

PH.D. IN BUSINESS ADMINISTRATION- XVI CYCLE

**STRATEGIC REASONS OF DIVISIONALIZATION IN
LARGE EUROPEAN BANKS**

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Abstract

Aim of this study is to increase the understanding of strategic reasons behind the divisionalization of large European Banks according to customer segments and the on-going changes in the composition of their existing divisions. The method is archival study that analyzes the strategic path taken by 12 large European Banks between 1998-2003, in which they passed through several reorganizations either from a federal to a divisional structure or through decomposition of their existing divisions. Unit of analysis is the realized strategic actions of each bank in the research period with a total of 903 actions that are constructed through a coding scheme. The analysis is done at corporate level and the path of realized actions is then compared with the declared strategies of the banks.

The study finds an increasing trend in exploitation (actions incurred in order to have economies of scale and saving) and contraction (actions decreasing range of activities) dimensions in the large European Banks' strategies during the majority of the research period. This reveals a tendency that characterizes their strategy more in terms of cost savings, focus and scale economies than expansion, experimenting new ideas, technologies or markets. This is consistent with the common declared strategies of the banks to be more focused and cost-concerned. Banks showed a more firm-specific behavior in their domestic/international (percentage of actions incurred in the home market) and exploitation/exploration (percentage of actions incurred for gaining economies of scale or cost savings) ratios than their internal/external (percentage of actions incurred autonomously) and contraction/expansion (percentage of actions that decrease the range of activities) ratios. Banks show individual differences also in their declared strategies concerning their orientation for expansion and their geographic focus. According to Gini heterogeneity index, strategies of the banks did not show concentration in any of the 12 strategy types that are defined in the study, but is rather heterogeneous among the strategy types during the research period. Cluster analysis of banks according to the four ratios have revealed the tendency of the banks with the same country of origin to belong to same clusters with the exception of two Italian Banks that are outliers as can also be observed in scatter diagrams that show the strategic positioning of the sample.

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INTRODUCTION

Research in manufacturing industry has revealed behavioral patterns for large corporations as the organization evolves through different stages and the environmental conditions change. Growth of an infrastructure, increasing size and complexity in the quest of new markets and sources of supply in new areas, development of new markets brought adoption of geographic and product diversification (Chandler, 1962). The pace of diversification in manufacturing industry proceeded significantly faster than in service industries and as a result of the moves to greater diversification, manufacturing firms were much quicker to adopt more professional management practices (Channon, 1978). Starting from 60s, the phenomenon of market segmentation and adopted strategic and organizational practices in industrial sectors have long been explored with different samples and at different levels of analysis (Eisenhardt and Galunic, 1994).

Service industries have become increasingly important in all industrial economies as manufacturing industry reaches maturity. The most significant and consistent growth areas have been in the financial sector and in professional services. In the evolution of large European banks, diversity in geography, product lines and customer segments have influenced the make-up of the divisional structures. In recent years large European Banks have been passing through a restructuring process in their organizational structure, re-grouping their activities into SBUs dedicated to different customer segments. Creation of quasi-autonomous divisions corresponding to business lines or customer groups (retail, private, corporate) has become the latest evolution in the organizational structure of large and medium-size European banks.

Segmentation by customer groups and/or business lines is the prevailing declared strategy that is common to almost all large European Banks and through the restructuring activities in recent years, it is reflected in their organizational structure at least at macro level. However, research on this specific area is not yet mature. This is partly due to on-going restructuring processes of banks that still have to realize organizational prerequisites of divisionalization in their structures truly and partly due to absence of abundant number of studies exploring specifically this issue.

Canals (1993) analyzes strategies of European banks in a broader sense often making comparisons with multinational industrial companies. Customer segmentation in banking has been mentioned, among others, by Abraham and Lierman (1991), and in a bank-marketing context by Gardener (1994). Morison (1994) talks about four dimensions of (geography, customer, product and function) unit grouping for organizational purposes of banks and identifies organizational development of UK clearing banks. As mentioned in the previous paragraph, specific literature on

divisionalization and bank strategies is quite limited. Baron and Basenko (2001), in their case study research of Citibank at business unit level, tries to explain the reasons behind the change in the organizational structure of Citibank's corporate banking unit from a geographically divisionalized one to a three-dimensional structure; customers, products and countries (in the order of degree of importance associated by managers). The study employs interview method together with secondary resources such as review of confidential reports, publications, annual reports, and business reports. They have explained the change in the organizational structure of the corporate banking business unit to the effective sharing of know-how enhancing latent capabilities through intra-customer, intra-product and intra-geography spillovers that would enhance the embedded strategy pursued by the business unit. De Laurentis (2004) conducted an empirical study including 15 large European Banks using interview method and secondary resources such as annual reports and business press. The study focuses on the organizational choices of corporate banking business unit of large European Banks, analyzing divisionalization at different levels of the bank (head office, regional offices, branch network, and relationship roles). The study compares the "declared strategies" (customization versus commoditization) with the "achievable strategies" given the macro and micro organizational aspects of the business unit analyzed in the empirical study.

Previous studies have not attempted to analyze the on-going segmentation strategy of banks by focusing on their *realized* strategic actions. Analyzing the strategic actions taken by these banks in fact might be a way to attribute some reasoning to their divisionalization and lead to interesting insights. On the one hand, recent realized actions of the banks may highlight cost-concern or efficiency and in this case adoption of divisional form and frequent changes in the composition of these divisions might be interpreted in the light of synergies of multi-divisional form. On the other hand, actions of banks may demonstrate an explorative strategy type and divisionalization may be interpreted as an innovative way to systematically expand into new markets (new regions, new product lines or new customer groups).

Based on Chandler's (1962) premise of "structure follows strategy", aim of this study is to increase the understanding of strategic path taken by large European Banks in order to understand the reasons behind their divisionalization according to segments in recent years during their restructuring processes. The main research question is "What is the strategic path taken by the large European Banks during their restructuring processes?" and seeks to cover some relevant questions: To what extent divisionalization of banks according to market segments are driven from efficiency concerns and to what extent by expansion and exploration purposes? Are realized actions of the banks in accordance with their "declared strategies"? Do the clusters of banks

according to their strategic positioning determined by various dimensions show firm-specific behavior or are there country-wise similarities?

The research question has a descriptive and analytic character. The analysis is done both within and across banks over 6-year period, therefore allowing for cross-firm comparisons and capturing the time dimension. The method is *archival analysis* where strategic actions of the bank are constructed through a coding procedure, which will be explained at the end of this section.

Yin (2003) categorizes types of questions "who," "what," "where," "how," and "why" and states that archival analysis is the most appropriate research strategy for 'what' questions as they represent mere frequencies and incidences. In contrast, 'how' and 'why' questions are more explanatory and likely to lead to the use of case studies, histories, and experiments.

Table 1¹ Relevant Situations for Different Research Strategies

<i>Strategy</i>	<i>Form of RQ</i>	<i>Requires Control Over Behavioral Events?</i>	<i>Focuses on Contemporary Events?</i>
Experiment	How, why	Yes	Yes
Survey	Who, what, where, how many, how much	No	Yes
Archival analysis	Who, what, where, how many, how much	No	Yes/no
History	How, why	No	No
Case study	How, why	No	Yes

Sample is composed of established European Banks. They are large not only in terms of total assets, but also in number of business areas (geography, product line, customer segments) so as to have the incentive to re-group their activities into autonomous business units. One advantage of sample being composed of large banks is that large banks realize many actions in one year due to their range of activities and this gives enough number of actions to be analyzed and categorized.

¹ Yin, R.K. (2003), *Case Study Research, Design, and Methods*. Sage Publication: Thousand Oaks.

The sample is composed of 12 banks: 3 German Banks (Commerzbank, Deutsche Bank, Dresdner Bank), 2 French Banks (BNP Paribas, Société Generale), 2 British Banks (HSBC, Barclays), 3 Dutch Banks (Fortis, ABN Amro, ING Baring) and 2 Italian Banks (Unicredito, Intesa Bci).

The research period is 6 years (1998-2003) due to availability of data and for coinciding with the restructuring period of the majority of the banks² in the sample. It is notable that reorganizations of the banks in the sample are not at the same stage in the sense that some actually passed to the divisional form during the research period whereas some were already divisionalized at the beginning of the period and had frequent changes in the composition of their divisions during the period. Thus, the study implicitly *does not differentiate between different levels of divisionalization in terms of their strategic drivers*.

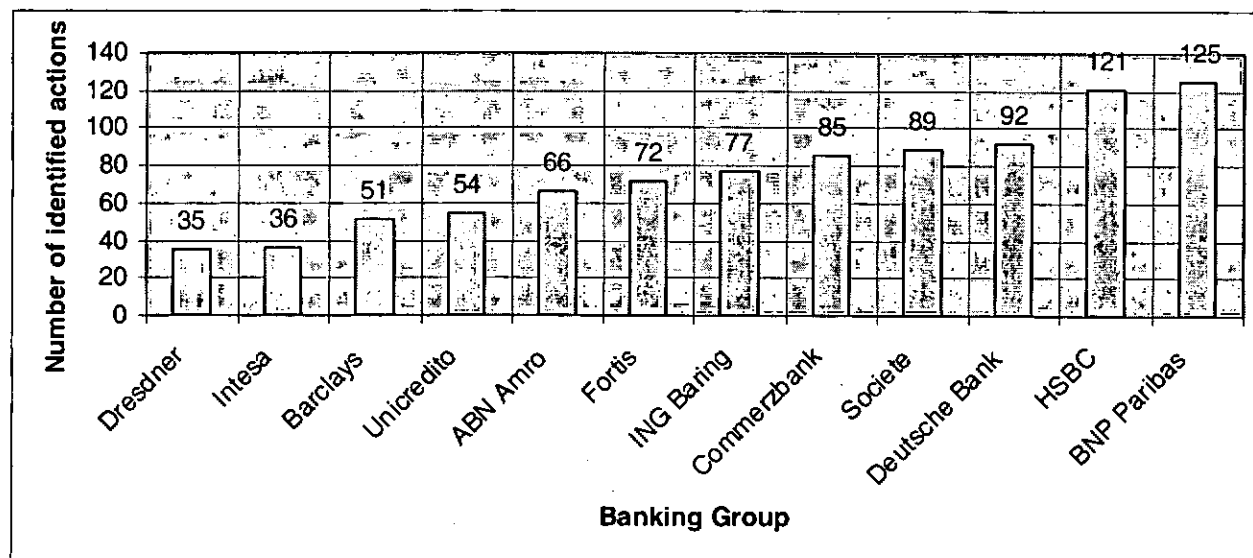
Number of banks in the sample are limited by the availability of data. For the reasons of this study, the bank should have its annual reports printed in English for the period 1998-2003 and has been mentioned in Lexis Nexis. Some big banks that fit to the profile of the research question such as Crédit Agricole had to be excluded since it has its annual reports starting from 2000 in its web site archive. MPS is excluded for the same reason. Two Italian Banks, Intesa Bci and Unicredito are included in the sample as they have their annual reports available in their web sites starting from 1999. For the year 1998 they are not mentioned in Lexis Nexis sufficiently enough to allow for an analysis, therefore the codification is done by leaving the corresponding parts of 1998 as n.a. (not available). The same is for ING Baring. Another point is that some banks have less detailed version of their reports for older years in particular the first year of the research period and this resulted in identification of less number of strategic actions for the year 1998. Although percentages of actions are calculated to identify the strategy type, due to fewness of their action for the year 1998 their strategic actions seem to be concentrated on certain strategy types. This is the case for Société Generale and ABN Amro. Nevertheless, in time series analysis, 1998 ratios of these banks will be given less interpretation.

It is also notable that number of identified strategic actions vary among the banks in the sample. This point will be criticized as they cause concentration of actions in certain strategy types for the banks that have small number of identified strategic actions. Below are the banks in the sample

² As can be seen in section 1.5, during the research period more than half of the banks in the sample amend the composition of their divisions at least twice and one forth of the banks changes its structure from a federal structure to a divisional form.

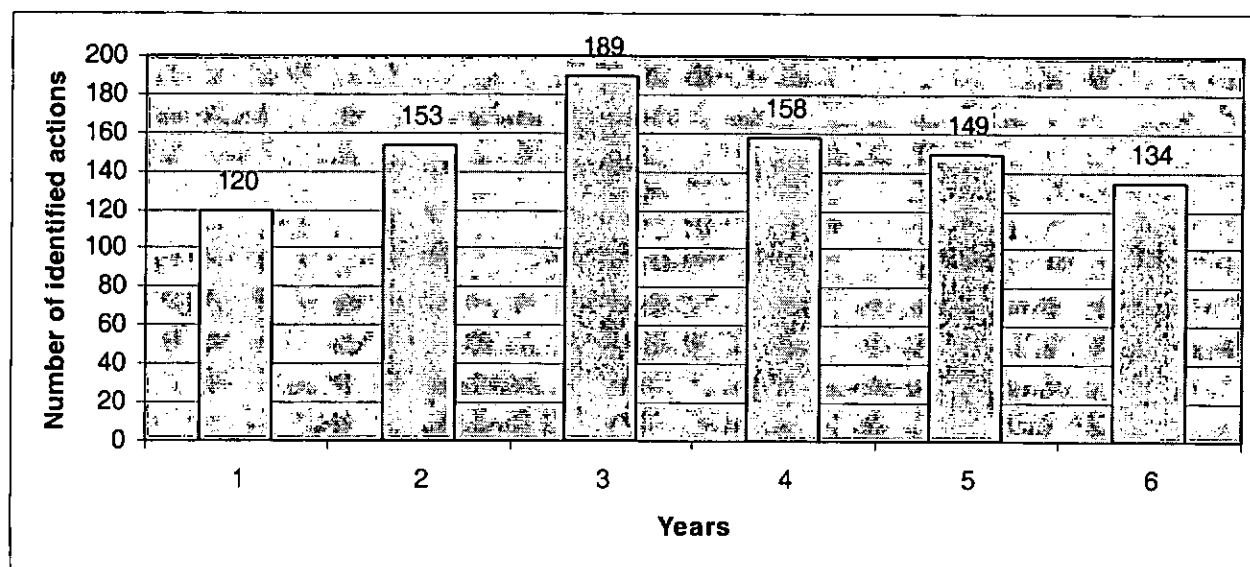
with number of actions calculated for the research period 1998-2003, except for Intesa, Unicredito and ING whose data start from 1999 to 2003.

Graph 1 Number of identified strategic actions per bank



Total number of actions for the whole sample varies also from year to year. Below is the graph with the total number of actions for the whole sample in each of the 6 periods (from 1998 to 2003). It should again keep in mind that the first year (1998) lacks the datas of the three banks (Intesa, Unicredito, and ING) mentioned above. As it can be seen, banks in total execute the most number of actions in the year 2000 after which the number of taken actions start decreasing.

Graph 2 Number of identified actions per year

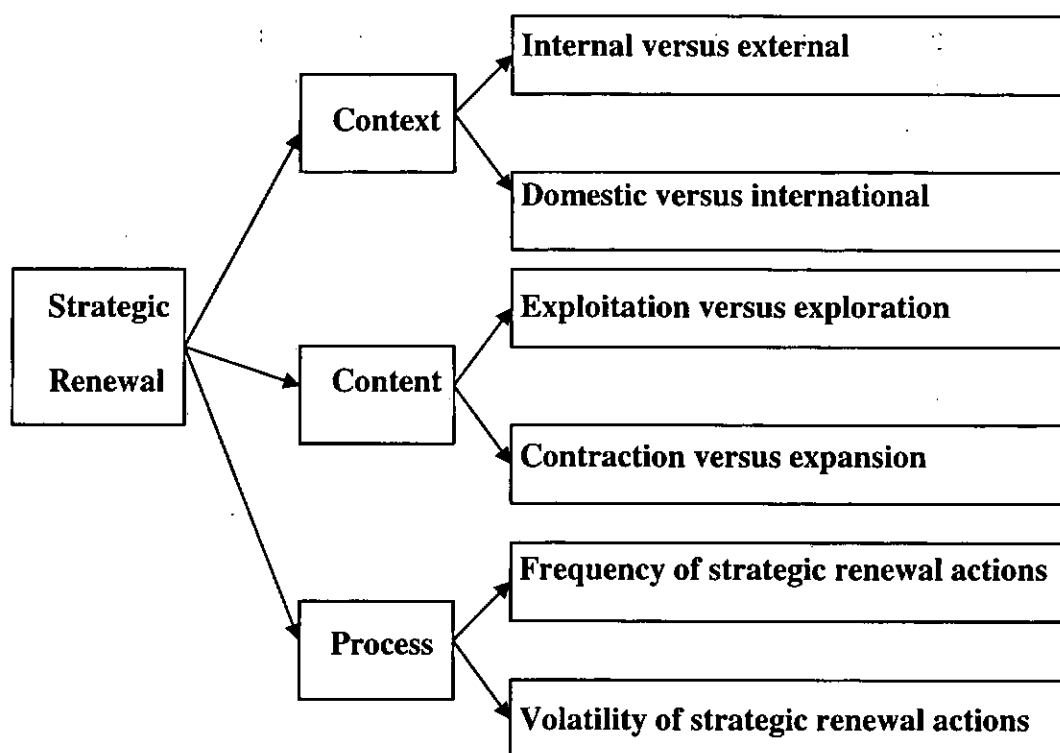


Data are collected from the annual reports (particularly the section for letter to shareholders and highlights of the year) and from the database Lexis Nexis. News is considered only if the name of the bank appears in the headline of Financial Times (London) in order to differentiate between strategic actions and marginal actions. Local (country-specific) magazines are not taken into account for the same reason.

While a strategic orientation may not be explicit, it can be described by patterns in core organizational activities (Tushman and Romanelli, 1985). *Realized* strategic actions (not the plans or decisions) are considered to analyze strategy and they are the unit of analysis with a total of 903 strategic actions. The study codes actions of the bank both at corporate and divisional level without assigning any special weights.

Strategy is taken as a path, defined as “the determination of the long term goals and objectives of an enterprise, and the adoption of *courses of action* and the allocation of resources necessary to carry out those goals” (Chandler, 1962, pp. 13). Flier (2003, pp. 43) operationalizes the strategic renewal by designing six attributes that relate to three dimensions:

Figure 1 Dimensions and attributes of strategic renewal



Internal actions take place within the bank and does not involve the participation or involvement of another party such as launching of a new product, extensive job reductions, opening branches in a new region. External actions necessitate involvement of another party such as mergers, acquisitions, joint ventures, any action achieved in cooperation with another party.

Domestic actions take place in the bank's domestic market, which is defined as the country where the headquarter of the bank is situated. International actions are the ones that take place outside the country in which headquarter is located.

Exploration is experimenting new technologies, adding a new distribution channel or expanding into a new market such as Asia or Latin America. Exploitation is associated with cost savings, growing scale or cooperations in order to achieve economies of scale or synergies.

Contraction actions decrease the range of activities such as divestments, closing offices or dissolving alliances. Expansion actions increase range of activities such as acquisitions, new alliances or extending network.

The four categories used for coding are: 1) internal versus external actions, 2) domestic versus international market, 3) exploitation versus exploration actions, 4) expansion versus contraction which makes a total combination of $2^4 = 16$. However, since some of the categories cannot occur simultaneously by definition such as exploration and contraction, remaining strategy types are 12 as can be seen below:

Strategy Type	Coding description	Coding Key
A	Internal, domestic market, exploitation, contraction action	0000
B	External, domestic market, exploitation, contraction action	1000
C	Internal, international market, exploitation, contraction action	0100
D	External, international market, exploitation, contraction action	1100
E	Internal, domestic market, exploitation, expansion action	0001
F	External, domestic market, exploitation, expansion action	1001
G	Internal, international market, exploitation, expansion action	0101
H	External, international market, exploitation, expansion action	1101
I	Internal, domestic market, exploration, expansion action	0011
J	External, domestic market, exploration, expansion action	1011
K	Internal, international market, exploration, expansion action	0111
L	External, international market, exploration, expansion market	1111

Structure of the dissertation

The dissertation is structured in two following parts. The first (organizational) part elaborates on the theory of the multidivisional structure and divisionalization in banking according to market segments, which is the dependent variable of the study. The second (empirical) part concerns its strategic drivers (independent variable) by analyzing the strategic path followed by the banks with a cross-sectional and longitudinal study.

Part 1 is composed of four sections. Section 1 gives the characteristics and advantages of the M-form. Section 2 synthesizes the theoretical genesis of the divisional form. Section 3 summarizes the drivers of divisionalization in the literature. Section 4 explains divisionalization in banking industry according to three dimensions; by geography, by product lines and by market segments. Finally section 5 shows which organizational changes the macro-structure of the banks in the sample has passed through during the research period.

Part 2, which is the empirical part, is composed of 3 sections. Section 1 synthesizes declared strategies of the banks. Section 2 gives the theoretical background and practical interpretation of each of the four ratios from the coding scheme and analyzes the banks cross-sectionally through the 5-year period in comparison with their declared strategies. Section 3 applies a gini index to measure the heterogeneity of the percentage division of the 12 strategies by the banks in the sample and afterwards applies a cluster analysis on the four ratios to come up with groups of banks that have pursued relatively similar strategies throughout the research period.

Finally, the conclusion part talks about the value added of the study, its weaknesses, gives some suggestions for future research, summarizes and comments on the main conclusions from the study.

PART 1

DIVISIONALIZATION ACCORDING TO BUSINESS LINES / MARKET SEGMENTS BY LARGE EUROPEAN BANKS

A well-majority of middle-large size European banks has been passing through a restructuring in their organization structure toward a divisionalized form according to product lines and market segments. It is not a new issue for the organizational literature as this organizational form has been observed in manufacturing industry starting from 1920s in U.S. (Chandler, 1962) and later on in European firms as it has become the dominant organizational form among large European firms during the post-war period (Whittington and Mayer, 2000) and have been intensively researched at different levels of analysis (Eisenhardt and Galunic, 1994). Although first examples of adoption of divisionalized form according to product lines or market segments by some banks is not so new, the convergence of the majority of the major players in the European banking industry in this organizational form and its popularity at industry level is a recent phenomenon. Before the part on the empirical analysis that aims to identify strategic causes of the adoption of this organizational form among large size European banks, this part aims to make a theoretical analysis of the divisional form, summarize its drivers in the literature, explain divisionalization in banking and finally show the restructuring in the macro-structure of the banks in the sample during the research period.

1.1 Characteristics and Advantages of M-form

Williamson's analysis (1970) suggests that there are three basic organizational structures: The unitary (U-form), the holding (H-form) and the multidivisional (M-form) structure. Other organizational structures are combinations of these three basic structures. Each primary form has its own strong points under the specific conditions that would favor its characteristics as strengths.

Unitary form is the traditionally functionally organized form, typically composed of manufacturing, marketing, sales departments, where functions alone cannot conduct an entire business alone. The manager is supposed to have a company-wide knowledge and point of view. As long as the firm is small and in a relatively small business, functional form is efficient due to economies of scale by the specialization of the departments and the chief manager of the firm can work well as a coordinator and a decision-maker. However, once the firm begins to grow in size and range of activities, unitary form losses its efficiency. Williamson (1970) mentions two

problems concerning an expanding U-form. These are strategic decision making and sub-goal pursuit.

"...enterprise expansion that takes the form of amplification eventually crowds the capacity of the peak coordinator's office....in the character of the strategic decision-making process, it is no longer obvious that the goals of the enterprise can be usefully represented as those of the peak coordinator." (Williamson, 1970, pp.47)

H-form organization typically owns a large number of unrelated businesses that are often affiliated with the parent company through a subsidiary relationship. Each business is treated as a profit center (each of them may be a unitary form) and divisions enjoy a higher degree of autonomy than an M-form. A study by Leontiades (1982) reveals that many of the H-form companies that were created during 1960s is going through a more selective diversification by focusing on businesses that they have more expertise. This will lead them towards M-form organization.

In an M-form organization, there are partially diversified units that unlike H-form structure have interdependencies due to sharing of some common resources. General managers of M-form organization have to sustain cooperation on the areas where synergies exist and at the same time encourage competition between units for capital and recognition.

From an organizational point of view, the divisional structure resolves the complexity of the large, diversified corporation by dividing it into analyzable and manageable chunks (Whittington and Mayer, 2000).

Williamson (1970, pp.120) formalized the characteristics and the advantages of the M-form as follows.

- a) The responsibility for operating decisions is assigned (essentially self-contained) to operating divisions.
- b) The staff attached to the general office performs both advisory and auditing functions. Both activities have the effect of securing greater control over operating division behavior.
- c) The general office is principally concerned with strategic decisions involving planning, appraisal, and control, including the allocation of resources among the (competing) operating divisions.
- d) The separation of the general office from operations provides general office executives with the psychological commitment to be concerned with the overall performance of the organization rather than to become absorbed in the affairs of the functional parts.
- e) As general systems theory suggests the resulting structure displays both rationality and synergy: the whole is greater than the sum of the parts.

For the organization to be fully effective requires more than substituting quasi-autonomous divisions. The general office has to undergo transformation and an elite staff needs to be supplied to assist the general office in its strategic decision making responsibilities.

In an M-form organization headquarters has three parts (Mintzberg, 1979): 1) Strategic apex of top managers, 2) Technostructure that designs and operates the performance control system, 3) a slightly larger staff support group to provide support services common to all the divisions. Through these three parts, headquarters develop the overall corporate strategy, exercises performance control, manages the movement of funds between the divisions and provides certain support services- a corporate public relations office or legal counsel. Although the general office is usually not directly involved in the incentive system, it has an indirect influence with the decision to change (replace, rotate) a divisional manager, that are usually made for incentive effects on the lower level employees (Belkaoui, 1995). A backup internal audit that reviews the divisional performance can attribute effects to several possible causes distinguishing especially the outcomes that are due to changing environmental factors from those that are caused by managerial decisions. Apart from ascertaining causality, internal audits by the general management also helps to determine when the operating divisions need assistance to be assigned, such as an internal management consulting unit that may be included on general management staff.

1.2 Theoretical Drivers of M-form

Fligstein (1985) suggests that the following five theories help to explain the genesis of multidivisional form: Strategy-structure, transaction cost analysis, population-ecology theory, control theory based on power, and organizational homogeneity theory.

The strategy-structure theory was originally developed in Chandler's influential work of *Strategy and Structure* (1962). He identifies three types of strategies: horizontal strategy (growth in markets which can be local, national or multinational), vertical strategy (absorbing functions that are either backwards toward suppliers or forwards toward ultimate consumers), and diversification strategy (decision to enter into related or unrelated markets). Chandler maintained that horizontal strategy called for a unitary form, vertical strategy called for a functional structure and diversification strategy called for a multidivisional structure. Once organizations diversify their product or service lines, they tend to create distinct product or service lines and create distinct structural divisions to deal with each distinct business. Chandler argued that firms belonging to industries that involved technology were more likely to choose diversification strategies since technology would naturally lead to multiple products. These firms, in order to manage multiple-product line, changed their administration structure and invented the multidivisional form.

Chandler (1962) wanted to answer two questions: How did product-related and unrelated strategies occur? How did MDF emerge? He analyzed the link between strategy and structure in the history of organizational change in Du Pont, Sears, General Motors, and Standard Oil with an explanatory study. He identified a general trend in which four changes can be discerned. Initial expansion and accumulation of resources, the rationalization of the use of resources, the expansion into new markets and lines to help assure the continuing full use of resources, and finally the development of a new structure to make possible continuing effective mobilization of resources to meet both changing short term market demands and long-term market trends. Expansion primarily through diversification enlarged the range, number and complexity of entrepreneurial activities required from the senior activities. Issue has become coordination of multiple product lines and multidivisional form emerged because it became difficult for the top executive to keep track of the diversified product lines.

Williamson (1975) in *Markets and Hierarchies* explains the genesis of M-form by transaction cost analysis theory using three related concepts:

- Bounded rationality: individual's limited ability to process knowledge
- Opportunism: individuals may act out of their self-interest and against the interest of the firm
- Transaction costs: negotiating, monitoring, and enforcement costs that arise during an exchange process between two parties

Based on Chandler's (1962) work, Williamson (1975) mentioned two interconnected problems: cumulative control loss and the confounding of strategic and operational decision making. Williamson concluded that M-form provided a solution to the problems of expanding functional forms. As size increases, actors reach their limits of control due to bounded rationality. Opportunism is therefore more likely to occur within the organization, and organization's efficiency and profitability are threatened. By reproducing the organization within divisions, the problems of control are resolved and the continued growth of the organization is sustained.

In their formulation of an ecological theory of organizational change, Hannan and Freeman (1977) point to a variety of inertial pressures on structural change in organizations. Constraints for structural change arising from internal considerations of an organization can be summarized as: sunk cost constraints on previous activities that are not easily transferable to new tasks or functions, constraints on the information flow of the decision makers, internal political constraints, and constraints generated by the own history of the organization such as task allocations that have become normative agreements by time. External pressures for inertia include factors such as legal and fiscal barriers, legitimacy constraints, external constraints upon the availability of information, and collective rationality problem³. The following work of Hannan and Freeman (1984) on population ecology makes a link between inertia, organizational niche, age and the possibility of organizational change. They see the nature of context as determinant of the type or form of organization. Organizations are assumed to adopt very early in their lives a strategic orientation toward the general resource space. Once an organization occupies a niche, it will move toward the state "structural inertia". Environment poses a set of key survival characteristics, which may or may not fit with the activity patterns of its strategic orientation, but the organization cannot adapt to the new environmental conditions. It is replaced by new and younger firms. The perspective argues that adaptation of organizational structures occurs at the

population level. In other words, organizations tend towards the stage of "structural inertia" as they are *selected* by their environments to survive due to their high reliability of performance and high levels of accountability (Hannan and Freeman, 1984). Moreover, as organizations grow, the potential costs of organizational change also imply structural inertia since large organizations face greater risks in making changes. Thus, Hannan and Freeman argument to the MDF would expect that younger and smaller firms would be more likely to adopt the MDF form than older and larger ones.

The power perspective argues that power enters into all important decisions of the organization and must rest on structural claims over the allocation of scarce resources. These claims could be generated from the control of valuable resources such as capital, information, organization and outside ties (Pfeffer, 1981). According to power perspective, multi-divisional firm results from the acts of some key actors whose strategic bases of power are consistent with multi-divisional structure. Therefore, implementation of related or unrelated diversification would be favored by those who would gain the most from those strategies. Both Perrow (1970) and Fligstein (1985) have found that once production is routinized, power shifts to sales, marketing and finance departments because the key issue of the organization becomes finding consumers for the output and achieve growth. So, from the power perspective, MDF would result from the acts of certain key actors whose strategic basis of power are consistent with diversification strategy and multidivisional form, i.e., sales, marketing and finance personnel.

Organizational homogeneity theory predicts that large organizations are likely to resemble each other. This is due to three kinds of pressures from their environments (DiMaggio and Powell, 1983). First one is the cultural expectation of competitors, suppliers, or the state to conform structurally. Second pressure is the uncertainty in the environment that would cause the firms self-consciously mimic other successful organizations. Finally, as schools teach the multidivisional form as an important organizational tool, managers create a particular view of the appropriate organizational behavior and tend to implement it. The "fashion" of the M-form appears also as one of the contingency factors in Mintzberg's (1979) view of the popularity of the divisional form.

³ Collective rationality problem in contemporary economics concerns general equilibrium: A strategy that is rational for a single decision-maker will not be necessarily rational if adopted by a large number of decision-makers.

1.3 Drivers of divisionalization in the literature

Contingency theorists argue that as the firm increasingly operates in diverse markets, it increases in size, grows older, employs divisible technologies, and so the optimal organizational structure becomes the M-form.

Contingency factors that Mintzberg (1979) associates with the divisionalized form are: the technical system that the firm uses in its operating core, various aspects of environment (notably stability, complexity, diversity, hostility and certain of its power relationships), age, size, and above all market diversity.

Penrose (1959), when stressing the importance of technological competence of a firm, argues that when a firm's strength is not closely related to its technological strength, but rests primarily on a dominant position in important markets, it is more difficult for the firm to enter into new areas of specialization. In the literature of the divisional form, *technical system* is one of the contingency factors as in an ideal divisional form the organization's technical system is supposed to be efficiently separated into segments. Organizations that would incur a very high fixed cost for technical systems tend not to diversify their product lines in the first place, and do not divisionalize (Rumelt, 1974). In Burton and Obel's (2004) model, a divisional configuration and a non-divisible technology is a mismatch because divisional organizations require that the task be divided and placed in each division. Otherwise, it would be costly to coordinate the interrelationship between autonomous divisions.

Throughout the process of diversification in different markets or products, the firm grows in size and organizational changes are made to meet the demand for information processing capacity (Burton and Obel, 2004). The empirical test on a survey of large UK companies (Armstrong and Marginson, 1998) suggests that there is no finding that divisionalized companies tend to be larger than the rest. However, they have found *size effects* on some aspects of divisionalization. Companies with intermediate levels of organization between their business units and headquarters tend to be larger than those that are not.

There are two different kinds of arguments for the *age* factor. The first one does not expect a structural change in an old organization. Radical change becomes less possible as the organization *ages* (Rumelt, 1987) partly because the internal inertial pressure increases as in Hannan and Freeman's argument (1984). An opposite argument is that time forces management to look for

new markets because of new competitors in the old market niches and the boredom from the traditional markets to find diversion through diversification.

Finally, environmental diversity has been emphasized in the analysis of both Chandler (1962) and Mintzberg (1979) as a particular factor that drives the organization to use the divisionalized form. As discussed in the previous section, Chandler (1962) argued that the M-form emerged in response to increased organizational complexity, which is caused by greater diversification into new lines of business and increased vertical integration across widely separated geographical areas. Similarly, in Mintzberg's argument, organizations with distinct markets have an incentive to create units to deal with each of its business giving each component of that portfolio the "undivided attention" of one unit.

1.4 Divisionalization in Banking

As discussed in the previous section, in terms of environment the divisionalized structure differs from the other configurations in the sense that it has a more restricted environmental dimension that is market and product diversity. A bank can choose to focus on specific customer segment(s), product line(s), or and geographic area(s) (Canals, 1993).

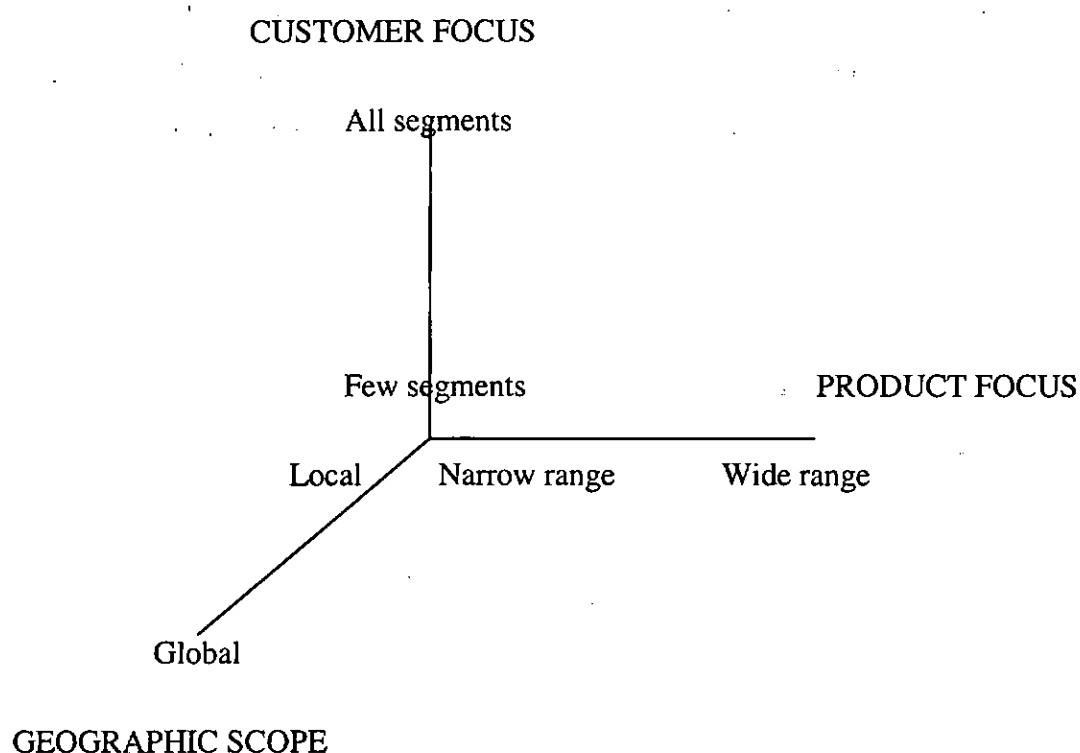


Figure 1.1⁴: Three types of market diversity

⁴Canals, J. (1993), *Competitive Strategies in European Banking*. Clarendon Press: New York, pp. 226.

1.4.1 Divisionalization with respect to geography

In geographical divisionalization, functions with a common geography constitute a separate unit reducing structural costs of the bank through managerial synergies. Channon (1986) points out that geography variable plays a major role in branch based banking systems and in international banking, where time zone, language, currency and national boundaries all influence structure.

In geographically divisionalized banks, area managers manage the production and administrative functions of their decentralized peripheral unit. Their task is improving the relation between distribution channels and central unit, strengthening market orientation and differentiation of the bank in coherence with territorial diversity. Territorial areas can function as profit centers where area directors have the responsibility for direction, coordination and control of the distribution channels of their zones.

In divisionalization with respect to geography, administrative structure of the bank becomes differentiated (Baravelli, 2003):

- Branch managers focus on their specific market and specific short-term objectives.
- Area managers deal with operational coordination and can contribute to the development of competencies by identifying opportunities.
- General management can concentrate on strategy making.

Autonomy of the area manager varies depending on the geographical dimension of the bank. In multinational banks area managers may have the profit responsibility of a group of countries. In the extreme case of autonomy, area managers are supported by a staff that assists and facilitates the relationship between the center and the periphery. In this case the logic is similar to a matrix one. On the other hand, in banks with a small geographical dimension, common factors are centralized within the general management and autonomy of the area manager to intervene in the management of the territorial units is limited.

Figure below demonstrates a geographically divisionalized bank:

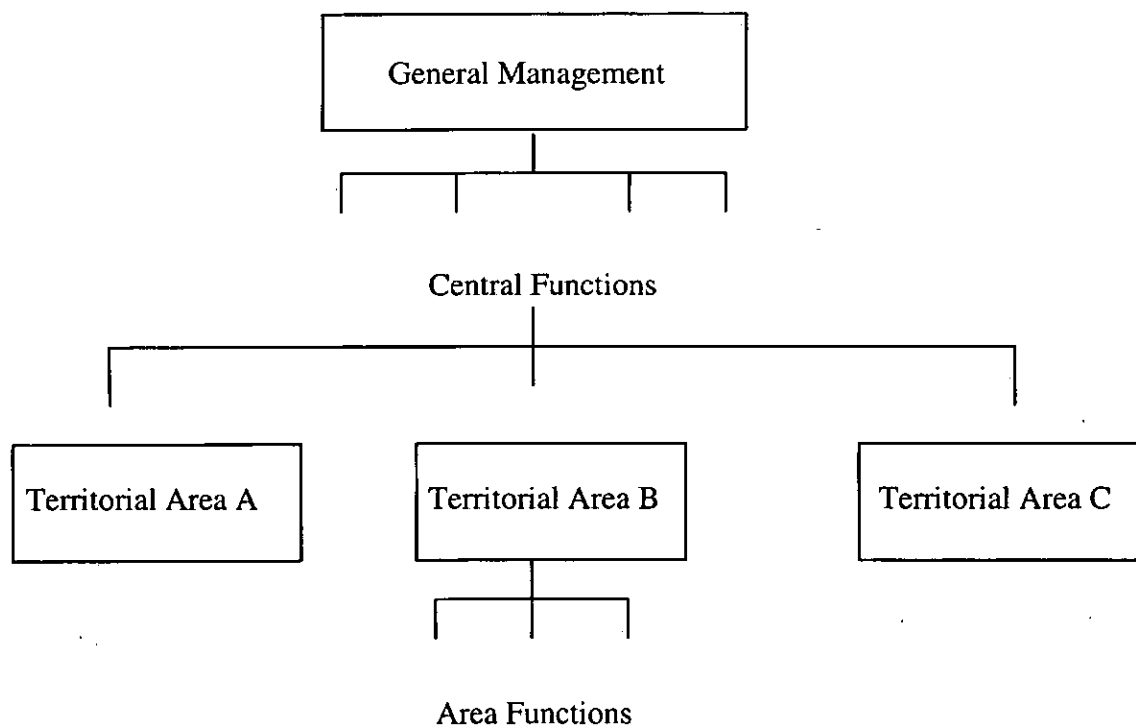


Figure 1.2: Divisional Structure with respect to geography

In discovering possibilities for distributing new financial services, it is important to utilize the branch network adequately in order to rationalize resources. Geographical configuration of a bank is important regardless of its dimension: it may concentrate only in its national and even local market or in the other extreme it may have a worldwide presence.

In the case of a national or local bank and assuming absence of an exceptionally innovative product, the geographic proximity of a point of sale or branch office is often a discriminating factor (Canals, 1993). Thus an extensive physical distribution network implies a significant cost factor for an individual bank, but also a formidable entry barrier for potential competitors. For this reason, excess of branches in some countries such as Italy and Spain has both disadvantages and considerable advantages.

In the case of worldwide presence, geographical divisionalization of the bank implies expanding its regional frontiers and may be seen as part of its internationalization process. A more pervasive

geographical coverage provides better global optimization of capital and resource allocation, facilitates knowledge transfer/arbitrage from developed to emerging markets, increases innovation, improves competitiveness, and creates a world-wide brand name for the bank. When coupled with other type of divisionalizations, it has also intra-geography spillovers through the creation of geography specific know-how that could be applied across different customers operating in that geography and/or the different product lines sold in that geography (Baron and Basenko, 2001).

One of the reasons for internationalizing operations is gaining economies of scale and scope. The strategies followed by some European Banks such as Barclays and Dresdner Bank in the 1990s were intended to compete more efficiently in the common European market, further suggesting the importance of scale. When the client expands offshore, existing knowledge can be applied to the client's offshore operations at a low marginal cost (Grubel, 1989). These lower marginal costs are the source of economies of scope. Rugban and Varbeke (1993), argue that economies of scope are more important than economies of scale in multinational banking because it is more attainable.

The second reason for internationalization is the intention of taking advantage of a relative lack of innovation and other deficiencies (Canals, 1993). Entry of American and English banks (Citicorp, Chase Manhattan; Natwest, Barclays) into the Spanish market provides a good example.

The third reason is the possibility of transferring resources (tangible and intangible) to other countries (Canals, 1993). One of the examples is Santander, with its acquisition of small banks like the affiliate of Credit Nord or the CC Bank to transfer resources (such as managerial talent) to operations which are not well run.

Another reason regarding financial institutions of small countries like the Netherlands is that they can no longer expand in their home markets and therefore are bound to increase their cross-border activities through mergers or acquisitions (Vermeulen and Dankbaar, 2002).

International diversification, however, also create complexity in the organization especially for central headquarters (Hoskisson and Hitt, 1994). There is need for global coordination and integration, which are difficult to achieve because of the differences in cultures and operations among local markets. The autonomy necessary for the flexibility to compete in local markets further exacerbates the problems of achieving integration.

1.4.2 Divisionalization with respect to product lines

When there are no variations in products or services in different customer segments or in different regions, the divisionalization turns out not to be complete. With identical products in each customer group or region, the headquarters is encouraged to maintain central control of certain critical functions to ensure common operating standards for all the divisions and that seriously reduces divisional autonomy.

In long vertical product chains, various elements in the sequence become separate business units and each of these businesses or divisions in a decentralized organization becomes a profit center. The companies that face product classes that require high degree of sensitivity to changing market conditions tend to divisionalize and rely on product and brand managers. In these cases a divisional organization is typically the most effective way to assign the required authority and associated profit responsibility.

In divisionalization with respect to products, each of the firm's product lines constitutes a separate division. The product-division implies the existence of at least two levels of management and an increase in the number of management roles than that of a functions organization. Strategic decisions and responsibilities at the product market level are assigned to division managers who have the information pertinent to those decisions.

In banking industry, introduction of new services can necessitate differentiation of production functions of the bank (centralized or decentralized). The production of the bank is characterized by technical diversity (with respect to production, distribution and managerial competency profile) that lead divisionalization according to the activity of intermediation and its specific components. High heterogeneity of new services can require internal differentiation of the entire production-distribution process and this can give way to a multidivisional model for products.

By the variety of activities/services, important economies of scope can be reached within banking industry by spreading fixed costs (branches and associated personnel cost) through a higher production volume of different products. One factor is information technology that allows banks to handle a greater number of activities, products, clients, extending the potential for economies of scope (Canals, 1993). International diversification can further enhance the potential for product diversification.

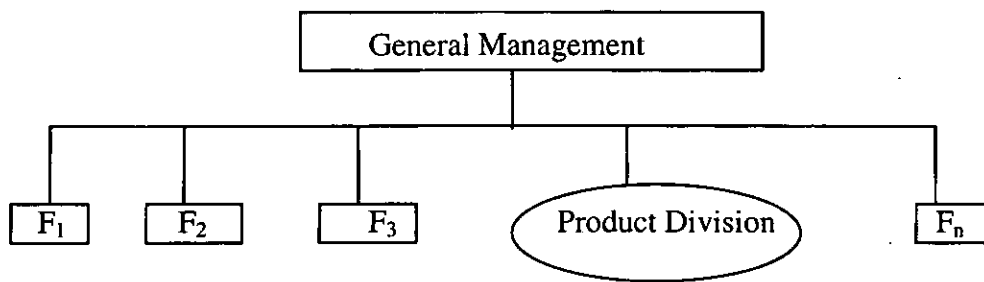


Figure 1.3⁵: Product division in functional form

In the case that introduction of a new product/service requires a specific resource and the functional form needs additional managerial or operational competency that will not bring economies of scope, as can be seen in the figure above, the functional structure can be maintained by integrating only the introduction of product manager roles into the model (Baravelli, 2003). The structure of product management may create managerial difficulties that may be overcome by giving the new product division a certain level of managerial autonomy, flexibility and profit responsibility of the division.

⁵Baravelli, M. (2003), *Strategia e Organizzazione della Banca*. Egea: Milan, pp. 94

1.4.3 Divisionalization with respect to client segments

A third possible way of divisionalizing is according to client segments⁶.

In fact, what happened in the most famous example of divisionalization-Alfred P. Sloan's restructuring of General Motors in the 1920s- was centralization of a set of independent organizations in different markets. In this typical case of General Motors, the product market increasingly segmented into well-defined price classes and this development created two major problems; monitoring (figuring out how the company was performing in each segment) and appropriate allocation of company resources with respect to this divisional performance. The adopted solution was to re-organize the company into divisions corresponding to each market segment (Chandler, 1977).

Segmentation rests on the assumption that differences among buyers are related to meaningful differences in market behavior. What makes a segment meaningful depend on certain characteristics (d'Amico and Zikmund, 1993): (1) The market segment has characteristics that distinguishes it from the overall market. (2) The market segment has a market potential of significant size - that is, large enough to be profitable. (3) The market is accessible through distribution efforts or reachable through promotional efforts. (4) The market segment has a unique market need and the likelihood that the market segment will favorably respond to a marketing mix tailored to this specialized need is high. (5) The segment's market potential should be measurable. Ease of measurement is desirable because it facilitates effective target marketing by helping to identify and quantify group purchasing power and to indicate the differences among market segments. In planning the target market strategy, a firm decides on the target market approach to pursue (Berman and Evans, 1992). This can be a mass marketing approach (aims at a large, broad consumer market), a concentrated marketing approach (concentrates on one group of consumers

⁶ The terms "market segmentation" and "customer segmentation" are sometimes used interchangeably. Market segmentation is defining groups of people who will be most receptive to a product. In other words, by using methods of segmenting such as demographic variables, psychographic variables, product use patterns and product benefits, a product or service is associated with groups of people who have certain characteristics. Customer segmentation is simply grouping *your* customers in useful ways for purposes of assigning distribution channel, determining profitability, determining product / services to sell them, and pricing. In the context of re-organization and forming divisional units responsible for different group of customers, "customer segmentation" might be a more appropriate term to use.

with distinct set of needs, differentiated marketing approach) or a multiple segmentation approach (aiming at two or more different market segments, each of which has a distinct set of needs).

A general trend in banking system has been towards a more marketing oriented (demand-determined) strategy and supply-led banking has been increasingly replaced by much more proactive banking (Gardener, 1994). Main factors that lead banks to re-structure themselves into well-defined segments can be summarized as: Competition, more and more segment based investor analysis, sustainability of performance and growth options, demand of dedicated services at a good price, increased importance of quality of service in customers' choice, critical mass in all market segments, accountability and higher visibility of each business line, and potential to streamline holding structures.

Segmentation in banking is articulated in two fundamental levels. In the scope of individual (personal) banking, private banking- that targets high net worth individuals- is distinguished from corporate banking. At the second level (strategic business unit level), both of them are subject to further segmentation of their customer base in order to gain competitive advantage by building comprehensive product offering and specific services.

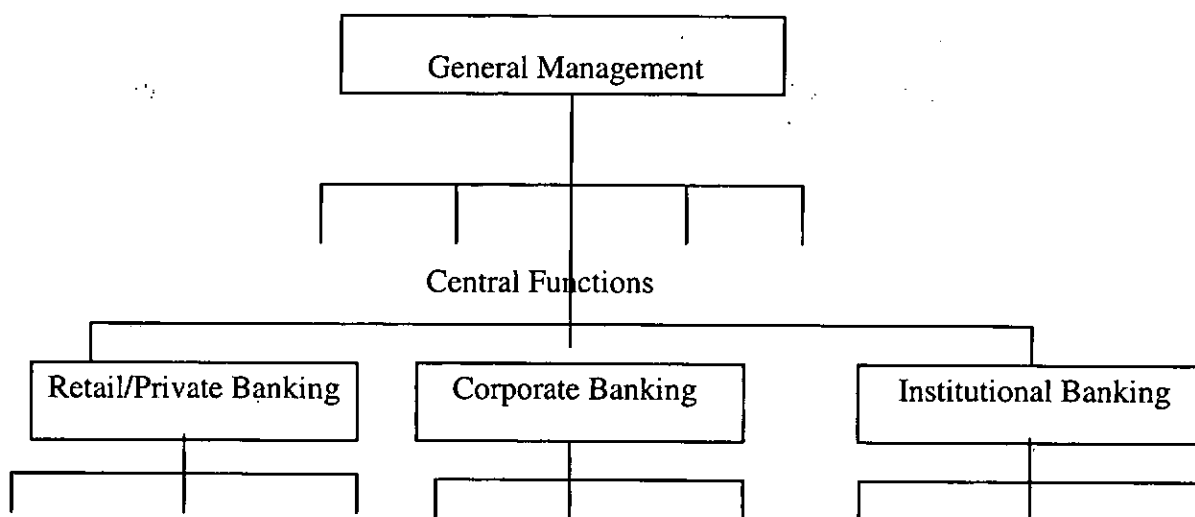


Figure 1.4⁷: Divisionalization with respect to client segments

⁷ Baravelli, M. (2003), *Strategia e Organizzazione della Banca*. Egea: Milan, pp. 101.

In private banking, main challenge is to precisely segment the high-net-worth individuals and affluent market clients and understand their differences in profiles and needs. In order to develop customized products and services, private banks-apart from using criteria such as age group, social background and lifestyle-are enhancing their client segmentation with a behavioral approach by using criteria such as risk profile, investment involvement, loyalty, usage of special services. Due to the dynamic nature of well-structured information about the client (for ex. history of transactions in client's portfolio), customer segmentation itself is dynamic and requires a proactive approach.

In corporate banking, the segmentation of small and medium size firms is strictly linked to the definition of the business area of the bank and to the system of offered products and services. It means that segmentation is directly related with (Caselli, 2001): the range of services offered to small and medium size corporates, the level of coordination of services with respect to client needs, the level of continuity of the exchange process between the bank and the client firm through time. Well-defined segmentation analysis reveals which forces affect competition in each of the relevant segments and integrates it with the strengths and weaknesses of the company.

1.5 Restructuring of the banks in the sample during the period

In the methodology part, time period of the research was justified on two basis: availability of data and correspondence to restructuring period of the majority of the large size European banks. This section aims to show these changes for the completeness of the study.

In the introduction section, it was noted that the changes that occurred in the macro-structure of banks during the research period are not necessarily of same nature. In this sense, it is possible to observe two kinds of restructuring within the banks in the sample. Three of the 12 banks (namely Unicredito, Intesa Bci, and ABN Amro) have actually radically changed organizational structure passed to a divisional form during the research period. Seven of the 12 banks in the sample (namely Commerzbank, Deutsche Bank, Dresdner Bank, BNP Paribas, HSBC, Barclays, and Fortis) already had a divisionalized structure at the beginning of the research period (most of them according to product lines), and during the research period made frequent changes in the composition of their divisions. Eisenhardt and Galunic (1996) associates such "charter changes" to adaptive capabilities of the M-form as rapid change and unrelenting erosion of competitive advantage have made speed, flexibility, and adaptation central to the organization of large corporations. The remaining two banks (Société Générale and ING Baring) did not pass through an organizational change in their macro-structure and maintained their structures that are divisionalized according to customer segments.

Following paragraphs will briefly talk about the changes that occurred in the macro-structure of the sample banks during the research period.

The three German Banks starting from the beginning of the research period in 1998 had a divisional macro-structure according to business lines. During the research period, they changed their macro-organization structure twice, all in the form of changing the composition of their existing divisions followed by channeling the activities into two divisions for cost savings and creating synergies. In 2003, Dresdner has a further restructuring based and strategic and non-strategic business units.

At the beginning of the research period, in 1998, Commerzbank already had a structure according to business lines, which was composed of five main divisions: 1) Group Management, 2) Domestic Branch Banking, 3) International Finance, 4) Investment Banking, and 5) Group Services. It changed its organizational structure twice in two consecutive years. In 1999, it changed the

composition of its five main divisions as: 1) Group Management, 2) Retail Banking and Real Estate, 3) Corporate Banking and Institutions, 4) Investment Banking, 5) Services. The following year, in 2000, it decided to channel its activities in two divisions: 1) Retail Banking and Asset Management, 2) Corporate and Investment Banking. It sustained this last structure until the end of the research period.

In 1998 Deutsche Bank had 5 Divisions: 1) Retail and Private Banking, 2) Corporates and Real Estate, 3) Global Corporates and Institutions, 4) Asset Management, 5) Global Technology and Services. Global corporates and institution was restructured as wholesale banking to exploit market potential better while optimizing the bank's risk profile. In 2001, the new structure reduced the bank's five operating divisions into two: 1) Corporate and Investment Bank and 2) Private and Asset Management aimed at reducing overlap and placing investment banking at the heart of the group's operations. In 2002, it changed its structure again into 3 group divisions: 1) Corporate and Investment Bank (CIB), 2) Private Clients and Asset Management (PCAM), 3) Corporate Investments (CI) for better market penetration, structural realignment. In 2003, it made no change at macro-level.

At the beginning of the research period Dresdner Bank had a divisional structure according to product lines with four main divisions: 1) Corporate Customer Business, 2) Institutional Asset Management, 3) Investment Banking, and 4) Private Customer Business. In 2000, it resolved the divisional realignment of the bank, organizing along the lines of a management holding structure: 1) Private Clients, 2) Asset Management, 3) Investment Banking, 4) Corporate Clients Business, 5) Real Estate, 6) Transaction Banking. The declared reasoning was to create a clear-cut reporting structure, enhance the scope of flexibility for each business line and benefit from synergies. In 2001, it combined its businesses into two divisions: 1) Corporates and Markets and 2) Private and Business Clients to increase fee and commission income. In 2003, Dresdner Bank further restructured its activities according to strategic business units, which include Personal Banking and Private & Business Banking as well as Corporate Banking and Dresdner Kleinwort Wasserstein. Non strategic units are the Institutional Restructuring Unit and Capital Investments .

BNP Paribas, which was created by the merger of BNP and Paribas, in 1999 was at the beginning organized around four business lines: 1) Retail banking in France, 2) International retail banking, 3) Specialized financial services, 4) private banking, asset management services, insurance 4) Corporate and investment banking. In 2000, it got organized around three core businesses: 1) Corporate and Investment Banking (private banking in France and international markets and Asset Management, securities services, personal insurance and life insurance) 2) Private and Asset

Management, Securities Services and Insurance 3) Retail Banking (Retail Banking in France, International Retail Banking, Specialized Financial Services). In 2001, it changed the composition of these three businesses as: 1) Corporate and Investment Banking (Advisory and Capital Markets, Specialized Financing, Corporate Banking), 2) Retail Banking (Retail Banking in France, Retail Financial Services, International Retail Banking), 3) Private Banking, Asset Management, Insurance and Securities Services (Private Banking and Asset Management, BNP Paribas Securities Services, Insurance, Real Estate).

At the beginning of the research period, HSBC was organized along 6 business lines: 1) HSBC's Large Businesses (UK, Hong Kong SAR and Mainland China, Brazil, USA) 2) HSBC's major businesses (Argentina, Canada, India, Malaysia, Singapore, Saudi Arabia, Middle Eastern Operations of the British Bank of the Middle East) 3) HSBC's International Businesses, 4) Corporate and Institutional Banking, 5) Investment Banking and Markets, 6) Insurance and did not change until 2002. In 2002, it reorganizes its divisions as: 1) Corporate, Inv. Banking and Markets, 2) Personal Financial Services, 3) Commercial Banking, 4) Private Banking, 5) Other.

Barclays Group, from the 1st of April 1998, reorganized its activities into four key business groupings. 1) Retail Financial Services (UK Retail Banking, Barclaycard, and International Premier, Private, Savings and Investment, and Africa and Caribbean) 2) Corporate Banking 3) Barclays Capital 4) Barclays Global Investors. In 1999, the macro organizational structure stays the same, but the sub-divisions under Retail Financial Services change as retail customers, wealth management, and Barclaycard. In 2000, it got organized along 5 divisions: 1) Retail Financial Services, 2) Barclaycard, 3) Corporate Banking, 4) Barclays Capital, 5) Barclays Global Investors. During 2000, significant changes have been made to the Group's organizational structure moving from 5 major business groups to an organization based on Strategic Business Units. From 1st January 2001, the SBUs have been organized into the following business groups: Personal Financial Services (previously UK personal customers), Woolwich, Barclays Private Clients, Barclaycard, Business Banking, Barclays Africa, Barclays Capital, and Barclays Global Investors.

Fortis is the one with the most frequent changes in its structures. During the research period, it constantly every year changed its organization structure. In 1998, it simplified its management structure by collecting functional organization of activities in a banking group and having a separate insurance group. In 1999, Fortis Bank got organized along business lines: 1) Individuals, professionals and small enterprises, 2) Medium-size and large enterprises and the public sector, 3) Private banking, 4) Asset management, 4) Investment Banking, 5) Financial Markets, 6) Information Banking, 7) Financial Institutions and Banks. In 2000, integration of banking and

insurance activities (Insurance Netherlands, Insurance Belgium, Insurance International, Network Banking, Merchant Banking, Private Banking and Asset Management). Fortis Insurance (Belgium, Netherlands, United States, International) remained unchanged around country organizations. In 2001, the integration process was proceeding within the banking and insurance activities as: Insurance Netherlands, Insurance Belgium and International, Network Banking, Merchant Banking, Private Banking and Asset Management. In 2002, it amended its organizational structure again to be effective from 1st of January 2003: Corporate banking activities which were previously carried out by Network Banking became part of Merchant Banking, and Information Banking activity which was formerly part of Merchant Banking, is now strengthening Private Banking, so the macro-structure by 2002 is composed of three main divisions: 1) Network Banking, 2) Merchant Banking, 3) Private Banking, Asset Management and Information Banking.

Société Générale, as mentioned before, is one of the two banks that did not change its organization structure during the research period. It is organized around three business lines: 1) Retail Banking, 2) Asset management and private banking, 3) Corporate and investment banking. Similarly, ING Baring maintained its structure that is organized around 1) ING Europe, 2) ING Americas, 3) ING Pacific Asia, 4) ING Asset Management at the corporate level and under each geographic division (at business unit level) divisionalized according to customer segments.

The two Italian banks together with ABN Amro are the ones that actually passed to a divisional model during the research period. Intesa Group, at the end of 1999 was organized according to a federal model. The strategic plan approved in 2000, entailed the integration of the group banks no longer according to the federal structure, but a divisional structure in which commercial divisions to be organized under three divisions, retail, private, corporate. The four main divisions in the macro-structure of Intesa Bci in 2002 are: 1) Corporate banking, 2) Private banking, 3) Italian banking, and 4) Foreign banking

Unicredito Group before the change, was comprised of three divisions: Italian Banking, Wholesale Banking, Foreign Banks and New Growth. The reorganization project consisted of uniting 7 commercial banks that were part of the group and dividing it into three autonomous banks, each of which is dedicated to a particular customer segment. The project is called S3 and it has been carried out in three phases. On January 1, 2003 the end of S3 Project was reached. Unicredito Holding passed from a federation by geography to a federation by segments with fully integrated operations and logistics. The four main divisions in its macro-structure by 2002 are: 1) Retail banking, 2) Corporate banking, 3) Private banking, and 4) New Europe.

In 1999, ABN AMRO's organization structure was composed of four divisions: 1) Netherlands Division, 2) International Division, 3) Investment Banking Division, and 4) ABN Amro Lease Holding. 2000 is the end of universal banking concept for the bank and it created a client focus organization with strategic business units: 1) Wholesale clients (integrates the global corporate and investment banking activities), 2) Consumer and commercial clients (small and medium size enterprises), 3) private clients & asset management (asset gathering activities of private banking and fund management businesses into an integrated global business for the first time).

PART 2

ANALYZING STRATEGIC CHOICES OF LARGE EUROPEAN BANKS

Two configurational theories that have gained widespread popularity are Mintzberg's (1979, 1983) 5 ideal types of organization and Miles and Snow's (1978) theory of strategy, structure, and process. The widespread attention given to Mintzberg's typology (1979, 1983) reflects its strong intuitive appeal, but the underlying theory received little or no systematic empirical examination in large-scale comparative studies (Doty, Glick and Huber, 1993). Miles and Snow's theory has been empirically tested and verified with a moderate support (Snow and Hrebiniak, 1980; Hambrick, 1983; Smith, Guthrie, and Chen, 1989; Doty, Glick and Hubert, 1993).

The configurational theory that mostly fits the background of the coding procedure (Flier, 2003) is the one of Miles and Snow (1978) not only because it has been empirically verified, but also their typology captures the strategy dimension and above all the strategic characteristics that determine their typology of organizations are parallel with the dimensions of the coding procedure. As we will see in the following paragraphs, types of organizations in their configurational theory is mainly determined by the organization's ambition to expand in new markets, orientation for exploration, and their being cost concern,

The configurational theory by Miles and Snow (1978) identifies four types of organization: the defender, the prospector, the analyzer, and the reactor.

"Defenders" are cost-concerned. They try to remain competitive by focusing on efficiency and productivity. They do limited environmental scanning and engage in product development close to existing products. They seek growth through market penetration within a narrow market segment. It is difficult for competitors to dislodge defenders, but shifts in the market can threaten them as their ability to exploit new opportunities is very low.

"Prospectors", on the other hand, focus on constant innovation. They try to remain competitive by continuous development. They search for new market opportunities with broad environmental scanning and tend to be highly entrepreneurial. They seek growth through product and market development. They are effective in dynamic environments, but vulnerable to low profitability and loss of focus.

"Analyzers" combine some aspects of defenders and some aspects of prospectors. They operate in multiple markets. Some are relatively stable, in which they compete on the defender's strengths of efficiency and low cost, and others are dynamic, in which they act like prospectors, searching for innovations. They have a steady growth through market penetration and new business development. Their tendency is toward a "fast-follower strategy". Analyzers are more complex organizations that need constant review of portfolio and they can be overwhelmed by internal complexity.

"Reactors" are organizations that lack consistency in the sense that their strategy is inarticulated or ambiguous with no clear direction or prioritizing. As they cannot respond effectively to environmental change unless somewhat forced to do so by external influences, they are unable to create a coherent and sustainable position for themselves.

As mentioned in the introduction part of the dissertation, this part aims at identifying strategic orientation of the banks in the sample within the five-years of the research period by looking at their incurred actions. The strategic orientation of the banks in the analysis will be compared with their own declarations regarding their corporate strategies. Therefore, part 2 starts with section 2.1 that synthesizes the declared strategies by the banks so as to be able to make comparisons in the following sections. The following section starts analyzing the ratios from the result of the empirical study. From sub-section 2.2 to 2.5 it comments on the results of internal/external, domestic/international, exploitation/exploration and contraction/expansion ratios respectively. These sub-sections follow a similar structure: starts with explaining the meaning of the ratio, gives the theoretical background for the ratio, ranks the banks cross-sectionally according to their specific ratios for the overall five year period, shows the average evolution of the sample during the research period with the volatility and comments in the cases of any specific pattern or outliers. Comments at single bank or country level are based on the graphs in the Appendix 2 where data on single banks are extracted for the purposes of comparison with their declared strategies and mentioning bank-specific patterns or information when it is necessary.

2.1 Synthesis of declared strategies by the banks during the research period

In this section, each paragraph synthesizes strategies declared by the banks with the same country of origin. The banks in the sample are the leading large banks of their countries so due to their global profile and wide range of activities, in most of the cases declared strategic orientations differ regardless of the country of origin. Generally speaking, prevailing declared strategy that characterizes the research period is "focused strategy" and an increasing cost-concern by the banks. Target "home market" for each bank is clearly defined and does not show a change during the period. Banks mostly differ from each other in their declared degree of ambition for expansion (geographic target) and preference to have a more defensive orientation.

Major initiative of an evolutionary strategy declared by HSBC in 1998 does not change throughout the research period. It is a highly expansionary strategy so as to build HSBC as a global brand. Barclays, on the other hand, declares its aim to be the customer's first choice in the U.K. and throughout the research period emphasizes the priority to "defend" or "protect" its position in the U.K. market. Expansion has been mentioned in its more international divisions such as Global Investor Division, but not as a primary aim and in the cases that it was mentioned it is said to achieve global economies of scale rather than exploration. In short, the two British banks show a clear divergence in their declared strategies that may partly be attributed to HSBC's roots in the East Asian market.

Both BNP Paribas and Société Générale declare the aim of growth during the research period. However, while BNP emphasizes its "ambitious growth strategy" with "aggressive international presence" in some business lines and target customer groups, Société Générale mentions "focused development" through strategic alliance with European banks that are sharing the same vision of the banking industry and selective acquisitions. For these two French Banks, the declared strategic orientation differs in their way of pursuing the growth strategy.

The three Dutch Banks in the sample, Fortis, ING and ABN Amro, all declare a focused strategy and their search for accelerating synergies. Referring to the discussion in section 1.4, which explains geographical divisionalization, these three banks are expected to expand their home markets due to small country effect (Vermeulen and Dankbaar, 2002). In fact, ING's declared strategy is to "build a global ING brand". Similarly ABN Amro aims to position itself as a

universal bank with a worldwide network offering full range of services in 3 home markets; Netherlands, the U.S. Midwest, Brasil and more defined services and products in other defined markets. Fortis differs from ING and ABN Amro due to its higher emphasis on its domestic market, Benelux countries. It mentions its aim to develop growth platforms in Europe in selected activities and expand activities in the United States and Asia "to develop skills that can be used in their home market".

Commonalties in the declared strategies of the two Italian banks in the sample, Unicredito and Intesa Bci, is to improve efficiency and reduce costs, developing a network of strategic alliances and competitiveness *in their home markets Italy*. One specific declaration regarding their presence in foreign markets is Intesa Bci's exit from Latin America by the end of the research period and Unicredito's expansion in its second home market, East Europe. Unicredito, in addition, mentions specialization of service and selective growth. Declarations by the two Italian Banks are nevertheless more domestic market focused than the rest of the sample.

Deutsche Bank's declared strategy during the research period can be summarized as a focused strategy in its home market Europe with a selective global expansion. Commerzbank's declared strategic orientation is characterized as focus on target groups and regions (Germany, Europe, North America), cost cutting offensive in the last two years. Dresdner's declared strategy, unlike the other two, changes during the research period from a "universal bank Leading European universal bank with a comprehensive integrated range of products and services....in Germany, Euroland and international markets" to a "Focused European Advisory Bank". The change in the declared strategy comes after the bank was bought by Alliance that focuses on two businesses: banking, insurance and asset management with Dresdner Bank put as the center of banking. Dresdner Bank afterwards declares to focus on selected products and regions (Europe), in particular in segments in which the bank has strong position.

In conclusion, one can realize that in their declared strategies, majority of the banks converge in selective expansion, focus and efficiency concerns whereas follow a more individual approach in their ambition of expansion and geographic targets. In this sense, also the banks with the same country of origin diverge. One can broadly define three groups in the sample in terms of their declaration of target geographic markets: The first group with a more declared emphasis on their domestic market including Intesa Bci, Unicredito, Barclays, Fortis. The second group with a more European focus such as Commerzbank, Deutsche Bank, Dresdner Bank, Société Générale and finally the last group ING and HSBC that declare to have a global brand and to a lesser extent BNP Paribas, ABN Amro due to their aim to build an international network.

2.2 Analysis of realized actions by the banks during the research period

Starting from this section, the analysis will be on the realized strategic actions of the banks. The coding procedure was explained in the methodology section of the introduction part. Appendix 1-12 includes strategic actions of the twelve banks in the sample for the six-year period.

Typical actions are buying or disposing of interests of a partner bank, strategic alliances, joint ventures, opening or closing offices in some geographic areas, entering in new businesses, significant reductions in the staff, important investments on IT innovations etc. As the coding of actions take much space, they are attached in the appendix. Before the analysis of the results in the following sections of part 2, some points regarding the codification needs to be elaborated.

- The category domestic / international is a straightforward one. The actions that took place in the country of headquarters of the bank are coded as domestic. One particularity is Fortis Bank that has two headquarters, one in Belgium and the other in Netherlands. In this case, both of the countries are taken as domestic markets. Another point appeared during the codification of more abstract actions such as experimenting new technologies for delivery of some services. In this case, if the scope of the target of the service exceeds outside the domestic market, the action is coded as international.
- The codification for the category exploitation / exploration needs some clarifications. As can be seen from the appendix, some expansion actions such as opening of a new branch or an acquisition might be exploitation or exploration action. If in the justification or reasoning of the taken action, cost reductions, synergies or economies of scale have been mentioned, the action is coded as exploitation expansion action. If, on the other hand, through the action the bank has entered in a new geographic market or a new product line, then it is coded as an exploration expansion action. Opening a new branch might be an exploration action if it is the first time the bank opens a branch or operates in that country or it might be an exploitation action if opening new branches add to the existing branch network of the bank in that country, thus provides synergies and economies of scale. An acquisition might be an exploitation action if it adds to the existing customer base or the already existing network of a business and thus implies economies of scale or it might be an exploration action if the acquisition provides the bank to enter a new business or a new country. This is the reason why actions that seem to be of the same nature, are sometimes coded as different strategy types.

- Not all the product launches have been considered. It is considered to be an exploration in the cases that it makes the bank enter in a new business, increases the market share of the business line, experiences a new technology or is declared to have increased the registered number of customers significantly.
- Organic growths (for ex. sales increase for an existing product or increase in number of customers for an existing product) are not coded, but growth through acquisitions, mergers, launching new product lines etc have been coded.
- Following March's (1991) definition of exploration, all the strategic actions pertaining to experimenting new technologies have been coded as exploration regardless of whether it brings cost savings or not.
- Each action is considered to have an equal weight. No distinction is made between division and corporate level actions neither among actions taken in different divisions. This might be a shortfall as not all the actions create the same amount of affect (for ex, an important merger at corporate level and entering in a new market by opening an office). However, the amount of effect is not possible to measure, therefore assigning a weight would again be subjective.
- Finally, it is worth mentioning once again that all the declared plans, speculations, rumors that appeared in the news or in the annual reports have been ignored and only the realized actions have been coded in the year that the agreement has been signed in the case of external actions and the action is announced to be completed in the case of internal actions.

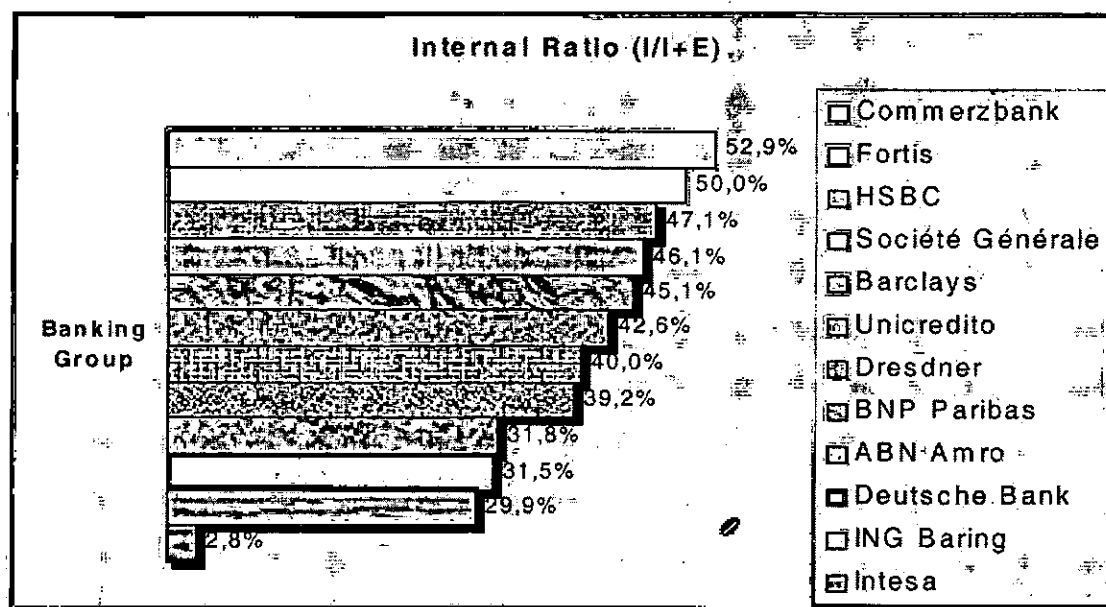
2.2.1 Internal versus External action:

Internal / External ratio is defined as the number of internal strategic actions divided by the total number of actions. The ratio links the interorganizational actions with the intraorganizational ones. It shows to what extent the firm acts on the opportunities autonomously (internal action) and to what extent it acts with the cooperation of external parties (external action). In theory of organizational structure, divisionalization according to business lines or customer segments is expected to decrease internal ratio as it makes it more convenient to find new partners for separate business units.

Institutional approaches propose that firms in the same institutional environment tend to mimic each other and highlight isomorphism regarding internal and external actions of the firms that operate in the same environment. Penrose (1959), on the other hand, distinguishes between internal and external growth through acquisitions and suggest that idiosyncratic managerial resources might result in firm specific internal / external ratios.

Below are the banks in the sample ranked according to their internal actions / total actions.

Graph 2.1 Cross-sectional Comparison of Banks' Internal Ratios



Total number of actions: 903
Period: 1998-2003
Mean: 38.25%
Std. deviation: 13.40%

Mean of the internal ratio of the sample in the research period is 38.25%, which means that between 1998-2003, 61.75% of banks' actions are done in cooperation with other parties as often declared in their strategies: strategic alliances or partnerships.

Commerzbank, Fortis and HSBC are the three banks that have actualized approximately 50% of their actions autonomously. On the other hand, Intesa Bci has a significantly lower internal ratio than the other banks, actualizing more than 95% of its strategic actions in cooperation with other parties in accordance with its declared strategy in the three-year plan of 1999, "developing a network of strategic alliances". This includes agreements in Latin America and to a lesser extent France and Austria as well as abundance of selling and acquisition of stake actions in Italy.

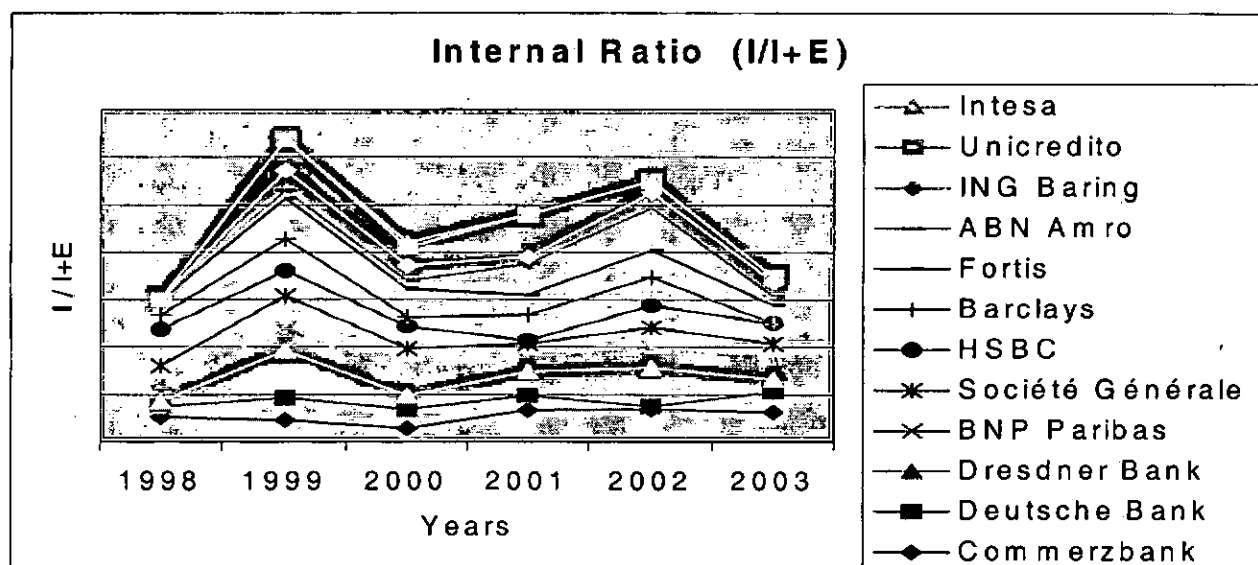
Another highlight is the relatively high internal ratio of Unicredito and Société Générale inspite of their explicit statements on the strategic alliances in order to achieve selected growth.

Commerzbank and Fortis are the ones with the highest internal ratio. This is mostly due to intensity of individual actions such as opening or closing (withdrawal of offices) in foreign markets and internal restructuring actions (significant job reductions or branch network) in their domestic markets.

Country of origin does not seem to have any effect on this single ratio as the banks from the same nations are scattered throughout graph 2.1.

Below is the graph with each line carrying the info of the previous ones and the top yellow line representing the average evolution of the sample throughout the 6-year period, followed by the table showing the volatilities.

Graph 2.2 Evolution of Internal Ratio



Graph 2.2 shows the average evolution of the internal ratio of the sample during the research period. As it can be seen, internal ratio does not follow a specific pattern, but is rather volatile. One way to interpret the decreases in the internal ratio is seeing cooperation as a mean to decrease the risk of the actions.

The table below shows the banks ranked according to volatility of their internal ratios during the research period. It is calculated as the bank's internal ratio's 6-year standard deviation.

Table 2.1 Volatility of Banks' Internal Ratios during 1998-2003

Volatility of internal ratio	Standard Deviation
ABN Amro	34.97%
Dresdner Bank	34.86%
Unicredito	31.62%
Barclays	25.57%
HSBC	22.82%
Fortis	19.08%
Société Générale	15.34%
Commerzbank	15.1%
Deutsche Bank	14.85%
ING Baring	9.8%
BNP Paribas	7.6%
Intesa Bci	4.96%
Average	19.73%

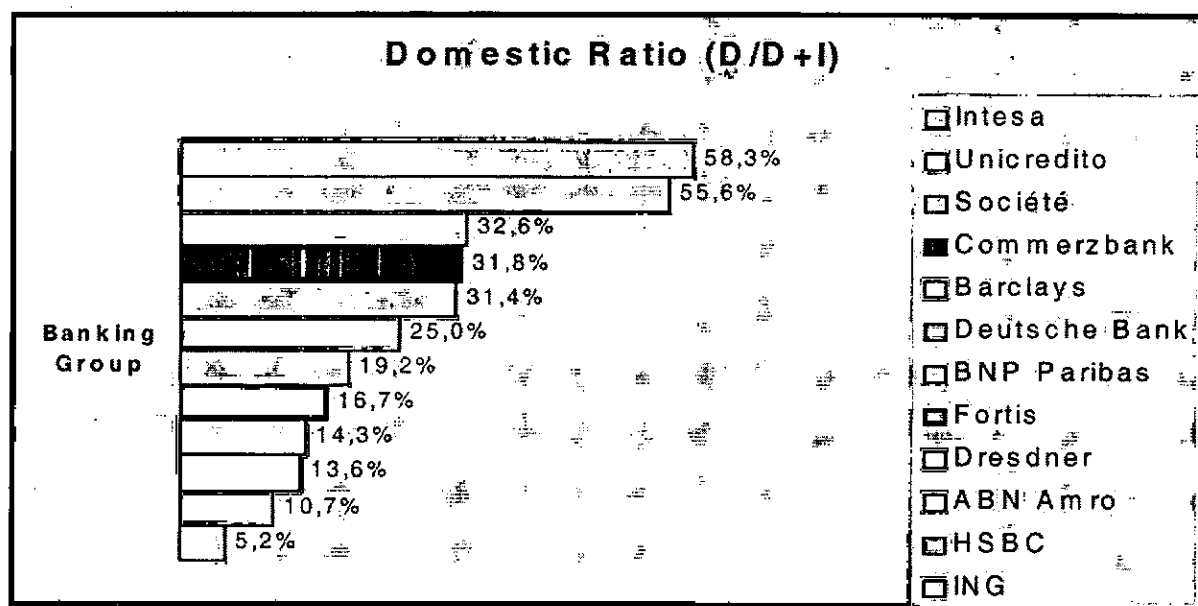
Average volatility of the sample is 19.73%. ABN Amro ranked the most volatile followed by Dresdner, increasing its internal ratio sharply after having resolved the divisional realignment of the bank in 2000 and continues to increase after becoming part of the Allianz Group in 2001. Intesa Bci, which had the lowest internal ratio, is the least volatile one in its internal ratio throughout the period. So, it has been consistently executing its actions in cooperation with other parties during the 6-year research period.

2.2.2 Domestic versus International action:

Domestic / International ratio is defined as the number of domestic actions divided by the total number of actions. Reasons for internationalization of banks are summarized by Canals (1993) as gaining economies of scale and scope, intention of taking advantage from a lack of innovation or deficiency in another country, transferring tangible & intangible resources.

Below are the banks in the sample ranked according to their domestic actions / total actions.

Graph 2.3 Cross-sectional Comparison of Banks' Domestic Ratios



Total number of actions: 903
 Period: 1998-2003
 Mean: 26%
 Std. deviation: 16.83%

Mean for domestic ratio of the sample in the research period is 26%, which means that the banks in the sample on average have executed 74% of their strategic actions outside their domestic markets during the research period. This shows their percentage of strategic actions outside their home markets to be quite high. Standard deviation is 16.83%, showing that differences among banks regarding their domestic/international actions are higher than the differences between their internal external ratios. So, in this dimension banks have a more firm-specific pattern.

In this dimension, country of origin seems to matter more as we see two Italian Banks ranked the highest, executing more than half of their actions in their domestic markets. In the case of Intesa, its ratios in all four dimensions are always significantly different than the sample's average. This is partly due to small number of identified strategic actions which in a way biases its percentages (this weakness was mentioned in the introduction part). This may also be realized from its high volatility in Table 2.2 and 2.4. The bank in fact during the research period executed actions in Latin America as its withdrawal from Latin America coincides with the research period as well as its entrance in East European market. However, it executes much more actions inside Italy mostly by means of buying or selling of controlling stakes. The sharp increase in its international actions in 2002 is due to contraction actions: withdrawal from Latin America, and disposal of stakes held in French banks.

Unicredito in 1999 entered very fast in East European market with significant number of important acquisitions and remained there active for the rest of the research period by further new acquisitions and opening new offices. Moreover, it enlarged its asset management activities with the acquisition of Pioneer in U.S. However, these actions abroad were balanced by large amount of actions executed in the home market during the restructuring process such as spill-offs, creation of specialized banks etc. Therefore, on the overall domestic actions prevailed. However, the bank is one of the most active banks of the sample in East European market, which is consistent with its aim of becoming the first bank in East Europe in all market segments.

In the section on declared strategies, Intesa Bci and Unicredito were categorized as the ones with the most domestic geographic target and it is in line with the result of the empirical study on their realized actions.

On the other side of the graph, we see the Dutch Banks executing almost 90% of their actions outside Netherlands. This can be explained by the small country phenomenon as banks in small countries can no longer expand in their home markets (Vermeulen and Dankbaar, 2002) and their domestic ratio is low as a natural outcome of their substantial activities abroad.

At the end of section 2.1, ING and ABN Amro were grouped as the most international market focused banks in terms of their geographic target on the basis of their declared aim to build an international network whereas Fortis was considered more home market focused. Thus, the categorization based on their declarations is in line with the ranking in graph 2.3.

Barclays, during the research period, consistently increased the percentage of its domestic ratio consistent with its continuously declared strategy of strengthening its position in UK and becoming the customers first choice in U.K. Barclays and HSBC did not demonstrate similarity in any of the four dimensions in the analysis despite of their country of origin. HSBC, well-positioned as the 'world's local bank', executed one of the highest percentage of international actions in the sample.

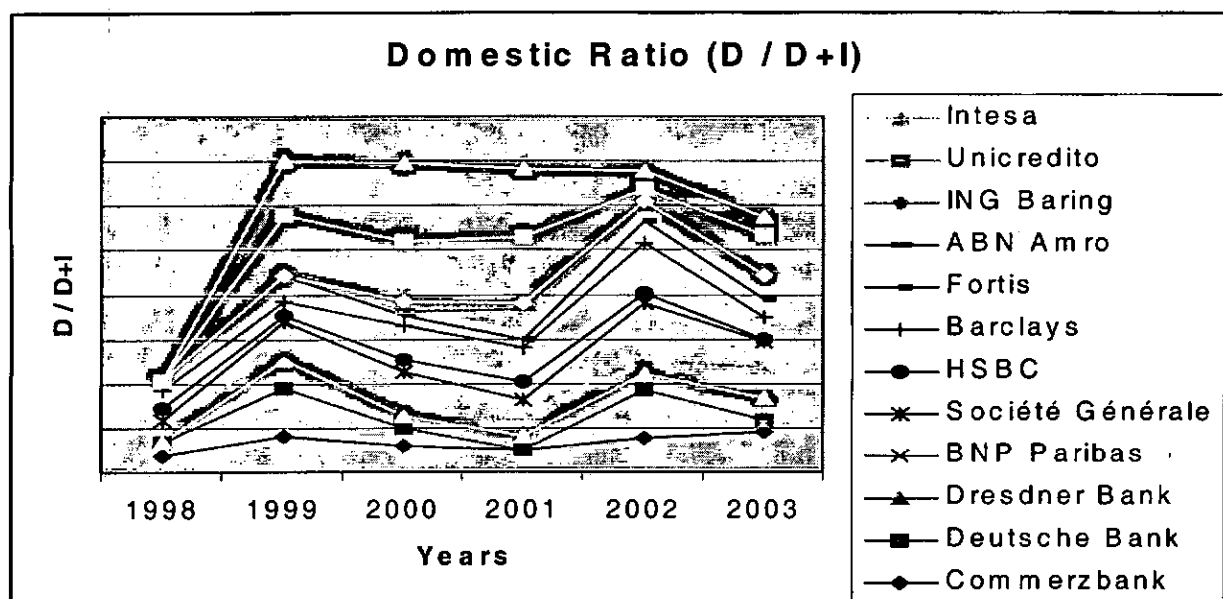
German Banks, in the ranking, fall in between two extremes (Italian and Dutch Banks), executing a high percentage of their actions abroad due to their extensive presence, however continuing to take significant percentage of their actions (1/3) in their home market. This is in consistence with their declared strategy of giving considerable priority to their home markets.

The two French banks in the sample (BNP Paribas, Société Générale) differ in their domestic ratios. BNP Paribas has a lower domestic ratio and is consistent with its declared "ambitious growth strategy" and aim of "expansion in Europe as well as being present in all major financial centers".

Time series of domestic ratio graphs for single banks between 1998-2003 can be found in Appendix 13, where banks are analyzed individually. It is notable that periods of decrease in the domestic ratio of a bank, shouldn't simply be interpreted as internationalization of the bank because any action executed outside the domestic market regardless of whether it's a contraction (for ex. selling controlling stakes abroad) or expansion action is coded as an international action.

Below is the graph with each line carrying the info of the previous ones and the top yellow line representing the average evolution of the sample throughout the 6-year period, which seems quite stable with a slight decrease. It shows that during the research period banks are slightly increasing the percentage of actions outside their home markets.

Graph 2.4: Evolution of Domestic Ratio



The table below ranks the banks according to volatility of their domestic ratios during the research period. It is calculated as the bank's domestic ratio's 5-year standard deviation.

Table 2.2 Volatility of Banks' Domestic Ratio for the period 1998-2003

Volatility of domestic ratio	Standard deviation
HSBC	5.12%
ING Baring	5.51%
Fortis	8.1%
Commerzbank	10.44%
BNP Paribas	11.18%
Dresdner	11.20%
ABN Amro	14.71%
Barclays	15.24%
Société Générale	21.92%
Deutsche Bank	22.29%
Unicredito	25.27%
Intesa Bci	31.71%
Average	15.23%

It is noticeable that banks ranked as one of the highest in their international ratios (HSBC, ING, Fortis) were the least volatile ones during the research period. So, during the research period these three banks continued to execute most of their strategic actions in international markets in a stable manner.

Although Deutsche Bank and Commerzbank rank near to each other in the cross-sectional comparison, they differ in their volatility. This is mostly attributable to the sharp decrease in the domestic ratio of Deutsche Bank in 2001, executing exclusively all its strategic actions abroad: selling off non-core activities abroad and doing important acquisitions and cooperation agreements abroad for exploitation reasons as a result of its declared 'focused on core activities' and 'efficiency' strategy.

Finally, Intesa Bci and Unicredito, who have the highest percentage of domestic ratio, showed the highest percentage change from year to year during the research period.

2.2.3 Exploitation versus Exploration action:

Exploitation / Exploration ratio is defined as the number of exploitation actions divided by the total number of actions.

Distinction between exploration and exploitation is made by March (1991) as "exploration includes things captured by terms such as search, variation, risk taking, experimentation, flexibility, discovery, innovation" whereas exploitation includes "refinement, choice, efficiency, selection, implementation". Exploration is developing new capabilities and is associated with experimenting technologies, ideas, paradigms, knowledge, problems. It is defined as adding new activities to the current repertoire of activities or expanding the geographic scope of an organization's market such as entering the Asian market. Exploitation is capitalizing on existing capabilities. It is associated with cost savings, growing scale or specialization.

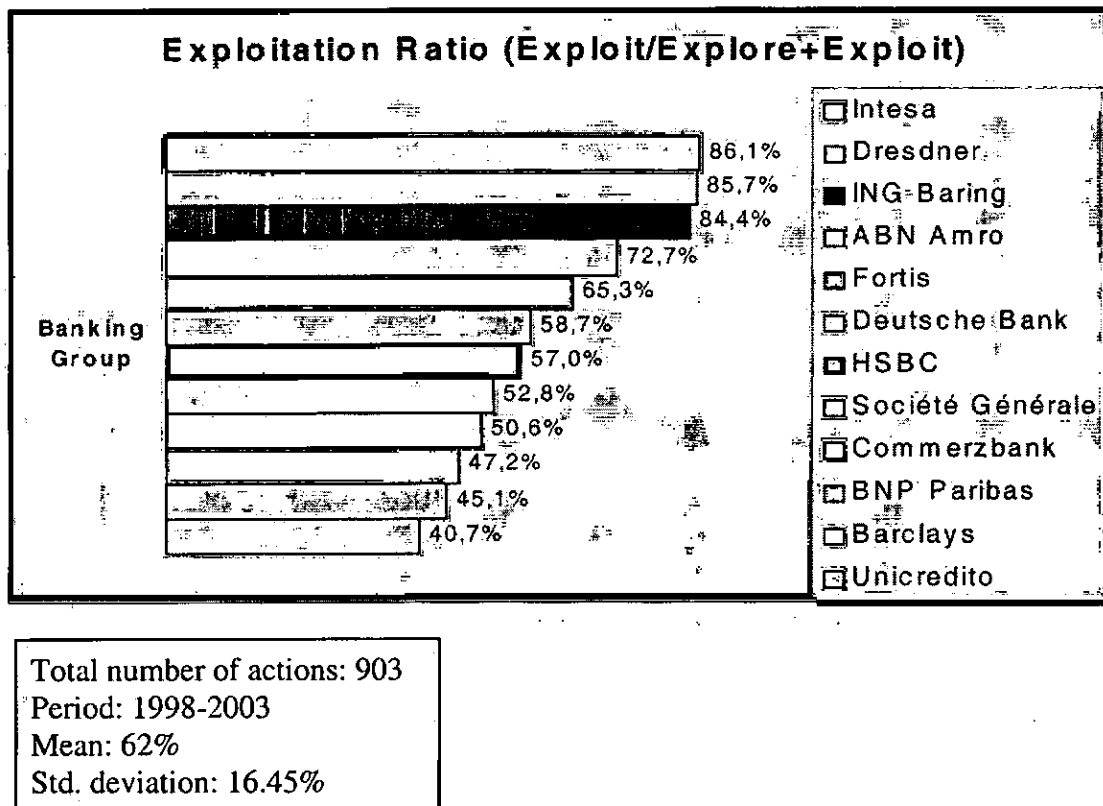
Exploration actions might imply 'differentiation' strategy from Porter's (1980) three generic strategies if the new technology or service that the bank experiments is perceived industrywide as being unique. The resulting customer loyalty from the differentiation strategy and the need for the competitors to overcome uniqueness provide entry barriers. On the other hand, exploitation actions recalls Porter's 'cost leadership' strategy where the factors that lead to low-cost position, usually places the firm in a favorable position by providing substantial scale economies and cost savings.

Returns from exploration, compared to exploitation, is less certain and more distant from the focus of the organization. Levinthal and March (1993) state that organizations should both "engage in enough exploitation to insure the organization's current viability and engage in enough exploration

to insure its future viability". Thus, organizations need both exploration and exploitation in their strategies.

Below are the banks in the sample ranked according to their average exploitation actions / total actions.

Graph 2.5 Cross-sectional Comparison of Banks' Exploitation Ratios



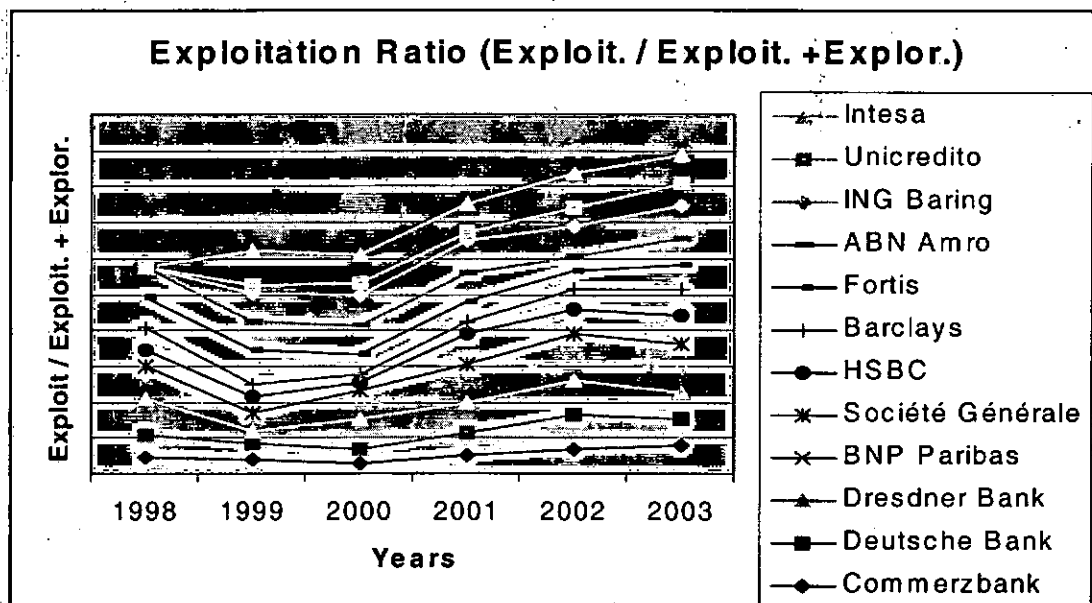
Mean for exploitation ratio of the sample in the research period is 62%, which means that the banks in the sample on average have executed 62% of their actions in order to achieve economies of scale, scope, synergies, cost savings as predicted by population ecology theory, which hypothesizes that organizations execute more exploitation than exploration in order to survive. Standard deviation is 16.45%, showing that banks exploitation / exploration actions are firm-specific. Exploitation ratios did not show any country-specific characteristic. The high exploitation ratio is consistent with declared cost concern common to almost all the banks in the sample.

Unicredito, Barclays, BNP Paribas and Commerzbank are the four banks with the lowest exploitation ratios. In the cases of Commerzbank, this is mostly due to actions that makes the banks active in new markets either by opening branches or acquiring stakes. In the case of Barclays, it is mostly due to launch of innovative on-line products, setting up virtual partners and internet portals for different customer segments. In the case of Unicredito, it can be explained by creation of specialized banks, entering in new countries in East Europe and new telephone and on-line services.

Banks with extensive worldwide networks HSBC, ING do not have low exploitation ratios implying economies of scale in their expansion policy due to already existing network.

Below is the graph with each line carrying the info of the previous ones and the top blue line representing the average evolution of the exploitation ratio of the sample throughout the 6-year period.

Graph 2.6 Evolution of Exploitation Ratio



An important observation is that the average evolution in exploitation actions during the period show a consistent percentage increase. Looking at the bank-specific datas, all the banks in the sample (except Dutch banks) show a consistent increase in their exploitation ratio especially for the last four years (2000,2001,2002,2003), which is coinciding with declared cost-concerns of the banks.

The table below ranks the banks according to volatility of their exploitation ratios during the research period. It is calculated as the bank's exploitation ratio's 6-year standard deviation.

Table 2.3 Volatility of Banks' Exploitation Ratios during 1998-2003

Volatility of exploitation ratio	Standard deviation
Dresdner Bank	24.67%
HSBC	21.28%
Fortis	20.34%
Barclays	20.21%
Deutsche Bank	19.99%
Commerzbank	19.30%
Société Générale	18.81%
Unicredito	17.32%
BNP Paribas	15.26%
ABN Amro	13.99%
Intesa Bci	10.67%
ING Baring	5.6%
Average	17.29%

In this dimension, stability/volatility of the banks' actions are regardless of the ranking in graph 2.5 as Unicredito and Intesa, that are in the opposite poles of the ranking, are one of the most stable ones in their exploitation actions during the research period.

2.2.4 Contraction versus Expansion action:

Contraction / Expansion ratio is defined as the number of contraction actions divided by the total number of actions. It shows what percentage of the bank's action is executed to decrease the range of activities.

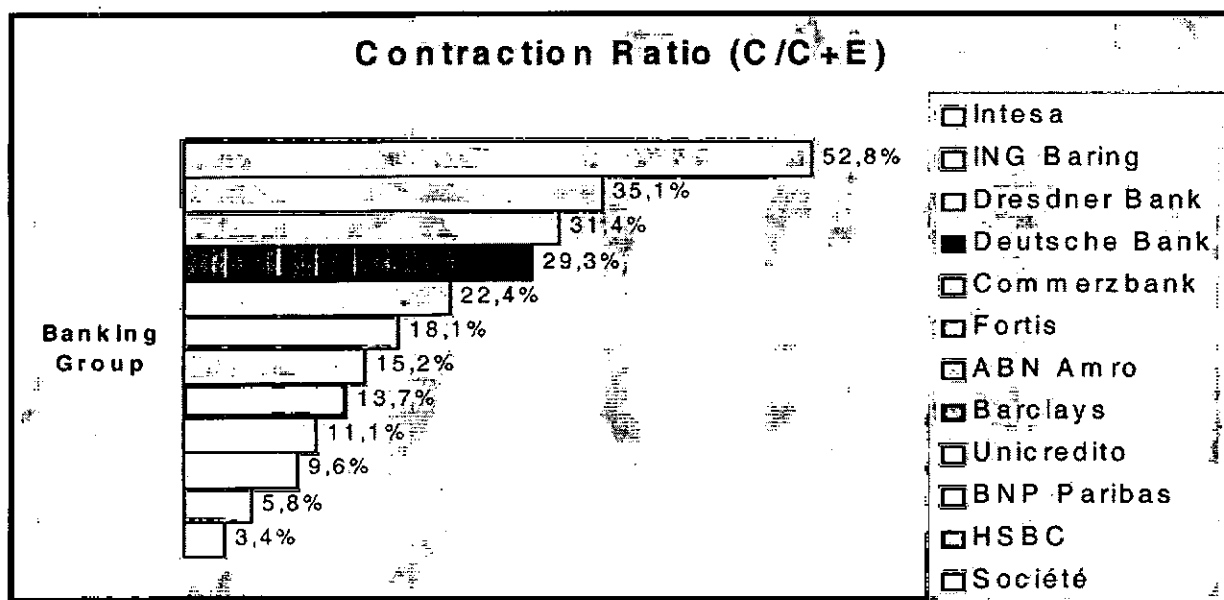
This dimension is related to a high extent with the previous one (exploration /exploitation) because each expansion action can be exploration or exploitation. Penrose's (1959) "competition in creativity" can partially make the linkage between these two dimensions. In competition in creativity, consumers and producers are caught up in an obsession for whatever is new and this may lead to two strategic consequences: On the one hand, firms that restrict themselves to a narrow range of products get more vulnerable. On the other hand, it compels firms to specialize in a relatively narrow range of basic areas. This recalls the trade-off between diversification and focus strategies. Thus, the rational for taking expansionary or contractionary actions can be explained with the theoretical background of diversification (expansion into new customers / products / geographies) and on Porter's focused strategy, respectively.

In Penrose's (1959) analysis of the economics of diversification, in a fast changing environment a specialized firm is highly vulnerable and can better use its resources if it spreads production. It is because changing nature of the firm continually presents new opportunities "of which it is profitable for the firm to take advantage while at the same time maintaining, and even expanding, those lines of production to which it has already extensively committed its resources." Contraction, on the other hand, may be result of unsuccessful integration of an acquired business, a less than expected return in an area, or changing regional factors.

One of Porter's generic strategies is focusing on a particular buyer group, product line, or geographic market. It rests on the premise that the firm in this way is able to serve its strategic market more effectively and efficiently than it would if it were serving the markets broadly. As a result, the firm achieves either differentiation or cost effectiveness.

Below are the banks in the sample ranked according to their average contraction actions / total actions.

Graph 2.7: Cross-Sectional Comparison of Banks' Contraction Ratios



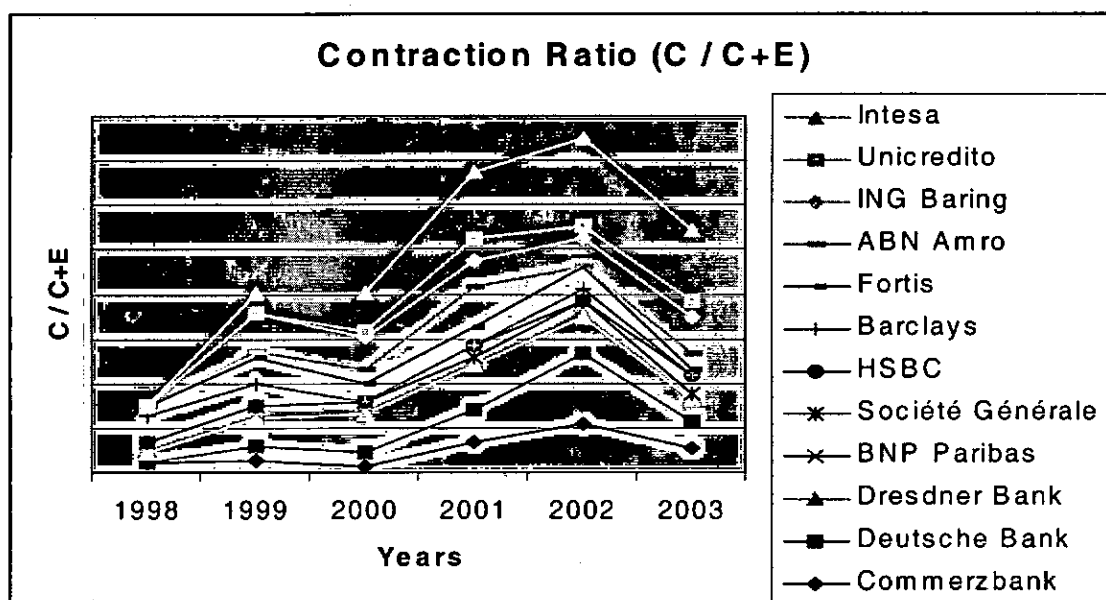
Total number of actions: 903
 Period: 1998-2003
 Mean: 21%
 Std. deviation: 14.30%

Mean for the contraction ratio of the sample in the research period is 21%, which means that the banks in the sample on average have executed 79% of their actions in order to increase their range of activities. Standard deviation is 14.30%.

All the banks in the sample (except Intesa) execute more expansion than contraction actions during the research period. It shows they are growth oriented. However, the way to achieve growth shows differences. One third of the banks in the sample (namely, Société Générale, HSBC, Unicredito, BNP Paribas) pursue an aggressive expansion with more than 90% of their strategic actions executed for expansion purposes followed by Barclays and ABN Amro with 86.3% and 84.8% respectively. Deutsche Bank, Dresdner Bank and ING pursue more "selective expansion" and Intesa although more than half its actions are expansionary, seems to pursue a much more defensive strategy than many of the large European Banks. The ranking in graph 2.7 doesn't really follow the statements by banks on their ambition to grow.

Below is the graph with each line carrying the info of the previous ones and the top yellow line representing the average evolution of the contraction ratio of the sample throughout the 6-year period.

Graph 2.8 Evolution of Contraction Ratio



The evolution for the contraction ratio has an increasing pattern during 2000-2001 and 2002 in line with the declared focus strategies. The increase in Dresdner is due to the change in its strategy from being "a global universal bank" to "advisory in Europe" focused both in region (Europe) and on selected targets with selected product lines. In the case of Intesa, as was mentioned before, contraction actions were mainly composed of withdrawal from Latin America, selling stakes also in domestic market. ING, for cost cutting reasons, has been making significant job reductions both in its domestic and international force, and apart from expansionary activities, has been selling or closing its non-profit activities. HSBC, which ranked as the second lowest in its contraction ratio, does not have much restructuring in terms of important employee reduction, closing off branch network or a withdrawal from a market neither by closing offices. It is in line with its declared expansionary strategy.

Comparing the ranking of the last two ratios (graph 5 and graph 7), the banks that have the highest exploitation ratio have the highest percentage of contraction actions (in a different order though). However, the banks that scored the lowest in the contraction ratio are not the ones that have the

lowest exploitation ratio. HSBC is a good example of this case. It ranks as one of the lowest in contraction ratio (most expansionary bank), however it ranks in the medium in the exploitation ratio (is not the most explorative bank). This shows that substantial percentage of expansionary actions by HSBC were executed in order to gain economies of scale or achieve synergies (such as increasing an existing network in a certain region or acquisitions to grow in scale rather than entering in a completely product or geographic area). This is also due to the timing of the research period (1998-2002) in which HSBC had already presence in many countries and active in various product lines. So, during the research period it benefited from its existing networks and activities in order to gain scales and scope.

We may also conclude that by the end of 2002, most of the banks had already divested their non-strategic businesses and therefore in 2003 we see a decrease in the percentage of contraction actions.

The table below ranks the banks according to volatility of their domestic ratios during the research period. It is calculated as the bank's contraction ratio's 6-year standard deviation.

Table 2.5 Banks' volatility for contraction action for 1998-2003

Volatility of contraction ratio	Standard deviation
BNP Paribas	2.2%
Société Générale	3.49%
ING Baring	5.58%
Fortis	8.3%
HSBC	8.46%
Unicredito	9.9%
Barclays	13.63%
ABN Amro	16.55%
Commerzbank	17.77%
Dresdner	24.67%
Deutsche Bank	27.77%
Intesa Bci	30.53%
Average	13.21%

The banks that demonstrated the most expansionary strategies are the ones that have the lowest volatility of contraction/expansion ratio, which shows that throughout the 6-year period they didn't show any significance divergence from their growth paths and continued to expand aggressively. The ones that are on the selective expansion and defensive side, on the other hand, showed higher volatility in this ratio throughout the period.

2.3 Synthesis of Results

The previous section has showed the results for each of the four ratios both cross-sectionally and throughout time. This statistical part aims to synthesize the overall results. Section 2.3.1 applies a Gini index, which is a measure of heterogeneity. It measures the heterogeneity for the percentage division of each bank among the twelve strategy types. Section 2.3.2 makes a cluster analysis. It aims to arrive at homogenous groups of banks in the sample and to show their strategic positioning by using a scatter diagram according to pair of dimensions.

2.3.1 Gini heterogeneity index

The first table in this section shows the percentage of the bank's strategic actions falling into one of the 12 strategy types (A-L) for the research period. It is calculated as actions entering into certain strategy type / total number of actions for the period 1998-2003.

Table 2.5 Percentage Division of Each Bank According to Strategy Types

Type	Com.	Deut.	Dresd.	BNP	Société	HSBC	Barc.	Fortis	ABN	ING	Uni.	Int.
A	5,9%	0,0%	0,0%	0,0%	0,0%	0,0%	2,0%	2,8%	1,5%	0,0%	1,9%	0,0%
B	1,2%	7,6%	2,9%	0,8%	1,1%	0,8%	2,0%	2,8%	0,0%	2,6%	1,9%	30,6%
C	10,6%	4,3%	20,0%	3,2%	1,1%	1,7%	3,9%	2,8%	4,5%	19,5%	1,9%	0,0%
D	4,7%	16,3%	8,6%	5,6%	1,1%	3,3%	5,9%	9,7%	9,1%	14,3%	5,6%	22,2%
E	4,7%	1,1%	0,0%	0,0%	4,5%	0,8%	2,0%	0,0%	0,0%	0,0%	1,9%	0,0%
F	4,7%	5,4%	2,9%	12,0%	9,0%	0,8%	13,7%	4,2%	4,5%	1,3%	20,4%	22,2%
G	4,7%	0,0%	8,6%	3,2%	5,6%	15,7%	2,0%	16,7%	9,1%	1,3%	0,0%	0,0%
H	12,9%	23,9%	42,9%	22,4%	30,3%	36,4%	17,6%	26,4%	43,9%	46,8%	5,6%	11,1%
I	5,9%	7,6%	8,6%	5,6%	15,7%	6,6%	7,8%	6,9%	7,6%	1,3%	27,8%	2,8%
J	9,4%	2,2%	0,0%	0,8%	2,2%	1,7%	3,9%	0,0%	0,0%	0,0%	1,9%	2,8%
K	21,2%	18,5%	5,7%	27,2%	19,1%	22,3%	27,5%	20,8%	9,1%	7,8%	9,3%	0,0%
L	14,1%	13,0%	0,0%	19,2%	10,1%	9,9%	11,8%	6,9%	10,6%	5,2%	22,2%	8,3%
Total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

Table 2.5 gives the percentage of banks' activities during the research period entering into each of the 12 strategy types (which is shown from A to L on the vertical line). Legend for the strategy types can be found in the coding scheme in the methodology section. Vertical summation of each line gives 100%, which is the total percentage of actions of the bank that appears on the corresponding column.

The section uses Gini index, which is an index of heterogeneity in order to rank the banks in terms of homogeneity of their actions. In this sense, homogeneity means how concentrated the bank's actions are in one strategy type. Maximum homogeneity would be that all the executed actions of the bank enter into the same strategy type, for example just B. Maximum heterogeneity would be that the bank's actions are equally distributed among the 12 strategy types above.

Gini index is defined as the summation of the squared relative frequencies that complements to 1 (Zani, 1997):

$$G = 1 - \sum_{i=0}^k P_i^2, \quad \text{where } P_i \text{ denotes the frequency of category } i \text{ and } k \text{ denotes the number of categories, in this case 12.}$$

For ex,

Commerzbank:

$$P_1 = 5.4 / 100 \quad P_2 = 1.4 / 100 \quad P_3 = 10.8 / 100, \dots, P_{12} = 16.2 / 100$$

$$G_{\text{Commerzbank}} = 1 - \{ (0.054)^2 + (0.014)^2 + (0.108)^2 + \dots \}$$

In order to have values between (0,1), a relative heterogeneity index is obtained by:

$$G' = G / [(k-1)/k] \quad \text{where } k \text{ denotes the number of categories that is in this case number of strategy types, 12}$$

G' equals 0 in the case of perfect homogeneity and to 1 in the case of maximum heterogeneity.

Table 2.6 Ranking of Banks According to Homogeneity

Banking Group	G'
ING Baring	0,7779
Dresdner	0,8175
ABN Amro	0,8399
HSBC	0,8479
Intesa Bci	0,8586
Unicredito	0,8896
BNP Paribas	0,8903
Société Générale	0,8971
Fortis	0,9120
Barclays	0,9236
Deutsche Bank	0,9252
Commerzbank	0,9627

As shown in the Table above, banks in the sample are found to be heterogeneous in their strategic actions as their relative Gini index is close to 1. It shows that their strategic actions are not concentrated in little number of strategy types, but they are found to execute variety of strategic actions that enter into different strategy types. Table 2.6 shows the ranking according to homogeneity with ING being the most homogenous in its actions.

2.3.2 Cluster analysis

The aim of this section is to classify the banks that are believed to belong to a few natural groups. The cluster analysis calculations in this section were carried out using the SPSSX program CLUSTER. The cluster analysis technique that is used is a hierarchical approach. In the hierarchical approach the process proceeds sequentially such that in each step only one object or group of objects changes group membership and the groups at each step are nested with respect to previous groups (Jobson, 1992).

Variables used in the hierarchical clustering are the four ratios (internal ratio, domestic ratio, exploitation ratio, and contraction ratio) of the study. Ratios for each bank correspond to all of its actions during the research period.

Table 2.7 Variables used in the clustering

	Strategy Ratios			
	In/In+Ext	Do/Do+Int	Ex/Ex+Exp	Co/Co+Exp
Banking Group				
Commerzbank	52,9%	31,8%	50,6%	22,4%
Deutsche Bank	31,5%	25,0%	58,7%	29,3%
Dresdner	40,0%	14,3%	85,7%	31,4%
BNP Paribas	39,2%	19,2%	47,2%	9,6%
Société Gén.	46,1%	32,6%	52,8%	3,4%
HSBC	47,1%	10,7%	57,0%	5,8%
Barclays	45,1%	31,4%	45,1%	13,7%
Fortis	50,0%	16,7%	65,3%	18,1%
ABN Amro	31,8%	13,6%	72,7%	15,2%
ING Baring	29,9%	5,2%	84,4%	35,1%
Unicredito	42,6%	55,6%	40,7%	11,1%
Intesa Bci	2,8%	58,3%	86,1%	52,8%

As it was mentioned while discussing the theory behind the ratios, the dimensions used in the clustering are not mutually exclusive and in some cases there are some overlappings. Table 2.8 shows the correlation between the dimensions.

Table 2.8 Correlation Matrix

		INTERNAL	DOMESTIC	EXPLOITA	CONTRACT
Correlation	INTERNAL	1,000	-,344	-,624	-,775
	DOMESTIC	-,344	1,000	-,262	,216
	EXPLOITA	-,624	-,262	1,000	,755
	CONTRACT	-,775	,216	,755	1,000
Sig. (1-tailed)	INTERNAL		,137	,015	,002
	DOMESTIC	,137		,206	,250
	EXPLOITA	,015	,206		,002
	CONTRACT	,002	,250	,002	

As can be seen, exploitation and contraction dimensions are positively correlated (0,755) and it is statistically significant. Moreover, there is a negative correlation between internal and contraction dimensions and it is statistically significant.

Result of the hierarchical clustering is shown in the tree diagram below. The hierarchical method produces complete sequence of solutions (from one cluster containing all the objects to n clusters containing only each one object). The agglomerative process moves from the branches of the tree to the root. As can be seen in the diagram from left to right, the sizes of the clusters increase and the number of clusters decrease.

***** H I E R A R C H I C A L C L U S T E R A N A L Y S I S *****

Dendrogram using Ward Method

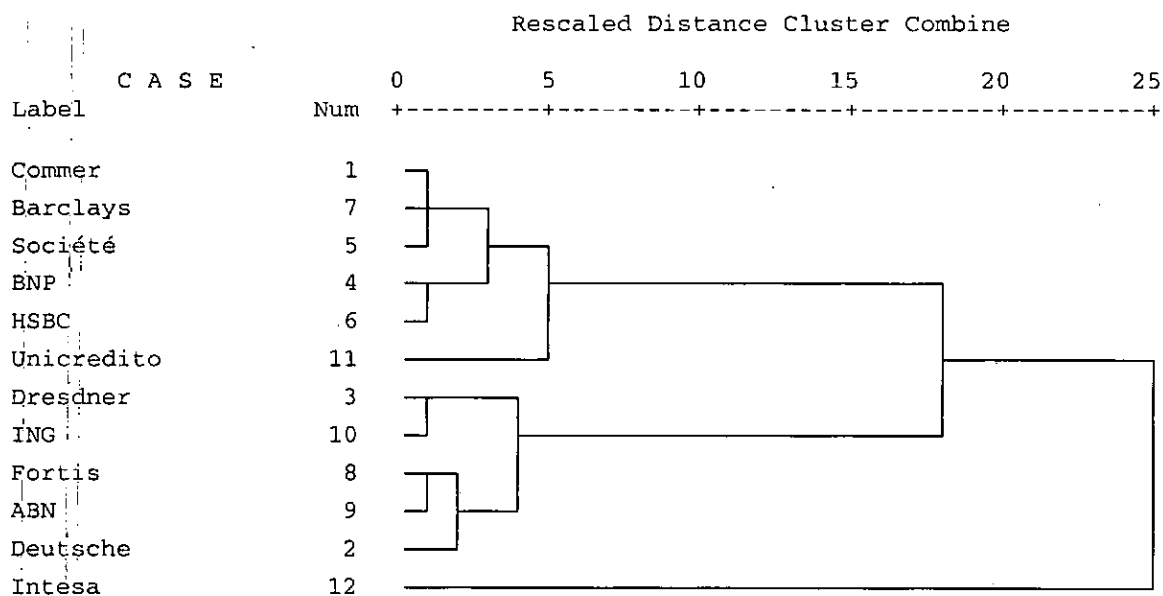


Figure 2.1 Tree Diagram for Hierarchical Clustering

The agglomerative hierarchical clustering process does not provide one single cluster solution in the sense that depending on the aim of the study, each step of the process can be chosen as a cluster solution. Alternatively, a particular cluster solution may be selected to be used as a convenient grouping.

Table 2.9 below shows the cluster membership changing from 2 to 5 clusters. One highlight is that starting from 3 clusters to 5, Intesa always constitutes a separate cluster so can be considered as an outlier. It is the same with Unicredito when the banks are grouped according to 4 and 5 clusters.

Table 2.9 Cluster Membership

Table 2.9 Cluster Membership

Case	5 Clusters	4 Clusters	3 Clusters	2 Clusters
1:Commer	1	1	1	1
2:Deutsche	2	2	2	1
3:Dresdner	3	2	2	1
4:BNP	1	1	1	1
5:Société	1	1	1	1
6:HSBC	1	1	1	1
7:Barclays	1	1	1	1
8:Fortis	2	2	2	1
9:ABN	2	2	2	1
10:ING	3	2	2	1
11:Unicredito	4	3	1	1
12:Intesa	5	4	3	2

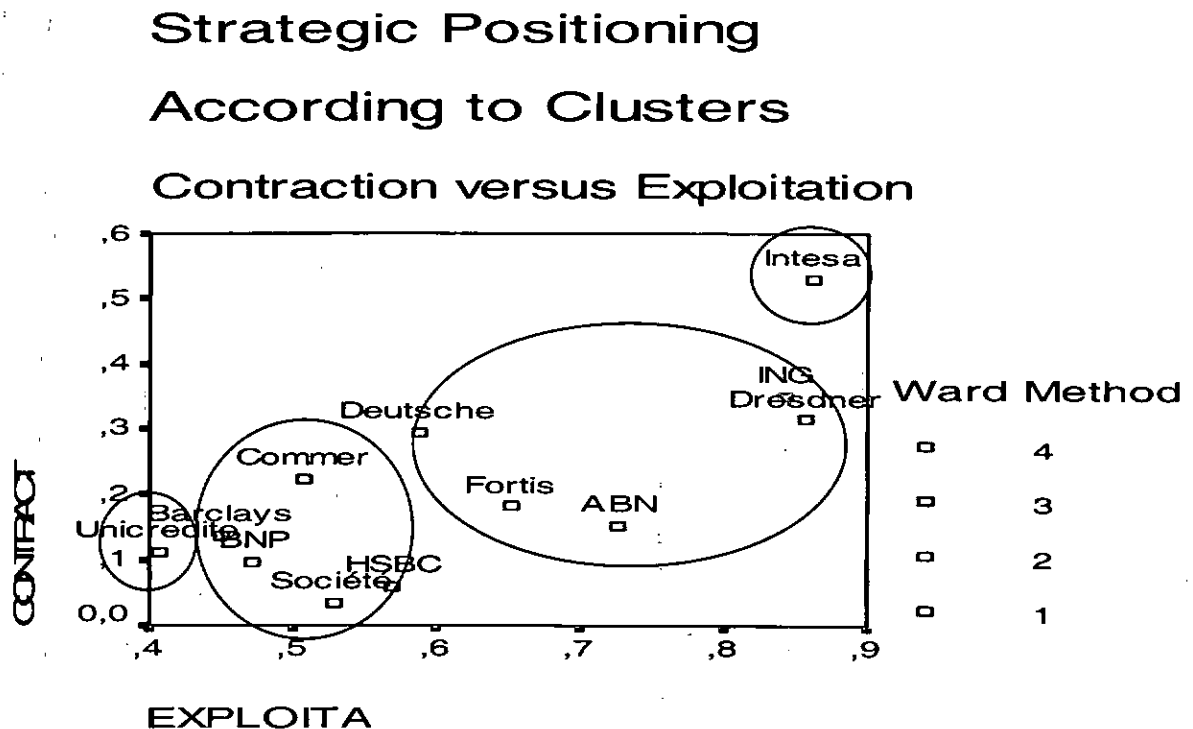
The study takes 4 clusters as a convenient grouping. When we look at this columns in Table 2.9, the result of the cluster analysis reveals that the two Italian Banks: Unicredito and Intesa Bci are the outliers of the sample. Unicredito, during the research period, passed through a radical organizational change. The period of organizational change is characterized by a high number of restructuring activities such as spin-offs or creation of specialized banks in the home market. Intensity of such actions caused Unicredito to have a much higher internal or domestic ratio than the rest of the sample. In the case of Intesa, there is again a very high concentration of activities on domestic market as it was declared by the bank. It is also much more inclined than the rest of the sample- to exploitation due to its cost concern and prefers to act in collaboration with partners. Their outlier positions will also be shown according to different pair of dimensions in the scatter graphs of the following pages.

Another conclusion is concerning the same country banks' being in the same clusters (with one exception, Commerzbank). We see that French and British Banks constitute the first cluster, Dutch and German banks constitute the second cluster. As the third and forth clusters, we see the outliers.

The following part of the analysis aims to demonstrate the strategic positioning of the banks with scatter diagram based on different dimensions.

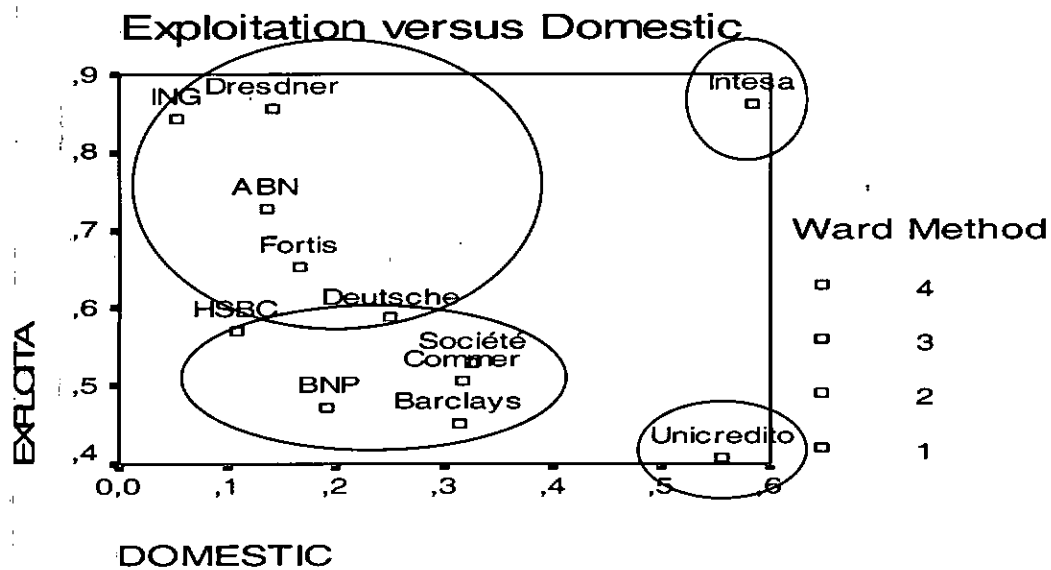
The first diagram shows the positioning of the banks according to contraction ratio (contract / contract + expan.) on the Y axis and exploitation ratio (exploit / exploit + explora.) on the X axis. In this graph, French and British banks with the red color constitute one cluster and German and Dutch banks constitute another whereas it is possible to see Intesa on the right hand side of the

graph as an outlier. Unicredito based on these dimensions is not an outlier, but has a positioning close to cluster 1. Looking at diagram 1, it is possible to realize the correlation between these two dimensions (contraction and exploitation ratios) as was shown in the correlation matrix.

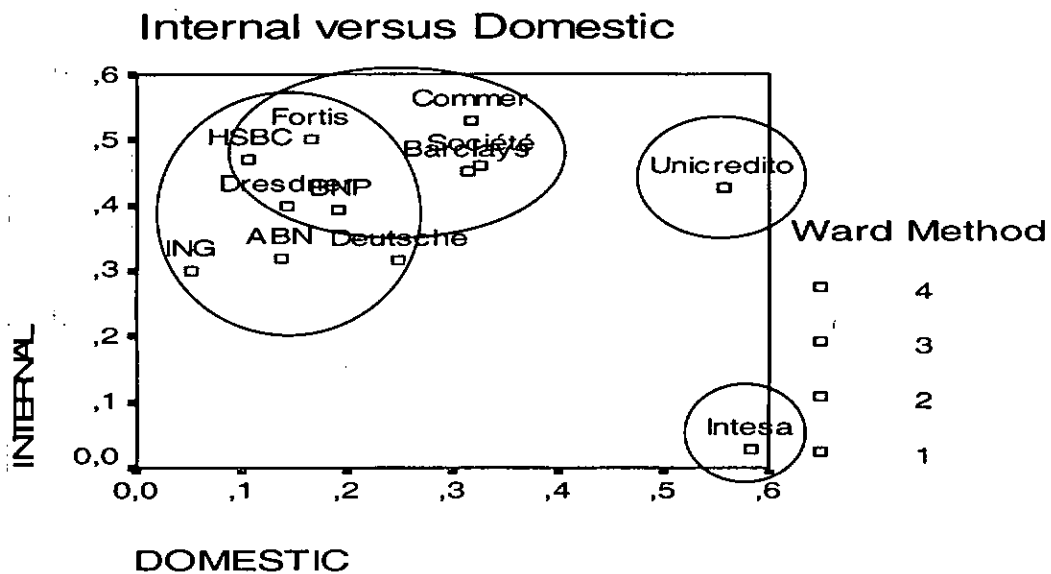


Below are Diagram 2 (exploitation versus domestic ratio) and Diagram 3 (internal versus domestic ratio); In these last two scatter diagrams outlier positions of Intesa Bci and Unicredito is clearer. Banks are more concentrated in internal versus domestic ratio dimensions than exploitation versus domestic ratio dimensions.

Strategic Positioning According to Clusters



Strategic Positioning According to Clusters



PART 3

CONCLUSION

3.1 How does the study add value?

As it was mentioned during specific literature review in the introduction part, divisionalization in banking industry has not yet been explored intensively. The focus of the existing studies that particularly analyzed bank divisionalization (Baron and Basenko, 2001; De Laurentis, 2004) is more on the organizational aspects than the strategy side of the paradigm. This study takes a different approach and focuses on the strategy aspect of the topic to define, at least broadly, a strategic orientation for the major players of the European banking industry. Based on Chandler's "structure follows strategy" hypothesis, the study attributes some strategic reasoning to the ongoing divisionalization of large European Banks. While doing so, it doesn't solely rely on the reasons that are given by the banks themselves in order to justify their decisions to change the organizational structure, but checks its consistency with their taken actions over a period of time. The results that are obtained can be justified on theoretical grounds of the literature on the M-form.

3.2 Weaknesses of the study

Some of the weaknesses in the study are born from the way of coding the actions. The strategic actions were coded by using the coding scheme of Flier (2003). One difficulty is to operationalize 'strategic action' as not all the strategic actions are equally important in terms of the effect on the overall behavior of the firm and in some cases it is inevitable to use subjective opinion in order to decide whether the action is important enough to be considered as a 'strategic action'. Using one international finance magazine in order not to consider peripheral actions caused identification of small number of actions for some banks. Another point concerning the coding scheme that is worth mentioning is the overlapping between some of the dimensions in the coding scheme. Correlation between exploitation / exploration and contraction / expansion dimensions is particularly high and statistically significant as can be seen in the correlation matrix. The concepts that construct the dimensions therefore are not mutually exclusive. Finally, the identified actions are given equal weights although they have different effects on the overall activity of the firm.

As the banks in the sample are large banks and their actions frequently take place in the press and they are legally bounded to disclose correct information in their annual reports, can allow for identification of major strategic actions. Still, that cannot fully substitute richer explanations that could be obtained through the support of interview method.

The form of restructuring made by the banks during the research period are not homogenous. As analyzed in the last section of the first Part, during the research period, one forth of the banks in the sample passed through a more radical change (in the sense that they have changed their structure from a federal to a divisional one). On the other hand, more than half of the banks have made frequent changes that can be considered as changing the composition of their divisions. As the overall results concerning the strategic orientation of the sample are drawn from the whole sample, the strategic path explain both the passage to a divisional form and the adaptive behaviors of the already divisionalized forms rather than explaining a homogenous organizational change common to all the banks in the sample.

Finally, environmental factors have been ignored in the sense that banks are assumed to have taken those actions intentionally. Banks in fact have to adapt to European directives and legislation (for ex, Basle Agreement), cope with further deregulation of the capital markets and are exposed to various regional factors as they act in international markets. Thus, their actions might be result of some particular external factors rather than intentionally pursued as a result of a strategic orientation.

3.3 Suggestions for future research

One may arrive at a scale to weight different kinds of actions so that actions that are of different importance to the bank are not given equal weights. In order to weight accurately, the type of data that was utilized for this study might not be enough, it might necessitate case study research to obtain more details about the effects of the taken actions on the overall activity of the bank.

Some changes might also be done concerning the dimensions of the coding scheme in a way to arrive at minimum overlapping between concepts that construct the dimensions.

Most banks have their annual reports in their web pages starting from 1998 or later, but the study can be replicated for a longer time period. In this way, the weakness regarding the differences in

the pursued organizational changes in the sample might be diminished as in a longer period of time adaptive decomposition of the existing divisions are likely to prevail.

The lack of adequate number of identified actions for some banks can be overcome by obtaining further input utilizing also local financial magazines.

Finally, the study can also be replicated at a different level of analysis such as focusing on strategic actions taken by one business unit (for ex. corporate & investment banking business unit) of the bank. In this way, it can be complementary to explanatory studies aiming to describe a certain area of activity of large banks by showing its orientation versus orientation of the rest of the business units in the bank.

3.4 Conclusions on the archival study

The study compared the banks cross-sectionally according to four dimensions and within a specific period of time. These dimensions are internal/external, domestic/international, exploitation/exploration and contraction/expansion. The correlation matrix among the four dimensions show that they are not mutually exclusive. In particular, exploitation and contraction ratios are highly correlated (+0,755). This high positive correlation was expected due to the similarity in the theoretical background of the two ratios. Another statistically significant correlation is between internal and exploitation ratios is (-0,775). It implies that strategic actions for exploration purposes tend to be incurred autonomously.

When analyzed cross-sectionally, banks showed a more firm-specific behavior in their domestic/international and exploitation/exploration ratios than their internal/external and contraction/expansion ratios. This is not in line with institutional theories that expect to find behavioral similarities in organizations that operate in the same institutional environments. It may partly be explained by the global activities of the banks in the sample which lessen the effect of being exposed to the same environmental factors. Wide range of activities by the banks may also explain the heterogeneity among the banks' actions as they are not found to be concentrated on any of the strategy type.

When ranked according to single ratios, the banks do not show country-wise similarities except in domestic/international dimension ratio. However, when clustered according to the overall four ratios, banks with the same country of origin are found to belong to same clusters. One exception are the Italian Banks who are both found to be outliers when analyzed according to four clusters. Italian banks are also the ones, with respect to the rest of the sample, that have made a more radical change in their organizational structure during the six year research period.

When analyzed longitudinally, the main finding of the study is the increasing trend in exploitation and contraction dimensions in the large European Banks' strategies during the research period. This shows a tendency that characterizes their strategy more in terms of synergy, cost savings, focus and scale economies than expansion, experimenting new ideas, technologies or markets. In fact, in the theory of M-form, synergy aspect of this organizational form has been mentioned several times. Among others, Williamson (1970) sees this aspect as one of the advantages of the M-form saying ".....the resulting structure displays both rationality and synergy" and Barney and Ouchi (1986) mentions the necessity for the general managers of M-form to sustain cooperation on the areas where synergies exist.

The similarity in the evolution of exploitation and contraction ratios can be explained by the efficiency of focused strategies. Economies of engaging in various activities through synergies was firstly introduced to the literature by Ansoff (1965). On the other hand, it is also true that for most lines of business, productivity and costs would tend to be lower in the more specialized than in the more diversified firms (Penrose, 1959). Kaldor⁸ (1935) mentions the cost of spreading of production concluding that the productivity of resources will be less, the greater the number of separate commodities they are required simultaneously to produce. In the case of large proportion of jointly produced commodities, the industry is always attended by "specialization" or "disintegration". Finally, this pattern of their strategic actions is in line with the declared strategies of the banks to be more focused and cost-concerned.

⁸ Nicholas Kaldor, 'Market Imperfection and Excess Capacity,' *Economia*, Vol. II (New Series), 1935, p.48

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APPENDIX

Appendix 1: Commerzbank 1998-2003

COMMEZBANK 1998

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	<ul style="list-style-type: none"> Disposed of 40% interest in Leonberger
Internal, international market, exploitation, contraction action	
External, international market, exploitation, contraction action	<ul style="list-style-type: none"> Germany's Commerzbank and Wood & Co, the Prague-based investment bank, have split after a two-year partnership. Commerzbank is giving up its 25 per cent stake in Wood Securities, the holding company
Internal, domestic market, exploitation, expansion action	<ul style="list-style-type: none"> Extended point of sale services including payment with card (DBB)
External, domestic market, exploitation, expansion action	
Internal, international market, exploitation, expansion action	<ul style="list-style-type: none"> The subsidiary Cobra-Projekt-und-Objekt management GmbH was set up as part of the project services covering all aspects of the real estate (DBB)
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> Complete control over bond operations in Prague which was before run by joint venture (IB) It has increased its stake from 3.2 per cent to about 5 per cent in Banca Commerciale Italiana (BCI) Took over TUI and in cooperation with TUI card portfolio, offered a broad level of services in connection with the card (DBB)
Internal, domestic market, exploration, expansion action	
External, domestic market, exploration, expansion action	<ul style="list-style-type: none"> Signed a cooperation agreement with Aachaner und Munchener Versicherungsgruppe, a new orientation in Allfinanz strategy (DBB)
Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> Innovative products placed in autumn: bond based fund EuroExpert, the equity-based fund WeltVision, a European guaranteed fund 'UnverlierBar-Fonds' (DBB) Real estate department, almost exclusively investments made outside Germany, in Netherlands and for the first time in France (DBB) Opening of a representative office in Tashkent (IF) Obtained a license to operate in Russia (IF) Milan office began operation (IF) Opening representative offices in Bucharest and Zagreb (IF) Seven individual IT projects are steered from a central office. The overall project covers all the group units in Germany & abroad.
External, international market, exploration, expansion action	<ul style="list-style-type: none"> Signed cooperation agreement with Italian Generali Insurance Group, a new orientation in Allfinanz Strategy, entailed a fresh orientation in the home loan savings area (DBB) Participation in Korean Exchange Bank with 30% stake (IF)

COMMERZBANK 1999

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	<ul style="list-style-type: none"> ▪ Merge the two departments, Global Equities and Global Bonds under one management to generate synergy effects in customer service ▪ Restructuring and fresh positioning of the Services Division. Instead of several products being supported on parallel basis in several service areas, a process-oriented approach now prevails. A single unit responsible for initiation, implementation and software support for greater efficiency and support.
External, international market, exploitation, contraction action	
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ ADIG, oldest German company offering investment funds became part of Commerzbank group ▪ Commerzleasing formed a joint venture with ThyssenKrupp Immobilien GmbH called COMUNITHY Immobilien AG (RB&RE). The company's business will be concentrated on buying, selling, administering existing housing units, as well as acquiring stakes in housing companies and project developments.
Internal, international market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ Commerzbank Moscow began operations (CB&Institutions)
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ Buying 45% stake in KEBIT in Seoul which now run as KEBIT Commerz Investment Trust Co. (AM)
Internal, domestic market, exploration, expansion action	
External, domestic market, exploration, expansion action	<ul style="list-style-type: none"> ▪ Cooperation agreement with Deutsche Telekom, T-Online, for the marketing of comdirect (RB&RE) ▪ Cooperation agreement with Volkswagen bank which will sell ADIG funds (AM) ▪ Distribution of bank products by AM Group and Deutsche Vermögensberatung (RB) ▪ For high level of security in e-commerce, has taken the initiative and has acquired an interest in TC Trust Center in GmbH Hamburg, a young growing company active in the provision of internet identity certificates.
Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> ▪ New IT infrastructure is installed in all the branches, a data warehouse was developed and a system employing the latest intranet technology introduced for all retail-customer account manager (RB&RA) ▪ Formed Commerz NetBusiness (CNB) out of the banking departments, as a separate subsidiary, important portal offering also products of third parties. It handles all internet activities of the group. ▪ Setting up Commerzleasing in Prague (RB&RE) ▪ Launching European umbrella fund + CICM's special Islamic fund
External, international market, exploration, expansion market	<ul style="list-style-type: none"> ▪ Cooperation launched with DVAG, Europe's largest seller of Allfinanz products (RB&RE)

COMMERZBANK 2000

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	
External, international market, exploitation, contraction action	<ul style="list-style-type: none"> Disposal of 10% in Bank Handlowy.
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	<ul style="list-style-type: none"> Began to sell products of Volksfursorge, a member of AM Group Acquired 2.1% interest in T-online International AG which in return took up a stake in comdirect bank
Internal, international market, exploitation, expansion action	
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> In Poland increased interest in BRE Bank to 50% Raised shareholdings in Banca Santander Hispano, Mediobanca, Bancaintesa
Internal, domestic market, exploration, expansion action	<ul style="list-style-type: none"> A new service based on the Commerzbank SparCard (RB&AM)
External, domestic market, exploration, expansion action	<ul style="list-style-type: none"> Strategic partnership with Censio AG, an online insurance provider (RB) A cooperation agreement covering internet-based building finance has been signed with eXtrahyp.de (RB)
Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> Comdirect started operations in UK and France (RM&AM) Asset Management in Prague began its operations (AM) Commerzbank Asset Management Italia began its operations (AM) Commerbank Asset Management in Spain began its operations (AM)
External, international market, exploration, expansion market	<ul style="list-style-type: none"> Distribution agreement with the largest banks in Middle East has been signed for an Islamic fund reflecting sharia principles ADIG embarked upon a European sales offensive through cooperation agreements in Austria and Luxembourg COMUNITHY Immobilien AG, a joint venture with ThyssenKrupp Immobilien began operations with foreign businesses (C&IB) Took up an interest in Micro Enterprise Bank (the only bank in Kosova) together with World Bank and Creditstalt fur Wiederaufbau (C&IB) Commerzbank Securities, the investment-banking arm of Germany's Commerzbank, is moving into retail broking in Japan through distribution agreements with four local brokers. The division has signed agreements with Kagawa Securities in Shikoku; Niigata Securities in north-west Honshu; Yahata Securities in west Honshu; and Imamura Securities in Hikiriku.

COMMERZBANK 2001

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	<ul style="list-style-type: none"> Comdirect disposed of France and Italy (decided to focus only on Germany and UK) Combined Asian asset management activities under a single roof Commerz Asset Management Asia Pacific in Singapore for cost reduction, the region is no more a focal point for production but just a distribution channel, substantially reduced the staff in Asia Dissolved the Prague based Commerz Asset Management in the course of concentration process to achieve cost savings (AM) Cut of 3,400 jobs as part of a cost reduction measure
External, international market, exploitation, contraction action	
Internal, domestic market, exploitation, expansion action	<ul style="list-style-type: none"> Installment of real estate centers in major German conurbations to be more efficient in dealing with customer wishes of customers (RB)
External, domestic market, exploitation, expansion action	
Internal, international market, exploitation, expansion action	
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> Afina (Madrid based Asset Management) acquired a broker, Pentor and grew in scale
Internal, domestic market, exploration, expansion action	<ul style="list-style-type: none"> Formation of Commerz Grundbesitz-Spezialfonds Gesellschaft which is in charge of business involving non-publicly-offered real estate for institutional investors
External, domestic market, exploration, expansion action	<ul style="list-style-type: none"> Have formed Pensor Pensionsfonds AG together with Hofer Vorsorge-Management GmbH&Co.GH to create pension schemes for SMEs (CB&IB)
Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> Introduced a new internet based service (top@doc) for firms with extensive foreign commercial documents Asset Management Spain became active in Latin America
External, international market, exploration, expansion market	<ul style="list-style-type: none"> As part of a new distribution model, business operations of bancassurance centers are launched (in cooperation with AMB Generali Holding) (RB) Launch of a 'Best-in-one-World' fund, distributing the funds offered by selected third-party sources

COMMERZBANK 2002

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	<ul style="list-style-type: none"> Close down the 30 Commerzbank shops throughout the Germany, turning the offices into either consulting centers or service points to reduce costs and raise efficiency. Streamlining the branch network and paring down the workforce Service center Kiel (for comdirect) has been closed and reduction of 300 full time employees Rheinhyp deconsolidated
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	<ul style="list-style-type: none"> Close down offices in Warsaw and Rio de Janeiro (C&IB) In the view of restructuring; in New York, Tokyo, Singapore some product lines are entirely discontinued and others scaled back to the minimum level, staff reduced (IB)

External, international market, exploitation, contraction action	<ul style="list-style-type: none"> Withdrawal of Commerzbank Asset Management Group from the U.S. in view of focus on Europe (most of the assets managed by Montgomery Asset Management in San Francisco were sold to Wells Capital Inc.)
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	
Internal, international market, exploitation, expansion action	<ul style="list-style-type: none"> Formation of COMINVEST Asset Management GmbH for improved efficiency and greater concentration to selected European countries
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> Exclusive alliance with US firm Compass Partners International for advising in medium large size M&A transactions in US and Germany
Internal, domestic market, exploration, expansion action	<ul style="list-style-type: none"> Introduction of 'companydirect' (an internet portal for medium size corporates) and 'companyworld' (internet portal for large corporates)
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> Launch of internet branch (www.commerzbanking.de) for retail customers as a new distribution channel
External, international market, exploration, expansion market	<ul style="list-style-type: none"> Participate institutions in South East Europe (Serbia, Bosnia-Herzegovina, Albania, Romania, Yugoslavia, Bulgaria and Georgia) A joint venture with Daimler Chrysler, formation of ComSystems GmbH in the field of IT financing

COMMERZBANK 2003

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	<ul style="list-style-type: none"> Job reductions by 3,100
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	<ul style="list-style-type: none"> Disposed of American subsidiary, Montgomery American Asset Management
External, international market, exploitation, contraction action	<ul style="list-style-type: none"> Sold Commerzbank Asset Management Italia unit
Internal, domestic market, exploitation, expansion action	<ul style="list-style-type: none"> Commerzbanking.de increased its product range, broad range of information and also to non-customers to complete their transactions on-line. Built up comdirect private finance AG subsidiary in Munich, Hamburg and Dusseldorf.
External, domestic market, exploitation, expansion action	
Internal, international market, exploitation, expansion action	<ul style="list-style-type: none"> Dublin, Luxembourg and Munich included in Cominvest Group
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> Adding activities of mobile advisors for old age provision and building finance under the roof of joint subsidiary with AMB Generali Group, CommerzPartner. In the field of capital investment outsourcing, it concluded a cooperation agreement with Siemens KAG and Credit Suisse Asset Management GmbH Reached an agreement for close collaboration with the American SEI Investments Company
Internal, domestic market, exploration, expansion action	<ul style="list-style-type: none"> Bring to the market a special interest rate product of KfW for retail customers, enabling home buyers with very reasonable market conditions Cominvest launched the first German mutual fund for institutional investors
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	
External, international market, exploration, expansion market	

Appendix 2: Deutsche Bank 1998-2003

DEUTSCHE BANK 1998

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	
External, international market, exploitation, contraction action	
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	<ul style="list-style-type: none"> Cooperation agreement with Germany's four largest private banks, cash disbursements rose to 6000
Internal, international market, exploitation, expansion action	
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> Cooperation agreed with Ameritrade (a leading internet broker, settlement of equity trades in the American market has been quicker and cheaper) (Retail and Private Banking) Signed agreement on the acquisition of Bankers Trust, significant cost and revenue synergies Acquisition of Crédit Lyonnais Belgium Acquisitions in Italy, Spain and Belgium Deutsche Bank acquires Baillieu Private banking expanded its presence in Japan, Austria, South America Bought 4.5% stake in Banca Commerciale Italiana
Internal, domestic market, exploration, expansion action	<ul style="list-style-type: none"> Spin-off of its activities, placing the industrial holdings in separate entities to be managed in a more profit-oriented manner
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> New service Global Trade Management performing tasks in import and export business previously performed by the clients (Corporate and Real Estate) Launch of a new UK life assurance company as the vehicle for a wide range of investment products and the expansion of pooled funds range for smaller clients (Asset Management)
External, international market, exploration, expansion market	<ul style="list-style-type: none"> Cooperation agreement signed with Greek EFG Eurobank, bought 10% stake Expanding traditional corporation with Nippon Life (Japan, one of the world's biggest insurance companies), it will distribute investment products of Deutsche Bank in Japan

DEUTSCHE BANK 1999

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	<ul style="list-style-type: none"> Deutsche Bank, whose recent acquisition of Bankers Trust of the US gave it the world's sixth largest asset management business, grouped these operations into a single worldwide business, to be known as Deutsche Asset Management.
External, international market, exploitation, contraction action	<ul style="list-style-type: none"> Sold about one-quarter of its shareholding in Allianz, reducing its stake in the German insurer to 7 per cent.
Internal, domestic market, exploitation, expansion action	<ul style="list-style-type: none"> Opened an office in Frankfurt (private equity)
External, domestic market, exploitation, expansion action	<ul style="list-style-type: none"> DB Investor, the investment arm of Deutsche Bank, has purchased cable-TV operator Telecolumbus from German industrial groups RWE and Veba.
Internal, international market, exploitation, expansion action	
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> Bought 0.75% stake in Unicredito Team up with Metro in Pago joint venture
Internal, domestic market, exploration, expansion action	<ul style="list-style-type: none"> Setting up 250 finance centers to serve small businesses and advice on complex building finances (Retail & Private Banking) Deutsche Bank 24 was launched (It combines Deutsche Bank's German Retail Banking with the Group's direct bank, customers doubled) (Retail Banking) With DWS BestSelect Funds and Mitarbeiterfonds significant innovations for German Retail Market (Asset Management)
External, domestic market, exploration, expansion action	<ul style="list-style-type: none"> Collaboration with Fraunhofer Institute IS to make a nation-wide network to bring together wealthy individuals and young growth companies (Corporates and Real Estate) Establishment of Identrus (a company designed to carry out certifications to secure identification of contracting partners in the e-business) in corporation with other banks (Global Technology & Services)
Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> European Transaction Bank was formed as an independent company for payments and securities processing to their group and other financial services
External, international market, exploration, expansion market	<ul style="list-style-type: none"> Together with other international banks establishment of Global Trust Organization to promote worldwide internet business

DEUTSCHE BANK 2000

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	<ul style="list-style-type: none"> Cut off its lines of business with Commerzbank in the derivatives and fixed income markets.
Internal, international market, exploitation, contraction action	<ul style="list-style-type: none"> Germany's Deutsche Bank launched a DM500m (Pounds 160m) shake-up of its retail and online banking unit, involving the loss of 1,200 jobs and the closure of 250 branches.
External, international market, exploitation, contraction action	<ul style="list-style-type: none"> Deutsche Bank reduced its stake in Allianz, the insurance group, from 7 per cent to 4.1 per cent.
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	<ul style="list-style-type: none"> Acquired 50% stake at PAGO e Transactions Services GmbH
Internal, international market,	

exploitation, expansion action	
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ Acquiring a 2.5 per cent stake in Mediobanca (to extend its already existing strong presence in Italy). ▪ Deutsche Bank has acquired the custody division of IIT, India ▪ Acquisition of First Australian Property Group Holdings Pty. Ltd. Extended the position in the Australian asset management ▪ The acquisition of a 92.55% stake in BWR strengthened personal banking platform in Poland ▪ Bought a pivotal 3 per cent stake in the Polish bank BBG from PZU Zycie, the life insurance arm of PZU, the giant state controlled insurer.
Internal, domestic market, exploration, expansion action	<ul style="list-style-type: none"> ▪ Deutsche Bank 24 opened new distribution channels with the launch of mobile banking and WAP-based mobile broking technologies (Retail and Private Banking) ▪ Launched 38 new funds (retail asset management) ▪ Sinus GmbH is set up (a service provider, plans implements and operates non captive IT infrastructure. Its service range is directed at companies in each sector)
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> ▪ Establishment of new private banking centers in Mexico, Greece and Turkey. ▪ Opening up new distribution channels (Established emaro AG which operates an electronic marketplace for office equipment and information technology products, launching an internet portal db business direct) (Corporate and Real Estate) ▪ Founded DB Consult to meet client group's growing demand for M&A advisory services ▪ Enhanced real estate investment offering through a new open end fund 'grundbesitz global' (Corporates and Real Estate). ▪ Moneyshelf.com (personal financial portal for private customers) is available as an innovative financial supermarket ▪ A new venture capital arm in Europe, formation of DB Venture Partners
External, international market, exploration, expansion market	<ul style="list-style-type: none"> ▪ Deutsche Bank 24 agreed acquisition of core parts of Banque Worms in France, its first acquisition in France (Retail and Private Banking) ▪ Acquisition of Prudential Institutional Business (expanding investment platform in the UK) (Asset Management Division) ▪ Acquired a 50% stake at paybox.net AG which allows safe and fast payments by mobile telephone (Global e-activities) ▪ Acquisition of National Discount Brokers Group Inc., the online broker and NASDAQ market maker (a major push into the retail market in U.S.A. or elsewhere) ▪ Deutsche Bank has taken an equity stake in TradeWeb, an online bond trading platform, giving the company investments in the three leading platforms seeking to drag the bond market on to the internet. ▪ Three leading oil companies and four large banks confirmed they were setting up an electronic market via the internet for over-the-counter energy and commodities trading. ▪ Deutsche Bank is to team up with SAP, Europe's biggest software company, in a partnership that will allow Germany's largest bank to market financial services to more than 3,000 companies and their employees through a virtual exchange on the internet.

DEUTSCHE BANK 2001

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	<ul style="list-style-type: none"> ▪ Closed Econos, consulting subsidiary, as part of efforts to cut costs.
External, international market, exploitation, contraction action	<ul style="list-style-type: none"> ▪ Selling GEFA and ALD Group ▪ Selling National Discount Brokerage Corporation in the USA ▪ Selling Boullioun Aviation Services ▪ Disposed fully joint venture transactions, partially of subsidiaries in the field of information technology such as emagine and Deutsche Software India ▪ Selling insurance arm Deutscher Herold and activities in Spain, Italy and Portugal ▪ Selling European Asset Finance and leasing business that served European mid-size companies and European fleet management services business
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	
Internal, international market, exploitation, expansion action	
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ Strategic partnership with Deutsche Vermögensberatung (DVAG) which will strengthen client potential for banking and investment products in Germany and Austria (Private Clients and Asset Management) ▪ Acquisition of Scudder ▪ Acquisition of AXA, Australian Property Fund Management, Australia Limited strengthened real estate management capacities, especially in Australia. ▪ A broad cooperation agreement between Deutsche Bank and Zurich Financial Services, this will give access to the retail and private client base of Zurich financial services. ▪ Acquisition of real estate manager RREEF
Internal, domestic market, exploration, expansion action	
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> ▪ Trading share on the New York Stock Exchange began ▪ Opening equity brokerage in Taiwan, Deutsche Securities Asia Limited. ▪ Corporate trust and agency services opened an office in Tokyo for the Japanese domestic market ▪ Deutsche Bank 24 expanded to the European target markets Italy, Spain, Portugal, Belgium, Poland (Private Clients and Asset Management) ▪ Deutschebank's online investment center maxblue is launched and became active in Germany, Spain and Italy (Private Clients and Asset Management)
External, international market, exploration, expansion market	<ul style="list-style-type: none"> ▪ International ATM alliance with partner banks Bank of America, Barclays, Scotiabank, Westpac, BNP Paribas so that Deutsche Bank 24 customers can withdraw cash free of charge (Private Clients and Asset Management) ▪ Maxblue's first partnership model with Banco de Brasil was launched (Private Clients and Asset Management)

DEUTSCHE BANK 2002

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	<ul style="list-style-type: none"> Sold subsidiary easycash, which offers card payments services to GZS Gesellschaft für Zahlungssysteme Stake in Baden Württembergische Bank AG fully disposed off. Participation in Nürnberger-Beteiligungs AG reduced by 23%. Holdings in Deutsche Borse AG, Continental AG and Buderus AG were completely sold while stake in Sudzucker AG was reduced from 10.9% to 4.8%. Transferred shares in emaro (joint venture for operation of electronic marketplace) to Deutsche Bank partner SAP Reduced stake in Sinius, the IT service provider, to less than 20%
Internal, international market, exploitation, contraction action	
External, international market, exploitation, contraction action	<ul style="list-style-type: none"> Deutscher Herold divested Selling off Deutsche Financial Services which operates in commercial and consumer finance business in USA, Selling off Group's branch banking business and indexed linked asset management business in France Separated in full from several subsidiaries from IT sector or reduced stake to a minority. Outsourcing IT activities in Europe and parts of building and facilities management activities Smaller parts of the stakes in Allianz AG sold in the capital market Sold its remaining stake in Munich Re, the world's biggest reinsurer.
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	<ul style="list-style-type: none"> Deutsche Bank became the second-largest shareholder in Axel Springer, Europe's biggest newspaper publisher by buying 40%.
Internal, international market, exploitation, expansion action	
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> Merging of mortgage bank Eurohypo AG with the mortgage banking business of Commerzbank and Dresner Bank
Internal, domestic market, exploration, expansion action	
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> Launch of Xavex dynamic bond portfolio fund in Global Equities division and widened its product range DWS Funds Flex Protect
External, international market, exploration, expansion market	

DEUTSCHE BANK 2003

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	<ul style="list-style-type: none"> Staff reduced by 9,760
External, international market, exploitation, contraction action	<ul style="list-style-type: none"> Wind-down of important amount of private equity and industrial holdings in 9 European countries to Blackstone Group, the US private equity firm, in the biggest sale of real estate by a corporate owner in Germany.
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	<ul style="list-style-type: none"> Agreement with Dresdner Bank to buy its custody division
Internal, international market, exploitation, expansion action	
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> Acquisition of Rued, Blass & Cie AG Bankgeschaef, the Swiss private bank Deutsche Bank is poised to buy the commercial mortgage business of General Motors for about Dollars 1bn (Euros 1.4bn) after both sides reached a tentative agreement on a sale
Internal, domestic market, exploration, expansion action	
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> PWM opened an office in Moscow A new management business in India
External, international market, exploration, expansion market	

Appendix 3: Dresdner Bank 1998-2003

DRESDNER BANK 1998

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	
External, international market, exploitation, contraction action	<ul style="list-style-type: none"> Dresdner RCM Global Investors is to lose the management of all £ 310m of assets in Kleinwort Overseas Investment Trust. The trust said Save & Prosper had won the contract to manage any assets rolled over.
Internal, domestic market,	

exploitation, expansion action	
External, domestic market, exploitation, expansion action	
Internal, international market, exploitation, expansion action	<ul style="list-style-type: none"> Opening two branches in Copenhagen and Stockholm to strengthen the activities in Europe.
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> In cooperation with Banque Nationale de Paris, opening a Romanian unit into the network of joint ventures to improve the coverage of activities in Central and East Europe. Acquired a controlling stake in Albertini & C., one of Italy's securities houses Entered into a joint venture with Meiji Life Insurance Co., the forth largest Japanese Insurance Group. Entered into a cooperation with Allianz AG to combine efforts in the cost intensive area of technology under the umbrella of ADAM Service GmbH Dresdner Bank and the German insurance group Allianz announced the creation of a joint venture in asset management services Dresdner Kleinwort Benson, the German-owned investment bank, yesterday emphasized its commitment to Asian expansion by creating a new subsidiary for Greater China, which will focus on China, including Hong Kong, and Taiwan. The Austrian government sold 9.6 per cent stake in Bank Austria, the country's biggest, to Germany's Dresdner Bank. The group yesterday announced the outright purchase for an undisclosed sum of Kleinwort Benson Iberfomento, a Madrid financial firm in which Kleinwort
Internal, domestic market, exploration, expansion action	
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	
External, international market, exploration, expansion market	

DRESDNER BANK 1999

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	<ul style="list-style-type: none"> Integrated organization and management structure across the entire division headed by a global "Management Board Asset Management" to apply a global investment development platform more efficiently.
External, international market, exploitation, contraction action	
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	
Internal, international market,	

exploitation, expansion action	
External, international market, exploitation, expansion action	
Internal, domestic market, exploration, expansion action	<ul style="list-style-type: none"> Spin-off of its activities, placing the industrial holdings in separate entities to be managed in a more profit-oriented manner
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> Launch of Internet Banking as an alternative mean of distribution.
External, international market, exploration, expansion market	

DRESDNER BANK 2000

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	<ul style="list-style-type: none"> Dresdner Bank, Germany's third biggest bank, cut its holding in reinsurer Munich Re from 7.4 per cent to just under 5 per cent.
Internal, international market, exploitation, contraction action	<ul style="list-style-type: none"> Dresdner Bank announces restructuring plans today that leads to a cut of about 5,000 jobs in its retail banking operation. The bank wants to reduce costs in the underperforming retail division by closing up to a third of its 1,150 branches, shedding about 10 per cent of its 51,000 staff. The restructuring is aimed at reducing costs to raise the return on equity.
External, international market, exploitation, contraction action	<ul style="list-style-type: none"> Dresdner Bank, Germany's third-largest, and France's BNP Paribas have decided to end joint ventures set up in six eastern European countries as part of a partnership agreement signed in 1993. The decision to cease co-operation in Russia, Poland, Hungary, the Czech Republic, Bulgaria and Croatia reflects recent consolidation that has left the two partners competing against each other in investment banking.
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	
Internal, international market, exploitation, expansion action	
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> Acquisition of Wasserstein Parella Group Inc., the renowned U.S. investment bank for growth. In private equity, integration of Elderstreet Investments and the EIF Group Further expansion in the specialist international trust services with the acquisition of Orbis Group Ltd., Guernsey
Internal, domestic market, exploration, expansion action	
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> Introduction of direct brokerage service in e-commerce
External, international market, exploration, expansion market	

DRESDNER BANK 2001

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	<ul style="list-style-type: none"> ▪ Dresdner Bank, acquired by German insurer Allianz earlier this year, is cutting a further 1,300 jobs in its investment banking division, Dresdner Kleinwort Wasserstein, as it steps up efforts to pare back costs in the face of mounting economic uncertainty. ▪ Dresdner Bank, Germany's third-biggest bank, shut its commercial lending activities outside of Europe in a bid to cut costs and increase the profitability of core businesses, leading to the loss of around 600 jobs at the bank,
External, international market, exploitation, contraction action	<ul style="list-style-type: none"> ▪ Acquisition of Dresdner Bank by Allianz, Germany's biggest insurer.
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	
Internal, international market, exploitation, expansion action	
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ Dresdner Bank, Germany's third largest commercial bank, and BNP Paribas of France launched a credit card joint venture ▪ Cooperation agreement with one of China's largest securities houses.
Internal, domestic market, exploration, expansion action	<ul style="list-style-type: none"> ▪ Established "Pension & Compensation Consulting GmbH", as an independent entity.
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	
External, international market, exploration, expansion market	

DRESDNER BANK 2002

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	<ul style="list-style-type: none"> ▪ Struggling Dresdner Bank shed 800 jobs in its corporate clients business as part of a shake-up aimed at integrating traditional lending operations with investment banking services. ▪ Dresdner Bank cuts about 300 investment banking staff in the US as part of a group shake-up expected to involve up to 3,000 job losses worldwide.
External, international market, exploitation, contraction action	
Internal, domestic market,	

exploitation, expansion action	
External, domestic market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ Merging of Deutsche Hyp with the mortgage bank subsidiaries of Deutsche Bank and Commerzbank
Internal, international market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ Creation of Allianz Dresdner FondsPolice and Allianz Dresdner real estate finance to create cost synergies and to attract new clients with joint products ▪ In private banking, increasing efficiency in Miami by acquisition of U.S. based brokerage firm
External, international market, exploitation, expansion action	
Internal, domestic market, exploration, expansion action	
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	
External, international market, exploration, expansion market	

Appendix 4: BNP Paribas 1998-2003

PARIBAS 1998

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	<ul style="list-style-type: none"> ▪ Sold its interest in Cogedim, a specialized real estate development company (Real Estate)
Internal, international market, exploitation, contraction action	
External, international market, exploitation, contraction action	<ul style="list-style-type: none"> ▪ Sale of Paribas Belgique to Bacob ▪ Paribas, the French banking group sold an 8 per cent stake in Sema Group for £ 270m. The disposal left Paribas with a 14 per cent interest in the AngloFrench software and services company
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ Klépierre (Real Estate Division) increased its interest in Segece to 90%. ▪ Paribas, the French banking group, said yesterday it controlled 98 per cent of Compagnie Bancaire, the specialist financial group, following the takeover it launched in November. ▪ French Telecom set up partnership with Cortal ▪ Partnership agreement were set up with AGF and American Express France Bank (Cortal) ▪ Arval took over management of part of French Telecoms industrial vehicle fleet.
Internal, international market, exploitation, expansion action	
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ Paribas and Bank Austria sign co-operation pact. Paribas, the French bank, and Bank Austria link their clearing and settlement activities, creating what they claim will be Europe's largest global custody service, managing about \$ 700bn of securities. ▪ A US bank selected Paribas to subcontract the securities back office functions of its local units in three European countries

	<ul style="list-style-type: none"> Joint venture with Same Deutz-Fahr, an Italian agricultural equipment maker, to offer medium term financing
Internal, domestic market, exploration, expansion action	<ul style="list-style-type: none"> Cetelem, with the establishment of Effico, entered into debt collection business. (Consumer Finance)
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> Opening of new units in Bahrain and Beirut (Asset Management) Product range has encompassed a full line of euro-denominated vehicles (equity, convertible bonds, short-term and diversified products) (Asset Management) PAM launched over 30 mutual or restricted funds and developed its capacities Cardif, the first company to launch D.S.K. contracts Cardif opened new offices outside of France In Italy, new services targeting institutional investors (fund administration, depository services) have been offered to clients in securities business UFB Locabail created an internet business center named Business Village to facilitate access by small and medium sized businesses to the internet Launch of PAI LBO fund dedicated to European LBOs (Paribas Affaires Industrielles-PAI) UFB opened a new subsidiary in Poland Arval established a presence in Portugal
External, international market, exploration, expansion action	<ul style="list-style-type: none"> Paribas and Cardif signed an important agreement with the Polish Postal Service to jointly establish a pension fund. Cortal established an Italian subsidiary in partnership with Cassa di Risparmio di Firenze Partnership with Alcatel Business System, for leasing with services of their PABX line UFB Locabail created a new international subsidiary in Morocco with a 50% joint venture with Banque Commerciale du Maroc Arval signed marketing arrangements in Great Britain, Germany, Canada, Mexico, Netherlands.

BNP PARIBAS 1999

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	<ul style="list-style-type: none"> Paribas, the investment bank, announced that it was withdrawing from its market-making activities in the Swiss federal government bond market
External, international market, exploitation, contraction action	
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	
Internal, international market, exploitation, expansion action	<ul style="list-style-type: none"> In Japan, launching traditional brokerage activities
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> Merger of BNP and PARIBAS Bank of the West (owned by BNP Paribas) merged with Sierra West Bank, a regional bank with a strong branch network in California and Nevada. (International Retail Banking) BNP acquired stakes in Fisher Francis Trees and Watts (American fund manager) (Asset Manager)
Internal, domestic market, exploration, expansion action	
External, domestic market, exploration, expansion action	<ul style="list-style-type: none"> Major new marketing agreements with the French railways and the Lapeyre-GME-K par K (Saint Gobain Group) (Cetelem)

Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> On-shore private banking activity was developed in Japan with the creation of BNP Private Banking Japan Limited New SICAVs have been launched in Morocco and Tunisia and new funds have been designed for Lebanese market. (International Retail Banking) BNPI Mauritius has started a trust business (International Retail Banking) Portal (personal savings) launched the first pan-European on-line investment service Banque Directe launched the '4*4 go anywhere' savings product which mixes money market, bond market and French and foreign equity funds to combine return with security. BNP Paribas Peregrine launched a new business; Growth Enterprise Market
External, international market, exploration, expansion action	<ul style="list-style-type: none"> First Hawaiian Bank (owned by BNP Paribas) announced its partnership with Intelidata technologies, the American leader in Internet Service Design in order to work on developing a website incorporating the latest technology. (International Retail Banking) Acquired 26% stake in SFOM (shareholders of banks established in 12 countries of Sub-Saharan Africa) Set up in partnership with retailers (IKEA, Darty, Conforoma, But) (Cetelem) Banque Directe joined forces with Yahoo Acquired stakes in the Dongwon Group, Korea's sixth broker (Asset Manager) Partnership with Artesia (formerly Paribas Belgique)

BNP PARIBAS 2000

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	
External, international market, exploitation, contraction action	<ul style="list-style-type: none"> An important partnership agreement with Banca di Sicilia was terminated (Insurance) Dresdner Bank, Germany's third-largest, and France's BNP Paribas have decided to end joint ventures set up in six eastern European countries as part of a partnership agreement.
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	<ul style="list-style-type: none"> Merger of Cetelem and Cofica (car loans) strengthening Cetelem's ability to meet market challenges Cetelem acquired 35% of Axa Credit
Internal, international market, exploitation, expansion action	
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> Acquisition of BD lease Exclusive % control on BNPI and SFOM in International Retail Banking Cardif obtained a 5% stake with Banca di Roma's insurance subsidiary, Roma Vita.
Internal, domestic market, exploration, expansion action	
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> BNP Paribas Equities Spain was opened Emerging Markets group extended its coverage to Eastern Europe 12 trade centers opened in 6 countries BNP Paribas Securities Services set up in Germany, Belgium, Spain and Greece Start-up of operations in Netherlands (Securities Services) Launch of a fifth product line, e-Banking Support Services aimed at on-line banking and financial services platforms used by individual investors across Europe.

	<ul style="list-style-type: none"> Accelerated expansion abroad with the opening of Cetelem (consumer credit) Slovakia, Thailand and Korea. Banque Direct launched Directe Card. Insurance operations were extended into Japan, Brazil, Slovakia.
External, international market, exploration, expansion action	<ul style="list-style-type: none"> The BNP Paribas Group and Avis Group Holdings Inc. have entered into an alliance that will lead to the formation of a leading provider of fleet management services in North America and Europe. (Fleet Leasing and Management) State Bank of India selected Cardif as a joint venture in personal insurance which will be 74% owned by SBI and 26% by Cardif. Purchase of 80% of BHH in Europe (Special Financial Services) Cetelem (Consumer credit) has signed an agreement with the Belgium Group KBC to develop credit based services in Belgium Cetelem (consumer credit) has made accords with Spanish banks Caixa Galicia, Banco Zaragozano and Bankinter to develop credit services in Spain

BNP PARIBAS 2001

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	<ul style="list-style-type: none"> BNP Paribas wind down its Indian equity brokerage divisions as part of a wider restructuring in Asia.
External, international market, exploitation, contraction action	<ul style="list-style-type: none"> International Retail Banking Division withdrew its position from a bank in Middle East (Bank Dhofar al Omani al Fransi).
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	<ul style="list-style-type: none"> BNP Paribas Asset Management bought Overlay Asset Management Axa Banque has sold its securities custody and funds depository business to BNP Paribas Securities Services. Cetelem has launched a consumer credit joint venture agreement with the Caisse d'Epargne group. Potain signed a partnership agreement with BNP Paribas Lease Group BNP Paribas Asset Management, a joint venture with Fauchier Partners
Internal, international market, exploitation, expansion action	
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> BNP Paribas signed an agreement to acquire United California Bank from the Japanese Group UFJ Holdings Inc. (International Retail Banking) Increased its control of BancWest from 45% to 100%. (International Retail Banking) BMCi acquired and integrated 20 branches of ABN Amro. (International Retail Banking) Acquisition of 75% of the Capstar Partners to create a worldwide structured leasing group Signing of new major agreements in Spain, South Korea (Sinhan), UK (Dixon), Thailand (Thai Farmers Bank) and Germany (Dresdner Bank). (Cetelem)
Internal, domestic market, exploration, expansion action	<ul style="list-style-type: none"> Multi-channel bank became operational with the launch of two multimedia platforms (Retail Banking in France)
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> Gotham Web agency is set up Cortal began to operate also in Italy and Spain. Opening of new businesses in Ireland and Switzerland.
External, international market, exploration, expansion action	<ul style="list-style-type: none"> Bank of the West acquired 30 branches in New Mexico and Nevada from First Security Bank. (International Retail Banking) 2001

	<ul style="list-style-type: none"> ▪ First Hawaii Bank bought Union California's network in Guam and Saipan (International Retail Banking) ▪ BNP Paribas Lease Group acquired first Portuguese company of international subsidiaries and Leasfinanz Hungary acquired from a major Austrian Group. ▪ BNP Paribas Group's Agreements with Visa were extended to allow the African networks to market Visa Electron, Visa Affaires and Visa Premier Cards. Senegal was the first country to begin. ▪ Private Banking opening a branch in Belgium
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BNP PARIBAS 2002

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	<ul style="list-style-type: none"> ▪ Narrowing the geographic focus of Equity Brokerage Business. Australian platform was dismantled, staff cutbacks were made in Japan, action taken to focus Asian activities in Singapore and Hong Kong, European activities on Paris and London ▪ International Retail Banking sold non-strategic units in emerging markets (Bank of Sharjah, BNP Nedbank in Mozambique, BNPI Port-Louis)
External, international market, exploitation, contraction action	<ul style="list-style-type: none"> ▪ Axa Banque has bought Banque Directe from BNP Paribas
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ Taking over American Express Bank's financial services clients in France ▪ BNP Paribas purchase 90% of Facet.
Internal, international market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ Partnership of Group's private, corporate and investment banking businesses in Hong Kong in order to create synergies ▪ Equity Brokerage opened a unit in South Korea.
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ Acquisition of Cogent, the fund management subsidiary of AMP, an Australian financial services group. (Securities Services) ▪ Consors Discount Broker AG was bought from Schmidt Bank Beteiligungs Holding GmbH ▪ Bank of the West strengthened its position in the leasing market by acquiring Trinity Capital Corp. ▪ Six trade centers have been opened at international retail banking facilities in Bahrain, San Francisco, Senegal, Guinea, Lebanon and Burkina. ▪ BNP Paribas agreed to buy JP Morgan's private banking and asset management units in Spain, boosting its funds under management in the country by Euros 750m to Euros 2.5bn (Dollars 2.4bn). ▪ BNP Paribas, the French bank, has become a leading force in the UK asset administration market after buying London-based Cogent from AMP, the Australian insurer ▪ Major deal signed in Taiwan with UWCCB, which has merged with Kathay Financial Group. ▪ Cortal became the sole shareholder of Cortal Belgium by acquiring 60% of the shares from Dexia. ▪ BNP Paribas Leasing Group extended its partnership to new companies such as Nextira One in Germany. ▪ BNP Paribas Leasing Group partnership agreement signed with CNH Capital Europe and Partek.
Internal, domestic market, exploration, expansion action	<ul style="list-style-type: none"> ▪ Launch of the Weezbee youth account offering (French Retail Banking) ▪ BNP Paribas has crafted real estate boutiques in Paris to cater for client needs
External, domestic market,	

exploration, expansion action	
Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> ▪ International Retail Banking opened a new subsidiary in Algeria setting up BNP Paribas El Djazair. ▪ Launch of a line of prime brokerage services for hedge funds. ▪ In structured finance, opened an office in Moscow. ▪ Launch of domestic custody services in UK, launch of cash management services in Japan and Forex Services in Luxembourg ▪ In insurance, an outfit was set up in Hungary
External, international market, exploration, expansion action	<ul style="list-style-type: none"> ▪ Arval PHH opened a subsidiary in Morocco in partnership with BMCI. ▪ Klépierre (real estate) steps up operations in Italy with three partners.

BNP PARIBAS 2003

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	
External, international market, exploitation, contraction action	<ul style="list-style-type: none"> ▪ In Southern Africa, it disposed of investments, considered non-strategic. Namely CBON in Namibia, BNPNedbank in Malawi and the sales portfolio of Boundary Financing in South Africa.
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ Partnership was signed with student insurance company, La Mutuelle de Estuantes
Internal, international market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ Spin-off and integration of private banking operations in Asia
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ ETF and Cetelem entered a partnership ▪ BNP Paribas and Shenyin & Wanguo, obtained a license to set up a fund management joint venture ▪ In the United States, Cardif has acquired Financial American Life Insurance ▪ Has entered into a partnership with Russian Standard Bank
Internal, domestic market, exploration, expansion action	<ul style="list-style-type: none"> ▪ Launching Visa Infinite card ▪ Launched Z2, which combined savings account with a guaranteed fund ▪ Launch of Connexis Trade, a secure internet portal
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> ▪ Two new subsidiaries were opened, one in Czech and another in Hungary
External, international market, exploration, expansion action	<ul style="list-style-type: none"> ▪ UCI, a partnership with ETF, obtained authorization to open a branch in Greece

Appendix 5: Société Générale 1998-2003

SOCIETE GENERALE 1998

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	
External, international market, exploitation, contraction action	
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	
Internal, international market, exploitation, expansion action	
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> Acquired 51% in Romanian Development Bank Acquisition of Barr Devlin, which is a leader in the public utilities sector in U.S. Acquisition of Cowen, whose expertise is recognized in certain sectors and which increases the group's distribution capacity in U.S.
Internal, domestic market, exploration, expansion action	
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> Launch of SG Asset Management UK in London Creation of retail banking outside France division
External, international market, exploration, expansion action	<ul style="list-style-type: none"> Acquisition of Yamaichi Capital Management in Tokyo

SOCIETE GENERALE 1999

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	
External, international market, exploitation, contraction action	<ul style="list-style-type: none"> The Crédit du Nord Group (SG's second retail network) sold 10% stake to Dexia.
Internal, domestic market, exploitation, expansion action	
External, domestic market,	

exploitation, expansion action	
Internal, international market, exploitation, expansion action	
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ Acquisition of 98% of Express Bank in Bulgaria ▪ Acquisition of a holding in the leading Japanese 401K pension management fund company, alongside IBJ and Nomura
Internal, domestic market, exploration, expansion action	<ul style="list-style-type: none"> ▪ Launch of Eurokid passbook, the first euro denominated savings passbook for under 12 ▪ Sogenactif, the first full range of B to C e-commerce services was launched ▪ Creation of Sogelease France ▪ A new telephone stock market service Etoile Direct Bourse ▪ The Norplus range was launched
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> ▪ An office opened in Philippines ▪ Creation of Sogesection, a range of global sectorial funds covering the technology, financial, real estate and health care sectors ▪ Creation of a new satellite office in SG Warsaw ▪ Launch of Sogestion and Convergence (new products in asset management) ▪ Launch of a FCPI fund and e-index fund aimed at Japanese individual investors
External, international market, exploration, expansion action	<ul style="list-style-type: none"> ▪ In agreement with Nokia and Palm Pilot, new types of access were proposed using mobile telephones (e-brokerage)

SOCIETE GENERALE 2000

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	<ul style="list-style-type: none"> ▪ The Crédit du Nord Group (SG's second retail network) sold 10% to Dexia after having sold another 10% at the end of 1999.
External, international market, exploitation, contraction action	
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ An agreement was signed with the Banque de Développement des PME (SME Development Bank) for financing micro enterprises ▪ The Crédit du Nord Group increased its holding in Banque Kolb
Internal, international market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ Sogécab (Société Générale's Group's life insurance subsidiary) created a new subsidiary in the Lebanon backed by its retail banking network
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ Became the majority shareholder in its subsidiaries in Senegal and Ivory Coast, and increased its control in Guinea. ▪ Became the majority shareholder in its subsidiary in Morocco. ▪ The BHFMD division took over the management of offices in Greece and Yugoslavia ▪ Cowen Asset Management (U.S.A.) entered the SG Asset Management Group.
Internal, domestic market, exploration, expansion action	<ul style="list-style-type: none"> ▪ Launch of Pack Jeunes- a banking package aimed at the under 25. ▪ Launch of dedicated internet portals for individual customers and businesses ▪ Answor, an electronic B2B marketplace, set up with other major French banks and IT companies
External, domestic market, exploration, expansion action	<ul style="list-style-type: none"> ▪ Partnership with Marketo, for the implementation of an on-line B2B call-for tender services ▪ Home Village, a real estate and finance web site aimed at individuals and customer advisors, set up in association with a leading network estate agents.

Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> ▪ The Algerian subsidiary opened in March ▪ Obtained an onshore license to extend its activities to Cyprus ▪ A subsidiary was set up in Jordan ▪ Launch of sgam.com, an international portal comprising 12 sites and 7 different languages was set up ▪ Investment Banking includes Japan, Sweden and Portugal since 2000
External, international market, exploration, expansion action	

SOCIETE GENERALE 2001

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	
External, international market, exploitation, contraction action	
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ Société Générale and Groupama signed an agreement to create a multi-channel bank, Groupama Banque
Internal, international market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ The creation of call centers in Egypt and New Caledonia
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ In specialized financing, acquisition of GEFA, one of the top three players in Europe ▪ In specialized financial services, acquisition of ALD, vehicle leasing and fleet management ▪ Acquisition of Unicredito Italiano's 50% stake in Fidelity, Euro Vehicle Leasing acquired from Deutsche Bank ▪ Societe Generale of France agreed to buy a US asset manager, agreeing to purchase 70 per cent of TCW. ▪ Acquisition of one of the leading life insurance companies in Morocco, Marocaine-Vie ▪ In private banking, the acquisition of Banque de Maertelaere in Belgium extended on-shore platform
Internal, domestic market, exploration, expansion action	<ul style="list-style-type: none"> ▪ Corporate web portal for small businesses was launched
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> ▪ Sogécap for insurance products opened subsidiaries outside France, in Lebanon and Morocco ▪ The launch of institutional web sites for all subsidiaries and transactional web sites and mobile telephone services for some subsidiaries (French Polynesia, Slovenia) ▪ Pioneered the launch of the first tracker funds in Europe ▪ SG Asset Management launched 9 new products for individual investors in Singapore and Hong Kong
External, international market, exploration, expansion action	<ul style="list-style-type: none"> ▪ In partnership with the Royal Bank of Scotland, Santander Central Hispano and San Paolo IMI, launched the Centradia platform. www.centradia.com aimed at a diverse European clientele. It is the first on line marketplace dedicated to treasury and capital markets products and services ▪ Acquisitions of Komerční Banka in Czech Republic in international retail banking ▪ Acquisition of SKB Banka in Slovenia

SOCIETE GENERALE 2002

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	<ul style="list-style-type: none"> Crédit du Nord sold its branches in the Alsace and Moselle regions to Banque Kolb.
Internal, international market, exploitation, contraction action	
External, international market, exploitation, contraction action	
Internal, domestic market, exploitation, expansion action	<ul style="list-style-type: none"> Introduction of a financing scheme subsidized by the French National Traders' Mutual Association, with which the bank entered into an exclusive two year partnership Crédit du Nord took over Banque Lenoir & Bernard (based in Northern France) The Group acquired the business of the Lille branch of Banque Vernes Artésia
External, domestic market, exploitation, expansion action	<ul style="list-style-type: none"> A partnership was signed with Eurofil, a subsidiary of Aviva, to provide car and comprehensive household insurance Franfinance entered into a partnership with Groupama Banque to develop a line of consumer credit products Partnership with Weldom to introduce a payment card combined with a customer loyalty program
Internal, international market, exploitation, expansion action	<ul style="list-style-type: none"> Creating a new subsidiary in Benin
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> Takeover of Hertz Lease Acquisition of 53% stake in Eqdom, the leading consumer credit company in Morocco
Internal, domestic market, exploration, expansion action	<ul style="list-style-type: none"> Launch of Passepourt Bourse, a package of services that facilitate the management of securities portfolios online, with the added advantage of competitive brokerage fees Launch of a special product line for small businesses Introduction of three transactional banking websites: Progeliencie Net for professional customers, Sogecash Net for SMEs and Sogecahs Net International, designed to meet international needs of large corporations.
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	
External, international market, exploration, expansion action	<ul style="list-style-type: none"> Joint venture with Chinese Group Baosteel to create one of the first asset management partnerships in Shanghai (extending presence to China) An exclusive partnership with American Express to launch the Société Générale / American Express Club aimed at meeting the specific needs of Société Générale's prime affluent individual customers The acquisition of 52% of Union Internationale de Banques, one of the leading retail banks in Tunisia

SOCIETE GENERALE 2003

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	
External, international market, exploitation, contraction action	
Internal, domestic market, exploitation, expansion action	<ul style="list-style-type: none"> 3 multimedia customer relation centers and 7 customer service units were established to centralize the after-sales service activities
External, domestic market, exploitation, expansion action	<ul style="list-style-type: none"> Acquisition of the private banking franchise of KBC Bank Belgique's French branch Société Générale acquired all AGF's securities custody business
Internal, international market, exploitation, expansion action	<ul style="list-style-type: none"> The on-going development of direct banking channels with the launch of transactional websites in Morocco, Senegal, Lebanon and Egypt Initiatives targeted at the youth market: the Banky offer in Morocco, Papilonija in Slovenia, Detske Konto KB in the Czech Republic
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> The launch of a number of life insurance products in collaboration with Sogecap in Morocco and the Czech Republic The development of consumer credit activities in partnership with Franfinance: in Romania, Slovenia, Bulgaria, Egypt, French Polynesia, and the Lebanon, and the creation of a joint venture in the Czech Republic and Morocco. Business finance and services signed a number of cooperation agreements, notably with Banque Populaire de Milan and Deutsche Bank in Spain In Czech Republic, SGVS reinforced its partnership with Komerční Banka In consumer credit business, Sogécredit merged with Eqdom in Morocco In the Czech Republic, the sales and distribution network was fostered by the acquisition of Essox In Romania, the consumer credit business line decided to set up a specialized company in conjunction with the Romanian Bank for Development Generali Group transferred all its custody business to Société Générale Acquisition of Compagnie Bancaire Genève
Internal, domestic market, exploration, expansion action	<ul style="list-style-type: none"> In insurance, the successful launch of Erable Evolutions and creation of sogeretraite.com website SG Asset Management launched the SGAM Real Estate Venture Capital Fund, the first mutual fund offering real estate investment French REIT wrapper
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> In Asian market, it launched the first securitization transaction in Taiwanese market
External, international market, exploration, expansion action	<ul style="list-style-type: none"> Launch of Baokang Fund in Chinese market with the joint venture of Baosteel, the leading Chinese industrial groups

Appendix 6: Barclays Bank 1998-2003

BARCLAYS 1998

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	<ul style="list-style-type: none"> ▪ Significant job reductions (above 4,000 cut offs)
External, international market, exploitation, contraction action	<ul style="list-style-type: none"> ▪ Sale of part of Hong Kong fund management business ▪ Sale of European, Australian businesses in BZW businesses (Disposal of Australian Investment Banking Business)
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ Acquisition of LongView Group Inc., a software company specializes in the creation of software to support institutional software management and trading
Internal, international market, exploitation, expansion action	
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ Acquisition of Fidelity Invest Brokerage Service customers ▪ Barclays Capital announced the acquisition of Daiwa's New York-based global equity financing business in a move designed to build up its securities lending and risk management capabilities.
Internal, domestic market, exploration, expansion action	
External, domestic market, exploration, expansion action	<ul style="list-style-type: none"> ▪ Barclays Bank yesterday became the first of the big UK banks to launch "screenphone" banking with a service that includes innovative links with retailers.
Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> ▪ Barclaycard launched a new business in France ▪ The capitals markets group within Barclays Global Investor division, entered the securities lending market in Japan
External, international market, exploration, expansion action	<ul style="list-style-type: none"> ▪ Barclays, the banking group, is setting up a "virtual network" of partner banks to enable it to provide corporate clients with banking services throughout Europe. The bank already has its own operations in eight EU countries, including France, Germany, Ireland, Italy and Spain, but is developing formal servicing arrangements with leading local banks in countries such as Austria, Belgium and Finland.

BARCLAYS 1999

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	<ul style="list-style-type: none"> ▪ Disposal of Merck Finck & Co.
Internal, international market, exploitation, contraction action	<ul style="list-style-type: none"> ▪ Gross reductions in job numbers was 5,300 announced from restructuring program
External, international market, exploitation, contraction action	<ul style="list-style-type: none"> ▪ Barclays has sold its German private banking affiliate to Kredietbank Luxembourgeoise, the private banking arm of the Almanij group, for DM500m (£ 170m).
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	

Internal, international market, exploitation, expansion action	
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ Cairo Barclays SAE became a subsidiary
Internal, domestic market, exploration, expansion action	<ul style="list-style-type: none"> ▪ Barclays Stockbrokers launched the Price Improver, service which scans the market to identify the most competitive price available for UK equities
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> ▪ Barclays offshore services launched Global Solutions, a fee-based package of added value services for international citizen ▪ Barclaycard was launched to Spain and France ▪ Corporate Banking opened new offices in Milan and Amsterdam ▪ Barclays Global Investor division, introduced ETF into Canadian market (the biggest new fund introduction in the Canadian marketplace) and U.S. ▪ BGI has introduced securities lending to institutions in Canada and Japan ▪ Launch of Barclays.net (the first Internet Service Provider offered by a UK bank), launch of an on-line internet dealing service at Barclays Stockbrokers
External, international market, exploration, expansion action	<ul style="list-style-type: none"> ▪ Formation of E-Crossnet, a joint venture to cross UK and continental European securities

BARCLAYS 2000

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	
External, international market, exploitation, contraction action	
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ Acquired Woolwich
Internal, international market, exploitation, expansion action	
External, international market, exploitation, expansion action	
Internal, domestic market, exploration, expansion action	
External, domestic market, exploration, expansion action	<ul style="list-style-type: none"> ▪ Launch of a joint venture with Freeserve (Clearlybusiness.com)
Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> ▪ Barclays Global Investors division introduced an ETF to the world market
External, international market, exploration, expansion action	<ul style="list-style-type: none"> ▪ IndigoSquare, Barclays internet-based shopping portal joint venture was launched ▪ In collaboration with Accenture and Oracle, Barclays B2B.com was created to enable the delivery of business services to companies

BARCLAYS 2001

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	
External, international market, exploitation, contraction action	
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	<ul style="list-style-type: none"> Barclays took a 25 per cent stake in Bluebay Asset Management Strategic alliance with Legal & General. Barclays said 750 jobs in London and the south-east would go by 2002 as a result of the deal, contributing to annual cost savings of Pounds 70m.
Internal, international market, exploitation, expansion action	
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> Barclays signs up IBM. Barclays, the UK's fourth-largest bank, steps up its investment in new technology. The IBM contract gives Barclays the option of increasing or decreasing the number of software licenses, making it more flexible than normal. Barclays, the fourth-largest bank, has teamed up with four overseas banks to offer customers free use of each others' cash machines. The banks will drop charges they levy for withdrawals at the other banks, which Barclays claimed was a world first. The alliance involves Bank of America, Scotiabank in Canada, Westpac in Australia and Deutsche Bank in Germany. Global alliance provides access to 23,000 cash machines in France, Germany, Canada, the US, Australia
Internal, domestic market, exploration, expansion action	<ul style="list-style-type: none"> Personal Financial Services developed a Platinum Product offer, Barclays Open Plan. In the savings market, new product launches include a Base Rate Tracker Savings Account and Regular Savings Account. Business Banking launched Business Direct, telephone and on-line banking service for business Barclays Bank and Vodafone have teamed up to offer the first service to combine banking, credit card and share dealing through one mobile phone.
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> Barclays Private Clients extended its stockbroking service to France Barclaycard was launched in Botswana Barclaycard, a multi-lingual call center geared up in Dublin for further international expansion Barclays bank has joined the campaign to woo the "mass affluent" by offering telephone and internet services to its International Premier Banking customers.
External, international market, exploration, expansion action	<ul style="list-style-type: none"> Barclaycard sealed a pan-European partnership with the Internet portal Lycos

BARCLAYS 2002

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	<ul style="list-style-type: none"> Barclays Bank, the UK's second biggest bank, is shedding about 1,800 jobs from its UK operations.
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	
External, international market, exploitation, contraction action	
Internal, domestic market, exploitation, expansion action	<ul style="list-style-type: none"> Barclays launched the OpenPlan proposition (which was developed by Woolwich), which brings convenience and cost savings to the customers and provides market penetration
External, domestic market, exploitation, expansion action	<ul style="list-style-type: none"> Acquisition of the UK credit card business of Provident for growth Legal & General and Barclays are extending the strategic alliance that has boosted the life insurer's sales by giving them access to the bank's customers. L&G said its Gresham Insurance unit would now also provide insurance on buildings and home contents to Barclays' customers, along with savings and protection products it already supplies.
Internal, international market, exploitation, expansion action	<ul style="list-style-type: none"> The launch of Openplan in Spain
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> Barclays of the UK and CIBC of Canada this week completed the merger of their Caribbean operations, creating one of the biggest banks in the region.
Internal, domestic market, exploration, expansion action	
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> Barclaycard was launched in Italy.
External, international market, exploration, expansion action	

BARCLAYS 2003

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	
External, international market, exploitation, contraction action	
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	<ul style="list-style-type: none"> Gerrard - one of the oldest names in British stockbroking - has been sold to Barclays Bank
Internal, international market, exploitation, expansion action	
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> Barclays unveiled a Euros 1.14bn (Pounds 810m) agreed takeover of Banco Zaragozano Barclays, the UK's fourth largest bank, bought the European arm of Charles Schwab, the US discount broker,
Internal, domestic market, exploration, expansion action	
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	

exploration, expansion action	
External, international market, exploration, expansion action	<ul style="list-style-type: none"> Has signed a distribution deal with South Africa's Standard Bank that will enable it to sell credit cards into the country.

Appendix 7: HSBC 1998-2003

HSBC 1998

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	
External, international market, exploitation, contraction action	
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	
Internal, international market, exploitation, expansion action	<ul style="list-style-type: none"> The Hong Kong and Shanghai Banking Corporation has opened a representative office in Chongqing, one sub-branch and three representative offices. Permission was obtained to undertake renminbi banking in Shenzhen. Hang Seng's Beijing representative office was opened Two new branches opened in India A new Central Services Center in Mumbai, which allowed to bring together back office operations for credit cards and custodian services, training and technical staff, and network services management team. New branches were opened in Bangladesh, Sri Lanka and Taiwan
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> The acquisitions of National Westminster Bank of Canada and Moss, Lawson Holdings Limited, was completed Purchased 25% of the shares of Swiss private bank, Guyerzeller Bank AG bringing the Group's interest to 95.8%. HSBC lifts stake in the South African investment bank from 51 per cent to 89.84 per cent. HSBC U.S.A. acquired two branches in Pennsylvania HSBC Americas announced the acquisition of First Commercial Bank of Philadelphia, Pennsylvania, which fits the bank's strategy of attracting Asian communities in the United States.
Internal, domestic market, exploration, expansion action	<ul style="list-style-type: none"> Midland Bank Plc relaunched banks savings account. Enhancements included access to products over the phone Pc banking was launched in FirstDirect 5 new South Asian banking units were opened in the UK to serve the needs of the South Asian business community
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> Hang Seng Bank (HSBC group interest: 62.14 per cent) launched the Hang Seng Investment Series as the umbrella brand for the bank's managed portfolio, opened Hong Kong's first automated securities phone trading service, first automated mobile phone messaging service for securities customers The first premier branch was opened in Curitiba, Brazil. Two new businesses are launched: Auto Finance and Real Estate. In HSBC Americas, launch of a platinum credit card, introduction of life and long term care insurance. Pc banking services and telephone bill has been introduced.

	<ul style="list-style-type: none"> ▪ HSBC InvestDirect Canada implemented the first internet-based discount brokerage businesses in Canada. ▪ Opening of 4 new outlets in Saudi Arabia and introduction of products aiming three new segments: Future Account for college students, Ladies' Account, Islamic Loans and trade funds. ▪ Opened branches in the existing network of Qatar and India. ▪ Personal banking launched in Korea with the opening of the first personal banking branch in Seoul. ▪ Approval was received to open the first 100% subsidiary in Kazakhstan. ▪ HSBC Securities becomes the first stockbroker to promote a unit trust to clients. The move is the first sign that brokers may become involved in launching open-ended investment companies (oeics), the successors to unit trusts, which incorporate elements of the investment trust framework.
External, international market, exploration, expansion action	

HSBC 1999

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	
External, international market, exploitation, contraction action	
Internal, domestic market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ Opening HSBC center in Kowloon to increase efficiency and reduce operational costs
External, domestic market, exploitation, expansion action	
Internal, international market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ The HongKong and Shanghai Bank opened a new branch in Hyderabad. ▪ The bank incorporated three Indian branches of HSBC Bank Middle East into its network to rationalize the Group's operations in India and achieve cost efficiencies. ▪ Opening of a representative office in Iran ▪ Branches were opened in Belgium, Ireland and Netherlands to meet the payments and cash management requirements of large companies doing business across Europe. ▪ Opened new branches in Bangladesh, Brunei, Korea, Pakistan, the Philippines and Taiwan to penetrate throughout the region.
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ The purchase agreement for Gordon Capital Corporation, a leading Canadian Institutional Investment dealer was concluded. ▪ Acquisition of Republic New York Corporation has increased the group's private banking business ▪ Acquisition of Safra Republic Holdings-now called HSBC Luxembourg has increased the group's private banking business ▪ HSBC Bank Argentina S.A. continued to expand taking over eight branches of Banco do Mendoza bring the total number of branches to 69. ▪ For Malta's business community, the most important event of this year has been the purchase of Mid-Med Bank by Hong Kong and Shanghai Banking Corporation (HSBC). ▪ Republic Nation Bank of New York merged with HSBC U.S.A Inc. creating the 10th largest bank in terms of total assets ▪ Purchase of a further 14% equity interest in three Argentinean Banks ▪ The bank acquired a 70% interest in Mid-Med Bank plc
Internal, domestic market, exploration, expansion action	<ul style="list-style-type: none"> ▪ First bank to offer a national digital tv service
External, domestic market,	

exploration, expansion action	
Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> ▪ Launching Hang Seng MasterCard Corporate Card and Hang Seng Platinum MasterCard ▪ Listed in New York Stock Exchange ▪ Expanded the wealth management products and services available to customers in HSBC Bank Brasil S.A.: launch of the Maestro debit card and Maxis, a flexible pension fund ▪ HSBC U.S.A expanded into key markets in California and Florida ▪ Launched private banking in Mumbai and Delhi. ▪ Launch of Platinum Card in Malaysia, opening of six branches emphasizing the bank's commitment to expand its personal banking business
External, international market, exploration, expansion action	<ul style="list-style-type: none"> ▪ Signed a memorandum of understanding with Korean government with respect to the acquisition of a controlling interest in Seoul Bank ▪ The Hongkong and Shanghai Banking Corporation Limited launched an internet payment gateway in conjunction with Compaq Computer Limited, allowing merchants to authorize and accept credit card transactions securely. ▪ Alliance with Cable & Wireless HKT of an online service that will enable merchants to set up a storefront on the internet to make transactions in a more secure and convenient way ▪ Expansion of Hang Seng's technology products: With the Chinese University of Hong Kong, Hang Seng launched CU Link, Asia's first Mondex Card to perform multiple functions through a single microchip. Hang Seng partnered Hewlett Packard to launch the Secure NetPayment Solution, an online payment gateway for credit card merchants.

HSBC 2000

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	
External, international market, exploitation, contraction action	
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	
Internal, international market, exploitation, expansion action	
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ Increased its stake in Egyptian Bank from 40% to 90%. ▪ HSBC expands in Panama. HSBC, the London-based banking group, acquired the entire branch network in Panama of Chase Manhattan, the US financial services group. ▪ HSBC Investment Bank has struck an agreement to share its equity research with Brown Brothers Harriman & Co, the US banking partnership. ▪ Acquisition of PCIB Savings Bank, which will complement HSBC's existing operations in the Philippines
Internal, domestic market, exploration, expansion action	<ul style="list-style-type: none"> ▪ Launch of firstdirect.com
External, domestic market, exploration, expansion action	<ul style="list-style-type: none"> ▪ E-commerce joint venture with iBusinessCorporation.com that will offer transactions in insurance, property, procurement, wholesaling and retailing.
Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> ▪ Private client business opened a branch in Scotland to expand ▪ Introduction of Hong Kong's first credit card designed for internet shopping, the

	<p>Hang Seng e-shopping mater card</p> <ul style="list-style-type: none"> ▪ In Brasil and France launched banking by mobile phone using wireless application protocol technology ▪ In Hong Kong, HSBC launched <u>online@hsbc</u>, an internet banking service for personal customers. Hang Seng Bank launched a comprehensive range of internet banking services that were very well received by the market. ▪ Launched internet bank service in USA ▪ HSBC, the London-based bank, yesterday launched an online stockbroking service in Greece
External, international market, exploration, expansion action	<ul style="list-style-type: none"> ▪ Creation of a joint venture with Hang Seng Bank, Cheung Kong (Holdings) Limited and Hutchison Whampoa Limited to facilitate e-commerce business ▪ Merrill Lynch, the US investment bank, and HSBC, the UK banking group, yesterday launched their long-awaited online bank for the mass affluent - but in Canada rather than the UK as originally planned. ▪ HSBC Holdings has come a long way from its origins as a colonial bank in south-east Asia, extending its reach into 80 countries. But it still had a gaping hole in continental Europe. The Euros 11.08bn (Pounds 6.8bn) acquisition of Credit Commercial de France this weekend helps plug that hole by giving HSBC its first firm toe-hold in continental Europe.

HSBC 2001

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	<ul style="list-style-type: none"> ▪ Charterhouse Development Capital Holdings Limited was sold to the existing CDC management team
Internal, international market, exploitation, contraction action	
External, international market, exploitation, contraction action	<ul style="list-style-type: none"> ▪ Reached agreement to sell 93.3% of Credit International d'Egypte, an Egyptian commercial bank primarily engaged in corporate banking, to Crédit Agricole Indosuez
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ HSBC acquired the NRMA Building Society Limited form NRMA Insurance Group Limited. The acquisition included residential mortgages, VISA card holders as well as personal and car loan customers.
Internal, international market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ In Asia Pacific, new branches were opened in Australia, India, Indonesia, Korea, New Zealand, Sri Lanka and Taiwan
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ Acquisition of 89.6% of Bank Hervet from the French Finance Ministry . ▪ Acquisition of 97% interest of China Securities Investment Trust Corporation, Taiwan's leading asset management company. ▪ HSBC acquired Demirbank TAS from the Savings Deposit Insurance Fund in Turkey. The entity was merged in HSBC's existing business in Turkey. ▪ Agreed to acquire an 8% equity stake in Bank of Shanghai. ▪ HSBC acquired a finance company in Brunei, ▪ HSBC acquired an asset management company in Taiwan ▪ HSBC acquired a building society in Australia ▪ HSBC Bank Canada acquired Crédit Lyonnais Canada and CCF Canada ▪ HSBC, the London-based international bank, took an 8 per cent stake in Bank of Shanghai for Dollars 62.6m (Pounds 43.7m), improving its access to the mainland Chinese market.
Internal, domestic market, exploration, expansion action	
External, domestic market, exploration, expansion action	<ul style="list-style-type: none"> ▪ Merrill Lynch HSBC joint venture opened its full broking business to individuals in UK.
Internal, international market, exploration, expansion action	
External, international market,	<ul style="list-style-type: none"> ▪ HSBC Holdings plc signed a three year contract for American Express to supply

exploration, expansion action	<p>Travelers Cheques through HSBC branches</p> <ul style="list-style-type: none"> Announcement of a strategic agreement between HSBC and Yahoo! Inc. to deliver a co-branded person-to-person payment system
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HSBC 2002

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	
External, international market, exploitation, contraction action	
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	
Internal, international market, exploitation, expansion action	<ul style="list-style-type: none"> Hang Seng Bank obtained approval to open a branch in Nanjing and a sub-branch in Puxi. Hang Seng Securities Limited opened a representative office in Shanghai Hang Seng Investment Management Limited obtained approval to open a representative office in Shenzhen.
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> Completed the acquisition of 99.59% of GFBital, the fifth largest banking group in Mexico, principal subsidiaries include the banking operation-Banco Internacional, a brokerage house- Casa de Bolsa Bital, a bonding company Fianzas Mexico Bital, and a joint venture insurance and a pension fund operation with ING. Has reached agreement to buy common stock of Household International, Inc. Household will be merger into H2 Acquisition Corporation, a wholly owned subsidiary of HSBC. It will significantly increase the contribution from HSBC's North American operation. HSBC completed the acquisition of 10% equity stake in Ping, an Insurance Company of China Limited. Agreed to acquire Keppel Insurance Pte Limited Merrill Lynch HSBC became a wholly owned subsidiary of HSBC, before it was a 50:50 joint venture. It currently operates in Australia, Canada and the UK. HSBC Guyerzeller, HSBC's Swiss private bank completed its merger with HandelsFinanz- CCF Bank S.A. and Crédit Commercial de France (Suisse) .S.A. This initiative strengthened Guyerzeller's presence in Geneva and provided synergies and cost savings. HSBC Trinkaus & Burkhardt's stake in the funds management company INKA Internationale Kapitalanlagegesellschaft mbH was increased from 60 per cent to 100 per cent HSBC Bank AS completed the purchase of Benkar, Turkey's largest independent consumer finance and card services company
Internal, domestic market, exploration, expansion action	<ul style="list-style-type: none"> In UK mortgage lending, development of HomeSmart. First Direct launched Smart Mortgage
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> In Singapore, the qualifying full bank license is awarded by the awarded by the Monetary Authority of Singapore, which will enable HSBC to expand the retail banking services HSBC extended its Trust business in Asia, and the Channel Islands Online service for customers in India , Malaysia, and Brunei
External, international market, exploration, expansion action	<ul style="list-style-type: none"> Entry to the U.S. private equity market. HSBC Holdings plc and AEA Investors Inc. agreed in the principle that HSBC will be a limited partner in the fund.

HSBC 2003

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	<ul style="list-style-type: none"> ▪ HSBC La Buenos Aires withdrew from serving the large corporate risk segment ▪ HSBC decided to cut 1,400 administrative jobs
External, international market, exploitation, contraction action	<ul style="list-style-type: none"> ▪ Agreement to sell to CIT Group Inc. all of the factoring assets and liabilities of HSBC Bank USA ▪ HSBC Seguro's health insurance portfolio was sold to Sul America Co. ▪ HSBC Group agreed to sell the entire issued capital of HSBC Salud to Swiss Medical Group
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	
Internal, international market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ HSBC Premier International Services were introduced in 8 countries ▪ HSBC Asset Management launched 14 capital guaranteed funds covering many country themes and many sectors ▪ As part of its Islamic fund initiatives, HSBC won approval from Bangladesh Bank and launched Shariah banking service in Indonesia ▪ HSBC'S trade services became available in Bangladesh, mainland China, Korea, Malaysia and Thailand. ▪ Decision by regulators in Warsaw to allow the bank to proceed with its acquisition of Polski Kredyt Bank, a unit of KBC-owned Kredyt Bank, and obtain a banking licence.
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ HSBC acquired Household International, Inc., significantly contributed its North American business ▪ Agreed to buy The Bank of Bermuda Limited ▪ Acquired substantially all of Lloyd's TSB Group plc and offshore business and assets related to Brasil ▪ Purchased the retail banking business of AMP Bank Limited ▪ HSBC Insurance Limited entered into a joint venture to offer insurance broking and risk management services in China ▪ HSBC and China Ping An Trust & Investment Co. Limited announced an agreement to account 50% each of Fujian Asia bank ▪ Hang Seng bank signed an agreement to acquire 15.98% of Industrial Bank Co. ▪ New acquisitions in Mexico, including the 49% stake in ING and the acquisitions of a pension fund company from Allianz ▪ HSBC acquired from Bank of America the right to manage its mutual funds and managed accounts in Brazil ▪ <u>HSBC</u> has paid USDollars 1.64m to top up its stake in Asset Management Technology Korea by 10 per cent, taking its share to almost 93 per cent.
Internal, domestic market, exploration, expansion action	<ul style="list-style-type: none"> ▪ HSBC has become the first British high street bank to offer an Islamic mortgage to the estimated UK Muslim population of 1.8 million.
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> ▪ Hang Seng Bank opened its first branch in the Macau SAR ▪ HSBC Private Banking was granted a wholesale banking licence in Singapore ▪ HSBC Asset Management has launched a fund focusing on China's A-share market, giving retail investors access to Asia's second-largest market for the first time
External, international market, exploration, expansion action	<ul style="list-style-type: none"> ▪ Added the consumer finance business, HFC Bank TO ITS European Bank as a consequence of its Household acquisition ▪ HSBC entered into an agreement to buy 14.71% stake in UTI Bank, Limited, and Indian retail bank, the first such move by the UK bank in India

Appendix 8: Fortis 1998-2003

FORTIS 1998

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	
External, international market, exploitation, contraction action	<ul style="list-style-type: none"> Fortis, the Belgian-Dutch financial services group has sold part of a stake it owns in Munich Re.
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	<ul style="list-style-type: none"> Acquisition of final 25.1% stake in ASLK-CGER (Belgium's fourth-largest bank), making the company 100% Fortis.
Internal, international market, exploitation, expansion action	<ul style="list-style-type: none"> Off-shore banking unit (in Taipei) and a branch (in Guangzhou) were opened in People's Republic of China Network of trust companies enlarged by the addition of representation in Vienna
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> Fortis increased its stake in Generale Bank to 32.8%. Takeover of Pierce National Life Insurance, one of the largest funeral insurance company in U.S. Acquisition of John Alden in the United States, a leading provider of health insurance company for small enterprises Acquired 49% interest in Lighthouse Capital Insurance Company, an offshore company selling single-premier policies to wealthy individuals
Internal, domestic market, exploration, expansion action	
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> Formation of Fortis' first cross-border operating company, Fortis Corporate Insurance, which will focus on larger enterprises operating in Belgium and Netherlands.
External, international market, exploration, expansion action	

FORTIS 1999

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	<ul style="list-style-type: none"> Significant reduction in number of branches in Belgium
External, domestic market, exploitation, contraction action	<ul style="list-style-type: none"> Selling of Antwerpse Diamantbank
Internal, international market, exploitation, contraction action	
External, international market, exploitation, contraction action	
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	

exploitation, expansion action	
Internal, international market, exploitation, expansion action	<ul style="list-style-type: none"> Fortis signed an agreement for the acquisition of American Bankers Insurance Groups, Inc. Fortis Insurance acquired Northern Star in the United Kingdom Acquisition of French Securities Brokerage Meeschaert - Rouselle Increasing the stake in Poland's Pierwszy Polski - Amerikanski Bank to nearly 100%. Corporate banking in Benelux expanded its presence by adding centers in Paris, Lyons, Leeds, Padua, Bologna, Hong Kong.
External, international market, exploitation, expansion action	
Internal, domestic market, exploration, expansion action	
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	
External, international market, exploration, expansion action	

FORTIS 2000

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	
External, international market, exploitation, contraction action	<ul style="list-style-type: none"> Selling Fortis Long Term Care, a specialist insurer Selling the stake in California Stake Insurance Agencies Inc.
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	<ul style="list-style-type: none"> Acquisition of ASR Verzekeringsgroep
Internal, international market, exploitation, expansion action	<ul style="list-style-type: none"> Increasing stake in Banque Générale du Luxembourg Acquisition of American Memorial Life Insurance Company Acquisition of remaining shares in Beta Capital (Spain)
External, international market, exploitation, expansion action	
Internal, domestic market, exploration, expansion action	
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> E-banking has been introduced in France Investment banking expanded in Spain and France Chinese authorities granted Fortis a license to provide asset management services on the Chinese market
External, international market, exploration, expansion action	<ul style="list-style-type: none"> Alliance with State Farm (that distributes Fortis Health Insurance Products), the largest Individual Property and Causality insurance company in the U.S.

FORTIS 2001

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	<ul style="list-style-type: none"> Significant reduction in number of branches in Belgium
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	<ul style="list-style-type: none"> MeesPierson closed a number of offices in countries like Germany, Italy, Denmark and Austria, following its policy of concentrating its activities in countries where it has a presence
External, international market, exploitation, contraction action	<ul style="list-style-type: none"> Sold Fortis Financial Group, U.S. insurance company Disposed of insurance subsidiary Fortis Australia
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	
Internal, international market, exploitation, expansion action	<ul style="list-style-type: none"> In network banking, new business centers are opened in France and Poland
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> Have added CORE, Inc. to employee benefits operations and have acquired Protective Life's Dental Benefits Division Fortis subsidiary Seguros BILBAO acquired the Spanish portfolio of Swiss firm Baolise, which enhances its presence outside the Basque region. Fortis Health entered into a partnership with the United Services Automobile Association to be the exclusive provider of individual medical insurance products Acquired Strasbourg-based Groupe Sade, strengthened its position in the border region between Luxembourg, France, Germany. Fortis Lease acquired Lombard North Central's French subsidiary to extend its service position in France.
Internal, domestic market, exploration, expansion action	<ul style="list-style-type: none"> Launched its FortisBusiness.com in Belgium to offer financial and non-financial businesses to entrepreneurs
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> In Acquisition Finance, new teams were set up in Madrid and Paris. In Merchant Banking, operations in Spain and Luxembourg were further integrated Prime Banking opened a branch in Amsterdam FIM representative office opened in China
External, international market, exploration, expansion action	<ul style="list-style-type: none"> Joint venture with Maybank to sell bancassurance products in Malaysia A strategic alliance in investment management with FIM and Haitong Securities in China to distribute investment funds as soon as China has the legal framework An agreement with China Insurance Group taking a substantial stake in Tai Ping Life. Unique opportunity as it gives national license for life insurance FIM product offering contracted with dozens of external distribution contracts were signed such as the worldwide network of Swiss financial group UBS

FORTIS 2002

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	<ul style="list-style-type: none"> Sale of TOP Lease, which is specialized in operational car leasing activities, as operational leasing is not core business
Internal, international market, exploitation, contraction action	
External, international market, exploitation, contraction action	<ul style="list-style-type: none"> Sale of its insurance operations in France Keppel Insurance in Singapore sold
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	

exploitation, expansion action	
Internal, international market, exploitation, expansion action	<ul style="list-style-type: none"> United States Insurance division opened a new service center in Springfield, Ohio creating more than 700 jobs.
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> Intertrust Group was acquired in July. Establishment of joint ventures, Fortis SAMS Analytical Services, for extensive investment analyses and tracking systems
Internal, domestic market, exploration, expansion action	<ul style="list-style-type: none"> Start of Internet Banking in Retail Banking Introduction of a single legal booking entity, a unique IT platform for all market transactions, boosts operating efficiency and reduces capital tie-up.
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> Fortis Investment Group obtains license to operate in China in asset management. Business centers opened in France, Germany and Spain In Asset Management, new offices are opened in Vienna and Frankfurt. Insurance United States division built operations in Brazil
External, international market, exploration, expansion action	

FORTIS 2003

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	<ul style="list-style-type: none"> Loss of 750 jobs across its insurance businesses as part of attempts to speed up integration.
External, international market, exploitation, contraction action	
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	<ul style="list-style-type: none"> Raising its stake in TBE of Belgium to 50%
Internal, international market, exploitation, expansion action	
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> Takeover of BA/CA Asset Finance in UK An alliance with one of the leading Iberian companies, Lico Lease Acquisition of KPMG Financial Engineering in Luxembourg The joint venture, Fortis Haitong Investment Management successfully launched its first fund VidaCaixa bought Swiss Life (Spain), adding a further distribution channel VidaCaixa signed an agreement with Santander Central Hispano for the takeover of the collective life insurance A new contract signed with Mutual of Omaha, a nation provider of insurance and financial products (in U.S.) Assurant Health extended its product range to Alaska, Kentucky and Hampshire
Internal, domestic market, exploration, expansion action	<ul style="list-style-type: none"> Became active in private equity, in Netherlands it set up the MeesPierson-LaSalle Vastgoedfonds I CV- a closed-end fund based on a well-diversified portfolio In Insurance Belgium, the concept of 'Familis', a modular multi-product insurance
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> A new holding company MeesPierson Intertrust Group Holding SA, was created. It is based in Switzerland Euronext designated Fortis Bank as Global Paying Agent for three markets, Amsterdam, Brussels and Paris Information Banking has set up a new legal entity, Fortis Bank Global Clearing N.V.
External, international market, exploration, expansion action	

Appendix 9: ABN Amro 1998-2003

ABN AMRO 1998

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	
External, international market, exploitation, contraction action	
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	
Internal, international market, exploitation, expansion action	
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> ABN Amro, the Dutch bank, has paid \$ 220m to take full control of an Asian securities operation. ABN Amro agreed yesterday to pay US\$ 154m, the minimum demanded, for Bandepe, a small Brazilian state-owned bank, in a privatization auction at which the Dutch banking group was the only bidder. Mellon Bank of the US and ABN Amro Bank of the Netherlands yesterday announced a global alliance to provide custody services around the world. ABN Amro of the Netherlands yesterday agreed to take a 75 per cent stake in Bank of Asia, a mid-sized Thai commercial bank Acquisition of Banque Demachy and Banque du Phénix in France.
Internal, domestic market, exploration, expansion action	
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	
External, international market, exploration, expansion action	<ul style="list-style-type: none"> ABN Amro bought 40 per cent of the voting rights in the fourth largest private sector bank in Brazil, yet to open a new home market.

ABN AMRO 1999

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	
External, international market, exploitation, contraction action	<ul style="list-style-type: none"> Credit Suisse Group has bought the Spanish private banking business of ABN Amro, the Dutch bank.
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	
Internal, international market, exploitation, expansion action	
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> Acquisition of 8.76% in March and 0.89% in November in Banca di Roma. Acquisition of 4.9% from Interbanca. Agreed to acquire a controlling stake in the Great Pacific Savings Bank, in the

	<p>Phillipines.</p> <ul style="list-style-type: none"> ▪ Agreement to purchase Bank of America's consumer banking businesses in India, Singapore and Taiwan. ▪ Raised interest in Banco Real, Brazil ▪ Acquired Pitney Bowes' Mortgage Servicing Division ▪ EAB purchased a subsidiary of Olympian Bank in North America. ▪ ABN Amro Asia Capital Investment has taken a 40 per cent stake in one of General Electric's electronic commerce businesses in Hong Kong and China. The venture, GE ECXpress, develops, manages and operates business-to-business electronic commerce services tailored to the needs of companies in Hong Kong and China.
Internal, domestic market, exploration, expansion action	
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> ▪ ABN Amro Asset Management expanded its network by opening units in the Czech Republic, Spain and Thailand ▪ In Bolivia, obtained approval from the local authorities to continue Banco Real's operations under the ABN Amro name.
External, international market, exploration, expansion action	<ul style="list-style-type: none"> ▪ Acquisition of Delta Egypt, a local stockbroker, expanded network

ABN AMRO 2000

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	<ul style="list-style-type: none"> ▪ ABN Amro is shed its retail banking operations in up to 26 countries, as part of a shake-up
External, international market, exploitation, contraction action	<ul style="list-style-type: none"> ▪ Sold branch operations in Surinam, the Royal Bank of Trinidad, and Tobago. ▪ The Bolivian branch operations were sold
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ Acquisition for the Dutch mortgage, Bouwfonds, which is expected to bring significant synergies.
Internal, international market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ Opened a branch in Khazakistan. ▪ Opened call centers in Sao Paulo and Rio de Janeiro
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ Acquisition of Michigan National Corporation, U.S. ▪ Acquisition of Alleghany Asset Management, U.S. ▪ Increased interest in Banca di Roma to 10.25% ▪ Merged ABN Amro Magyar Bank with Kereskedelmi és Hitelbank in Hungary. ▪ Acquisition of Fidelity Leasing ▪ Abn Amro North America took over Atlantic Mortgage and Investment Corporation. ▪ Acquired 88% in the Taiwanese fund management company Kwang Hua Securities Investment & Trust ▪ Took stakes in the pension funds in Czech Republic and in the Khazakistan pension fund ▪ Acquired Industrifinans Forvaltning in Norway
Internal, domestic market, exploration, expansion action	
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	
External, international market, exploration, expansion action	<ul style="list-style-type: none"> ▪ ABN Amro North America formed an alliance with Ariba, a prominent business-to-business (B2B) software provider. This relationship helped ABN Amro to start an e-procurement system which streamlines the ordering, approving and delivery of

	<p>goods and services from preferred suppliers.</p> <ul style="list-style-type: none"> ▪ Alliance between ABN Amro North America and Yodlee.com ▪ Formation of strategies alliance with UPS Capital Corp that will offer enhanced trade services to Clients of Global Trade Finance. ▪ ABN Amro, the Dutch bank, announced an alliance with Trade.com, a US financial services portal, to launch internet stockbroking in up to three large European markets.
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ABN AMRO 2001

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	<ul style="list-style-type: none"> ▪ Cuts thousand more Dutch jobs. The additional measures - including branch closures and 3,750 job losses on top of a previously announced 2,500 cuts.
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	<ul style="list-style-type: none"> ▪ ABN Amro, the Dutch bank, closed its domestic equities business in Japan ▪ ABN Amro, the Dutch bank, is cutting more than 500 jobs from its investment banking business. Most of the cuts fall in its global equities business, taking the headcount there down by about 10 per cent.
External, international market, exploitation, contraction action	<ul style="list-style-type: none"> ▪ Sale of European American Bank, Citigroup would buy ABN Amro's New York area bank, European American Bank.
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	
Internal, international market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ Extension of network and branches in India
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ Standard Federal Bank and Michigan National Bank merge into Standard Federal Bank ▪ ABN Amro buys Paraiban, a Brazilian Bank
Internal, domestic market, exploration, expansion action	<ul style="list-style-type: none"> ▪ Successful pilot of the new, multi-channel service concept in Dordrecht, Netherlands ▪ Launch of Internet Banking in Netherlands
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	
External, international market, exploration, expansion action	

ABN AMRO 2002

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	
External, international market, exploitation, contraction action	
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ ABN Amro injected its Dutch insurance business into a joint venture with Delta Llyod.
Internal, international market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ Acquisition of Delbruck & Co., a German private bank ▪ Merger of ABN Amro Asset Management Limited and Artemis Investment Management Limited

	<ul style="list-style-type: none"> Cooperation agreement to manage the funds of Lansforsakringar, a leading Swedish Insurance Group
External, international market, exploitation, expansion action	
Internal, domestic market, exploration, expansion action	<ul style="list-style-type: none"> The BU Netherlands launched Mobile Banking
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> Van Gogh Preferred Banking introduced successfully in several Asian markets Launch of credit card business in India Launch of domestic private banking business in Belgium and in India Carvantis, established in 2002 in France, offers car leasing
External, international market, exploration, expansion action	

ABN AMRO 2003

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	
External, international market, exploitation, contraction action	<ul style="list-style-type: none"> Sale of U.S. Prime Brokerage Unit to Union Bank of Switzerland completed Agreement in principal to sell the U.S.-based Professional Brokerage business to investment bank Merrill Lynch
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	<ul style="list-style-type: none"> Joint venture of ABN Amro Insurance and Delta Lloyd officially established.
Internal, international market, exploitation, expansion action	
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> Agreement by Banco ABN Amro Real of Brasil to acquire 94.6% of Banco Sudameris from Banca Intesa Purchase of 12.25% stake in Banco Antonveneta of Italy is finalized Agreement signed with Shorebank, international financial and bilateral development agencies to set up ShoreCap International, which will invest in and advice financial solutions in developing countries. ABN Amro raises its stake in Capitalia to 9% ABN Amro agrees to buy German Private Bank Bethman Maffei
Internal, domestic market, exploration, expansion action	<ul style="list-style-type: none"> ABN Amro, a new insurance company, starts by selling pension and life insurance products in Belgium. Nine new ABN Amro mutual funds were launched
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	
External, international market, exploration, expansion action	<ul style="list-style-type: none"> ABN Amro Asset Management has agreed to buy a 33 per cent stake in a Shanghai-based fund management company, which puts the Dutch group on course to become the first foreign fund management company to conduct business in China's Dollars 500bn A-share market.

Appendix 10: ING Baring 1999-2003

ING BARING 1999

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	<ul style="list-style-type: none"> ▪ Closing branch in North Korea ▪ Cut 1,200 jobs worldwide ▪ ING Barings closed its London-based equity derivatives business as part of a re-organisation that gives priority to its investment banking activities in western Europe at the expense of emerging markets. ▪ ING Barings stopped all dedicated equities research, sales and trading for Latin America. The region will be covered from New York only incidentally on a sectoral basis. ▪ Reduced presence in India and Pakistan, providing "appropriate coverage from Hong Kong".
External, international market, exploitation, contraction action	<ul style="list-style-type: none"> ▪ The sale of Canadian subsidiary NN Financial
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	
Internal, international market, exploitation, expansion action	
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ In Australia bought Heine Funds Management ▪ ING expands in US through an agreement to buy the New York-based Clarion Partners and CRA Real Estate Securities, a subsidiary. ▪ ING secured a 39 per cent stake in the Frankfurt-based BHF-Bank ▪ Purchase of a 49 per cent stake in Allgemeine Deutsche Direktbank, a leading German direct bank. ▪ The European Commission yesterday formally approved the acquisition by ING, the Dutch banking and insurance group, of Banque Bruxelles Lambert, Belgium's third-largest bank. The Commission's approval, which was widely expected, clears the way for one of Europe's largest cross- border banking mergers.
Internal, domestic market, exploration, expansion action	
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	
External, international market, exploration, expansion action	<ul style="list-style-type: none"> ▪ Bought a controlling stake in AFCO Securities, a Thai brokerage. The deal gives it domestic license for sub-broking, dealing, underwriting and investment advisory services in Thailand.

ING BARING 2000

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	<ul style="list-style-type: none"> ▪ The insurance subsidiary Tiel Utrecht was sold ▪ ING sells Aegon stake, the Dutch insurance company
Internal, international market, exploitation, contraction action	<ul style="list-style-type: none"> ▪ Decision to integrate ING Barings to ING Europe to provide savings ▪ ING Baring Private Bank stopped its activities in Uruguay ▪ US investment banking operations of ING Barings were put up for sale by ING

	Group.
External, international market, exploitation, contraction action	<ul style="list-style-type: none"> Selling its non-life insurance operations in Singapore Divestment of Medical Risk Solutions in the United States Partial sale of the life operations in Korea ING sells 40% of its stake in ABN Amro
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	
Internal, international market, exploitation, expansion action	<ul style="list-style-type: none"> ING Baring is creating a regional operating and product support center in Singapore
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> Acquisition of ReliaStar in U.S. Acquisition of Aetna Financial Services in U.S. Acquisition of Aetna International in Latin America Expanded a minority stake into a 98% controlling stake in Afore Bital, one of Mexico's largest pension funds Formed an important strategic alliance with IPC, a publicly owned broker / dealer firm Took full ownership in Equishore, listed broker network in Canada 50:50 joint venture with Principal Financial Group in Japan Took a minority stake in OffRoad Capital, a San Francisco online private capital marketplace. Buying Charterhouse Securities for Pounds 127m., UK ING, the Netherlands bancassurer, is entering into an alliance with Piraeus Bank in the converging Greek financial services market.
Internal, domestic market, exploration, expansion action	<ul style="list-style-type: none"> Nationale-Nederlanden, in co-operation with a number of other leading Dutch financial services companies, launched the financial portal Wellowell
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> Launch of ING Direct in France and U.S.A. Obtained its license for starting life insurance operation in China In Hungary pioneered the click-call-face approach for the Central European region with the objective to realize a shift from single to multi distribution
External, international market, exploration, expansion action	<ul style="list-style-type: none"> Acquisition of a controlling stake in the New York investment firm Pomona Capital, which will give IFSAM a presence in the private equity fund of funds business and secondary private equity markets

ING BARING 2001

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	<ul style="list-style-type: none"> ING, the Dutch financial services group, yesterday said that it would cut 1,600 jobs at its US insurance arm in a move designed to save between Dollars 250m and Dollars 300m a year. ING Group, the Dutch banking and insurance group, is shedding at least 1,100 jobs in its investment banking operations outside the US, it emerged yesterday. Most of the cuts are expected to fall in the City of London.
External, international market, exploitation, contraction action	<ul style="list-style-type: none"> Divestment of Aetna Heiwa Life Japan Selling its US domestic investment banking operation to ABN Amro, its larger Dutch rival, for Dollars 275m. As for ING Barings,
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	<ul style="list-style-type: none"> Acquired Intra Beheer and became the leading provider of trust services in Dutch market
Internal, international market,	

exploitation, expansion action	
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> ING expanded its 49% stake in Diba (in Germany) to a majority interest of 70%. BHF Bank (part of ING Group) and BGAG (in Germany) established BHW Invest FT, a joint venture to enter newly defined pension products in the new legislation ING and Piraeus agreed on a strategic alliance in the Greek market ING increased its stake in Seguros Comercial América (SCA) from 42% to full ownership. ING Australia and ANZ Bank agreed on a joint venture in funds management and life insurance in Australia and New Zealand, the proposed joint venture to be known as ING Australia Limited In Poland, acquired 88% of the shares in Bank Slaski ING Canada and Zurich Canada formed a strategic alliance Bank of New York, one of the world's largest providers of global custody, will today unveil an alliance with ING
Internal, domestic market, exploration, expansion action	
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	
External, international market, exploration, expansion action	<ul style="list-style-type: none"> ING Vysya Life insurance, a joint venture between ING and Vysya Bank in India, established operations in Bangalore, Delhi and Mumbai after it was granted an operational license by the Indian Insurance Regulation and Development Authority,

ING BARING 2002

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	<ul style="list-style-type: none"> 1,000 job cuts in the wholesale as a result of the integration process in wholesale activities The London and Copenhagen reinsurance offices were closed Headcount reduction of 2,700 in U.S. as part of the integration program
External, international market, exploitation, contraction action	<ul style="list-style-type: none"> In the Philippines, sold the life insurance activities In Indonesia, ING sold its non-medical general insurance operations
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	
Internal, international market, exploitation, expansion action	
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> Acquiring 49% stake in Sul América, the second largest insurer Brazil. Set up a second joint venture life insurance in the Chinese city of Dalian, called ING Capital Life Formed a joint venture with ANZ for funds management and life insurance in Australia and New Zealand. Agreed to enter into a strategic partnership with Bank of New York in the field of custody services In India ING increased its stake in Vyssa Bank to 44% In Korea, joint venture with Kookmin Bank extended Stake in Diba increased to 70%. Diba acquired Degussa Bank
Internal, domestic market, exploration, expansion action	
External, domestic market, exploration, expansion action	
Internal, international market,	<ul style="list-style-type: none"> First private pension fund launched in Russia

exploration, expansion action	<ul style="list-style-type: none"> ING Real Estate expanded in Spain and U.S.
External, international market, exploration, expansion action	<ul style="list-style-type: none"> China Merchants Fund Management Company, a joint venture of ING Investment Management and China Merchant Securities was the first international joint venture to receive an operational license.

ING BARING 2003

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	<ul style="list-style-type: none"> ING IM Americas created a single asset management platform in the Americas through the integration of independent organizations. ING, the Dutch financial services group, has agreed to sell its Baring Private Equity Partners division to its management for an undisclosed price.
External, international market, exploitation, contraction action	<ul style="list-style-type: none"> Sale of Bital joint venture in Mexico Sold its credit card joint venture in Taiwan to its joint venture partner
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	
Internal, international market, exploitation, expansion action	
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> ING concluded an agreement with Unicredito Italiano and Aviva about the sale of the agent-network activities of ING Sviluppo, as well as the Italian life insurance, asset management and private banking activities. ING signed distribution agreements with the first largest banking group Resona In Korea, ING's bancassurance partnership joint venture partner, Kookmin Bank, was launched ING Direct became full owner of DiBa Germany and of Entrium In the US, ING Direct extended its market footprint to the Los Angeles and San Francisco areas
Internal, domestic market, exploration, expansion action	
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> ING UK Direct was launched
External, international market, exploration, expansion action	

Appendix 11: Unicredito 1999-2003

UNICREDITO 1999

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	
External, international market, exploitation, contraction action	
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	<ul style="list-style-type: none"> Acquisition of Gruppo Credito Romagnolo S.p.A 75% of Cassa di Risparmio di Trento e Rovereto S.p.A. was acquired
Internal, international market, exploitation, expansion action	
External, international market, exploitation, expansion action	
Internal, domestic market, exploration, expansion action	<ul style="list-style-type: none"> Launching 7 new Gestiveneto funds and 'Investor' (an innovative investment program) Creation of Merchant Bank Unicredit Imprese, specializing in corporate finance The plan for the creation of an 'on-line securities brokerage company' named 'Unitrade Sim S.p.A' has been initiated aimed at moving transactions towards automated online means Unicredit Banca Mobiliare S.p.A. was implemented to concentrate investment banking activities in a new banking company
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> In the asset management, Creation of two new companies with head offices in Dublin (Europlus Alternative Investments Limited and Europlus Funds Management Limited) In securitization transactions, a new company formed under Irish law called Euro Capital Structures Limited with its registered office in Dublin
External, international market, exploration, expansion action	<ul style="list-style-type: none"> Buying a stake of 50% in Bank Pekao (Poland)

UNICREDITO 2000

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	<ul style="list-style-type: none"> Removal of Credito Fondiario e Industriale
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	
External, international market, exploitation, contraction action	
Internal, domestic market, exploitation, expansion action	<ul style="list-style-type: none"> Integration of Gesticredit, Fondinvest and Gestiveneto (to standardise offering and achieve economies of scale)
External, domestic market, exploitation, expansion action	<ul style="list-style-type: none"> Signing of an outline agreement by Rolo Banca 1473 with Fondazione della Banca Risparmio di Carpi to purchase majority interest in Cassa Risparmio Carpi The acquisition of an overall 36.4% stake in 'Cassa di Risparmio di Trieste' from Fondazione 'Cassa di Risparmio di Trieste' and Assicurazioni Generali S.p.A. thereby acquiring a controlling interest in that company.

	<ul style="list-style-type: none"> ▪ The signing by Rolo Banca 1473 of an agreement with Cassa di Risparmio di Perugia that calls for the acquisition of a controlling interest in Banca del'Umbria 1462 S.p.A. ▪ Bought shares in Nestor 2000 and Kiwi II venture capital funds ▪ Cooperation agreement with Kataweb (an internet company in the Espresso Group). The two groups have strong synergies.
Internal, international market, exploitation, expansion action	
External, international market, exploitation, expansion action	
Internal, domestic market, exploration, expansion action	<ul style="list-style-type: none"> ▪ Xelion began operations (securities brokerage company for investments over the internet) ▪ Established ADALYA Immobiliare SpA ▪ Groups investment bank Unicredit Banca Mobiliare started operations ▪ Launch of a local portal in Trieste which was later extended to other cities
External, domestic market, exploration, expansion action	<ul style="list-style-type: none"> ▪ Launched a new project called 'i-Faber'. This venture with the involvement of technological partners and certain premier companies calls for the creation of several virtual markets over the internet to be organized by sector and service categories.
Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> ▪ Establishment of sub-holding company called 'Pioneer Global Asset Management S.p.A'
External, international market, exploration, expansion action	<ul style="list-style-type: none"> ▪ Acquiring of Bulbank (the main Bulgarian Bank) ▪ Acquiring controlling interest of 62.6% in Splitska Banca (third largest Croatian Bank) ▪ 9.96% stake in Zagrebacka Banka was acquired (largest Bank in Croatia) ▪ Acquiring of 51.23% in Pol'nobanka (sixth largest Slovakian Bank) ▪ Acquiring Pioneer Group of the U.S. in view of the internationalization of asset management

UNICREDITO 2001

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	<ul style="list-style-type: none"> ▪ Sale of Fidelity, a company specialized in consumer credit
Internal, international market, exploitation, contraction action	<ul style="list-style-type: none"> ▪ Number of employees was down 1500 due to the reduction achieved by the New Europe Division
External, international market, exploitation, contraction action	
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	
Internal, international market, exploitation, expansion action	
External, international market, exploitation, expansion action	
Internal, domestic market, exploration, expansion action	<ul style="list-style-type: none"> ▪ Creation of two new multi-channel banks, Xelion and Clarima ▪ Credito Italiano initiated Personal Banking under the 'Dedicato' label ▪ Cariverona created a Professional Banking unit ▪ New products were launched in retail banking (range, pick up and strategy) ▪ Bank of Italy gave its authorization for the hedge fund headquartered in Milan.
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> ▪ Singapore office was opened in order to give Pioneer presence in Far East.
External, international market, exploration, expansion action	

UNICREDITO 2002

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	
External, international market, exploitation, contraction action	<ul style="list-style-type: none"> Sold Splitska Banka, number 3 in Croatia
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	
Internal, international market, exploitation, expansion action	
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> Acquired Croatia's number 1 bank Zagrebacka Banka Pioneer expanded with the 100% acquisition of Momentum Asset Management, an international company.
Internal, domestic market, exploration, expansion action	<ul style="list-style-type: none"> New telephone services were launched on behalf of Cassa di Risparmio di Fossano, Savigliano e Saluzzo; Banca dell'Umbria and the Service Lab of the Corporate Division.
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	<ul style="list-style-type: none"> Pioneer's launch of two new products and the introduction of two innovative asset allocation products
External, international market, exploration, expansion action	<ul style="list-style-type: none"> Acquired Demir Banka- now renamed Unicredit Romania Another acquisition was finalized in the Czech market %50 of the Turkish Company Koc Financial Services was acquired

UNICREDITO 2003

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	
External, international market, exploitation, contraction action	<ul style="list-style-type: none"> Bank Pekao decided to sell the entire stake held in Bank Pekao Tel-Aviv For an outsourcing project for card processing operations in Poland, 51% of the referenced company was decided to be sold to a technological partner
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	<ul style="list-style-type: none"> Acquisition of ING Sviluppo Finanziaria Spa Increase in the stock held in Banca dell'Umbria The stake held in Cassa di Risparmio di Carpi is increased Acquisition of the medium term loan and mortgage division of Abbey National Bank Italia
Internal, international market, exploitation, expansion action	
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> Increased its stake in Demir Securities Romania to 99%
Internal, domestic market, exploration, expansion action	<ul style="list-style-type: none"> A new company, Unicredit Banca d'Impresa was created
External, domestic market,	

exploration, expansion action	
Internal, international market, exploration, expansion action	
External, international market, exploration, expansion action	<ul style="list-style-type: none"> ▪ Agreement of a joint venture with IKB Deutsche Industriebank for development and distribution of corporate financial risk management solutions for German companies ▪ Acquisition of Zivnostenska in Czech Republic ▪ Unicredit and Bank Pekao established Xelion Doradcy Finansowi SP to manage a new distribution channel

Appendix 12: Intesa Bci 1999-2003

INTESA BCI 1999

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	<ul style="list-style-type: none"> ▪ Banca Intesa's equity stake in Banca Popolare Friuladria decreased by 33%. ▪ Sale of the equity investments held in Cassa di Risparmio di Reggio Emilia ▪ Sale of equity stake in Banca Monte Parma
Internal, international market, exploitation, contraction action	
External, international market, exploitation, contraction action	
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ Aggregation with Cassa di Risparmio di Parma e Piacenza and other savings banks completed the Group's presence in Central Italy. ▪ Banca Intesa acquired a controlling stake in Banca Commerciale Italiano ▪ Increased its equity stake in Cassa di Risparmio di Foligno by acquiring a further 47%. ▪ Acquired stake in Cassa di Risparmio di Spoleto which allowed it to reach a controlling interest ▪ Equity investment in Cassa di Risparmio di Rieti increased to 80%
Internal, international market, exploitation, expansion action	
External, international market, exploitation, expansion action	<ul style="list-style-type: none"> ▪ Signed agreements to increase presence in Argentina via acquisition of Banco Caja de Ahorro, Buenos Aires ▪ Acquisition of an important Peruvian Group, controlled by Banco Wiese Limitado, which will lead to relevant economies of scale and synergies. ▪ Acquisition of 2.75 equity stake in Credit Lyonnais ▪ Rising equity stake in Bank Austria Creditanstalt Prague from 10% to 20%.
Internal, domestic market, exploration, expansion action	
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	
External, international market, exploration, expansion action	<ul style="list-style-type: none"> ▪ Acquiring 9.96% stake in Bank Austria Creditanstalt Hungary, Budapest

INTESA BCI 2000

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	<ul style="list-style-type: none"> Sold in equity investment in Cassa di Risparmio di Gorizia Sold its control stake in Banca Carime Sold its controlling interest in Banca di Legnano Selling its 8.9 per cent stake in Mediobanca, acquired through last year's purchase of a 71 per cent controlling stake in Banca Commerciale Italiana (BCI).
Internal, international market, exploitation, contraction action	
External, international market, exploitation, contraction action	
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	<ul style="list-style-type: none"> Acquisition of control of Banca CIS. Acquisition of 35% stake in Cassa di Risparmio di Terni e Narni. Transfer of the equity investment in Cassa di Risparmio di Carrara e Cassa di Risparmio della Spezia to another company which will have as shareholders exclusively Banca Intesa and the Foundations
Internal, international market, exploitation, expansion action	
External, international market, exploitation, expansion action	
Internal, domestic market, exploration, expansion action	<ul style="list-style-type: none"> A new subsidiary, called Banca Intesa Mediocredito was established with the objective of developing a specialized center offering medium and long term credit to industrial companies.
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	
External, international market, exploration, expansion action	<ul style="list-style-type: none"> In Croatia acquired Privredna Banka Zagreb, the country's largest bank in terms of number of branches

INTESA BCI 2001

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	<ul style="list-style-type: none"> Sold its stake in Banca di Cassa di Risparmio di Pescara e di Loreto Aprutino. 138 branches was disposed with various counterparties Controlling equity investments in Banca di Legnano and Banca Carime
Internal, international market, exploitation, contraction action	
External, international market, exploitation, contraction action	
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	
Internal, international market, exploitation, expansion action	

External, international market, exploitation, expansion action	
Internal, domestic market, exploration, expansion action	
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	
External, international market, exploration, expansion action	<ul style="list-style-type: none"> Formalization of an agreement for the acquisition of the second big bank in the Slovakian Republic, Vseobecna Uverova Banka

INTESA BCI 2002

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	<ul style="list-style-type: none"> Sale of stake in Banco di Chiavari
Internal, international market, exploitation, contraction action	
External, international market, exploitation, contraction action	<ul style="list-style-type: none"> Sale of Banca Sudameris Argentina to Banco Patagonia Accepting the Tender Offer made by Crédit Agricole to sell the stake in Crédit Lyonnais Banca Intesa, Deutsche Bank, Banca Popolare Commercio e Industria signed an agreement for the sale to Deutsche Bank the bare ownership of 24.92% of Banca Carime. Has reached an agreement with Crédit Agricole Indosuez for the disposal of 100% of the share capital of IntesaBci Bank (Suisse).
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	
Internal, international market, exploitation, expansion action	
External, international market, exploitation, expansion action	
Internal, domestic market, exploration, expansion action	
External, domestic market, exploration, expansion action	
Internal, international market, exploration, expansion action	
External, international market, exploration, expansion action	

INTESA BCI 2003

Coding Description	Strategic Action
Internal, domestic market, exploitation, contraction action	
External, domestic market, exploitation, contraction action	
Internal, international market, exploitation, contraction action	
External, international market, exploitation, contraction action	<ul style="list-style-type: none"> ▪ Sudameris' activities in Chile were sold to Banco de Desarrollo ▪ 94.56% of the share capital of Banco Sudameris Brasil S.A. held by Gruppo Intesa was sold to Banco ABN Amro Real S.A. ▪ In Colombia, the 73.6% stake held by Gruppo Intesa in Banco Sudameris Colombia was sold to Gilex Holding B.V. ▪ In December, Banca Intesa completed the sale of 100% stake in the German bank Bankhaus Lobbecke to MM. Warburg Co.
Internal, domestic market, exploitation, expansion action	
External, domestic market, exploitation, expansion action	
Internal, international market, exploitation, expansion action	
External, international market, exploitation, expansion action	
Internal, domestic market, exploration, expansion action	
External, domestic market, exploration, expansion action	<ul style="list-style-type: none"> ▪ Concentration of bancassurance activities of the Generali Group and of Gruppo Intesa in a company, with the name Intesa Vita
Internal, international market, exploration, expansion action	
External, international market, exploration, expansion action	