquidation preference value of \$10,000 per share ("9% Preferred Stock"). The 9% Preferred Stock is a single series consisting of 42,500 shares with an aggregate liquidation preference of \$425 million, all of which was outstanding at year-end 2003, 2002, and 2001.

Dividends on the 9% Preferred Stock are cumulative from the date of original issue and are payable quarterly when declared by the authority of the Board of Directors. The 9% Preferred Stock is perpetual and redeemable on or after December 30, 2004 at the option of ML & Co., in whole or in part, at a redemption price equal to \$10,000 per share, plus accrued and unpaid dividends (whether or not declared) to the date fixed for redemption.

Common Stock

Dividends paid on common stock were \$0.64 per share in 2003, 2002 and 2001.

Shares Exchangeable into Common Stock

In 1998, Merrill Lynch & Co., Canada Ltd. issued 9,662,448 Exchangeable Shares in connection with Merrill Lynch's merger with Midland Walwyn Inc. Holders of Exchangeable Shares have dividend, voting, and other rights equivalent to those of ML & Co. common stockholders. Exchangeable Shares may be exchanged at any time, at the option of the holder, on a one-for-one basis for ML & Co. common stock. Merrill Lynch may redeem all outstanding Exchangeable Shares for ML & Co. common stock after January 31, 2011, or earlier under certain circumstances.

During 2003 and 2002, 1,011,118 and 284,366 Exchangeable Shares, respectively, were converted to ML & Co. common stock. At year-end 2003, 2,899,923 Exchangeable Shares were outstanding, compared with 3,911,041 at year-end 2002.

Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss represents cumulative gains and losses on items that are not reflected in earnings. The balances at December 26, 2003 and December 27, 2002 are as follows:

(dollars in millions)

	2003	2002
Foreign currency translation adjustment		
Unrealized (losses), net of gains	\$ (758)	\$ (366)
Income taxes	457	46
Total	<u>(301)</u>	<u>(320)</u>
Unrealized gains (losses) on investment securities available-for-sale		
Unrealized (losses), net of gains	(158)	(185)
Adjustments for:		
Policyholder liabilities	(36)	(44)
Deferred policy acquisition costs	2	3
Income taxes	81	81
Total	<u>(111)</u>	<u>(145)</u>
Deferred gains on cash flow hedges	<u>11</u>	<u>20</u>
Minimum pension liability	<u>(150)</u>	<u>(125)</u>
Total accumulated other comprehensive loss	\$ (551)	\$ (570)

Stockholder Rights Plan

In 1997, the Board of Directors approved and adopted the amended and restated Stockholder Rights Plan. The amended and restated Stockholder Rights Plan provides for the distribution of preferred purchase rights ("Rights") to common stockholders. The Rights separate from the common stock 10 days following the earlier of: (a) an announcement of an acquisition by a person or group ("acquiring party") of 15% or more of the outstanding common shares of ML & Co., or (b) the commencement of a tender or exchange offer for 15% or more of the common shares outstanding. One Right is attached to each outstanding share of common stock and will attach to all subsequently issued shares. Each Right entitles the holder to purchase 1/100 of a share (a "Unit") of Series A Junior Preferred Stock, par value \$1.00 per share, at an exercise price of \$300 per Unit at any time after the distribution of the Rights. The Units are nonredeemable and have voting privileges and certain preferential dividend rights. The exercise price and the number of Units issuable are subject to adjustment to prevent dilution.

If, after the Rights have been distributed, either the acquiring party holds 15% or more of ML & Co.'s outstanding shares or ML & Co. is a party to a business combination or other specifically defined transaction, each Right (other than those held by the acquiring party) will entitle the holder to receive, upon exercise, a Unit of preferred stock or shares of common stock of the surviving company with a value equal to two times the exercise price of the Right. The Rights expire in 2007, and are redeemable at the option of a majority of the directors of ML & Co. at \$.01 per Right at any time until the 10th day following an announcement of the acquisition of 15% or more of ML & Co.'s common stock.

Earnings Per Share

Basic earnings per share ("EPS") is calculated by dividing earnings available to common stockholders by the weighted-average number of common shares outstanding. Diluted EPS is similar to basic EPS, but adjusts for the effect of the potential issuance of common shares. The following table presents the computations of basic and diluted EPS:

(dollars in millions, except per share amounts)

	2003	2002	2001
Net earnings	\$ 3,988	\$ 2,513	\$ 573
Preferred stock dividends	<u>38</u>	<u>38</u>	<u>38</u>
Net earnings applicable to common stockholders	\$ 3,950	\$ 2,475	\$ 535
(shares in thousands)			
Weighted-average basic shares outstanding⁽¹⁾	<u>900,711</u>	<u>862,318</u>	<u>838,683</u>
Effect of dilutive instruments⁽²⁾			
Employee stock options	30,542	30,702	53,336
FACAAP shares	22,995	23,990	27,305
Restricted shares and units	21,215	25,141	19,173
ESPP shares	<u>61</u>	<u>71</u>	<u>58</u>
Dilutive potential common shares	<u>74,813</u>	<u>79,904</u>	<u>99,872</u>
Diluted shares⁽³⁾	975,524	942,222	938,555
Basic EPS	\$ 4.39	\$ 2.87	\$ 0.64
Diluted EPS	4.05	2.63	0.57

(1) Includes shares exchangeable into common stock.

(2) See Note 15 to the Consolidated Financial Statements for a description of these instruments and issuances subsequent to December 26, 2003.

(3) At year-end 2003, 2002, and 2001, there were 90,555; 118,070; and 38,174 instruments, respectively, that were considered antidilutive and thus were not included in the above calculations. Additionally, shares related to Merrill Lynch's LYONS[®] issuance are not included in the computation of diluted earnings per share because the threshold trigger price for conversion has not been reached.

>> Note 13. Commitments, Contingencies and Guarantees

Litigation

Merrill Lynch has been named as a defendant in various legal actions, including arbitrations, class actions, and other litigation arising in connection with its activities as a global diversified financial services institution. The general decline of equity securities prices that began in 2000 has resulted in increased legal actions against many firms, including Merrill Lynch and will likely result in higher professional fees and litigation expenses than those incurred in the past.

Some of the legal actions include claims for substantial compensatory and/or punitive damages or claims for indeterminate amounts of damages. In some cases, the issuers that would otherwise be the primary defendants in such cases are bankrupt or otherwise in financial distress. Merrill Lynch is also involved in investigations and/or proceedings by governmental and self-regulatory agencies. The number of these investigations has also increased in recent years with regard to many firms, including Merrill Lynch.

Given the number of these legal actions, investigations and proceedings, some are likely to result in adverse judgments, settlements, penalties, injunctions, fines or other relief. Merrill Lynch believes it has strong defenses to, and, where

appropriate, will vigorously contest these actions. In view of the inherent difficulty of predicting the outcome of such matters, particularly in cases in which claimants seek substantial or indeterminate damages, Merrill Lynch often cannot predict what the eventual loss or range of loss related to such matters will be. Merrill Lynch believes, based on information available to it, that the resolution of these actions will not have a material adverse effect on the financial condition of Merrill Lynch as set forth in the Consolidated Financial Statements, but may be material to Merrill Lynch's operating results or cash flows for any particular period and may impact ML & Co.'s credit ratings.

Commitments

At December 26, 2003, Merrill Lynch commitments had the following expirations:

	Total	Commitment expiration			
		Less than 1 year	1 – 3 years	3+ – 5 years	Over 5 years
Commitments to extend credit ⁽¹⁾	\$ 36,871	\$ 18,197	\$ 7,415	\$ 7,166	\$ 4,093
Purchasing and other commitments	8,348	7,211	715	186	236
Operating leases	3,885	524	1,006	853	1,502
Resale agreements	10,215	10,215	—	—	—
Total	\$ 59,319	\$ 36,147	\$ 9,136	\$ 8,205	\$ 5,831

(1) See Note 8 to the Consolidated Financial Statements for additional details.

Lending Commitments

Merrill Lynch enters into commitments to extend credit, predominantly at variable interest rates, in connection with certain merchant banking, corporate finance, and loan syndication transactions. Clients may also be extended loans or lines of credit collateralized by first and second mortgages on real estate, certain liquid assets of small businesses, or securities. These commitments usually have a fixed expiration date and are contingent on certain contractual conditions that may require payment of a fee by the counterparty. Once commitments are drawn upon, Merrill Lynch may require the counterparty to post collateral depending upon creditworthiness and general market conditions.

The contractual amounts of these commitments represent the amounts at risk should the contract be fully drawn upon, the client defaults, and the value of the existing collateral becomes worthless. The total amount of outstanding commitments may not represent future cash requirements, as commitments may expire without being drawn upon.

Purchasing and Other Commitments

In the normal course of business, Merrill Lynch enters into commitments for underwriting transactions. Settlement of these transactions as of December 26, 2003 would not have a material effect on the consolidated financial condition of Merrill Lynch.

In connection with trading activities, Merrill Lynch enters into commitments related to resale agreements.

Merrill Lynch also obtains commercial letters of credit from issuing banks to satisfy various counterparty collateral

requirements in lieu of depositing cash or securities collateral. Commercial letters of credit aggregated \$507 million and \$434 million at December 26, 2003 and December 27, 2002, respectively.

In the normal course of business, Merrill Lynch enters into institutional and margin-lending transactions, some of which is on a committed basis, but most of which is not. Margin lending on a committed basis only includes amounts where Merrill Lynch has a binding commitment. These binding margin lending commitments totaled \$459 million at December 26, 2003 and \$1.2 billion at December 27, 2002.

Merrill Lynch has commitments to purchase partnership interests, primarily related to private equity investing activities, of \$426 million and \$698 million at December 26, 2003 and December 27, 2002, respectively. Merrill Lynch also has entered into agreements with providers of market data, communications, and systems consulting services. At December 26, 2003 and December 27, 2002 minimum fee commitments over the remaining life of these agreements aggregated \$503 million and \$527 million, respectively. Merrill Lynch has entered into other purchasing commitments totaling \$7.0 billion and \$1.4 billion at December 26, 2003 and December 27, 2002, respectively.

Leases

Merrill Lynch has entered into various noncancellable long-term lease agreements for premises that expire through 2024. Merrill Lynch has also entered into various noncancellable short-term lease agreements, which are primarily commitments of less than one year under equipment leases.

In 1999 and 2000, Merrill Lynch established two SPEs to finance its Hopewell, New Jersey campus and an aircraft. Merrill Lynch leased the facilities and the aircraft from the SPEs. The total amount of funds raised by the SPEs to finance these transactions was \$383 million. These SPEs were not consolidated by Merrill Lynch pursuant to the accounting guidance that was then in effect. In the second quarter of 2003, the facilities and aircraft owned by these SPEs were acquired by a newly created limited partnership, which is unaffiliated with Merrill Lynch. The limited partnership acquired the assets subject to the leases with Merrill Lynch as well as the existing indebtedness incurred by the original SPEs. The proceeds from the sale of the assets to the limited partnership, net of the debt assumed by the limited partnership, were used to repay the equity investors in the original SPEs. After the transaction was completed, the original SPEs were dissolved. The limited partnership has also entered into leases with third-parties unrelated to Merrill Lynch.

The leases with the limited partnership mature in 2005 and 2006, and each lease has a renewal term to 2008. In addition, Merrill Lynch has entered into guarantees with the limited partnership, whereby if Merrill Lynch does not renew the lease or purchase the assets under its lease at the end of either the initial or the renewal lease term, the underlying assets will be sold to a third party, and Merrill Lynch has guaranteed that the proceeds of such sale will amount to at least 84% of the acquisition cost of the assets. The maximum exposure to Merrill Lynch as a result of this residual value guarantee is

approximately \$325 million as of December 26, 2003. As of December 26, 2003, the carrying value of the liability on the Consolidated Financial Statements is \$34 million. Merrill Lynch's residual value guarantee does not comprise more than half of the limited partnership's assets. Merrill Lynch had entered into a similar residual value guarantee with the previous SPEs; the maximum exposure under the previous guarantee was approximately \$325 million as of December 27, 2002.

The limited partnership does not meet the definition of a VIE as defined in FIN 46. Merrill Lynch does not have a partnership or other interest in the limited partnership. Accordingly, Merrill Lynch is not required to consolidate the limited partnership in its financial statements. The leases with the limited partnership are accounted for as operating leases.

At December 26, 2003, future noncancellable minimum rental commitments under leases with remaining terms exceeding one year, including lease payments to the limited partnerships discussed above are as follows:

(dollars in millions)

	WFC ⁽¹⁾	Other	Total
2004	\$ 179	\$ 345	\$ 524
2005	179	336	515
2006	179	312	491
2007	179	271	450
2008	179	224	403
2009 and thereafter	848	654	1,502
Total	\$ 1,743	\$ 2,142	\$ 3,885

(1) World Financial Center Headquarters.

The minimum rental commitments shown above have not been reduced by \$812 million of minimum sublease rentals to be received in the future under noncancellable subleases. Certain leases contain renewal or purchase options or escalation clauses providing for increased rental payments based upon maintenance, utility, and tax increases.

Net rent expense for each of the last three years is presented below:

(dollars in millions)

	2003	2002	2001
Rent expense	\$ 531	\$ 538	\$ 651
Sublease revenue	(93)	(92)	(106)
Net rent expense	\$ 438	\$ 446	\$ 545

Guarantees

Merrill Lynch issues various guarantees to counterparties in connection with certain leasing, securitization and other transactions. In addition, Merrill Lynch enters into certain derivative contracts that meet the accounting definition of a guarantee under FIN 45. FIN 45 defines guarantees to include derivative contracts that contingently require a guarantor to make payment to a guaranteed party based on changes in an underlying (such as changes in the value of interest rates, security prices, currency rates, commodity prices, indices, etc.), that relate to an asset, liability or equity security of a guaranteed party. Derivatives that meet the FIN 45 definition of guarantees include certain written options and credit default swaps (contracts that require Merrill Lynch to pay the counterparty the par value of a referenced security if that referenced security

defaults). Merrill Lynch does not track, for accounting purposes, whether its clients enter into these derivative contracts for speculative or hedging purposes. Accordingly, Merrill Lynch has disclosed information about all credit default swaps and certain types of written options that can potentially be used by clients to protect against changes in an underlying, regardless of how the contracts are used by the client.

For certain derivative contracts, such as written interest rate caps and written currency options, the maximum payout could theoretically be unlimited, because, for example, the rise in interest rates or changes in foreign exchange rates could theoretically be unlimited. In addition, Merrill Lynch does not monitor its exposure to derivatives in this manner. As such, rather than including the maximum payout, the notional value of these contracts has been included to provide information about the magnitude of involvement with these types of contracts. However, it should be noted that the notional value is not a reliable indicator of Merrill Lynch's exposure to these contracts.

Merrill Lynch records all derivative transactions at fair value on its Consolidated Balance Sheets. As previously noted, Merrill Lynch does not monitor its exposure to derivative contracts in terms of maximum payout. Instead, a risk framework is used to define risk tolerances and establish limits to ensure that certain risk-related losses occur within acceptable, predefined limits. Merrill Lynch economically hedges its exposure to these contracts by entering into a variety of offsetting derivative contracts and security positions. See the *Derivatives* section of Note 1 for further discussion of risk management of derivatives.

Merrill Lynch also provides guarantees to SPEs in the form of liquidity facilities, credit default protection and residual value guarantees for equipment leasing entities.

The liquidity facilities and credit default protection relate primarily to municipal bond securitization SPEs. Merrill Lynch acts as liquidity provider to municipal bond securitization SPEs. Specifically, the holders of beneficial interests issued by these SPEs have the right to tender their interests for purchase by Merrill Lynch on specified dates at a specified price. If the beneficial interests are not successfully remarketed, the holders of beneficial interests are paid from funds drawn under a standby facility issued by Merrill Lynch (or by third-party financial institutions where Merrill Lynch has agreed to reimburse the financial institution if a draw occurs). If the standby facility is drawn, Merrill Lynch may claim the underlying assets held by the SPEs. In general, standby facilities that are not coupled with default protection are not exercisable in the event of a downgrade below investment grade or default of the assets held by the SPEs. In addition as of December 26, 2003, the value of the assets held by the SPE plus any additional collateral pledged to Merrill Lynch exceeds the amount of beneficial interests issued, which provides additional support to Merrill Lynch in the event that the standby facility is drawn. As of December 26, 2003, the value of the municipal bond assets to which Merrill Lynch has recourse in the event of a draw was in aggregate \$18.3 billion, which exceeds the maximum payout if the standby facilities are drawn of \$13.9 billion in aggregate. However, it should be noted that the assets to which Merrill Lynch has recourse

are on a deal-by-deal basis and are not part of a cross-collateralized pool.

In certain instances, Merrill Lynch also provides default protection in addition to liquidity facilities. Specifically, in the event that an issuer of a municipal bond held by the SPE defaults on any payment of principal and/or interest when due, the payments on the bonds will be made to beneficial interest holders from an irrevocable guarantee by Merrill Lynch (or by third-party financial institutions where Merrill Lynch has agreed to reimburse the financial institution if losses occur). If the default protection is drawn, Merrill Lynch may claim the underlying assets held by the SPEs. As of December 26, 2003, the value of the assets to which Merrill Lynch has recourse in the event that an issuer of a municipal bond held by the SPE defaults on any payment of principal and/or interest when due was \$4.1 billion; the maximum payout if an issuer defaults was \$3.1 billion. As described in the preceding paragraph, the assets to which Merrill Lynch has recourse are not part of a cross-collateralized pool.

Further, to protect against declines in the value of the assets held by SPEs for which Merrill Lynch provides either liquidity facilities or default protection, Merrill Lynch economically hedges its exposure through derivative positions that principally offset the risk of loss arising from these guarantees.

Merrill Lynch also provides residual value guarantees to leasing SPEs where either Merrill Lynch or a third party is the lessee. For transactions where Merrill Lynch is not the lessee, the guarantee provides loss coverage for any shortfalls in the proceeds from asset sales beyond 75–90% of the current book value of the asset to which the guarantee pertains. As of December 26, 2003, the maximum payout on these guarantees is \$502 million. Where Merrill Lynch is the lessee, it provides a guarantee that any proceeds from the sale of the assets will amount to at least 84% of the acquisition cost of the assets.

Merrill Lynch also enters into reimbursement agreements in conjunction with sales of loans originated under its Mortgage 100SM program. Under this program, borrowers can pledge marketable securities in lieu of making a cash down payment. Upon sale of these mortgage loans, purchasers may require a surety bond that reimburses for certain shortfalls in the borrowers' securities accounts. Merrill Lynch provides this reimbursement through a financial intermediary. Merrill Lynch requires borrowers to meet daily collateral calls to ensure that the securities pledged as down payment are sufficient at all times. Merrill Lynch believes that its potential for loss under these arrangements is remote. Accordingly, no liability is recorded in the Consolidated Financial Statements.

In addition, Merrill Lynch makes guarantees to counterparties in the form of standby letters of credit. Merrill Lynch holds marketable securities of \$277 million as collateral to secure these guarantees. In addition, standby letters of credit include \$89 million of financial guarantees for which Merrill Lynch has recourse to the guaranteed party upon draw down.

Further, in conjunction with certain principal-protected mutual funds, Merrill Lynch guarantees the return of the initial principal investment at the termination date of the fund. These funds are generally managed based on a formula that requires the fund to hold a combination of general investments and highly liquid risk-free assets that, when combined, will result in the return of principal at the maturity date unless there is a significant market event. At December 26, 2003 Merrill Lynch's maximum potential exposure to loss with respect to these guarantees is \$261 million assuming that the funds are invested exclusively in other general investments (i.e., the funds hold no risk-free assets), and that those other general investments suffer a total loss. As such, this measure significantly overstates Merrill Lynch's exposure or expected loss at December 26, 2003.

These guarantees and their expiration are summarized at December 26, 2003 as follows:

(dollars in millions)

	Maximum Payout/ Notional	Less than 1 year	1 – 3 years	3+ – 5 years	Over 5 years	Carrying Value
Derivative contracts ⁽¹⁾	\$ 936,089	\$ 305,555	\$ 290,815	\$ 195,530	\$ 144,189	\$ 20,687
Liquidity facilities with SPEs ⁽²⁾	13,865	12,233	1,632	—	—	63
Liquidity and default facilities with SPEs	3,120	2,024	797	1	298	63
Residual value guarantees ⁽³⁾⁽⁴⁾	1,768	57	78	344	1,289	42
Standby letters of credit and other performance guarantees ⁽⁵⁾	770	397	62	43	268	10

(1) As noted above, the notional value of derivative contracts is provided rather than the maximum payout amount, although the notional value should not be considered as a substitute for maximum payout.

(2) Amounts relate primarily to facilities provided to municipal bond securitization SPEs. Includes \$2.8 billion of guarantees provided to SPEs by third-party financial institutions where Merrill Lynch has agreed to reimburse the financial institution if losses occur, and has up to one year to fund losses.

(3) Includes residual value guarantees associated with the Hopewell campus and aircraft leases of \$325 million.

(4) Includes \$892 million of reimbursement agreements with the Mortgage 100SM program.

(5) Includes guarantees related to principal-protected mutual funds.

In addition to the guarantees described above, Merrill Lynch also provides guarantees to securities clearinghouses and exchanges. Under the standard membership agreement, members are required to guarantee the performance of other members. Under the agreements, if another member becomes unable to satisfy its obligations to the clearinghouse, other

members would be required to meet shortfalls. Merrill Lynch's liability under these arrangements is not quantifiable and could exceed the cash and securities it has posted as collateral. However, the potential for Merrill Lynch to be required to make payments under these arrangements is remote. Accordingly,

no liability is carried in the Consolidated Financial Statements for these arrangements.

In connection with its prime brokerage business, Merrill Lynch provides to counterparties guarantees of the performance of its prime brokerage clients. Under these arrangements, Merrill Lynch stands ready to meet the obligations of its customers with respect to securities transactions. If the customer fails to fulfill its obligation, Merrill Lynch must fulfill the customer's obligation with the counterparty. Merrill Lynch is secured by the assets in the customer's account as well as any proceeds received from the securities transaction entered into by Merrill Lynch on behalf of the customer. No contingent liability is carried in the Consolidated Financial Statements for these transactions as the potential for Merrill Lynch to be required to make payments under these arrangements is remote.

In connection with its securities clearing business, Merrill Lynch performs securities execution, clearance and settlement services on behalf of other broker-dealer clients for whom it commits to settle, with the applicable clearinghouse, trades submitted for or by such clients; trades are submitted either individually, in groups or series or, if specific arrangements are made with a particular clearinghouse and client, all transactions with such clearing entity by such client. Merrill Lynch's liability under these arrangements is not quantifiable and could exceed any cash deposit made by a client. However, the potential for Merrill Lynch to be required to make unreimbursed payments under these arrangements is remote due to the contractual capital requirements associated with clients' activity and the regular review of clients' capital. Accordingly, no liability is carried in the Consolidated Financial Statements for these transactions.

In connection with certain European mergers and acquisition transactions, Merrill Lynch, in its capacity as financial adviser, in some cases may be required by law to provide a guarantee that the acquiring entity has or can obtain or issue sufficient funds or securities to complete the transaction. These arrangements are short-term in nature, extending from the commencement of the offer through the termination or closing. Where guarantees are required or implied by law, Merrill Lynch engages in a credit review of the acquirer, obtains indemnification and requests other contractual protections where appropriate. Merrill Lynch's maximum liability equals the required funding for each transaction and varies throughout the year depending upon the size and number of open transactions. Based on the review procedures performed, management believes the likelihood of being required to pay under these arrangements is remote. Accordingly, no liability is recorded in the Consolidated Financial Statements for these transactions.

In the course of its business, Merrill Lynch routinely indemnifies investors for certain taxes, including U.S. and foreign withholding taxes on interest and other payments made on securities, swaps and other derivatives. These additional payments would be required upon a change in law or interpretation thereof. Merrill Lynch's maximum exposure under these indemnifications is not quantifiable. Merrill Lynch believes that the potential for such an adverse change is remote. As such, no liability is recorded in the Consolidated Financial Statements.

In connection with certain asset sales and securitization transactions, Merrill Lynch typically makes representations and warranties about the underlying assets conforming to specified guidelines. If the underlying assets do not conform to the specifications, Merrill Lynch may have an obligation to repurchase the assets or indemnify the purchaser against any loss. To the extent these assets were originated by others and purchased by Merrill Lynch, Merrill Lynch seeks to obtain appropriate representations and warranties in connection with its acquisition of the assets. Merrill Lynch believes that the potential for loss under these arrangements is remote. Accordingly, no liability is carried in the Consolidated Financial Statements for these arrangements.

In connection with divestiture transactions, (for example, the integration of MLHSBC into HSBC and the sale of the GPC business in Canada), Merrill Lynch provides an indemnity to the purchaser, which will fully compensate the purchaser for any unknown liens or liabilities (e.g., tax liabilities) that relate to prior periods but are not discovered until after the transaction is closed. Merrill Lynch's maximum liability under these indemnifications cannot be quantified. However, Merrill Lynch believes that the likelihood of being required to pay is remote given the level of due diligence performed prior to the close of the transactions. Accordingly, no liability is recorded in the Consolidated Financial Statements for these indemnifications.

>> Note 14. Employee Benefit Plans

Merrill Lynch provides retirement and other postemployment benefits to its employees worldwide through defined contribution and defined benefit pension plans and other postretirement benefit plans. These plans vary based on the country and local practices. Merrill Lynch reserves the right to amend or terminate these plans at any time.

Merrill Lynch's measurement date for both its defined benefit pension and other postretirement benefit plans is September quarter-end.

Defined Contribution Plans

The U.S. defined contribution plans consist of the Retirement Accumulation Plan ("RAP"), the Employee Stock Ownership Plan ("ESOP"), and the 401(k) Savings & Investment Plan ("401(k)"). The RAP and ESOP cover substantially all U.S. employees who have met the service requirement. There is no service requirement for employee deferrals in the 401(k). However, there is a service requirement for an employee to receive corporate contributions in the 401(k).

Merrill Lynch established the RAP and the ESOP, collectively known as the "Retirement Program," for the benefit of employees with a minimum of one year of service. A notional retirement account is maintained for each participant. The RAP contributions are employer-funded based on compensation and years of service. Under the RAP, employees are given the opportunity to invest their retirement savings in a number of different investment alternatives. Under the ESOP, all retirement savings are in ML & Co. common stock, until employees

have five years of service after which they have the ability to diversify.

On July 17, 2001 Merrill Lynch merged the assets of the Herzog ESOP with the Merrill Lynch ESOP. Merrill Lynch allocates ESOP shares of Merrill Lynch stock to all participants of the ESOP as principal is repaid. Beginning in 2004, these allocations will be made on an annual basis. ESOP shares are considered to be either allocated (contributed to participants' accounts), committed (scheduled to be contributed at a specified future date but not yet released), or unallocated (not committed or allocated). Share information at December 26, 2003 is as follows:

Unallocated shares as of December 27, 2002	928,674
Release of escrow shares	1,300
Shares allocated/committed ⁽¹⁾	(161,863)
Unallocated shares as of December 26, 2003	768,111

(1) Excluding forfeited shares.

Additional information on ESOP activity follows:

(dollars in millions)

	2003	2002	2001
Compensation costs funded with ESOP shares	\$ 9	\$ 17	\$ 8
Dividends used for debt service	1	1	—

Employees can participate in the 401(k) by contributing, on a tax-deferred basis, a certain percentage of their eligible compensation, up to 25% in 2003, and up to 15% in years prior, but not more than the maximum annual amount allowed by law. Employees are given the opportunity to invest their 401(k) contributions in a number of different investment alternatives including ML & Co. common stock. Merrill Lynch's contributions are made in cash, and are equal to one-half of the first 6% of each participant's eligible compensation contributed to the 401(k), up to a maximum of two thousand dollars annually. No corporate contributions are made for participants who are also Employee Stock Purchase Plan participants (see Note 15 to the Consolidated Financial Statements). This restriction was removed effective January 1, 2004.

Merrill Lynch also sponsors various non-U.S. defined contribution plans. The costs of benefits under the RAP, 401(k), and non-U.S. plans are expensed during the related service period.

Defined Benefit Pension Plans

Merrill Lynch has purchased a group annuity contract that guarantees the payment of benefits vested under a U.S. defined benefit plan that was terminated in accordance with the applicable provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). At year-end 2003 and 2002, a substantial portion of the assets supporting the annuity contract was invested in U.S. Government and agencies securities. Merrill Lynch, under a supplemental agreement, may be responsible for, or benefit from, actual experience and investment performance of the annuity assets. Merrill Lynch also maintains supplemental defined benefit plans for certain U.S. employees.

Employees of certain non-U.S. subsidiaries participate in various local defined benefit plans. These plans provide benefits that are generally based on years of credited service and a percentage of the employee's eligible compensation during the final years of employment. Merrill Lynch's funding policy has been to contribute annually the amount necessary to satisfy local funding standards.

The following table provides a summary of the changes in the plans' benefit obligations, assets, and funded status for the twelve-month periods ended September 26, 2003 and September 27, 2002 and the amounts recognized in the Consolidated Balance Sheets at year-end 2003 and 2002:

(dollars in millions)

	2003	2002
Projected benefit obligations		
Balance, beginning of year	\$ 2,425	\$ 2,014
Service cost	43	45
Interest cost	143	140
Net actuarial loss	180	282
Benefits paid	(128)	(127)
Foreign exchange and other	87	71
Balance, end of period	<u>2,750</u>	<u>2,425</u>
Fair value of plan assets		
Balance, beginning of year	2,741	2,500
Actual return on plan assets	134	273
Contributions	53	51
Benefits paid	(128)	(127)
Foreign exchange and other	45	44
Balance, end of period	<u>2,845</u>	<u>2,741</u>
Funded status	95	316
Unrecognized net actuarial losses (gains)	136	(77)
Fourth-quarter activity, net	<u>29</u>	<u>16</u>
Net amount recognized	<u>\$ 260</u>	<u>\$ 255</u>
Assets	\$ 313	\$ 290
Liabilities	(269)	(213)
Accumulated other comprehensive loss (\$150 million and \$125 million, net of tax in 2003 and 2002)	<u>216</u>	<u>178</u>
Net amount recognized	<u>\$ 260</u>	<u>\$ 255</u>

The accumulated benefit obligation for all defined benefit pension plans was \$2,646 million and \$2,298 million at September 26, 2003 and September 27, 2002.

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for pension plans with accumulated benefit obligations in excess of plan assets were \$937 million, \$856 million, and \$540 million, respectively, as of September 26, 2003, and \$838 million, \$711 million, and \$488 million, respectively, as of September 27, 2002. These plans primarily represent U.S. supplemental plans not subject to ERISA or non-U.S. plans where funding strategies vary due to legal requirements and local practices.

The increase in accumulated other comprehensive loss in 2003 resulted from the recognition of an additional minimum pension liability in 2003 of \$38 million (\$25 million, net of tax), primarily related to the U.K. pension plan. The unfunded accumulated benefit obligation of this plan increased in value due to a decline in the market value of

assets, combined with a reduction in the interest rate used for discounting the benefit obligation.

The weighted average assumptions used in calculating the projected benefit obligation at September 26, 2003 and September 27, 2002 are as follows:

	2003	2002
Discount rate	5.6%	6.2%
Rate of compensation increase	4.1	4.3

The weighted average assumptions used in calculating the net periodic benefit cost for the years ended September 26, 2003 and September 27, 2002 are as follows:

	2003	2002
Discount rate	6.2%	6.7%
Rate of compensation increase	4.1	4.3
Expected long-term return on plan assets	5.0	6.0

The expected long-term rate of return on plan assets reflects the average rate of earnings expected on the funds invested or to be invested to provide for the benefits included in the projected benefit obligation. The U.S. tax-qualified plan, which represents approximately 78% of Merrill Lynch's total plan assets as of September 26, 2003, is 100% invested in a group annuity contract which is currently 100% invested in fixed income securities. The expected long-term rate of return on plan assets for the U.S. tax-qualified plan is based on the portfolio yield at the beginning of each fiscal year. The U.K. plan, which represents approximately 16% of Merrill Lynch's total plan assets as of September 26, 2003, is currently invested in 79% equity securities, 15% debt securities and 6% real estate. The expected long-term rate of return on plan assets was calculated by the plan actuary and reflects estimates of the expected returns on different asset classes held by the plan in light of prevailing economic conditions at the beginning of the fiscal year.

Pension cost for the years ended 2003, 2002, and 2001 included the following components:

(dollars in millions)

	2003	2002	2001
Defined contribution plan cost	\$ 201	\$ 222	\$ 256
Defined benefit plans			
Service cost for benefits earned during the year	43	45	43
Interest cost on projected benefit obligations	143	140	129
Expected return on plan assets	(137)	(152)	(157)
Amortization of unrecognized items and other	3	6	(9)
Total defined benefit plan cost	52	39	6
Total pension cost	\$ 253	\$ 261	\$ 262

The pension plan weighted-average asset allocations at September 26, 2003 and September 27, 2002, by asset category are as follows:

Asset Category	2003	2002
Debt securities	84%	89%
Equity securities	15	10
Real estate and other	1	1
Total	100%	100%

Assets and liabilities of the U.S. tax-qualified plan are dollar duration matched, such that the assets are expected to mature within one half year of the time when liabilities come due. The asset portfolio's investment objective calls for a concentration in fixed income securities, the majority of which have an investment grade rating.

For the U.K. plan, the target asset allocation is 80% equity securities, 15% debt securities and 5% real estate.

Merrill Lynch currently expects to contribute \$57 million to its pension plans in 2004.

Postretirement Benefits Other Than Pensions

Merrill Lynch provides health insurance benefits to retired employees under a plan that covers substantially all U.S. employees who have met age and service requirements. The health care coverage is contributory, with certain retiree contributions adjusted periodically. Non-contributory life insurance was offered to employees prior to February 1, 2000. The accounting for costs of health care benefits anticipates future changes in cost-sharing provisions. Merrill Lynch pays premiums and claims as incurred. Full-time employees of Merrill Lynch become eligible for these benefits upon attainment of age 55 and completion of ten years of service. Merrill Lynch also sponsors similar plans that provide health care benefits to retired employees of certain non-U.S. subsidiaries. As of December 26, 2003, none of these plans had been funded.

The following table provides a summary of the changes in the plans' benefit obligations, assets, and funded status for the twelve-month periods ended September 26, 2003 and September 27, 2002, and the amounts recognized in the Consolidated Balance Sheets at year-end 2003 and 2002:

(dollars in millions)

	2003	2002
Accumulated benefit obligations		
Balance, beginning of year	\$ 398	\$ 260
Service cost	15	10
Interest cost	32	23
Net actuarial loss	96	116
Benefits paid	(18)	(17)
Other	2	6
Balance, end of period	525	398
Fair value of plan assets		
Balance, beginning of year	—	—
Contributions	18	17
Benefits paid	(18)	(17)
Balance, end of period	—	—
Funded status	(525)	(398)
Unrecognized net actuarial losses	195	110
Unrecognized prior service cost	2	3
Fourth quarter activity, net	5	4
Accrued benefit liabilities	\$ (323)	\$ (281)

The weighted average assumptions used in calculating the postretirement accumulated benefit obligations at September 26, 2003 and September 27, 2002 are as follows:

	2003	2002
Discount rate	6.0%	6.5%
Health care cost trend rates ⁽¹⁾		
Initial	12.9	10.8
Long-term	5.0	5.0

(1) Assumed to decrease gradually through 2015 in 2003 and 2012 in 2002, and remain constant thereafter.

The weighted average assumptions used in calculating the net periodic benefit cost for the years ended September 26, 2003 and September 27, 2002 are as follows:

	2003	2002
Discount rate	6.5%	7.0%
Health care cost trend rates ⁽¹⁾		
Initial	12.8	10.8
Long-term	5.0	5.0

(1) Assumed to decrease gradually through 2015 in 2003 and 2012 in 2002, and remain constant thereafter.

Other postretirement benefits cost included the following components:

(dollars in millions)

	2003	2002	2001
Service cost	\$ 15	\$ 10	\$ 8
Interest cost	32	23	16
Other	11	7	8
Total other postretirement benefits cost	\$ 58	\$ 40	\$ 32

The assumed health care cost trend rate has a significant effect on the amounts reported for the postretirement health care plans. A one-percent change in the assumed health care cost trend rate would have the following effects:

(dollars in millions)

	1% Increase		1% Decrease	
	2003	2002	2003	2002
Effect on:				
Other postretirement benefits cost	\$ 8	\$ 6	\$ (7)	\$ (5)
Accumulated benefit obligation	90	68	(70)	(55)

Merrill Lynch currently expects to contribute \$19 million to its postretirement benefit plans in 2004.

Postemployment Benefits

Merrill Lynch provides certain postemployment benefits for employees on extended leave due to injury or illness and for terminated employees. Employees who are disabled due to non-work-related illness or injury are entitled to disability income, medical coverage, and life insurance. Merrill Lynch also provides severance benefits to terminated employees. In addition, Merrill Lynch is mandated by U.S. state and federal regulations to provide certain other postemployment benefits. Merrill Lynch funds these benefits through a combination of self-insured and insured plans.

Merrill Lynch recognized \$285 million, \$358 million, and \$298 million in 2003, 2002, and 2001, respectively, of postemployment benefits expense, which included severance costs for terminated employees of \$253 million, \$323 million, and \$281 million in 2003, 2002, and 2001, respectively. The 2001 severance costs exclude costs related to the restructuring and other charges recorded in the fourth quarter of 2001. See Note 2 to the Consolidated Financial Statements for additional information. Although all full-time employees are eligible for severance benefits, no additional amounts were accrued as of December 26, 2003 since future severance costs are not estimable.

>> Note 15. Employee Incentive Plans

To align the interests of employees with those of stockholders, Merrill Lynch sponsors several employee compensation plans that provide eligible employees with stock or options to purchase stock. The total pre-tax compensation cost recognized in earnings for stock-based compensation plans for 2003, 2002, and 2001 was \$756 million, \$821 million, and \$732 million, respectively. The 2001 costs exclude restructuring-related costs discussed in Note 2 to the Consolidated Financial Statements. Merrill Lynch also sponsors deferred cash compensation plans and award programs for eligible employees.

Long-Term Incentive Compensation Plans ("LTIC Plans") Employee Stock Compensation Plan ("ESCP") and Equity Capital Accumulation Plan ("ECAP")

LTIC Plans, ESCP and ECAP provide for grants of equity and equity-related instruments to certain employees. LTIC Plans consist of the Long-Term Incentive Compensation Plan, a shareholder approved plan used for grants to executive officers, and the Long-Term Incentive Compensation Plan for Managers and Producers, a broad-based plan which was approved by the Board of Directors, but has not been shareholder approved. ESCP, a broad-based plan approved by shareholders in 2003, had 75 million shares authorized and available for issuance at December 26, 2003. LTIC Plans and ESCP provide for the issuance of Restricted Shares, Restricted Units, and Non-qualified Stock Options, as well as Incentive Stock Options, Performance Shares, Performance Units, Performance Options, Stock Appreciation Rights, and other securities of Merrill Lynch. ECAP, a shareholder-approved plan, provides for the issuance of Restricted Shares, as well as Performance Shares. All plans under LTIC, ESCP and ECAP may be satisfied using either treasury or newly issued shares. As of December 26, 2003, no instruments other than Restricted Shares, Restricted Units, Non-qualified Stock Options, and Performance Options had been granted. Beginning in 2004, Merrill Lynch also granted eligible employees Stock Appreciation Rights.

Restricted Shares and Units

Restricted Shares are shares of ML & Co. common stock carrying voting and dividend rights. A Restricted Unit is deemed equivalent in fair market value to one share of common stock. Substantially all awards are settled in shares of common stock. Recipients of Restricted Unit awards receive cash payments

equivalent to dividends. Under these plans, such shares and units are restricted from sale, transfer, or assignment until the end of the restricted period. Such shares and units are subject to forfeiture during the vesting period, for grants under LTIC Plans, or the restricted period for grants under ECAP. Restricted share and unit grants made prior to 2003 generally cliff vest in three years. Restricted share and unit grants made in 2003 and 2004 will generally cliff vest in four years.

In January 2003, 18,656,866 Restricted Units were converted to Restricted Shares; no change was made to the remaining vesting periods and the restricted periods were removed. Further, in 2003, 16,049,636 Restricted Units were released as a result of the early removal of the restricted period. The activity for Restricted Shares and Units under these plans during 2003 and 2002 follows:

	LTIC Plans		ECAP
	Restricted Shares	Restricted Units	Restricted Shares
Authorized for issuance at:			
December 26, 2003	660,000,000	N/A	104,800,000
December 27, 2002	660,000,000	N/A	104,800,000
Available for issuance at:⁽¹⁾			
December 26, 2003	81,044,822	N/A	10,843,278
December 27, 2002	109,612,528	N/A	10,827,789
Outstanding, end of 2001	12,457,371	34,947,273	376,078
Granted — 2002	1,805,409	13,518,586	8,065
Paid, forfeited, or released from contingencies	(6,634,632)	(5,664,532)	(254,493)
Outstanding, end of 2002	7,628,148	42,801,327	129,650
Granted — 2003	14,752,807	1,901,446	8,946
Unit to share conversion	18,656,866	(18,656,866)	—
Paid, forfeited, or released from contingencies	(7,209,193)	(18,825,452)	(99,537)
Outstanding, end of 2003⁽²⁾	33,828,628	7,220,455	39,059

(1) Includes shares reserved for issuance upon the exercise of stock options.

(2) In January 2004, 10,997,449 and 1,762,532 Restricted Shares and Restricted Units under LTIC plans, respectively, were granted to eligible employees.

The weighted-average fair value per share or unit for 2003, 2002, and 2001 grants follows:

	2003	2002	2001
LTIC Plans			
Restricted Shares	\$ 36.69	\$ 50.31	\$ 75.76
Restricted Units	37.18	52.98	74.52
ECAP Restricted Shares	53.65	48.81	60.51

Merrill Lynch sponsors other plans similar to LTIC Plans in which restricted shares are granted to employees and non-employee directors. At year-end 2003 and 2002, 3,800,000 restricted shares were authorized for issuance under these plans. A total of 88,657 and 127,195 shares were outstanding under these plans at year-end 2003 and 2002, respectively.

Non-qualified Stock Options

Non-qualified Stock Options granted under LTIC Plans in 1994 and 1995 generally became exercisable over four years in equal installments commencing one year after the date of grant. Options granted in 1996 through 2000 generally are exercisable over five years; options granted in 2001 and 2002 became exercisable after approximately six months. New option grants made in 2003 and 2004 generally become exercisable over four years. The exercise price of these options is equal to 100% of the fair market value (as defined in LTIC Plans) of a share of ML & Co. common stock on the date of grant. Non-qualified Stock Options expire ten years after their grant date.

The activity for Non-qualified Stock Options under LTIC Plans for 2003, 2002, and 2001 follows:

	Options Outstanding	Weighted-Average Exercise Price
Outstanding, beginning of 2001	187,055,223	\$ 27.48
Granted — 2001	35,136,631	76.49
Exercised	(23,558,452)	17.19
Forfeited	(4,182,983)	38.69
Outstanding, end of 2001	194,450,419	37.36
Granted — 2002	45,373,396	53.76
Exercised	(14,874,865)	14.78
Forfeited	(3,060,806)	49.26
Outstanding, end of 2002	221,888,144	42.07
Granted — 2003	23,188,910	36.15
Exercised	(26,988,687)	20.41
Forfeited	(1,943,844)	36.70
Outstanding, end of 2003⁽¹⁾	216,144,523	44.20

(1) In January 2004, 9,561,879 Non-qualified Stock Options and Stock Appreciation Rights were granted to eligible employees.

At year-end 2003, 2002, and 2001, options exercisable under LTIC Plans were 176,168,602, 190,264,151, and 126,979,165, respectively.

The table below summarizes information related to outstanding and exercisable options at year-end 2003:

Exercise Price	Options Outstanding			Options Exercisable	
	Number Outstanding	Weighted-Average Exercise Price	Weighted-Average Remaining Life (Years) ⁽¹⁾	Number Exercisable	Weighted-Average Exercise Price
\$ 8.00 – \$31.99	43,436,084	\$ 20.54	2.78	43,436,084	\$ 20.54
\$32.00 – \$37.99	60,132,628	36.14	6.57	34,925,910	36.14
\$38.00 – \$50.99	35,485,566	43.70	6.12	21,236,670	43.75
\$51.00 – \$60.99	43,727,866	53.76	8.09	43,418,582	53.75
\$61.00 – \$77.99	33,362,379	77.51	7.08	33,151,356	77.55

(1) Based on original contractual life of ten years.

The weighted-average fair value of options granted in 2003, 2002, and 2001 was \$13.55, \$22.44, and \$31.80 per option, respectively. Fair value is estimated as of the grant date based on a Black-Scholes option pricing model using the following weighted-average assumptions:

	2003	2002	2001
Risk-free interest rate	2.86%	4.61%	5.05%
Expected life	5 yrs.	5 yrs.	5 yrs.
Expected volatility	46.41%	45.88%	42.84%
Dividend yield	1.77%	1.19%	0.84%

See the following Pro Forma Compensation Expense section for additional information.

Employee Stock Purchase Plans ("ESPP")

The ESPP, which is shareholder approved, allows eligible employees to invest from 1% to 10% of their eligible compensation to purchase ML & Co. common stock at a price generally equal to 85% of its fair market value. The maximum annual purchase is \$21,250. The 15% discount has been eliminated effective January 10, 2004. These purchases are made on four quarterly investment dates through payroll deductions. Up to 100,600,000 shares of common stock have been authorized for issuance under ESPP. The activity in ESPP during 2003, 2002, and 2001 follows:

	2003	2002	2001
Available, beginning of year	26,918,962	29,425,067	6,518,168
Authorized during year	—	—	25,000,000
Purchased through plan	(1,987,053)	(2,506,105)	(2,093,101)
Available, end of year	24,931,909	26,918,962	29,425,067

The weighted-average fair value of ESPP stock purchase rights exercised by employees in 2003, 2002, and 2001 was \$6.69, \$6.35, and \$8.78 per right, respectively.

Pro Forma Compensation Expense

No compensation expense has been recognized for Merrill Lynch's grants of stock options under LTIC Plans or ESPP purchase rights. See Note 1 to the Consolidated Financial Statements for accounting policy. Pro forma compensation expense associated with option grants is recognized over the vesting period. Based on the fair value of stock options and purchase rights, Merrill Lynch would have recognized compensation expense, net of taxes, of \$154 million, \$804 million, \$910 million, for 2003, 2002, and 2001, respectively, resulting in

pro forma net earnings (loss) and earnings (loss) per share as follows:

(dollars in millions, except per share amounts)

	2003	2002	2001
Net Earnings, as reported	\$ 3,988	\$ 2,513	\$ 573
Less: stock-based compensation determined under Black-Scholes method, net of taxes	(154)	(804)	(910)
Pro forma net earnings	\$ 3,834	\$ 1,709	\$ (337)
Earnings (loss) per share			
As reported:			
Basic	\$ 4.39	\$ 2.87	\$ 0.64
Diluted	4.05	2.63	0.57
Pro forma:			
Basic	4.21	1.94	(0.45)
Diluted	3.89	1.77	(0.45)

Merrill Lynch changed the vesting period for stock options from six months for 2002 and 2001 grants, to four years for 2003 grants. The decrease in 2003 compensation expense above reflects this change in vesting period.

Financial Advisor Capital Accumulation Award Plans ("FACAAP")

Under FACAAP, eligible employees in GPC are granted awards generally based upon their prior year's performance. Payment for an award is contingent upon continued employment for a period of time and is subject to forfeiture during that period. Awards granted in 2003 are generally payable eight years from the date of grant in a fixed number of shares of ML & Co. common stock. For outstanding awards granted prior to 2003, payment is generally made ten years from the date of grant in a fixed number of shares of ML & Co. common stock unless the fair market value of such shares is less than a specified minimum value plus interest, in which case the minimum value plus interest is paid in cash. Eligible participants may defer awards beyond the scheduled payment date. Only shares of common stock held as treasury stock may be issued under FACAAP. FACAAP, which was approved by the Board of Directors, has not been shareholder approved.

At December 26, 2003, shares subject to outstanding awards totaled 44,668,824 while 22,087,047 shares were available for issuance through future awards. The weighted-average fair value of awards granted under FACAAP during 2003, 2002, and 2001 was \$38.78, \$52.67, and \$64.70 per award, respectively.

Other Compensation Arrangements

To give employees flexibility in meeting their future income needs, Merrill Lynch sponsors deferred compensation plans in which employees who meet certain minimum compensation requirements may participate. Contributions to the plans are made on a tax-deferred basis by participants. Participants' returns on these contributions may be indexed to various Merrill Lynch mutual funds and other funds, including certain company-sponsored investment vehicles that qualify as employee securities companies.

Merrill Lynch also sponsors several cash-based employee award programs, under which certain employees are eligible

to receive future cash compensation, generally upon fulfillment of the vesting criteria for the particular program.

When appropriate, Merrill Lynch maintains various assets as an economic hedge of its liabilities to participants under the deferred compensation plans and award programs. These assets and the payables accrued by Merrill Lynch under the various plans and grants are included on the Consolidated Balance Sheets. Such assets totaled \$1.8 billion and \$1.9 billion, at December 26, 2003 and December 27, 2002, respectively. Accrued liabilities at year-end 2003 and 2002 were \$1.3 billion and \$1.2 billion, respectively.

>> Note 16. Income Taxes

Income tax provisions (benefits) on earnings consisted of:

(dollars in millions)

	2003	2002	2001
U.S. federal			
Current	\$ 866	\$ 502	\$ 950
Deferred	300	147	(573)
U.S. state and local			
Current	11	70	38
Deferred	50	17	(103)
Non-U.S.			
Current	211	407	404
Deferred	32	(90)	(107)
Total	\$ 1,470	\$ 1,053	\$ 609

The corporate statutory U.S. federal tax rate was 35% for the three years presented. A reconciliation of statutory U.S. federal income taxes to Merrill Lynch's income tax provisions for earnings follows:

(dollars in millions)

	2003	2002	2001
U.S. federal income tax at statutory rate	\$ 1,977	\$ 1,315	\$ 482
U.S. state and local income taxes, net	39	57	(43)
Non-U.S. operations	(235)	(9)	8
Tax-exempt interest	(148)	(127)	(90)
Dividends received deduction	(17)	(13)	(29)
Valuation allowance	(66)	(64)	334
MLHSBC joint venture exit ⁽¹⁾	—	(81)	—
TOPRS SM	(67)	(67)	(68)
Other	(13)	42	15
Income tax expense	\$ 1,470	\$ 1,053	\$ 609

(1) Refer to Note 2 for information on MLHSBC joint venture.

The 2003 and 2002 effective tax rates reflect net benefits of \$220 million and \$77 million, respectively, related to changes in estimates for prior years, and settlements with various tax authorities.

Deferred income taxes are provided for the effects of temporary differences between the tax basis of an asset or liability and its reported amount in the Consolidated Balance Sheets. These temporary differences result in taxable or deductible amounts in future years. Details of Merrill Lynch's deferred tax assets and liabilities follow:

(dollars in millions)

	2003	2002	2001
Deferred tax assets			
Deferred compensation	\$ 1,412	\$ 1,592	\$ 1,268
Valuation and other reserves	702	595	843
Employee benefits	139	148	124
Restructuring related	140	188	616
Other	973	877	790
Gross deferred tax assets	3,366	3,400	3,641
Valuation allowances	(315)	(330)	(394)
Total deferred tax assets	<u>3,051</u>	<u>3,070</u>	<u>3,247</u>
Deferred tax liabilities			
Lease transactions	66	93	178
Employee benefits	(25)	107	90
Other	520	409	467
Total deferred tax liabilities	<u>561</u>	<u>609</u>	<u>735</u>
Net deferred tax assets	\$ 2,490	\$ 2,461	\$ 2,512

At December 26, 2003, Merrill Lynch had U.S. net operating loss carryforwards of approximately \$1,911 million and non-U.S. net operating loss carryforwards of \$823 million. The U.S. amounts are primarily state carryforwards expiring in various years after 2007. The non-U.S. amounts are primarily Japan carryforwards expiring in various years after 2003. Merrill Lynch also had approximately \$31 million of state tax credit carryforwards expiring in various years after 2005.

The valuation allowance in 2003 decreased primarily due to utilization against earnings in Japan.

Income tax benefits of \$430 million, \$196 million, and \$790 million, were allocated to stockholders' equity related to employee stock compensation transactions for 2003, 2002, and 2001, respectively.

Cumulative undistributed earnings of non-U.S. subsidiaries were approximately \$5.9 billion at December 26, 2003. No deferred U.S. federal income taxes have been provided for the undistributed earnings to the extent that they are permanently reinvested in Merrill Lynch's non-U.S. operations. It is not practical to determine the amount of additional tax that may be payable in the event these earnings are repatriated.

>> Note 17. Regulatory Requirements and Dividend Restrictions

Certain U.S. and non-U.S. subsidiaries are subject to various securities, banking, and insurance regulations and capital adequacy requirements promulgated by the regulatory and exchange authorities of the countries in which they operate. Merrill Lynch's principal regulated subsidiaries are discussed below.

Securities Regulation

MLPF&S, a U.S. registered broker-dealer and futures commission merchant, is subject to the net capital requirements of Rule 15c3-1 under the Securities Exchange Act of 1934 and capital requirements of the Commodities Futures Trading Commission ("CFTC"). Under the alternative method permitted by Rule 15c3-1, the minimum required net capital, as defined, shall not be less than 2% of aggregate debit items ("ADI") arising from customer transactions. The CFTC also requires that minimum net capital should not be less than 4% of segregated and secured requirements. At December 26, 2003, MLPF&S's regulatory net capital of \$2,704 million was approximately 19% of ADI, and its regulatory net capital in excess of the minimum required was \$2,419 million at 2% of ADI.

MLI, a U.K. regulated investment firm, is subject to capital requirements of the Financial Services Authority ("FSA"). Financial resources, as defined, must exceed the total financial resources requirement of the FSA. At December 26, 2003, MLI's financial resources were \$5,753 million, exceeding the minimum requirement by \$920 million.

MLGSI, a primary dealer in U.S. Government securities, is subject to the capital adequacy requirements of the Government Securities Act of 1986. This rule requires dealers to maintain liquid capital in excess of market and credit risk, as defined, by 20% (a 1.2-to-1 capital-to-risk standard). At December 26, 2003, MLGSI's liquid capital of \$2,031 million was 248% of its total market and credit risk, and liquid capital in excess of the minimum required was \$1,046 million.

Banking Regulation

Two subsidiaries of ML & Co., MLBUSA and MLB&T, are required to maintain capital levels that at least equal minimum capital levels specified in federal banking laws and regulations. Failure to meet the minimum levels will result in certain mandatory, and possibly additional discretionary, actions by the regulators that, if undertaken, could have a direct material effect on the banks. The capital levels, defined as the Tier 1 leverage ratio, the Tier 1 risk-based ratio, and the Total risk-based capital ratio, are calculated as (i) Tier 1 Capital or Total Capital to (ii) average assets or risk-weighted assets. MLBUSA and MLB&T each exceed the minimum bank regulatory requirement for classification as a well-capitalized bank for the Tier 1 leverage ratio — 5%, the Tier 1 risk-based capital ratio — 6% and the Total risk-based capital

ratio — 10%. The following table presents the actual capital ratios and amounts for MLBUSA and MLB&T at December 26, 2003 and December 27, 2002.

(dollars in millions)

	2003		2002	
	Actual Ratio	Amount	Actual Ratio	Amount
Tier 1 leverage (to average assets)				
MLBUSA	6.47%	\$ 4,480	5.35%	\$ 3,740
MLB&T	6.00	857	5.42	848
Tier 1 capital (to risk-weighted assets)				
MLBUSA	10.73	4,480	11.48	3,740
MLB&T	19.18	857	20.53	848
Total capital (to risk-weighted assets)				
MLBUSA	11.28	4,706	12.04	3,924
MLB&T	19.20	858	20.54	848

MLCMB, an Ireland-based regulated bank, is subject to the capital requirements of the Irish Financial Services Regulatory Authority. The Bank is required to meet minimum regulatory capital requirements under EU banking law. The minimum capital level is defined as a Risk Asset Ratio of 8%. At December 26, 2003, MLCMB's capital ratio was 11.20% and its financial resources, as defined, were \$1,606 million.

MLIB, a U.K. regulated bank, is subject to the capital requirements of the FSA. MLIB's overall individual consolidated capital ratio, which is above the minimum capital requirements established by the FSA, was 12.61% as of December 26, 2003 and its consolidated capital base was \$1,932 million.

Insurance Regulation

Merrill Lynch's insurance subsidiaries are subject to various regulatory restrictions that limit the amount available for distribution as dividends. At December 26, 2003, \$730 million, representing 82% of the insurance subsidiaries' net assets, was unavailable for distribution to Merrill Lynch.

Other

Approximately 60 other subsidiaries are subject to regulatory and other requirements of the jurisdictions in which they operate. These regulatory restrictions may impose regulatory capital requirements and limit the amounts that these subsidiaries can pay in dividends or advance to Merrill Lynch. At December 26, 2003, restricted net assets of these subsidiaries were \$1.6 billion.

With the exception of regulatory restrictions on subsidiaries' abilities to pay dividends, there are no restrictions on ML & Co.'s present ability to pay dividends on common stock, other than ML & Co.'s obligation to make payments on its preferred stock and TOPRSSM, and the governing provisions of the Delaware General Corporation Law.

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