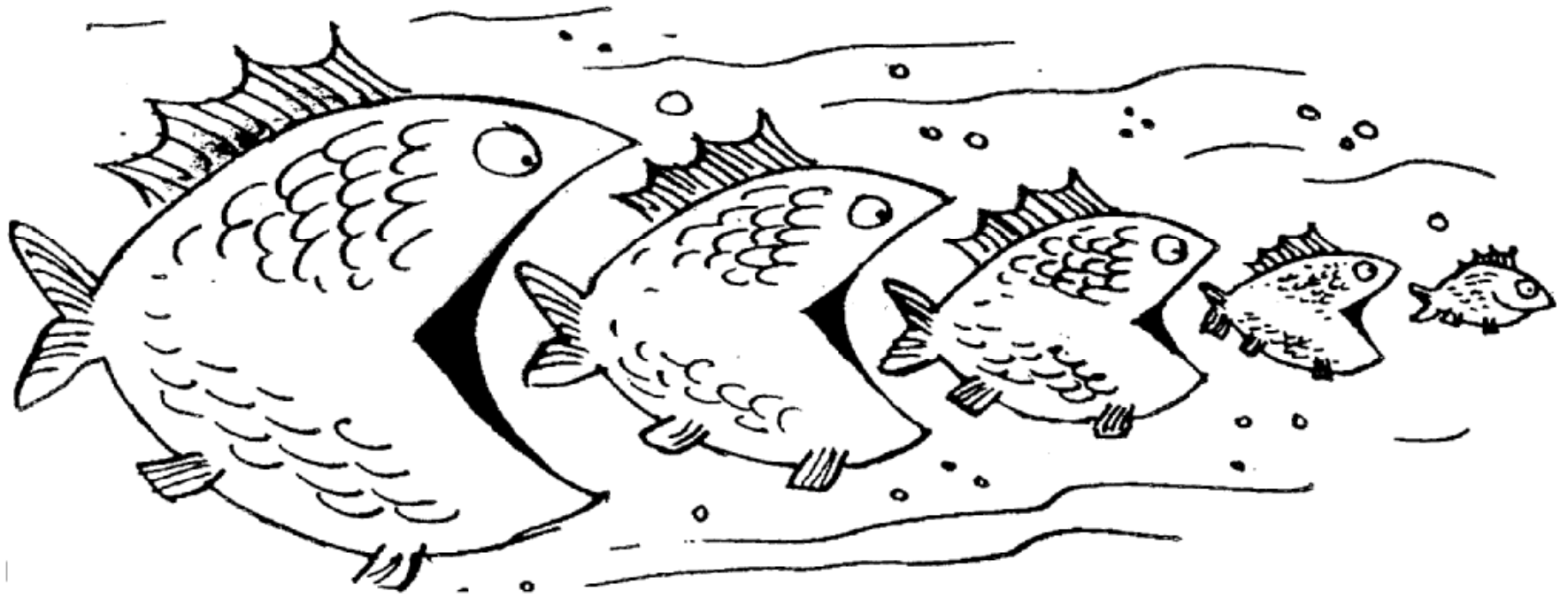
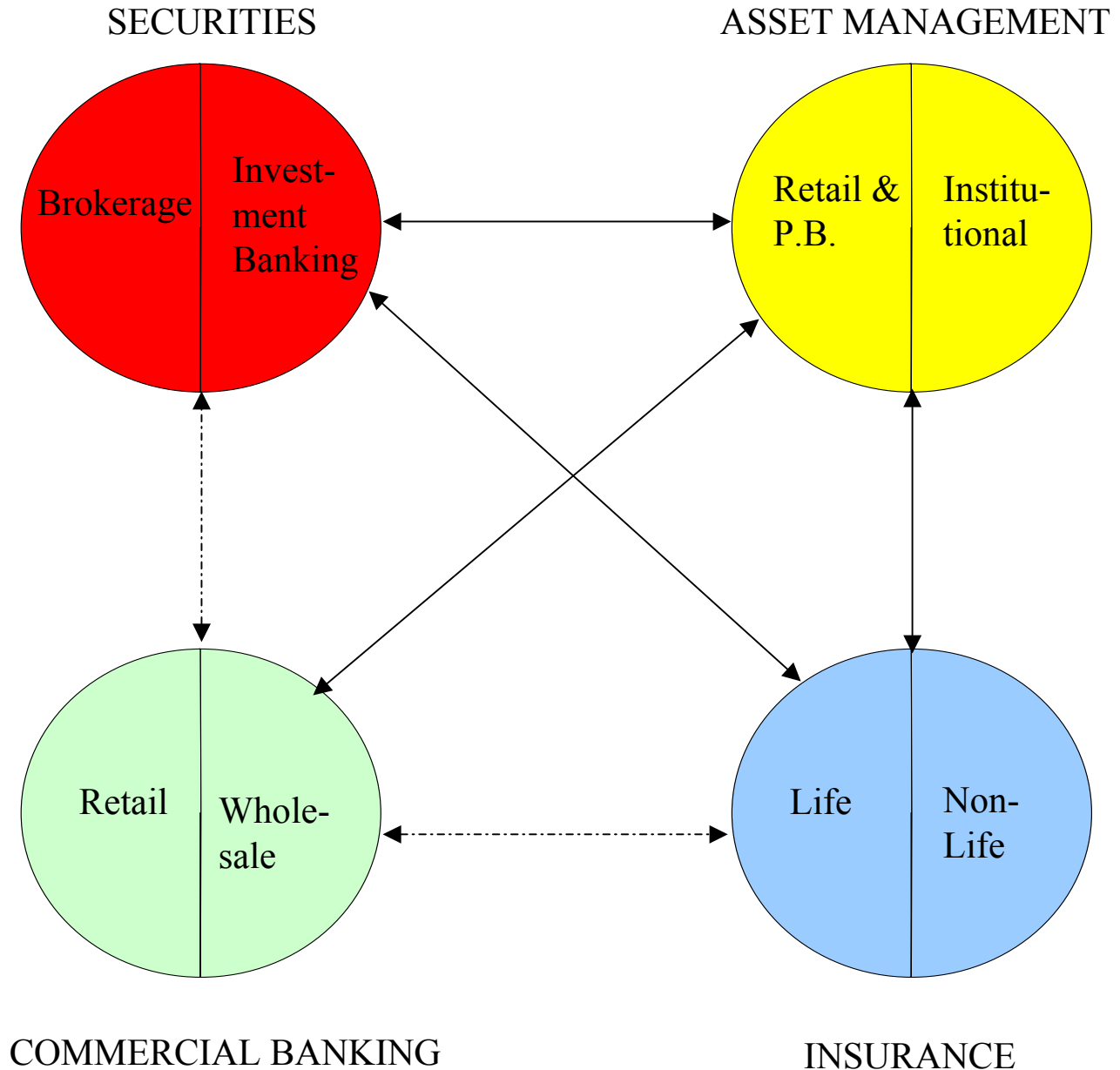


Global Banking and Capital Markets - Introduction

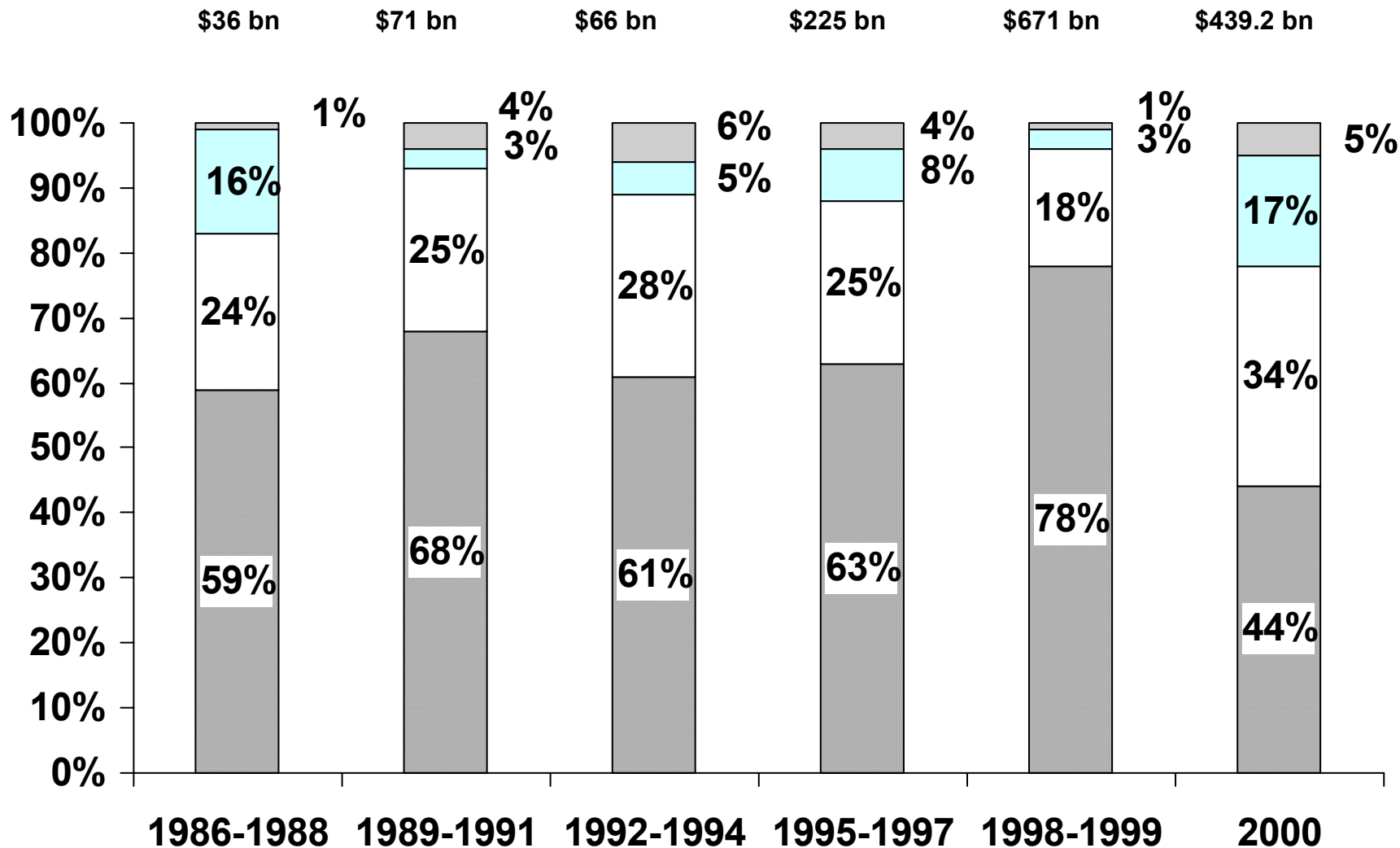
Profs. Roy C. Smith and Ingo Walter



Multifunctional Financial Linkages



Worldwide Financial Services Merger Volume



Banking
 Insurance
 Securities
 Asset Management

Volume of In-Market and Cross-Market Financial Services M&A Deals in the United States and Europe, 1985-2000 (millions of U.S. dollars and percent)

Target Institution - World Total

Acquiring Institution	Banks	Securities	Insurance
Commercial Banks	1174 (46.4%)	100 (4.0%)	57 (2.3%)
Securities Firms	116 (4.6%)	314 (12.4%)	96 (3.8%)
Insurance Companies	131 (5.2%)	55 (2.2%)	487 (19.2%)

Source: Thompson Financial Securities Data

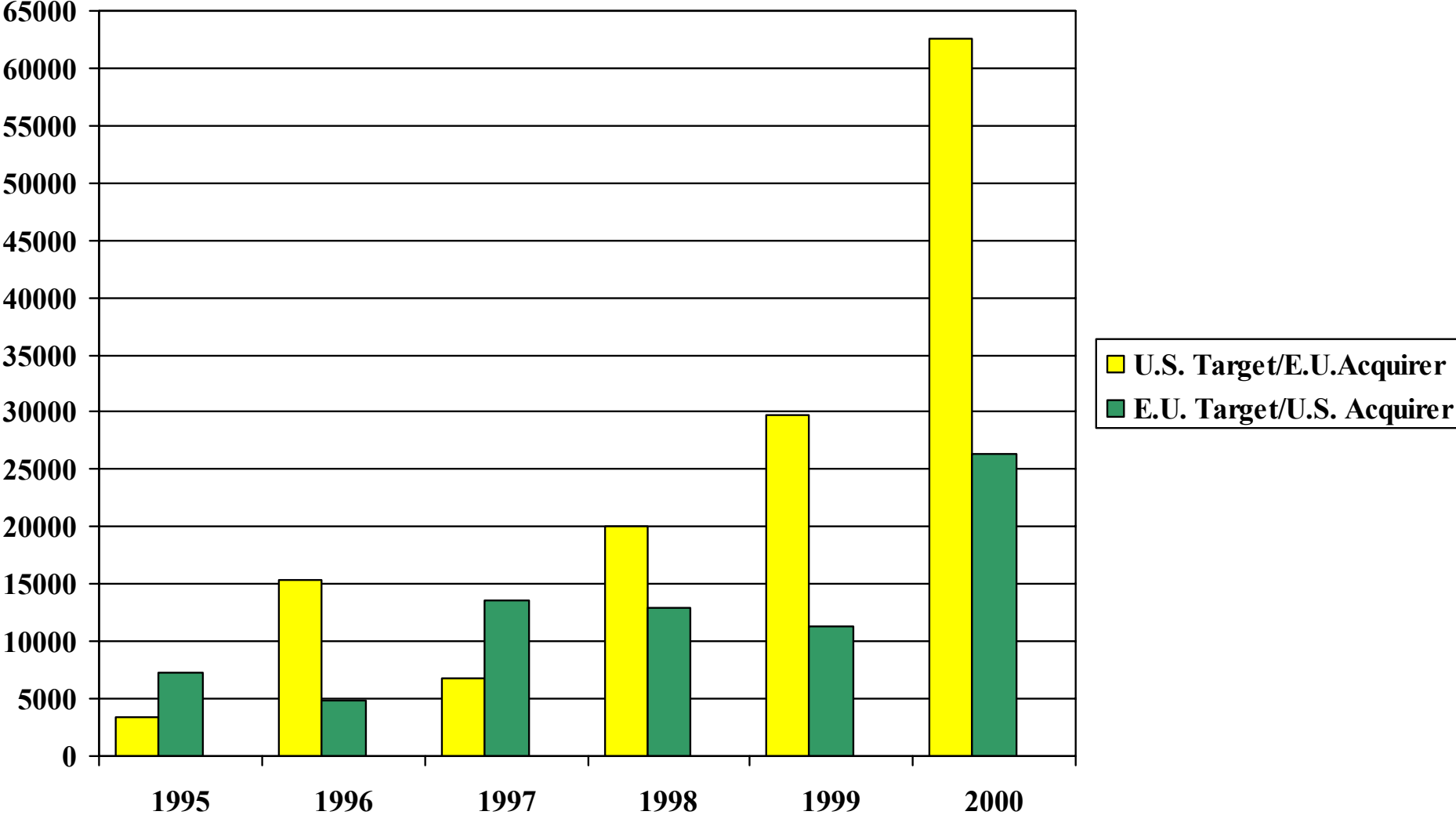
Volume of Cross-Border Mergers & Acquisitions in the United States and Europe, 1985-2000 (billions of U.S. dollars and percent)

Target Institution - World Total

Acquiring Institution	Banks	Securities	Insurance
Commercial Banks	136.1 (22.8)%	49.1 (8.2)%	4.9 (0.8)%
Securities Firms	23.4 (3.9)%	84.7 (14.2)%	18.1 (3.0)%
Insurance Companies	25.2 (4.2)%	27.0 (4.5)%	228.5 (38.3)%

Source: Delong, Smith and Walter [2001] and Thomson Financial Securities Data. The first figure is the dollar value (in billions) of M&A activity and the second number in parentheses is the percentage of the total (these sum to 100 for each 3x3 matrix). Figures reported are the sum of the equity values of the target institutions.

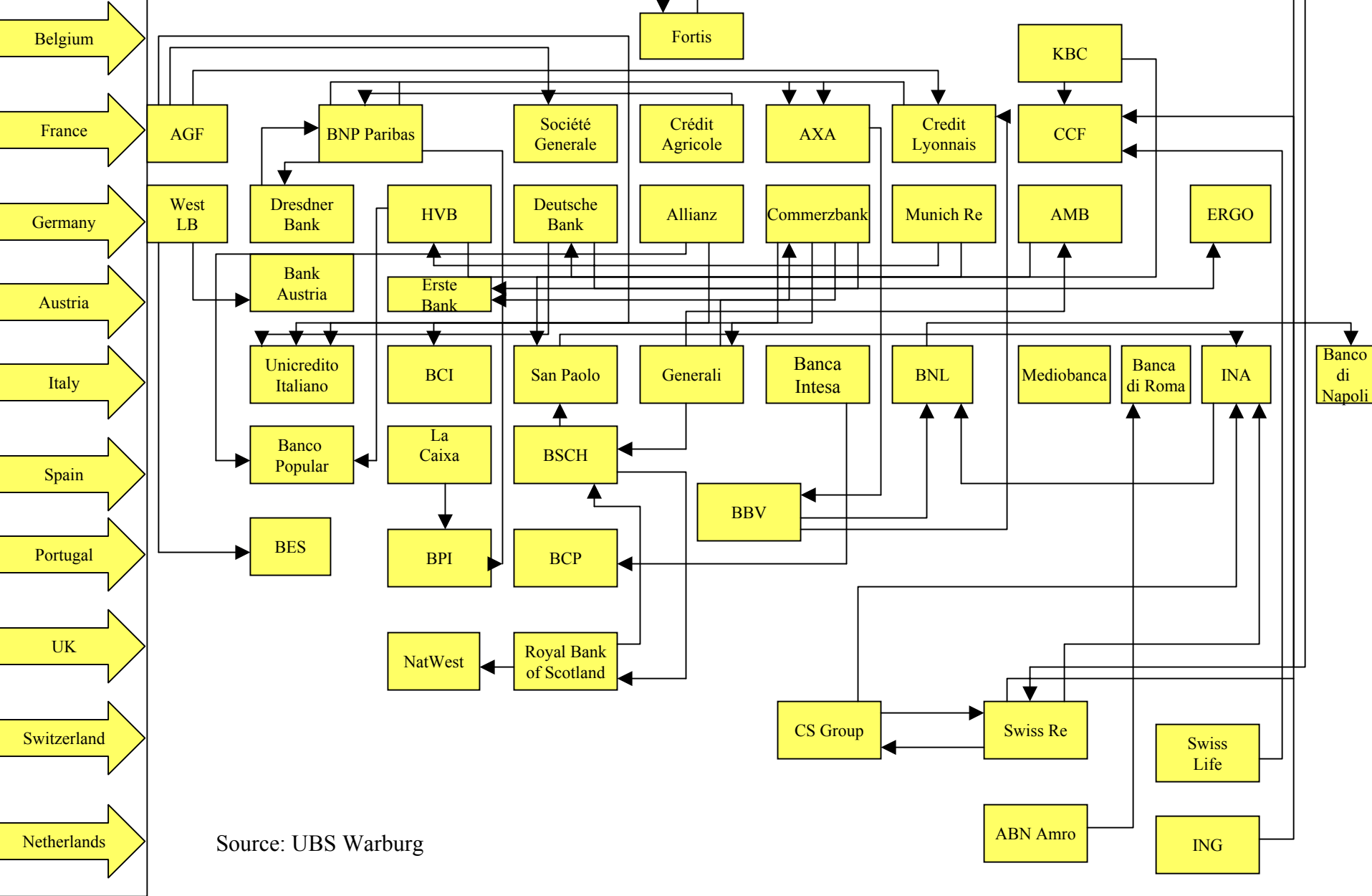
EU – US Cross-border M&A Financial Services Deal-flow



Source: Thomson Financial Securities Data

Country:

Financial Services Crossholdings in Europe



Source: UBS Warburg

The World's Largest Banks

(assets in billions of US dollars)

March 1989 ³		February 2001		
1	Dai-Ichi Kangyo	\$1,096	1 Mizuho ¹	\$1,489
2	Sumitomo Bank	800	2 Sumitomo-Mitsui Banking Corp ²	997
3	Fuji Bank	751	3 Citigroup	902
4	Mitsubishi Bank	701	4 Mitsubishi tokyo Fin. Group ³	891
5	Sanwa Bank	653	5 Deutsche Bank AG	885
6	Industrial Bank of Japan	595	6 UFJ Holdings ⁴	836
7	Credit Agricole	516	7 JP Morgan Chase	715
8	Citicorp	489	8 HSBC	674
9	Norinchukin Bank	483	9 UBS	671
10	Bankque Nationale de Pari	468	10 BNP Paribas	653
Total Top-10		\$6,552		\$8,713 ⁵

¹Merger of Dai-Ichi Kangyo Bank, Fuji Bank, IBJ and Yasuda Trust established as a holding company in Sept. 2000.

²Announced 14 October 1999.

³Merger of Bank of Tokyo - Mitsubishi, Mitsubishi Trust and Banking, Nippon Trust and Tokyo Trust created 20 April 2001.

⁴Merger of Sanwa Bank, Tokai Bank and Toyo Trust establishing a holding company on April 20, 2001.

⁵Increase of 33% over eleven years.

World's Largest Life Insurance Companies, 2001

Ranking	Company	Country	Revenues (\$mil)	Type
1	AXA	France	92,782	Stock
2	ING Group	Netherlands	71,206	Stock
3	Nippon Life	Japan	68,055	Mutual
4	CGNU	Britain	61,499	Stock
5	Generali	Italy	53,333	Stock
6	DAI-ICHI Mutual Life	Japan	46,436	Mutual
7	Prudential	Britain	43,126	Stock
8	TIAA-CREF	U.S.	38,064	Mutual
9	Sumitomo Life	Japan	37,536	Mutual
10	Metlife	U.S.	31,947	Stock

World's Largest Non-life Insurance Companies, 2001

Rank	Company	Country	Revenues (\$mil)	Type
1	Allianz	Germany	71,022	Stock
2	State Farm	U.S.	47,863	Mutual
3	AIG	U.S.	45,972	Stock
4	Munich Re	Germany	40,672	Stock
5	Zurich	Switzerland	37,434	Stock
6	Berkshire	U.S.	33,976	Stock
7	Allstate	U.S.	29,134	Stock
8	Royal & Sun	Britain	25,570	Stock
9	Loews	U.S.	20,670	Stock
10	Swiss Re	Switzerland	18,688	Stock

World's 20 Largest Asset Managers, 2001

UBS	1,438	Capital Group	556
Kampo	1,230	Mellon	510
Deutsche Bank	1,079	Morgan Stanley	472
Crédit Suisse	837	Citigroup	464
AXA	802	Vanguard	389
Barclays Global Inv.	801	Invesco	384
State Street	724	Putnam	370
Allianz	641	Amvescap	333
JP Morgan Fleming	638	CGNU	313
Merrill Lynch	557	Northern Trust	323

Source: Institutional Investor, July 2001 (US data) and November 2001 (non-US data).

Disappearing Investment Banks, 1986-2001

- Kuhn Loeb (1986)
- E. F. Hutton (1987)
- Morgan Grenfell (1989)
- Drexel Burnham (1990)
- Shearson Lehman American Express (1993)
- Kidder Peabody (1994)
- Baring Brothers (1995)
- Kleinwort Benson (1995)
- Alex Brown (1997)
- Dillon Read (1997)
- Hoare Govett (1997)
- Robertson Stephens (1997)
- Montgomery Securities (1997)
- Peregrine Securities (1997)
- BZW (1998)
- S.G. Warburg (1998)
- NatWest Markets (1998)
- Cowen & Co (1998)
- Yamaichi Securities (1998)
- Paribas (1998)
- Hambrecht & Quist (1998)
- Charterhouse (1999)
- Phoenix Securities (1999)
- Bankers Trust Company (1999)
- Furman Selz (1999)
- Schroders (2000)
- Robert Fleming (2000)
- PaineWebber (2000)
- JP Morgan (2000)
- Donaldson Lufkin Jenrette (2000)
- Wasserstein Perella (2000)
- Beacon (2000)
- ING Barings (2001)
- Dresdner Kleinwort Wasserstein (2001)

Name drops: Dean Witter (2001), Salomon Smith Barney (2002)

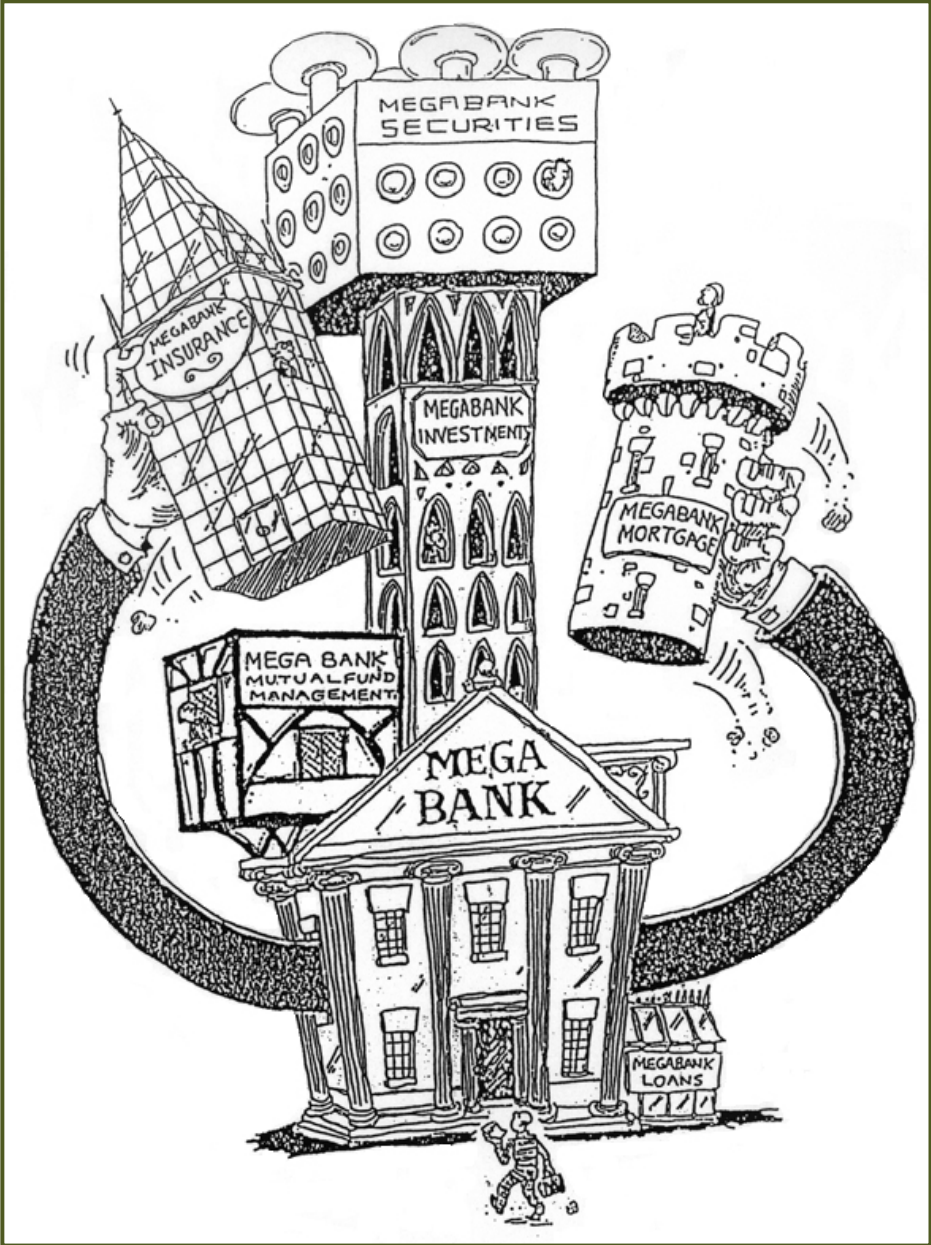
Active Underwriters and Secondary Dealers: High-Yield Bonds

1990			2001		1990			2001			
1	Morgan Stanley	⇒	Morgan Stanley	1	14	Bankers Trust	⇒	Deutsche Bank Securities	5		
2	Dean Witter	⇒			15	Alex Brown	⇒				
3	UBS	⇒	UBS Warburg	2	16	Deutsche Bank	⇒				
4	Swiss Bank	⇒					17	First Boston	⇒	CSFB	6
5	Warburg	⇒					18	DLJ	⇒		
6	Dillon Read	⇒					19	Salomon	⇒	Salomon Smith Barney	7
7	Paine Webber	⇒					20	Smith Barney	⇒		
8	Kidder Peabody	⇒			21	Citibank	⇒				
9	Chase	⇒	J.P. Morgan Chase	3	22	Merrill Lynch	⇒	Merrill Lynch	8		
10	Chemical Bank	⇒					23	Goldman Sachs	⇒	Goldman Sachs	9
11	J.P. Morgan	⇒					24	Prudential	⇒	Exited Business 10/00	
12	Nationsbank	⇒	BankAmerica Securities	4	25	Bear Sterns	⇒	Bear Sterns	10		
13	BankAmerica	⇒					26	Lehman Brothers	⇒	Lehman Brothers	11

Source: JP Morgan Chase

The consolidation of many securities firms combined with the dealers' reduced willingness to take risk have drastically reduced all firms' market-making activities.

The Bank of the Future?



THE 15 MOST VALUABLE FINANCIAL SERVICES BUSINESSES IN NORTH AMERICA AND EUROPE ¹

(market capitalization in US \$ million, May 4, 2001)

NORTH AMERICA

Citigroup	250,143
AIG	206,084
GECS	194,636
Berkshire Hathaway	105,238
J P Morgan Chase	103,133
Morgan Stanley	99,055
Bank of America	82,745
American Express	72,069
Merrill Lynch	60,883
Goldman Sachs	54,297
Banc One	46,395
Schwab	41,609
Bank of New York	41,466
MBNA	33,007
Marsh & McLennan	30,457

EUROPE

HSBC	140,693
Allianz	86,530
ING	77,806
UBS	73,497
RBS Group	60,865
Lloyds TSB	60,663
Munich Re	60,532
AXA	58,235
CS Group	57,719
Barclays	53,630
Deutsche	51,047
Aegon	50,753
Zurich	50,194
BSCH	48,310
BBVA	46,774

¹ Source: Financial Times, May 11, 2001

The Course

Course content: What?

- Overview (Citigroup)
- Debt capital markets (FNMA)
- Wholesale lending (HK Disney)
- Equity capital markets (DT)
- M&A (Telecom Italia)

- Mid-term exam

Course content: What? (cont'd.)

- Privatizations (Jenapharm)
- Institutional asset mgt. (ACM)
- Private banking (UBSPB)

Course content: Where?

- United States (Continental)
- Europe (CL)
- Emerging markets (ICICI)
- Japan

Course content: Management Challenges

- Strategic positioning
- Strategic implementation
- Case: JP Morgan Chase

Texts:

- ✓ Smith & Walter, Global Banking
- ✓ Walter & Smith, Eurozone
- ✓ Readings packet

Approach:

- ✓ A survey course.
- ✓ Case-oriented teaching.
- ✓ Focus on policy & strategy.

Exams:

- ✓ Midterm exam
Tuesday 5 March
- ✓ Final exam:
Tuesday 14 May
- ✓ Grading: 50/50 plus discretion