STANDARD &POOR'S AUSTRALIA & NEW ZEALAND

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Bank of Queensland Ltd.

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CREDIT RATING

	BBB+/Stable/A-2

Outstanding Rating(s)

Counterparty Credit	BBB+/Stable/A-2
Certificate of deposit	
Local currency	A-2
Senior unsecured	
Local currency	BBB+
Senior unsecured	
Foreign currency	BBB+/NR
Subordinated	
Local currency	BBB
Short-Term debt	A-2

Credit Rating History

Apr. 6, 2005	BBB+
Mar. 5, 1998	BBB

Sovereign Rating

Australia (Commonwealth of)	AAA/Stable/A-1+

Major Rating Factors

Strengths:

- Very good asset quality
- Strengthening franchise

Weaknesses:

- A degree, although lessening, of geographical concentration in Queensland
- Higher-than-peer exposure to commercial and leasing sectors
- Susceptibility to slowdown in the housing sector

Rationale

The ratings on Bank of Queensland (BOQ) reflect its transition into a financially stronger institution, with improvements evidenced across its business and financial profile over recent years likely to be sustained over the medium term. Factors constraining the rating have moderated, including the small absolute size of BOQ's capital base by international standards, integration risks associated with the acquisition of UFJ Finance Australia Ltd. (UFJAL) in October 2003, and the geographic concentration of the bank's asset base.

Positive supporting factors underpinning the ratings on BOQ include its very sound banking franchise in its home State of Queensland, its very good asset quality, adequate capitalization, and the relatively stable and predictable nature of its underlying revenue streams. Moderating factors include the bank's higher-than-peer exposure to the commercial sector, although Standard & Poor's notes that BOQ remains significantly represented in the residential mortgage sector. The bank's expansion strategy to establish branches outside of Queensland is ambitious, but, if well executed, will contribute to a solidification of the 'BBB+' rating. BOQ's recent performance emphasizes profitable growth as indicated by the stabilization of its interest margin, and its retail-funded growth in preference to wholesale-funded growth.

In the past five years, BOQ's adjusted common equity base has more than trebled to A$524 million at Feb. 28, 2005, affording the bank increased protection against potential unforeseen losses and events. Capital levels in relation to risks being managed by BOQ remain acceptable.

Geographic diversity of BOQ's asset base has improved through the bank's purchase of UFJAL, with this trend expected to continue, considering its strategic commitment to interstate branch expansion. Despite an increase in reported problem loans in the half-year ended Feb 28, 2005, asset quality remains very good, by international standards, as indicated by the low 0.61% ratio of nonperforming assets to gross loans.

Liquidity

The bank's balance sheet is relatively liquid, with a good level of readily saleable securities. Its liquidity is supplemented by a well-developed and readily activated securitization capability, and the bank is developing its access to domestic and international capital markets. Funding is reasonably well diversified by counterparty and term. After several years of increased reliance on wholesale funding, Standard & Poor's views favorably the recent higher priority assigned by BOQ to retail-funded asset growth.

Outlook

The stable outlook at the higher rating level reflects Standard & Poor's expectation that the improvements in recent years of BOQ's financial strength can be sustained, provided that its growth strategies are well executed and despite the likelihood of continuing strong domestic competition.

Profile

Headquartered in Brisbane, Queensland, BOQ is an Australian-licensed retail and commercial bank. The acquisition of UFJ Finance Australia Pty. Ltd. (settled in October 2003, UFJF was subsequently renamed BOQ Equipment Finance Ltd., or "BOQEF") has allowed BOQ to further diversify its income streams both geographically and productwise, alongside its interstate branch expansion. Two-thirds of BOQEF's business is originated outside of Queensland, and the company has branches in major Australian capital cities. BOQ had total assets of A$10.4 billion at Feb. 28, 2005, increasing from A$9.9 billion at Aug. 31, 2004.

The bank has traditionally focused on the Queensland market, providing full-service retail banking through 157 offices (including 100 outlets under the bank's owner-managed branches concept, where the owner meets fixed costs and shares in profits). Traditionally, the loan book has been largely retail, sourced almost exclusively in Queensland. However, BOQ has been increasing its product diversification through the expansion of its leasing business from the acquisition of UFJF (15.2% of total loans under management at Feb. 28, 2005). The leasing division specializes in small and midsize equipment leases for the bank's commercial customer base.

The majority of loans on the balance sheet, however, are still residential mortgage loans (56%); other retail lending includes personal loans (2%) and credit cards (1.8%). Commercial lending now makes up 22.3% of the lending book unlike other regional banks, which began as building societies focused on home loans, and reflects BOQ's history as a small commercial bank. BOQ has a small, but genuine, business banking franchise, offering a variety of business products. The business banking portfolio consists predominately of small commercial property and business loans, which, for the most part, are less than A$2 million each.

Although Queensland is one of Australia's largest states, the bank historically has lacked interstate geographic diversity across its loan and deposit bases, constraining its ratings. However, after the purchase of UFJF and, as a consequence of the bank's owner managed branch interstate expansion strategy, geographical diversity is improving. BOQ operates in one of the most competitive financial services regions in Australia, competing directly against the four major Australian banks, offshore participants, a large regional bank, and various building societies and credit unions.

Ownership and Legal Status

BOQ is a public company incorporated under the State of Queensland's Corporations Law and is listed on the Australian Stock Exchange. The bank has a well-diversified shareholder base, with the major shareholder being Fox Group Holding Pty Ltd. with an 11.62% holding. The Fox Group holding is considered a neutral rating factor.

The bank is licensed under the Banking Act 1959 of the Commonwealth of Australia and currently operates under the supervision of the Australian Prudential Regulation Authority (APRA).

Strategy

BOQ's growth strategy is to expand via an owner-managed branch model along Australia's populous eastern seaboard (NSW and Victoria), while maintaining its position as a niche financial services provider in Queensland. The strategy seeks to expand BOQ's geographic diversity beyond Queensland, while enabling it to achieve growth targets and to offset any slowdown in the housing market. The owner-managed branch strategy has replaced third party distribution as BOQ's preferred channel to achieve its growth aspirations. This allows greater control over the quality of new business and customer service levels, while ultimately being a more profitable and capital efficient strategy. BOQ's interstate growth strategy appears sound, with a focus on funding interstate loan growth through deposit raisings (target funding 60% retail, 40% wholesale). Comfort is also derived from the cessation of broker distribution reliance for growth, and the bank's minimal level of low doc loans (A$116 million at Feb 28. 2005). BOQ intends to have 100 interstate owner-managed branches by Aug. 31, 2006, targeting the consumer and small to medium enterprise (SME) markets.

The company is targeting an increase in its share of the Queensland and national home lending markets and, to a lesser extent, growth in its business banking presence. The bank's aim is to move toward a more even distribution of residential and nonresidential lending (target 60% of total loans to residential, 40% to commercial), to enable it to become less reliant on the fine-margin and competitive residential mortgage-lending sector. Given its commitment to maintaining staff numbers and its branch network (which contribute to a higher cost base), the bank will be challenged to outperform its peers. Nevertheless, BOQ's broad customer service-led strategy is similar to other regional bank peers' and is designed to offset increased competition in the bank's core markets. Additionally, like other regional banks, BOQ is attempting to increase noninterest income levels, improve cost containment, and increase loan volumes, while preserving asset quality.

The bank has introduced a range of processing and efficiency improvements through the use of outsourcing and technology. The outsourcing of certain functions is starting to, and is expected to, realize significant expense savings. Additionally, the new core banking system provides BOQ with the capability to expand interstate, and create new products efficiently and cost effectively. BOQ will increasingly use securitization to assist in its capital management and to provide further funding diversity.

Asset Quality

Asset quality remained very good in 2004, reflecting the bank's sound underwriting systems and standards and the favorable local operating environment. The anticipated slowdown in the growth of the Australian housing market, together with BOQ's continued expansion into more complex commercial lending, however, will require ongoing careful management by the bank's credit department.

Loans under management grew solidly by 18% for the first half of fiscal 2005, although below system growth in mortgage lending, and funded entirely by retail deposits (18% growth during the period). BOQ's portfolio of low-risk mortgage secured home loans (56% of the loan book), and conservative credit culture and lending practices, underpin its moderate credit risk profile. The rest of the loan book consists of commercial loans, 22.3%; leases, 15.2%; and personal loans, 2.0%. Commercial lending is particularly aimed at the SME sector and is usually secured against property. The UFJF acquisition has helped the bank to further diversify the loan book and penetrate the SME sector.

BOQ's loan book is well diversified by loan size, with only 14 exposures greater than A$10 million. The bank's commercial business consists mainly of small exposures from a diverse group of industries.

BOQ's nonaccrual loans are small in absolute size, but increased slightly to A$7 million at Feb. 28, 2005, compared with A$6 million at Aug. 31, 2004, while past due 90-day loans increased significantly to A$45 million from A$30 million during the same period. The increase in past due loans was due to an increase in housing loan arrears caused by a system glitch during the implementation of the bank's new core banking system. The problem has since been rectified and nonperforming loans as a percentage of total loans at 0.59%, still remains very good by international standards.

Asset quality remains sound, although emerging pressures in the Australian residential housing market, and increased higher-risk leasing activity, increase the bank's overall credit risk profile moderately. Given the predominantly low-risk, highly secured nature of BOQ's loan book, the bank's provisioning is considered sound. General provisions as a percentage of loans (excluding acceptances) remained steady at 0.59% at Feb. 28, 2005 (0.59% at Aug. 31, 2004) and compares well with domestic peers'. Loan loss reserve coverage against nonperforming assets reduced significantly to 105.8% at Feb.28, 2005, compared with 146.4% at Aug. 31, 2004, reflecting the temporary spike in past due loans.

During the six months to Feb. 28, 2005, BOQ securitized A$895 million of residential mortgages through REDS Securitisation Trust. Further securitization transactions are likely to support ongoing funding and capital management requirements, and will be expanded to include securitization of finance receivables.

Off-balance-sheet activity.
Off-balance-sheet business is small, reflecting the bank's primary retail focus. BOQ does not use derivatives for trading or speculative purposes. The bank is an end user of derivatives, holding them only for hedging and for the management of the market risks inherent in the balance sheet.

Profitability

BOQ has exhibited good profit growth in recent years. Profitability in the six months to Feb. 28, 2005, was underpinned by strong loan volume growth, a slight increase in net interest margin, and improving cost efficiencies. The bank reported a solid return on average assets (ROAA) of 0.70% for the six months to Feb. 28, 2005, compared with 0.65% for fiscal 2004, which compares favorably to other Australian regional peers'. Net profit before tax increased to A$70 million in the six months to Feb. 28, 2005 (A$41 million for the previous corresponding period), largely reflecting good growth in on- and off-balance-sheet lending volumes (17% over the previous corresponding period), which supported the increase in net interest income.

BOQ's net interest margin improved to 2.25% in the six months to Feb. 28, 2005, from 2.18% in the six months to Aug. 31, 2004, reflecting the impact of stabilizing deposit rates, and a favorable shift in retail funds mix. BOQ has a relatively high proportion of free funds and low-cost deposits compared with peers'. Noninterest income comprised 35% of total income in the six months to Feb. 31, 2004, from 36.9% in 2002. The bank's income diversity is limited by a high proportion of noninterest income coming from fees generated on loan applications and securitization. Noninterest income, however, has benefited from a more focused effort on fee collection during the past few years.

The increase in profit was also supported by the bank's continued focus on operating efficiency improvements. The relative expense base has fallen slightly in the six months to Feb. 28, 2005, to 64.1% of income compared with 64.7% in 2004, despite the bank being committed to a full-service branch model. The bank's expense base compares favorably with peers'. The reduced relative expense base has been helped by additional scale but also via a number of efficiency measures, including outsourcing functions and upgrading technology.

Profitability improvement remains predicated on a continued close attention to cost efficiency, and continued solid lending volumes, with the maintenance of credit quality, particularly given the bank's increased exposure to leasing. BOQ remains well placed to generate good new business volumes to support its profitability.

Asset-Liability Management

BOQ's funding profile is sound compared with that of domestic peers, based on its high level of low-cost, traditional retail deposits sourced through its branch network. BOQ's owner-managed branch expansion model should assist the bank's deposit growth in the medium term. Nevertheless, BOQ will continue to be challenged, along with other banks in Australia, to mobilize sufficient retail funding to support balance-sheet growth due to strong competition in the segment. To date, the bank has demonstrated an ability to maintain a relatively stable funding mix, with a good growth in deposits (17% growth over the previous corresponding period). BOQ's loan-to-deposit ratio improved to 158.2% in the first half of 2005, from 170.6% in fiscal 2004, with interstate owner-managed branches self-funding asset growth up to 60% during the period.

BOQ's retail deposit base consists of deposits at call (36.9% of total deposits at Feb. 28, 2005), term deposits (33.3%), and certificates of deposit (33.3%). Although some funding diversity and flexibility is provided by the bank's holding of certificates of deposit (CDs), Standard & Poor's does not view this class of funding as "sticky" retail funding, given the price sensitivity and quasi-wholesale nature of CDs.

Funding continues to be sourced domestically from retail and corporate clients and through the wholesale markets via a US$2 billion Euro medium-term note program and an A$2 billion medium-term note program. Wholesale funding is not expected to exceed 40% of the bank's total funding. BOQ will continue to use securitization as a funding source.

BOQ has a funding maturity mismatch arising from retail borrowings being typically short term, while its loan book is predominantly long term. The position is mitigated by the reasonable stability in its short-dated retail funding and the bank actively managing its liquidity to ensure it can meet its anticipated cash flow requirements under stressed circumstances. Additionally, the bank regularly issues longer-dated wholesale securities to help lengthen its overall maturity profile. BOQ has board policies limiting the proportion of wholesale borrowings as a percentage of deposits and other borrowings; thus, the current funding mix is not expected to alter significantly in fiscal 2005. The bank's liquidity is sound, with cash and money market instruments making up 12.9% of total assets and government and semigovernment securities at 2.8%. BOQ's operational liquidity target is 12.5% of its Australian-dollar liabilities.

Liquidity, gap, and interest rate positions are managed conservatively. The bulk of the loan book is repriced according to variable rates, and all fixed-rate facilities are match funded. Treasury and foreign exchange risks are low, and the bank has only a small number of forward foreign exchange contracts for customer purposes. Interest rate derivatives are entered into exclusively for balance-sheet hedging purposes.

Risk management policies and procedures appear satisfactory given the bank's balance sheet structure. Asset-liability management issues are addressed monthly at the ALCO and board level. Asset-liability management is carried out primarily by the use of duration-gap analysis and simulation modeling. The U.S.-denominated funding are hedged fully using cross-currency swaps to eliminate the effects of foreign exchange risk.

Key operational and other risks on derivatives appear to be monitored closely. The bank's centralized reporting systems and simple corporate structure enable it to manage its funding and liquidity requirements effectively.

Capital

BOQ's capital position is sound given its risk profile. Capital ratios strengthened in the first half of 2005, with an adjusted common equity-to-risk weighted asset ratio of 6.92%, compared with 5.86% at Aug. 31, 2004.

In the past five years, BOQ's adjusted common equity base has more than trebled in size to equal A$524 million, at Feb. 28, 2005, affording the bank increased protection against potential unforeseen losses and events. BOQ's absolute capital base of A$676.4 million is in line with its regional bank peers, but moderate relative to international peers'.

BOQ's capital position has been supplemented by issuance of A$121.0 million of reset preference shares, to which Standard & Poor's recognizes up to 25% of adjusted total equity (as these instruments are viewed as lower quality of capital to ordinary shares). BOQ's dividend payment policy is to target a payout ratio of near 70%. Historically, the dividend payout ratio has been in the range of 65%-80% of earnings, but a dividend reinvestment plan is currently active. BOQ is expected to continue to use securitization under its REDS program to assist in the management of the bank's funding and capital position.

Bank Subsidiaries

BOQ's subsidiary entities are concerned primarily with ancillary operations in support of the banking activities. Each subsidiary has a narrow orientation and is controlled closely by, and highly integrated within, BOQ. After BOQ purchased UFJF, which operates as a wholly own equipment-financing subsidiary, the bank changed UFJF's name to BOQ Equipment Finance Ltd.

Subsidiary companies are:

- BQL Management Pty. Ltd.;
- BQL Properties Ltd.;
- BQL Nominees Pty. Ltd.;
- Queensland Electronic Switching Pty. Ltd.;
- BQL Wealth Management Pty. Ltd.;
- BQL Equipment Finance Ltd. (formerly UFJF);
- ATM Solutions Australasia Pty. Ltd.;
- NZ ATM Services Ltd. (50% owned); and
- Symphony Trust No. 3

Table 1 Balance Sheet Statistics

		--Year ended Aug. 31--						Breakdown as a % of assets (adj.)					
(Mil. A$.)	**2005***	**2004**	**2003**	**2002**	**2001**	**2000**	**-**	**2005***	**2004**	**2003**	**2002**	**2001**	**2000**
Assets													
Cash and money market instruments	1,334	1,192	1,121	627	384	264		12.91	12.04	15.56	11.87	9.10	7.15
Securities	284	189	177	125	189	272		2.75	1.91	2.46	2.36	4.47	7.38
Nontrading securities	284	189	177	125	189	272		2.75	1.91	2.46	2.36	4.47	7.38
Customer loans (gross)	8,535	8,331	5,785	4,439	3,579	3,066		82.59	84.19	80.30	84.07	84.77	83.11
Residential real estate loans	4,867	4,973	3,727	2,870	2,307	1,838		47.10	50.26	51.74	54.35	54.65	49.81
Other consumer loans	335	285	211	171	156	148		3.24	2.88	2.93	3.24	3.71	4.01
Commercial/corporate loans	2,162	2,083	1,633	1,261	999	967		20.92	21.05	22.67	23.89	23.65	26.20
All other loans	1,171	990	213	136	117	114		11.33	10.00	2.96	2.58	2.77	3.09
Loan loss reserves	55	53	37	29	24	24		0.53	0.54	0.51	0.54	0.58	0.65
Customer loans (net)	8,480	8,278	5,748	4,411	3,555	3,043		82.06	83.66	79.79	83.53	84.19	82.47
Earning assets	9,690	9,604	7,042	5,173	4,130	3,583		93.77	97.05	97.75	97.97	97.81	97.11
Intangibles (nonservicing)	31	32	0	0	0	0		0.30	0.33	0.00	0.00	0.00	0.00
Fixed assets	121	116	90	64	50	43		1.17	1.17	1.25	1.22	1.18	1.17
Derivatives credit amount	N.A.	N.A.	N.A.	N.A.	N.A.	27		N.A.	N.A.	N.A.	N.A.	N.A.	0.72
Accrued receivables	22	23	19	13	11	12		0.22	0.23	0.26	0.25	0.26	0.33
All other assets	92	98	49	41	34	29		0.89	0.99	0.68	0.77	0.79	0.79
Total reported assets	10,365	9,928	7,204	5,280	4,222	3,690		100.30	100.33	100.00	100.00	100.00	100.00
Less nonservicing intangibles	(31)	(32)	0	0	0	0							
Adjusted assets	10,334	9,895	7,204	5,280	4,222	3,690		100.00	100.00	100.00	100.00	100.00	100.00

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Table 1 Balance Sheet Statistics													
		--Year ended Aug. 31--						Breakdown as a % of liabilities + equity					
(Mil. A$.)	2005*	2004	2003	2002	2001	2000	-	2005*	2004	2003	2002	2001	2000
Liabilities													
Total deposits	8,526	8,303	6,118	4,476	3,703	3,182		82.26	83.64	84.93	84.76	87.71	86.25
Noncore deposits	3,131	3,420	2,272	1,501	1,109	1,009		30.20	34.44	31.54	28.43	26.26	27.34
Core/customer deposits	5,395	4,884	3,846	2,975	2,595	2,173		52.05	49.19	53.39	56.33	61.46	58.91
Other borrowings	981	818	542	424	217	244		9.46	8.24	7.52	8.03	5.15	6.61
Other liabilities	182	203	166	122	91	84		1.76	2.04	2.30	2.32	2.17	2.28
Total liabilities	9,689	9,324	6,826	5,022	4,012	3,510		93.47	93.92	94.75	95.10	95.03	95.13
Total shareholders' equity	676	603	378	259	210	180		6.53	6.08	5.25	4.90	4.97	4.87
Preferred stock and other capital	121	121	58	58	39	0		1.17	1.22	0.81	1.10	0.91	0.00
Common shareholders' equity (reported)	555	482	320	200	171	180		5.36	4.86	4.45	3.80	4.06	4.87
Share capital and surplus	465	403	264	175	151	143		4.49	4.06	3.66	3.30	3.59	3.87
Reserves (incl. inflation revaluations)	0	0	0	1	1	2		0.00	0.00	0.00	0.02	0.02	0.06
Retained profits	90	79	56	25	19	35		0.87	0.80	0.78	0.47	0.45	0.94
Total liabilities and equity	10,365	9,928	7,204	5,280	4,222	3,690		100.00	100.00	100.00	100.00	100.00	100.00
Less revaluation reserve, intangibles	(31)	(32)	0	0	0	0							
Tangible total equity	645	571	378	259	210	180							
Tangible common equity	524	450	320	200	171	180							
Adjusted common equity	524	450	320	200	171	180							
Plus preferred stock and other capital	121	121	58	58	39	0							
Plus general reserves	50	49	34	26	21	21							
Adjusted total equity	695	620	412	284	231	200							
*Data as of Feb. 28, 2005. Ratios annualized where appropriate. N.A.--Not available.													

Table 2 Profit and Loss Statement Statistics													
		--Year ended Aug. 31--						Adj. avg. assets (%)					
(Mil. A$.)	2005*	2004	2003	2002	2001	2000	-	2005*	2004	2003	2002	2001	2000
Profitability													
Interest income	335	606	370	291	285	241		6.52	6.49	6.26	6.07	7.10	7.07
Interest expense	223	402	223	174	175	145		4.35	4.31	3.78	3.63	4.37	4.25
Net interest income	112	204	147	117	110	96		2.18	2.19	2.48	2.44	2.74	2.81
Operating noninterest income	53	101	80	64	56	48		1.04	1.08	1.35	1.33	1.40	1.41
Fees and commissions	50	98	77	62	54	46		0.97	1.05	1.30	1.29	1.36	1.35
Equity in earnings of unconsolidated subsidiaries	0	0	0	0	0	0		0.00	0.00	0.00	0.00	0.00	0.00
Trading gains	2	0	0	0	0	0		0.03	0.00	0.00	0.00	0.00	0.00
Other market -sensitive income	1	0	1	0	0	0		0.01	0.00	0.02	0.01	0.01	0.00
Other noninterest income	1	3	2	2	1	2		0.02	0.03	0.03	0.04	0.03	0.05
Operating revenues	165	305	226	181	166	144		3.22	3.27	3.83	3.77	4.13	4.22
Noninterest expenses	111	207	153	126	122	101		2.16	2.22	2.59	2.62	3.04	2.96

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Table 2 Profit and Loss Statement Statistics													
		--Year ended Aug. 31--						Adj. avg. assets (%)					
(Mil. A$.)	**2005***	**2004**	**2003**	**2002**	**2001**	**2000**	**-**	**2005***	**2004**	**2003**	**2002**	**2001**	**2000**
Personnel expenses	35	67	46	42	44	38		0.69	0.72	0.77	0.88	1.10	1.13
Other general and administrative expense	64	118	90	72	70	57		1.24	1.27	1.53	1.51	1.75	1.67
Amortization of intangibles	1	2	0	0	0	0		0.02	0.02	0.00	0.00	0.00	0.00
Depreciation and amortization-other	11	20	17	11	8	6		0.22	0.22	0.29	0.23	0.20	0.17
Net operating income before loss provisions	54	98	73	55	44	43		1.05	1.05	1.24	1.15	1.09	1.26
Credit loss provisions (net new)	5	11	10	8	7	7		0.10	0.11	0.17	0.17	0.18	0.20
Net operating income after loss provisions	49	87	64	47	37	36		0.95	0.93	1.08	0.98	0.91	1.06
Nonrecurring/special income	0	6	0	0	0	0		0.00	0.07	0.00	0.00	0.00	0.00
Nonrecurring/special expense	0	0	0	6	5	0		0.00	0.00	0.00	0.13	0.13	0.00
Pretax profit	49	93	64	41	31	36		0.95	1.00	1.08	0.85	0.78	1.06
Tax expense/credit	13	29	19	12	7	14		0.26	0.31	0.32	0.25	0.18	0.41
Net income before minority interest	36	64	45	29	24	22		0.70	0.69	0.76	0.60	0.60	0.65
Net income before extraordinaries	36	65	45	29	24	22		0.70	0.69	0.76	0.60	0.60	0.65
Net income after extraordinaries	36	65	45	29	24	22		0.70	0.69	0.76	0.60	0.60	0.65
Core earnings	36	60	45	33	28	22		0.70	0.65	0.76	0.69	0.70	0.65
	2005*	**2004**	**2003**	**2002**	**2001**	**2000**							
Asset Quality													
Nonperforming assets	52	36	20	24	20	22							
Nonaccrual loans	7	6	4	6	6	7							
Loans in arrears but accruing	45	30	16	17	14	14							
Net charge-offs	3	5	2	4	7	4							
Average balance sheet													
Average customer loans	8,379	7,013	5,079	3,983	3,353	2,848							
Average earning assets	10,034	9,060	5,745	4,623	3,883	3,312							
Average assets	10,301	9,346	5,911	4,794	4,006	3,408							
Average total deposits	8,415	7,211	5,297	4,089	3,443	2,907							
Average interest-bearing liabilities	9,459	8,581	5,466	4,425	3,711	3,141							
Average common equity	519	401	260	186	175	175							
Average adjusted assets	10,269	9,330	5,911	4,794	4,006	3,408							
Other data													
Commitments and contingencies	2,561	2,561	1,370	885	868	626							
Number of employees (end of period, actual)	893	848	712	664	826	809							
Number of branches	157	142	120	98	93	93							
Off-balance-sheet credit equivalents	N.A.	76	23	25	22	13		N.A.					
*Data as of Feb. 28, 2005. Ratios annualized where appropriate. N.A.--Not available.													

Table 3 Ratio Analysis						
		--Year ended Aug. 31--				
	2005*	2004	2003	2002	2001	2000
ANNUAL GROWTH (%)						
Customer loans (gross)	4.88	44.02	30.32	24.03	16.71	18.26
Loss reserves	6.42	44.41	28.72	16.99	2.40	12.42
Adjusted assets	8.85	37.36	36.43	25.07	14.43	19.68
Customer deposits	20.95	26.98	29.29	14.64	19.38	15.50
Tangible common equity	32.90	40.46	59.75	17.05	(4.66)	4.93
Total equity	24.27	59.45	46.34	23.20	16.80	4.93
Operating revenues	8.23	34.82	25.17	9.22	15.02	16.97
Noninterest expense	7.08	35.59	21.67	3.11	20.83	17.65
Net operating income before provisions	10.65	33.22	33.13	26.26	1.43	15.40
Loan loss provisions	(3.77)	8.16	18.95	15.13	3.10	(10.09)
Net operating income after provisions	12.40	37.08	35.63	28.44	1.11	22.05
Pretax profit	5.05	46.68	56.67	29.73	(13.35)	22.05
Net income	11.34	44.26	55.62	19.37	8.20	15.49
	2005*	2004	2003	2002	2001	2000
PROFITABILITY (%)						
Interest Margin Analysis						
Net interest income (taxable equiv.)/avg. earning assets	2.23	2.25	2.55	2.53	2.82	2.89
Net interest spread	1.96	2.00	2.35	2.36	2.61	2.66
Interest income (taxable equiv.)/avg. earning assets	6.68	6.69	6.44	6.29	7.33	7.27
Interest income on loans/avg. total loans	7.15	7.71	6.50	6.62	7.60	8.46
Interest expense/avg. interest-bearing liabilities	4.72	4.68	4.09	3.93	4.72	4.61
Interest expense on deposits/avg. deposits	2.45	1.78	1.68	1.67	2.25	0.00
Revenue Analysis						
Net interest income/revenues	67.72	66.83	64.78	64.77	66.19	66.62
Fee income/revenues	30.16	32.09	33.89	34.13	32.87	32.03
Market-sensitive income/revenues	1.39	0.10	0.53	0.17	0.23	0.06
Noninterest income/revenues	32.28	33.17	35.22	35.23	33.81	33.38
Personnel expense/revenues	21.38	22.03	20.15	23.45	26.52	26.65
Noninterest expense/revenues	67.23	67.95	67.57	69.51	73.62	70.09
Noninterest expense/revenues less investment gains	67.48	68.02	67.93	69.62	73.79	70.13
Expense less amortization of intangibles/revenues	66.57	67.39	67.57	69.51	73.62	70.09
Expense less all amortizations/revenues	59.84	60.73	60.01	63.47	68.83	66.16

(Table continued on next page)

Table 3 Ratio Analysis						
		--Year ended Aug. 31--				
	2005*	**2004**	**2003**	**2002**	**2001**	**2000**
Net operating income before provision/revenues	32.77	32.05	32.43	30.49	26.38	29.91
Net operating income after provisions/revenues	29.68	28.58	28.10	25.94	22.06	25.09
New loan loss provisions/revenues	3.09	3.47	4.33	4.56	4.32	4.82
Net nonrecurring/abnormal income/revenues	0.00	2.00	0.00	(3.48)	(3.15)	0.00
Pretax profit/revenues	29.68	30.58	28.10	22.45	18.90	25.09
Net income/revenues	21.74	21.14	19.75	15.89	14.54	15.45
Tax/pretax profit	26.73	30.87	29.72	29.24	23.10	38.41
	2005*	**2004**	**2003**	**2002**	**2001**	**2000**
Other Returns						
Pretax profit/avg. risk assets (%)	1.43	1.63	1.56	1.29	1.19	1.60
Net income/avg. risk assets (%)	1.05	1.12	1.09	0.91	0.91	0.98
Revenues/avg. risk assets (%)	4.81	5.32	5.54	5.73	6.28	6.36
Net operating income before loss provisions/avg. risk assets (%)	1.58	1.70	1.80	1.75	1.66	1.90
Net operating income after loss provisions/avg. risk assets (%)	1.43	1.52	1.56	1.49	1.39	1.60
Net income before minority interest/avg. adjusted assets	0.70	0.69	0.76	0.60	0.60	0.65
Net income/avg. assets + securitized assets	0.70	0.69	0.76	0.60	0.60	0.65
Net income/employee (currency unit)	82,481	82,674	64,971	38,554	29,435	28,901
Personnel expense/employee (currency unit)	81,103	86,154	66,279	56,909	53,697	49,851
Personnel expense/branch (mil. currency unit)	0.47	0.51	0.42	0.44	0.47	0.41
Noninterest expense/branch (mil. currency unit)	1.48	1.58	1.40	1.32	1.31	1.07
Cash earnings/avg. tang. common equity (ROE) (%)	18.16	21.06	22.08	18.66	16.73	15.90
Core earnings/avg. tang. common equity (ROE) (%)	13.14	14.25	15.51	15.18	14.50	12.68
	2005*	**2004**	**2003**	**2002**	**2001**	**2000**
FUNDING AND LIQUIDITY (%)						
Customer deposits/funding base	56.75	53.54	57.75	60.71	66.18	63.44
Total loans/customer deposits	158.19	170.60	150.42	149.23	137.94	141.09
Total loans/customer deposits + long-term funds	121.02	132.14	121.38	121.39	118.44	118.09
Customer loans (net)/assets (adj.)	82.06	83.66	79.79	83.53	84.19	82.47
	2005*	**2004**	**2003**	**2002**	**2001**	**2000**
CAPITALIZATION (%)						
Adjusted common equity/adjusted assets	5.07	4.55	4.45	3.80	4.06	4.87
Adjusted common equity/adjusted assets + securitization	5.07	4.55	4.45	3.80	4.06	4.87
Adjusted common equity/risk assets	7.55	6.64	6.82	5.76	6.06	7.36
Adjusted common equity/customer loans (net)	6.18	5.43	5.57	4.55	4.82	5.90

(Table continued on next page)

Table 3 Ratio Analysis						
		--Year ended Aug. 31--				
	2005*	**2004**	**2003**	**2002**	**2001**	**2000**
Internal capital generation/prior year's equity	4.69	7.12	9.28	2.89	2.31	3.32
Tier 1 capital ratio	8.80	7.70	7.70	7.20	7.50	7.40
Regulatory total capital ratio	12.50	11.60	11.90	11.30	10.40	10.50
Adjusted total equity/adjusted assets	6.73	6.26	5.72	5.39	5.47	5.43
Adjusted total equity/adjusted assets + securitizations	6.73	6.26	5.72	5.39	5.47	5.43
Adjusted total equity/risk assets	10.01	9.15	8.78	8.17	8.17	8.21
Adjusted total equity plus LLR (specific)/customer loans (gross)	8.20	7.49	7.17	6.47	6.54	6.64
Common dividend payout ratio	64.69	61.42	53.96	79.19	80.62	74.46
Double leverage	N.A.	6.40	1.36	2.00	2.50	3.52
	2005*	**2004**	**2003**	**2002**	**2001**	**2000**
ASSET QUALITY (%)						
New loan loss provisions/avg. customer loans (net)	0.12	0.15	0.19	0.21	0.21	0.24
Net charge-offs/avg. customer loans (net)	0.08	0.07	0.03	0.10	0.20	0.15
Loan loss reserves/customer loans (gross)	0.64	0.64	0.63	0.64	0.68	0.78
Gen. loan loss reserves/customer loans (net of specifics)	0.59	0.59	0.59	0.58	0.59	0.68
Credit-loss reserves/risk assets	0.79	0.78	0.78	0.82	0.86	0.97
Nonperforming assets (NPA)/customer loans + ORE	0.61	0.43	0.35	0.53	0.57	0.70
NPA (excl. delinquencies)/customer loans + ORE	0.08	0.08	0.07	0.14	0.18	0.24
Net NPA/customer loans (net) + ORE	(0.04)	(0.20)	(0.28)	(0.11)	(0.11)	(0.07)
NPA (net specifics)/customer loans (net specifics)	0.55	0.38	0.31	0.47	0.48	0.60
Loan loss reserves/NPA (gross)	105.80	146.41	179.90	120.93	119.73	110.34
*Data as of Feb. 28, 2005. Ratios annualized where appropriate. N.A.--Not available.						

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