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Glossary

Assets (total assets)	Total assets in the balance sheet: loans and available funds, fixed assets and other assets.
Cost/income ratio	The ratio between operating costs (labour costs, general expenses and amortisation) and total income (%).
Coverage rate for doubtful loans	Ratio between adjustment funds and gross doubtful debts (%).
Current result	Net result before extraordinary and non-recurrent costs and income, goodwill amortisation, income taxes and profits and losses pertaining to minority interests.
Doubtful loans	Doubtful, impaired, restructured and overdue loans.
Fair value hierarchy	Classification of financial assets recognized at fair value into three classes introduced in 2008 by FAS 157 in the United States and IFRS 7 in Europe. Class 1 consists of assits listed on regulated markets; class 2 consists of those which are valued on the basis of the market prices of comparable assets; and class 3 consists of assets which are valued using parameters not directly observable on financial markets but discretionally, on the basis of mathematical models (the mark-to-model approach).
Fixed assets	Interests in subsidiaries and associated plus net tangible and intangibile assets plus goodwill
Free capital	Net capital less fixed assets less doubtful loans.
Funding from customers	Customer deposits, debt securities and subordinated liabilities.
IAS / IFRS	International Accounting Standards / International Financial Reporting Standards
Impairment test	A test of the book value of assets, carried out at least annually, to ascertain whether there has been a long-term reduction in the value of such assets and whether this should be reflected in the accounts by taking an equivalent charge through the profit and loss account.
Income (total income)	Interest income, commissions receivable and other operating income net of commissions payable and other operating expenses, dividends and share of profit, trading profits and losses.
Leverage ratio	The ratio between total assets less intangible assets less goodwill and tangible net worth.
Loans and available funds	Cash and balances at central banks, securities, loans and advances to banks and customers.
Mega-merger	A merger involving two banks included in the survey.
Net capital (net worth)	Share capital and reserves (including results for the year), net of own shares. This is equal to the difference between total assets and total liabilities.

cont.

Glossary (*cont.*)

Net interest income (gross margin)	Difference between interest income and interest expense.
Netting agreement	An arrangement which allows asset and liability positions with the same counterparty to be offset and to settle the amount payable/receivable on the basis of the net balance in the event of one or other of the parties to the agreement becoming insolvent.
ROA (*return on assets*)	Ratio between net profit and total assets (%).
ROE (*return on equity*)	Ratio between net profit and net worth less minority interests and net profit (%).
Shareholders' equity	Net worth less minority interests
Tangible assets	Total assets less intangible assets less goodwill
Tangible net worth	Net worth less intangible assets less goodwill
Tax rate	Ratio between income tax and pre-tax results (%).
Total capital ratio	Under the Basel Capital Accord, the ratio between net worth less certain intangible fixed assets (including goodwill) and risk-weighted assets. The total coefficient (total capital ratio) also includes subordinate liabilities.

I. INTRODUCTION

I.1 Summary

The eighth edition of the survey of major international banks (Europe, the United States and Japan) includes a thorough analysis of the evolution of their aggregate accounts during the decade 2000-2009. Some preliminary figures for 2010 have been prepared for a representative sample of European and US institutions (for the first half of the year only for Japanese banks, which end their financial years on 31 March). The study also includes a section dedicated to major Chinese banks, focusing on the six-year period 2004-2009. Finally, the focus on the main investment banks has been updated (2008-2010) and a new in-depth review of the German Landesbanken has been prepared (2007-2009).

* * *

The banks covered by the survey increased considerably in size from 2000 to 2009: in 2009 average total assets, considered in the local currencies and net of recognized goodwill, came to 4.3 times the level at the beginning of the period for banks in the United States, 2.3 for European banks and 1.5 for their Japanese counterparts. The increase in size was due both to organic growth and mergers and acquisitions between the banks surveyed. As a result of such mergers and acquisitions, the number of major banks considered decreased from 99 in 2000 to 61 in 2009, with a "loss" of 20 in the United States, ten in Europe and eight in Japan.[1] However, in 2009 the average size of European banks marked a reversal of the trend (-3% compared to 2008), inasmuch as the mergers during the year did not offset the sharp decline in assets (-14%), a decline that was largely caused by in-the-

[1] For the selection criteria adopted, see Section III, Principles and Methods.

money derivatives positions. By contrast, the trend towards increasing size continued for Japanese banks (+3%) and US banks (+1%).

It may be observed that most of the mega-mergers, i.e. the mergers between the banks covered by the survey, were undertaken through the exchange of shares, in what are known as "paper-for-paper" transactions. Cash outlays amounted to one-third of total value in Europe, a mere 6% and nil in Japan.

The rise in revenue was only partly due to the increase in asset levels: from 2000 to 2009, the ratio of total revenue to total assets declined from 5.8% to 5.3% in the United States and from 2.7% to 2.1% in Europe, while remaining essentially unchanged at 1.5% in Japan.

Workforce growth was also outpaced by assets. European banks created one percentage point of new employment per each 2.8 points of increased assets: that ratio climbs to 1:7.5 for US banks and 1:12.7 for Japanese banks.

Labour productivity, calculated as revenue per employee, excluding profit or loss on trading, grew more rapidly for US banks (+45% over the decade) than for their European counterparts (+18%). However, if one also considers the trend in the per-capita labour costs, which was significantly more modest for European banks (+6% compared to +24%), the ratio between the two indicators is more favourable for European banks, with approximately three percentage points of greater unit revenue per each point of increase in unit costs. In comparison, the ratio for US banks was approximately 1.9.

It may be remarked that during the decade European banks showed an increasingly greater degree of internationalization than their counterparts in the other two areas, which were essentially focused on their domestic markets, with the exception of the largest players. The employees of European banks abroad increased by 69% from the beginning to the end of the period, rising from 42% to 56% of the total, whereas home-country staff decreased by 5%. In addition, at the end of 2009 European banks' operations abroad accounted for approximately

48% of the total and subsidiaries of four European groups were among the top ten banks in the United States by total assets.

On average, European banks recognized lesser impairment of loans than did their counterparts in Japan and the United States. In Europe, the annual average impairment charged to the income statement in the decade 2000-2009 amounted to 12% of revenue, 0.6% of loans to customers and 6.2% of net worth. Those ratios were 28%, 0.9% and 9.7%, respectively, for Japanese banks, and 16%, 1.7% and 9.6% for US banks. At the end of 2009, the amount of doubtful loans was thus highest in Europe, in proportion to both loans to customers (2.2% compared to 1% in the United States and 0.9% in Japan) and net worth (21.3% compared to 4.4% and 8.2%, respectively). European banks also showed the lowest level of coverage of doubtful loans through provisions for impairment: 54% at the end of 2009 (70% in 2000), with Japanese banks at 64% and US banks at 85%.

During the decade considered, the highest ratio of total assets to net worth ("leverage"), excluding intangible assets from both items, was also reported by European banks (with the sole exception of Japanese banks in 2002). From 2000 to 2009, European leverage came to an average of 31x (with a peak of 42x in 2008), compared to 25x for Japanese banks and 21x for US banks. This was primarily due to the concurrent presence of two factors: the lesser offsetting of in-the-money and out-of-the-money derivatives positions due to the different accounting treatment of netting agreements, resulting in larger item totals, and their lower capitalization levels.

In regards to this latter issue, it should be noted that significant amounts of capital were contributed in 2008-2009 by the European and US governments in order to support struggling institutions. As limited to the banks covered by the survey, the contributions amounted to 16% of equity at the beginning of 2008 in Europe and 24% in the United States. However, in the United States the percentage of those funds later repaid to the government came to 71% compared to a mere 13% in Europe.

* * *

The ten Chinese banks examined in this survey (2004-2009) are almost all subject to a dominant control or influence by the state (only one is entirely private). In some institutions, significant interests are held by European banks, although foreign investors may no longer hold more than a 20% interest in local banks. Their financial statements are now comparable to those of the Triad regions, given that nine out of ten of the banks reviewed have adopted IASs/IFRSs (compared to just two in 2004).

The composition of revenue in the period considered is peculiar in that on average 87% derives from net interest income and just 12% from net commissions, with only a marginal role played by trading.

The limited extent of the damage caused by financial market events allowed the largest Chinese institutions to close both 2008 and 2009 with operating profit of approximately 47% of revenue, compared to an average loss of 8% and a profit of 9% reported by Triad banks in those two years.

While showing limited diversification in terms of composition, revenue rose sharply, increasing by 156% during the five-year period 2004-2009. However, growth appears to have halted in the final year, with revenue essentially unchanged compared to 2008. Rapid revenue growth allowed the cost-income ratio to be kept at levels significantly below the Triad average, with a difference of -17 percentage points in 2009. The gap was particularly evident in the labour costs component, which represented an average of 21% of revenue during the period, compared to 34% for US banks and 37% for European banks. However, per-capita labour costs were up sharply: an average of +18.2% per year during the five-year period, well in excess of the internal inflation rate, while the number of employees also increased by 10%. Productivity per employee, while on the rise, remained low in comparison to the international scenario, amounting to slightly less than one-half of the level in Europe and 40% of that achieved in the United States.

Impairment losses on loans amounted to an average of 11.4% of revenue in 2008-2009, far from the 43.5% reported in the U.S., but also the 24.1% seen in Japan and the 25.7% in Europe. However, the level of coverage of doubtful loans through adjustment provisions was in excess of 100%, signalling a very conservative approach. Yet it should also be noted that the major Chinese banks have in recent years completed important transactions involving the transfer of problem assets to the government: most recently, in 2008, such a process was completed by the Agricultural Bank of China (China's number-three bank by assets and number-one by employees), which transferred 94% of its non-performing loans.

Chinese banks' earnings have increased constantly since 2004, rising from 17% to 38% of revenue, due in part to the benefits resulting from the decrease in income tax rates from 33% to 25% effective 2008.

The preponderance of net interest income within revenue is reflected by the asset structure, 98% of which consists of loans and cash (81% for Triad banks), although it should also be noted that as much as 11% is held in a compulsory reserve with the central bank. Loans to households are rather limited, amounting to 21% of loans to customers, of which approximately 16% are allocated to home mortgages, with a structure similar to that seen in Japan.

Further breaking down assets, it may be noted that over two-thirds of securities portfolios are measured at cost, with the ensuing lesser adjustments through the income statement and equity in the event of financial market instability, and that, on the whole, assets at fair value account for a mere 8% of total assets compared to 44% for European banks and 35% for US banks.

At the end of 2009, capitalization levels were slightly above those of European and Japanese banks and below only those of US banks, whereas leverage came to approximately 19x, a multiplier that in this case was lower than in Europe and Japan but higher than in the United States.

* * *

The financial statements of the seven largest German Landesbanken, reviewed for the three-year period 2007-2009, present a number of critical points, reflected in the aggregate losses for 2008 and 2009, amounting to 117% and 26% of revenue, respectively. Those losses come to one-third of equity at the beginning of the period.

The main causes of those losses are the poor quality of loans and securities portfolios, resulting in heavy impairment through the income statement, in addition to severe trading losses in 2008, which absorbed slightly less than one-half of operating revenue for the year. It should also be noted that operating revenue was insufficient in volume compared to the average for European banks.

Despite the significant impairment losses through the income statement, as well as financial transactions aimed at removing risky assets from the balance sheet, doubtful loans still accounted for 39% of net worth at the end of 2009, a considerable 18 points above the European average, just as the level of coverage of gross doubtful positions came to a mere 46%, eight points below the average for European banks.

Risky assets classified as class-3 (associated with a greater degree of discretion in measurement and lower liquidity) accounted for as much as 81% of tangible net worth at the end of 2009, a percentage that was nearly twice the European average.

Those indicators also signal the inadequate capitalization levels presented by Landesbanken, whose net worth came to a mere 2.7% of total assets in 2009 compared to an average of 4.6% for the major European banks, with a leverage multiplier of 39x, 11 points above the European level, which is already high from an international standpoint. It should also be considered that during the three-years in question Landesbanken received contributions amounting to 46% of their equity at the end of the period from public shareholders, in addition to benefiting from significant public guarantees as part of the financial stabilization plans implemented by the German government in response to the systemic liquidity crisis.

* * *

The following may be remarked in regards to trends involving the major European and US institutions in 2010:

- a more marked increase in revenue for European banks (+7.7%) than for their US counterparts (+1.6%). The former reported rises in all main revenue components (net interest income: +6%; net commissions and other revenue: +10.5%; trading: +8.7%), whereas US institutions reported an increase in net interest income only (+4.5%) and declines in the other components (commissions and other revenue: -0.4% and trading: -7.4%);
- an improvement in all earnings margins. Operating profit came to 19% of revenue (11% in 2009) in Europe and reached 20% in the United States, more than triple the 6% reported in 2009. Net income also improved as a percentage of revenue, yet to a lesser extent: it came to 14% in Europe (11% in 2009) and 11% in the United States (8% in 2009). The more moderate increase in net income than in operating profit derives from the lesser contribution of extraordinary components (which came to significantly negative levels in the United States) and higher taxes, resulting in a tax rate of 25.6% in Europe and 29.2% in the United States;
- a contrasting performance by the main cost items. On the one hand, there was a generalized decrease in impairment losses on loans, down 29% in Europe and 41% in the United States. As a percentage of revenue, such losses decreased considerably, falling from 28% to 18% in Europe and from 38% to 22% in the United States. That decrease was partially offset by the rise in general and labour costs (+9.6% in Europe and +4.6% in the United States), resulting in an increase in the cost/income ratio from 61.4% to 62.5% in Europe and from 56.1% to 57.7% in the United States. In further detail, labour costs rose more due to the greater per-capita levels (+9% in Europe and +2.9% in the United

States) rather than the increase in the employment level (+1% in Europe and +2% in the United States);

- an increase in total assets. Assets were up in Europe (5.6%) and, to a lesser extent, in the United States (3.1%). Loans to customers were on the rise (+4% in both areas), whereas the net balances of derivatives positions declined. In-the-money positions were far more significant for European banks (16.5% of assets) than for their US counterparts (2.8%) due to the different accounting treatment (netting);
- a conflicting performance in doubtful loan. European banks reported a 12.4% increase in gross doubtful loans and a concurrent slight reduction in the level of coverage through adjustment provisions, which fell from 54% to 52%. It follows that the weight of net doubtful loans within tangible assets increased from 28% to 29.5%. By contrast, in the United States gross doubtful loans decreased by 6.4%, almost entirely attributable to loans to businesses, which were down by approximately 28% (doubtful consumer loans were up 5%). However, the coverage level increased, rising from 73% to 83%, and net doubtful loans halved as a percentage of tangible net worth, falling from 12% to 6%;
- a decrease in illiquid ("class-3") assets. Total assets at fair value remained stable and accounted for 43% of total assets for European banks and 35% for their US counterparts. Illiquid assets, designated class-3, were down sharply, more significantly in the United States (-18%) than in Europe (-11% adjusting for exchange rates), yet continued to account for a significant percentage of tangible equity: 42% in Europe (50% in 2009) and 53% in the United States (75% in 2009);
- an increase in capitalization and a reduction in leverage. Net worth rose by 8.4% in Europe and 5.2% in the United States, essentially owing to the effect of net income for the year, considering that dividends, along with capital redemptions and repurchases of own shares, exceeded (United States) or were essentially equal to (Europe) share issues. Considering the lower

asset growth rates, leverage declined slightly both in Europe (from 28.7x to 27.5x) and in the United States (from 18.3x to 16.4x).

* * *

In 2010 the main investment banks increased their revenue by nearly 9%, owing to the rise in net commissions (+16.7%), which alone accounted for half of revenue, and trading profits (+12.7%). These items offset the decline in net interest income (-35%), which accounted for a marginal share of revenue (just 7% in 2010), thus permitting revenue to rise above the levels achieved prior to the financial crisis. The cost structure was characterized primarily by a high incidence of labour costs, which reached 52% of revenue in 2010 (the figure is 35% for European retail banks and 30% for their US counterparts). The brisk uptrend in total costs (labour, administrative expenses and loan adjustments), which rose by 17% in 2010, led investment banks to report operating profit of 23.5% of revenue, not far from the 19-20% achieved by retail banks, marking a decline compared to 2009 (28.8%).

Leverage in 2010 was modest (14.3x), lower than the figure reported by US banks (16.4x) and their European counterparts (27.5x). However, there continued to be a significant presence of class-3 assets, the weight of which within tangible net worth ranged from the 62% reported by Goldman Sachs to the 82% presented by Merrill Lynch (which belongs to the Bank of America Group).

I.2 Overview of the sample

The leading banks in Europe, Japan and the United States were selected on the basis of total assets, in accordance with the criteria set forth in Section III. These included 61 banking groups as of 31 December 2009, 31 of which are based in Europe, 17 in Japan and 13 in the United States.[2] With regard to China, the ten largest banks in terms of assets were selected. Table I.1 presents some of the primary summary data for 2009. The full list of banks taken into account in the survey is displayed in Table III.2 under Section III.

TABLE I.1 – BANKS COVERED IN THE SURVEY

	No. of Groups	Total assets at 31-12-2009		Total income in 2009		No. of employees in 2009		
		EUR bn	*%*	*EUR bn*	*%*	*'000*		*%*
United Kingdom	5	6,560	*17.4*	144	*15.3*	865		*19.5*
France	5	6,378	*16.9*	129	*13.7*	710		*16.0*
Germany	7	4,243	*11.2*	56	*6.0*	208		*4.7*
Benelux	5	2,857	*7.6*	43	*4.6*	264		*6.0*
Spain	3	1,917	*5.1*	66	*7.0*	304		*6.9*
Switzerland	2	1,599	*4.2*	37	*4.0*	119		*2.7*
Italy	2	1,554	*4.1*	45	*4.8*	272		*6.1*
Scandinavia	2	924	*2.4*	17	*1.8*	56		*1.3*
Europe	**31**	**26,032**	***68.9***	**537**	***57.2***	**2,798**		***63.2***
Japan	**17**	**5,509**	***14.6***	**82**	***8.7***	**239**	*****	***5.4***
United States	**13**	**6,232**	***16.5***	**320**	***34.1***	**1,388**		***31.4***
Total	**61**	**37,773**	***100.0***	**939**	***100.0***	**4,425**		***100.0***
China	**10**	**5,142**		**130**		**1,532**		

* In assessing the number of staff employed by Japanese banks, it should be remembered that, in most cases due to the lack of Group-level information, only data relating to parent companies or aggregate data for the most important group companies has been used.

[2] In 2009 European banks consolidated 15,841 subsidiaries. This figure does not include the United Kingdom or Benelux, for which figures were not available, with the exception of the Belgian KBC Group. The Japanese groups control 1,021 companies, while the only figures available for the U.S. involve nine groups which consolidate 4,875 subsidiaries.

European banks accounted for 69% of total assets, 57% of revenue and 63% of employees. US banks accounted for a mere 17% of total assets, yet represented approximately one-third of total revenue and employees. In Europe, Germany was the country with the largest number of banks in the sample, while U.K. institutions ranked first in terms of total assets, revenue and employees, followed by their French counterparts.

In assessing the more substantial contribution by European banks to the sample, it should be noted that they are also more globalized than the banks in the other areas considered, primarily as a result of acquisitions outside their countries of origin, as will be described in due course. On the basis of the figures for a sub-set of European banks representing 80% of total assets in the area, assets outside the country of origin represented approximately 48% of the total at the end of 2009, of which 22% in other European countries. In contrast, the U.S. and Japanese banks, with the exception of the top players, are primarily concentrated within their domestic markets.[3]

Banks also play a relatively less important role in US financial markets than elsewhere, owing to the strong presence of non-banking institutions that are particularly active in the mortgage loan sector and in consumer credit and leasing.

Another factor of an accounting nature contributes to increasing the total financial statement figures of European banks with respect their US and Japanese counterparts: the lower use of offsetting of in- and out-of-the-money positions in derivative financial instruments with the same counterparty.[4] At the end of 2009, the positive carrying amounts of derivative instruments amounted to 15% of total assets for

[3] If all Japanese banks are considered, foreign operations accounted for a mere 18% of the total at the end of 2009; it was not possible to calculate the relative ratio for US banks.

[4] International accounting principles allow for the offsetting of in- and out-of-the-money positions with the same counterparty within the financial statements for legally binding contracts (netting agreements) that provide for, in the case of default by one of the parties, the settlement of the amount due on the basis of the net balance or the realization of the asset while simultaneously discharging the debt position. The offsetting possibilities afforded by European accounting principles are stricter than those in force in the United States under US GAAP.

European banks but only 3% for banks in the U.S. and 4% for their counterparts in Japan (Table II.2, various areas).

Lastly, but not least importantly, the weight of the various areas in the sample is influenced by the exchange rates between the various currencies. For an examination of exchange-rate performances during the decade in review, see Section III.

An analysis of the composition of the sample by individual country reveals certain specifically structural elements in some of the European and Japanese groups. These are discussed in greater detail in Appendix 1.

I.3 Size of the groups

The average size of the banking groups considered in this survey increased considerably between 2000 and 2009, due to both organic growth and mergers and acquisitions. In terms of total assets, the average size per group in 2009 was EUR 612.8 billion, 2.2 times the figure for 2000, the result of a 37.5% increase in assets (excluding goodwill), while the number of groups fell from 99 to 61. Based on calculations in local currency, banks grew in all three areas considered, but to a much more significant extent in Europe than in the United States and Japan (Table I.2).

Excluding the effect of mega-mergers between the Groups included within the sample (more on this below), the increase in the average size over the period 2000-2009 was 71.4% for European banks, 68.6% for US banks and just 4.3% for Japanese banks.[5] The share the

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[5] By virtue of (EC) Regulation No. 1606/2002, the EU established, effective from 1.1.2005, the accounting harmonization of listed companies by means of the adoption of IASs/IFRSs, as endorsed by the European Commission, in the preparation of consolidated financial statements. Of the 39 banks forming the European sample in 2005, 31 have adopted the new accounting standards, whereas two have continued to apply U.S. GAAP and six unlisted banks have continued to apply national accounting standards. The change in the accounting principles led to

increase in size attributable to large-scale combinations is thus equal to as much as 92% of the total for Japanese banks, 79% for US banks and approximately 44% for European banks.

TABLE I.2 – SIZE OF BANKS COVERED BY SURVEY

	Average size measured by total assets [1]			
	2000	2009	2009 / 2000	2009 / 2000 [2]
	EUR bn		*% increase* [3]	
Europe [4]	367.5	833.1	+ 126.7	+ 71.4
Japan	262.6	323.6	+ 53.4	+ 4.3
United States	168.5	465.8	+ 327.9	+ 68.6
All banks [5]	**274.7**	**612.8**	**+ 123.1**	**+ 37.5**

[1] Not including goodwill.
[2] Calculated excluding the effect of mergers between groups included in the sample.
[3] Calculated in Euros for European banks and in local currency for Japanese and US banks.
[4] 41 groups in 2000, 31 in 2009.
[5] 99 groups in 2000, 61 in 2009. The size of changes is impacted by exchange rates between local currencies and the Euro.

Based on their assets in 2009, European banks were on average 1.8 times larger than US banks and 2.6 times larger than Japanese banks.[6] As shown by Table III.2 in Section III, the two latter countries present a greater concentration than Europe: the top three Japanese and US banks accounted for 68% and 64% of total assets, respectively,

an increase in the total assets as of 1.1.2005 of approximately 8% compared to the closing balances for 2004. In 2007, Deutsche Bank ceased to apply U.S. GAAP and adopted IASs/IFRSs, which were also applied for the first time by four other German banks. These changes resulted in a 1.6% increase in total aggregate assets within the Eurozone for 2006, restated according to the new accounting principles. Excluding these effects as well, the increase in the average size of European banks during the period in question comes to approximately 60%.

[6] This figure is substantially confirmed by the ratio of total revenue to the gross domestic product of the respective geographical areas, which stands at 5.2% for the European banks, 3.2% for the US banks, and 2.3% for the Japanese banks.

whereas the top three European banks represented just 22% of their area. A comparison between 2000 and 2009 shows that the percentage of total assets accounted for by the top five groups in their respective areas rose from 59% to 79% in Japan, from 56% to 85% in the United States and from 25% to 34% in Europe. In interpreting the lower degree of aggregation in Europe, however, the more fragmented nature of the area in terms of various national markets should be considered.

European banks have the highest total assets expressed in euro: at the end of 2009, the largest by size was BNP Paribas (FR), followed by RBS (GB), Crédit Agricole (FR) and HSBC (GB). The main US banks (Bank of America and JPMorgan Chase & Co.) were only ranked sixth and ninth, respectively, in the overall rankings; Mitsubishi UFJ Financial Group, the largest Japanese bank, was only seventh. Following the acquisition of Deutsche Postbank, Deutsche Bank climbed from eighth to second place in 2010.

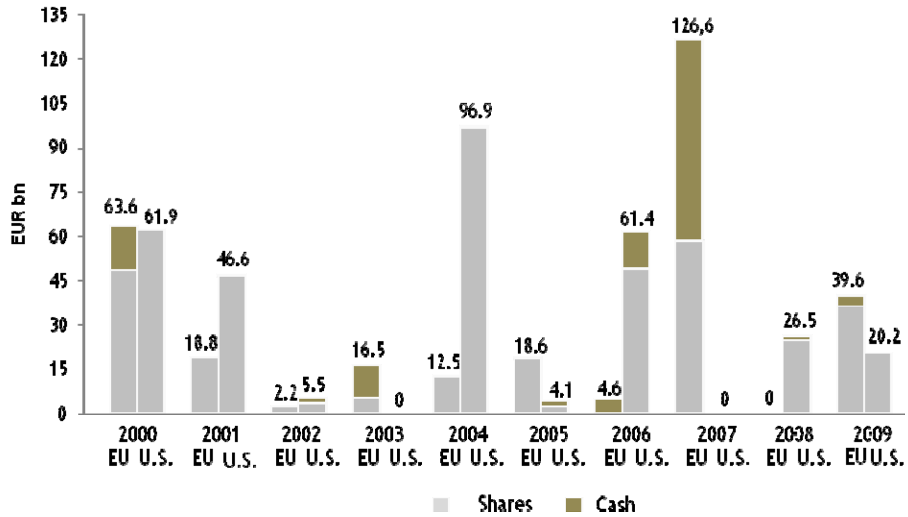
I.4 The role of mergers

Acquisitions were a crucial factor in the growth of banks in all three of the world's main economic areas. Between 2000 and 2009, there were a total of 51 mega-mergers, 20 of which involved European banks, 22 US banks and nine Japanese banks. The merger of the banking operations controlled by the Dutch government into the new holding company, ABN AMRO Group, was closed in July 2010. The complete chronological details of the mergers are presented in Table I.42.

Firstly, it may be noted that the large deals involved banking groups from the same geographical area, and, within Europe - at least until 2003 - banking groups from the same country, with the sole significant exception of Scandinavian countries. Several significant cross-border combinations have taken place since then: i) the Spanish group Santander acquired British Abbey National in 2004; ii)

UniCredito Italiano (now UniCredit) acquired HVB, then the third-largest German bank by assets, in 2005; iii) a consortium formed by RBS (GB), Fortis (BE/NL) and Banco Santander (ES) acquired Dutch bank ABN AMRO Holding in 2007, in a transaction involving four EU countries; and iv) BNP Paribas obtained control of Fortis Bank from the Belgian government in 2009. A description of deals involving the banks included in our survey by country of origin is provided in Appendix 2.

FIGURE I.1 – COUNTERVALUE OF THE MEGA-MERGERS IN EUROPE AND THE U.S. FROM 2000 TO 2009: CASH AND SHARE EXCHANGE AMOUNTS



Most of the mega-mergers were took the form of share exchanges. Of the aggregate approximately EUR 303 billion in deals involving European banks between 2000 and 2009, EUR 201 billion, or 66% of the total, did not involve monetary consideration. The aforementioned acquisition of ABN AMRO in 2007 was also the deal involving the largest cash outlay of the decade, approximately EUR 66 billion, accounting for 65% of total cash outlays during the period. The aggregate value of mergers between large US banks in the same period was only slightly higher, at USD 388 billion, but the cash outlay was just USD 23.4 billion, or 6% of the total (Figure I.1). Mergers between Japanese banks took place exclusively via share exchanges.

I.5 Shareholding structure

In terms of ownership structure, the banks covered in the survey are for the most part widely-owned and listed on one or more stock exchanges: 21 of the 31 European banks, 14 of the 17 Japanese banks, and all the US banks are listed. At the end of 2009, there were ten banks in which a government held a controlling or majority interest, nine of which were European and one of which was Japanese. Of those European banks, four were German, two based in the United Kingdom, and one each in Belgium, Holland and Spain (Table I.3).

TABLE I.3 – PUBLICLY CONTROLLED BANKS IN THE SAMPLE

	No. of groups	Total assets	Total income	No. of employees
		EUR m	*EUR m*	
Publicly controlled banks	10	5,704,200	81,590	432,213
as % of total	*16.4*	*15.1*	*8.7*	*9.8*
of which: Europe	9	5,613,943	80,529	427,950
as % of European total	*29.0*	*21.6*	*15.0*	*15.3*

The banks based in the United Kingdom were those with the highest public presence by total assets, at 47%, followed by the German banks, at 36%.

The primary nationalizations occurred from the fourth quarter of 2008 to the first months of 2009: i) the Treasury of the United Kingdom, by acquiring shares that had remained unpurchased in stock offerings, obtained a 70.3% interest in RBS and a 43.4% interest in Lloyds Banking Group (resulting from the merger of Lloyds TSB Group and HBOS);[7] ii) the governments of Belgium and France, along with regional Belgian entities, each acquired 5.7% interests in Dexia, while Caisse de Dépôts et Consignations (a French public entity) increased its interest to 17.6%, thereby leading the public sector, which had previously been a shareholder, to increase its interest to more than half; iii) the Dutch government acquired all of the banking and insurance assets of the Fortis Group in Holland, created by breaking up Fortis Bank Nederland (Holding), now Fortis Bank (Nederland); iv) as part of that transaction, Belgium and Luxembourg each acquired Fortis Bank's banking assets in the respective countries. In May 2009 Fortis Bank was re-privatized through the sale of a majority interest to BNP Paribas in return for newly issued shares of the latter. The governments of Belgium and Luxembourg thus obtained interests in the French bank of 11.6% and 1.2%, respectively; and v) the German government, in a step-based process that included a tender offer, acquired full control of Hypo Real Estate Holding.

In April 2010 the Dutch government incorporated a new holding company, ABN AMRO Group, to which it transferred its interests in Fortis Bank (Nederland) and ABN AMRO Bank (which held the Dutch banking assets of the former ABN AMRO Group, acquired, as mentioned above, by the RBS-Fortis-Banco Santander consortium in 2007).

During the same period some European nations also acquired minority interests in banks: i) the French government converted the subordinated loans granted in December 2008 to BNP Paribas and Société Générale into non-voting shares not convertible into ordinary

[7] During 2008 the UK government nationalized two other smaller institutions in difficulty: Northern Rock and Bradford & Bingley, the latter of which was then acquired by Banco Santander. In December 2009 it purchased additional shares - without voting rights but convertible into ordinary shares – in RBS, thereby bringing its total interest to 84.4%. (reduced to 83.2% in 2010). The interest in Lloyds Banking Group was also reduced to approximately 41% in 2010.

shares, thereby acquiring interests in paid-in capital of 14.9% and 7%, respectively. In the fourth quarter of 2009, both banks repurchased and cancelled the shares previously held by the French government, financing the transaction with stock offerings on the market; ii) the German government acquired a 25% interest, plus one share, in Commerzbank, which in the meantime had completed the acquisition of Dresdner Bank from the Allianz Group and acquired, through Deutsche Post, an 8% interest in Deutsche Bank;[8] and iii) in August 2009, the Swiss Confederation converted the bonds it had purchased in October 2008 into shares of UBS, thereby acquiring a 9.3% interest, which was concurrently sold on the market in its entirety. The Swedish government holds a 13.5% interest in Nordea Bank.[9]

In the United States, the Treasury took action in support of local banks, some of which were among those considered in this survey, in the fourth quarter of 2008 and January 2009. That action involved purchasing preferred shares without voting rights, not convertible into ordinary shares coupled with ten-year warrants for the purchase of ordinary shares.[10] The investment, which was limited to the banks surveyed, totalled USD 181.7 billion (of which USD 33.5 billion 2009). In addition, USD 131 billion was redeemed by banks in 2009 by raising resources on capital markets.

In July 2009 Citigroup completed a private and public offer for the exchange of preferred shares for ordinary shares. The U.S. Treasury participated for a nominal amount of USD 25 billion, contributing a portion of the preferred shares purchased in 2008 and thereby acquiring a 33.6% interest in bank's ordinary capital (diluted to approximately 27% at the end of 2009).

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[8] This interest was acquired by Deutsche Post A.G. (30.5% owned by KfW, in turn controlled by the German government) in return for the contribution of a 22.9% interest in the subsidiary Deutsche Postbank A.G. In July 2009, Deutsche Post sold its entire interest in Deutsche Bank on the market.

[9] In February 2011, following the sale of a 6.3% interest.

[10] Based on the shares issued at the end of 2008, exercising all the warrants would have allowed the U.S. Treasury to acquire interests of 2-6.5% in the ordinary capital of the banks included in the survey.

I.6 Workforce

From 2000 to 2009, the workforces of the banks included in the survey increased by 26% in Europe (+572,000 resources), 9% in the United States (+116,000 resources) and just 1% in Japan (+2,000 resources). The figures for Japan refer to the period 2001-2009, for which homogeneous data were available (Table I.4). It may also be remarked that were was a significant positive correlation between asset growth rates and the rise in the number of employees.

TABLE I.4 – CHANGE IN HEADCOUNT

	Average number of employees [1]			Change of employees [2]		Change of total assets [2]
	2000	2008	2009	*No.*	*%*	*%*
United Kingdom	624,818	893,414	864,663	239,845	+ 38.4	+ 106.5
France	448,519	691,394	710,046	261,527	+ 58.3	+ 121.4
Spain	278,875	281,300	304,199	25,324	+ 9.1	+ 81.4
Italy	272,117	275,967	271,520	- 597	- 0.2	- 0.3
Benelux	216,058	282,684	263,807	47,749	+ 22.1	+ 76.4
Germany	209,321	214,471	208,172	- 1,149	- 0.5	+ 35.7
Switzerland	124,651	128,622	119,208	- 5,443	- 4.4 [3]	+ 17.8 [3]
Scandinavia	51,374	57,699	55,912	4,538	+ 8.8	+ 127.0
Europe	**2,225,733**	**2,825,551**	**2,797,527**	**571,794**	**+ 25.7**	**+ 71.4**
Japan	**236,479** [4]	**229,930**	**238,720**	**2,241**	**+ 0.9**	**+ 4.3**
United States	**1,272,060**	**1,497,278**	**1,388,351**	**116,291**	**+ 9.1**	**+ 68.6**

[1] The breakdown refers to the country in which the parent company was based in 2009 and therefore includes group staff employed elsewhere; the figures for 2000 and 2008 have been restated to allow comparison on a like-for-like basis.
[2] Refers to 2000-2009 for Europe and the United States and 2001-2009 for Japan. The change in assets has been calculated excluding goodwill.
[3] Up 22.2% and 27.9% respectively excluding employees of the Winterthur insurance group in 2000, which was sold to third parties in 2006.
[4] Refers to 2001, the first year for which like-for-like data are available.

In Europe, the largest increases were reported by banks based in France and the United Kingdom, which together accounted for 88% of the increase in employees in the European area. All of the other countries showed below-average increases, with decreases of less than one percentage point in Italy and Germany. The decrease shown by Swiss banks was affected by the transfer of the Winterthur insurance group from Crédit Suisse to the French Axa at the end of 2006.

In 2009 average employment levels decreased compared to the previous year by 7% in the United States and 1% in Europe, while Japanese banks reported an increase of approximately 4%. In Europe, the main decreases were attributable to the United Kingdom (-29,000 resources) and Benelux (-19,000 resources), while Spanish and French banks increased the number of their employees by 23,000 and 19,000, respectively.[11]

The mega-mergers listed in Appendix 2 had no effect on such changes, as they involved groups already included in the survey sample; the increase in the overall workforce is likewise attributable to non-organic growth, achieved through:

- the combination into larger groups comprising the sample of small- and medium- from the same country; this was the case, first and foremost, in the United States, where national acquisitions accounted for a large part of the increase in employment;
- non-domestic acquisitions, all of smaller financial institutions, chiefly involving European banks. This type of acquisition includes those undertaken by banks based in the United Kingdom

[11] The decreases in Great Britain were primarily related to HSBC Holdings (-22,000 resources), largely due to the discontinuation of consumer credit operations in the United States and personnel reductions in Europe and Latin America, while those in Benelux were chiefly associated with ING Groep (-15,000 resources), mainly as a result of the sale of insurance operations in Canada, Latin America and Asia. The increase reported by Spanish banks was due to Banco Santander (+30,000 resources), following the acquisitions of Banco Real (BR), Alliance & Leicester (GB) and Bradford & Bingley (GB) at the end of 2008 and of Sovereign Bancorp (US) in January 2009. The increase in France was principally associated with Groupe BPCE (+13,000 resources), owing to the transition from proportional to line-by-line consolidation for several French subsidiaries, first and foremost Natixis and the Crédit Mutuel Group (+7,000 resources), following the acquisition of Citibank Deutschland (now Targobank) at the end of 2008.

and Switzerland, as well as by the French BNP Paribas, in the United States, those by Spanish and Dutch banks in Latin America and the acquisitions in Central and Eastern Europe by the Belgian KBC and Fortis (the latter of which was later merged into BNP Paribas), the French Société Générale, BNP Paribas and Crédit Agricole and the Italian UniCredit. The acquisitions undertaken by French banks in Italy are also worthy of note.[12]

The significant international expansion undertaken by European banks between 2000 and 2009 is well reflected in the more than 14 percentage point increase in staff employed outside the home country, accounting for 56% of the total in 2009 (see Table II.3 for Europe).[13]

Table I.5 lists the main U.S. presences maintained by European banking groups, with Crédit Suisse, Deutsche Bank and Barclays in the top positions by total assets. While the highest ranking banks are primarily involved in investment banking and capital markets, HSBC USA, Citizens, BancWest and Santander primarily operate as retail banks and HSBC Finance operates in consumer credit. It should be noted that according to the figures as of the end of 2009 the top four banks presented in the table ranked among the top ten banks in the country by total assets.

The Japanese bank with the most extensive profile in the United States was Mitsubishi UFJ Financial Group, which controls Union Bank of California (USD 85.6 billion in total assets and 9,724 employees as of 31 December 2009).

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12 These include Banca Nazionale del Lavoro (16,820 employees and EUR 88.2 billion in assets) acquired by BNP Paribas in 2006 and two smaller banks, Cassa di Risparmio di Parma e Piacenza and Banca Popolare FiulAdria, sold by Intesa Sanpaolo to Crédit Agricole in 2007.

13 The corresponding ratio cannot be calculated for Japanese and US banks due to the absence of figures. For Japan, the only figure available for 2009 is for MUFG, number-one by total assets, whose employees accounted for 29% of the total. Moreover, as mentioned above, the banks in these areas focus primarily on their respective domestic markets.

TABLE I.5 – MAIN SUBSIDIARIES OF EUROPEAN BANKS IN THE UNITED STATES AS AT YEAR-END 2009

Parent company	Main subsidiary	Total assets	Total income	Total staff
		USD bn	USD bn	No.
Crédit Suisse Group	Crédit Suisse (USA), Inc. (formerly Credit Suisse First Boston)	374.6	9.4	11,000
Deutsche Bank	Taunus Corp.	369.1	11.9	10,800
Barclays	Barclays Group US, Inc.	365.7	11.3	12,300
HSBC Holdings	HSBC USA, Inc.	171.1	7.6	12,000
	HSBC Finance Corp. (formerly Household International)	94.6	6.8	11,900
	Total HSBC Holdings	265.7 [1]	14.4	23,900
UBS	UBS Americas, Inc. (formerly Paine Webber Group)	219.4	7.0	22,702
RBS	Citizens Financial Group	148.0 [2]	5.3	21,297
Banco Santander	Santander Holdings USA, Inc. [3]	83.0	3.1	10,596
BNP Paribas	BancWest Corp.	73.7	2.9	11,236

[1] The total assets of the Group in North America as at 31-12-2009 amounted to USD 475bn.

[2] The total assets of the Group in the U.S. as at 31-12-2009 amounted to USD 549.3bn.

[3] Consolidates Sovereign Bank and Santander Consumer USA.

I.7 Productivity and cost of labor

Table I.6 presents the revenue and cost of labour per employee of banks in Europe and the United States.[14] Revenue has been calculated by excluding trading profits or losses, which are erratic in nature and more dependent upon factors external to the bank such as financial market performance.

[14] There are no complete, like-for-like figures for the labour costs of the Japanese banks.

TABLE I.6 – TOTAL INCOME AND LABOUR COST PER EMPLOYEES [1]

	Total income per employee [2]		Cost of labour per employee		
	2009	% change over 2000 in local currency	2009	% change over 2000 in local currency	
	'000 EUR	(a)	'000 EUR	(b)	a/b
Scandinavia	269.2	+ 58.0	81.8	+ 45.2	1.28
Switzerland	248.2	- 27.4	177.9	- 23.5	n.c.
Germany	234.4	+ 14.7	101.3	- 8.0	n.c.
Spain	205.9	+ 73.5	53.2	+ 36.1	2.04
Benelux	191.1	+ 6.1	66.5	- 0.7	n.c.
France	174.7	+ 30.5	70.6	+ 2.4	12.71
Italy	159.1	+ 8.9	54.2	+ 0.2	44.50
United Kingdom	142.5	+ 23.1	57.3	+46.4	0.50
Europe	**177.3**	**+ 18.3**	**69.7**	**+ 6.2**	**2.95**
Japan [3]	**300.9**	**+ 1.9**	**. . .**	**. . .**	**. . .**
United States	**215.4**	**+ 45.4**	**67.8**	**+ 24.5**	**1.85**

[1] Calculated excluding insurance activities insofar as is possible based on available figures.
[2] Total income excludes gains and losses on financial transactions.
[3] In interpreting income per employee figures for 2009, see asterisk note to Table I.1.

It should be noted, in terms of geographical area, that the ratio of the increases in the two indicators from 2000 to 2009 - the first of which is a proxy of productivity - was more favourable for European banks, coming to 3, compared to a value of slightly below 2 for US banks; this is also notable after a period of growth in per-capita labour costs in Europe which was significantly lower than the United States.[15] However, per-capita productivity increased in the United States at more than twice the rate seen in Europe.

[15] The higher growth rates of both revenue and costs per employee in the United States than in Europe are partly attributable to the difference in inflation rates in the two areas: in the decade 2000-2009, consumer prices rose by 24.6% in the United States and 20.8% in the Euro Area.

The most significant productivity increases in Europe during the period considered were reported by banks based in Spain and Scandinavia. These countries also showed a ratio between the two indicators in excess of one, as a result of a more modest rise in per-capita labour costs.

The highest levels of the ratio of the change in revenue to the change in per-capita labour costs were reported by Italian and French banks: while for French banks the high level of the indicator was primarily due to the rise in revenue per employee, in excess of the European average, for Italian banks it was the result of labour costs that remained essentially unchanged during the decade. The stability of labour costs for Italian banks was chiefly attributable to acquisitions in Central Eastern European nations with lower labour costs, offset by productivity growth significantly below the European average.

By contrast, Swiss and German banks reported the highest costs per employee in 2009. Such costs, while down significantly compared to the amounts at the beginning of the period, are far in excess of the European average. Swiss banks were also the only banks to report a decrease in unit revenue for the period.

In regards to the labour costs reported by Swiss banks, investment banks showed high per-capita levels, in addition to the high weight of those employed in such activities within the total workforce. In 2009 the investment banking division of Crédit Suisse employed 41% of the Group's employees, at a unit cost of EUR 299 thousand, up 25% compared to the previous year. The investment banking division of UBS accounted for 24% of the total workforce, with a per-capita cost of EUR 216 thousand, also up 21% compared to 2008. If such operations are excluded, the two Swiss banks' labour costs per employee fall to EUR 141 thousand in 2009, while still remaining the highest.

Among the German banks, Deutsche Bank and Hypo Real Estate Holding, had unit costs especially in excess the average, amounting to EUR 143 and EUR 136 thousand in 2009, respectively. For Deutsche Bank, per-capita cost also surged concurrently with the acquisition of the investment-banking operations of the U.S. Bankers Trust; by contrast, the increase in labour costs for Hypo Real Estate Holding was due to the acquisition of DEPFA Bank of Dublin, which operates in the area of financial services for institutional clients.[16]

I.8 Summary of earnings results

In 2009 Triad banks reported earnings before taxes amounting to 8.7% of total revenue in aggregate terms, returning to positive territory following on the loss of 8.3% registered in the previous year (Table I.7). The bottom line was also positive, coming to a net income of EUR 82 billion, also equal to 8.7% of revenue, marking a 32 percentage point improvement compared to 2008, a year in which the aggregate net loss stood at EUR 179 million.[17]

The improvement in 2009 was primarily due to the 24% increase in total revenue, which returned to the levels of 2006 after the decreases reported for two consecutive years. Within the item, the trading loss of EUR 117 billion in 2008 was followed by a trading profit of EUR 85 billion in 2009.

On the cost side, the cost/income ratio fell by 15 percentage points compared to 2008, essentially benefiting from the recovery of revenue, while by amount operating costs only declined slightly, on the order of one percentage point. While down by two points in relation to revenue, loan losses continued to absorb nearly one-third of revenue, although by amount they were up 16.5% compared to 2008, the highest levels of a decade.

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[16] The latter, formerly DEPFA Holding Plc., had in turn acquired the German DEPFA-Deutsche Pfandbriefbank A.G. at the beginning of 2002.

[17] It should be noted that in 2008 the income statements of Triad banks had benefited, to various extents, from changes in the way financial assets were measured, allowed by amendments to accounting principles and regulations. The effects of such changes are commented upon in Appendix 4.

TABLE I.7 – TRIAD BANKS: PERFORMANCE INDICATORS 2000–2009

	2000	2007	2008	2009	Change	
			as % of total income			
	a	*b*	*c*	*d*	*c-a*	*d-c*
Cost/income ratio	61.5	64.5	75.7	60.6	+ 14.2	- 15.1
Bad debt writeoffs [1]	11,2	11.0	32.6	30.7	+ 21.4	- 1.9
Current pre-tax profit	27.3	24.5	- 8.3	8.7	- 35.6	+ 17.0
Net profit	19.2	20.8	- 23.6	8.7	- 42.8	+ 32.3
Total income (change vs. previous year) %	n.c.	- 8.2	- 12.6	+ 23.7		

[1] Net of bad debts recovered.

For a more detailed description of profit and loss accounts, see TABLE II.1.

Among the extraordinary components, in 2009 there was a significant decrease in impairment of financial and intangible assets and an increase in net extraordinary income, positive changes that were only partly offset by the shift from net income tax assets to net income tax liabilities.

A breakdown of the figures for 2009 by geographical area shows that all three areas considered reported net income, amounting to 16% of revenue in Japan, 9% in Europe and 7% in the United States (Table I.8).[18] The increase in revenue was also generalized and almost entirely due, as mentioned above, to trading profits following on the previous year's losses.

The United States was the area that reported the highest impairment losses on loans, amounting to 39% of revenue, nearly 21 percentage points higher than in Japan and nearly 11 points higher than in Europe. However, in Europe, in contrast to the other two areas, the rate of increase in impairment losses by amount (+49% compared to

[18] Comparisons between indicators for the different areas should be treated with caution, as there are considerable differences in the accounting standards adopted between countries (refer to Section III, Principles and Methods).

2008) considerably outpaced the revenue growth rate, as shown by the increase in percent incidence by more than four points. By contrast, Japanese banks performed against the trend, reporting a decrease in impairment losses of 29% compared to the previous year.

As a consequence of the greater loan losses, the United States reported the lowest operating profit in relation to revenue, amounting to 4.4% compared to 9.3% in Europe and 21.5% in Japan, despite being the area with the best cost/income ratio and the highest revenue growth rate.

TABLE I.8 – PERFORMANCE INDICATORS BY GEOGRAPHICAL AREA IN 2009

	Europe		Japan		United States	
	as % of total income	*change vs. 2008*	*as % of total income*	*change vs. 2008*	*as % of total income*	*change vs. 2008*
Cost/income ratio	62.8	*- 13.3*	60.6	*- 10.8*	57.0	*- 19.5*
Bad debt writeoffs [1]	27.9	*+ 4.4*	17.9	*- 12.3*	38.6	*- 9.7*
Current pre-tax profit	9.3	*+ 8.9*	21.5	*+ 23.1*	4.4	*+ 29.2*
Net profit	8.9	*+ 27.4*	15.8	*+ 53.1*	6.7	*+ 34.7*
Total income (change vs.2008) % [2]	+ 25.3		+ 19.8		+ 28.2	

[1] Net of bad debts recovered.

[2] Calculated in local currency.

For a more detailed description of the profit and loss account, see Table II.1, various areas.

I.9 Total income

From 2000 to 2009, the total revenue of the banks within the Triad region included in the sample increased from EUR 820 to 939 billion, marking an increase of 14.5%, the balance of the +36.7% due to the increase in the size of the groups as described above and the decrease of approximately 22 percentage points caused by the depreciation of the dollar and yen against euro (Table II.1 and Section III, Principles and Methods). However, such growth was not uniform across the three geographical areas: on the basis of the figures in national currencies, the increase in revenue amounted to 53.4% in the United States, 33.4% in Europe and just 8% for the Japanese banks. Growth was also not constant over the period of time considered: following an overall increase of 15% from 2000 to 2006, in 2007-2008, as mentioned above, aggregate revenue declined, at current exchange rates, by approximately 20% (-12.6% in 2008 alone), to then rise by 23.7% in 2009.[19]

TABLE I.9 – BANKS INCLUDED IN THE TRIAD REGION: COMPOSITION OF TOTAL INCOME 2000-2009

	2000	2007	2008	2009	Change [1] 2007 / 2000	2008 / 2007	2009 / 2008
	as % of total income				*%*		
Net interest income	47.4	48.8	66.4	55.3	+ 9.0	+ 19.0	+ 3.0
Net fee and commission income	41.1	48.0	49.0	35.6	+ 23.6	- 10.8	- 10.1
Gains (losses) on financial transactions	11.5	3.2	- 15.4	9.1	- 70.1	n.c. [2]	n.c. [2]
Total income	**100.0**	**100.0**	**100.0**	**100.0**	**+ 6.0**	**- 12.6**	**+ 23.7**

[1] Calculated in terms of absolute values, in accordance with Table II.1.

[2] Amount with a negative sign in 2008.

Breaking down revenue into its components, net interest income was the primary component for the entire period, despite showing lower growth rates than net commission income in all three

[19] At constant exchange rates, the increase in aggregate revenue in 2009 was slightly higher, at 25.8%, due to the depreciation of the dollar and yen against the euro.

geographical areas until 2007 (Table I.9 and Table I.10). However, all three areas then reported a general decrease in 2008-2009, primarily due to a decrease in banking services as a consequence of the worsening of the economic cycle. On the other hand, net interest income showed significant increases in Europe and the United States, driven by a sharp fall in interest rates in those areas, especially the interest rates paid on funding. Trading operations, which had made positive contributions to total revenue until 2007, amounting to an average annual incidence of 9%, yielded a negative balance of 15.4% in 2008 as a result of increased financial market volatility beginning in the summer of 2007 due to the financial crisis caused by the rise in the default rate for mortgage borrowers in the United States. In 2009 trading profits returned to the average for the period, providing a crucial contribution to the revenue increase, allowing a recovery of pre-crisis levels.

TABLE I.10 – CHANGE IN REVENUE, 2000-2009: BREAKDOWN BY GEOGRAPHICAL AREA

	Europe			Japan			United States		
	2000 2007 [1]	2008 [2]	2009 [2]	2000 2007 [1]	2008 [2]	2009 [2]	2000 2007 [1]	2008 [2]	2009 [2]
					%				
Net interest income	4.5	15.7	8.0	0.3	-0.6	-1.7	6.0	14.7	1,4
Net fee and commission income	4.9	-12.6	-13.4	4.2	-12.3	-1.0	8.2	-16.0	-2,6
Gains (losses) on financial transactions	- 3.9	n.c.[4]	n.c.[4]	- 2.6	n.c.[4]	n.c.[4]	n.c.[4]	n.c.[4]	n.c.[4]
Total income	**3,8**	**-17.8**	**25.3**	**1.1**	**-16.5**	**19.8**	**4.7**	**-13.1**	**28.2**

[1] Average annual growth rate in the period.

[2] Change with respect to the previous year, calculated in terms of absolute values pursuant to TABLE II.1.

[3] Balance of receivable and payable commissions; European companies also include dividends and pro-rata profits and losses by investee companies valued with the equity method.

[4] Amount with a negative sign, in 2008 in Europe and Japan; in 2007 and 2008 in the United States.

FIGURE I.2 – NET INTEREST INCOME/NET FEE AND COMMISSION INCOME/GAINS (LOSSES) ON FINANCIAL TRANSACTION AS % OF TOTAL INCOME: HISTORICAL DATA

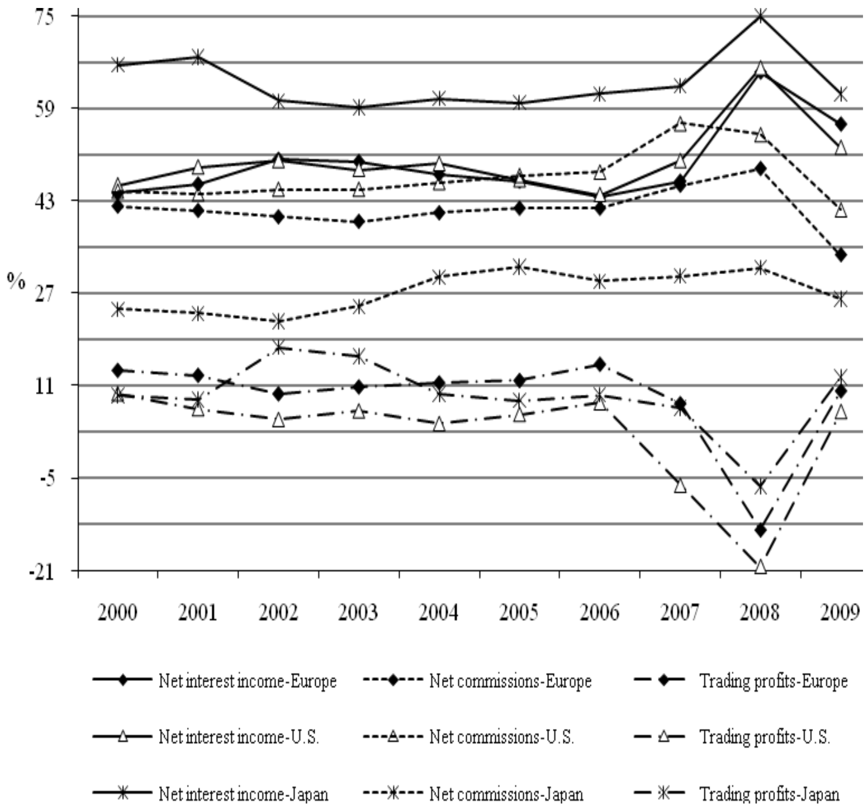
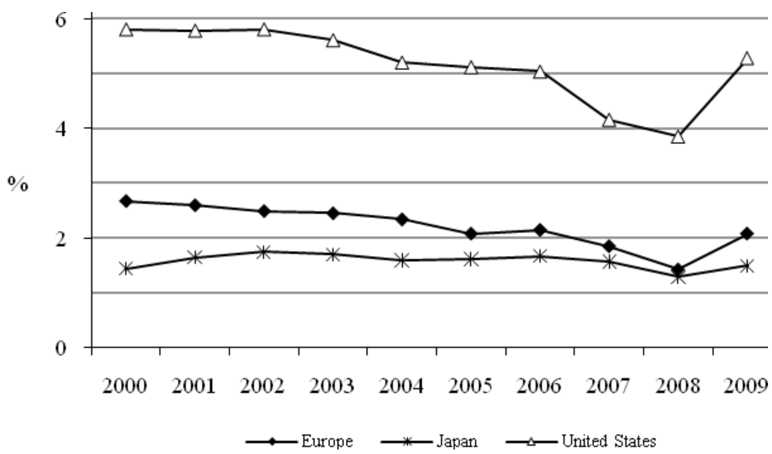


Figure I.2 depicts the historical evolution of the main components of revenue, broken down by geographical area. Firstly, it should be noted that net interest income represents a higher percentage of total income for Japanese banks than it does for groups in the other two areas, and conversely that commission revenue accounts for a lower proportion of the total. Commission revenue makes up a higher share of US banks' revenue, even in comparison to European banks. The chart also shows the sharp deterioration in trading results in 2007-2008, as mentioned above, with negative balances in all three areas in 2008.

Total revenue in the various areas was therefore compared to the respective total assets (Figure I.3). The ratio highlights the greater weight of the revenue component for US banks, coming to an average of 5% for the decade, compared to 2.1% for European banks and 1.6% for their Japanese counterparts.

FIGURE I.3 – TOTAL INCOME AS A % OF TOTAL ASSETS [1]



[1] Not including goodwill.

At the level of the entire period, it may also be remarked that - especially for US and European banks - asset growth outpaced revenue growth in the long term, bringing the indicator down, a phenomenon that intensified in 2007-2008 due to the decrease in revenue discussed above. The increase in the indicator in the final year considered was driven not only by the aforementioned revenue increase but also by a significant decrease in on-balance sheet assets, as discussed in further detail below.

In 2009 earnings before tax were positive in all three areas, amounting to 21.5% of revenue for Japanese banks, 9.3% for European banks and 4.4% for US banks. The increase compared to the previous year stood at +29.2 percentage points for the United States, +23.1 points for Japan and +8.9 points for Europe (Table I.8).

Table I.11 presents a breakdown of the contributions to 2009 earnings provided by the main income statement captions, highlighting their different weights in the various geographical areas.

TABLE I.11 – CONTRIBUTION OF THE MAIN PROFIT AND LOSS ACCOUNT ITEMS TO THE CURRENT LOSS OF THE YEAR 2009: BY GEOGRAPHICAL AREA

	Europe		Japan		United States	
	Change vs. 2008		Change vs. 2008		Change vs. 2008	
	EUR bn	*%*	JPY bn	*%*	USD bn	*%*
Total income	+ 108.3	*+ 224.7*	+ 1,803	*+ 72.1*	+ 101.4	*+ 92.5*
Bad debt writeoffs [1]	- 49.2	*- 102.1*	+ 795	*+ 31.8*	- 4.4	*- 4.0*
Operating costs [2]	- 10.9	*- 22.6*	- 98	*- 3.9*	+ 12.6	*+ 11.5*
Current pre-tax result	+ 48.2	*100.0*	+ 2,500	*100.0*	+ 109.6	*100.0*

The + sign highlights the positive contribution to the result of the year (increase in revenues or decrease in costs)..

[1] Net of bad debts recovered.

[2] Labor costs, general expenses and depreciation/amortization.

It may be noted that for European banks the increase in revenue was the only component that drove the improvement in current earnings before taxes, offset to the extent of more than one-half by greater impairment losses on receivables and the rise in operating costs. By contrast, for US banks the decrease in operating costs contributed, along with the increase in revenue, to the transition to earnings before taxes, whereas loan losses increased slightly from the already high levels reached in the previous year. Conversely, for Japan lower impairment losses on loan accounted for approximately one-third of the improvement in current pre-tax result.

TABLE I.12 – CHANGE IN OPERATING COSTS, 2000-2009: BY GEOGRAPHICAL AREA

	Europe			Japan			United States		
	2000 2007 [1]	2008 [2]	2009 [2]	2000 2007 [1]	2008 [2]	2009 [2]	2000 2007 [1]	2008 [2]	2009 [2]
		%			%			%	
Labour costs	4.0	-8.3	5.9	…	…	…	6.4	-5.7	-6,8
General expenses [3]	3.9	5.1	0.2	…	…	…	5.8	6.5	-2,0
Total operating costs	**4,0**	**-2.7**	**3.4**	**1.3**	**3.8**	**1.5**	**6.2**	**-0.3**	**-4.6**

[1] Average annual growth rate of the period.

[2] Change with respect to the previous year, calculated in terms of the absolute values displayed in Table II.1 for various areas.

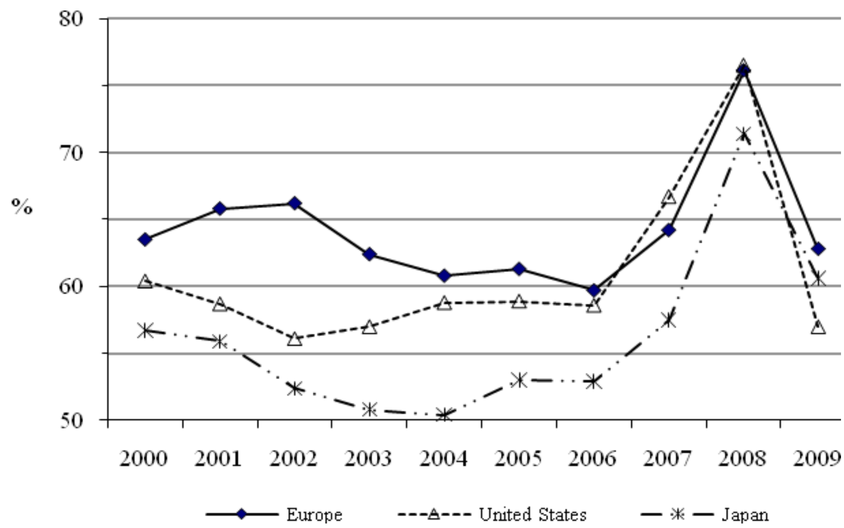
[3] Including depreciation and amortization.

In Europe, operating costs increased at an average rate of 4% per year from 2000 to 2007, decreasing in 2008 and then rising once more by 3.4% in the following year. Both of the two foregoing changes are to be attributed almost entirely to the performance of labour costs (Table I.12).

Costs increased most rapidly in the United States, averaging 6.2% per year until 2007 and also falling in 2008, although to an insignificant degree, followed by a further decline of 4.6% in 2009, in contrast to Europe. The latter decline was primarily due to the seven percentage point decrease in labour costs. In contrast, operating costs remained largely unchanged for Japanese banks, with the exception of 2008, when they increased significantly.

With respect to the difference in performance of labour costs between Europe and the United States in 2009, it should be noted that the increase in costs in Europe was driven solely by the rise in per-capita cost (+6.4% compared to 2008), whereas the average number of employees fell by approximately 1%. Conversely, for US banks, the decrease in costs was essentially due to the 7.3% decline in the number of employees, while unit cost remained effectively unchanged (+0.5%).

FIGURE I.4 – COST/INCOME RATIO



The decrease in revenue in 2007-2008 resulted in a surge in the cost-income ratio in all three areas. The revenue recovery in 2009, as mentioned above, then yielded a return to values near the averages for the decade (Figure I.4). It should also be noted that in the long term the indicator generally presents higher values for Europe than the other two areas, chiefly as a result of the greater weight of the labour costs component, which averaged 37% for the decade compared to 33% in the United States.

Japanese banks also reported higher net incomes in 2009, amounting to 15.8% of revenue, compared to 8.9% for European banks and 6.7% for their US counterparts (Table I.8). The difference compared to operating profit is primarily due to extraordinary components, which showed net positive balances in all three areas, as well as to income taxes. In regards to income taxes, US banks continued to benefit from a slight positive balance, amounting to 0.2% of revenue, following the significant net tax assets reported in the previous year. By contrast, European and Japanese banks reported net tax liabilities amounting to 2.3% and 8.2% of revenue, respectively.[20]

TABLE I.13 – EXTRAORDINARY COMPONENTS OF THE INCOME STATEMENT IN 2009: BY GEOGRAPHICAL AREA

	Europe		Japan		United States	
	EUR bn	*as % of total income*	JPY bn	*as % of total income*	USD bn	*as % of total income*
Write-downs:						
securities[1] and interests in subsidiaries and associated	- 15.8	*- 2.9*	- 367	*- 3.4*	- 13.2	*- 2.9*
goodwill and intangibile assets [2]	- 7.5	*- 1.4*	- 185	*- 1.7*	- 1.1	*- 0.2*
other	- 4.9	*- 0.9*	- 25	*- 0.2*	o	*o*
Total write-downs [3]	- 28.2	*- 5.2*	- 577	*- 5.3*	- 14.3	*- 3.1*
Extraordinary items	43.1	*8.0*	1,111	*10.2*	24.2	*5.3*
Total	**14.9**	***2.8***	**534**	***4.9***	**9.9**	***2.2***

[1] Available for sale and held to maturity.

[2] Figures for Japanese banks include annual share of goodwill amortization.

[3] Net of revaluations.

[20] Considering only companies that reported earnings before taxes, the tax rate for 2009 came to 29.6% for Japanese banks, 20.3% for US banks and 18.4% for European banks.

By contrast, extraordinary components yielded an overall positive contribution to the bottom line in 2009 of 4.9% of revenue for Japanese banks, 2.8% for European banks and 2.2% for US banks: a breakdown of the main items by geographical area is presented in Table I.13.

Turning to impairment, the securities in the available-for-sale and long-term portfolio represented the main component for all three areas, followed by the impairment of goodwill, while the item "Other" for European banks refers primarily to real property. In Europe, the most extensive impairment losses on goodwill were recognized by Groupe BPCE (EUR 1.3 billion), BBVA (EUR 1.1 billion) and UBS (EUR 0.8 billion); in Japan, by Shinsei Bank and Sumitomo Trust & Banking (JPY 73 and 34 billion, respectively); and in the United States, by Suntrust Banks (USD 0.8 billion).[21]

The net extraordinary income reported by European banks includes the capital gains on the sale of securities classified as available for sale (EUR 7.7 billion) and other non-current assets (EUR 13.9 billion), chiefly equity investments.[22] Most of the remainder related to banks based in the

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[21] In 2008 the impairment of goodwill and capitalized expenses came to much higher levels overall, amounting to EUR 53 billion for European banks, JPY 1,014 billion for Japanese banks and USD 46.9 billion for US Banks. Among the European banks, the most significant impairment losses were recognized by RBS, in the amount of EUR 34.2 billion, and by HSBC, in the amount of EUR 7.6 billion. The former primarily refers to intangible assets recognized upon the acquisition of ABN AMRO in 2007 (approximately EUR 26 billion) and, to a lesser degree, of Charter One (subsequently Citizens) in 2004 (EUR 4.6 billion); the latter relate to consumer credit in North America, deriving from the acquisition of Household International in 2002. In the United States, the largest adjustments were applied by Wachovia in the amount of USD 24.8 billion (in order to reflect the decrease in the company's stock market capitalization and the terms of the announced merger with Wells Fargo), as well as by Citigroup in the amount of USD 10.7 billion (of which USD 9.6 billion consisted of goodwill on consumer credit assets) and by Regions Financial in the amount of USD 6 billion. For Japanese banks, the largest impairment losses on goodwill were recognized by Mitsubishi UFJ Financial Group, in the amount of JPY 846 billion, following the decline in its stock price (in the previous year, the company had written down goodwill in the amount of JPY 894 billion for the same reason).

[22] Major capital gains on equity investments realized by European banks in 2009 included the gain booked by Barclays on the sale of its investment management assets to BlackRock in return for a 19.9% interest in the latter (EUR 7.1 billion) and the initial public offering launched by Banco Santander on approximately 14.5% of its Brazilian subsidiary (EUR 1.5 billion).

United Kingdom, and in particular the capital gain recognized by Lloyds Banking Group in the context of the acquisition of HBOS, also based in the United Kingdom, resulting from the difference between the fair value of the assets acquired and the value of the shares offered in exchange (EUR 12.6 billion). In addition, RBS, Barclays and Lloyds Banking Group realized a total of EUR 7.4 billion on the repurchase and subsequent cancellation of their bonds.

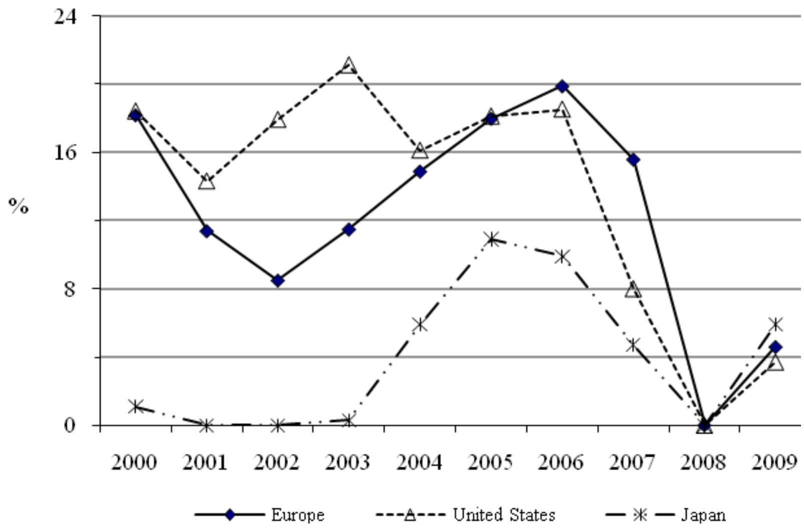
US banks also realized capital gains on both the sale of available-for-sale securities in the amount of USD 10 billion and the sale of diversified assets, essentially equity investments and business segments, in the amount of USD 26.8 billion.[23] Those gains were partially offset by the expenses incurred by Citigroup to repay the government aid received in 2008 as part of TARP - the Troubled Asset Relief Program, in the amount of USD 10.1 billion, and by merger and restructuring charges of USD 5.1 billion.[24]

For the Japanese banks, net capital gains totalling JPY 1,052 billion were realized on the sale of equities and bonds, in addition to JPY 185 billion in net foreign-exchange gains recognized by Mitsubishi UFG Financial Group due to the decreased value of dollar-denominated debt in yen.

[23] The main capital gains reported by US banks in 2009 were those realized by Citigroup on the sale of its Smith Barney asset management division to a joint venture in which Morgan Stanley holds a majority interest (USD 11.1 billion) and by Bank of America on the sale of an approximately 8% interest in China Construction Bank (USD 7.3 billion).

[24] In 2004 US banks reported net extraordinary expenses, which included appropriations of USD 11.6 billion made by Citigroup (USD 7.9 billion) and JPMorgan Chase (USD 3.7 billion) to account for ongoing litigation and the signing of settlement agreements with plaintiffs. In 2005 JPMorgan Chase made additional appropriations of USD 2.8 billion, partially offset by insurance recoveries of USD 0.2 billion in the same year and USD 0.5 billion in 2006. The class actions in question were primarily related to the Enron, Worldcom and Parmalat crises and consisted largely of initial public offerings, the conditions for the sale of mutual funds, the sale of securities associated with loan securitization transactions and corporate research. The allegations were primarily related to the preparation and publication of documents regarding the offering and sale of securities containing misleading information concerning the financial conditions of the issuers and the distribution of equally misleading reports on the companies.

FIGURE I.5 – THE ROE OF THE BANKS OF THE TRIAD REGIONS[1]



[1] ROEs with negative value have been treated as equal to zero.

European banks' profitability, measured by ROE, was lower on average during the decade than for US banks (12.3% and 13.6%, respectively), although the trend was reversed in 2006. The average profitability of the Japanese banks was much lower, peaking at 10.9% in 2005 but reaching the highest level in 2009. As mentioned above, profitability was reduced to zero for all three areas in 2008 (Figure I.5).

In 2009 net losses continued to be reported by eight European banks, one Japanese bank and five US banks. The highest ROE in Europe was reported by Barclays and Crédit Suisse (24.8% and 21.8%, respectively), in Japan by Sapporo Hokuyo Holdings and Mitsubishi UFJ Financial Group (16.4% and 10.7%) and, in the United States, by Wells Fargo & Co. and U.S. Bancorp (12.3% and 9.3%). Details for the past five years, broken down by bank corporation, are presented in Table I.33.

I.11 Bad debts written off

Table I.31 provides a breakdown of receivables impaired in the last five years by bank and geographical area as a percentage of total revenue, loans to customers and net worth.

In 2009 the impairment losses of European banks climbed on average from 23.5% to 27.9% of revenue, from 0.8% to 1.3% of loans to customers and from 10.3% to 12.6% of net worth, with the German Hypo Real Estate Holding reporting an amount equal to five times total revenue and slightly less than one-half of its net worth. Loan adjustments in excess of one-forth of net worth were also reported by Lloyds Banking Group (36.4%), Danske Bank (25.5%) and Bayerische Landesbank (25.4%).[25]

By contrast, Japanese banks reported a decline in their indicators in 2009, with impairment losses that were lower than in the previous year by an average of 12.3 percentage points in proportion to revenue, 0.2 percentage points in proportion to loans to customers and 4.8 percentage points in proportion to net worth. In this case as well, one institution, Norinchukin Bank, reported an amount equal to five times revenue, while the highest percentage of net worth was reported by Shinsei Bank, at 16%.

The highest levels of indicators for 2007-2009 were reported by US banks, whose impairment losses in the final year of the period averaged 38.6% of revenue, 4.7% of loans to customers and 20.6% of net worth.[26] Five banks recognized impairment losses in excess of 50% of revenue, with Keycorp reporting the highest value (80.3%). Losses in excess of 25% of net worth were also registered by Keycorp (30.7%),

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[25] Hypo Real Estate Holding was nationalized by the German government in 2009; in January of the same year, Lloyds Banking Group acquired U.K.-based HBOS, whose doubtful loans, net of provisions for adjustment, exceeded its net worth at the end of 2008.

[26] These ratios also take into account the impairment losses recognized by banks acquired in the preceding months: in the first half of 2008, Washington Mutual and Countrywide recognized impairment losses in excess of their total revenue; the adjustments by National City, in the first nine months 2008, and by Wachovia, across the entire year, amounted to 90% of revenue.

Fifth Third Bancorp (27%) and Citigroup (25.2%), the latter of which applied adjustments amounting to 7% of its loans to customers at year-end.

During the ten-year period 2000-2009, European banks reported an incidence of annual impairment losses that was on lower on average than that of Japanese and US banks, in proportion to revenue, loans to customers and net worth (Table I.14). In the comparison with the US banks, this figure was attained despite the higher amounts of revenue reported by US banks in relative terms, as illustrated above in Figure I.3, and the fact that the average net worth over the decade was twice that of European banks: 8% of total assets compared to 4% for European banks.

TABLE I.14 – BAD DEBT WRITEOFFS AND NET DOUBTFUL LOANS BY GEOGRAPHICAL AREA

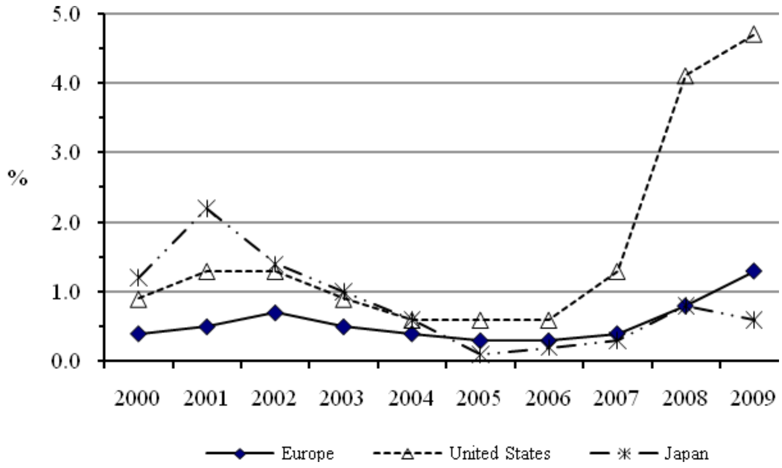
	Annual bad debt writeoffs			Net doubtful loans	
	as % of total income	as % of customer loans	as % of net worth	as % of customer loans	as % of net worth
	avg. 2000-2009 levels			*as a 31/12/09*	
Europe	11.9	0.6	6.2	2.2	21.3
Japan	27.8	0.9	9.7	0.9	8.2
United States	15.9	1.7	9.6	1.0	4.4

By contrast, the average values for Japanese banks during the decade were affected by the larger impairment losses recognized until 2002, reflecting the country's difficult economic situation. If those losses are excluded, the values for more recent years are close to those reported for Europe, as is clearly shown by the indicator that compares annual adjustments to loans to customers (Figure I.6). This latter indicator also consistently yielded higher values for the US banks than for their European counterparts - and, beginning in 2005, than for

Japanese banks - to then diverge significantly starting in 2007 and go on to reach 4.7% in 2009.

The lower annual impairment losses recognized by European banks were thus reflected in the balance of net doubtful loans at the end of the period, showing the highest values of the three areas as a proportion of total loans to customers and net worth, while they were significantly lower, in relative terms, and in some cases absent, for US banks.

FIGURE I.6 – ANNUAL BAD DEBT WRITEOFFS AS A PERCENTAGE OF LOANS TO CUSTOMERS

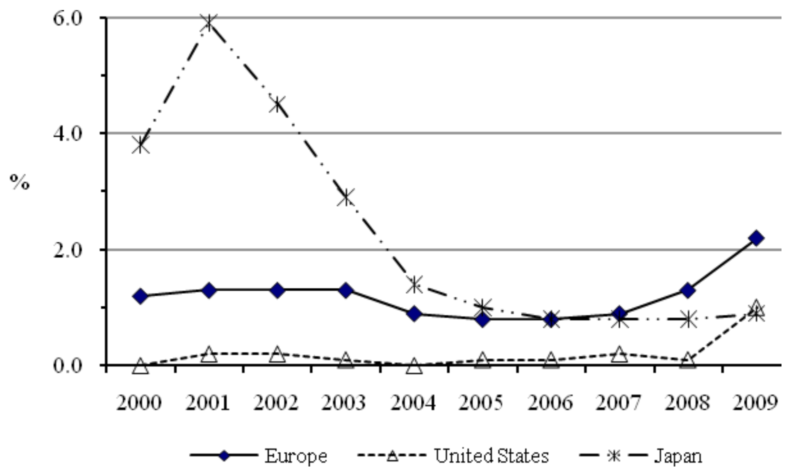


I.12 Doubtful loans and coverage ratio

The ratio of net doubtful loans to total loans to customers, calculated according to portfolio levels at the end of the period (known as the "non-performing loans ratio") climbed from 0.8% in 2005-2006 to 2.2% in 2009 in Europe and from insignificant levels to 1% in the United States, while remaining essentially unchanged in Japan at 0.9% (see Figure I.7 and Table I.32 for a breakdown by bank and geographical area).

Similarly, doubtful loans increased more significantly as a percentage of net worth in Europe in 2008-2009 (+12 percentage points) than in the previous three-year period, for which the average was approximately 9%. That indicator was up approximately 4 percentage points to 4.4% for US banks but down to 8.2% from 10.8% in the previous year for Japanese banks.[27] As mentioned above, both indicators draw attention to the higher values reported by European banks at the end of 2009.

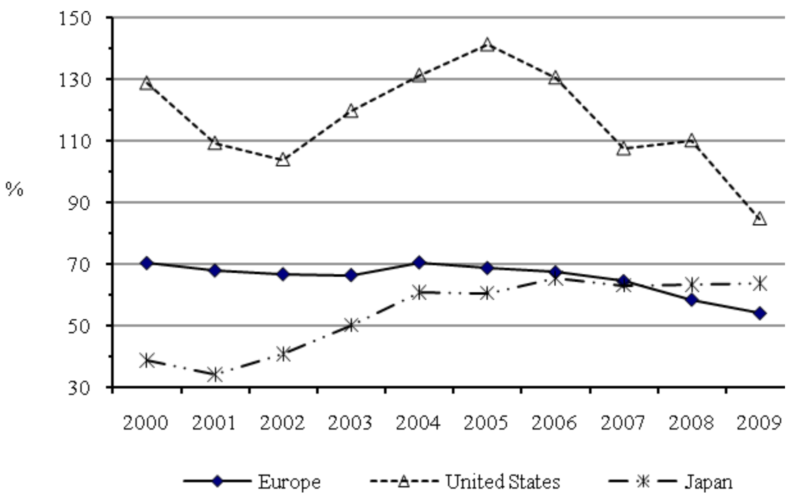
FIGURE I.7 – NET DOUBTFUL LOANS AS A PERCENTAGE OF LOANS TO CUSTOMERS



[27] US indicators have been calculated by considering cases in which provisions for adjustments exceed gross doubtful loans to be equal to zero. Such cases occur when prudential lump-sum provisions are allocated to account for possible default, determined according to historical experience.

In further detail, among European banks, the German Hypo Real Estate Holding reported doubtful loans in excess of its net worth (140.6%), while five other institutions yielded values of greater than 30%: Lloyds Banking Group (82.3%), Fortis Bank (Nederland) (60.7%), Commerzbank (48.4%), UniCredit (44.4%) and Intesa Sanpaolo (33.5%). The latter two, along with Lloyds Banking Group, reported the highest values as a proportion of loans to customers. In Japan, only two smaller institutions registered ratios of doubtful loans to net worth in excess of 30%: Shinsei Bank (38.6%) and Hokuhoku Financial Group (31.7%). Among US banks, the highest value was reported by Suntrust Banks (16.8%).

FIGURE I.8 – COVERAGE RATIO [1]



[1] Ratios of provisions to gross doubtful loans.

In comparing these indicators for the three areas, account should also be taken of the different coverage rates for doubtful loans by adjustment provisions: in 2009, that ratio, which was obtained while taking account of the generic risk provision for loans still classified as performing, fell sharply for the United States to approximately 85%, after having exceeded 100% consistently in previous years. The ratio also fell for European banks, coming to 54%, approximately ten points below the average for the decade. By contrast, Japanese banks reported a considerable improvement in the ratio in the most recent years, bringing it above that of the European banks in 2008 and to 63.7% at the end of 2009 (Figure I.8).

When evaluating these indicators, the different impairment policies adopted must be taken into account; such policies may be measured by comparing impairment losses through the income statement and the amount of doubtful loans carried on the balance sheet. For the last five years, this ratio comes out to an average of 50% for Japanese banks and 53.7% for European banks, meaning that non-performing loans had a similar "accounting life" of two years for the former and approximately one year and ten months for the latter. By contrast, for US banks, impairment losses through the income statement always exceeded the amount of doubtful loans in aggregate terms. It should also be noted that these indicators have become less meaningful over time as a result of the increasingly widespread and large-scale use of securitization in the years under review.[28]

[28] According to figures prepared by AFME-Association for Financial Markets in Europe, the annual amount of securitized assets in Europe increased from EUR 158 billion in 2002 to EUR 711 billion in 2008, to then fall to EUR 414 billion in 2009, with an average of EUR 376 billion in new deals each year. In the United States, according to figures prepared by SIFMA - the Securities Industry and Financial Markets Association, contemplating the banking industry only, they rose from USD 672 billion in 2002 to USD 1,276 billion in 2007, with an annual average of USD 1,221 billion, to then plummet to a mere USD 163 billion in 2009. The amount of outstanding securities at the end of 2009 came to EUR 2,221 billion in Europe and USD 4,782 billion in the United States.

I.13 Summary of financial structure

Between 2000 and 2009, the aggregate total assets on the books of the banks included in the survey rose from EUR 27,391 billion to EUR 37,773 billion, marking an increase of 37.9%, or +56.7% at constant exchange rates. The increase included the non-organic growth discussed above. Here too there were significant differences between the three areas: while the increase in local-currency terms was 71% for both European banks (approximately +60% excluding the effects of the first-time application of IASs/IFRSs mentioned in note 5) and US banks, the assets of Japanese banks increased by only 4.5% from the beginning to the end of the period.

TABLE I.15 – BANKS OF THE TRIAD REGION: BALANCE SHEET INDICATORS, 2000–2009

	2000	2007	2008	2009	Change	
	as % of total assets					
	a	*b*	*c*	*d*	*c-a*	*d-c*
Loans and advances to customers	48.2	43.1	41.7	44.1	- 6.5	+ 2.4
Securities	23.6	25.9	21.0	24.7	- 2.6	+ 3.7
Fixed assets	2.8	3.0	2.5	2.8	- 0.3	+ 0.3
of which: goodwill	*0.7*	*1.2*	*0.9*	*1.0*	*+ 0.2*	*+ 0.1*
Other assets	11.2	13.1	22.4	15.8	+ 11.2	- 6.6
Funding from customers	62.7	58.2	55.2	61.2	- 7.5	+ 6.0
Deposits by banks [1]	4.2	2.7	2.2	0.0	- 2.0	- 2.2
Other liabilities	13.9	19.5	26.1	20.7	+ 12.2	- 5.4
Net worth	5.0	4.7	4.1	5.5	- 0.9	+ 1.4
Total assets (change vs. previous year) %	n.c.	+ 8.4	+ 8.0	- 11.8		

[1] Net of loans and advances to banks.

[2] Including provisions for staff and deferred taxes.

For more details on balance sheet data, refer to TABLE II.2.

With respect to the balance-sheet figures summarized in Table I.15, it should be noted that in 2008 the residual items “Other assets" and "Other liabilities” increased sharply in proportion to total assets, and the other items, particularly loans to and funding from non-banking customers, decreased in percent weight accordingly. In 2009 those items decreased by approximately six percentage points compared to the previous year, nearing the average values for the decade and accounting for most of the decrease in total assets. Other assets and liabilities primarily comprise the positive and negative fair values of derivative instruments, which account for more than 90% of the total for European banks.[29] The higher amounts presented by European banks are due, as previously mentioned, to the lesser use of offsetting of negative and positive positions with the same counterparty. This difference was strongly accentuated in the financial position at the end of 2008 with respect to the other two areas due to the financial crisis.

The table also highlights the deterioration of financial resources in 2007-2008, equal to nearly one percentage point of total assets compared to the levels at the beginning of the period. A recovery of 1.4 points was reported in 2009, owing both to the net income for the year, as discussed above, and the contribution of new capital and increased fair value of the securities in the available-for-sale portfolio as a consequence of the increase in market values.

When comparing the data at the end of 2009 by geographical area (Table I.16), note should be taken of the greater relative weight for Japanese banks of loans to customers and securities portfolios, on the one hand, and funding from non-banking customers on the other. US banks, on the other hand, reported a greater share of non-current assets, and goodwill in particular, but also a higher incidence of net worth with respect to total assets, with a value equal to approximately twice that of European and Japanese banks. However, if tangible net worth is considered, the above difference is reduced nearly to zero for Japanese banks, while remaining approximately 1.6 times the level reported by European banks.

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[29] More than 60% of both European banks' negative and positive positions at the end of 2009 are associated with just six banks, in the following order: Deutsche Bank, RBS, Barclays, BNP Paribas, UBS and Crédit Agricole.

In addition, as mentioned above, European banks reported the highest incidence of the fair value of derivative products with respect to total assets (15.2%), albeit with a decrease of more than eight percentage points compared to the previous year.

Compared to 2008, total assets were up 3% for Japan, but down six and 14 percentage points for the United States and Europe, respectively. For European banks, excluding the positive positions in derivatives products, which are influenced by the effects of offsetting against negative positions, the decrease falls to 4.6%.[30]

TABLE I.16 – BALANCE SHEET INDICATORS BY GEOGRAPHICAL AREA AS OF 31 DECEMBER 2009

	Europe		Japan		United States	
	as % of total assets	*change vs. 2008*	*as % of total assets*	*change vs. 2008*	*as % of total assets*	*change vs. 2008*
Loans and advances to customers	44.0	*+ 4.5*	46.7	*- 3.9*	42.2	*- 2.1*
Loans and advances to banks [1]	-	-	-	-	3.6	*+ 2.8*
Securities	22.2	*+ 3.2*	35.9	*+ 4.8*	25.5	*+4.1*
Fixed assets	2.3	*+ 0.3*	1.6	*+ 0.0*	6.0	*+ 0.4*
of which: goodwill	*0.8*	*+ 0.1*	*0.2*	*+ 0.1*	*2.8*	*+ 0.2*
Other assets	18.9	*- 8.3*	6.1	*- 1.2*	11.3	*- 2.1*
of which: derivatives	*15.2*	*- 8.5*	*3.6*	*- 0.8*	*3.1*	*- 2.5*
Funding from customers	56.6	*+ 7.3*	74.5	*- 0.1*	68.5	*+ 3.3*
Deposits by banks [1]	2.2	*- 1.6*	3.5	*- 0.7*	-	-
Other liabilities	25.7	*- 6.7*	7.2	*- 0.6*	10.5	*- 1.5*
of which: derivatives	*15.2*	*- 8.2*	*3.4*	*- 0.8*	*2.4*	*- 1.9*
Net worth	4.6	*+ 1.4*	5.0	*+ 1.2*	9.6	*+ 1.3*
Total assets: change vs. 2008 (%)	- 14.1		+ 3.2		- 6.3	

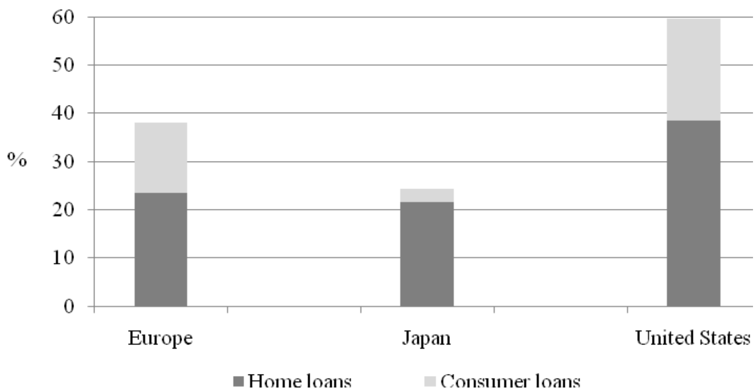
[1] Net creditor or debtor position versus banks.

For more details on balance sheet data, refer to TABLE II.2, various areas.

[30] Excluding positive positions in derivative instruments, growth increases to 4.1% for Japan, while the decrease for the United States falls to 3.7%.

With regard to loans to customers (Figure I.9), the differing composition of the such loans between households and businesses in the various geographical areas is worthy of note: at the end of 2009, loans to households amounted to 60% of the total for US banks (40% of which pertained to home purchases), 39% for European banks (approximately 30% of which pertained to home purchases) and just 26% for Japanese institutions (24% of which pertained to house purchases).[31] In assessing the amount of loans to customers, it should be considered that the figure in question was undoubtedly influenced by both total impairment losses through the income statement, and, as mentioned above, the increasingly widespread use of securitization.

FIGURE I.9 – LOANS TO HOUSEHOLDS



By amount, funding from customers increased solely in Japan (+3.1% compared to 2008), primarily due to the rise in customer deposits, while falling in Europe (-1.3%) and the United States (-1.6%),

[31] The figures refer to sub-set comprising 98% and 92% of loans to customers for European and Japanese banks, respectively. The US figure refers to the entire sample.

in the latter case largely as a result of the decline in bond funding (Table II.2, various areas).

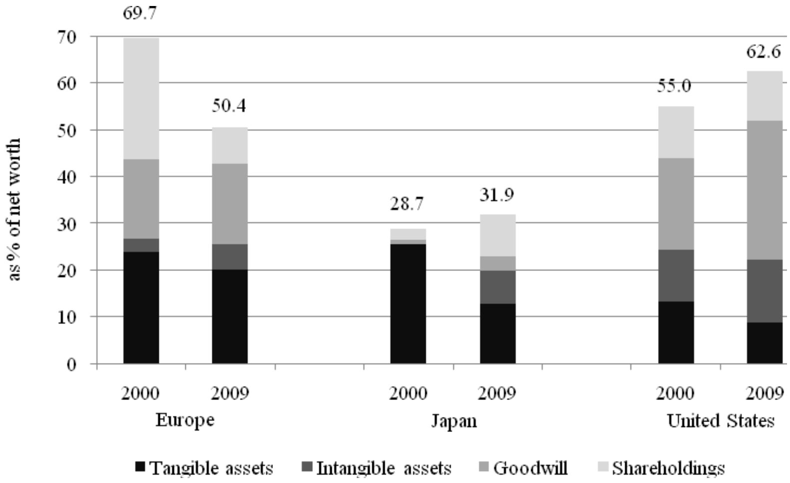
Interbank accounts showed a consistently negative balance in all three areas throughout the decade, with the exception of US banks in 2008-2009. While the higher negative levels of such positions were largely due to the higher negative positions in relation to small institutions, the positive balances reported by US banks are to be attributed to lower liquidity requirements, expressed in a decrease in forward sales and security lending. In addition, both positive and negative positions increased significantly in the final two years in both the United States and Europe.

I.14 Leverage and other indicators of financial structure

The rate of investment of net worth, calculated as the ratio of non-current assets to total assets, increased during the decade 2000-2009 from 29% to 32% for Japanese banks and from 55% to 63% for US banks, while it decreased by more than 19 points to 50% for European banks (Figure I.10 and Table II.4, various areas).

The growth in the United States was primarily attributable to goodwill, which increased from USD 74 billion to USD 254 billion, or from 20% to 30% of net worth, over the period. For Japanese banks, the increase in goodwill and other intangible assets mostly took place in 2005 following the merger between Mitsubishi Tokyo Financial Group and UFJ Holdings, which resulted in an increase – from 5% to 14% - in the incidence of these items with respect to the area's net worth. In contrast, property and equipment decreased, primarily as a result of the sale of real properties. Conversely, the decrease in the indicator for European banks was largely due to equity investments, mainly as a result of the reclassification of significant items in portfolio to "Securities" in 2005 in accordance with IASs/IFRSs.

FIGURE I.10 – FIXED ASSETS AS A PERCENTAGE OF NET WORTH

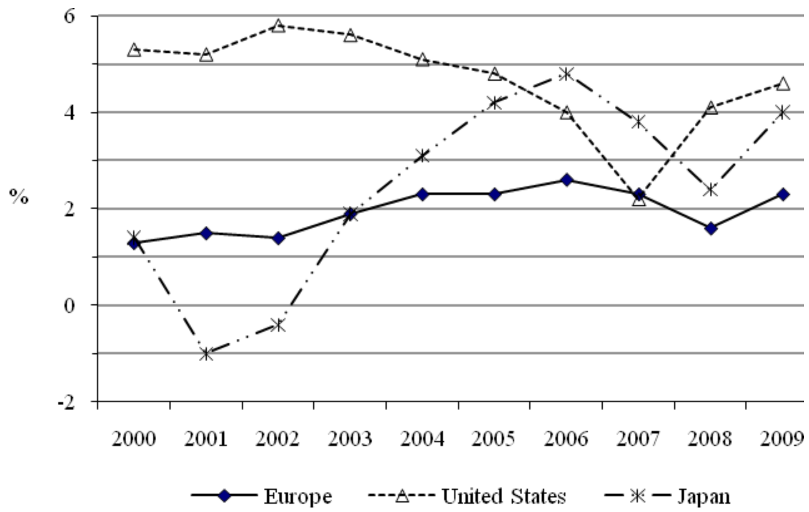


In 2009 free capital – which includes not only non-current assets but also doubtful loans, calculated in proportion to funding from customers – averaged 4.6% for US banks, 4% for Japanese banks and 2.3% for European banks (Figure I.11 and Table II.4).

Both Japanese and European banks showed decreases in the indicator in 2007-2008 and a recovery in 2009, in both cases to a greater extent for Japanese banks (-2.4 and +1.6 percentage points for Japanese banks and -1 and +0.7 for European banks). By contrast, for US banks the decline in 2007 (-1.8 percentage points) was followed by a recovery of like amount in 2008, reinforced in 2009.

For all areas, the improvement in indicators in 2009 was entirely due to the strengthening of equity (+1.6 percentage points in Japan, +1.5 in Europe and +1.3 in the United States in proportion to funding), partially offset, for European and US banks, by the rise in doubtful loans (-0.7 and -0.5 percentage points, respectively), as discussed above.

FIGURE I.11 – FREE CAPITAL AS A PERCENTAGE OF FUNDING FROM CUSTOMERS

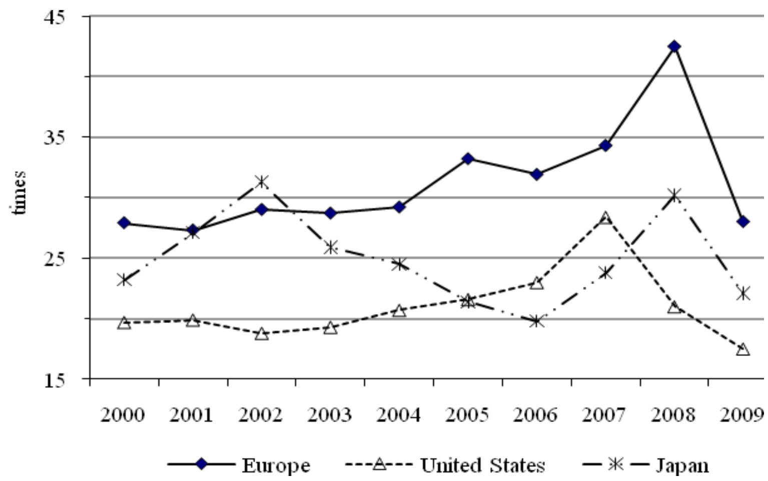


The European banks with the highest free capital levels at the end of 2009 include the U.K.-based Standard Chartered (5.1%) and Barclays (4.8%) and the Scandinavian Nordea (4.2%); by contrast, negative values were presented by five institutions, with the bottom positions occupied by Lloyds Banking Group (-1.8%) and La Caixa (-1.7%).

In Japan, the highest indicators were reported by Norinchukin Bank and Shoko Chukin Bank (8% and 7.7%, respectively), while the US bank with the highest value was Keycorp (8.6%), followed by Citigroup (7.7%), Capital One Financial and Regions Financial (both with 6.3%). No Japanese or US banks presented negative values (Table I.33).[32]

[32] It should also be noted that banks with negative or near-zero free capital levels, such Countrywide Financial (-12.3%), Washington Mutual (-0.7%) and National City (zero) in 2007, and HBOS (-3.4%) and Dresdner Bank (0.3%) in 2008, were acquired the following year; others, such as Lloyds Banking Group and Hypo Real Estate Holding, were nationalized by their respective governments.

FIGURE I.12 – TOTAL ASSETS[1] COMPARED TO TANGIBLE NET WORTH



[1] Excluding intangibile assets.

If total assets are compared with net worth, excluding intangible assets from both items, the lowest value reported at the end of 2009 was that of US banks, which had assets equal 17.5 times their tangible net worth. Japanese banks were in the middle, with a ratio of 22 times, while the coefficient was considerably higher for European banks at 28 times (Figure I.12).

When comparing indicators for the various areas, it should be noted that the higher value reported by European banks was affected by the lesser use of offsetting of positive and negative positions in derivative instruments, as discussed above. US banks, on the other hand, could count on higher shareholders' equity in relative terms for the whole period, with a multiplier effect that, despite the above, increased by nearly 9 points from 2003 to 2007. The indicator for Japanese banks was more contrasted and, after reaching a maximum value for the period in 2002, began to rise again in 2007-2008 as a result of the deterioration in net income for the year and the consequent weakening of shareholders’ equity.

For Europe and the United States, the severe decline in multipliers in 2009 was due to the combined effect of the decrease in assets, net of intangible assets (-14.2% and -6.7%, respectively) and the increase in tangible net worth (+30.3% and +11.8%). For Japanese banks, the increase in equity (+41.3%) significantly outpaced the rise in assets (+3.2%).[33]

The European banks with the strongest leverage effect at the end of 2009 were Hypo Real Estate Holding, Dexia, Deutsche Bank and ING Groep, with a multiplier of more than 50, followed by Landesbank Baden-Württemberg and Fortis Bank (Nederland) at 41.6; last in the rankings (i.e., with the lowest leverage) were La Caixa (15.9), Rabobank Nederland (17.2) and Standard Chartered (20.2). In Japan, Shinkin Central Bank and Mizuho Financial Group were the banks with the highest multipliers (above 28); also among the top spots was MUFG, the country's largest bank, with a multiplier above the average (26.1). In the United States, the highest multipliers were those of the Bank of New York Mellon (28.9), JPMorgan Chase (20.2) and Wells Fargo (20), while Keycorp and Fifth Third Bancorp were last in the rankings (9.3 and 10.7, respectively). Table I.34 presents the details for each bank in the various areas, covering the last five years of the survey.

[33] Under the Basel Interbank Accords, the minimum capital adequacy requirement, i.e. the ratio between shareholders' equity, less certain intangible assets, including goodwill, and risk-weighted assets (known as the Tier I capital ratio), is 4%. The minimum total capital ratio, which also includes subordinated liabilities, is 8%. Core tier I is instead understood to mean the shareholders' equity excluding innovative or "hybrid" capital instruments, which are limited to 15% of the total amount.

I.15 Indirect funding[34]

On the basis of data concerning significant sub-sets of the European and US samples, the volume of indirect funding in 2005-2009 shows a tendency towards decline relative to funding from customers (Table I.17). Whereas in 2005 indirect funding amounted to slightly more than 80% of primary funding in both cases, in 2009 it had fallen to 63% and 72% of primary funding, respectively.[35] However, the year-end balances cannot be compared with one another since they are affected to a significant degree by acquisitions and sales closed with entities not included in the sample.[36]

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[34] The term refers to services involving portfolio management on behalf of clients, both individuals and institutions, as well as collective management in the form of mutual funds and other collective investment undertakings belonging to banking groups included within the sample (the "asset management" sector). However, the definition adopted by the banks included in the sample is not always unequivocal.

[35] It was not possible to prepare comparative figures for Japanese banks due to the lack of like-for-like historical series.

[36] In the United States, The PNC Financial Services Group deconsolidated BlackRock in 2006 after its equity interest in the latter fell from 69% to 34% following the contribution of assets by Merrill Lynch. BlackRock's assets under management came to USD 414 billion at the end of 2005. Then in 2007 The Bank of New York acquired Mellon Financial, with assets under management of USD 929 billion, while Citigroup acquired the Japanese Nikko Cordial, with assets under management of approximately USD 100 billion. In early 2009 Bank of America acquired the assets of Merrill Lynch & Co., in the amount of USD 246 billion, while Citigroup deconsolidated its assets in the sector - primarily represented by its Smith Barney division and amounting to approximately USD 1,000 billion - after selling them to a joint venture in which Morgan Stanley holds the majority interest. For their part, European banks carried out a greater number of extraordinary transactions, although they involved smaller amounts per deal: the main acquisitions, all in 2006, included Banca Sarasin by Rabobank Nederland, Banca Nazionale del Lavoro by BNP Paribas and Banca Antonveneta by ABN AMRO Holding, for a total of EUR 81 billion in assets under management. Conversely, in December 2009, Barclays sold its asset-management operations, in the amount of approximately EUR 1,180 billion, to BlackRock in return for a 19.9% interest in the latter.

TABLE I.17 – INDIRECT FUNDING

	2005	2006	2007	2008	2009
Europe (EUR bn) [1]	9,089	10,031	10,717	8,780	8,454
as % of funds raised from customers	*80.9*	*79.4*	*75.7*	*65.5*	*62.8*
United States (USD bn) [2]	3,184	3,127	4,540	3,791	4,084
as % of funds raised from customers	*83.3*	*70.4*	*85.9*	*68.8*	*71.9*

1 Data relating to 25 groups representing 92% of the total assets in the sample at the end of 2009; the remaining two groups do not operate in the asset management sector. Currencies other than the Euro have been converted by utilizing the fixed exchange rates at the end of 2009.

2 Data relating to 9 groups for which a complete set of values is available for the five-year period and which represent 93% of the total assets in the sample at the end of 2009.

Table I.18 presents the European and US banks with the most assets under management at the end of 2009. The top positions are held by UBS, Deutsche Bank and Crédit Suisse in Europe and JPMorgan Chase and Bank of New York Mellon in the United States. All of these banks reported increases in volume compared to the previous year. Such increases reflect not only assets obtained through acquisitions, but also the balance of new funding and redemptions and the rise in value of assets in portfolio following the improvement in the financial market situation.

TABLE I.18 – PRIMARY BANKS OF THE SURVEY BY INDIRECT FUNDING

Company	Balance as of 31-12-2009	Change vs. 2008 [1]	Company	Balance as of 31-12-2009	Change vs. 2008 [1]
	EUR bn				
Europe			Groupe BPCE	520	+ 60
UBS (CH)	1,334	+ 53	Société Générale (FR)	344	+ 8
Deutsche Bank (DE)	880	+ 64		USD bn	
Crédit Suisse (CH)	828	+ 37	**United States**		
BNP Paribas (FR) [2]	725	+ 279	JPMorgan Chase &Co	1,249	+ 116
Crédit Agricole (FR)	689	+ 138	Bank of NY Mellon	1,115	+ 187
HSBC Holdings (GB)	595	+ 85	Bank of America [3]	750	+ 227

1 Currencies other than the Euro have been converted by utilizing the fixed exchange rates at the end of 2009.
2 In 2009 acquired Fortis Bank (BE), with EUR 205bn in assets under management.
3 In January 2009 acquired Merrill Lynch & Co., with USD 246bn in assets under management.

Another issue to consider is the valuation of securities portfolios, which in aggregate terms account for 36%, 26% and 22%, of the total assets of Japanese, US and European banks, respectively. According to international accounting standards, securities must be measured at their fair value, with the exception of securities that, on the basis of an independent decision by directors, are to be held to maturity: in this case, measurement at cost is permitted.[37] Classification to this latter category entails attributing an excessive value to the corresponding balance-sheet item and then recognizing lesser impairment losses during bear market phases. This issue took on particular importance for European banks until 2004, when securities measured at cost accounted for 27% of the total, a considerably higher figure than for Japanese and US banks, which reported levels of 11% and 1%, respectively. The adoption of IASs/IFRSs brought the figures for European banks back into line with those of the other two areas: however, European banks still had the highest proportion of securities measured at cost at the end of 2009, at 13.8% of the total, a percentage that was essentially unchanged compared to the previous year. By contrast, the figure

[37] International accounting standards provide for the classification of securities (and financial assets generally) into three categories: held-for-trading, i.e. with a short holding period and changes in value through the income statement; available-for-sale, i.e. with a medium holding period and changes in value through a shareholders' equity reserve; and held-to-maturity, i.e. with measurement at cost and recognition of permanent changes in value only through the income statement. The most frequently used cost approach is amortized cost, according to which the difference between the acquisition price of a security and its redemption value is credited or charged to the income statement on the basis of its residual life. The standards endorsed by the European Commission for companies in this area also provide for the option of measuring financial assets that do not fall within the classification scheme set out above at their fair value through the income statement (known as the "fair-value option"). This option was used by banks within the European sample primarily for investments of sums raised through insurance policies under which the risk of return was borne by the policyholders, as well as for financial instruments with a primary derivative component. The option to utilize fair value measurement was also introduced by US GAAP effective 2008, with an option for early adoption effective 2007; however, the distinction from held-for-trading securities is not always applicable.

declined for US banks and, most significantly, for Japanese banks (Table I.19).[38]

On the subject of European banks, note should also be taken of the effects of the amendment of IAS 39 in 2008, as commented upon in Appendix 4, which resulted in the recognition of a total of EUR 496.7 billion in securities at cost, a figure that represented 8.6% of the total portfolios at the end of 2008. An additional EUR 76 billion was then derecognized from the securities category and transferred to loans to customers (banks and other borrowers), also measured at cost. In addition, in that same year and then in 2009, UBS transferred illiquid securities in the amounts of EUR 11.8 billion and EUR 15.4 billion, respectively, to a special-purpose vehicle controlled by the Swiss National Bank, and therefore not consolidated. A similar transaction was undertaken in 2009 by ING Groep, which transferred the risk associated with EUR 15.2 billion in available-for-sale securities to the Dutch government, reclassifying them as loans.

Reclassification of securities from fair value to cost also occurred among Japanese and US banks in 2008. Some Japanese banks, exercising the option afforded by the amendment of local accounting principles, transferred JPY 16,451 billion, representing 7.5% of the total at year end, to the category held-to-maturity, largely from the category available-for-sale. In the United States, as allowed by national accounting principles, Citigroup and, to a lesser extent, two other banks transferred securities from the categories held-for-trading and available-for-sale to the category held-to-maturity in the collective total amount of USD 69.6 billion, amounting to 3.4% of the total portfolio at the end of 2008.

Volumes in 2008-2009 show that European banks reported higher levels of held-for-trading securities and securities designated at fair value (50% and 48%, respectively) than did their counterparts in the U.S. (44% and 37%) and, most significantly, in Japan (14% and 13%), resulting in

[38] Until 2008 Japanese banks had generally also measured unlisted available-for-sale securities at cost. Effective 2009, stricter measurement criteria were introduced, only allowing measurement at cost where fair value is "extremely difficult to determine."

greater earnings volatility for European banks due to the immediate reflection in the income statement of changes in the market value of securities.

Turning to an analysis of portfolio quality, it may be remarked that 48% of the portfolios of US banks comprises structured securities, i.e. securities created through securitization, mostly consisting of mortgages, while this percentage was only 13% for European banks and 6% for Japanese banks.[39]

TABLE I.19 – SECURITIES PORTFOLIOS: DETAILS BY CATEGORY AND GEOGRAPHICAL AREA

	Europe		Japan		United States	
	2008	2009	2008	2009	2008	2009
	EUR bn		JPY bn		USD bn	
Total	**5,758**	**5,786**	**220,765**	**263,144**	**2,056**	**2,288**
as % of total assets	*19.0*	*22.2*	*31.1*	*35.9*	*21.4*	*25.5*
	%		%		%	
Held for trading	37.8	36.7	9.2	8.8	43.7	36.5
Recognized at fair value [1]	12.2	11.7	4.9	4.1	-	-
Available for sale	36.3	37.8	73.8	75.5	52.4	60.4
of which: stated at cost	-	-	*5.0*	*1.2*	-	-
Held to maturity	13.7	13.8	12.1	11.6	3.9	3.1
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
of which: stated at cost	*13.7*	*13.8*	*17.1*	*12.8*	*3.9*	*3.1*
of which: structured securities [2]	*14.5*	*12.8*	*8.1*	*6.0*	*48.3*	*47.8*

1 In Japan, this refers to the Mitsubishi UFJ Financial Group which adopted US GAAP; in the US, they are included within held for trading securities.

2 These primarily refer to securities derived from securitizations, such as ABS-Asset Backed Securities and CDO-Collateralized Debt Obligations. With regard to Japan, this figure represents 95% of the portfolio of securities.

[39] It should also be noted that the portfolio of structured products comprises loan positions that present varying degrees of risk since the probability of default by the borrowers also varies.

I.17 Derivative contracts

Table I.35 presents the transactions in derivative contracts undertaken by the banks in the three areas considered in 2007-2009. Where available, the figures refer both to trading and hedging derivatives.[40]

In 2009 US banks reported a 14.7% increase in the notional value of their outstanding derivative contracts compared to one year prior, whereas the figure decreased for Japanese and European banks by 4.2% and 5.4%, respectively. However, the decrease reported by European banks followed an increase of 11.7% in 2008.[41]

The value of the contracts represents a multiple of total on-balance sheet assets; in 2009 this multiple was 22 for US banks, 15 for European banks and four for Japanese banks. The primary type of risk to which such contracts refer across all three areas is the change in interest rates, accounting for more than 80% of the total.

[40] Derivatives are financial contracts in which the parties' performances are linked to changes in the price of the underlying assets, mainly interest rates, currencies, equities, credit risk, commodities, exchange indices and other indicators. Such instruments enable the contracting parties to reduce or alter their exposure to market risks. Banks use derivatives both to hedge their own risk and as part of their trading activity, in the latter case mainly to meet customer demand for risk management. The nominal, or notional, value of the contract provides an indication of the extent of the phenomenon but is never exchanged by the parties, and merely represents the basis for calculating the relevant amounts to be settled. The market, or fair, value, which can be positive or negative, respectively represents the potential profit or loss for the bank on outstanding contracts (it should be noted in this regard that banks commonly apply agreements which allow for the netting of positions with the same counterparty; for this reason as well, Table I.35 only presents the balance of positive and negative positions). Credit risk is the potential loss for the bank deriving from default by a counterparty, which in the case of derivatives is largely equal to the amount of positions with positive fair value, net of collateral received. Due to a lack of homogeneous data, it was not possible to present a breakdown into trading and hedging derivatives in the table.

[41] The figures reported are highly representative of the phenomenon, constituting an amount essentially similar to that recorded by the Bank of International Settlements for the largest banks in G10 countries.

The net fair value of contracts at the end of 2009 was positive (potential profits) in all three areas, while down considerably compared to the balances for the previous year both in Europe (-79%) and the United States (-55%). Considered in relative terms, the positive fair values came to 6.7%, 5.1% and 1.5% of net worth at the end of 2009 for US, Japanese and European banks, respectively.

Credit risk declined sharply in 2009 in all three areas compared to the levels reported at the end of 2008, which, however, were unusually high due to the lesser use of netting agreements between financial institutions as a consequence of the financial crisis, which had tarnished relationships founded upon mutual trust. However, in proportion to net worth, credit risk remained higher for European banks than in the other two areas, coming to 69% of equity at the end of 2009 compared to 54% for Japanese banks and 29% for US banks.

Table I.20 lists the ten banks in the sample with the largest investments in derivative instruments, selected on the basis of the notional values of the contracts outstanding at the end of 2009. Of these, seven are European and three U.S., with RBS in first place followed by JPMorgan Chase & Co. The highest year-on-year rates of increase in notional value were reported by Citigroup and BNP Paribas, while RBS and Barclays showed the largest percent decreases.

The balance of positive and negative fair values is mostly positive (potential profits), with the highest values reported by Bank of America and Deutsche Bank (EUR 25.7 and 22.5 billion, respectively). The largest negative balance (potential losses) was reported by Citigroup (EUR -5.1 billion).

The greatest credit-risk exposure by amount is presented by BNP Paribas (EUR 83.7 billion), followed by Deutsche Bank (EUR 69.4 billion). The latter also showed the highest multiple of net worth at 1.8x, followed by the Swiss UBS (1.5x) and Crédit Suisse (1.2x).

TABLE I.20 – BANKS IN THE SURVEY WITH THE LARGEST AMOUNTS IN DERIVATIVE CONTRACTS OUTSTANDING AT 31/12/2009

Company	Notional amounts at 31/12/2009		Fair value (balance)	Credit risk	
	EUR bn	*% change vs. 2008* [1]	EUR m	EUR m	*as a % of net worth*
Royal Bank of Scotland (GB)	55,040	*- 22.9*	19,494	50,974	*47.8*
JPMorgan Chase & Co. (US)	54,653	*- 10.7*	13,942	44,906	*39.0*
Bank of America (US)	50,427	*n.c.*	25,657	56,011	*34.8*
Deutsche Bank (DE)	49,454	*- 1.9*	22,456	69,368	*182.7*
Barclays (GB)	44,265	*- 14.3*	15,087	48,098	*73.0*
BNP Paribas (FR)	42,040	*+ 14.2*	4,397	83,654	*104.1*
Credit Suisse Group (CH)	29,599	*+ 8.1*	- 391	38,523	*118.3*
UBS (CH)	29,209	*- 8.1*	7,921	48,059	*146.6*
Citigroup (US)	27,027	*+ 17.4*	- 5,126	46,626	*43.3*
Société Générale (FR)	15,866	*+ 1.5*	- 1,173	. . .	. . .

[1] Calculated in local currency.

I.18 Rights issues, dividends and share buybacks

In 2000-2009, a total of EUR 506 billion in share issues was undertaken in Europe. This figure does not include new shares issued in acquisitions. Shares issued in connection with mega-mergers amounted to approximately EUR 201 billion, 28% of the total shares issued. In 2009 alone, rights issues totalling EUR 169 billion were undertaken, more than one third of the total, including EUR 102 billion (60%) taken up by governments and other public entities. In addition, the dividends distributed over the decade amounted to EUR 366 billion, while share buybacks (which in 2009 also included the repurchase of EUR 21.3 billion in shares held by governments) totalled EUR 110 billion (Table I.36) The dividends paid during the period thus came to slightly more than 90% of the rights issues undertaken, considered net of outlays to repurchase own shares, resulting in a net inflow of approximately EUR 30 billion over the entire decade. Over the same time period, total net income came to EUR

753 billion, meaning that retained earnings represented the primary means of expanding European bank equity.

For US banks, share buybacks consistently exceeded rights issues from 2000 to 2007, yielding net outflows of approximately USD 120 billion, or 40% of equity at the beginning of the period. The situation was reversed in 2008-2009, when the proceeds from rights issues exceeded share buybacks (including repurchases of shares from the Treasury) by USD 293 billion. Of the rights issues undertaken during that two-year period, USD 185 billion, or 44% of the total, was contributed by the Treasury and other governmental entities, chiefly through the purchase of preferred shares.

The balance for the decade thus amounts to net proceeds for banks of USD 173 billion, considering the USD 131 billion repaid to the government in 2009, while over that same period the dividends paid came to USD 336 billion, exceeding the foregoing figure and thus yielding a net return to investors of USD 163 billion.[42] Over that same time period, net income totalled USD 548 billion, meaning that retained earnings represented the primary means of expanding equity in this case as well.

Table I.21 presents a breakdown by institution of rights issues funded with public money in 2008-2009 and the amounts that were later repaid in regards to the European and US banks included in the sample. The most significant interventions were those undertaken by Great Britain (EUR 78 billion), Germany (EUR 39.7 billion) and France (EUR 25.3 billion, including securities considered subordinated liabilities and the intervention on behalf of the Belgian Dexia in the amount of EUR 3 billion), while the latter also benefited from EUR 14.5 billion in repayments.

[42] In the ten-year period 2000-2009, industrial multinationals based in North America returned USD 1,793 billion to investors (both in the form of dividends and share buybacks) against a mere USD 324 billion raised through share issues.

TABLE I.21 – RIGHTS ISSUES FUNDED BY GOVERNMENTS AND OTHER PUBLIC ENTITIES IN 2008-2009 AND THE AMOUNTS REPAID: BREAKDOWN BY COMPANY

Company	Amount issued	Amount repaid	Company	Amount issued	Amount repaid
	EUR bn			USD bn	
Europe			**United States**		
RBS (GB)	54.9	6.0	Citigroup	52.1	19,5
Lloyds Banking Group (GB) [1]	23,1	-	Bank of America	45,0	45.0
Commerzbank (DE)	18.2	-	JPMorgan Chase & Co.	25.0	25,0
Bayerische Landesbank (DE)	10.5	-	Wells Fargo & Co.	25.0	25,0
ING Groep (NL)	10.0	5.0	PNC Fin. Services Group	7.6	-
BNP Paribas (FR)	7.6	7.8	U.S. Bancorp	6.6	6,7
KBC Group (BE)	7.0	-	SunTrust Banks	4.9	-
Groupe BPCE (FR) [2]	6.0	0.8	Capital One Financial	3.5	3,6
Hypo Real Estate Hld (DE)	6.0	-	Regions Financial	3.5	-
Dexia (BE)	5.0 [3]	-	Fifth Third Bancorp	3.4	-
Landesbank Baden-Wuertt. (DE)	5,0	-	BB&T	3,1	3.2
Fortis Bank (BE)	4.7	-	Other [5]	5.5	3,1
Other [4]	4,7	1.7	**Total 2008-2009**	**185,2**	**131.1**
Total 2008-2009	**162.7**	**21.3**			

[1] Includes HBOS, acquired in January 2009.
[2] Includes Groupe Banque Populaire and Groupe Caisse d'Epargne.
[3] In addition to EUR 1bn subscribed by Belgian institutional investors and EUR 0.4bn subscribed by the Luxembourg state in the form of convertible bonds.
[4] Société Générale (EUR 3.4bn, EUR 1.7bn of which have been returned) and Fortis Bank (Nederland) (EUR 1.3bn). Crédit Agricole, Crédit Mutuel and Groupe Caisse d'Epargne have also received EUR 3bn (returned), EUR 1.2bn (returned) and EUR 1.1bn from the French state respectively, in the form of subordinated loans, which have been accounted for in the financial statements as subordinated liabilities; the Swiss state subscribed for UBS convertible bonds in an amount of approx. EUR 4bn.
[5] The Bank of New York Mellon (USD 3bn, USD 3.1bn returned), and KeyCorp (USD 2.5bn).

For Japanese banks, recourse to the market amounted to JPY 13,055 billion, compared to a mere JPY 3,850 billion in dividends distributed, whereas share buybacks of EUR 6,025 billion only exceeded the amounts raised on the market in 2004-2006. However, most such buybacks represent the repayment of government funds in the form of the repurchase of preferred shares held by governmental entities. The dividends distributed thus amounted to slightly less than half of the amounts raised from shareholders, net of share buybacks, yielding net inflows of JPY 3,180 billion over the decade. It should be noted that the aggregate net loss reported by Japanese banks during the decade in question came to JPY 648 billion.

On the subject of earnings distribution policies, the payout ratio (declared dividends in relation to earnings) came to an average for the decade of 61.5% for US banks and 53% for European banks (Table II.4, respective areas).[43] Even when measured in relation to total revenue, the dividends declared by US banks were on the average only slightly greater than those of the European banks, coming to 9% compared to 8.6% for the latter. At 3.7%, the ratio for Japanese banks was significantly lower.

I.19 Capital adequacy ratios

The total capital ratio, which is the ratio of total capital to risk-adjusted assets, determined pursuant to the Basel Interbank Accords, was on the average higher at the end of 2009 for US banks, at 15.5%, than for European and Japanese banks (14% and 13.8%, respectively). US banks also had a higher overall *tier 1* capital ratio (11.7%) than their European counterparts, although not by much (11.1%), while Japanese banks reported a much lower figure (9.9%) (Table I.34).

Compared to 2008, the average solvency ratios of the banks in the survey showed improvement across all areas, coming to 2.3 percentage points in Japan, 2.1 points in Europe and slightly less than one percentage point in the United States (in the latter case, however, there had been a significant increase - 3.2 percentage points - in 2008).[44]

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[43] The indicator cannot be calculated for Japanese banks due to the overall net loss for the decade.

[44] In 2008 a system for calculating capital requirements imposed by the “new” Basel Accord ("Basel II") came into effect. This requires smaller investments of capital

Those improvements were largely due to capital enhancements undertaken in 2009, chiefly in the form of recapitalizations, in part through public funds, as discussed above, as well as due to strong earnings for the year and the lesser dividends distributed. A contribution was also made by the rise in the market value of available-for-sale securities, with the ensuing rise in the valuation reserve included in net worth.

TABLE I.22 – RISK-WEIGHTED ASSETS (RWAs) AND REGULATORY CAPITAL FOR THE PURPOSES OF THE BASEL ACCORDS

	Risk-weighted assets (RWAs)			Regulatory capital			RWAs / Total assets	
	2008	2009	Change	2008	2009	Change	2008	Change
	EUR bn		%	EUR bn		%	%	
Europe [1]	8,317	7,615	*- 8.4*	1,012	1,059	*+ 4.6*	*31.9*	*34.6*
	USD bn			USD bn				
United States [2]	5,872	5,962	*+ 1.5*	820	876	*+ 6.8*	*67.1*	*67.7*
	JPY bn			JPY bn				
Japan [3]	297,830	294,587	*- 1.1*	35,030	43,088	*+ 23.0*	*47.4*	*45.3*

[1] Figures cover groups which accounted for 85% of the total assets in the sample at the end of 2009.
[2] Figures cover groups which accounted for 98% of the total assets in the sample at the end of 2009.
[3] Figures cover groups which accounted for 89% of the total assets in the sample at the end of 2009.

By contrast, risk-weighted assets (the denominator of the solvency ratio) were down, according to partial yet significant data, by 8.4% for European banks, thus also contributing significantly to the improvement in the average ratio for the area, while remaining largely unchanged for banks in Japan (-1.1%) and the United States (+1.5%) (Table I.22). The

for institutions that adopt risk assessment systems based on internally developed estimation processes or, subordinately, on the assessments of rating agencies.

different incidence of risk-weighted assets on total assets in the three geographical areas is also noteworthy: for European banks, an average of just 35% of assets was covered by capital in the minimum amount of 8% established by the Basel Accords, compared to 68% for US banks, with Japanese banks in the middle at 45%.

It should also be noted that solvency ratios were not very effective as safeguards: in 2008-2009 European banks such as RBS, Lloyds Banking Group, Commerzbank and ING Groep (see Table I.21) received significant injections of public capital after having presented ratios well in excess of the minimum required by the Basel Accords, and in some cases in excess of the average for the area, at the end of the previous year. In the United States, no bank had a ratio below 10% at the end of 2007, but all utilized public funds in the subsequent year; the banks involved in mergers or bailouts in the second half of 2008 were all well above the minimums at the end of quarter before the transactions.[45]

In Europe, the banks with the highest ratios at the end of 2009 were the Swiss Crédit Suisse (20.6%, *tier 1* ratio of 16.3%) and UBS (19.8%, *tier 1* ratio of 15.4%), Danske Bank (17.8%, *tier 1* ratio of 14.1%) and Bayerische Landesbank (17%, *tier 1* ratio of 12.5%), the latter of which was extensively recapitalized by the region of Bavaria in both 2007 and 2008; at the bottom of the rankings were Hypo Real Estate (10.6%) and the French cooperatives Crédit Agricole, BPCE and Crédit Mutuel (all at 10.9%). In Japan, the top positions were occupied by Shinkin Central Bank (25.6%) and Norinchukin Bank (19.2%), recently recapitalized cooperative institutions. Shinsei Bank, a smaller institution, had a ratio just above the minimum for the second consecutive year. In the United States, three smaller institutions reported the highest ratios: Capital One Financial (17.7%, *tier 1* ratio of 13.8%), Fifth Third Bancorp (17.5%, *tier 1* ratio of 13.3%) and Keycorp (17%, *tier 1* ratio of 12.8%). Of the three largest banks, only Citigroup (15.2%, *tier 1* ratio of 11.7%), which had benefited in 2008-2009 from the largest contribution of public funds

[45] The most striking case is that of Washington Mutual, which collapsed in September 2008 but which, as of the previous 30 June, had a total capital ratio of 13.9% and a tier I ratio of 9.4%. It should also be recalled that the Basel Interbank Accords did not take adequate account of the risks associated with financial links between large financial institutions (“systemic risk”).

among the banks in the US sample, presented a ratio slightly above the average.

The total solvency ratios as of 30 September 2010 for Japanese banks and the end of 2010 for European and US banks, on the basis of partial data, remained essentially unchanged in Japan and the United States, while showing an average increase of one percentage point for European banks, bringing the figure near the average for US banks. In a like manner, the *tier 1* ratio rose slightly to 11.9% in the United States, with European banks registering an average of 12.3%, while Japanese banks continued to show the lowest ratio at 10.6%. The improvement in ratios was mostly due to the reinforcement of capital in all three areas considered, as described in the paragraph describing earnings in 2010; in Europe and the US, risk-weighted assets contributed to decreases of approximately one and five percentage points compared to the end of 2009, respectively.

I.20 The major Chinese banks

The statistics section (Table II) presents the aggregate income statement and balance sheet figures for the top ten Chinese banks, selected on the basis of total assets. These banks account for approximately two-thirds of the Chinese banking industry. The years considered were 2004 to 2009, for which a full series of annual financial statements was available. The banks included are listed in Table III.2.

Firstly, it should be recalled that in recent years the Chinese government has allowed domestic and foreign investors to invest in local banks. This took place initially through agreements for the direct sale of minority interests to foreign investors, generally subject to multi-year lock-up restrictions, and more recently through the offering of shares for listing on the Shanghai and Hong Kong stock exchanges.[46] The Chinese government retains full control of five of the ten banks surveyed (all of the biggest ones), while it has direct or indirect shares interests of 30% to 43% in another four. The exception is China Minsheng Banking, which is held by private investors. All of the banks in the sample are listed on one or both of the securities exchanges cited. Table I.23 lists the initial public offerings and secondary offerings undertaken by Chinese banks since 2005, the year in which the listing process was initiated.

TABLE I.23 – IPOS AND PUBLIC OFFERS FOR CHINESE BANKS

Date	Company [1]	Stock market on which listed	Share placed	Amount generated
			%	EUR bn
June 2005	Bank of Communications	Hong Kong	14.70	1.8
October 2005	China Construction Bank	Hong Kong	13.56	7.8
June 2006	Bank of China	Hong Kong and Shanghai	14.14	10.4
September 2006	China Merchants Bank	Hong Kong	16.46	2.0
October 2006	Industrial and Commercial Bank of China	Hong Kong and Shanghai	16.66	16.9
February 2007	Industrial Bank	Shanghai	20.02	1.6
April 2007	China Citic Bank	Hong Kong and Shanghai	20.23	4.5
May 2007	Bank of Communications	Shanghai	6.96	2.4
September 2007	China Construction Bank	Hong Kong and Shanghai	3.85	5.6
July 2010	Agricultural Bank of China	Hong Kong and Shanghai	16.87	16.8

[1] Shanghai Pudong Development Bank and China Minsheng Banking have been listed on the Shanghai Stock Exchange since 1999 and 2000 respectively.

With a view to opening to the market, Chinese banks have gradually assumed independent legal status in the form of joint-stock

[46] The European and US banks with the largest interests in Chinese banks at the end of 2009 included: HSBC with 19.2% of Bank of Communications and 12.8% of Industrial Bank; Bank of America with 10.9% of China Construction Bank; and BBVA with 10% of China Citic Bank (with an option to increase the interest to 15%). Smaller interests are held by Citigroup (3.4% of Shanghai Pudong Development Bank) and JPMorgan Chase (2.5% of China Merchants Bank and 1.5% of Bank of China). Foreign groups may invest up to a maximum of 20% in a Chinese bank.

companies and, following the enactment of legislative provisions by the national government, adopted accounting principles that are increasingly compliant with international standards.[47] In particular, the accounting standards for financial institutions established in 2001 impose stricter rules on the measurement of doubtful loans and the accounting treatment of future liabilities than those in force since 1993.[48]

As a further measure directed towards the objective of a stock market listing, in the early Nineties the Chinese government launched several initiatives aimed at improving asset quality and strengthening the capital of the major national banks, which included in particular the creation of public companies to manage financial assets. The major banks transferred significant amounts of doubtful loans and non-performing assets to such companies.[49] With regard to public capital contributions, in 2003 the Bank of China and China Construction Bank received CNY 186.4 and 186.2 billion, respectively, through share issues and, during the years considered in the survey, the Industrial and Commercial Bank of China and the Agricultural Bank of China received CNY 124.1 and CNY 130 billion in 2005 and 2008, respectively.

An analysis of 2004-2009 income statement figures reveals, firstly, the high incidence of the net interest income on total revenue,

[47] Of the banks considered in the sample, nine prepared their 2009 financial statements according to IASs/IFRSs (compared to just two in 2004 and three in 2005), while the Agricultural Bank of China applied the new 2006 version of local accounting principles rather than the 1993 version that had been applied until 2007. Six banks prepared their financial statements according to the 2001 version of national accounting principles in both 2004 and 2005.

[48] Under the 1993 accounting principles, banks were only required to recognize a generic accrual of 1% of total risk assets on their books, including loans to customers and the securities portfolio, whereas no accruals were required for contingent liabilities and future losses. The 2001 version of the rules requires an accrual that accounts for the likelihood of recovering the debt.

[49] Two main transactions were undertaken in the years covered by the survey: i) in 2005 the Industrial and Commercial Bank of China transferred non-performing loans to customers totaling CNY 705 billion in return for receivables from governmental entities and bonds issued by the Chinese central bank set to mature in five years and bearing interest at the fixed rate of 1.89%; ii) in 2008 the Agricultural Bank of China transferred non-performing assets totaling CNY 815.7 billion (including CNY 766.8 billion in loans) in return for a government bond of CNY 665.1 billion bear interest at the rate of 3.3% per annum and a non-interest bearing loan from the central bank in the amount of CNY 150.6 billion.

with an average for the period of 87% compared to the 51% resulting for the aggregate of all banks in the Triad regions; as a result, there was a more limited incidence of net commissions, which, however, increased from 8% to 17% of revenue. The incidence of trading activities was marginal.

The lower productivity index of Chinese banks – measured as revenue per employee - is also worthy of note; this index came to EUR 84 thousand in 2009, slightly less than half that of European and US banks (Table I.6), increasing as the size of the bank decreases: the last five banks in the ranking by total assets, in fact, were all significantly above average.[50] The productivity index increased by 135% from 2004 to 2009; in comparison, during the same period European banks reported a modest 2% increase, while in the U.S. the increase amounted to 17%.

Chinese banks reported current earnings before taxes of 47% of revenue in 2009, a percentage that was essentially unchanged compared to the previous year, compared to an average of 9% for banks in the Triad regions. The high profitability of Chinese banks is primarily due to strong revenue growth, up 156% over the five-year period. By comparison, Europe and the United States, the most dynamic areas, reported +23% and +24% over the same period, respectively. The low incidence of operating costs also contributed significantly, with a cost/income ratio down more than eight percentage points from 2004 to 2009 and more than 17 points below the international average in the last year considered. The gap was particularly evident in the labour costs component, which represented an average of 21% of revenue during the period, compared to 34% for US banks and 37% for European banks. The labour cost per employee of Chinese banks also rose rapidly: +18.2% on average each year from 2004 to 2009, while the average number of employees increased by 10%.[51] However, in

[50] Even if one excludes the very low productivity index – EUR 50 thousand in 2009 - of the Agricultural Bank of China, the third bank in the country by size, the average indicator for the other banks still comes to EUR 97 thousand (calculated by excluding trading activity).

[51] According to data collected by the International Monetary Fund, consumer prices rose by 14% in mainland China between 2004 and 2009.

2009 those trends slowed considerably. Total revenue remained essentially unchanged compared to the previous year, while the rise in per-capita labour costs was limited to 4.6%.

Impairment losses on loans were down by 19% by amount in 2009 compared to the previous year, coming to 10.2% of revenue, marking a decline of 2.4 percentage points. In this case as well, the incidence on revenue was lower than for Triad banks, which, as commented upon above, ranged from 18% for Japanese banks to 28% for European banks and 39% for US banks. Comparing impairment losses on loans through the income statement to the amount of loans to customers and net worth at year-end, Chinese banks, which reported values of 0.5% and 4.8%, respectively, were essentially in line with Japanese banks in 2009 (0.6% and 5.3%), but far from European banks (1.3% and 12.6%) and, most significantly, US banks (4.7% and 20.6%) (Table I.31).

In 2009 aggregate net profit stood at CNY 483 billion, up by 17% on the previous year by amount and by 5.3 percentage points in proportion to total revenue. However, the bottom line in 2008 had been negatively influenced, to the extent of 6% of revenue, by extraordinary negative components, chiefly relating to impairment losses on securities, whereas in 2009 net extraordinary income, largely capital gains on the sale of investment securities, had a positive impact of 1.5 percentage points. It should also be noted that income taxes have had a decreased incidence since 2008, with a tax rate of 21.4% in 2009.[52]

The return on equity (ROE) increased from 12.7% in 2004 to 22.2% in 2009, the highest value of the period; the payout ratio was 39% in 2009, ten points below the Triad average.

The balance-sheet situation showed a doubling of loans to customers by amount from 2004 to 2009, although the weight of loans to customers on total assets decreased by approximately eight percentage points to approximately 51%, a figure that was nonetheless

[52] As of 1 January 2008, corporate income tax in China decreased to 25% from 33% in the previous year.

6.5 points higher than the Triad average.[53] The relative decrease in loans to customers was accompanied by an approximately nine-point increase in loans to financial institutions, which also include the compulsory reserve with the central bank. That reserve, which was gradually increased by local authorities to prevent excessive liquidity in the system, came to as much as 11% of total assets at the end of 2009.[54]

Remaining on the subject of loan portfolios, loans to households accounted for 21.4% of total gross loans granted to non-banking customers at the end of 2009 (compared to 15.8% in 2004), with 16% of the total represented by home mortgage loans. As commented upon above, those percentages were considerably lower than for European and, most significantly, US banks, but were not very far from those of Japanese banks (see Figure I.9).

Securities portfolios, the incidence of which on total assets was 25% in 2009, identical to the average for banks in the Triad regions, were 68.7% measured at amortized cost, unlike the portfolios of Triad banks, which were mostly measured at fair value (Table I.19). However, that percentage gradually decreased from the 88.6% reported in 2004. Accordingly, only 7.5% of the 2009 total assets of the Chinese banks included in the survey - excluding the Agricultural Bank of China, which does not disclose the figure - was measured at fair value. Of those assets measured at fair value, just 1.4% was classified as class 3, i.e. measured according to discretionary criteria.

Turning to asset quality, following the "clean-up" of non-performing assets undertaken by Industrial and Commercial Bank in 2005 and Agricultural Bank in 2008, as discussed above, the latter also no longer presented any doubtful loans not entirely covered by adjustment provisions. Accordingly, all of the country's major banks

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[53] When assessing such changes, it should also be recalled that the transfers of non-performing loans discussed above amounted to 5.7% of the volume of loans to customers at the end of 2009.

[54] The Chinese central bank increased the amounts subject to reserve requirements for major banks from 9% in 2006 to 14.5% in 2007 and 15.5% in 2008 for customer deposits denominated in local currency and from 4% in 2006 to 5% in 2007 for those denominated in a foreign currency. The rate applicable to deposits in the local currency was revised upwards on various occasions in 2010 and early 2011, bringing it to 20% in March 2011.

had coverage levels in excess of 100% and, on average, approximately 1.5 times the volume of gross doubtful loans (Table I.32).[55]

On the liabilities side, funding from customers is almost entirely composed of deposits, with a marginal role played by the bond market and subordinated loans.

Net worth climbed from 3.7% of total assets in 2004 to 5.3% in 2009, higher than the value for European banks (4.6%) and Japanese banks (5%) and only lower than that of US banks (9.6%). Even considering the ratio of total assets (net of intangibles) to tangible net worth, Chinese banks, with a multiplier of 19.4x, showed lower leverage than their counterparts in Europe (28x) and Japan (22x) and higher leverage than US banks only (Table I.34).

The main cause of the increase in capital during the period considered was self-financing in the form of retained earnings, which came to CNY 1,088 billion. That figure was in addition to the CNY 985 billion in resources contributed by minorities, chiefly in the form of the share issues discussed above.[56]

In 2009 the solvency ratio came to an average of 11%, down by 0.7 percentage points compared to the figure for the previous year and approximately three points below the averages for Europe and Japan and 4.5 points below the average for the United States. In a like manner, the *tier 1* ratio, which stood at 8.4%, was lower than that of the Triad banks.

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[55] Under provisions issued by local supervisory authorities, Chinese banks must subdivide loans into five categories: normal, special-mention, substandard, doubtful, and loss, characterized by a decreasing degree of likelihood of recovery. They are then required to recognize a generic accrual of no less than 1% of their total loan portfolios, in addition to increasing specific accruals of 2%, 25%, 50% and 100% of loans classified into categories two through five. The last three categories are considered “non-performing” and consequently are included in the data of Table I.32.

[56] Of this total, CNY 639 million was contributed by new local and foreign shareholders and international investors, and CNY 346 million by the Chinese government and other public entities.

Table I.37 presents the aggregate accounts of Germany's seven largest Landesbanken for 2007-2009. The peculiar characteristics of such institutions are described in Appendix 1.[57] At the end of 2009, their total assets were 15% greater than those of Deutsche Bank, Germany's largest bank by size, and accounted for approximately one-fourth of the assets in the country's banking system and approximately two-thirds of those in their class.

In 2007-2009, total net losses amounted to EUR 14.6 billion, with the worst results reported in 2008 and 2009, coming to 117% and 26% of total revenue, respectively. It should be noted that the losses registered in 2008-2009 represent as much as one-third of equity at the beginning of the period. By comparison, the sample of European banks, following on losses amounting to 19% of revenue in 2008, reported aggregate net income in 2009.

The primary causes of the losses for the period were:

- the loss on trading in 2007-2008, which in 2008 absorbed slightly less than half of operating revenue. In 2009 trading yielded a profit that accounted for approximately 18% of total revenue;
- the surge in loan losses, which rose from 4% of revenue in 2007 to 55% of revenue in 2009. In 2009, loan losses amounted to 22.5% of net worth, a level nearly twice the average for the sample of European banks, 12.6%;
- impairment losses on assets, chiefly available-for-sale securities and long-term investments, had a negative impact on all three years, and especially on 2008.[58]

[57] The following were considered (in decreasing order by total assets): Landesbank Baden-Württemberg (LB-BW), Bayerische Landesbank (BayernLB), WestLB, Norddeutsche Landesbank (NordLB), HSH Nordbank, Landesbank Hessen-Thüringen (Helaba) and Landesbank Berlin Holding. The first two were also included in the European sample for this survey.

[58] In 2009 the residual item "Extraordinary income and expenses" also showed a net negative balance, reversing the trend seen in the previous two years. The main

Another relevant aspect is the low level of revenue in proportion to total assets: in 2009 that ratio stood at 1.1% compared to the average of 2.1% reported by European banks.

On the subject of asset quality, it may firstly be noted that there was a high incidence of doubtful loans, considered net of adjustment provisions, on net worth, amounting to 39% at the end of 2009, a percentage approximately 18 points above the European average. On the other hand, the level of coverage of gross doubtful positions, which came to 46% in 2009, was over eight points lower than the European average. It should also be noted that despite the sharp increase in impairment losses on loans through the income statement, which in 2009 amounted to over half of revenue, as mentioned above, the net doubtful positions at year-end continued to increase over the three years, in proportion to both total loans to customers and net worth, whereas the level of coverage tended to fall.

TABLE I.24 – BAD DEBT WRITEOFFS AND NET DOUBTFUL LOANS OF GERMAN LANDESBANKEN

	Annual bad debt writeoffs		Net doubtful loans		Coverage ratio
	as % of customer loans	as % of net worth	as % of customer loans	as % of net worth	%
				as at 31 December	
2007	0.1	0.9	1.4	21.4	51.3
2008	0.7	15.2	1.7	39.0	46.4
2009	1.4	22.5	2.4	38.8	45.7

component was the loss of EUR 841 million reported by BayernLB on the sale to the Republic of Austria of the controlling interest in the Hypo Alpe-Adria-Bank International Group for the symbolic amount of EUR 1 (an additional EUR 825 million in losses on forgiven loans are included among impairment losses on loans). Control over the Hypo Alpe-Adria Group had been acquired in late 2007 for an investment of EUR 2.2 billion and a further recapitalization of EUR 900 million had been undertaken in 2009.

Other aspects of asset quality pertain to financial assets designated at fair value, which for Landesbanken represented 30% of total assets at the end of 2009 and were primarily composed of positive derivatives positions and 70% of securities in portfolio. For European banks at large, those percentages were considerably higher, with 39% of assets and 86% of securities portfolios measured at fair value.

In that connection, assets classified to class 3, i.e. those deemed the most difficult to measure and least liquid, deserve particular mention. Such assets stood at EUR 35.7 billion for Landesbanken, amounting to 6.9% of assets at fair value and as much as 81% of tangible net worth. In this case as well, the average for European banks presented less risky ratios of 4% and 45%, respectively at the end of 2009.[59]

A review of year-end balance-sheet situations also shows that Landesbanken had a lower collective level of capitalization than did European banks. While marking an improvement compared to the previous year, the net worth of Landesbanken amounted to just 2.7% of assets at the end of 2009 compared to 4.6% for European banks. The result for the Landesbanken is a greater leverage effect, measured as the ratio of assets, excluding intangibles, to tangible net worth, which came to 39x at the end of 2009, compared to the average of 28x for European banks, a multiplier that is already high at an international level.

[59] It should also be noted that WestLB removed risk assets from its balance sheet in two different transactions. In the first, undertaken in early 2008, it transferred structured bonds having a nominal value of EUR 23 billion to a special-purpose entity (SPE) designated "Phoenix" in return for new bonds guaranteed by German governmental entities up to EUR 5 billion. In the second, executed in two tranches in December 2009 and April 2010, it spun off risky securities and loans in the total nominal amount of EUR 77 billion (a carrying amount of approximately EUR 60 billion) to the public entity Erste Abwicklungsanstalt (EAA). The primary stakeholders in EAA are: Land Nordrhein-Westfalen (48.2%), Sparkassenverband Westfalen-Lippe (25%) and Rheinischer Sparkassen und Giroverband (25%), which are obligated to cover operating losses (EUR 2.7 billion through 31 December 2010). The European Commission considered those transactions to constitute government aid, imposing a decrease in the bank's assets.

TABLE I.25 – FINANCIAL SOLIDITY INDICATORS FOR LANDESBANKEN AS AT YEAR-END 2009

	"Level 3" financial assets as a % of:		Total assets [1]/ Tangible net worth	Capital adequacy ratios [2]	
	assets at fair value	tangible net worth		Total	*of which*: tier 1
	%		times	%	
Landesbanken	6.9	81.2	39.0	12.7	*9.2*
Total Europe	4.1	45.2	28.0	14.0	*11.1*

[1] Not including intangibile assets.

[2] Simple average of individual banks' ratios.

The overall solvency ratio for the Landesbanken at the end of 2009 came to an average of 12.7% of risk-weighted assets, with a *tier 1* ratio of 9.2%. These figures were also considerably lower than the European averages.

Landesbanken reported such low capitalization levels despite the fact that in 2007-2009 they received EUR 21.1 billion from shareholders through share issues and other contributions, a sum that amounted to 46% of equity at the beginning of the period, while they distributed a mere EUR 1.9 billion in dividends.[60] In addition, in 2008-2009, as part of the financial stabilization plans promoted by the German government to deal with the banking liquidity crisis, the Landesbanken benefited from a total of EUR 101.25 billion in guarantees from the central government and regions with interests in such institutions, of which EUR 29 billion was then extinguished.[61]

[60] An additional EUR 2.3 billion was contributed by the government to WestLB in the first half of 2010 through the financial stabilization fund SoFFin.

[61] Such guarantees were granted as a commitment to cover losses on certain portfolios of doubtful securities and loans as well as through new bond issues. The amounts were associated with HSH Nordbank (EUR 40 billion, of which EUR 13 billion was extinguished), NordLB (EUR 20 billion, of which EUR 6 billion was extinguished), BayernLB (EUR 19.8 billion, of which EUR 10 billion extinguished), LB-BW (EUR 15.45 billion) and WestLB (EUR 6 billion).

I.22 Preliminary results for 2010

Tables I.39 and I.40 present the income statements and balance sheets of major European and US banks for 2010, drawn from the financial statements available at the reporting date. The figures refer to banks that represented 82% of total assets at the end of 2009 for the European sample and 90% for the US sample. Table I.38 presents the results of Japanese banks for the first half of 2010, ended on 30 September. A summary of annual results for Europe and the United States is presented in Table I.26.

Both Europe and the United States reported overall net income of 14% and 11% of revenue, respectively, up sharply in both cases compared to the previous year: +40% and +47%. Japanese banks also reported overall net income in the first half of 2010 in the amount of 29% of revenue, up 87% compared to the first half of 2009.

TABLE I.26 – PRELIMINARY RESULTS FOR THE 2010 FINANCIAL YEAR

	Europe				United States			
	2009		2010		2009		2010	
	EUR bn	*% of total income*	EUR bn	*% of total income*	USD bn	*% of total income*	USD bn	*% of total income*
Current pre-tax profit	47.8	*10.8*	91.9	*19.2*	26.2	*6.3*	85.4	*20.3*
Profit before tax	61.1	*13.8*	96.4	*20.2*	33.5	*8.1*	67.6	*16.0*
Net profit	46.9	*10.6*	65.9	*13.8*	32.2	*7.8*	47.3	*11.2*

In a like manner, earnings before taxes rose from 11% in 2009 to 19% in 2010 for European banks and from 6% to 20% for US banks, while in the first half of the year, Japanese banks reported earnings before taxes amounting to 40% of revenue, compared to the 24% registered in the first half of the previous year.

The component primary responsible for the improvement in earnings before taxes across all three areas was the decrease in impairment losses on loans through the income statement, which took the form of a decline in amount compared to the previous year of 29% in Europe, 41% in the United States and 64% in Japan (calculated on a half-yearly basis for the latter). A summary of the incidence of impairment losses on income statements by geographical area is presented in Table I.27.

In further detail, in 2010 European banks reported an approximately 8% increase in total revenue compared to 2009, spread across all of the item's major components. However, more than two-thirds of that increase was offset by higher labour costs and general expenses.[62] As mentioned above, the lesser impairment losses on loans represented the main cause of the improvement in current earnings, with a positive effect that may be measured as 9.5 percentage points in relation to revenue. The more modest increase in net income than in earnings before taxes was due both to lesser positive extraordinary components and greater income taxes, which rose as a consequence of the stronger earnings results, with an average tax rate of 25.6% in 2010

TABLE I.27 – BAD LOAN WRITEOFFS BY GEOGRAPHICAL AREA IN 2010

	Bad debt writeoffs booked during financial year [1]					
	2009	2010	Change	2009 (a)	2010 (b)	Change
	EUR bn		*%*	*as % of total income*		*b - a*
Europe	- 123.1	- 87.3	*- 29.1*	- 27.8	- 18.3	*+ 9.5*
	JPY bn					
Japan [2]	- 1,134	- 412	*- 63.7*	- 20.0	- 6.9	*+ 13.1*
	USD bn					
United States	- 156.2	- 92.8	*- 40.6*	- 37.6	- 22.0	*+ 15.6*

[1] Net of bad debts recovered. 2009 data were restated in homogeneous terms.
[2] The data refers to the first half years of 2009 and 2010, respectively.

[62] The increase in labor costs was largely due to per-capita cost, which rose by approximately 9% compared to the previous year, whereas the number of employees only increased by 1%.

By contrast, US banks' revenue increased by a mere 1.6% in 2010, inasmuch as the improvement in net interest income was accompanied by a significant decline in trading profits. Conversely, labour costs and general expenses rose faster than revenue, while remaining at approximately one-half the level reported by European banks.[63] The significant decrease in impairment losses on loans yielded a benefit of nearly 16 percentage points on earnings before taxes, thus representing the main driver of growth. Extraordinary items shifted from a net positive balance in 2009 to a net negative balance equal to 4.3% of revenue in 2010, while income taxes increased significantly, with an average tax rate of 29.2%, approximately four points above that of the European banks.[64]

In the first half of 2010, ended on 30 September, Japanese banks reported net income amounting to 29% of revenue, as mentioned above. Total revenue was up by 5.6% compared to the first half of the previous year due to the increase in other operating revenue (which includes net commission income), whereas net interest income and trading profits were down. Earnings before taxes for the six months amounted to 40% of revenue, marking an improvement of more than 16 points compared to 2009. This was due not only to the increase in revenue and essentially stable operating costs, but also, and most significantly, as mentioned above, to lesser impairment losses on loans, which decreased from 20% to 7% of revenue.

Turning to the balance-sheet situation, it should firstly be remarked that total assets increased for both European banks (+5.6%) and, to a lesser extent, US banks (+3.1%). In that regard, loans to customers, which accounted for approximately 40% of assets in both areas, showed a similar increase of approximately 4%. By contrast, securities portfolios grew faster for European banks. However,

[63] The increase in labor costs was due both to the greater number of employees (+2% compared to 2009) and the rise in unit costs (+2.9%).

[64] The main extraordinary items included the USD 12.4 billion in impairment of goodwill recognized by Bank of America in connection with the credit-card and home-lending sectors and the accrual of USD 7.4 billion to a provision for expenses associated with legal disputes recognized by JPMorgan Chase, primarily in regards to home-mortgage operations.

European banks also reported an increase in customer funding in excess of loans granted to customers and therefore a decrease in net borrowings from other financial institutions.

By contrast, US banks reported a slight increase in funding (+1.8%), whereas the balance of interbank positions, which includes assets in the Federal Reserve system, remained in positive territory.

The residual items "Other assets" and "Other liabilities," which include the positive and negative fair values of derivative products, increased by 2.9% and 6.4% in Europe, respectively, while for US banks the 6.8% increase in liabilities was offset by a 3.1% decrease in other assets. In 2010 European banks continued to report a greater weight of positive derivatives positions within total assets: 16.5% compared to 2.8% in the United States. [65]

At the end of the first six months of 2010, Japanese banks reported an approximately 2% increase in assets compared to the end of the previous year, mostly due to the growth of securities portfolios (+6.7%), while loans to customers decreased by 2.1%. Customer funding also declined by 1%, resulting in an increase in the net borrowings from other financial institutions.

Turning to the quality of loans to customers, indicators deteriorated for European banks and, to a lesser extent, Japanese banks, whereas US banks reported an improvement. Compared to the end of 2009, doubtful loans, considered gross of adjustment provisions, were up by 12.4% for European banks and 1.4% for Japanese banks, and down by 6.4% for US banks.[66]

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[65] In Europe, positions with positive fair values increased from EUR 3,638 billion at the end of 2009 to EUR 3,702 billion as of 31 December 2010 (+1.8%), and those with negative fair values rose from EUR 3,616 billion to EUR 3,736 billion (+3.3%). The balance of such positions therefore fell from a positive EUR 22 billion to a negative EUR 34 billion. By contrast, for US banks, the positive positions decreased, during the same period, from USD 260 billion to USD 237 billion (-8.8%) and negative positions rose from USD 194 billion to USD 207 (+6.7%). The balance of such positions remained positive, while falling from USD 66 billion to USD 30 billion.

[66] The decrease in gross doubtful loans for US banks was entirely due to loans to businesses (-28% compared to 2009), whereas doubtful consumer loans, which accounted for three-fourths of non-performing positions, increased by 5%.

TABLE I.28 – NET DOUBTFUL LOANS BY GEOGRAPHICAL AREA AS AT 31-12-2010

	Gross doubtful loans as of 31-12-2010	Net doubtful loans [1]				Coverage ratio [1]	
		Year-end 2009	Year-end 2010	Year-end 2009	Year-end 2010	Year-end 2009	Year-end 2010
	change vs. 2009 (%)	*as a % of loans to customers*		*as a % of tangible net worth*		*%*	
Europe	+ 12.4	2.18	2.44	27.9	29.5	53.6	52.0
Japan [2]	+ 1.4	0.92	1.01	9.6	9.8	62.1	59.8
United States	- 6.4	1.60	0.91	12.2	6.2	73.2	82.9

[1] The end-of-year data has been restated on a like-for-like basis. For methodological notes, see TABLE I.32.
[2] Data relating to 31-3-2010 and 30-9-2010 respectively.

Net doubtful loans measured in proportion to loans to customers and net worth registered a similar performance. In further detail, European banks had higher relative values amounting to nearly twice those of the other two areas in proportion to total loans and approximately 30% of tangible net worth; the latter figure was three times higher than for Japanese banks and nearly five times higher than for US banks. The coverage rate for gross positions also decreased for Europe and Japan and improved for the United States, with European banks continuing to report the lowest coverage rate (slightly above 50%).

Another aspect has to do with assets measured at fair value included in class 3.[67] It should firstly be noted that assets designated at fair value represent a minority of total assets, accounting for just 43%

[67] The designation is part of a hierarchical classification scheme for financial assets at fair value that was introduced in 2008 by FAS 157 in the United States and IFRS 7 in Europe. Class 1 includes assets listed on regulated markets; class 2 includes assets the measurement of which is based on the prices of comparable assets; and class 3 includes assets that are measured using parameters that are not directly observable on the market, inasmuch as there is no reference market or parameters that may be used to measure such assets (known as the "mark-to-model approach"). The latter are assets the value of which is determined at the bank's discretion, based on its own internal models, and the degree of liquidity of which is uncertain.

for European banks and slightly more than one-third of the total for US banks, despite increasing slightly in 2010 (Table I.29).

TABLE I.29 – "LEVEL 3" FINANCIAL ASSETS BY GEOGRAPHICAL AREA IN 2010

	"Level 3" financial assets [1]			Assets at fair value / Total assets		"Level 3" financial assets as a % of: assets at fair value		"Level 3" financial assets as a % of: tangible net worth	
	2009	2010	Change	2009	2010	2009	2010	2009	2010
	EUR bn		%	%		%		%	
Europe	368	338	*- 11.4*	*42.1*	*42.7*	*4.1*	*3.5*	*50.1*	*41.8*
	USD bn								
United States	319	261	*- 18.2*	*33.6*	*34.6*	*11.7*	*9.0*	*75.0*	*53.0*

[1] For Europe, like-for-like data referring to companies which represent 82% of total assets at end-2009; the change has been calculated assuming constant exchange rates. No data available for Japanese banks.

In Europe, according to the preliminary data available, as mentioned above, for companies representing 82% of the sample, class-3 assets totalled EUR 338 billion at the end of 2010, down 11.4% compared to the previous year at constant exchange rates. Such assets, despite representing an insignificant share of total financial assets, accounted for 42% of tangible net worth.

US banks reported the most significant decrease in class-3 assets (-18%), although such assets continued to represent a significantly higher proportion of financial assets at fair value, whereas the ratio to tangible net worth, albeit down sharply, remained the highest at 53%.

By amount, net worth increased in 2010 by 8.4% for European banks, 5.2% for US banks and 2.9% for Japanese banks (the figure for the latter refers to the first half of the year). Growth rates outpaced total assets in all areas. Table I.30 presents the main changes in 2010, with the exclusion of minority interests.

It may firstly be observed that the main driver of the increase in equity across all areas were the positive earnings results, whereas the resources returned to shareholders in the form of dividends, redemptions and share buybacks exceeded the capital raised on the market in both Japan and the United States and was only slightly lower in Europe.[68]

It should also be noted that 2010 earnings, as mentioned above, were significantly influenced by the lesser impairment losses on loans recognized through the income statement, while non-performing positions rose in Europe and Japan and, in the consumer-credit sector, in the United States as well.

TABLE I.30 – PRIMARY CHANGES IN SHAREHOLDERS' EQUITY IN 2010

	Europe	Japan [1]	United States
	EUR bn	JPY bn	USD bn
Balance at the beginning of the year	**881.9**	**29,328**	**746.2**
Net profit	+ 65.9	+ 1,729	+ 47.3
Dividends distributed	- 19.2	- 409	- 6.3
Paid share capital increase	+ 29.6	+ 761	+ 10.0
Capital reimbursements and share buybacks	- 8.1	- 689	- 8.3
Changes in the securities valuation reserve	- 1.7	- 412	+ 11.6
Other movements [2]	+ 30.7	- 4	- 14.2
Balance at the end of the year	**979.1**	**30,304**	**786.3**

[1] Movements relative to the first half-year of 2010 which closed on 30 September.
[2] For Europe, chiefly exchange rate differences.

[68] The main share issues in Europe were those undertaken by Deutsche Bank (EUR 10.2 billion), BBVA (EUR 5 billion), UniCredit (EUR 4 billion), HSBC (EUR 2.9 billion) and Lloyds Banking Group (EUR 2.6 billion); and in the United States, those by Citigroup (USD 3.75 billion) and PNC Fin. Services (USD 3.4 billion). The latter also repaid USD 7.6 billion received under TARP to the Treasury. In Japan, the only share issue was that undertaken by Mizhuo Fin. Group in the amount of JPY 761 billion.

The dividends distributed amounted to 41% of the previous year's earnings for European banks and 24% and 20% for Japanese and US banks, respectively. The valuation reserves for available-for-sale securities yielded a negative contribution in Europe and Japan and a positive contribution in the United States, tracking the difference in securities exchange performances.[69]

Net share issues, which outpaced asset growth, resulted in a slight decrease in leverage across all areas: from 28.7x to 27.5x in Europe, from 22.1x to 21.4x in Japan and from 18.3x to 16.4x in the United States.

I.23 Notes on the primary investment banks (2008-2010)

This survey has not yet taken into account the major investment banks due to their specific characteristics. In the United States, Goldman Sachs and Morgan Stanley are currently the only investment banks to have survived the financial turmoil as independent entities, despite having become bank holding companies, making them subject to supervision by the Federal Reserve and allowing them to access the Federal Reserve's system of advances and loans. The Bear Stearns Companies was acquired and then merged into JP Morgan Chase & Co. at the end of May 2008, while Merrill Lynch was acquired by Bank of America effective 1 January 2009. In September 2008, Lehman Brothers declared bankruptcy and its European and Asian assets were acquired by the Japanese company Nomura, while its North American assets were acquired by Barclays.

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[69] Movements in the valuation reserve for securities in the available-for-sale portfolio include both unrealized gains and losses arising from changes in fair value and the transfer to the income statement of accumulated gains and losses on securities sold during the year and of impairment losses that have become “permanent”; all movements are recognized net of the associated tax effect.

Table I.41 presents the income statements and balance sheets for 2008-2010 of an aggregate consisting of the US firms Goldman Sachs, Morgan Stanley and Merrill Lynch and Japanese firm Nomura Holdings.

After 2008, the year in which the financial market crisis achieved its full expression, the main component of revenue was operating revenue, mostly net commission income (50.9% in 2010), whereas trading profits accounted for slightly more than 40% of the total. Net interest income accounted for a relatively modest portion of revenue, 7% in 2010, down by approximately four points compared to the previous year. In 2009, by comparison, Triad banks operating primarily in the retail sector earned 55% of their revenue in the form of net interest income, 36% as net commission income and only 9% as trading profits.

It should be noted that in 2008 investment bank revenue had decreased by over 60% compared to 2007 due to the fact that losses on trading had absorbed nearly half of other revenue, with a negative balance of nearly EUR 18 billion. The return to trading profits in 2009-2010 allowed total revenue to exceed pre-crisis levels.

Turning to operating costs, the incidence of labour costs was especially high, amounting to more than half of revenue in 2010. By comparison, retail banks in European and the United States reported figures of 35% and 30.5%, respectively.[70]

In 2010 the major investment banks reported earnings before taxes amounting to 23.5% of revenue, down by more than five points compared to the previous year. That percentage is slightly higher than that reported by US and European banks in the same year: 20.3% and 19.2%, respectively. By contrast, in 2009 investment banks' profitability was considerably higher, amounting to 28.8% of revenue, compared to the much more modest 8.7% reported on average by banks in the Triad regions.

[70] In 2010 labor costs per-employee averaged EUR 320 thousand for Goldman Sachs, EUR 194 thousand for Morgan Stanley and EUR 179 thousand for Nomura Holdings (the number of Merrill Lynch's employees was not available).

Turning to the balance-sheet situation, in 2010 total assets increased by 4.4% at constant exchange rates, with the difference attributable to the appreciation of the dollar and yen against the euro. The residual items "Other assets" and "Other liabilities," which include the positive and negative fair values of derivative contracts, increased their incidence on total securities portfolios (+6.1% at constant exchange rates). However, the fair values of derivative contracts were down sharply compared to the end of 2008.

Equity increased from 6.1% to 7.9% of assets, resulting in a decrease in leverage from 17.6x in 2008 to 14.3x in 2010, levels below those of retail banks in the U.S. (16.4x) and, most significantly, in Europe (27.5x).

The capitalization of US investment banks was supported to a crucial degree by government subsidies and injections of liquidity from non-US financial institutions. In the case of Morgan Stanley, preferred stock and warrants were issued in 2008 in the total amount of USD 19 billion, of which USD 10 billion was purchased by the US Treasury and EUR 9 billion by the Japanese Mitsubishi UFJ Financial Group. In June 2009 the US bank then repaid the government a total of USD 11 billion (including approximately USD 1 billion to buy back the warrants), in addition to USD 300 million in dividends. By contrast, Goldman Sachs had issued approximately USD 21 billion in securities in 2008, of which USD 13.4 billion in preferred shares and USD 7.4 billion in ordinary shares and warrants. The securities purchased by the U.S. Treasury, which came to USD 10 billion, were repurchased in 2009 for an outlay of USD 11.4 billion, of which USD 1.1 billion went towards buying back the warrants and approximately USD 300 million was paid in the form of preferred dividends. Lastly, Merrill Lynch, after launching an initial recapitalization plan in the amount of USD 6.2 billion in December 2007 and early 2008, with the involvement of the Singaporean government fund Temasek, which invested USD 5 billion, launched further share issues for approximately USD 16.6 billion in 2008, all of which were taken up by private investors. In late 2008 it then received approximately USD 10 billion in financing from the U.S. Treasury in view of the subsequent merger with Bank of America, which had also received considerable government aid.

The two independent investment banks, following the modification of their status and transformation into retail institutions, began publishing their regulatory capital ratios in accordance with the Basel Accords. At the end of 2010, Goldman Sachs reported a total capital ratio of 19.1% (*core tier 1* ratio of 13.3% and *tier 1* ratio of 16%), while Morgan Stanley reported a total capital ratio of 16.5% (*core tier 1* ratio of 10.5% and a *tier 1* ratio of 16.1%).

Class-3 assets, despite falling significantly compared to 2008 (the decreases were between 24% and 58%), continued to represent a not entirely negligible proportion of total assets (5.3% for Merrill Lynch, 5% for Goldman Sachs and 4.3% for Morgan Stanley) and a quite significant share of tangible net worth (82% for Merrill Lynch, 64% for Morgan Stanley and 62% for Goldman Sachs).

TABLE I.31 – BAD DEBTS WRITTEN OFF

EUROPE

BANKS	COUNTRY	BAD DEBTS WRITTEN OFF (1)														
		2005	2006	2007	2008	2009	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
		as % of total income					as % of loans to customers					as % of net worth				
HYPO REAL ESTATE HOLDING (2)	DE	-17.7	-16.0	5.7	-201.0	-497.9	-0.2	-0.2	0.0	-0.8	-1.1	-4.7	-4.6	1.0	n.c.	-45.4
LLOYDS BANKING GROUP	GB	-12.9	-14.9	-15.7	-26.4	-86.2	-0.7	-0.8	-0.8	-1.2	-2.5	-12.2	-13.5	-13.9	-29.7	-36.4
BAYERISCHE LANDESBANK	DE	3.3	0.0	-4.3	-141.5	-78.5	0.1	0.0	-0.1	-0.8	-2.3	0.8	0.0	-0.9	-14.7	-25.4
ROYAL BANK OF SCOTLAND GROUP	GB	-8.5	-8.5	-8.7	-33.7	-48.4	-0.4	-0.4	-0.3	-0.9	-1.9	-4.5	-4.1	-2.3	-9.5	-14.9
DANSKE BANK	DK	3.4	1.5	-1.6	-29.5	-44.3	0.1	0.0	0.0	-0.6	-1.4	1.5	0.5	-0.7	-12.3	-25.5
KBC GROUP	BE	-0.5	-2.2	-2.1	-20.5	-41.9	0.0	-0.1	-0.1	-0.5	-1.2	-0.2	-1.0	-1.0	-5.3	-11.1
COMMERZBANK	DE	-9.1	-11.1	-6.0	-26.3	-39.8	-0.4	-0.3	-0.2	-0.6	-1.2	-4.1	-5.7	-3.0	-9.3	-15.9
HSBC HOLDINGS	GB	-13.8	-16.4	-22.4	-30.2	-37.6	-1.0	-1.1	-1.6	-2.4	-2.6	-7.8	-9.1	-12.6	-23.7	-18.3
LANDESBANK BADEN-WUERTTEMBERG	DE	-11.9	-9.2	-8.3	-85.3	-37.0	-0.3	-0.3	-0.1	-0.6	-1.0	-3.6	-2.6	-1.8	-14.8	-14.5
KREDITANSTALT FUER WIEDERAUFBAU (3)	DE	38.4	18.9	n.c.	-414.5	-32.2	0.7	0.4	-6.9	-2.2	-1.0	5.3	2.4	-42.9	-18.1	-7.4
UNICREDIT	IT	-8.1	-9.5	-8.2	-13.6	-30.0	-0.2	-0.5	-0.4	-0.6	-1.5	-2.3	-5.3	-4.0	-6.3	-13.2
BANCO SANTANDER	ES	-9.0	-10.9	-13.2	-19.9	-28.8	-0.4	-0.5	-0.6	-1.0	-1.6	-4.1	-5.3	-6.1	-9.9	-15.1
SOCIETE GENERALE	FR	-2.4	-3.1	-5.6	-12.2	-26.8	-0.2	-0.2	-0.3	-0.7	-1.6	-1.6	-2.0	-2.9	-6.5	-12.5
LA CAIXA	ES	-7.1	-9.4	-9.2	-11.4	-25.7	-0.3	-0.3	-0.4	-0.5	-1.1	-2.4	-3.3	-2.7	-4.2	-8.6
BARCLAYS	GB	-9.1	-9.7	-12.4	-22.0	-25.1	-0.4	-0.5	-0.6	-0.9	-1.4	-6.4	-7.6	-8.6	-10.6	-12.7
BANCO BILBAO VIZCAYA ARGENTARIA	ES	-6.5	-10.2	-11.5	-14.8	-24.5	-0.4	-0.6	-0.6	-0.8	-1.6	-4.6	-6.5	-6.7	-9.8	-16.2
BNP PARIBAS	FR	-2.9	-2.9	-5.8	-20.7	-20.7	-0.2	-0.2	-0.4	-1.2	-1.2	-1.3	-1.4	-2.9	-9.8	-10.4
CREDIT AGRICOLE	FR	-5.3	-4.9	-10.9	-15.3	-20.6	-0.3	-0.2	-0.4	-0.6	-0.9	-2.6	-2.1	-4.0	-6.5	-8.5
FORTIS BANK (NEDERLAND) (4)	NL	-	-	-	-77.1	-20.3	-	-	-	-1.0	-0.3	-	-	-	-41.2	-8.8
INTESA SANPAOLO	IT	-5.0	-6.2	-6.2	-13.0	-19.7	-0.3	-0.4	-0.3	-0.6	-1.0	-2.9	-3.5	-2.1	-4.6	-6.4
ING GROEP	NL	-0.5	-0.6	-0.7	-8.6	-19.4	0.0	0.0	0.0	-0.2	-0.5	-0.2	-0.2	-0.3	-4.4	-7.5
GROUPE BPCE (5)	FR	-	-	-	-	-18.8	-	-	-	-	-0.9	-	-	-	-	-8.7
CREDIT MUTUEL	FR	-2.8	-2.2	-2.1	-11.7	-17.2	-0.1	-0.1	-0.1	-0.4	-0.8	-1.3	-1.0	-0.8	-4.2	-7.7
NORDEA	SE	2.1	3.7	0.8	-5.9	-16.7	0.1	0.1	0.0	-0.2	-0.5	1.1	1.7	0.3	-2.6	-6.6
RABOBANK NEDERLAND	NL	-5.5	-4.4	-2.3	-9.9	-16.6	-0.2	-0.1	-0.1	-0.3	-0.5	-1.9	-1.5	-0.8	-3.5	-5.0
DZ BANK	DE	-9.8	-8.8	-5.3	-24.6	-14.5	-0.4	-0.3	-0.2	-0.5	-0.6	-5.1	-3.7	-1.9	-6.3	-6.7
STANDARD CHARTERED	GB	-4.7	-7.6	-7.3	-10.1	-14.0	-0.3	-0.4	-0.5	-0.7	-1.0	-2.6	-3.6	-3.5	-5.8	-7.2
DEXIA	BE	-0.6	-1.9	-2.4	-31.7	-10.8	0.0	0.0	-0.1	-0.6	-0.2	-0.2	-0.6	-0.9	-28.3	-4.8
DEUTSCHE BANK	DE	-1.5	-1.2	-2.1	-8.3	-9.3	-0.2	-0.1	-0.2	-0.3	-0.9	-1.2	-1.0	-1.6	-3.4	-6.9
UBS	CH	0.9	0.3	-0.8	-144.0	-7.5	0.1	0.0	0.0	-0.6	-0.5	0.7	0.3	-0.6	-7.4	-3.8
CREDIT SUISSE GROUP	CH	0.6	0.3	-0.8	-7.5	-1.6	0.1	0.0	-0.1	-0.3	-0.2	0.3	0.2	-0.4	-1.7	-1.0
Average		**-5.7**	**-6.4**	**-9.8**	**-23.5**	**-27.9**	**-0.3**	**-0.3**	**-0.4**	**-0.8**	**-1.3**	**-3.1**	**-3.4**	**-4.5**	**-10.3**	**-12.6**

(1) Net of bad debts recovered. Companies no longer existing in their previous form as at 31 December 2009 are not included.
(2) Net worth showed a negative balance in 2008.
(3) Total income showed a negative balance in 2007.
(4) Included in the survey since 2008 following separation of ex-Fortis group banking and insurance activities.
(5) Company in operation since 2009 following the merger between Groupe Banque Populaire and Groupe Caisse d'Epargne.

TABLE I.31 – BAD DEBTS WRITTEN OFF

JAPAN

BANKS	BAD DEBTS WRITTEN OFF (1)														
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
	as % of total income					as % of loans to customers					as % of net worth				
NORINCHUKIN BANK (2)	19.0	5.4	27.3	n.c.	-516.5	0.4	0.1	0.6	-0.7	-1.2	1.2	0.4	1.9	-2.9	-3.8
SHOKO CHUKIN BANK	-25.6	-26.2	-30.4	-49.3	-39.0	-0.4	-0.4	-0.5	-0.7	-0.6	-5.9	-5.7	-6.2	-9.7	-6.5
SHINSEI BANK	-11.2	-25.2	-27.9	-42.5	-38.6	-0.6	-1.0	-1.2	-1.9	-1.8	-2.6	-6.4	-7.9	-16.1	-16.0
BANK OF YOKOHAMA	-8.3	-9.1	-8.2	-37.9	-26.5	-0.2	-0.2	-0.2	-1.0	-0.7	-2.5	-2.6	-2.6	-13.1	-8.1
SUMITOMO MITSUI FINANCIAL GROUP	-9.4	-5.4	-10.1	-34.4	-17.4	-0.4	-0.2	-0.3	-1.1	-0.6	-3.6	-1.9	-4.1	-15.3	-5.4
MITSUBISHI UFJ FINANCIAL GROUP	-4.2	-9.3	-9.8	-27.4	-17.0	-0.1	-0.4	-0.4	-0.6	-0.7	-1.0	-3.2	-4.2	-9.7	-7.1
RESONA HOLDINGS	-0.9	-9.0	-7.0	-24.4	-16.5	0.0	-0.3	-0.2	-0.7	-0.4	-0.4	-3.6	-2.1	-8.2	-4.8
HOKUHOKU FINANCIAL GROUP	-23.7	-14.1	-13.5	-20.0	-16.0	-0.7	-0.4	-0.4	-0.5	-0.4	-10.9	-5.4	-5.7	-7.9	-6.6
MIZUHO FINANCIAL GROUP	5.2	-2.8	-5.2	-29.0	-15.7	0.2	-0.1	-0.1	-0.8	-0.5	1.8	-0.9	-1.5	-12.8	-5.3
JOYO BANK	-13.1	-4.6	-9.6	-10.7	-15.0	-0.4	-0.1	-0.3	-0.3	-0.4	-3.5	-1.1	-2.8	-3.6	-4.1
SHIZUOKA BANK	-2.8	-2.0	-3.7	-20.1	-14.0	-0.1	-0.1	-0.1	-0.5	-0.4	-0.5	-0.4	-0.8	-4.8	-3.0
FUKUOKA FINANCIAL GROUP	-2.2	-5.3	-16.8	-25.1	-13.6	-0.1	-0.1	-0.4	-0.6	-0.3	-0.7	-1.4	-4.9	-8.5	-4.2
CHIBA BANK	-2.7	-4.0	-5.2	-22.5	-12.4	-0.1	-0.1	-0.1	-0.6	-0.3	-0.8	-1.2	-1.6	-7.7	-3.6
SHINKIN CENTRAL BANK	3.3	2.1	-1.8	-12.7	-12.1	0.1	0.0	0.0	-0.3	-0.2	0.4	0.2	-0.2	-3.8	-1.2
SAPPORO HOKUYO HOLDINGS	-6.3	-10.2	-8.7	-44.9	-11.1	-0.2	-0.3	-0.2	-1.1	-0.3	-1.8	-3.5	-3.6	-23.2	-4.2
CHUO MITSUI TRUST HOLDINGS	-14.6	-9.2	-3.4	-6.8	-3.7	-0.6	-0.4	-0.1	-0.2	-0.1	-4.5	-2.4	-1.0	-2.4	-1.0
SUMITOMO TRUST & BANKING	-1.7	-10.2	-1.9	-29.2	0.6	-0.1	-0.4	-0.1	-0.8	0.0	-0.5	-2.8	-0.5	-7.5	0.2
Average	**-4.3**	**-7.3**	**-8.4**	**-30.2**	**-17.9**	**-0.1**	**-0.2**	**-0.3**	**-0.8**	**-0.6**	**-1.3**	**-2.1**	**-2.7**	**-10.1**	**-5.3**

(1) Net of bad debts recovered. Companies no longer existing in their previous form as at 31 December 2009 are not included.

(2) Total income showed a negative balance in 2008.

TABLE I.31 – BAD DEBTS WRITTEN OFF

UNITED STATES

BANKS	BAD DEBTS WRITTEN OFF (1)														
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
	as % of total income					as % of loans to customers					as % of net worth				
KEYCORP	-3.2	-3.2	-12.5	-47.5	-80.3	-0.2	-0.2	-0.7	-2.6	-5.5	-2.0	-1.9	-7.2	-18.5	-30.7
FIFTH THIRD BANCORP	-6.2	-6.4	-11.8	-73.4	-59.1	-0.5	-0.5	-0.8	-5.6	-4.8	-3.5	-3.4	-7.0	-38.6	-27.0
REGIONS FINANCIAL CORP.	-3.6	-2.7	-7.9	-30.4	-56.3	-0.3	-0.1	-0.6	-2.1	-4.0	-1.6	-0.7	-2.8	-12.2	-19.8
SUNTRUST BANKS	-2.3	-3.3	-8.6	-30.7	-52.3	-0.1	-0.2	-0.5	-1.9	-3.5	-1.0	-1.4	-3.7	-11.1	-18.0
CITIGROUP	-10.0	-8.1	-24.3	-65.5	-50.7	-1.4	-1.0	-2.5	-5.7	-7.0	-7.2	-5.8	-16.2	-26.7	-25.2
BANK OF AMERICA	-7.2	-7.0	-13.5	-38.5	-48.4	-0.7	-0.7	-1.0	-3.2	-5.9	-4.0	-3.7	-6.0	-16.7	-23.0
CAPITAL ONE FINANCIAL CORP.	-14.8	-12.3	-19.0	-37.3	-33.1	-2.6	-1.4	-2.7	-5.3	-4.9	-10.6	-5.9	-11.2	-19.2	-15.9
U.S. BANCORP	-5.1	-4.1	-5.7	-20.6	-33.0	-0.5	-0.4	-0.5	-1.7	-2.8	-3.3	-2.5	-3.6	-11.5	-20.8
BB&T	-3.8	-3.8	-6.7	-19.9	-32.9	-0.3	-0.3	-0.5	-1.5	-2.7	-2.0	-2.0	-3.5	-9.0	-17.3
JPMORGAN CHASE & CO.	-6.5	-5.2	-9.6	-33.3	-32.2	-0.8	-0.7	-1.3	-2.9	-5.3	-3.2	-2.8	-5.6	-12.6	-19.3
WELLS FARGO & COMPANY	-7.5	-6.3	-13.0	-39.5	-26.1	-0.7	-0.6	-1.2	-1.8	-2.7	-5.9	-4.8	-10.4	-16.1	-18.9
THE PNC FINANCIAL SERVICES GROUP	-0.3	-1.8	-5.0	-21.2	-25.7	0.0	-0.2	-0.5	-0.9	-2.5	-0.2	-1.1	-2.1	-5.5	-12.1
THE BANK OF NEW YORK MELLON	-0.2	0.2	0.1	-0.9	-4.0	0.0	0.0	0.0	-0.3	-1.4	-0.2	0.1	0.0	-0.5	-1.8
Average	-6.0	-5.3	-13.9	**-48.3**	**-38.6**	**-0.6**	**-0.6**	**-1.3**	**-4.1**	**-4.7**	**-3.6**	**-3.1**	**-7.4**	**-21.8**	**-20.6**

(1) Net of bad debts recovered. Companies no longer existing in their previous form as at 31 December 2009 are not included.

TABLE I.31 – BAD DEBTS WRITTEN OFF

CHINA

BANKS	BAD DEBTS WRITTEN OFF (1)														
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
	as % of total income					as % of loans to customers					as % of net worth				
AGRICULTURAL BANK OF CHINA	-7.8	-16.0	-11.8	-18.9	-19.9	-0.2	-0.6	-0.5	-1.3	-1.1	-7.6	-22.0	-20.7	-13.7	-12.9
BANK OF COMMUNICATIONS	-12.4	-12.7	-10.4	-14.0	-14.0	-0.6	-0.6	-0.6	-0.8	-0.6	-5.2	-6.0	-4.7	-7.2	-6.8
CHINA MINSHENG BANKING	-10.8	-12.5	-8.8	-16.4	-13.4	-0.4	-0.5	-0.4	-0.9	-0.6	-8.8	-11.2	-4.5	-10.5	-5.6
CHINA CONSTRUCTION BANK	-10.8	-12.6	-9.2	-13.3	-9.2	-0.6	-0.7	-0.6	-1.0	-0.5	-4.7	-5.8	-4.8	-7.8	-4.3
SHANGHAI PUDONG DEVELOPMENT BANK	-22.5	-19.8	-13.6	-10.1	-8.4	-0.9	-0.8	-0.7	-0.5	-0.3	-20.6	-15.2	-12.4	-8.3	-4.5
INDUSTRIAL AND COMMERCIAL BANK OF CHINA	-12.1	-16.6	-13.0	-11.7	-7.2	-0.6	-0.8	-0.8	-0.8	-0.4	-7.1	-6.2	-6.2	-6.0	-3.2
BANK OF CHINA	-9.9	-9.0	-4.5	-7.9	-7.2	-0.5	-0.5	-0.3	-0.5	-0.3	-4.4	-3.0	-1.8	-3.4	-2.9
CHINA CITIC BANK	-8.0	-9.3	-10.6	-13.4	-6.0	-0.3	-0.4	-0.5	-0.8	-0.2	-4.7	-5.3	-3.5	-5.7	-2.3
CHINA MERCHANTS BANK	-17.7	-13.8	-7.7	-6.1	-6.0	-0.7	-0.6	-0.5	-0.4	-0.3	-13.8	-6.2	-4.6	-4.3	-3.3
INDUSTRIAL BANK	-15.0	-17.0	-7.1	-10.9	-1.8	-0.6	-0.7	-0.4	-0.7	-0.1	-11.8	-14.5	-4.1	-6.6	-0.9
Average	**-11.2**	**-13.7**	**-9.8**	**-12.6**	**-10.2**	**-0.5**	**-0.7**	**-0.6**	**-0.9**	**-0.5**	**-6.0**	**-6.4**	**-5.2**	**-6.9**	**-4.8**

(1) Net of bad debts recovered.

TABLE I.32 – DOUBTFUL LOANS

EUROPE

BANKS (3)	COUNTRY	DOUBTFUL LOANS (1)										COVERAGE RATIO (2)				
		2005	2006	2007	2008	2009	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
		as % of loans to customers					as % of net worth					%				
CREDIT SUISSE GROUP	CH	0.5	0.2	0.3	0.4	0.4	2.2	1.1	1.3	2.3	1.9	67.5	69.6	61.2	60.1	60.7
STANDARD CHARTERED	GB	0.8	0.4	0.3	0.6	0.5	7.4	3.3	2.3	4.4	3.6	65.4	78.9	78.3	66.1	73.2
CREDIT AGRICOLE	FR	0.3	0.4	0.4	0.5	0.6	2.4	3.2	3.2	5.3	6.2	91.2	87.6	87.6	83.4	83.0
BNP PARIBAS	FR	0.6	0.6	0.5	0.6	0.7	4.1	4.0	3.7	4.9	6.1	85.0	86.1	84.9	83.2	84.8
DEXIA	BE	0.0	0.2	0.1	0.3	0.7	0.3	2.4	1.1	14.1	15.9	96.8	74.7	86.9	81.7	68.2
BANCO SANTANDER (4)	ES	-	-	-	0.2	0.9	-	-	-	2.5	8.4	174.7	177.0	143.2	89.1	74.3
NORDEA	SE	0.6	0.4	0.3	0.6	0.9	8.1	5.0	3.8	8.4	11.7	58.1	59.0	59.3	43.5	44.7
ING GROEP	NL	0.3	0.2	0.3	0.7	1.1	4.0	3.5	4.7	16.9	17.0	68.3	64.4	51.9	34.9	39.4
DANSKE BANK	DK	0.1	0.1	0.4	1.4	1.2	2.1	2.3	7.9	28.4	21.0	76.5	65.6	37.2	36.2	61.9
RABOBANK NEDERLAND	NL	0.8	0.6	0.6	1.0	1.3	9.2	7.1	6.8	12.3	14.0	49.0	51.6	51.2	42.8	44.7
UBS	CH	0.3	0.2	0.2	1.3	1.3	3.4	2.5	3.7	16.7	9.9	48.2	47.8	40.4	30.2	35.7
LANDESBANK BADEN-WUERTTEMBERG	DE	…	2.1	1.2	1.4	1.3	…	20.9	16.2	34.9	18.5	…	44.0	53.8	51.6	63.1
LA CAIXA (4)	ES	-	-	-	0.9	1.4	-	-	-	8.3	11.3	380.0	445.1	281.1	65.1	61.1
BAYERISCHE LANDESBANK	DE	…	…	1.2	1.9	1.5	…	…	15.7	34.0	17.0	…	…	53.3	42.3	45.4
CREDIT MUTUEL	FR	1.2	1.0	0.8	1.0	1.7	10.6	8.9	8.2	11.5	16.8	67.0	66.6	65.2	68.3	61.6
DEUTSCHE BANK	DE	1.0	0.7	0.4	0.8	1.9	6.4	4.6	3.8	8.2	14.7	49.8	53.1	54.1	42.5	37.5
HSBC HOLDINGS	GB	0.5	0.7	0.7	1.0	1.9	4.0	5.6	5.5	10.3	13.5	74.2	67.7	71.7	69.5	58.0
GROUPE BPCE (5)	FR	-	-	-	-	2.0	-	-	-	-	19.8	-	-	-	-	53.5
BANCO BILBAO VIZCAYA ARGENTARIA (4)	ES	-	-	-	0.3	2.0	-	-	-	3.7	20.8	237.1	257.0	211.9	88.1	57.4
DZ BANK	DE	…	…	4.6	1.8	2.0	…	…	46.9	24.9	23.3	…	…	26.1	49.7	50.8
KREDITANSTALT FUER WIEDERAUFBAU	DE	0.4	1.8	3.7	1.8	2.0	2.9	10.5	23.3	14.9	14.5	78.9	46.7	67.4	89.5	77.3
FORTIS BANK (NEDERLAND) (6)	NL	-	-	-	1.4	2.2	-	-	-	59.3	60.7	-	-	-	44.7	37.8
BARCLAYS	GB	0.5	0.5	1.3	1.7	2.2	7.2	6.4	18.1	20.0	19.8	66.2	65.5	39.1	40.8	48.1
KBC GROUP	BE	0.1	0.8	1.0	1.2	3.0	0.6	5.5	7.7	12.0	26.4	96.4	67.8	60.1	58.4	46.7
ROYAL BANK OF SCOTLAND GROUP	GB	0.5	0.5	0.6	1.2	3.0	5.5	5.3	5.4	13.0	23.2	65.5	62.1	56.5	51.0	43.9
SOCIETE GENERALE	FR	1.3	1.1	1.4	1.6	3.3	11.5	9.8	14.5	14.5	24.8	69.7	69.1	61.8	60.8	52.1
HYPO REAL ESTATE HOLDING (7)	DE	0.3	…	0.4	1.3	3.3	7.8	…	13.6	n.c.	140.6	73.4	…	52.3	44.0	37.4
COMMERZBANK	DE	0.4	1.9	1.9	2.7	3.6	3.8	35.0	32.9	39.2	48.4	90.8	57.9	52.8	40.6	41.9
UNICREDIT	IT	3.8	2.8	2.5	2.8	5.0	42.1	29.2	22.9	29.5	44.4	54.1	55.3	61.5	58.9	51.5
INTESA SANPAOLO	IT	2.5	2.0	1.6	2.4	5.1	23.6	20.2	10.2	18.1	33.5	54.9	59.2	67.7	59.9	47.7
LLOYDS BANKING GROUP	GB	1.2	1.2	1.2	2.3	5.7	19.3	19.3	20.6	58.1	82.3	50.3	49.8	48.5	38.8	41.7
Average (8)		**0.8**	**0.8**	**0.9**	**1.3**	**2.2**	**9.1**	**8.7**	**9.0**	**15.8**	**21.3**	**68.7**	**67.3**	**64.4**	**58.4**	**54.0**

(1) Net of provision. The average as been calculated assuming that there are no cases in which provision exceeds gross doubtful loans.
(2) Ratio of provision to gross doubtful loans.
(3) The table does not include companies no longer existing in their previous form as at 31 December 2009.
(4) From 2005 to 2007 provisions exceed doubtful loans.
(5) Company in operation since 2009 following the merger between Groupe Banque Populaire and Groupe Caisse d'Epargne.
(6) Included in the survey since 2008 following spin-off of ex-Fortis group banking and insurance activities.
(7) Net worth showed a negative balance in 2008.
(8) For banks which accounted for 95.2% in 2005, 95.9% in 2006 and 100% in 2007, 2008 and 2009 of loans to customers of the sample.

TABLE I.32 – DOUBTFUL LOANS

JAPAN

BANKS (3)	DOUBTFUL LOANS (1)										COVERAGE RATIO (2)				
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
	as % of loans to customers					as % of net worth					%				
SHINKIN CENTRAL BANK (4)	0.1	0.1	o	o	-	0.7	0.4	0.2	0.5	-	72.9	73.8	90.0	92.7	102.4
NORINCHUKIN BANK	0.6	0.7	0.6	0.2	o	1.9	1.9	1.9	0.9	0.1	75.3	70.4	69.9	90.0	98.5
SUMITOMO TRUST & BANKING	0.3	0.3	0.3	0.1	0.6	2.5	2.0	2.2	0.8	5.2	70.7	78.9	79.1	94.4	62.5
CHUO MITSUI TRUST HOLDINGS	1.1	0.6	0.7	0.7	0.6	8.0	4.0	5.7	8.2	6.8	43.9	62.3	54.4	52.2	48.2
SUMITOMO MITSUI FINANCIAL GROUP	0.4	0.3	0.3	0.8	0.7	3.7	3.3	3.8	11.0	6.6	83.3	83.3	81.9	67.9	69.8
MIZUHO FINANCIAL GROUP	0.4	0.5	0.7	0.6	0.7	3.9	5.0	8.5	10.1	7.1	77.2	71.8	58.7	67.8	68.1
MITSUBISHI UFJ FINANCIAL GROUP	1.1	0.6	0.6	0.6	0.8	9.6	5.2	6.0	9.8	7.6	49.5	65.5	67.6	64.5	65.5
SHOKO CHUKIN BANK	3.4	2.8	2.3	1.1	0.8	46.1	37.4	29.6	14.8	8.6	48.8	49.3	51.9	70.0	77.3
FUKUOKA FINANCIAL GROUP	1.3	1.0	2.3	1.7	0.9	16.1	10.7	29.8	23.0	11.0	56.3	59.0	58.0	55.7	67.1
RESONA HOLDINGS	0.9	0.7	0.5	1.0	1.0	12.7	8.7	5.4	11.4	11.6	70.1	76.0	78.2	63.9	62.4
CHIBA BANK	2.5	2.2	2.0	1.3	1.2	28.1	23.5	23.1	17.0	14.1	33.5	31.0	28.7	40.0	40.6
SAPPORO HOKUYO HOLDINGS	1.6	1.8	1.9	1.8	1.6	19.0	20.6	29.3	36.9	25.8	59.4	50.8	45.6	57.0	57.1
BANK OF YOKOHAMA	1.9	1.8	1.6	2.1	1.7	20.6	19.3	18.4	25.7	19.0	29.4	27.5	29.0	37.5	39.4
JOYO BANK	3.3	2.4	2.6	1.8	1.7	29.5	20.1	27.4	23.5	19.4	27.3	29.6	24.7	29.3	32.0
HOKUHOKU FINANCIAL GROUP	3.7	3.0	2.4	1.9	1.9	59.0	40.5	35.4	30.6	31.7	40.0	37.4	39.1	41.4	40.3
SHIZUOKA BANK	2.9	2.5	2.4	2.1	2.3	20.8	17.7	19.5	19.9	19.6	31.3	30.6	29.6	38.5	39.2
SHINSEI BANK (5)	-	-	-	1.7	4.4	-	-	-	13.9	38.6	135.7	183.4	121.5	64.3	44.5
Average	**1.0**	**0.8**	**0.8**	**0.8**	**0.9**	**8.6**	**6.6**	**7.8**	**10.8**	**8.2**	**60.6**	**65.4**	**63.1**	**63.3**	**63.7**

(1) Net of provision. The average as been calculated assuming that there are no cases in which provision exceeds gross doubtful loans.
(2) Ratio of provision to gross doubtful loans.
(3) The table does not include companies no longer existing in their previous form as at 31 December 2009.
(4) In 2009 provisions exceed doubtful loans.
(5) From 2005 to 2007 provisions exceed doubtful loans.

TABLE I.32 – DOUBTFUL LOANS

UNITED STATES

BANKS (3)	DOUBTFUL LOANS (1)										COVERAGE RATIO (2)				
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
	as % of loans to customers					as % of net worth					%				
JPMORGAN CHASE & CO.	-	-	-	-	-	-	-	-	-	-	117.0	125.9	177.3	113.2	128.0
CAPITAL ONE FINANCIAL	-	-	-	-	-	-	-	-	-	-	334.0	326.3	270.8	102.4	110.2
CITIGROUP	-	-	-	-	-	-	-	-	-	-	117.4	113.8	128.8	117.9	105.4
FIFTH THIRD BANCORP	-	-	0.5	0.7	-	-	-	4.9	5.1	-	144.2	137.2	67.7	81.9	100.3
KEYCORP	-	-	-	-	0.2	-	-	-	-	0.9	243.3	240.2	127.3	103.1	96.2
BB&T	-	-	-	0.3	0.4	-	-	-	1.7	2.7	204.2	196.9	138.5	85.4	85.6
WELLS FARGO & CO.	-	-	-	-	0.8	-	-	-	-	6.0	174.8	133.0	125.1	186.3	78.2
THE PNC FINANCIAL SERVICES GROUP	-	-	-	0.6	1.0	-	-	-	3.8	4.7	192.9	206.6	121.2	79.0	76.8
THE BANK OF NEW YORK MELLON	-	-	0.4	0.5	1.3	-	-	0.7	0.8	1.6	441.9	531.5	61.4	65.5	51.3
U.S. BANCORP	-	-	-	0.3	1.4	-	-	-	1.8	10.1	168.4	150.8	112.8	88.1	65.3
REGIONS FINANCIAL	-	-	-	0.2	1.5	-	-	-	1.2	7.7	158.7	201.9	120.1	90.0	69.3
BANK OF AMERICA	-	-	-	o	2.3	-	-	-	o	8.9	257.8	183.1	121.7	99.8	64.3
SUNTRUST BANKS	-	-	0.6	2.0	3.3	-	-	4.4	11.7	16.8	145.6	110.6	61.6	47.3	45.2
Average	**0.1**	**0.1**	**0.2**	**0.1**	**1.0**	**0.3**	**0.4**	**1.2**	**0.7**	**4.4**	**141.2**	**130.5**	**107.5**	**110.1**	**84.7**

(1) Net of provision. In case where there are no figures, provisions exceed doubtful loans. The average as been calculated assuming that there are no cases in which provision exceeds gross doubtful loans.
(2) Ratio of provision to gross doubtful loans.
(3) The table does not include companies no longer existing in their previous form as at 31 December 2009.

TABLE I.32 – DOUBTFUL LOANS

CHINA

BANKS	DOUBTFUL LOANS (1)										COVERAGE RATIO (2)				
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
	as % of loans to customers					as % of net worth					%				
CHINA MERCHANTS BANK	-	-	-	-	-	-	-	-	-	-	111.0	135.6	174.5	217.8	245.8
SHANGHAI PUDONG DEVELOPMENT BANK	-	-	-	-	-	-	-	-	-	-	142.1	151.4	187.8	192.0	245.6
INDUSTRIAL BANK	0.2	-	-	-	-	4.4	-	-	-	-	90.5	126.0	153.1	200.9	242.8
CHINA MINSHENG BANKING	-	-	0.1	-	-	-	-	1.2	-	-	103.4	116.6	92.9	121.2	190.3
CHINA CONSTRUCTION BANK	1.3	0.6	-	-	-	10.8	5.1	-	-	-	66.8	82.2	101.0	127.2	170.4
INDUSTRIAL AND COMMERCIAL BANK OF CHINA	2.2	1.1	-	-	-	27.5	8.4	-	-	-	54.2	70.6	103.1	129.7	163.1
BANK OF CHINA	0.9	0.2	-	-	-	7.6	1.0	-	-	-	80.6	96.0	105.5	116.4	148.1
CHINA CITIC BANK	0.9	0.4	-	-	-	13.3	5.6	-	-	-	79.9	84.6	107.3	142.4	145.0
BANK OF COMMUNICATIONS	0.7	0.1	0.3	-	-	6.6	1.0	2.6	-	-	69.7	94.8	85.9	103.1	136.8
AGRICULTURAL BANK OF CHINA	25.2	22.5	22.4	1.6	-	884.8	831.5	867.2	16.8	-	4.9	5.0	6.0	63.5	105.4
Average (3)	**6.4**	**5.1**	**4.5**	**0.3**	**-**	**78.5**	**49.3**	**40.5**	**2.1**	**-**	**28.1**	**33.3**	**36.6**	**110.7**	**147.9**

(1) Net of provision. In case where there are no figures, provisions exceed doubtful loans.

(2) Ratio of provision to gross doubtful loans.

(3) Calculated assuming that there are no cases in which provision exceeds gross doubtful loans.

TABLE I.33 – PROFITABILITY AND FREE CAPITAL RATIOS

EUROPE

BANKS (1)	COUN TRY	COST / INCOME RATIO					ROE					FREE CAPITAL				
		2005	2006	2007	2008	2009	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
		%					%					as % of funding from customers				
KREDITANSTALT FUER WIEDERAUFBAU	DE	31.2	30.5	n.c.	125.0	24.6	4.8	6.8	n.c.	n.c.	9.4	3.8	3.8	3.0	2.3	2.6
DANSKE BANK	DK	53.2	54.1	55.8	59.0	44.4	20.8	16.6	16.6	1.0	1.7	2.7	3.6	1.7	0.6	1.1
BANCO BILBAO VIZCAYA ARGENTARIA	ES	49.8	46.9	47.3	56.5	45.4	29.5	27.4	28.5	23.6	16.6	3.6	4.7	3.8	2.1	1.3
LANDESBANK BADEN-WUERTTEMBERG	DE	47.1	49.4	73.9	170.0	45.5	9.2	10.0	3.0	n.c.	n.c.	…	2.0	0.5	-2.0	0.3
BANCO SANTANDER	ES	55.7	50.1	49.6	50.0	46.9	18.2	20.4	19.6	18.2	15.0	2.4	2.6	2.6	2.6	3.6
BAYERISCHE LANDESBANK	DE	54.1	55.9	66.0	201.5	47.2	9.0	7.6	0.9	n.c.	n.c.	…	…	0.8	-0.5	3.6
NORDEA	SE	55.3	52.7	51.5	52.2	48.6	21.2	25.9	22.4	17.7	11.6	2.9	3.8	3.8	3.6	4.2
LA CAIXA	ES	71.4	69.4	54.9	56.6	50.2	14.5	27.0	16.6	12.5	9.0	0.9	3.6	5.4	0.6	-1.7
HSBC HOLDINGS	GB	52.1	52.2	50.7	48.1	51.5	19.2	16.8	17.3	6.4	4.7	3.5	3.4	3.8	2.4	3.8
DZ BANK	DE	56.2	62.2	66.0	112.4	52.9	10.7	23.5	7.6	n.c.	2.3	…	…	1.1	1.1	2.1
STANDARD CHARTERED	GB	56.4	57.7	59.3	58.2	55.7	19.6	15.6	15.8	18.2	14.1	3.4	4.3	4.9	3.9	5.1
BNP PARIBAS	FR	63.3	62.4	63.5	66.2	57.7	16.8	17.3	17.0	6.0	9.2	4.7	4.0	3.8	2.5	3.2
UNICREDIT (2)	IT	58.7	59.9	62.2	65.5	59.8	17.1	16.5	12.8	7.9	2.9	-0.1	1.0	0.9	-0.2	-1.1
BARCLAYS	GB	60.9	61.3	59.8	62.8	60.4	24.7	30.0	23.4	13.6	24.8	2.3	2.7	2.2	3.0	4.8
CREDIT MUTUEL	FR	63.9	59.7	62.8	75.0	60.9	13.2	14.0	11.5	1.8	6.6	5.3	5.5	5.0	2.9	3.2
CREDIT AGRICOLE	FR	61.8	63.4	76.8	68.4	60.9	13.2	13.9	10.2	4.0	4.2	4.4	3.9	4.6	3.7	3.6
RABOBANK NEDERLAND	NL	65.6	69.2	68.8	63.6	62.1	8.7	9.1	8.8	9.4	6.6	5.3	3.6	2.8	2.7	3.0
DEXIA	BE	56.5	57.1	59.4	74.0	62.1	16.9	20.3	21.1	n.c.	11.0	4.0	3.9	2.9	-0.1	1.5
INTESA SANPAOLO	IT	62.2	55.7	62.8	63.5	62.8	22.1	16.4	16.4	5.5	5.6	3.7	4.3	3.4	1.2	0.4
ING GROEP	NL	53.8	50.4	57.7	69.5	64.0	24.2	25.0	33.0	n.c.	n.c.	1.3	1.1	0.3	-1.9	-0.1
DEUTSCHE BANK	DE	75.5	71.7	72.5	137.5	69.0	13.4	22.3	21.2	n.c.	15.7	1.6	2.6	3.2	2.3	2.2
LLOYDS BANKING GROUP	GB	54.1	50.6	49.8	54.6	71.0	32.4	33.6	37.2	9.6	7.0	-1.3	-1.1	0.2	-1.4	-1.8
CREDIT SUISSE GROUP	CH	79.2	67.3	72.0	189.5	72.3	16.1	35.1	21.9	n.c.	21.8	0.1	4.6	2.7	0.6	1.6
SOCIETE GENERALE	FR	64.9	62.8	88.8	71.3	72.3	23.3	21.9	3.6	5.9	1.6	2.6	2.9	1.6	2.8	2.3
GROUPE BPCE (3)	FR	-	-	-	-	74.1	-	-	-	-	1.2	-	-	-	-	3.2
ROYAL BANK OF SCOTLAND GROUP	GB	55.4	52.8	56.5	97.6	77.6	18.4	18.9	16.6	n.c.	n.c.	-0.6	1.1	1.9	3.1	3.9
COMMERZBANK	DE	74.6	65.7	67.1	70.2	84.8	10.1	12.6	14.5	0.0	n.c.	2.1	1.1	1.4	1.9	1.1
FORTIS BANK (NEDERLAND) (4)	NL	-	-	-	125.8	89.3	-	-	-	n.c.	9.4	-	-	-	0.1	0.8
UBS	CH	68.2	70.6	120.7	1.247.7	98.9	46.8	32.7	n.c.	n.c.	n.c.	2.3	2.4	1.3	1.4	3.5
KBC GROUP	BE	60.1	55.0	54.8	124.3	106.2	16.7	24.9	23.3	n.c.	n.c.	6.7	6.4	5.0	2.9	2.5
HYPO REAL ESTATE HOLDING	DE	37.8	33.6	41.0	73.7	128.8	12.6	18.7	8.1	n.c.	n.c.	2.5	…	0.9	-2.1	-1.2
Average		**61.3**	**59.7**	**64.2**	**76.1**	**62.8**	**18.0**	**19.9**	**15.6**	**n.c.**	**4.6**	**2.3**	**2.6**	**2.3**	**1.6**	**2.3**

Cost /income ratio = operating costs (labour costs plus general expenses plus depreciation and amortization) as % of total income.

ROE = net profit as % of shareholders' equity less net profit.

Free Capital = net worth less fixed assets less doubtful loans.

n.c. = ROE not calculated as result for the year was negative; cost/income ratio non calculated as total income was negative.

(1) The table does not include companies no longer existing in their previous form as at 31 December 2009.
(2) In 2005 ROE was calculated excluding the effect of acquiring Bayerische Hypo- und Vereinsbank (HVB).
(3) Company in operation since 2009 following the merger between Groupe Banque Populaire and Groupe Caisse d'Epargne.
(4) Included in the survey since 2008 following separation of ex-Fortis group banking and insurance activities.

TABLE I.33 – PROFITABILITY AND FREE CAPITAL RATIOS

JAPAN

BANKS (1)	COST / INCOME RATIO					ROE					FREE CAPITAL				
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
	%					%					as % of funding from customers				
SHINKIN CENTRAL BANK	44.4	52.4	47.1	33.7	43.0	5.4	4.3	5.5	n.c.	3.0	3.0	3.1	2.1	0.6	2.7
BANK OF YOKOHAMA	40.6	42.8	43.6	45.2	48.2	9.8	10.2	10.8	1.1	4.5	4.5	4.7	4.5	3.6	4.4
CHIBA BANK	49.8	48.0	47.9	47.1	49.5	10.1	9.8	8.8	2.4	6.8	3.5	3.6	3.5	3.9	4.6
SUMITOMO MITSUI FINANCIAL GROUP	39.9	46.4	46.7	52.0	53.5	18.2	12.7	14.8	n.c.	5.8	4.2	3.6	2.3	1.6	4.3
SHOKO CHUKIN BANK	48.2	49.9	51.7	57.5	54.9	2.0	2.1	3.3	n.c.	0.8	3.0	3.8	4.6	5.5	7.7
SHIZUOKA BANK	58.3	55.4	54.7	55.3	56.2	4.8	5.2	5.2	2.1	4.9	7.3	7.9	6.5	5.7	6.5
RESONA HOLDINGS (2)	49.1	48.2	50.6	52.7	58.8	30.1	58.0	14.5	6.4	6.6	3.2	3.9	5.7	4.5	4.6
SUMITOMO TRUST & BANKING CO.	48.1	46.8	56.8	65.3	59.5	9.8	9.2	8.3	0.9	4.9	7.0	7.6	6.1	6.1	6.4
MITSUBISHI UFJ FINANCIAL GROUP	64.7	60.3	61.8	105.9	60.3	6.4	5.9	n.c.	n.c.	10.7	2.7	3.7	2.8	0.9	2.4
HOKUHOKU FINANCIAL GROUP	50.3	48.2	49.5	56.0	61.1	7.1	9.0	9.3	9.2	4.9	0.4	1.6	1.7	1.8	1.4
FUKUOKA FINANCIAL GROUP	55.6	54.3	61.1	61.8	61.9	8.5	8.1	0.3	4.5	5.3	3.0	4.4	0.4	0.7	1.9
JOYO BANK	53.7	55.2	56.4	59.2	62.9	5.4	5.4	3.3	1.4	3.4	4.1	5.0	3.3	2.7	3.6
SAPPORO HOKUYO HOLDINGS	66.2	53.5	62.2	66.4	63.0	8.8	8.6	10.2	n.c.	16.4	2.7	2.9	1.2	0.6	1.8
CHUO MITSUI TRUST HOLDINGS	43.4	40.6	49.2	60.7	64.7	16.2	12.7	9.0	n.c.	7.7	7.4	8.6	6.8	3.1	5.0
MIZUHO FINANCIAL GROUP	51.6	52.0	71.2	64.3	66.7	15.6	14.5	8.7	n.c.	7.3	4.9	5.6	4.2	2.7	4.3
SHINSEI BANK	56.1	67.2	59.9	66.8	68.8	9.8	n.c.	9.1	n.c.	n.c.	11.4	8.3	9.4	4.9	2.6
NORINCHUKIN BANK	48.4	36.9	51.7	n.c.	395.4	7.3	6.1	9.4	n.c.	0.8	7.7	8.5	6.6	5.1	8.0
Average	**53.0**	**52.9**	**57.5**	**71.4**	**60.6**	**10.9**	**9.9**	**4.7**	**n.c.**	**5.9**	**4.2**	**4.8**	**3.8**	**2.4**	**4.0**

Cost /income ratio = operating costs (labour costs plus general expenses plus depreciation and amortization) as % of total income.
ROE = net profit as % of shareholders' equity less net profit.
Free Capital = net worth less fixed assets less doubtful loans.
n.c. = ROE not calculated as result for the year was negative; cost/income ratio non calculated as total income was negative.

(1) The table does not include companies no longer existing in their previous form as at 31 December 2009.
(2) ROE for 2006 falls to approx. 35% excluding the effect of the amendment to the method of accounting for deferred taxes.

TABLE I.33 – PROFITABILITY AND FREE CAPITAL RATIOS

UNITED STATES

BANKS (1)	COST / INCOME RATIO					ROE					FREE CAPITAL				
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
	%					%					as % of funding from customers				
U.S. BANCORP	44.0	46.1	46.8	49.3	49.2	28.8	28.9	25.9	12.6	9.3	5.3	5.6	5.4	6.9	4.0
WELLS FARGO & CO.	57.8	57.9	56.9	53.6	51.3	23.3	22.7	20.4	2.8	12.3	1.8	1.3	0.7	1.3	2.2
JPMORGAN CHASE & CO.	65.9	62.1	58.3	68.4	52.2	8.6	14.3	14.2	3.5	7.6	5.0	5.1	4.6	6.4	6.1
THE PNC FINANCIAL SERVICES GROUP	68.2	66.2	61.4	62.5	56.6	18.3	31.7	11.0	3.6	8.9	3.2	0.8	-1.2	1.2	1.5
BB&T	55.1	55.5	54.5	53.9	57.2	17.5	15.0	15.9	10.5	5.6	5.6	4.9	4.8	6.5	3.9
BANK OF AMERICA	50.7	48.9	56.5	52.4	57.9	19.4	18.5	11.4	2.3	2.8	4.3	4.0	2.0	3.1	2.9
CAPITAL ONE FINANCIAL	56.6	57.5	61.5	55.3	58.7	15.4	14.5	6.9	n.c.	3.4	15.7	8.1	7.1	8.6	6.3
FIFTH THIRD BANCORP	53.9	56.0	57.1	56.2	61.7	19.6	13.4	13.3	n.c.	5.8	4.3	4.2	1.3	3.5	4.9
CITIGROUP	56.0	60.2	76.0	100.8	62.3	28.0	21.9	3.3	n.c.	n.c.	5.6	4.6	1.7	6.3	7.7
THE BANK OF NEW YORK MELLON	66.4	67.0	66.7	70.3	70.8	18.9	35.1	7.5	5.3	n.c.	4.8	3.0	1.3	0.8	1.1
REGIONS FINANCIAL	60.9	58.9	64.7	68.4	74.3	10.4	10.5	6.7	n.c.	n.c.	5.6	5.5	4.4	7.2	6.3
SUNTRUST BANKS	59.5	60.3	65.6	72.3	74.5	13.3	13.5	10.0	3.7	n.c.	5.7	5.5	4.9	6.7	5.7
KEYCORP	64.4	63.3	66.1	71.8	74.7	17.5	15.9	13.5	n.c.	n.c.	4.1	4.2	3.6	6.9	8.6
Average	**58.9**	**58.6**	**66.7**	**76.5**	**57.0**	**18.1**	**18.5**	**8.0**	**n.c.**	**3.7**	**4.8**	**4.0**	**2.2**	**4.1**	**4.6**

Cost /income ratio = operating costs (labour costs plus general expenses plus depreciation and amortization) as % of total income.
ROE = net profit as % of shareholders' equity less net profit.
Free Capital = net worth less fixed assets less doubtful loans.
n.c. = ROE not calculated as result for the year was negative.

(1) The table does not include companies no longer existing in their previous form as at 31 December 2009.

TABLE I.33 – PROFITABILITY AND FREE CAPITAL RATIOS

CHINA

BANKS	COST / INCOME RATIO					ROE					FREE CAPITAL				
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
			%					%					as % of funding from customers		
INDUSTRIAL AND COMMERCIAL BANK OF CHINA	47.0	42.7	35.8	35.1	38.5	15.3	11.5	17.8	22.5	23.6	1.2	5.1	6.1	6.0	5.8
CHINA CONSTRUCTION BANK	45.8	44.3	38.0	36.5	39.8	19.3	16.3	19.6	24.8	23.8	4.6	5.0	6.3	6.3	6.3
BANK OF COMMUNICATIONS	52.0	47.9	41.2	38.6	39.9	12.5	15.3	17.8	23.4	22.5	3.9	4.4	6.0	6.0	5.9
BANK OF CHINA	44.0	44.1	39.8	39.0	43.0	13.3	12.6	15.4	16.1	18.8	4.0	7.0	7.5	7.3	6.3
CHINA CITIC BANK	52.1	51.8	42.6	39.7	46.5	15.3	13.9	11.0	16.2	16.0	2.0	3.2	9.4	9.3	7.1
INDUSTRIAL BANK	48.3	45.2	41.2	41.6	45.2	25.4	30.6	28.3	30.2	28.7	2.0	2.8	6.4	6.7	5.9
CHINA MERCHANTS BANK	47.7	44.6	40.8	42.2	51.6	18.9	14.0	28.9	36.1	24.5	2.9	6.6	6.9	4.9	4.8
SHANGHAI PUDONG DEVELOPMENT BANK	47.9	47.6	45.1	45.1	45.2	19.1	15.7	24.1	42.9	24.1	2.3	3.6	3.5	4.2	5.3
CHINA MINSHENG BANKING	55.7	57.4	54.3	50.7	56.8	21.2	24.2	14.4	17.1	15.9	1.9	2.3	6.1	6.0	7.5
AGRICULTURAL BANK OF CHINA	76.2	62.1	53.6	51.1	48.7	1.3	7.4	15.5	21.5	23.4	-18.1	-15.3	-14.7	1.8	2.7
Average	**50.7**	**47.5**	**41.2**	**40.2**	**43.0**	**14.8**	**13.3**	**17.8**	**22.0**	**22.2**	**-1.0**	**1.3**	**2.5**	**5.5**	**5.5**

Cost /income ratio = operating costs (labour costs plus general expenses plus depreciation and amortization) as % of total income.
ROE = net profit as % of shareholders' equity less net profit.
Free Capital = net worth less fixed assets less doubtful loans.

TABLE I.34 – TOTAL ASSETS AS A PERCENTAGE OF TANGIBLE NET EQUITY AND CAPITAL ADEQUACY RATIOS

EUROPE

BANKS (3)	COUNTRY	TOTAL ASSETS (1) / TANGIBLE NET WORTH					TOTAL CAPITAL RATIO (2)							
		2005	2006	2007	2008	2009	2005	2006	2007	2008	2009	*of which:* tier 1	2010	*of which:* tier 1
		number					%							
HYPO REAL ESTATE HOLDING	DE	48.1	47.8	113.0	n.c.	78.8	11.2	10.0	9.9	**5.7**	10.6	*7.8*		
DEXIA	BE	33.9	35.7	44.1	189.4	58.6	10.9	10.3	9.6	11.8	14.1	*12.3*	14.7	*13.1*
DEUTSCHE BANK	DE	44.1	44.2	69.1	99.5	53.6	13.5	12.8	11.6	12.2	13.9	*12.6*	14.1	*12.3*
ING GROEP	NL	44.7	43.5	55.8	128.5	51.0	10.9	11.0	10.3	12.8	13.5	*10.2*	15.3	*12.2*
LANDESBANK BADEN-WUERTTEMBERG	DE	36.3	36.0	43.0	90.4	41.6	10.5	11.0	9.7	10.1	13.2	*9.8*		
FORTIS BANK (NEDERLAND) (4)	NL	-	-	-	64.9	41.6	-	-	-	11.2	16.7	*12.5*		
DANSKE BANK	DK	36.2	31.1	44.2	48.1	39.6	10.3	11.4	9.3	13.0	17.8	*14.1*	17.7	*14.8*
DZ BANK	DE	48.9	43.8	39.8	50.8	39.2	10.4	12.6	10.2	9.7	12.4	*9.9*		
COMMERZBANK	DE	35.0	44.5	41.4	33.6	36.0	12.5	11.1	10.8	13.9	14.8	*10.5*	15.3	*11.9*
UBS	CH	53.6	58.1	80.7	71.8	35.3	14.1	14.7	12.0	15.1	19.8	*15.4*	20.4	*17.8*
CREDIT AGRICOLE (5)	FR	29.0	30.4	31.0	37.6	31.8	10.1	10.0	9.6	9.9	10.9	*9.7*	12.8	*10.6*
KREDITANSTALT FUER WIEDERAUFBAU	DE	25.1	23.5	23.8	33.6	30.6	…	…	11.9	10.1	11.7	*9.4*		
BNP PARIBAS	FR	34.0	33.1	35.4	44.6	30.4	11.0	10.5	10.0	11.1	14.2	*10.1*	14.5	*11.4*
BARCLAYS	GB	53.5	49.3	50.4	55.2	27.6	11.3	11.7	12.1	13.6	16.6	*13.0*	16.9	*13.5*
LLOYDS BANKING GROUP	GB	39.4	39.8	36.1	61.4	27.2	10.9	10.7	11.0	11.2	12.4	*9.6*	15.2	*11.6*
CREDIT SUISSE GROUP	CH	43.2	26.3	27.8	31.0	26.4	13.7	18.4	14.5	17.9	20.6	*16.3*	21.9	*17.2*
SOCIETE GENERALE	FR	37.4	34.7	43.0	34.2	26.2	11.3	11.1	8.9	11.6	13.0	*10.7*	12.1	*10.6*
NORDEA	SE	30.1	26.4	26.8	30.9	25.9	9.2	9.8	9.1	9.5	11.9	*10.2*	11.5	*9.8*
GROUPE BPCE (6)	FR	-	-	-	-	25.4	-	-	-	-	10.9	*9.1*		
BAYERISCHE LANDESBANK	DE	33.0	30.9	40.0	46.3	24.5	11.1	10.7	11.4	12.3	17.0	*12.5*		
UNICREDIT	IT	28.4	27.5	26.5	32.1	24.4	10.3	10.5	10.1	10.7	12.0	*8.6*	12.7	*9.5*
KBC GROUP	BE	20.3	19.6	23.5	30.5	23.1	12.5	11.7	10.5	13.5	14.8	*11.0*		
CREDIT MUTUEL	FR	21.9	20.9	21.7	28.3	23.0	11.8	12.0	11.0	11.7	10.9	*11.8*		
BANCO SANTANDER	ES	29.3	27.1	21.6	26.1	22.5	12.9	12.5	12.7	12.2	14.2	*10.1*	13.1	*10.0*
BANCO BILBAO VIZCAYA ARGENTARIA	ES	25.0	20.9	24.4	28.3	22.1	12.0	12.0	10.7	12.2	13.6	*9.4*	13.7	*10.5*
THE ROYAL BANK OF SCOTLAND GROUP	GB	43.9	32.5	43.1	39.4	21.9	11.7	11.7	11.2	14.1	16.1	*14.1*	14.0	*12.9*
HSBC HOLDINGS	GB	22.2	23.0	23.8	33.5	21.8	12.8	13.5	13.6	11.4	13.7	*10.8*	15.2	*12.1*
INTESA SANPAOLO	IT	16.9	16.5	20.5	26.6	21.4	10.3	10.5	9.0	10.2	11.8	*8.4*	13.2	*9.4*
STANDARD CHARTERED	GB	26.3	23.1	21.4	26.2	20.2	13.6	14.3	15.2	15.6	16.5	*11.5*		
RABOBANK NEDERLAND	NL	19.2	19.9	19.8	20.1	17.2	11.8	11.0	10.9	13.0	14.1	*13.8*	16.3	*15.7*
LA CAIXA	ES	14.3	15.6	13.1	17.4	15.9	12.0	11.5	12.1	11.0	11.0	*10.4*		
Average		**33.2**	**31.9**	**34.3**	**42.5**	**28.0**	**11.6**	**11.8**	**11.0**	**11.9**	**14.0**	***11.1***	**(15.0)**	***(12.3)***

Tangible net worth = net worth less intangibile assets less goodwill.
n.c. = not calculated as tangible net equity was negative.

(1) Excluding intangibile assets.
(2) Ratio between regulatory capital and risk-weighted assets. According to the Basel Bank for International Settlements (BIS) guidelines, the minimum requirement is 4% (tier 1 capital ratio), while the total capital ratio, which includes subordinated liabilities, has to be a minimum of 8%.
(3) The table does not include companies no longer existing in their previous form as at 31 December 2009.
(4) Included in the survey since 2008 following spin-off of ex-Fortis group banking and insurance activities.
(5) In 2010 ratios refer to Crédit Agricole S.A.
(6) Company in operation since 2009 following the merger between Groupe Banque Populaire and Groupe Caisse d’Epargne.

TABLE I.34 – TOTAL ASSETS AS A PERCENTAGE OF TANGIBLE NET EQUITY AND CAPITAL ADEQUACY RATIOS

JAPAN

BANKS (3)	TOTAL ASSETS (1) / TANGIBLE NET WORTH					TOTAL CAPITAL RATIO (2)							
	2005	2006	2007	2008	2009	31/03/06	31/03/07	31/03/08	31/03/09	31/03/10	*of which:* tier 1	30/09/10	*of which:* tier 1
	number					%							
SHINKIN CENTRAL BANK	31.4	28.1	35.8	63.6	28.3	14.3	20.1	15.8	11.3	25.6	…	…	…
MIZUHO FINANCIAL GROUP	24.5	22.4	27.6	38.2	28.1	11.6	12.5	11.7	10.6	13.5	*9.1*	15.4	*11.8*
HOKUHOKU FINANCIAL GROUP	25.2	21.0	22.7	24.3	26.6	9.0	10.4	10.4	10.8	10.8	*7.1*	11.4	*7.5*
MITSUBISHI UFJ FINANCIAL GROUP	24.7	22.3	27.9	39.2	26.1	12.2	12.6	11.2	11.8	14.9	*10.6*	15.2	*11.6*
FUKUOKA FINANCIAL GROUP	19.0	16.0	27.5	28.5	25.0	9.7	11.3	8.8	9.3	10.3	*6.3*	10.6	*6.6*
SAPPORO HOKUYO HOLDINGS	20.2	18.1	25.7	32.8	23.4	10.2	10.6	9.3	9.7	10.5	*7.3*	11.0	*7.8*
SHINSEI BANK	10.7	14.3	14.5	19.8	20.3	15.5	13.1	11.7	8.4	8.4	*6.4*	8.9	*7.0*
SUMITOMO MITSUI FINANCIAL GROUP	21.2	22.0	30.5	33.9	20.1	12.4	11.3	10.6	11.5	15.0	*11.2*	16.0	*12.3*
CHUO MITSUI TRUST HOLDINGS	13.9	12.5	14.6	23.1	18.5	12.4	12.1	13.8	12.1	13.8	*9.9*	15.0	*10.9*
RESONA HOLDINGS	21.7	20.1	15.6	18.4	18.0	10.0	10.6	14.3	13.5	13.8	*10.2*	12.8	*9.1*
JOYO BANK	14.8	14.6	17.4	20.1	17.6	12.0	12.0	13.2	12.9	12.7	*11.4*	…	*11.9*
NORINCHUKIN BANK	18.2	15.3	18.9	25.3	17.5	12.1	12.8	12.5	15.6	19.2	*14.0*	21.7	*16.2*
CHIBA BANK	17.9	16.4	17.0	18.8	17.0	11.2	11.6	12.2	11.7	12.8	*11.4*	13.6	*12.1*
SUMITOMO TRUST & BANKING CO.	17.8	15.5	19.0	18.5	15.7	10.9	11.4	11.8	12.1	13.9	*9.9*	14.7	*10.5*
BANK OF YOKOHAMA	14.4	14.6	15.9	16.7	15.7	11.0	11.2	10.8	10.9	12.2	*9.9*	12.2	*9.9*
SHOKO CHUKIN BANK	17.2	16.2	15.5	16.0	14.3	8.0	8.3	8.8	8.9	11.4	*10.0*	…	…
SHIZUOKA BANK	11.6	11.2	12.9	14.2	12.8	13.6	14.5	14.7	14.1	15.3	*14.1*	15.4	*14.2*
Average	**21.4**	**19.8**	**23.8**	**30.2**	**22.1**	**11.5**	**12.1**	**11.9**	**11.5**	**13.8**	***9.9***	**(13.9)**	***(10.6)***

Tangible net worth = net worth less intangibile assets less goodwill.

(1) Excluding intangibile assets.
(2) Ratio between regulatory capital and risk-weighted assets. According to the Basel Bank for International Settlements (BIS) guidelines, the minimum requirement is 4% (tier 1 capital ratio), while the total capital ratio, which includes subordinated liabilities, has to be a minimum of 8%.
(3) The table does not include companies no longer existing in their previous form as at 31 March 2010.

TABLE I.34 – TOTAL ASSETS AS A PERCENTAGE OF TANGIBLE NET EQUITY AND CAPITAL ADEQUACY RATIOS

UNITED STATES

BANKS (3)	TOTAL ASSETS (1) / TANGIBLE NET WORTH					TOTAL CAPITAL RATIO (2)							
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009	*of which:* tier 1	2010	*of which:* tier 1
	number					%							
THE BANK OF NEW YORK MELLON	17.9	23.8	28.3	37.8	28.9	12.5	12.5	13.2	17.1	16.0	*12.1*	16.3	*13.4*
JPMORGAN CHASE & CO.	22.7	22.9	23.7	20.3	20.2	12.0	12.3	12.6	14.8	14.8	*11.1*	15.5	*12.1*
WELLS FARGO & CO.	27.6	28.2	32.9	28.0	20.0	11.6	12.5	10.7	11.8	13.3	*9.3*	15.0	*11.2*
U.S. BANCORP	19.1	18.7	20.5	16.3	18.9	12.5	12.6	12.2	14.3	12.9	*9.6*	13.3	*10.5*
BANK OF AMERICA	24.7	24.2	29.2	22.8	18.5	11.1	11.9	11.0	13.0	14.7	*10.4*	15.8	*11.2*
BB&T	17.5	19.3	19.5	15.1	18.2	14.4	14.3	14.2	17.4	15.8	*11.5*		
CITIGROUP	22.2	25.6	39.5	19.7	15.9	12.0	11.7	10.7	15.7	15.2	*11.7*	16.6	*12.9*
THE PNC FINANCIAL SERVICES GROUP	18.7	12.8	18.6	17.5	13.1	12.1	13.5	10.3	13.2	15.0	*11.4*	15.6	*12.1*
CAPITAL ONE FINANCIAL	8.6	13.3	13.4	11.2	13.1	13.9	12.3	13.0	16.6	17.7	*13.8*		
REGIONS FINANCIAL	16.3	15.8	17.5	13.3	11.8	12.8	11.5	11.3	14.6	15.8	*11.5*		
SUNTRUST BANKS	18.3	17.1	17.3	12.7	11.5	10.6	11.1	10.3	14.0	16.4	*13.0*		
FIFTH THIRD BANCORP	15.5	13.7	18.2	13.3	10.7	10.4	11.1	10.2	14.8	17.5	*13.3*		
KEYCORP	15.6	14.8	16.2	11.5	9.3	11.5	12.4	11.4	14.8	17.0	*12.8*		
Average	**21.6**	**23.0**	**28.4**	**21.0**	**17.5**	**12.1**	**12.3**	**11.6**	**14.8**	**15.5**	***11.7***	**(15.4)**	***(11.9)***

Tangible net worth = net worth less intangibile assets less goodwill.
n.c. = not calculated as tangible net equity was negative.

(1) Excluding intangibile assets.
(2) Ratio between regulatory capital and risk-weighted assets. According to the Basel Bank for International Settlements (BIS) guidelines, the minimum requirement is 4% (tier 1 capital ratio), while the total capital ratio, which includes subordinated liabilities, has to be a minimum of 8%.
(3) The table does not include companies no longer existing in their previous form as at 31 December 2009.

TABLE I.34 – TOTAL ASSETS AS A PERCENTAGE OF TANGIBLE NET EQUITY AND CAPITAL ADEQUACY RATIOS

CHINA

BANKS	TOTAL ASSETS (1) / TANGIBLE NET WORTH					TOTAL CAPITAL RATIO (2)					
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009	*of which:* tier 1
			number					%			
AGRICULTURAL BANK OF CHINA	66.0	69.0	71.9	26.5	28.0	…	…	…	9.4	10.1	*7.7*
CHINA MERCHANTS BANK	29.8	16.9	19.4	23.0	25.5	9.1	11.4	10.4	11.3	10.4	*6.6*
SHANGHAI PUDONG DEVELOPMENT BANK	36.9	27.9	32.3	31.4	23.8	8.0	9.3	9.1	9.1	10.3	*6.9*
INDUSTRIAL BANK	41.8	39.1	22.1	21.0	22.5	8.1	8.7	11.7	11.2	10.8	*7.9*
BANK OF COMMUNICATIONS	17.3	18.8	15.8	18.0	20.3	11.2	10.8	14.4	13.5	12.0	*8.2*
INDUSTRIAL AND COMMERCIAL BANK OF CHINA	25.2	16.2	17.1	16.8	18.1	9.9	14.0	13.1	13.1	12.4	*9.9*
CHINA CONSTRUCTION BANK	16.8	17.5	16.4	16.9	17.8	13.6	12.1	12.6	12.2	11.7	*9.3*
CHINA CITIC BANK	25.9	22.5	12.1	12.5	16.6	8.1	9.4	15.3	14.3	10.1	*9.2*
BANK OF CHINA	18.2	13.1	13.5	14.4	16.4	10.4	13.6	13.3	13.4	11.1	*9.1*
CHINA MINSHENG BANKING	37.2	37.8	18.4	19.4	16.1	8.3	8.1	10.7	9.2	10.8	*8.9*
Average	**24.1**	**19.4**	**18.6**	**18.0**	**19.4**	**(9.6)**	**(10.8)**	**(12.3)**	**11.7**	**11.0**	***8.4***

Tangible net worth = net worth less intangibile assets less goodwill.

(1) Excluding intangibile assets.
(2) Ratio between regulatory capital and risk-weighted assets. According to the Basel Bank for International Settlements (BIS) guidelines, the minimum requirement is 4% (tier 1 capital ratio), while the total capital ratio, which includes subordinated liabilities, has to be a minimum of 8%.

TABLE I.35 – DERIVATIVE CONTRACTS

	2007						2008						2009					
	Europe		Japan		United States		Europe		Japan		United States		Europe		Japan		United States	
	EURbn	%	JPYbn	%	USDbn	%	EURbn	%	JPYbn	%	USDbn	%	EURbn	%	JPYbn	%	USDbn	%
Notional amounts by risk category:																		
interest rate	261,090	*77.5*	2,241,839	*88.7*	137,867	*78.7*	304,826	*81.1*	1,833,380	*88.0*	138,841	*81.0*	293,326	*82.5*	1,745,033	*87.3*	163,324	*83.0*
foreign exchange	35,110	*10.4*	233,683	*9.2*	14,927	*8.5*	34,422	*9.1*	217,291	*10.4*	12,668	*7.4*	33,850	*9.5*	222,455	*11.1*	14,727	*7.5*
credit	28,411	*8.4*	34,485	*1.4*	17,447	*10.0*	25,142	*6.7*	21,887	*1.1*	15,825	*9.2*	18,974	*5.3*	15,012	*0.8*	14,356	*7.3*
equity	8,271	*2.5*	4,677	*0.2*	2,823	*1.6*	7,988	*2.1*	2,973	*0.1*	3,062	*1.8*	6,105	*1.7*	4,146	*0.2*	2,684	*1.4*
other	3,888	*1.2*	12,232	*0.5*	2,153	*1.2*	3,666	*1.0*	9,214	*0.4*	1,072	*0.6*	3,458	*1.0*	11,140	*0.6*	1,565	*0.8*
Total [1]	**336,770**	***100.0***	**2,526,916**	***100.0***	**175,217**	***100.0***	**376,044**	***100.0***	**2,084,745**	***100.0***	**171,468**	***100.0***	**355,713**	***100.0***	**1,997,786**	***100.0***	**196,656**	***100.0***
Index number	*100.0*		*100.0*		*100.0*		*111.7*		*82.5*		*97.9*		*105.6*		*79.1*		*112.2*	
Notional amount / total assets	12.8		5.2		17.6		13.3		4.2		17.9		14.8		3.9		21.9	
Fair value (balance) (millions) [2]	-54,705		3,282,637		11,580		86,506		1,862,368		128,688		18,089		1,888,990		57,843	
as % of net worth	*-4.8*		*9.6*		*1.5*		*8.8*		*6.8*		*16.2*		*1.5*		*5.1*		*6.7*	
Credit risk (millions) [3]	833		17,803		303		1,190		24,956		484		717		19,580		254	
Index number	*100.0*		*100.0*		*100.0*		*142.9*		*140.2*		*159.7*		*86.1*		*110.0*		*83.8*	
as % of net worth	*83.4*		*52.3*		*39.0*		*138.9*		*92.1*		*60.9*		*69.3*		*53.6*		*29.4*	

(1) For Japan data refers only to trading derivatives. Data refers to companies representing 92% of 2009 total assets for Europe and 70% for Japan; refers to the whole survey for the US banks.

(2) This is the algebraic sum of positions with positive fair value and with negative fair values.

(3) Refers to companies which account for 85% of 2009 total assets for Europe and 99% for Japan; refers to the whole survey for the US banks.

TABLE I.36 – RIGHTS ISSUES, SHARE BUYBACKS AND DIVIDENDS

	Rights issues [1]	Share buybacks [2]	Dividends paid [3]	Balance	
		Europe			
	EUR bn *a*	EUR bn *b*	EUR bn *c*	EUR bn *d = b+c-a*	*c / (a-b)*
2000	46.2	5.0	27.4	- 13.8	0.7
2001	26.8	1.1	34.1	8.4	1.3
2002	10.5	8.5	33.7	31.7	16.9
2003	7.6	7.3	28.8	28.5	96.0
2004	17.6	15.4	30.4	28.2	13.8
2005	21.7	10.8	40.3	29.4	3.7
2006	28.2	18.0	48.3	38.1	4.7
2007	49.1	24.7	56.7	32.3	2.3
2008	129.7 [4]	- 2.2	50.1	- 81.8	0.4
2009	168.8 [4]	21.8	16.3	- 130.7	0.1
Total	**506.2**	**110.4**	**366.1**	**- 29.7**	**0.9**
		Japan			
	JPY bn *a*	JPY bn *b*	JPY bn *c*	JPY bn *d = b+c-a*	*c / (a-b)*
2000	561	- 6	379	- 188	0.7
2001	111	- 80	188	- 3	1.0
2002	1,946	- 137	269	- 1,814	0.1
2003	1,973	- 42	195	- 1,820	0.1
2004	544	984	301	741	n.c.
2005	554	1,156	363	965	n.c.
2006	147	3,028	442	3,323	n.c.
2007	1,107	373	588	- 146	0.8
2008	2,074	403	653	- 1,018	0.4
2009	4,038	346	472	- 3,220	0.1
Total	**13,055**	**6,025**	**3,850**	**- 3,180**	**0.5**
		United States			
	USD bn *a*	USD bn *b*	USD bn *c*	USD bn *d = b+c-a*	*c / (a-b)*
2000	7.8	12.2	22.5	26.9	n.c.
2001	7.0	17.7	23.1	33.8	n.c.
2002	6.8	18.2	24.9	36.3	n.c.
2003	12.9	23.9	29.4	40.4	n.c.
2004	12.1	23.5	35.8	47.2	n.c.
2005	13.9	40.0	40.7	66.8	n.c.
2006	20.1	52.0	44.5	76.4	n.c.
2007	23.2	36.7	49.4	62.9	n.c.
2008	291.7 [5]	- 1.0	44.7	- 248.0	0.2
2009	130.2 [5]	129.4	20.8	20.0	26.0
Total	**525.7**	**352.6**	**335.8**	**162.7**	**1.9**

1 Excluding share exchanges made as part of acquisitions listed under Table III.2.
2 Net of own shares sold. Includes outlays to buy back shares owned by states.
3 The difference between dividends paid and dividends declared (Tables II.1, Section II) is due to the time effect brought about through payment of interim dividends and to scrip dividends (i.e. dividends in the form of shares) as well as exchange rate differences.
4 EUR 60.8bn of which in 2008 and EUR 101.9bn of which in 2009 subscribed for by states and other European public entities.
5 USD 148.1bn of which in 2008 and USD 37.1bn of which in 2009 subscribed for by the US Treasury.

TABLE I.37 – AGGREGATE ACCOUNTS OF GERMANY'S LARGEST LANDESBANKEN

Profit and loss account

	2007		2008		2009	
	EUR m	%	EUR m	%	EUR m	%
Net interest income	9,299	*92.2*	11,219	*135.8*	11,954	*62.8*
Other operating income	4,512	*44.7*	4,078	*49.3*	3,743	*19.7*
Gains (losses) on financial transactions	- 3,720	*- 36.9*	- 7,034	*- 85.1*	3,335	*17.5*
Total income	**10,091**	***100.0***	**8,263**	***100.0***	**19,032**	***100.0***
Labour costs	- 4,575	*- 45.3*	- 4,703	*- 56.9*	- 4,549	*- 23.9*
General expenses	- 4,115	*- 40.8*	- 4,750	*- 57.5*	- 4,676	*- 24.6*
Bad debts recovered (written off)	- 417	*- 4.1*	- 5,409	*- 65.5*	- 10,408	*- 54.7*
Current pre-tax profit (loss)	**984**	***9.8***	**- 6,599**	***- 79.9***	**- 601**	***- 3.2***
Fixed asset writedowns	- 1,728	*- 17.2*	- 4,963	*- 60.1*	- 2,720	*- 14.3*
Other extraordinary items	1,191	*11.8*	1,384	*16.7*	- 1,609	*- 8.4*
Profit (loss) before tax	**447**	***4.4***	**- 10,178**	***- 123.2***	**- 4,930**	***- 25.9***
Income tax	- 404	*- 4.0*	215	*2.6*	- 401	*- 2.1*
Minority interest	- 115	*- 1.1*	319	*3.9*	457	*2.4*
Net loss	**- 72**	***- 0.7***	**- 9,644**	***- 116.7***	**- 4,874**	***- 25.6***

Balance sheet

	31-12-2007		31-12-2008		31-12-2009	
	EUR m	%	EUR m	%	EUR m	%
Cash and deposits at central banks	7,591	*0.4*	12,982	*0.7*	11,808	*0.7*
Securities	528,395	*28.3*	471,900	*24.3*	437,457	*25.5*
Loans and advances to banks	467,361	*25.0*	367,583	*18.9*	301,284	*17.5*
Loans and advances to customers	720,403	*38.6*	826,306	*42.6*	755,390	*43.9*
Interests in subsidiaries and associated	8,861	*0.5*	7,718	*0.4*	6,303	*0.4*
Net tangible assets	13,148	*0.7*	14,350	*0.7*	12,453	*0.7*
Intangible assets [1]	4,118	*0.2*	4,749	*0.2*	2,239	*0.1*
Other assets	118,075	*6.3*	234,741	*12.1*	192,846	*11.2*
of which: derivatives assets	*100,112*	*5.4*	*208,059*	*10.7*	*165,216*	*9.6*
Total assets	**1,867,952**	***100.0***	**1,940,329**	***100.0***	**1,719,780**	***100.0***
Customer deposits	394,075	*21.1*	441,553	*22.7*	437,806	*25.5*
Debt securities	564,122	*30.2*	527,759	*27.2*	478,893	*27.8*
Subordinated liabilities	52,931	*2.8*	53,771	*2.8*	45,957	*2.7*
Total funding from customers	*1,011,128*	*54.1*	*1,023,083*	*52.7*	*962,656*	*56.0*
Deposits by banks	624,856	*33.5*	597,099	*30.8*	480,801	*28.0*
Other liabilities	185,604	*9.9*	284,547	*14.7*	230,080	*13.3*
of which: derivatives liabilities	*99,703*	*5.3*	*202,941*	*10.5*	*162,936*	*9.5*
Total liabilities	**1,821,588**	***97.5***	**1,904,729**	***98.2***	**1,643,537**	***97.3***
Net worth	**46,364**	***2.5***	**35,600**	***1.8***	**46,243**	***2.7***
of which:						
shareholders' equity	43,443	*2.3*	32,790	*1.7*	45,574	*2.7*
minority interests	2,921	*0.2*	2,810	*0.1*	669	*0.0*

[1] Includes goodwill.

TABLE I.38 – PROFIT AND LOSS ACCOUNT AND BALANCE SHEET FOR 1H 2010: JAPAN

Profit and loss account

	1H 2009		1H 2010		Change
	JPY bn	%	JPY bn	%	*%*
Net interest income	3,319	*58.4*	3,165	*52.7*	- 4.6
Other operating income	1,272	*22.4*	1,764	*29.4*	38.7
Gains (losses) on financial transactions	1,094	*19.2*	1,072	*17.9*	- 2.0
Total income	**5,685**	***100.0***	**6,001**	***100.0***	**5.6**
Labour costs	…	…	…	…	…
General expenses [1]	- 2,828	*- 49.7*	- 2,802	*- 46.7*	- 0.9
Bad debts recovered (written off)	- 1,134	*- 20.0*	- 412	*- 6.9*	- 63.7
Depreciation and amortisation	- 373	*- 6.6*	- 387	*- 6.4*	3.8
Current pre-tax profit	**1,350**	***23.7***	**2,400**	***40.0***	**77.8**
Extraordinary items	206	*3.6*	132	*2.2*	- 35.9
Profit (loss) before tax	**1,556**	***27.3***	**2,532**	***42.2***	**62.7**
Income tax	- 490	*- 8.6*	- 673	*- 11.2*	n.c.
Minority interest	- 140	*- 2.4*	- 130	*- 2.2*	n.c.
Net profit	**926**	***16.3***	**1,729**	***28.8***	**86.7**

Balance sheet

	31-3-2010		30-9-2010		Change
	JPY bn	%	JPY bn	%	*%*
Cash and deposits at central banks	…	…	…	…	…
Securities [2]	250,805	*36.2*	267,642	*37.9*	6.7
Loans and advances to banks [3]	67,334	*9.7*	61,723	*8.8*	- 8.3
Loans and advances to customers	327,335	*47.2*	320,452	*45.4*	- 2.1
Interests in subsidiaries and associated	…	…	…	…	…
Net tangible assets	4,569	*0.7*	4,557	*0.6*	- 0.3
Intangible assets [4]	3,767	*0.5*	3,211	*0.5*	- 14.8
Other assets	39,265	*5.7*	47,661	*6.8*	21.4
Total assets	**693,075**	***100.0***	**705,246**	***100.0***	**1.8**
Customer deposits	471,781	*68.1*	471,104	*66.8*	- 0.1
Debt securities [5]	40,378	*5.8*	35,940	*5.1*	- 11.0
Subordinated liabilities	…	…	…	…	…
Total funding from customers	*512,159*	*73.9*	*507,044*	*71.9*	*- 1.0*
Deposits by banks	93,106	*13.5*	100,034	*14.2*	7.4
Other liabilities	52,817	*7.6*	62,165	*8.8*	17.7
Total liabilities	**658,082**	***95.0***	**669,243**	***94.9***	**1.7**
Net worth	**34,993**	***5.0***	**36,003**	***5.1***	**2.9**
of which:					
shareholders' equity	29,328	*4.2*	30,304	*4.3*	3.3
minority interests	5,665	*0.8*	5,699	*0.8*	0.6

1 Includes labour costs.
2 Includes interest in subsidiaries and associated.
3 Includes cash and deposits at central banks.
4 Includes goodwill.
5 Includes subordinated liabilities.

TABLE I.39 – PROFIT AND LOSS ACCOUNT AND BALANCE SHEET FOR FY 2010: EUROPE *

Profit and loss account

	Years ended December 31				
	2009		2010		Change
	EUR m	%	EUR m	%	%
Net interest income	249,486	*56.3*	264,454	*55.4*	6.0
Other operating income	138,236	*31.2*	152,743	*32.0*	10.5
Gains (losses) on financial transactions	55,444	*12.5*	60,257	*12.6*	8.7
Total income	**443,166**	***100.0***	**477,454**	***100.0***	**7.7**
Labour costs	- 152,548	*- 34.4*	- 167,255	*- 35.0*	9.6
General expenses [1]	- 119,700	*- 27.0*	- 131,036	*- 27.5*	9.5
Bad debts recovered (written off)	- 123,089	*- 27.8*	- 87,292	*- 18.3*	- 29.1
Current pre-tax profit	**47,829**	***10.8***	**91,871**	***19.2***	**92.1**
Extraordinary items	13,257	*3.0*	4,529	*1.0*	- 65.8
Profit (loss) before tax	**61,086**	***13.8***	**96,400**	***20.2***	**57.8**
Income tax	- 8,757	*- 2.0*	- 24,676	*- 5.2*	n.c.
Minority interest	- 5,401	*- 1.2*	- 5,816	*- 1.2*	n.c.
Net profit	**46,928**	***10.6***	**65,908**	***13.8***	**40.4**

Balance sheet

	31-12-2009		31-12-2010		Change
	EUR m	%	EUR m	%	%
Cash and deposits at central banks	525,190	*2.5*	564,408	*2.5*	7.5
Securities	4,522,661	*21.2*	4,900,452	*21.8*	8.4
Loans and advances to banks	1,872,438	*8.8*	2,125,557	*9.4*	13.5
Loans and advances to customers	9,402,549	*44.1*	9,787,195	*43.5*	4.1
Interests in subsidiaries and associated	81,514	*0.4*	76,515	*0.3*	- 6.1
Net tangible assets	186,133	*0.9*	191,478	*0.9*	2.9
Intangible assets [2]	238,519	*1.1*	245,262	*1.1*	2.8
Other assets	4,476,437	*21.0*	4,606,689	*20.5*	2.9
Total assets	**21,305,441**	***100.0***	**22,497,556**	***100.0***	**5.6**
Customer deposits	7,653,880	*35.9*	8,357,949	*37.1*	9.2
Debt securities	3,632,421	*17.1*	3,679,134	*16.4*	1.3
Subordinated liabilities	448,456	*2.1*	440,922	*2.0*	- 1.7
Total funding from customers	*11,734,757*	*55.1*	*12,478,005*	*55.5*	*6.3*
Deposits by banks	2,486,686	*11.6*	2,462,220	*10.9*	- 1.0
Other liabilities	6,110,973	*28.7*	6,502,665	*28.9*	6.4
Total liabilities	**20,332,416**	***95.4***	**21,442,890**	***95.3***	**5.5**
Net worth	**973,025**	***4.6***	**1,054,666**	***4.7***	**8.4**
of which:					
shareholders' equity	881,864	*4.2*	979,121	*4.4*	11.0
minority interests	91,161	*0.4*	75,545	*0.3*	- 17.1

* Data refers to companies which accounted for 82% of the total assets of European banks included in the survey as at end-2009.

1 Includes depreciation and amortization.

2 Includes goodwill.

TABLE I.40 – PROFIT AND LOSS ACCOUNT AND BALANCE SHEET FOR FY 2009: UNITED STATES *

Profit and loss account

	Years ended December 31				
	2009		010		Change
	USD m	%	USD m	%	%
Net interest income	214,074	*51.6*	223,667	*53.1*	4.5
Other operating income	168,820	*40.7*	168,098	*39.9*	- 0.4
Gains (losses) on financial transactions	32,053	*7.7*	29,692	*7.0*	- 7.4
Total income	**414,947**	***100.0***	**421,457**	***100.0***	**1.6**
Labour costs	- 122,475	*- 29.5*	- 128,509	*- 30.5*	4.9
General expenses [1]	- 110,125	*- 26.6*	- 114,737	*- 27.2*	4.2
Bad debts recovered (written off)	- 156,167	*- 37.6*	- 92,773	*- 22.0*	- 40.6
Current pre-tax profit	**26,180**	***6.3***	**85,438**	***20.3***	**226.3**
Extraordinary items	7,298	*1.8*	- 17,791	*- 4.3*	n,c,
Profit (loss) before tax	**33,478**	***8.1***	**67,647**	***16.0***	**102.1**
Income tax	- 761	*- 0.2*	- 19,726	*- 4.7*	n.c.
Minority interest	- 476	*- 0.1*	- 578	*- 0.1*	n.c.
Net profit	**32,241**	***7.8***	**47,343**	***11.2***	**46.8**

Balance sheet

	31-12-2009		31-12-2010		Change
	USD m	%	USD m	%	%
Cash and deposits at central banks	…	…	…	…	…
Securities	2,118,286	*26.1*	2,244,228	*26.8*	5.9
Loans and advances to banks [2]	1,311,120	*16.1*	1,374,355	*16.4*	4.8
Loans and advances to customers	3,253,507	*40.1*	3,376,343	*40.3*	3.8
Interests in subsidiaries and associated	…	…	…	…	…
Net tangible assets	59,915	*0.7*	62,678	*0.8*	4.6
Intangible assets [3]	329,894	*4.1*	302,674	*3.6*	- 8.3
Other assets [4]	1,046,121	*12.9*	1,013,595	*12.1*	- 3.1
Total assets	**8,118,843**	***100.0***	**8,373,873**	***100.0***	**3.1**
Customer deposits	4,095,113	*50.4*	4,166,690	*49.8*	1.7
Debt securities [5]	1,384,678	*17.1*	1,411,585	*16.8*	1.9
Subordinated liabilities	…	…	…	…	…
Total funding from customers	*5,479,791*	*67.5*	*5,578,275*	*66.6*	*1.8*
Deposits by banks	970,054	*11.9*	1,024,883	*12.2*	5.7
Other liabilities	913,587	*11.3*	975,892	*11.7*	6.8
Total liabilities	**7,363,432**	***90.7***	**7,579,050**	***90.5***	**2.9**
Net worth	**755,411**	***9.3***	**794,823**	***9.5***	**5.2**
of which:					
shareholders' equity	746,177	*9.2*	786,345	*9.4*	5.4
minority interests	9,234	*0.1*	8,478	*0.1*	- 8.2

* Data refers to companies which accounted for 90% of the total assets of US banks included in the survey as at end-2009.

1 Includes depreciation and amortization.

2 Includes cash and deposits at central banks.

3 Includes goodwill.

4 Includes interest in subsidiaries and associated

5 Includes subordinated liabilities.

TABLE I.41 – AGGREGATE ACCOUNTS OF LEADING INVESTMENT BANKS

Profit and loss account

	Years ended December 31					
	2008		2009		2010	
	EUR m	%	EUR m	%	EUR m	%
Net interest income	8,228	*38.2*	8,283	*11.8*	5,367	*7.0*
Other operating income	31,183	*144.9*	33,391	*47.5*	38,953	*50.9*
Gains (losses) on financial transactions	- 17,892	*-83.1*	28,620	*40.7*	32,244	*42.1*
Total income	**21,519**	***100.0***	**70,294**	***100.0***	**76,564**	***100.0***
Labour costs	- 30,903	*- 143.6*	- 34,466	*- 49.0*	- 39,572	*- 51.7*
General expenses [1]	- 15,010	*- 69.8*	- 15,571	*- 22.2*	- 18,982	*- 24.8*
Bad debts recovered (written off)	…	…	…	…	…	…
Current pre-tax profit	**- 24,394**	***-113.4***	**20,257**	***28.8***	**18,010**	***23.5***
Extraordinary items	- 8,952	*-41.6*	586	*0.9*	252	*0.4*
Profit (loss) before tax	**- 33,346**	***-155.0***	**20,843**	***29.7***	**18,262**	***23.9***
Income tax	10,828	*50.3*	- 4,966	*- 7.1*	- 4,623	*- 6.1*
Minority interest	- 41	*-0.2*	- 45	*-0.1*	- 778	*- 1.0*
Net profit	**- 22,559**	***-104.8***	**15,832**	***22.5***	**12,861**	***16.8***

Balance sheet

	31-12-2008		31-12-2009		31-12-2010	
	EUR m	%	EUR m	%	EUR m	%
Cash and cash equivalents	…	…	…	…	…	…
Securities	483,099	*26.9*	589,999	*32.4*	692,462	*33.1*
Loans and advances to banks	700,465	*38.9*	741,231	*40.7*	836,237	*40.0*
Loans and advances to customers	171,679	*9.5*	128,080	*7.0*	141,310	*6.8*
Interests in subsidiaries and associated	10,401	*0.6*	11,483	*0.6*	5,969	*0.3*
Net tangible assets	16,352	*0.9*	17,105	*0.9*	17,807	*0.9*
Intangible assets	7,782	*0.4*	18,745	*1.0*	19,939	*1.0*
Other assets	408,663	*22.7*	316,194	*17.4*	375,719	*18.0*
of which: derivatives assets [2]	*237,601*	*13.2*	*136,281*	*7.5*	*(122,703)*	*n.c.*
Total assets	**1,798,441**	***100.0***	**1,822,837**	***100.0***	**2,089443**	***100.0***
Customer deposits	132,179	*7.3*	89,200	*4.9*	98,103	*4.7*
Debt securities	498,407	*27.7*	450,918	*24.7*	487,509	*23.3*
Subordinated liabilities	…	…	…	…	…	…
Total funding from customers	*630,586*	*35.1*	*540,118*	*29.6*	*585,612*	*28.0*
Deposits by banks	282,717	*15.7*	444,684	*24.4*	496,193	*23.7*
Other liabilities [3]	775,867	*43.1*	703,239	*38.6*	843,362	*40.4*
of which: derivatives liabilities [2]	*239,776*	*14.2*	*106,222*	*5.8*	*(100,830)*	*n.c.*
Total liabilities	**1,689,170**	***93.9***	**1,688,041**	***92.6***	**1,925,167**	***92.1***
Net worth	**109,271**	***6.1***	**134,796**	***7.4***	**164,276**	***7.9***
of which:						
shareholders' equity						
minority interests	107,860	*6.0*	129,855	*7.1*	157,407	*7.5*
interessi di terzi	1,411	*0.1*	4,941	*0.3*	6,869	*0.3*

[1] Includes depreciation and amortization.

[2] 2010 data do not include Nomura Holdings, for which no data are available.

[3] Includes subordinated liabilities.

APPENDIX 1 – Unusual features of several banking groups

Germany

The German banks included in our survey comprise four groups, all of which have certain features that could be described as unusual. Two of them are Landesbanken, publicly-owned banks that operate in part as central banks for savings institutions in their local regions or Länder. Such local savings institutions own stakes in the Landesbanken via their associations, as do the regions themselves and the municipalities ("state capital"). In some cases, the Landesbanken also control the local savings banks, or have merged with them during the course of their history, and hence their role as central banks is complemented by commercial banking activities. They also engage in specialized activities, either directly or through subsidiaries: financing for real-estate activities, leasing, factoring, project financing, forex and derivative trading, equity investments and, lastly, asset management and private banking. Most of them have also built up networks outside Germany for the benefit of their associated savings banks, and some of them have even expanded by acquiring local banks. They have a public mission to support their municipalities, which can include investment in works of public interest, supporting residential property development and granting loans under pledge. Obligations entered into by the Landesbanken were backed by unlimited public guarantees issued by their guarantor shareholders until 18 July 2005.[71]

[71] The European Commission ruled that such guarantees are in breach of free market principles, insofar as they are issued by public institutions and hence are akin to government subsidies. An agreement was reached in July 2001 between the Commission and the German Federal Government, the Länder and the savings bank associations whereby following a transitional phase ending 18 July 2005, the public guarantee would be abolished. The Landesbanken duly began to arrange transactions to spin off their public mission activities in compliance with the EC directives. The first to separate out its activities with effect from 1 August 2002 was Westdeutsche Landesbank, which spun off its banking business to WestLB AG, at that time wholly-owned by Landesbank NRW, a public law holding company reporting to the State of North Rhine-Westphalia. In addition, following a

DZ Bank acts as trade association for more than 80% of local cooperative German banks (*Volksbanken* and *Raiffeisenbanken*), which retain a majority of its share capital.[72] Similarly to the Landesbanken, it engages in specialized activities, both directly and through subsidiaries, primarily in the sectors of real-estate credit, leasing, insurance and asset management, in addition to operating on international markets with foreign branches.

Lastly, Kreditanstalt für Wiederaufbau (KfW) is a state-owned bank granting mid-/long-term loans for small and medium-size businesses, residential construction and infrastructure, including as project finance and via securitizations. It also plays a role in promoting and financing investment projects in developing countries and in supporting German companies abroad.[73]

The common characteristics of these institutions which differentiate them from other banks of the sample are: an absence of or a limited agency network; a relatively low number of employees; funding focused on bond issuance, term deposits and the interbank market; and (with the exception of KfW), providing services on behalf of associated small-/medium-size banks.[74]

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ruling by the European Commission on 20 October 2004, WestLB, Norddeustsche Landesbank and Bayerische Landesbank were required to pay an aggregate amount of EUR 2.4 billion to their respective states, representing interest accrued at market rates on activities previously integrated into them as contributions in kind but subsequently deemed by the Commission to constitute impermissible aid.

[72] In 2001 DG Bank merged with GZ-Bank, another central institution for German co-operative banks, and changed its name to DZ Bank. GZ-Bank had itself merged with another German cooperative bank, GZB-Bank, effective 1 January 2000, changing its name from SGZ-Bank to GZ-Bank.

[73] In 2003, KfW reached agreements with the EU to spin off operations through which it operates in competition with other banks (in particular export loans and project financing) to an independent entity, KfW IPEX-Bank GmbH, which has been operating since 1 January 2008. As of 31 December 2008, the KfW Group owned 30.5% of Deutsche Post AG and 16.9% of Deutsche Telekom AG, deriving from privatizations.

[74] WestLB acts as a central bank for the savings banks of North Rhine-Westphalia and Brandenburg, Bayerische Landesbank for those of Bavaria and the Landesbank Baden-Wuerttemberg for those of the relative region and of Rhineland-Palatinate (following the acquisition of Landesbank Rheinland-Pfalz in 2005) and of Saxony (following the acquisition of Landesbank Sachsen A.G. in 2008).

The French banks include three Groups of a cooperative nature: Crédit Agricole, Crédit Mutuel and Groupe BPCE.

Crédit Agricole underwent large-scale changes in the course of 2001, which led to the incorporation of Crédit Agricole S.A. and its listing on 14 December of the same year. The Crédit Agricole “group” has an inverse pyramidal structure: at the apex are local cooperative banks (2,544 at the end of 2009) with approximately 6.2 million shareholders, which control the 39 regional banks, or *Caisses Régionales de Crédit Agricole*, which in turn control Crédit Agricole S.A. (formerly Caisse Nationale de Crédit Agricole) via SAS Rue la Boétie. Crédit Agricole S.A. acts as central bank, insuring the group's "financial cohesion." It also engages in treasury operations, redistributes the regional banks’ surplus funds, oversees common areas of operations via its subsidiaries and promotes international growth. Unlike the German Landesbanken, in this case the consolidated balance sheet includes all the local banks, the regional banks and the central bank, for a total of 3,027 consolidated entities in 2009. Alongside these is the Fédération Nationale du Crédit Agricole, which represents and coordinates regional banks and the group as a whole, but is not consolidated. In November 2001, the regional banks transferred their holdings in jointly-owned service companies, chiefly in the areas of life insurance, asset management and consumer credit, to Caisse Nationale de Crédit Agricole, which thereupon changed its name to Crédit Agricole S.A., in exchange for newly-issued shares. Thereafter, a new holding company was set up under the name SAS Rue La Boétie, to which the regional banks transferred all the Crédit Agricole S.A. shares they owned. After the Crédit Agricole S.A. shares were sold in December 2001, the holding company held over 70% of the share capital.[75] Crédit Agricole S.A. in turn acquired a 25% stake in each regional bank (except for Caisse Régionale de la Corse) following the issue or subscription of *certificats coopératifs* without voting rights.

[75] That interest had been diluted to 55.2% as of 31 December 2009, chiefly due to the share issue to fund the acquisition of Crédit Lyonnais in 2003.

The Crédit Mutuel group also has a three-tier inverse pyramidal structure, much like that of the Crédit Agricole group: at the top are 2,045 local savings banks, which are co-operative institutions with variable share capital and 7.4 million shareholders. These are grouped into 18 Fédérations Régionales, which are made up of one federation body and one Caisse Fédérale, alongside which is the Fédération du Crédit Mutuel Agricole et Rural, which operates at a national level in the agricultural sector. The shareholders of the regional Caisse Fédérale are the local banks, and all the local banks are associates of the Fédération Régionale, which represents, directs and oversees but does not engage in banking activities, these being the remit of the Caisse Fédérale. Operating on a national level are the Confédération Nationale, which is a representative body, and the Caisse Centrale du Crédit Mutuel, a national financial body whose capital is held by the Caisses Fédérales. The consolidated data of the Crédit Mutuel Group again include the local banks, regional federations, the agricultural and rural credit federation and the central bank, as well as the respective subsidiaries (created to supply common services to customers), amounting to a total of 2,414 consolidated companies in 2009.[76] Until 2001, the consolidation scope did not include the Crédit Industriel et Commercial-CIC Group (formerly Union Européenne de CIC), acquired in 1998 with an initial stake of 67%, which increased to over 95% after the purchase of the share held by Groupama-GAN in 2001. The tables providing data for the Crédit Mutuel group contained in the text refer to the aggregate of the two groups for 2000 and 2001.

In France, prior to the merger that resulted in the creation of Groupe BPCE effective 31 July 2009, there had also been two associations structured according to the same schemes as described above: Groupe Caisse d'Epargne and Groupe Banques Populaires. The central entity within Groupe Caisse d'Epargne, created in 1999, was Caisse Nationale des Caisses d'Epargne (CNCE), controlled by the local savings banks. There are currently 17 savings banks, which in turn are controlled by 275 local savings companies with 4.3 million shareholders. By contrast,

[76] The local banks were consolidated on a line-by-line basis for the first time in 2005, the year in which IASs/IFRSs were also adopted.

Groupe Banque Populaire was created in May 2001; its central entity at the national level was Banque Fédérale des Banques Populaires (BFBP), controlled by the cooperative banks. There are currently 20 cooperative banks with 3.8 million shareholders. In late July 2009, CNCE and BFBP spun off a large portion of their assets, transferring them to a single central entity in the form of a *société anonyme* named BPCE, intended to coordinate and guide the activities of the two distinct banking networks, the savings banks and the cooperative banks.[77] The BPCE shares received in exchange by CNCE and BFBP were then transferred proportionally to their respective shareholders, the savings banks and cooperative banks, which thus each acquired 40% interests in BPCE (and 50% of voting rights).[78] Similarly to the other two cooperative groups, Groupe BPCE's consolidated figures include those of the 20 cooperative banks, 17 savings banks, BPCE S.A. and their respective subsidiaries, for a total of 2,674 companies.

Japan

Three Japanese banks linked to the co-operative universe are included in our survey: Norinchukin Bank, Shoko Chukin Bank and Shinkin Central Bank.

The first two act as central banks for small and medium-size cooperative firms in specific sectors of the economy. Norinchukin Bank operates in the agriculture, forestry and fishing sectors, whereas Shoko Chukin Bank’s

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[77] Following the integration of the two groups, the French government, through *Société de prise de participation de l’Etat* (SPPE) intervened in support of BPCE by purchasing EUR 3 billion in preferred shares without voting rights, or 20% of capital.

[78] In 2010 CNCE (renamed CE Participations) and BFBP (renamed BP Participations) were merged into BPCE S.A. The integration of savings banks and cooperative banks also entailed the acquisition by BPCE of a controlling interest of approximately 72% in Natixis, a company listed on the Paris Stock Exchange with corporate and investment-banking operations, previously structured as a joint venture between the two groups.

interests are in commerce and industry. With regard to their shareholding structures, Norinchukin Bank had 3,988 cooperative shareholders as of 31 March 2010, while in Shoko Chukin Bank – for which a complete privatization is planned – the government owned 46.5% of the share capital as of the same date; the residual capital was held by cooperatives formed of small and medium-sized firms.

Shinkin Central Bank is the industry association for the 272 Japanese cooperative banks (*shinkin*), which are its shareholders. In turn, the cooperative banks, each one of which has a single vote in the central bank's shareholders' meeting, have 9.3 million shareholders, including individuals and small and medium sized local companies. As of 31 March 2010, they had a network of 7,619 branch offices with 115,000 employees.

APPENDIX 2 – Most significant mergers and acquisitions between groups covered in this survey

The following is a summary description of the primary merger and acquisition operations between the banks included in the sample beginning in 2000, the first year covered in the survey. A detailed list of all such transactions in chronological order is presented in Table I.42.

In **Germany**, in 2000 Bayerische Hypo- und Vereinsbank (HVB) - created in 1998 from the merger of Bayerische Vereinsbank and Bayerische Hypotheken- und Wechsel-Bank - acquired Bank Austria, which in turn had merged with Creditanstalt in 1997.[79] In 2002 Deutsche Bank, Commerzbank and Dresdner Bank deconsolidated their respective mortgage operations and transferred them to Eurohypo, in which they each acquired a minority interest; in two separate stages, in December 2005 and March 2006, Commerzbank bought the shares of the other two biggest shareholders, acquiring control of the company. In November 2005, UniCredito Italiano (now UniCredit) acquired control of HVB via a public tender offer. In 2007 Hypo Real Estate Holding, created in January 2003 as a result of the transfer of assets by HVB, acquired DEPFA Bank of Dublin, which had in turn been operating since January 2002 after taking over the business of DEPFA Deutsche Pfandbriefbank. In January 2009 Commerzbank acquired full control of Dresdner Bank from the Allianz Group.

In **France,** in 2000 Crédit Commercial de France was acquired by the U.K.-based HSBC Holdings. In 2003 Crédit Agricole acquired control of Crédit Lyonnais, in which it held 11% of voting rights deriving from the privatization of the company in 1999, by launching a public tender offer for all shares. In July 2009 French savings banks and cooperative banks unified their central oversight and coordination entity by creating Groupe BPCE.

[79] In July 2003 HVB had sold a 25% interest in Bank Austria Creditanstalt on the market, netting proceeds of approximately EUR 1 billion. In November 2005, as part of its acquisition of control of HVB, UniCredito Italiano launched a voluntary public tender and exchange offer in respect of the free float of Bank Austria Creditanstalt, which resulted in it acquiring an additional 17.5% interest.

Other major same-country transactions were: in **Spain**, in 2000 Banco Bilbao Vizcaya acquired Argentaria; in **Italy**, Banca Intesa absorbed Sanpaolo IMI in 2007, taking the name Intesa Sanpaolo; also in 2007, UniCredit absorbed Capitalia. In the **UK**, in 2000 RBS acquired National Westminster Bank and, in 2001 Halifax Group and the Bank of Scotland merged following the incorporation of the common holding company HBOS; in January 2009 the latter was acquired by Lloyds TSB Group, which assumed the name Lloyds Banking Group. In **Denmark** in 2007 Danske Bank acquired RealDanmark, the holding company for BG Bank, which at the time was the third-largest bank in the country, as well as Realkredit Danmark specialized in mortgage lending. In **Holland**, in 2010 the government combined the national banking operations of the former ABN AMRO and Fortis groups, in which it held a controlling interest, into the new public holding company ABN AMRO Group.

Significant transnational mergers were undertaken in **Scandinavian** countries, where in 2000 Nordic Baltic Holding (now Nordea Bank) acquired the Danish holding company Unidanmark, which controls Unibank and the insurance groups Tryg-Baltica Forsikring (DK) and Vesta (NO).[80] Also in 2000, Nordea Bank acquired control of the smaller Christiania Bank og Creditkasse (NO).

The primary transnational operations in the EU were finalized in recent years: in 2004 the Spanish group Santander acquired the British Abbey National; in 2005, as previously stated, UniCredito Italiano (now UniCredit) acquired the German bank HVB; in October 2007, a special-purpose vehicle, RFS Holdings BV, incorporated and partially owned by RBS, with a 38.3% interest, Fortis at 33.8% and Banco Santander at 27.9%, acquired a controlling interest in the Dutch ABN AMRO Holding on the basis of agreements to share the acquiree's assets on a proportional basis.[81] In May 2009 BNP Paribas acquired an

[80] Nordic Baltic Holding had in turn been created in 1998 through the merger of the Swedish Nordbanken and the Finnish Merita group.

[81] Consideration for the deal came to EUR 71 billion, of which EUR 66 billion was paid in cash and EUR 5 billion in newly issued shares. The interest in RFS Holdings held by the Fortis Group was acquired directly by the Dutch government in December 2008 for EUR 6.5 billion. The Fortis Group comprises two holding companies: the Belgian Fortis S.A. and Fortis N.V. of the Netherlands, each of

approximately 75% interest in Fortis Bank SA/NV from the Belgian government. For its part, the Dutch government acquired control of Fortis Bank (Nederland) in October 2008 and of ABN AMRO Bank in early 2010.

In **Japan**, major mergers took place in fiscal years 2000 and 2001 involving the biggest institutions belonging to different groups of companies.[82] In September 2000, Fuji Bank, Dai-Ichi Kangyo Bank and the medium-/long-term lender IBJ joined together in a common holding company, Mizuho Holdings, and subsequently into the new holding company Mizuho Financial Group.[83] Three additional transactions took place in early April 2001: Sakura Bank and Sumitomo Bank merged, the latter taking on the name of Sumitomo Mitsui Banking (here too a new holding company was set up in December 2002, Sumitomo Mitsui Financial Group, which took on the role of parent company); Mitsubishi Tokyo Financial Group brought Bank of Tokyo-Mitsubishi and Mitsubishi Trust and Banking into the

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which owns a 50% share in the operating companies. In December 2001, the shares of the two holding companies were replaced by a single stock: the owners of combined Fortis stock are shareholders of both companies and retain equal rights in the two holding companies. As of October 2008, the Fortis Group engages solely in insurance activities.

[82] The fiscal year in Japan runs from 1 April to 31 March of the following calendar year. One distinguishing feature of the Japanese economy is the presence of groupings of business known as keiretsu. Such groupings do not have independent legal status, and companies belong to them on a subjective and voluntary basis. The chairmen of the companies included in the same group meet on a regular basis, but there are no controlling shareholder links between the companies in the keiretsu, which therefore remain formally independent despite there being priority relationships between them. In general the main companies are widely owned and their shares are traded on stock exchanges. The keiretsu can be either “horizontal” or “vertical” depending on the type of links between the companies in the grouping: in the former case the businesses are linked by relations with a large bank which is at the centre of the organization; in the latter the link is more of a purchasing-supply nature with other members of the grouping. The first type until the 1990s included the so-called “big six” groupings: Mitsubishi, Sumitomo, Mitsui, Fuyo, Dai-Ichi and Sanwa, which had the following as their respective reference banks: Bank of Tokyo Mitsubishi, Sumitomo Bank, Sakura Bank, Fuji Bank, Dai-Ichi Kangyo Bank and Sanwa Bank. The mergers described in the text have significantly altered this situation.

[83] Mizuho Financial Group was set up in January 2003, and acquired control of Mizuho Holdings the following March.

group under its control; and the new holding company UFJ Holdings brought Sanwa Bank, Tokay Bank and Toyo Trust and Banking under its umbrella. In December 2001, Daiwa Bank, Kinki Osaka Bank (resulting from the previous merger between Bank of Kinki and Bank of Osaka) and the smaller Nara Bank grouped together under Daiwa Bank Holdings (subsequently Resona Holdings), which in March 2002 was joined by Ashai Bank. In September 2004, Hokugin Financial Group, which had taken over Hokuriku Bank in 2003, acquired Hokkaido Bank, taking on the new name of Hokuhoku Financial Group. Effective 1 October 2005, Mitsubishi Tokyo Financial Group and UFJ Holdings were merged into Mitsubishi UFJ Financial Group, thereby creating the largest Japanese bank in the world by total assets. The merger of Sumitomo Trust & Banking with Chuo Mitsui Trust Holdings was announced in 2009 and completed in early fiscal 2011.

In the **United States**, Citigroup acquired - in 2000 and 2002 - two smaller bank corporations: Associates First Capital (founded in 1998 from a spin-off of the Ford Motor Group) and Golden State Bancorp, respectively. The merger between Chase Manhattan Corp and J.P. Morgan & Co. took place in 2000, with the former taking on the name of J.P. Morgan Chase & Co., which was subsequently changed to JPMorgan Chase & Co. effective July 2004.

Other smaller-scale combinations included, in 2001, the acquisition of Summit Bancorp by Fleet Boston Financial, the merger of Wachovia into First Union, which took on the former's name, and the acquisition of U.S. Bancorp by Firstar, which also took up the acquiree's name.

Several significant new mergers took place in 2004: in April, Bank of America acquired Fleet Boston Financial, and in July JPMorgan Chase & Co. bought Bank One and Regions Financial merged with Union Planters; in November, Wachovia acquired SouthTrust. The concentration of US banks continued in the following years, with Capital One Financial initially absorbing Hibernia in 2005 and then North Fork Bancorporation in 2006. In that same year, Bank of America also acquired MBNA, while Golden West Financial was acquired by Wachovia and AmSouth Bancorporation by Regions Financial.

In 2008 Bank of America acquired Countryside Financial, while JPMorgan Chase & Co., after having acquired the investment bank The Bear Stearns Companies, took over the banking business of Washington Mutual, following the latter's bankruptcy. In late 2008 Wells Fargo and The PNC Financial Services Group absorbed Wachovia and National City, respectively. Bank of America then acquired the investment bank Merrill Lynch & Co. effective 1 January 2009.

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Separate discussion is in order for **investment banking** activities, which for most of the banks included in the sample primarily engaged in organic growth until the recent crisis. However, there were several notable acquisitions in the second half of the 1990’s involving Swiss banks, the German banks Deutsche Bank and Dresdner Bank (the latter of which was acquired by Commerzbank in 2009) and ING Groep of the Netherlands. In 1995 Società di Banca Svizzera, which later merged with UBS, acquired the investment banking activities of SG Warburg Group Plc of London, forming SBC Warburg. Then in 1997 and 2000 it acquired the U.S.-based Dillon Read and Paine Webber, respectively.

The Crédit Suisse Group, which had acquired control of The First Boston in 1988, acquired BZW from Barclays and Donaldson in 1997 and then Lufkin & Jenrette in 2000. In 1995 Deutsche Bank and Dresdner Bank acquired Morgan Grenfell and Kleinwort Benson, respectively. Deutsche Bank further reinforced its presence in the sector through the acquisition of Bankers Trust in 1999, whereas Dresdner Bank acquired Wasserstein Perella in 2000. ING Groep, following the acquisition of the Barings Group in 1995, extended its investment banking activities through the acquisition of Banque Bruxelles Lambert in 1998 and the German BHF-Bank in 1999 (a part of these latter assets were then sold in 2004).

At a national level, Crédit Agricole acquired Banque Indosuez in 1996; Banque Nationale de Paris (now BNP Paribas) acquired Paribas in 1999; and Istituto Bancario San Paolo di Torino (subsequently Sanpaolo IMI, currently Intesa Sanpaolo) absorbed IMI-Istituto Mobiliare Italiano in 1998. In 2000 Crédit Agricole, which had operated a joint-venture with Banque Lazard since 1995 through Crédit Agricole Lazard Financial Products of London, acquired a 30.9% stake (20.5% of voting rights) in Rue Impériale de Lyon, which at the time was controlled by the Lazard Group (this equity investment was then transformed into Eurazeo in 2004).[84]

[84] Following the merger of Rue Impériale de Lyon into Eurazeo in 2004, Crédit Agricole acquired a 16.1% stake (22.5% of voting rights) in Eurazeo as of 31 December 2006. In 2005 Eurazeo sold its stake in Lazard during the latter's listing on the NYSE.

TABLE I.42 – MERGERS AND ACQUISITIONS INVOLVING BANKS IN THE SURVEY [1]
(Figures in brackets show total assets as at last annual reporting date prior to transaction)

Combined entity	Total assets of combined entity (EURm)	Companies involved in the transaction (total assets, EURm)
2000		
Mizuho Holdings (JP)	1,436,685	Fuji Bank (547,316); Dai-Ichi Kangyo Bank (486,312); IBJ – Industrial Bank of Japan (403,057)
Citigroup (US)	797,213	Citigroup (713,654), Associates First Capital (83,559)
J.P. Morgan Chase & Co. (US)	663,949	The Chase Manhattan Corp. (404,246); J.P. Morgan & Co. (259,703)
Bayerische Hypo- und Vereinsbank (DE)	643,084	Bayerische Hypo- und Vereinsbank (503,255); Bank Austria (139,829)
HSBC Holdings (GB)	635,959	HSBC Holdings (566,667); Crédit Commercial de France (69,292)
The Royal Bank of Scotland Group (GB)	441,654	The Royal Bank of Scotland Group (142,918); National Westminster Bank (298,736)
Banco Bilbao Vizcaya Argentaria (ES)	235,571	Banco Bilbao Vizcaya (154,504); Argentaria (81,067)
Nordea (SE)	181,240	Nordic Baltic Holding (103,977); UniDanmark (77,263)
Danske Bank (DK)	168,677	Danske Bank (94,202); RealDanmark (74,475)
Chuo Mitsui Trust and Banking Company (JP)	144,399	Mitsui Trust and Banking Company (94,778); Chuo Trust and Banking Company (49,621)
Kinki Osaka Bank (JP)	38,835	Bank of Osaka (15,534); Bank of Kinki (23,301)
2001		
Sumitomo Mitsui Banking (JP)	1,078,296	Sumitomo Bank (611,727); Sakura Bank (466,569)
UFJ Holdings (JP)	881,094	Sanwa Bank (496,102); Tokay Bank (312,404); Toyo Trust and Banking (72,588)
Mitsubishi Tokyo Financial Group (JP)	880,567	Bank of Tokyo-Mitsubishi (714,337); Misubishi Trust and Banking (166,230)

cont.

Table I.42 (cont.)

Combined entity	Total assets of combined entity (EURm)	Companies involved in the transaction (total assets, EURm)
Daiwa Bank Holdings (now Resona Holdings) (JP)	453,541	Asahi Bank (273,193); Daiwa Bank (139,855); Kinki Osaka Bank (40,493)
HBOS (GB)	430,423	Halifax Group (292,444); Bank of Scotland (137,979)
Wachovia (formerly First Union) (US)	352,716	First Union (273,154); Wachovia (79,562)
FleetBoston Financial (US)	235,449	FleetBoston Financial (192,852); Summit Bancorp (42,597)
U.S. Bancorp (formerly Firstar) (US)	177,239	Firstar (83,380); U.S. Bancorp (93,859)
2002		
Citigroup (US)	1,257,167	Citigroup (1,193,067); Golden State Bancorp (64,100)
DEPFA Holding (subsequently DEPFA Bank) (IE)	180,899	DEPFA Holding (-); DEPFA Deutsche Pfandbriefbank (180,899)
2003		
Crédit Agricole (FR)	825,499	Crédit Agricole (580,613); Crédit Lyonnais (244,886)
2004		
JPMorgan Chase & Co. (US)	868,943	JPMorgan Chase & Co. (610,382); Bank One (258,561)
Bank of America (US)	741,631	Bank of America (583,092); FleetBoston Financial (158,539)
Banco Santander Central Hispano (ES)	597,235	Banco Santander Central Hispano (346,419); Abbey National (250,816)
Wachovia (US)	358,635	Wachovia (317,523); SouthTrust (41,112)
Hokuhoku Financial Group (JP)	66,226	Hokugin Financial Group (40,555); Hokkaido Bank (25,671)
Regions Financial (US)	63,744	Regions Financial (38,478); Union Planters (25,266)
North Fork Bancorporation (US)	34,796	North Fork Bancorporation (16,597); GreenPoint Financial (18,199)
2005		
Mitsubishi UFJ Financial Group (JP)	1,337,941	Mitsubishi Tokyo Financial Group (776,074); UFJ Holdings (561,867)

cont.

Table I.42 (cont.)

Combined entity	Total assets of combined entity (EURm)	Companies involved in the transaction (total assets, EURm)
UniCredito Italiano (IT)	732,904	UniCredito Italiano (265,496); Bayerische Hypo- und Vereinsbank (HVB) (467,408)
Capital One Financial (US)	55,837	Capital One Financial (39,459); Hibernia (16,378)
2006		
Bank of America (US)	1,147,466	Bank of America (1,095,027); MBNA (52,439)
Commerzbank (DE)	679,164	Commerzbank (444,861); Eurohypo (234,303)
Wachovia (formerly First Union) (US)	547,063	Wachovia (formerly First Union) (441,430); Golden West Financial (105,633)
Capital One Financial (US)	124,029	Capital One Financial (75,189); North Fork Bancorporation (48,840)
Regions Financial (US)	116,465	Regions Financial (71,871); AmSouth Bancorporation (44,594)
2007		
The Royal Bank of Scotland Group (GB)	2,284,370	The Royal Bank of Scotland Group [2] (1,297,306); ABN AMRO Holding (987,064)
UniCredit (IT)	960,416	UniCredit (823,284); Capitalia (137,132)
Intesa Sanpaolo (IT)	580,286	Banca Intesa (291,781); Sanpaolo IMI (288,505)
Hypo Real Estate Holding (DE)	384,538	Hypo Real Estate Holding (161,593); DEPFA Bank (222,945)
2008		
JPMorgan Chase & Co. (US)	1,319,143	JPMorgan Chase & Co. (1,061,169); The Bear Stearns Companies (257,974)
Bank of America (US)	1,309,338	Bank of America (1,165,509); Countrywide Financial (143,829)
JPMorgan Chase & Co. (US)	1,264,013	JPMorgan Chase & Co. (1,061,169); Washington Mutual (banking operations) (202,844) [3]
Wells Fargo & Co. (US)	922,722	Wells Fargo & Co. (390,899); Wachovia (531,823)
The PNC Financial Services Group (US)	196,518	The PNC Financial Services Group (94,369); National City (102,149)

cont.

Table I.42 (cont.)

Combined entity	Total assets of combined entity (EURm)	Companies involved in the transaction (total assets, EURm)
2009		
BNP Paribas (FR)	2,660,102	BNP Paribas (2,073,325); Fortis Bank (BE) (586,777)
Bank of America (US)	1,785,935	Bank of America (1,306,275); Merrill Lynch & Co. (479,660)
Lloyds Banking Group (GB)	1,180,230	Lloyds TSB Group (457,373); HBOS (722,857)
Groupe BPCE (FR)	1,053,187	Groupe Caisse d'Epargne (649,756); Groupe Banque Populaire (403,431)
Commerzbank (DE)	1,046,157	Commerzbank (625,196); Dresdner Bank (420,961)
Sumitomo Mitsui Trust Holdings (JP) [4]	281,577	Sumitomo Trust & Banking (165,746); Chuo Mitsui Trust Holdings (115,831)
2010		
Deutsche Bank (DE)	1,727,273	Deutsche Bank (1,500,664); Deutsche Postbank (226,609)
ABN AMRO Group (NL) [5]	391,869	ABN AMRO Bank (202,084 *pro-forma*); Fortis Bank (Nederland) (189,785)

1 Refers to period 1 January 2000 to 31 January 2011.
2 Via RFS Holdings B.V. (NL), a special purpose vehicle company set up and owned by The Royal Bank of Scotland Group (38.3%), Fortis (33.8%; share acquired by the Netherlands government in December 2008) and Banco Santander (27.9%). ABN AMRO Holding was consolidated line-by-line by The Royal Bank of Scotland Group from 17 October 2007.
3 As at 25 September 2008.
4 Deal announced in November 2009 and completed with effect from 1 April 2011.
5 Deal completed with effect from 1 July 2010.

APPENDIX 3 – Insurance activities

The European banking groups included in this survey generally engage in insurance via subsidiaries, either insurance companies or other specialist operations. Until 2004, such activities were accounted for differently in the respective consolidated financial statements depending on the parent company's country of origin, as a result of differences in national legislation and other financial reporting requirements defined by the various supervisory authorities. In Italy, Spain and Denmark, insurance activities were not included in the consolidated accounts and were generally equity-accounted, whereas in France they were equity accounted until 1999 and subsequently consolidated using the line-by-line method. In Holland, Belgium, Switzerland and Germany, insurance activities were fully consolidated throughout the entire period under review; however, of the German banks, only Deutsche Bank and DZ Bank included insurance activities in their consolidated reporting (the latter only since 2001). UK banks value long-term life insurance businesses on the basis of in-force business. This involves a prudent valuation of discounted future earnings expected to derive from active policies, taking into account factors such as recent experience and general economic conditions. The calculation is repeated yearly, with the resulting value being treated as an asset and any differences being booked to the income statement.

With the aforementioned adoption of IASs/IFRSs by all listed EU companies in 2005, the above treatment differences ceased to apply, as such standards require the companies to consolidate insurance activities using the line-by-line method. The standards also differentiate between contracts that contain an insurance risk and those that contain no significant insurance risk. The latter, which are generally unit and index-linked policies, are no longer considered insurance products; these are now classified as investment contracts and included in the balance sheet as financial liabilities.

A summary of banking and insurance activities for European banks over the last three years is reported below. It should be noted that since 2008 the Fortis Group's insurance assets - technical reserves and investment contracts in the total amount of EUR 95.6 billion at the end of 2007 - have been excluded from the sample due to the spin-off of those assets. In addition, in December 2009 Barclays sold its asset-management assets, including EUR 81.3 billion in investment contracts, to BlackRock.[85] The figures in the table highlight the anti-cyclical effect of the insurance business on earnings, whereas the incidence of insurance liabilities on total on-balance sheet assets amounted to approximately 5% as of the end of 2009.

	Current pre-tax profit			Total assets [1]		
	2007	2008	2009	2007	2008	2009
		EUR bn			*EUR bn*	
Banking	118.9	- 12.0	40.8	26,954.0	29,079.6	24,753.8
Insurance	16.6	13.9	9.3	1,509.6	1,228.7	1,278.4
Total	**135.5**	**1.9**	**50.1**	**28,463.6**	**30,308.3**	**26,032.2**
		as % of total income			*as % of total assets*	
Banking	*22.8*	*- 2.8*	*7.6*	*94.7*	*95.9*	*95.1*
Insurance	*3.2*	*3.2*	*1.7*	*5.3*	*4.1*	*4.9*
Total	***26.0***	***0.4***	***9.3***	***100.0***	***100.0***	***100.0***

[1] For insurance activities this figures involves technical reserves and sums collected in respect of issuance of insurance policies with a primarily financial content (EUR 202.2bn in 2009).

Of the US banks, only Citigroup included an insurance group in its consolidated accounts, as a result of its 1998 merger with Travelers Group. This business shrunk in 2002 with the sale of the non-life segment and ceased in 2005 with the sale of its life segment as well.[86]

[85] It should also be recalled that in 2006 Crédit Suisse had relinquished control of the Winterthur insurance group.

[86] In March and August 2002, Citigroup offered to the public and distributed to its own shareholders by way of a dividend shares in its subsidiary Travelers Property

This business accounted for 0.6% of the aggregate earnings before tax of US banks in 2005 (1.2% in 2004). Technical reserves accounted for 1.4% of total assets at the end of 2004. No insurance activities were presented in the financial statements of Japanese banks.

In the aggregate figures provided in this survey, current pre-tax profit from insurance activities is included in the profit and loss account under "Net fee and commission income", while technical reserves are reported in the balance sheet as "Other liabilities" and liabilities relating to investment contracts are included among "Customer deposits." Invested assets, for which data are generally not available, are reported under the appropriate asset headings in accordance with their nature (typically "Securities" and "Net tangible assets").

Casualty Corp. Upon completion of these transactions, the former of which yielded a gain of USD 1.2 billion, Citigroup had reduced its interest in this company to approximately 9.9%. The life insurance activities were sold to the MetLife group effective 1 July 2005 for consideration of USD 11.8 billion, USD 10.8 billion of which in cash and USD 1 billion in MetLife shares.

APPENDIX 4 – The effects of modifications in the valuation of financial assets in the 2008 financial year

In the year 2008, the banks of the Triad regions benefited, in different ways and to different extents, from regulatory changes relative to the modalities for valuating financial assets.

With regard to European banks, in October 2008 the IASB (International Accounting Standards Board) amended accounting principles IAS 39 and IFRS 7, which were then endorsed by the European Commission in Regulation No 1004/2008. These amendments concern the possibility - previously prohibited - of re-classifying non-derivative financial instruments: i) from financial assets held for trading - measured at fair value through the income statement - to the categories provided for in IAS 39 (available for sale, held to maturity, and loans and receivables); and ii) from available for sale - measured at fair value through shareholders' equity – to loans and receivables, measured at cost.

Reclassifications must be implemented at transaction date fair value; however, since the amendments to accounting principles entered into effect on 1 July 2008, all re-classifications implemented up to 1 November were back-dated with reference to the values of 1 July, which were generally higher.

The banks in the European sample have, for the most part, exercised the option afforded by the amendment of the accounting principle by excluding EUR 246 billion in securities from the trading portfolio, yielding a benefit of EUR 22.3 billion to earnings before taxes due to the decrease in impairment losses (Table I.43).[87] An additional EUR 412 billion was then transferred from available for sale to loans to banks and customers and to other financial assets measured at cost, yielding a benefit of EUR 22.2 billion, in this case to shareholders' equity reserves, and a consequent improvement in capital ratios.

[87] The Spanish banks, Banco Santander, BBVA and La Caixa, Fortis Bank Nederland (Holding), Nordea and Credit Suisse (which utilizes US GAAP) did not utilize the amendment of IAS 39.

TABLE I.43 – EUROPEAN BANKS: EFFECTS OF THE RECLASSIFICATION OF FINANCIAL ASSETS ALLOWED BY THE MODIFICATION OF "IAS 39" [1]

From "held for trading" to:			From "available for sale" to:		Effect on profit before tax	Effect on net worth reserves
available for sale	loans (at cost)	held to maturity	loans (at cost)	held to maturity		
	EUR bn			EUR bn	EUR bn	
75.9	63.1 [2]	106.9	22.0	389.8	22.3	22.2
Total transferred assets		**245.9**		**411.8**		

[1] Within the limits of available information, financial assets transferred from companies to receivables due from banks and non-banking customers with valuation at cost were repositioned - in order to guarantee the historical homogeneity of the data - to the category "held to maturity" under the item "Securities".
[2] Including EUR 9.1bn from the fair value to cost within the same item "loans".

In Japan, some banks utilized the option offered by the new provisions of local authorities to reclassify financial assets from fair value to cost, transferring securities totalling JPY 15,398 billion from available for sale to held to maturity, resulting in a decrease in shareholders' equity reserves of JPY 124 billion.[88] That amount was in addition to the 1,053 billion in securities transferred from the trading portfolio by MUFG according to US GAAP, yielding an estimated benefit - in this case to the income statement - of JPY 8 billion in lesser losses (Table I.44).

An additional and more significant positive effect on the income statements of Japanese banks was due to modification of the measurement criterion for floating-rate government securities and foreign bonds linked to securitizations, transactions in which had become especially infrequent and were no longer a suitable basis for determining market prices representative of fair value; such securities were therefore measured on the basis of "reasonably estimated" amounts calculated by banks using their own internal models.[89] The

[88] This option was made possible by the issue on 5 December 2008 of provision no. 26, Tentative Solution on Reclassification of Debt Securities by ASBJ-PITF-Accounting Standards Board of Japan-Practical Issue Task Force. The amounts specified in the text mostly refer to Norinchukin Bank.
[89] The most commonly used method was Discounted Cash Flow.

change in criteria applied resulted in a higher valuation assets in portfolio, yielding a total benefit on earnings before taxes of JPY 1,073 billion due to trading securities and of JPY 1,351 billion on shareholders' equity reserves due to available-for-sale securities.

TABLE I.44 – JAPANESE BANKS: EFFECTS OF THE RECLASSIFICATION AND THE MODIFICATION OF VALUATION CRITERIA OF FINANCIAL ASSETS

Effect on the result before tax		Effect on the net worth reserves	
due to reclassification from "held for trading" to "held to maturity" [1]	due to the modification of the valuation criterion of illiquid securities	due to the modification allowed by ASBJ-PITF no.26	due to the modification of the valuation criterion of illiquid securities
JPY bn		JPY bn	
8	1,073	124	1,351

1 Reclassification implemented by MUFG on the basis of US GAAP principles; the effect on net income, which is not available, was estimated on the basis of the year-end fair value.

Table I.45 summarizes the effects on the aggregate income statements for 2008 of the changes in measurement criteria applied by European and Japanese banks described above. Given that the adjustments to trading securities essentially affected profits and losses on trading in the income statement, the net loss on trading would have increased from EUR 60 billion to EUR 82 billion for European banks and from JPY 583 billion to JPY 1,664 billion for Japanese banks if the changes had not been applied. Total revenue in both areas would have decreased further: the decline compared to the previous year would have risen from 17.8% to 22.1% for European banks and from 16.5% to 26.4% for Japanese banks. Similarly, the operating loss and loss before taxes of European banks would have 5.4 and more than 6.7 percentage point weaker with respect to revenues, respectively; Japanese banks also would have reported an operating loss and a loss before taxes of 15.3% and 52.2% of revenue, respectively.

TABLE I.45 – EUROPEAN AND JAPANESE BANKS: EFFECTS OF MODIFICATIONS TO THE VALUATION CRITERIA FOR FINANCIAL ASSETS TO THE PROFIT AND LOSS ACCOUNTS OF 2008 [1]

	Aggregated data from year-end financial statements		Effect of the modification of criteria	Aggregated data with exclusion of the effect of the modification of the criteria	
	EUR bn (a)	*as % of total income*	EUR bn (b)	EUR bn (a-b)	*as % of total income*
Europe					
Losses on financial transactions	- 59.7	*- 13.9*	22.3	- 82.0	*- 20.2*
Total income	428.6	*100.0*	22.3	406.3	*100.0*
Change vs. 2007 (%)	*- 17.8*			*- 22.1*	
Current pre-tax profit	1.9	*0.4*	22.3	- 20.4	*- 5.0*
Profit before tax	- 91.4	*- 21.3*	22.3	- 113.7	*- 28.0*
	JPY bn (a)	*as % of total income*	JPY bn (b)	JPY bn (a-b)	*as % of total income*
Japan					
Losses on financial transactions	- 583	*- 6.4*	1,081	- 1,664	*- 20.7*
Total income	9,125	*100.0*	1,081	8,044	*100.0*
Change vs. 2007 (%)	*- 16.5*			*- 26.4*	
Current pre-tax profit	- 149	*- 1.6*	1,081	- 1,230	*- 15.3*
Profit before tax	- 3,114	*- 34.1*	1,081	- 4,195	*- 52.2*

[1] US banks also reclassified financial assets from fair value to cost with an estimated benefit of USD 6.1bn , part of which is attributable to the result of the year.

In the United States, some banks in the sample also exercised the option afforded by national accounting principles to transfer financial assets from fair value to cost, resulting in the transfer of USD 69.6 billion from held-for-trading and available-for-sale to held-to-maturity, in addition to the USD 15.7 billion in loans to customers transferred from fair value to cost within the same item; an additional USD 7 billion was transferred from held-for-trading to available-for-sale.[90] The effects on the income statement and shareholders' equity reserves were not reported. However, given that the financial assets transferred from fair value to cost had a carrying amount of USD 85.3 billion and a fair value of USD 79.2 billion at year-end, USD 6.1 billion is a reasonable estimate of the unrecognized downwards adjustments, some of which would have affected earnings.[91]

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[90] The accounting principle SFAS 115 - *Accounting for Certain Investments in Debt and Equity Securities*, unlike the IASs/IFRSs adopted in Europe, allows assets to be reclassified from fair value to cost, although it requires such events to be rare. The companies justified the transfers with the deterioration of financial market conditions. The total amounts transferred in the U.S., mostly by Citigroup, were also relatively lower than in the other two areas (see the section concerning securities portfolios).

[91] It should also be noted that in October 2008 the FASB (Financial Accounting Standards Board) issued FAS 157-3 – *Determining the Fair Value of Financial Assets When the Market for That Asset is Not Active*, which states that companies may utilize internal information in order to determine fair values when the markets of reference are not very active, and in such cases do not necessarily have to refer to quotes provided by brokers. However, the FASB has emphasized that this was not a new accounting principle, but a clarification of SFAS 157. In addition, the banks that utilized this system all reported that the effects on their income statements and balance sheets were immaterial.

II. STATISTICAL TABLES

TABLE II.1 – PROFIT AND LOSS ACCOUNTS

	2000		2001		2002		2003		2004		2005		2006		2007		2008		2009	
	EUR m	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%
Interest receivable and similar income	1,285,481		1,293,485		1,035,115		883,869		915,723		1,249,514		1,476,100		1,710,498		1,727,618		1,168,731	
Interest payable and similar expenses	-896,628		-859,929		-620,155		-495,216		-527,576		-820,390		-1,049,533		-1,286,594		-1,223,158		-649,060	
Net interest income	**388,853**	***47.4***	**433,556**	***49.4***	**414,960**	***51.2***	**388,653**	***50.3***	**388,147**	***49.5***	**429,124**	***47.7***	**426,567**	***45.1***	**423,904**	***48.8***	**504,460**	***66.4***	**519,671**	***55.3***
Commissions receivable and other operating income (1)	337,113	*41.1*	356,840	*40.6*	324,784	*40.1*	308,497	*39.9*	326,973	*41.7*	386,049	*42.9*	406,186	*43.0*	416,584	*48.0*	371,633	*49.0*	333,994	*35.6*
Commissions payable and other operating expenses	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…
Dividends and share of profit (loss)	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…
Gains (losses) on financial transactions	93,797	*11.5*	87,728	*10.0*	70,618	*8.7*	75,843	*9.8*	69,396	*8.8*	84,547	*9.4*	112,952	*11.9*	28,089	*3.2*	-117,047	*-15.4*	85,081	*9.1*
Total income	**819,763**	***100.0***	**878,124**	***100.0***	**810,362**	***100.0***	**772,993**	***100.0***	**784,516**	***100.0***	**899,720**	***100.0***	**945,705**	***100.0***	**868,577**	***100.0***	**759,046**	***100.0***	**938,746**	***100.0***
Labour costs	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…
General expenses (2)	-467,496	*-57.0*	-503,583	*-57.3*	-455,138	*-56.2*	-424,601	*-54.9*	-431,486	*-55.0*	-499,583	*-55.5*	-519,284	*-54.9*	-523,044	*-60.2*	-532,840	*-70.2*	-524,364	*-55.9*
Bad debts recovered (written off)	-91,881	*-11.2*	-147,115	*-16.8*	-122,507	*-15.1*	-84,684	*-11.0*	-58,112	*-7.4*	-51,390	*-5.7*	-57,588	*-6.1*	-95,531	*-11.0*	-247,236	*-32.6*	-288,105	*-30.7*
Depreciation and amortization	-36,718	*-4.5*	-39,492	*-4.5*	-37,212	*-4.6*	-33,100	*-4.3*	-32,170	*-4.1*	-36,918	*-4.1*	-37,043	*-3.9*	-37,451	*-4.3*	-42,314	*-5.6*	-44,330	*-4.7*
Current pre-tax profit	**223,668**	***27.3***	**187,934**	***21.4***	**195,505**	***24.1***	**230,608**	***29.8***	**262,748**	***33.5***	**311,829**	***34.7***	**331,790**	***35.1***	**212,551**	***24.5***	**-63,344**	***-8.3***	**81,947**	***8.7***
Amortization of goodwill	-10,286	*-1.3*	-15,223	*-1.7*	-13,195	*-1.6*	-11,129	*-1.4*	-8,222	*-1.0*	-361	*0.0*	-217	*0.0*	-280	*0.0*	-395	*-0.1*	-480	*-0.1*
Transfer from (to) reserves	-1,962	*-0.2*	-2,848	*-0.3*	-84	*0.0*	-1,067	*-0.1*	-1,014	*-0.1*	-1,262	*-0.1*	-1,255	*-0.1*	0	*0.0*	0	*0.0*	0	*0.0*
Fixed asset revaluations (writedowns)	-7,201	*-0.9*	-26,531	*-3.0*	-32,738	*-4.0*	-7,130	*-0.9*	-7,153	*-0.9*	-3,113	*-0.3*	-6,563	*-0.7*	-24,381	*-2.8*	-178,168	*-23.5*	-42,009	*-4.5*
Extraordinary items	34,631	*4.2*	1,399	*0.2*	-3,719	*-0.5*	5,159	*0.7*	2,683	*0.3*	33,127	*3.7*	50,370	*5.3*	63,964	*7.4*	22,541	*3.0*	68,332	*7.3*
Cumulative effect of accounting changes	-49	*0.0*	-698	*-0.1*	-1,230	*-0.2*	-216	*0.0*	13	*0.0*	-172	*0.0*	312	*0.0*	0	*0.0*	-44	*0.0*	0	*0.0*
Profit (loss) before tax	**238,801**	***29.1***	**144,033**	***16.4***	**144,539**	***17.8***	**216,225**	***28.0***	**249,055**	***31.7***	**340,048**	***37.8***	**374,437**	***39.6***	**251,854**	***29.0***	**-219,410**	***-28.9***	**107,790**	***11.5***
Income tax	-73,426	*-9.0*	-44,649	*-5.1*	-57,151	*-7.1*	-74,150	*-9.6*	-75,542	*-9.6*	-94,924	*-10.6*	-103,707	*-11.0*	-61,003	*-7.0*	35,773	*4.7*	-18,493	*-2.0*
Profit attributable to minorities	-8,385	*-1.0*	-8,323	*-0.9*	-7,326	*-0.9*	-8,268	*-1.1*	-9,372	*-1.2*	-9,811	*-1.1*	-9,668	*-1.0*	-9,801	*-1.1*	4,873	*0.6*	-7,265	*-0.8*
Net profit attributable to parent company	**156,990**	***19.2***	**91,061**	***10.4***	**80,062**	***9.9***	**133,807**	***17.3***	**164,141**	***20.9***	**235,313**	***26.2***	**261,062**	***27.6***	**181,050**	***20.8***	**-178,764**	***-23.6***	**82,032**	***8.7***
Dividends payout	*59,156*	*7.2*	*65,490*	*7.5*	*59,002*	*7.3*	*62,695*	*8.1*	*71,056*	*9.1*	*89,793*	*10.0*	*99,200*	*10.5*	*95,959*	*11.0*	*57,915*	*7.6*	*40,243*	*4.3*

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

TABLE II.2 – FINANCIAL STATEMENTS TRIAD

	2000		2001		2002		2003		2004		2005		2006		2007		2008		2009	
	EUR m	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%
Cash and deposits at central banks	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…
Securities	6,464,712	*23.6*	6,786,579	*23.7*	6,446,709	*23.8*	6,700,955	*25.0*	7,404,892	*25.6*	10,022,896	*28.5*	10,337,334	*28.3*	10,290,311	*25.9*	8,985,229	*21.0*	9,350,800	*24.7*
Loans and advances to banks (1)	3,882,061	*14.2*	4,264,688	*14.9*	4,123,283	*15.2*	4,237,328	*15.8*	4,612,706	*16.0*	5,384,047	*15.3*	5,512,045	*15.1*	5,903,047	*14.9*	5,306,822	*12.4*	4,744,340	*12.6*
Loans and advances to customers	13,217,285	*48.2*	13,330,734	*46.6*	12,591,840	*46.5*	12,111,392	*45.2*	12,821,925	*44.3*	15,387,113	*43.7*	16,317,257	*44.6*	17,105,508	*43.1*	17,873,826	*41.7*	16,651,204	*44.1*
Loans, advances and cash	***23,564,058***	***86.0***	***24,382,001***	***85.3***	***23,161,832***	***85.6***	***23,049,675***	***86.0***	***24,839,523***	***85.9***	***30,794,056***	***87.6***	***32,166,636***	***87.9***	***33,298,866***	***84.0***	***32,165,877***	***75.1***	***30,746,344***	***81.4***
Interests in subsidiares and associated	225,433	*0.8*	244,220	*0.9*	205,870	*0.8*	196,250	*0.7*	204,100	*0.7*	150,476	*0.4*	163,814	*0.4*	219,451	*0.6*	186,184	*0.4*	181,478	*0.5*
Intangible assets	65,158	*0.2*	82,484	*0.3*	68,703	*0.3*	77,218	*0.3*	87,436	*0.3*	142,120	*0.4*	141,911	*0.4*	168,109	*0.4*	162,101	*0.4*	166,079	*0.4*
Net tangible assets	286,648	*1.1*	291,438	*1.0*	263,384	*1.0*	234,902	*0.9*	242,615	*0.8*	313,811	*0.9*	314,407	*0.9*	311,255	*0.8*	321,099	*0.8*	325,978	*0.9*
Other assets	3,053,285	*11.2*	3,362,488	*11.8*	3,143,307	*11.6*	3,031,796	*11.3*	3,257,872	*11.3*	3,409,619	*9.7*	3,401,698	*9.3*	5,188,317	*13.1*	9,596,124	*22.4*	5,963,157	*15.8*
Total (a)	**27,194,582**	***99.3***	**28,362,631**	***99.2***	**26,843,096**	***99.2***	**26,589,841**	***99.2***	**28,631,546**	***99.0***	**34,810,082**	***99.0***	**36,188,466**	***98.9***	**39,185,998**	***98.8***	**42,431,385**	***99.1***	**37,383,036**	***99.0***
Deposits by banks	5,042,454	*18.4*	5,271,036	*18.4*	5,155,274	*19.1*	5,155,918	*19.2*	5,621,591	*19.4*	6,628,500	*18.8*	6,720,939	*18.4*	6,979,589	*17.6*	6,231,873	*14.6*	4,742,888	*12.6*
Customer deposits	12,538,912	*45.8*	13,262,628	*46.4*	12,490,976	*46.2*	12,107,795	*45.2*	12,747,586	*44.1*	14,827,204	*42.2*	15,183,046	*41.5*	15,661,889	*39.5*	16,451,962	*38.4*	16,254,132	*43.0*
Debt securities	3,993,718	*14.6*	4,089,976	*14.3*	3,917,592	*14.5*	3,936,691	*14.7*	4,304,297	*14.9*	5,391,422	*15.3*	6,051,202	*16.5*	6,571,105	*16.6*	6,225,446	*14.5*	5,992,854	*15.9*
Subordinated liabilities	629,214	*2.3*	679,976	*2.4*	623,468	*2.3*	605,129	*2.3*	620,113	*2.1*	753,520	*2.1*	784,740	*2.1*	839,242	*2.1*	949,400	*2.2*	868,678	*2.3*
Total funding	***22,204,298***	***81.1***	***23,303,616***	***81.5***	***22,187,310***	***82.0***	***21,805,533***	***81.4***	***23,293,587***	***80.5***	***27,600,646***	***78.5***	***28,739,927***	***78.6***	***30,051,825***	***75.8***	***29,858,681***	***69.7***	***27,858,552***	***73.8***
Provision for employee benefits	50,934	*0.2*	46,630	*0.2*	50,690	*0.2*	46,504	*0.2*	51,294	*0.2*	78,811	*0.2*	72,979	*0.2*	60,318	*0.2*	59,527	*0.1*	55,837	*0.1*
Deferred taxation	81,945	*0.3*	79,702	*0.3*	81,343	*0.3*	73,092	*0.3*	69,519	*0.2*	93,126	*0.3*	88,137	*0.2*	84,307	*0.2*	53,635	*0.1*	44,795	*0.1*
Other liabilities	3,690,057	*13.4*	3,730,289	*13.0*	3,443,889	*12.7*	3,560,941	*13.3*	4,049,412	*14.0*	5,666,148	*16.1*	5,856,079	*16.0*	7,590,787	*19.1*	11,088,861	*25.9*	7,747,245	*20.5*
Total liabilities (b)	**26,027,234**	***95.0***	**27,160,237**	***95.0***	**25,763,232**	***95.2***	**25,486,070**	***95.1***	**27,463,812**	***95.0***	**33,438,731**	***95.1***	**34,757,122**	***95.0***	**37,787,237**	***95.3***	**41,060,704**	***95.9***	**35,706,429**	***94.5***
Goodwill (c)	196,865	*0.7*	232,528	*0.8*	215,924	*0.8*	204,067	*0.8*	287,060	*1.0*	361,206	*1.0*	397,727	*1.1*	468,513	*1.2*	397,359	*0.9*	389,974	*1.0*
Net worth (a-b+c)	**1,364,213**	***5.0***	**1,434,922**	***5.0***	**1,295,788**	***4.8***	**1,307,838**	***4.9***	**1,454,794**	***5.0***	**1,732,557**	***4.9***	**1,829,071**	***5.0***	**1,867,274**	***4.7***	**1,768,040**	***4.1***	**2,066,581**	***5.5***
represented by:																				
Issued share capital	236,526	*0.9*	223,351	*0.8*	200,963	*0.7*	195,896	*0.7*	218,857	*0.8*	229,889	*0.7*	238,806	*0.7*	226,821	*0.6*	410,600	*1.0*	386,200	*1.0*
Reserves	1,072,648	*3.9*	1,149,376	*4.0*	1,036,363	*3.8*	1,042,567	*3.9*	1,163,708	*4.0*	1,478,608	*4.2*	1,558,142	*4.3*	1,561,413	*3.9*	1,259,736	*2.9*	1,555,521	*4.1*
Own shares	-46,968	*-0.2*	-51,019	*-0.2*	-50,878	*-0.2*	-46,736	*-0.2*	-54,465	*-0.2*	-85,892	*-0.2*	-92,237	*-0.3*	-95,253	*-0.2*	-57,374	*-0.1*	-28,375	*-0.1*
Total	**1,262,206**	***4.6***	**1,321,708**	***4.6***	**1,186,448**	***4.4***	**1,191,727**	***4.4***	**1,328,100**	***4.6***	**1,622,605**	***4.6***	**1,704,711**	***4.7***	**1,692,981**	***4.3***	**1,612,962**	***3.8***	**1,913,346**	***5.1***
Minority interests	102,007	*0.4*	113,214	*0.4*	109,340	*0.4*	116,111	*0.4*	126,694	*0.4*	109,952	*0.3*	124,360	*0.3*	174,293	*0.4*	155,078	*0.4*	153,235	*0.4*
Funding from customers	**17,161,844**	***62.7***	**18,032,580**	***63.1***	**17,032,036**	***62.9***	**16,649,615**	***62.1***	**17,671,996**	***61.1***	**20,972,146**	***59.6***	**22,018,988**	***60.2***	**23,072,236**	***58.2***	**23,626,808**	***55.2***	**23,115,664**	***61.2***
Total assets (a+c)	**27,391,447**	***100.0***	**28,595,159**	***100.0***	**27,059,020**	***100.0***	**26,793,908**	***100.0***	**28,918,606**	***100.0***	**35,171,288**	***100.0***	**36,586,193**	***100.0***	**39,654,511**	***100.0***	**42,828,744**	***100.0***	**37,773,010**	***100.0***

(1) Including cash and central banks deposits.

TABLE II.3 – EMPLOYEES

TRIAD

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Average number of staff	3,720,581	3,899,276	3,903,244	3,891,186	3,906,926	4,041,767	4,225,023	4,419,623	4,552,759	4,424,598
of which: from country of origin (%)	…	…	…	…	…	…	…	…	…	…
from elsewhere (%)	…	…	…	…	…	…	…	…	…	…

TABLE II.4 – FINANCIAL RATIOS

TRIAD

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Funding from customers per employee ('000 EUR) (1)	4,695	4,794	4,529	4,449	4,679	5,359	5,344	5,350	5,294	5,313
Loans and advances to customers per employee ('000 EUR) (1)	3,616	3,544	3,348	3,236	3,395	3,932	3,960	3,966	4,005	3,827
Labour cost per employee ('000 EUR)	…	…	…	…	…	…	…	…	…	…
Cost / income ratio (%)	61.5	61.8	60.8	59.2	59.1	59.6	58.8	64.5	75.7	60.6
Bad debts written off as % of total income (2)	11.2	16.8	15.1	11.0	7.4	5.7	6.1	11.0	32.6	30.7
Dividends payout as % of net profit	37.7	71.9	73.7	46.9	43.3	38.2	38.0	53.0	n.c.	49.1
ROE (%)	14.2	7.4	7.2	12.6	14.1	17.0	18.1	12.0	n.c.	4.5
ROA (%)	0.6	0.3	0.3	0.5	0.6	0.7	0.7	0.5	n.c.	0.2
Doubful loans as % of loans to customers (3)	1.7	2.2	1.8	1.4	0.8	0.7	0.7	0.7	1.0	1.8
Doubful loans as % of net worth (3)	16.3	20.0	17.3	124	7.4	6.1	5.8	6.7	10.3	14.6
Loans, advances and cash as % of total funding	106.1	104.6	104.4	105.7	106.6	111.6	111.9	110.8	107.8	110.4
Fixed assets as % of net worth	56.7	59.3	58.2	54.5	56.4	55.8	55.6	62.5	60.3	51.5
Free capital as % of funding from customers	2.1	1.7	1.9	2.6	3.0	3.2	3.2	2.5	2.2	3.0
Total assets (4) / Tangible net worth (n.)	24.6	25.3	26.5	25.8	26.4	28.2	28.0	31.7	35.0	24.6

Funding from customers = customer deposits plus debt securities plus subordinated liabilities.
Fixed assets = interests in subsidiaries and associated plus net tangible and intangible assets plus goodwill.
Free capital = net worth less fixed assets less doubtful loans.
Tangibile net worth = net worth less intangible assets less goodwill.

(1) Calculated excluding staff employed in insurance operations where possible based on information available.
(2) Net of recovered amounts.
(3) Calculated only on the basis of those exposures not completely covered by provisions. Figures cover Groups which accounted for 94.8% in 2000, 97.3% in 2001, 95.8% in 2002 and 2003, 97.4% in 2004, 96.9% in 2005, 97.2% in 2006 and 100% in 2007, 2008 and 2009 of loans to customers of the sample.
(4) Excluding intangibile assets..

TABLE II.1 – PROFIT AND LOSS ACCOUNTS EUROPE

	2000		2001		2002		2003		2004		2005		2006		2007		2008		2009	
	EUR m	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%
Interest receivable and similar income	777,868		813,536		694,170		612,497		643,201		866,094		1,038,047		1,251,519		1,297,822		858,566	
Interest payable and similar expenses	-599,597		-616,720		-490,759		-407,354		-435,131		-640,712		-801,181		-1,009,601		-1,017,822		-556,163	
Net interest income	**178,271**	***44.3***	**196,816**	***45.9***	**203,411**	***50.2***	**205,143**	***49.8***	**208,070**	***47.6***	**225,382**	***46.4***	**236,866**	***43.6***	**241,918**	***46.4***	**280,000**	***65.3***	**302,403**	***56.3***
Commissions receivable and other operating income	183,727	*45.7*	192,360	*44.8*	185,192	*45.7*	184,853	*44.9*	201,109	*46.0*	230,293	*47.4*	258,607	*47.6*	273,965	*52.5*	247,977	*57.9*	224,192	*41.8*
Commissions payable and other operating expenses	-28,804	*-7.2*	-30,560	*-7.1*	-32,158	*-7.9*	-35,003	*-8.5*	-38,415	*-8.8*	-41,407	*-8.5*	-45,991	*-8.5*	-50,456	*-9.7*	-50,796	*-11.9*	-52,731	*-9.8*
Dividends and share of profit (loss)	15,081	*3.7*	15,838	*3.7*	10,004	*2.5*	12,774	*3.1*	15,891	*3.6*	13,514	*2.8*	13,837	*2.5*	14,907	*2.9*	11,090	*2.6*	8,939	*1.7*
Gains (losses) on financial transactions	54,150	*13.5*	54,761	*12.8*	38,793	*9.6*	44,297	*10.8*	50,330	*11.5*	57,858	*11.9*	79,804	*14.7*	41,063	*7.9*	-59,675	*-13.9*	54,110	*10.1*
Total income	**402,425**	***100.0***	**429,215**	***100.0***	**405,242**	***100.0***	**412,064**	***100.0***	**436,985**	***100.0***	**485,640**	***100.0***	**543,123**	***100.0***	**521,397**	***100.0***	**428,596**	***100.0***	**536,913**	***100.0***
Labour costs	-149,071	*-37.0*	-163,273	*-38.0*	-154,315	*-38.1*	-149,783	*-36.3*	-154,640	*-35.4*	-173,139	*-35.7*	-192,075	*-35.4*	-195,668	*-37.5*	-179,411	*-41.9*	-190,025	*-35.4*
General expenses	-87,357	*-21.7*	-97,790	*-22.8*	-93,174	*-23.0*	-88,040	*-21.4*	-92,734	*-21.2*	-105,039	*-21.6*	-112,411	*-20.7*	-118,649	*-22.8*	-124,067	*-28.9*	-121,748	*-29.3*
Bad debts recovered (written off)	-25,122	*-6.2*	-38,721	*-9.0*	-49,522	*-12.2*	-40,136	*-9.7*	-30,435	*-7.0*	-27,777	*-5.7*	-34,894	*-6.4*	-50,871	*-9.8*	-100,789	*-23.5*	-149,967	*-27.9*
Depreciation and amortization	-19,027	*-4.7*	-21,213	*-4.9*	-20,807	*-5.1*	-19,148	*-4.6*	-18,264	*-4.2*	-19,272	*-4.0*	-19,837	*-3.7*	-20,755	*-4.0*	-22,448	*-5.2*	-25,102	*-4.7*
Current pre-tax profit	**121,848**	***30.3***	**108,218**	***25.2***	**87,424**	***21.6***	**114,957**	***27.9***	**140,912**	***32.2***	**160,413**	***33.0***	**183,906**	***33.9***	**135,454**	***26.0***	**1,881**	***0.4***	**50,071**	***9.3***
Amortization of goodwill	-5,913	*-1.5*	-10,148	*-2.4*	-12,523	*-3.1*	-11,081	*-2.7*	-8,057	*-1.8*	-62	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*
Transfer from (to) reserves	-1,962	*-0.5*	-2,718	*-0.6*	-84	*0.0*	-1,067	*-0.3*	-1,014	*-0.2*	-1,262	*-0.3*	-1,255	*-0.2*	0	*0.0*	0	*0.0*	0	*0.0*
Fixed asset revaluations (writedowns)	-1,299	*-0.3*	-5,031	*-1.2*	-9,698	*-2.4*	-4,656	*-1.1*	-869	*-0.2*	-443	*-0.1*	119	*0.0*	-9,229	*-1.8*	-96,813	*-22.6*	-28,233	*-5.2*
Extraordinary items	19,782	*4.9*	13,356	*3.1*	13,931	*3.4*	4,953	*1.2*	5,099	*1.2*	21,053	*4.3*	31,972	*5.9*	54,068	*10.4*	3,556	*0.8*	43,164	*8.0*
Cumulative effect of accounting changes	0	*0.0*	-328	*-0.1*	-736	*-0.2*	-175	*0.0*	20	*0.0*	12	*0.0*	19	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*
Profit (loss) before tax	**132,456**	***32.9***	**103,349**	***24.1***	**78,314**	***19.3***	**102,931**	***25.0***	**136,091**	***31.1***	**179,711**	***37.0***	**214,761**	***39.5***	**180,293**	***34.6***	**-91,376**	***-21.3***	**65,002**	***12.1***
Income tax	-33,635	*-8.4*	-27,647	*-6.4*	-24,010	*-5.9*	-30,119	*-7.3*	-36,597	*-8.4*	-45,353	*-9.3*	-52,196	*-9.6*	-37,553	*-7.2*	6,396	*1.5*	-12,363	*-2.3*
Profit attributable to minorities	-7,031	*-1.7*	-7,204	*-1.7*	-5,856	*-1.4*	-6,420	*-1.6*	-7,631	*-1.7*	-6,620	*-1.4*	-7,680	*-1.4*	-7,943	*-1.5*	5,499	*1.3*	-4,942	*-0.9*
Net profit attributable to parent company	**91,790**	***22.8***	**68,498**	***16.0***	**48,448**	***12.0***	**66,392**	***16.1***	**91,863**	***21.0***	**127,738**	***26.3***	**154,885**	***28.5***	**134,797**	***25.9***	**-79,481**	***-18.5***	**47,697**	***8.9***
Dividends payout	*33,080*	8.2	*36,398*	8.5	*33,764*	8.3	*36,972*	9.0	*41,498*	9.5	*52,377*	10.8	*61,992*	11.4	*58,314*	11.2	*22,029*	5.1	*22,387*	4.2

	2000		2001		2002		2003		2004		2005		2006		2007		2008		2009	
	EUR m	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%
Cash and deposits at central banks	136,521	*0.9*	178,991	*1.1*	160,759	*1.0*	167,078	*1.0*	182,657	*1.0*	170,020	*0.7*	172,263	*0.7*	268,169	*0.9*	408,207	*1.4*	538,376	*2.1*
Securities	3,395,649	*22.4*	3,881,035	*23.3*	3,661,193	*22.3*	3,900,751	*23.0*	4,490,892	*23.8*	6,760,922	*28.7*	7,241,075	*28.4*	7,335,555	*25.8*	5,758,018	*19.0*	5,786,417	*22.2*
Loans and advances to banks	2,358,070	*15.5*	2,628,054	*15.8*	2,661,002	*16.2*	2,819,127	*16.6*	3,109,899	*16.5*	3,590,647	*15.3*	3,777,342	*14.8*	4,055,657	*14.2*	3,315,517	*10.9*	2,734,458	*10.5*
Loans and advances to customers	6,868,521	*45.2*	7,239,554	*43.4*	7,268,307	*44.3*	7,383,316	*43.6*	8,065,725	*42.8*	9,856,882	*41.9*	11,094,782	*43.5*	11,920,548	*41.9*	11,972,285	*39.5*	11,450,816	*44.0*
Loans, advances and cash	***12,758,761***	***84.0***	***13,927,634***	***83.6***	***13,751,261***	***83.8***	***14,270,272***	***84.2***	***15,849,173***	***84.2***	***20,378,471***	***86.6***	***22,285,462***	***87.4***	***23,579,929***	***82.8***	***21,454,027***	***70.8***	***20,510,067***	***78.8***
Interests in subsidiares and associated	174,631	*1.2*	196,353	*1.2*	167,513	*1.0*	156,090	*0.9*	151,409	*0.8*	81,827	*0.3*	83,038	*0.3*	125,469	*0.4*	85,626	*0.3*	91,876	*0.4*
Intangible assets	19,728	*0.1*	19,669	*0.1*	20,278	*0.1*	25,038	*0.1*	25,645	*0.1*	47,598	*0.2*	46,511	*0.2*	66,036	*0.2*	63,493	*0.2*	65,480	*0.2*
Net tangible assets	160,198	*1.1*	173,349	*1.0*	161,877	*1.0*	151,589	*0.9*	163,555	*0.9*	228,208	*1.0*	235,893	*0.9*	232,585	*0.8*	232,141	*0.8*	237,903	*0.9*
Other assets	1,955,235	*12.9*	2,224,909	*13.4*	2,186,825	*13.3*	2,224,637	*13.1*	2,508,582	*13.3*	2,629,634	*11.2*	2,663,148	*10.4*	4,213,110	*14.8*	8,263,028	*27.2*	4,922,109	*18.9*
of which: derivatives assets	…	…	…	…	…	…	…	…	*1,107,532*	5.9	*1,867,359*	7.9	*1,829,819*	7.2	*3,341,227*	11.7	*7,188,788*	23.7	*3,968,203*	15.2
Total (a)	**15,068,553**	***99.2***	**16,541,914**	***99.3***	**16,287,754**	***99.3***	**16,827,626**	***99.3***	**18,698,364**	***99.3***	**23,365,738**	***99.3***	**25,314,052**	***99.3***	**28,217,129**	***99.1***	**30,098,315**	***99.3***	**25,827,435**	***99.2***
Deposits by banks	3,146,401	*20.7*	3,375,911	*20.3*	3,305,897	*20.2*	3,476,121	*20.5*	3,839,250	*20.4*	4,426,838	*18.8*	4,863,977	*19.1*	5,121,545	*18.0*	4,468,496	*14.7*	3,311,481	*12.7*
Customer deposits	5,708,886	*37.6*	6,422,012	*38.5*	6,303,730	*38.4*	6,400,681	*37.8*	7,005,202	*37.2*	8,393,478	*35.7*	9,153,808	*35.9*	9,715,785	*34.1*	9,343,662	*30.8*	9,277,763	*35.6*
Debt securities	2,830,109	*18.6*	3,044,664	*18.3*	3,030,846	*18.5*	3,095,486	*18.3*	3,455,920	*18.4*	4,373,535	*18.6*	4,962,973	*19.5*	5,344,860	*18.8*	5,005,620	*16.5*	4,928,104	*18.9*
Subordinated liabilities	320,513	*2.1*	365,951	*2.2*	371,047	*2.3*	373,245	*2.2*	385,230	*2.0*	472,563	*2.0*	491,755	*1.9*	523,806	*1.8*	584,560	*1.9*	534,863	*2.1*
Total funding	***12,005,909***	***79.1***	***13,208,538***	***79.3***	***13,011,520***	***79.3***	***13,345,533***	***78.8***	***14,685,602***	***78.0***	***17,666,414***	***75.1***	***19,472,513***	***76.4***	***20,705,996***	***72.7***	***19,402,338***	***64.0***	***18,052,211***	***69.3***
Provision for employee benefits	44,187	*0.3*	40,510	*0.2*	45,007	*0.3*	42,862	*0.3*	48,123	*0.3*	76,657	*0.3*	71,242	*0.3*	58,493	*0.2*	56,031	*0.2*	54,131	*0.2*
Deferred taxation	42,648	*0.3*	41,953	*0.3*	43,843	*0.3*	39,852	*0.2*	42,295	*0.2*	57,658	*0.2*	51,637	*0.2*	58,761	*0.2*	49,419	*0.2*	41,037	*0.2*
Other liabilities	2,417,558	*15.9*	2,626,137	*15.8*	2,606,526	*15.9*	2,788,278	*16.5*	3,257,823	*17.3*	4,815,995	*20.5*	4,881,205	*19.1*	6,508,171	*22.9*	9,820,440	*32.4*	6,694,219	*25.7*
of which: derivatives liabilities	…	…	…	…	…	…	…	…	*1,178,197*	6.3	*1,937,748*	8.2	*1,923,804*	7.5	*3,395,932*	11.9	*7,102,281*	23.4	*3,950,114*	15.2
Total liabilities (b)	**14,510,302**	***95.6***	**15,917,138**	***95.5***	**15,706,896**	***95.8***	**16,216,525**	***95.7***	**18,033,843**	***95.8***	**22,616,724**	***96.1***	**24,476,597**	***96.0***	**27,331,421**	***96.0***	**29,328,228**	***96.8***	**24,841,598**	***95.4***
Goodwill (c)	114,309	*0.8*	124,052	*0.7*	114,774	*0.7*	116,100	*0.7*	132,293	*0.7*	161,013	*0.7*	181,476	*0.7*	246,450	*0.9*	210,020	*0.7*	204,809	*0.8*
Net worth (a-b+c)	**672,560**	***4.4***	**748,828**	***4.5***	**695,632**	***4.2***	**727,201**	***4.3***	**796,814**	***4.2***	**910,027**	***3.9***	**1,018,931**	***4.0***	**1,132,158**	***4.0***	**980,107**	***3.2***	**1,190,646**	***4.6***
represented by:																				
Issued share capital	75,521	*0.5*	88,107	*0.5*	91,082	*0.6*	94,482	*0.6*	97,520	*0.5*	101,935	*0.4*	102,914	*0.4*	99,594	*0.3*	102,878	*0.3*	138,016	*0.5*
Reserves	533,933	*3.5*	589,927	*3.5*	543,811	*3.3*	563,927	*3.3*	629,337	*3.3*	761,367	*3.2*	854,575	*3.4*	926,696	*3.3*	780,271	*2.6*	954,275	*3.7*
Own shares	-12,943	*-0.1*	-10,159	*-0.1*	-13,189	*-0.1*	-13,765	*-0.1*	-19,264	*-0.1*	-27,257	*-0.1*	-23,578	*-0.1*	-28,541	*-0.1*	-9,151	*0.0*	-5,623	*0.0*
Total	**596,511**	***3.9***	**667,875**	***4.0***	**621,704**	***3.8***	**644,644**	***3.8***	**707,593**	***3.8***	**836,045**	***3.6***	**933,911**	***3.7***	**997,749**	***3.5***	**873,998**	***2.9***	**1,086,668**	***4.2***
Minority interests	76,049	*0.5*	80,953	*0.5*	73,928	*0.5*	82,557	*0.5*	89,221	*0.5*	73,982	*0.3*	85,020	*0.3*	134,409	*0.5*	106,109	*0.4*	103,978	*0.4*
Funding from customers	**8,859,508**	***58.4***	**9,832,627**	***59.0***	**9,705,623**	***59.2***	**9,869,412**	***58.2***	**10,846,352**	***57.6***	**13,239,576**	***56.3***	**14,608,536**	***57.3***	**15,584,451**	***54.8***	**14,933,842**	***49.3***	**14,740,730**	***56.6***
Total assets (a+c)	**15,182,862**	***100.0***	**16,665,966**	***100.0***	**16,402,528**	***100.0***	**16,943,726**	***100.0***	**18,830,657**	***100.0***	**23,526,751**	***100.0***	**25,495,528**	***100.0***	**28,463,579**	***100.0***	**30,308,335**	***100.0***	**26,032,244**	***100.0***

TABLE II.3 – EMPLOYEES — EUROPE

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Average number of staff	2,225,733	2,360,102	2,366,216	2,358,631	2,354,372	2,440,198	2,574,630	2,696,508	2,825,551	2,797,527
of which: from country of origin (%) (1)	*58.1*	*55.6*	*55.2*	*54.3*	*53.9*	*52.3*	*49.2*	*46.4*	*43.7*	*43.7*
from elsewhere (%) (1)	*41.9*	*44.4*	*44.8*	*45.7*	*46.1*	*47.7*	*50.8*	*53.6*	*56.3*	*56.3*

(1) Figures for companies which cover 85% of total number of staff in 2000, 87% in 2001, 2002 and 2003, 89% in 2004, 91% in 2005, 94% in 2006, 2007 and 2008 and 93% in 2009.

TABLE II.4 – FINANCIAL RATIOS — EUROPE

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Funding from customers per employee ('000 EUR) (1)	4,169	4,425	4,365	4,466	4,876	5,726	5,914	6,018	5,460	5,413
Loans and advances to customers per employee ('000 EUR) (1)	3,232	3,258	3,269	3,341	3,626	4,263	4,492	4,603	4,377	4,205
Labour cost per employee ('000 EUR) (1)	70	73	69	67	69	75	78	75	66	70
Cost / income ratio (%)	63.5	65.8	66.2	62.4	60.8	61.3	59.7	64.2	76.1	62.8
Bad debts written off as % of total income (2)	6.2	9.0	12.2	9.7	7.0	5.7	6.4	9.8	23.5	27.9
Dividends payout as % of net profit	36.0	53.1	69.7	55.7	45.2	41.0	40.0	43.3	n.c.	46.9
ROE (%)	18.2	11.4	8.5	11.5	14.9	18.0	19.9	15.6	n.c.	4.6
ROA (%)	0.6	0.4	0.3	0.4	0.5	0.5	0.6	0.5	n.c.	0.2
Doubful loans as % of loans to customers (3)	1.2	1.3	1.3	1.3	0.9	0.8	0.8	0.9	1.3	2.2
Doubful loans as % of net worth (3)	12.1	12.1	13.3	12.4	9.4	9.1	8.7	9.0	15.8	21.3
Loans, advances and cash as % of total funding	106.3	105.4	105.7	106.9	107.9	115.4	114.4	113.9	110.6	113.6
Fixed assets as % of net worth	69.7	68.6	66.8	61.7	59.3	57.0	53.7	59.2	60.3	50.4
Free capital as % of funding from customers	1.3	1.5	1.4	1.9	2.3	2.3	2.6	2.3	1.6	2.3
Total assets (4) / Tangible net worth (n.)	27.9	27.3	29.0	28.7	29.2	33.2	31.9	34.3	42.5	28.0

Funding from customers = customer deposits plus debt securities plus subordinated liabilities.
Fixed assets = interests in subsidiaries and associated plus net tangible and intangible assets plus goodwill.
Free capital = net worth less fixed assets less doubtful loans.
Tangibile net worth = net worth less intangible assets less goodwill.

(1) Calculated excluding staff employed in insurance operations where possible based on information available.
(2) Net of recovered amounts.
(3) Figures cover Groups which accounted for 90.5% in 2000, 95.1% in 2001, 92.7% in 2002, 93.1% in 2003, 95.8% in 2004, 95.2% in 2005, 95.9% in 2006 and 100% in 2007, 2008 and 2009 of loans to customers of the sample.
(4) Excluding intangibile assets.

TABLE II.1 – PROFIT AND LOSS ACCOUNTS JAPAN

	2000		2001		2002		2003		2004		2005		2006		2007		2008		2009	
	JPY bn	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%
Interest receivable and similar income	14,757		12,960		10,021		8,958		9,004		10,861		13,475		14,660		12,482		9,642	
Interest payable and similar expenses	-8,023		-5,667		-3,323		-2,488		-2,700		-4,258		-6,534		-7,782		-5,642		-2,917	
Net interest income	**6,734**	***66.5***	**7,293**	***67.9***	**6,698**	***60.3***	**6,470**	***59.2***	**6,304**	***60.7***	**6,603**	***60.0***	**6,941**	***61.5***	**6,878**	***62.9***	**6,840**	***75.0***	**6,725**	***61.5***
Commissions receivable and other operating income	3,788	*37.4*	3,740	*34.8*	3,440	*31.0*	3,487	*31.9*	3,872	*37.3*	4,435	*40.3*	4,467	*39.6*	4,591	*42.0*	3,968	*43.5*	3,985	*36.5*
Commissions payable and other operating expenses	-1,382	*-13.7*	-1,258	*-11.7*	-1,042	*-9.4*	-861	*-7.9*	-890	*-8.6*	-1,046	*-9.5*	-1,033	*-9.2*	-1,242	*-11.4*	-935	*-10.2*	-972	*-8.9*
Dividends and share of profit (loss) (1)	44	*0.4*	44	*0.4*	49	*0.4*	68	*0.6*	109	*1.0*	89	*0.8*	-156	*-1.4*	-77	*-0.7*	-165	*-1.8*	-175	*-1.6*
Gains (losses) on financial transactions	937	*9.3*	921	*8.6*	1,955	*17.6*	1,761	*16.1*	987	*9.5*	921	*8.4*	1,062	*9.4*	780	*7.1*	-583	*-6.4*	1,365	*12.5*
Total income	**10,121**	***100.0***	**10,740**	***100.0***	**11,100**	***100.0***	**10,925**	***100.0***	**10,382**	***100.0***	**11,002**	***100.0***	**11,281**	***100.0***	**10,930**	***100.0***	**9,125**	***100.0***	**10,928**	***100.0***
Labour costs	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…
General expenses (2)	-5,337	*-52.7*	-5,537	*-51.6*	-5,291	*-47.7*	-5,072	*-46.4*	-4,763	*-45.9*	-5,169	*-47.0*	-5,233	*-46.4*	-5,507	*-50.4*	-5,688	*-62.3*	-5,818	*-53.2*
Bad debts recovered (written off)	-4,595	*-45.4*	-8,030	*-74.8*	-4,807	*-43.3*	-3,297	*-30.2*	-1,913	*-18.4*	-474	*-4.3*	-826	*-7.3*	-924	*-8.4*	-2,754	*-30.2*	-1,959	*-17.9*
Depreciation and amortization	-398	*-4.0*	-466	*-4.3*	-521	*-4.7*	-483	*-4.4*	-462	*-4.5*	-666	*-6.0*	-729	*-6.5*	-773	*-7.1*	-832	*-9.1*	-800	*-7.3*
Current pre-tax profit	**-209**	***-2.1***	**-3,293**	***-30.7***	**481**	***4.3***	**2,073**	***19.0***	**3,244**	***31.2***	**4,693**	***42.7***	**4,493**	***39.8***	**3,726**	***34.1***	**-149**	***-1.6***	**2,351**	***21.5***
Amortization of goodwill	-40	*-0.4*	-39	*-0.4*	-84	*-0.8*	-7	*-0.1*	-23	*-0.2*	-42	*-0.4*	-34	*-0.3*	-46	*-0.4*	-50	*-0.5*	-64	*-0.6*
Transfer from (to) reserves	0	*0.0*	-15	*-0.1*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*
Fixed asset revaluations (writedowns)	-403	*-4.0*	-1,751	*-16.3*	-2,090	*-18.8*	-111	*-1.0*	-789	*-7.6*	-700	*-6.4*	-1,011	*-9.0*	-1,893	*-17.3*	-3,850	*-42.2*	-513	*-4.7*
Extraordinary items	1,618	*16.0*	-479	*-4.5*	-1,962	*-17.7*	-192	*-1.8*	350	*3.4*	717	*6.5*	1,178	*10.4*	1,284	*11.7*	935	*10.2*	1,111	*10.2*
Cumulative effect of accounting changes	0	*0.0*	9	*0.1*	-1	*0.0*	0	*0.0*	-1	*0.0*	-16	*-0.1*	258	*2.3*	0	*0.0*	0	*0.0*	0	*0.0*
Profit (loss) before tax	**966**	***9.5***	**-5,568**	***-51.8***	**-3,656**	***-32.9***	**1,763**	***16.1***	**2,781**	***26.8***	**4,652**	***42.3***	**4,884**	***43.3***	**3,071**	***28.1***	**-3,114**	***-34.1***	**2,885**	***26.4***
Income tax	-566	*-5.6*	1,555	*14.5*	-304	*-2.7*	-1,532	*-14.0*	-1,295	*-12.5*	-1,142	*-10.4*	-1,611	*-14.3*	-1,567	*-14.3*	-195	*-2.1*	-899	*-8.2*
Profit attributable to minorities	-86	*-0.8*	-83	*-0.8*	-129	*-1.2*	-176	*-1.6*	-197	*-1.9*	-330	*-3.0*	-210	*-1.9*	-188	*-1.7*	-97	*-1.1*	-260	*-2.4*
Net profit attributable to parent company	**314**	***3.1***	**-4,096**	***-38.1***	**-4,089**	***-36.8***	**55**	***0.5***	**1,289**	***12.4***	**3,180**	***28.9***	**3,063**	***27.2***	**1,316**	***12.0***	**-3,406**	***-37.3***	**1,726**	***15.8***
Dividends payout	*186*	*1.8*	*266*	*2.5*	*192*	*1.7*	*298*	*2.7*	*323*	*3.1*	*395*	*3.6*	*516*	*4.6*	*640*	*5.9*	*482*	*5.3*	*585*	*5.4*

(1) Excluding dividends included under interest receivable and similar income.
(2) Including labour costs for which no separate figure is available.

TABLE II.2 – FINANCIAL STATEMENTS JAPAN

		2000		2001		2002		2003		2004		2005		2006		2007		2008		2009	
		JPY bn	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%
Cash and deposits at central banks		…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…
Securities		191,471	27.3	168,569	25.8	183,076	28.8	209,738	32.6	223,075	34.1	236,066	34.6	228,721	33.8	215,998	31.0	220,765	31.1	263,144	35.9
Loans and advances to banks (1)		64,103	9.1	64,167	9.8	67,630	10.6	70,596	11.0	75,959	11.6	74,131	10.9	74,208	11.0	80,768	11.6	67,107	9.4	71,281	9.7
Loans and advances to customers		388,069	55.3	368,511	56.4	340,924	53.6	325,353	50.5	317,753	48.6	331,048	48.5	336,211	49.6	345,503	49.6	359,477	50.6	342,738	46.7
Loans, advances and cash		643,643	91.7	601,247	92.0	591,630	93.0	605,687	94.1	616,787	94.4	641,245	93.9	639,140	94.3	642,269	92.2	647,349	91.1	677,163	92.3
Interests in subsidiares and associated		669	0.1	399	0.1	376	0.1	385	0.1	1,571	0.2	2,230	0.3	2,103	0.3	2,084	0.3	3,057	0.4	3,274	0.4
Intangible assets		61	0.0	647	0.1	675	0.1	754	0.1	930	0.1	2,816	0.4	2,656	0.4	3,510	0.5	2,869	0.4	2,656	0.4
Net tangible assets		7,785	1.1	7,121	1.1	6,552	1.0	5,618	0.9	5,061	0.8	4,802	0.7	4,600	0.7	4,556	0.7	4,586	0.7	4,690	0.6
Other assets		49,805	7.1	43,881	6.7	36,707	5.8	31,373	4.9	28,774	4.4	29,459	4.3	26,765	4.0	42,312	6.1	52,034	7.3	44,671	6.1
of which: derivatives assets		…	…	…	…	…	…	…	…	14,273	2.2	8,421	1.2	10,636	1.6	22,667	3.3	31,631	4.4	26,694	3.6
Total	**(a)**	701,963	100.0	653,295	100.0	635,940	100.0	643,817	100.0	653,123	99.9	680,552	99.7	675,264	99.7	694,731	99.7	709,895	99.9	732,454	99.8
Deposits by banks		81,283	11.6	78,087	12.0	97,770	15.4	94,862	14.7	100,395	15.4	99,279	14.5	81,317	12.0	87,146	12.5	97,049	13.6	96,387	13.2
Customer deposits		443,491	63.2	437,810	67.0	428,241	67.3	439,977	68.3	444,564	68.0	454,052	66.5	463,881	68.5	471,394	67.7	478,694	67.4	494,865	67.5
Debt securities		57,931	8.2	52,015	8.0	44,697	7.0	40,071	6.2	38,760	5.9	39,898	5.8	38,202	5.6	37,040	5.3	34,835	4.9	34,750	4.7
Subordinated liabilities		18,218	2.6	16,320	2.5	12,644	2.0	13,079	2.0	13,222	2.0	15,289	2.2	16,034	2.4	15,825	2.3	16,570	2.3	17,047	2.3
Total funding		600,923	85.6	584,232	89.4	583,352	91.7	587,989	91.3	596,941	91.3	608,518	89.1	599,434	88.5	611,405	87.8	627,148	88.2	643,049	87.7
Provision for employee benefits		721	0.1	706	0.1	707	0.1	492	0.1	443	0.1	299	0.0	273	0.0	301	0.0	441	0.1	227	0.0
Deferred taxation		1,084	0.2	849	0.1	726	0.1	729	0.1	947	0.1	1,489	0.2	1,849	0.3	556	0.1	388	0.1	434	0.1
Other liabilities		68,885	9.8	42,786	6.5	30,166	4.7	29,002	4.5	27,239	4.2	35,717	5.2	37,037	5.5	49,887	7.2	55,644	7.8	53,014	7.2
of which: derivatives liabilities		…	…	…	…	…	…	…	…	13,458	2.1	8,636	1.3	10,815	1.6	19,384	2.8	29,768	4.2	24,805	3.4
Total liabilities	**(b)**	671,613	95.6	628,573	96.2	614,951	96.7	618,212	96.0	625,570	95.7	646,023	94.6	638,593	94.2	662,149	95.1	683,621	96.2	696,724	95.0
Goodwill	**(c)**	288	0.0	151	0.0	96	0.0	88	0.0	433	0.1	2,270	0.3	2,311	0.3	1,778	0.3	1,055	0.1	1,132	0.2
Net worth	**(a-b+c)**	30,638	4.4	24,873	3.8	21,085	3.3	25,693	4.0	27,986	4.3	36,799	5.4	38,982	5.8	34,360	4.9	27,329	3.8	36,862	5.0
represented by:																					
Issued share capital		12,262	1.7	10,462	1.6	9,586	1.5	10,062	1.6	9,279	1.4	8,627	1.3	8,680	1.3	9,281	1.3	10,621	1.5	12,577	1.7
Reserves		16,119	2.3	11,592	1.8	7,968	1.3	12,046	1.9	14,757	2.3	24,727	3.6	26,540	3.9	21,034	3.0	11,441	1.6	18,952	2.6
Own shares		-35	0.0	-216	0.0	-212	0.0	-171	0.0	-723	-0.1	-867	-0.1	-1,275	-0.2	-968	-0.1	-347	0.0	-343	0.0
Total		28,346	4.0	21,838	3.3	17,342	2.7	21,937	3.4	23,313	3.6	32,487	4.8	33,945	5.0	29,347	4.2	21,715	3.1	31,186	4.3
Minority interests		2,292	0.3	3,035	0.5	3,743	0.6	3,756	0.6	4,673	0.7	4,312	0.6	5,037	0.7	5,013	0.7	5,614	0.8	5,676	0.8
Funding from customers		519,640	74.0	506,145	77.5	485,582	76.3	493,127	76.6	496,546	76.0	509,239	74.6	518,117	76.5	524,259	75.3	530,099	74.6	546,662	74.5
Total assets	**(a+c)**	702,251	100.0	653,446	100.0	636,036	100.0	643,905	100.0	653,556	100.0	682,822	100.0	677,575	100.0	696,509	100.0	710,950	100.0	733,586	100.0

(1) Includes amounts available in cash and at central banks, for which amounts are not shown in company balance sheets.

TABLE II.3 – EMPLOYEES

JAPAN

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Average number of staff (1)	222,788 (2)	236,479	230,315	218,461	207,940	211,792	212,731	218,679	229,930	238,720
of which: from country of origin (%)	…	…	…	…	…	…	…	…	…	…
from elsewhere (%)	…	…	…	…	…	…	…	…	…	…

(1) In interpreting this data it should be remembered that not all companies considered here provide information on the total number of group employees.
(2) Concerning 23 of the 25 companies considered.

TABLE II.4 – FINANCIAL RATIOS

JAPAN

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Funding from customers per employee (JPYm) (1)	2,253 (2)	2,140	2,108	2,257	2,388	2,404	2,436	2,397	2,305	2,290
Loans and advances to customers per employee (JPYm) (1)	1,680 (2)	1,558	1,480	1,489	1,528	1,563	1,580	1,580	1,563	1,436
Labour cost per employee (JPYm)	…	…	…	…	…	…	…	…	…	…
Cost / income ratio (%)	56.7	55.9	52.4	50.8	50.4	53.0	52.9	57.5	71.4	60.6
Bad debts written off as % of total income (3)	45.4	74.8	43.3	30.2	18.4	4.3	7.3	8.4	30.2	17.9
Dividends payout as % of net profit	59.2	n.c.	n.c.	541.8	25.1	12.4	16.8	48.6	n.c.	33.9
ROE (%)	1.1	n.c.	n.c.	0.3	5.9	10.9	9.9	4.7	n.c.	5.9
ROA (%)	o	n.c.	n.c.	o	0.2	0.5	0.5	0.2	n.c.	0.2
Doubful loans as % of loans to customers	3.8 (4)	5.9	4.5	2.9	1.4	1.0	0.8	0.8	0.8	0.9
Doubful loans as % of net worth	48.1 (4)	87.9	73.5	36.4	16.1	8.6	6.6	7.8	10.8	8.2
Loans, advances and cash as % of total funding	107.1	102.9	101.4	103.0	103.3	105.4	106.6	105.0	103.2	105.3
Fixed assets as % of net worth	28.7	33.4	36.5	26.6	28.6	32.9	29.9	34.7	42.3	31.9
Free capital as % of funding from customers	1.4	-1.0	-0.4	1.9	3.1	4.2	4.8	3.8	2.4	4.0
Total assets (5) / Tangible net worth (n.)	23.2	27.1	31.3	25.9	24.5	21.4	19.8	23.8	30.2	22.1

Funding from customers = customer deposits plus debt securities plus subordinated liabilities.
Fixed assets = interests in subsidiaries and associated plus net tangible and intangible assets plus goodwill.
Free capital = net worth less fixed assets less doubtful loans.
Tangibile net worth = net worth less intangible assets less goodwill.

(1) In interpreting this data it should be remembered that not all companies considered here provide information on the total number of group employees.
(2) Figures cover groups which accounted for 96.6% of total assets of the sample.
(3) Net of recovered amounts.
(4) These figures refer to companies representing 99% of the total customer loans covered by the survey.
(5) Excluding intangibile assets.

TABLE II.1 – PROFIT AND LOSS ACCOUNTS | UNITED STATES

	2000		2001		2002		2003		2004		2005		2006		2007		2008		2009	
	USD m	%	*USD m*	%	*USD m*	%	*USD m*	%	*USD m*	%	*USD m*	%	*USD m*	%	*USD m*	%	*USD m*	%	*USD m*	%
Interest receivable and similar income	343,909		323,947		273,062		258,961		283,379		360,074		463,833		544,812		460,432		342,514	
Interest payable and similar expenses	-206,565		-171,035		-107,679		-87,699		-99,577		-175,798		-272,247		-338,303		-223,518		-102,271	
Net interest income	**137,344**	***45.7***	**152,912**	***48.8***	**165,383**	***49.9***	**171,262**	***48.4***	**183,802**	***49.4***	**184,276**	***46.6***	**191,586**	***44.0***	**206,509**	***49.9***	**236,914**	***66.0***	**240,243**	***52.2***
Commissions receivable and other operating income (1)	134,173	*44.7*	138,631	*44.2*	148,986	*45.0*	159,051	*45.0*	171,967	*46.2*	187,109	*47.4*	209,195	*48.0*	233,074	*56.4*	195,708	*54.5*	190,556	*41.4*
Commissions payable and other operating expenses	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…
Dividends and share of profit (loss) (2)	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…
Gains (losses) on financial transactions	28,740	*9.6*	22,014	*7.0*	16,895	*5.1*	23,367	*6.6*	16,340	*4.4*	23,661	*6.0*	34,743	*8.0*	-26,058	*-6.3*	-73,408	*-20.4*	29,854	*6.5*
Total income	**300,257**	***100.0***	**313,557**	***100.0***	**331,264**	***100.0***	**353,680**	***100.0***	**372,109**	***100.0***	**395,046**	***100.0***	**435,524**	***100.0***	**413,525**	***100.0***	**359,214**	***100.0***	**460,653**	***100.0***
Labour costs	-99,861	*-33.3*	-100,540	*-32.1*	-99,329	*-30.0*	-109,035	*-30.8*	-118,231	*-31.8*	-129,068	*-32.7*	-145,758	*-33.5*	-154,364	*-37.3*	-145,636	*-40.5*	-135,703	*-29.5*
General expenses	-68,704	*-22.9*	-70,885	*-22.6*	-73,819	*-22.3*	-79,428	*-22.5*	-86,088	*-23.1*	-88,220	*-22.3*	-93,212	*-21.5*	-103,745	*-24.3*	-110,811	*-30.8*	-107,611	*-23.4*
Bad debts recovered (written off)	-22,129	*-7.4*	-34,165	*-10.9*	-36,012	*-10.9*	-25,434	*-7.2*	-19,042	*-5.1*	-23,833	*-6.0*	-22,955	*-5.3*	-57,497	*-13.9*	-173,423	*-48.3*	-177,807	*-38.6*
Depreciation and amortization	-12,998	*-4.3*	-12,547	*-4.0*	-12,811	*-3.9*	-13,106	*-3.7*	-14,437	*-3.9*	-15,159	*-3.8*	-16,545	*-3.8*	-17,682	*-4.3*	-18,475	*-5.1*	-19,049	*-4.1*
Current pre-tax profit	**96,565**	***32.2***	**95,420**	***30.4***	**109,293**	***33.0***	**126,677**	***35.8***	**134,311**	***36.1***	**138,766**	***35.1***	**157,054**	***36.1***	**80,237**	***19.4***	**-89,131**	***-24.8***	**20,483**	***4.4***
Amortization of goodwill	-3,724	*-1.2*	-4,172	*-1.3*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*
Transfer from (to) reserves	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*
Fixed asset revaluations (writedowns)	-1,982	*-0.7*	-5,569	*-1.8*	-6,538	*-2.0*	-2,082	*-0.6*	-864	*-0.2*	2,797	*0.7*	-319	*-0.1*	-5,411	*-1.3*	-70,746	*-19.7*	-14,297	*-3.1*
Extraordinary items	-265	*-0.1*	-6,876	*-2.2*	-1,972	*-0.6*	2,057	*0.6*	-6,706	*-1.8*	8,155	*2.1*	14,350	*3.3*	3,111	*0.8*	16,115	*4.5*	24,245	*5.3*
Cumulative effect of accounting changes	-46	*0.0*	-398	*-0.1*	-514	*-0.2*	-52	*0.0*	0	*0.0*	-80	*0.0*	-1,779	*-0.4*	0	*0.0*	-62	*0.0*	0	*0.0*
Profit (loss) before tax	**90,548**	***30.2***	**78,405**	***25.0***	**100,269**	***30.3***	**126,600**	***35.8***	**126,741**	***34.1***	**149,638**	***37.9***	**169,306**	***38.9***	**77,937**	***18.8***	**-143,824**	***-40.0***	**30,431**	***6.6***
Income tax	-32,100	*-10.7*	-26,873	*-8.6*	-32,194	*-9.7*	-41,288	*-11.7*	-40,414	*-10.9*	-48,776	*-12.3*	-54,317	*-12.5*	-20,532	*-5.0*	43,038	*12.0*	890	*0.2*
Profit attributable to minorities	-511	*-0.2*	-350	*-0.1*	-450	*-0.1*	-684	*-0.2*	-450	*-0.1*	-966	*-0.2*	-855	*-0.2*	-1,059	*-0.3*	198	*0.1*	-536	*-0.1*
Net profit attributable to parent company	**57,937**	***19.3***	**51,182**	***16.3***	**67,625**	***20.4***	**84,628**	***23.9***	**85,877**	***23.1***	**99,896**	***25.3***	**114,134**	***26.2***	**56,346**	***13.6***	**-100,588**	***-28.0***	**30,785**	***6.7***
Dividends payout	*22,642*	*7.5*	*23,607*	*7.5*	*24,852*	*7.5*	*29,704*	*8.4*	*37,109*	*10.0*	*40,787*	*10.3*	*44,672*	*10.3*	*49,705*	*12.0*	*44,623*	*12.4*	*19,399*	*4.2*

(1) Net of commissions payable and other operating expenses.
(2) Item not specified in balance sheets.

TABLE II.2 – FINANCIAL STATEMENTS UNITED STATES

	2000		2001		2002		2003		2004		2005		2006		2007		2008		2009	
	USD m	%	*USD m*	%	*USD m*	%	*USD m*	%	*USD m*	%	*USD m*	%	*USD m*	%	*USD m*	%	*USD m*	%	*USD m*	%
Cash and deposits at central banks	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…
Securities	1,189,438	*22.7*	1,272,523	*23.1*	1,377,707	*23.7*	1,575,166	*24.5*	1,793,364	*24.3*	1,843,203	*23.2*	2,158,289	*24.2*	2,421,779	*23.6*	2,055,615	*21.4*	2,288,014	*25.5*
Loans and advances to banks (1)	733,168	*14.0*	794,288	*14.4*	794,735	*13.7*	919,944	*14.3*	1,057,294	*14.4*	1,285,492	*16.2*	1,434,958	*16.1*	1,603,873	*15.6*	1,462,806	*15.3*	1,348,695	*15.0*
Loans and advances to customers	2,530,252	*48.2*	2,552,162	*46.2*	2,708,545	*46.6*	2,928,826	*45.6*	3,379,165	*45.9*	3,712,369	*46.8*	4,056,424	*45.5*	4,548,957	*44.3*	4,247,075	*44.3*	3,783,746	*42.2*
Loans, advances and cash	***4,452,858***	***84.8***	***4,618,973***	***83.7***	***4,880,987***	***84.0***	***5,423,936***	***84.5***	***6,229,823***	***84.6***	***6,841,064***	***86.2***	***7,649,671***	***85.8***	***8,574,609***	***83.6***	***7,765,496***	***81.0***	***7,420,455***	***82.7***
Interests in subsidiares and associated	41,451	*0.8*	39,137	*0.7*	37,053	*0.6*	47,125	*0.7*	56,449	*0.8*	62,043	*0.8*	88,730	*1.0*	119,753	*1.2*	106,215	*1.1*	93,658	*1.0*
Intangible assets	41,742	*0.8*	50,417	*0.9*	45,094	*0.8*	58,848	*0.9*	75,091	*1.0*	87,593	*1.1*	103,351	*1.2*	118,934	*1.2*	105,583	*1.1*	116,189	*1.3*
Net tangible assets	49,910	*1.0*	49,659	*0.9*	51,210	*0.9*	52,687	*0.8*	58,324	*0.8*	60,204	*0.8*	64,795	*0.7*	75,144	*0.7*	73,211	*0.8*	76,149	*0.9*
Other assets	588,291	*11.2*	667,225	*12.1*	693,594	*11.9*	726,042	*11.3*	739,956	*10.0*	669,949	*8.4*	748,049	*8.4*	1,057,939	*10.3*	1,281,177	*13.4*	1,016,453	*11.3*
of which: derivatives assets	…	…	…	…	…	…	…	…	*234,783*	*3.2*	*188,088*	*2.4*	*201,489*	*2.3*	*330,854*	*3.2*	*541,046*	*5.6*	*276,482*	*3.1*
Total (a)	**5,174,252**	***98.6***	**5,425,411**	***98.3***	**5,707,938**	***98.2***	**6,308,638**	***98.3***	**7,159,643**	***97.2***	**7,720,853**	***97.3***	**8,654,596**	***97.0***	**9,946,379**	***97.0***	**9,331,682**	***97.4***	**8,722,904**	***97.2***
Deposits by banks	1,056,891	*20.1*	1,073,466	*19.4*	1,115,169	*19.2*	1,234,428	*19.2*	1,448,507	*19.7*	1,754,110	*22.1*	1,763,185	*19.8*	1,957,398	*19.1*	1,383,350	*14.5*	1,019,322	*11.4*
Customer deposits	2,495,743	*47.6*	2,683,087	*48.6*	2,878,179	*49.5*	3,093,379	*48.2*	3,485,566	*47.3*	3,733,526	*47.0*	4,047,488	*45.4*	4,545,781	*44.3*	4,611,195	*48.1*	4,696,426	*52.3*
Debt securities	578,579	*11.0*	523,761	*9.5*	553,099	*9.5*	687,691	*10.7*	777,526	*10.6*	861,947	*10.9*	1,112,595	*12.5*	1,474,553	*14.4*	1,313,297	*13.7*	1,157,933	*12.9*
Subordinated liabilities	128,694	*2.5*	152,039	*2.8*	158,117	*2.7*	170,553	*2.7*	190,966	*2.6*	201,590	*2.5*	251,296	*2.8*	323,104	*3.1*	324,935	*3.4*	296,466	*3.3*
Total funding	***4,259,907***	***81.2***	***4,432,353***	***80.3***	***4,704,564***	***80.9***	***5,186,051***	***80.8***	***5,902,565***	***80.1***	***6,551,173***	***82.5***	***7,174,564***	***80.4***	***8,300,836***	***80.9***	***7,632,777***	***79.7***	***7,170,147***	***79.9***
Provision for employee benefits	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*
Deferred taxation	27,134	*0.5*	26,777	*0.5*	33,207	*0.6*	35,170	*0.5*	27,848	*0.4*	29,194	*0.4*	32,550	*0.4*	32,646	*0.3*	1,587	*0.0*	720	*0.0*
Other liabilities	584,572	*11.1*	646,138	*11.7*	623,820	*10.7*	704,639	*11.0*	812,543	*11.0*	699,579	*8.8*	973,082	*10.9*	1,148,447	*11.2*	1,151,350	*12.0*	943,453	*10.5*
of which: derivatives liabilities	…	…	…	…	…	…	…	…	*225,980*	*3.1*	*191,872*	*2.4*	*222,311*	*2.5*	*319,274*	*3.1*	*412,358*	*4.3*	*218,639*	*2.4*
Total liabilities (b)	**4,871,613**	***92.8***	**5,105,268**	***92.5***	**5,361,591**	***92.2***	**5,925,860**	***92.3***	**6,742,956**	***91.5***	**7,279,946**	***91.7***	**8,180,196**	***91.7***	**9,481,929**	***92.4***	**8,785,714**	***91.7***	**8,114,320**	***90.4***
Goodwill (c)	74,310	*1.4*	94,446	*1.7*	105,271	*1.8*	110,284	*1.7*	206,581	*2.8*	216,892	*2.7*	265,410	*3.0*	311,028	*3.0*	249,079	*2.6*	254,499	*2.8*
Net worth (a-b+c)	**376,949**	***7.2***	**414,589**	***7.5***	**451,618**	***7.8***	**493,062**	***7.7***	**623,268**	***8.5***	**657,799**	***8.3***	**739,810**	***8.3***	**775,478**	***7.6***	**795,047**	***8.3***	**863,083**	***9.6***
represented by:																				
Issued share capital	43,102	*0.8*	39,247	*0.7*	34,416	*0.6*	33,983	*0.5*	74,764	*1.0*	77,680	*1.0*	106,128	*1.2*	104,446	*1.0*	311,078	*3.2*	221,467	*2.5*
Reserves	360,992	*6.9*	404,462	*7.3*	449,360	*7.7*	491,869	*7.7*	583,934	*7.9*	636,117	*8.0*	703,868	*7.9*	746,627	*7.3*	541,042	*5.6*	661,127	*7.4*
Own shares	-31,352	*-0.6*	-34,359	*-0.6*	-37,737	*-0.6*	-40,041	*-0.6*	-40,894	*-0.6*	-61,813	*-0.8*	-79,726	*-0.9*	-89,566	*-0.9*	-63,288	*-0.7*	-29,065	*-0.3*
Total	**372,742**	***7.1***	**409,350**	***7.4***	**446,039**	***7.7***	**485,811**	***7.6***	**617,804**	***8.4***	**651,984**	***8.2***	**730,270**	***8.2***	**761,507**	***7.4***	**788,832**	***8.2***	**853,529**	***9.5***
Minority interests	4,207	*0.1*	5,239	*0.1*	5,579	*0.1*	7,251	*0.1*	5,464	*0.1*	5,815	*0.1*	9,540	*0.1*	13,971	*0.1*	6,215	*0.1*	9,554	*0.1*
Funding from customers	**3,203,016**	***61.0***	**3,358,887**	***60.9***	**3,589,395**	***61.7***	**3,951,623**	***61.6***	**4,454,058**	***60.5***	**4,797,063**	***60.4***	**5,411,379**	***60.7***	**6,343,438**	***61.8***	**6,249,427**	***65.2***	**6,150,825**	***68.5***
Total assets (a+c)	**5,248,562**	***100.0***	**5,519,857**	***100.0***	**5,813,209**	***100.0***	**6,418,922**	***100.0***	**7,366,224**	***100.0***	**7,937,745**	***100.0***	**8,920,006**	***100.0***	**10,257,407**	***100.0***	**9,580,761**	***100.0***	**8,977,403**	***100.0***

(1) Includes amounts available in cash and at central banks, for which amounts are not shown in company balance sheets.

TABLE II.3 – EMPLOYEES

UNITED STATES

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Average number of staff	1,272,060	1,302,695	1,306,713	1,314,094	1,344,614	1,389,777	1,437,662	1,504,436	1,497,278	1,388,351
of which: from country of origin (%)	…	…	…	…	…	…	…	…	…	…
from elsewhere (%)	…	…	…	…	…	…	…	…	…	…

TABLE II.4 – FINANCIAL RATIOS

UNITED STATES

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Funding from customers per employee ('000 USD)	2,518	2,578	2,747	3,007	3,313	3,452	3,764	4,216	4,174	4,430
Loans and advances to customers per employee ('000 USD)	1,989	1,959	2,073	2,229	2,513	2,671	2,822	3,024	2,837	2,725
Labour cost per employee ('000 USD)	79	77	76	83	88	93	101	103	97	98
Cost / income ratio (%)	60.4	58.7	56.1	57.0	58.8	58.9	58.6	66.7	76.5	57.0
Bad debts written off as % of total income (1)	7.4	10.9	10.9	7.2	5.1	6.0	5.3	13.9	48.3	38.6
Dividends payout as % of net profit	39.1	46.1	36.7	35.1	43.2	40.8	39.1	88.2	n.c.	63.0
ROE (%)	18.4	14.3	17.9	21.1	16.1	18.1	18.5	8.0	n.c.	3.7
ROA (%)	1.1	0.9	1.2	1.3	1.2	1.3	1.3	0.5	n.c.	0.3
Doubful loans as % of loans to customers (2)	o	0.2	0.2	0.1	o	0.1	0.1	0.2	0.1	1.0
Doubful loans as % of net worth (2)	0.3	1.2	1.2	0.6	0.2	0.3	0.4	1.2	0.7	4.4
Loans, advances and cash as % of total funding	104.5	104.2	103.8	104.6	105.5	104.4	106.6	103.3	102.2	103.5
Fixed assets as % of net worth	55.0	56.4	52.8	54.5	63.6	64.9	70.6	80.6	67.2	62.6
Free capital as % of funding from customers	5.3	5.2	5.8	5.6	5.1	4.8	4.0	2.2	4.1	4.6
Total assets (3) / Tangible net worth (n.)	19.7	19.9	18.8	19.3	20.7	21.6	23.0	28.4	21.0	17.5

Funding from customers = customer deposits plus debt securities plus subordinated liabilities.
Fixed assets = interests in subsidiaries and associated plus net tangible and intangible assets plus goodwill.
Free capital = net worth less fixed assets less doubtful loans.
Tangibile net worth = net worth less intangible assets less goodwill.

(1) Net of recovered amounts.
(2) Calculated only on the basis of those exposures not completely covered by provisions.
(3) Excluding intangibile assets.

	2004		2005		2006		2007		2008		2009	
	CNY m	%	*CNY m*	%	*CNY m*	%	*CNY m*	%	*CNY m*	%	*CNY m*	%
Interest receivable and similar income	694,728		854,139		1,089,999		1,446,067		1,812,863		1,705,294	
Interest payable and similar expenses	-250,952		-336,686		-441,235		-556,249		-731,181		-671,072	
Net interest income	**443,776**	***88.7***	**517,453**	***90.0***	**648,764**	***90.0***	**889,818**	***87.5***	**1,081,682**	***84.6***	**1,034,222**	***80.7***
Commissions receivable and other operating income	47,765	*9.5*	55,711	*9.7*	83,075	*11.5*	157,291	*15.5*	187,429	*14.7*	240,712	*18.8*
Commissions payable and other operating expenses	-7,081	*-1.4*	-7,899	*-1.4*	-9,217	*-1.3*	-12,609	*-1.2*	-13,209	*-1.0*	-16,435	*-1.3*
Dividends and share of profit (loss)	2,620	*0.5*	780	*0.1*	1,836	*0.3*	2,189	*0.2*	3,463	*0.3*	3,605	*0.3*
Gains (losses) on financial transactions	13,410	*2.7*	8,717	*1.5*	-3,373	*-0.5*	-19,848	*-2.0*	18,902	*1.5*	19,089	*1.5*
Total income	**500,490**	***100.0***	**574,762**	***100.0***	**721,085**	***100.0***	**1,016,841**	***100.0***	**1,278,267**	***100.0***	**1,281,193**	***100.0***
Labour costs	-104,505	*-20.9*	-128,186	*-22.3*	-154,378	*-21.4*	-192,990	*-19.0*	-246,449	*-19.3*	-264,967	*-20.7*
General expenses	-119,844	*-29.6*	-129,966	*-22.6*	-151,970	*-21.1*	-187,796	*-18.5*	-221,232	*-17.3*	-236,576	*-18.5*
Bad debts recovered (written off)	-101,038	*-20.2*	-64,258	*-11.2*	-98,728	*-13.7*	-99,550	*-9.8*	-161,399	*-12.6*	-131,054	*-10.2*
Depreciation and amortization	-34,053	*-6.8*	-33,428	*-5.8*	-36,388	*-5.0*	-38,590	*-3.8*	-46,336	*-3.6*	-49,999	*-3.9*
Current pre-tax profit	**141,050**	***28.2***	**218,924**	***38.1***	**279,621**	***38.8***	**497,915**	***49.0***	**602,851**	***47.2***	**598,597**	***46.7***
Amortization of goodwill	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*
Transfer from (to) reserves	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*
Fixed asset revaluations (writedowns)	-4,266	*-0.9*	-1,473	*-0.3*	-2,153	*-0.3*	-22,925	*-2.3*	-78,480	*-6.1*	3,468	*0.3*
Extraordinary items	-15,238	*-3.0*	-2,785	*-0.5*	-8,754	*-1.2*	-39,332	*-3.9*	361	*0.0*	19,441	*1.5*
Cumulative effect of accounting changes	11	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*
Profit (loss) before tax	**121,557**	***24.3***	**214,666**	***37.3***	**268,714**	***37.3***	**435,658**	***42.8***	**524,732**	***41.1***	**621,506**	***48.5***
Income tax	-30,420	*-6.1*	-75,861	*-13.2*	-84,614	*-11.7*	-145,970	*-14.4*	-108,933	*-8.5*	-133,021	*-10.4*
Profit attributable to minorities	-4,685	*-0.9*	-5,557	*-1.0*	-6,043	*-0.8*	-6,739	*-0.7*	-1,915	*-0.1*	-5,749	*-0.4*
Net profit attributable to parent company	**86,452**	***17.3***	**133,248**	***23.2***	**178,057**	***24.7***	**282,949**	***27.8***	**413,884**	***32.4***	**482,736**	***37.7***
Dividends payout	*19,104*	3.8	*27,807*	4.8	*73,931*	10.3	*132,967*	13.1	*131,741*	10.3	*189,329*	14.8

	2004		2005		2006		2007		2008		2009	
	CNY m	%	*CNY m*	%	*CNY m*	%	*CNY m*	%	*CNY m*	%	*CNY m*	%
Cash and deposits at central banks	131,233	*0.6*	137,307	*0.6*	152,844	*0.5*	183,707	*0.5*	184,428	*0.5*	202,259	*0.4*
Securities	5,075,853	*23.8*	7,495,828	*30.1*	8,973,267	*30.9*	9,864,423	*28.6*	10,810,514	*27.0*	12,583,717	*24.9*
Loans and advances to banks (1)	2,776,679	*13.0*	3,423,072	*13.7*	4,207,180	*14.5*	6,388,531	*18.5*	9,042,073	*22.5*	11,007,402	*21.8*
Loans and advances to customers	12,556,551	*58.9*	13,098,998	*52.6*	14,915,116	*51.4*	17,110,797	*49.7*	18,957,573	*47.3*	25,599,993	*50.6*
Loans, advances and cash	***20,540,316***	***96.3***	***24,155,205***	***97.0***	***28,248,407***	***97.3***	***33,547,458***	***97.4***	***38,994,588***	***97.2***	***49,393,371***	***97.7***
Interests in subsidiares and associated	2,482	*0.0*	5,746	*0.0*	6,654	*0.0*	9,229	*0.0*	39,633	*0.1*	52,749	*0.1*
Intangible assets	18,407	*0.1*	33,212	*0.1*	51,264	*0.2*	55,250	*0.2*	79,622	*0.2*	78,260	*0.2*
Net tangible assets	400,001	*1.9*	419,940	*1.7*	409,358	*1.4*	404,117	*1.2*	445,520	*1.1*	502,551	*1.0*
Other assets	367,392	*1.7*	295,785	*1.2*	301,958	*1.0*	420,476	*1.2*	528,743	*1.3*	527,314	*1.0*
Total (a)	**21,328,598**	***100.0***	**24,909,888**	***100.0***	**29,017,641**	***100.0***	**34,436,530**	***100.0***	**40,088,106**	***100.0***	**50,554,245**	***100.0***
Deposits by banks	1,416,579	*6.6*	1,659,622	*6.7*	2,036,599	*7.0*	4,022,681	*11.7*	3,918,251	*9.8*	5,605,667	*11.1*
Customer deposits	18,428,076	*86.4*	21,208,301	*85.1*	24,409,945	*84.1*	27,268,377	*79.2*	32,336,706	*80.6*	40,740,729	*80.6*
Debt securities	67,395	*0.3*	134,746	*0.5*	126,202	*0.4*	164,714	*0.5*	137,090	*0.3*	127,918	*0.3*
Subordinated liabilities	105,693	*0.5*	177,948	*0.7*	190,836	*0.7*	222,777	*0.6*	259,719	*0.6*	414,803	*0.8*
Total funding	***20,017,743***	***93.9***	***23,180,617***	***93.1***	***26,763,582***	***92.2***	***31,678,549***	***92.0***	***36,651,766***	***91.4***	***46,889,117***	***92.7***
Provision for employee benefits	7,591	*0.0*	8,701	*0.0*	14,972	*0.1*	27,828	*0.1*	79,365	*0.2*	40,832	*0.1*
Deferred taxation	2,088	*0.0*	1,839	*0.0*	5,221	*0.0*	6,865	*0.0*	3,219	*0.0*	4,756	*0.0*
Other liabilities	503,962	*2.4*	653,800	*2.6*	689,593	*2.4*	818,976	*2.4*	1,046,167	*2.6*	934,547	*1.8*
Total liabilities (b)	**20,531,384**	***96.3***	**23,844,957**	***95.7***	**27,473,368**	***94.7***	**32,532,218**	***94.5***	**37,780,517**	***94.2***	**47,869,252**	***94.7***
Goodwill (c)	0	*0.0*	0	*0.0*	3,621	*0.0*	4,996	*0.0*	18,093	*0.0*	19,554	*0.0*
Net worth (a-b+c)	**797,214**	***3.7***	**1,064,931**	***4.3***	**1,547,894**	***5.3***	**1,909,308**	***5.5***	**2,325,682**	***5.8***	**2,704,547**	***5.3***
represented by:												
Issued share capital	618,090	*2.9*	780,128	*3.1*	922,688	*3.2*	948,113	*2.8*	1,213,765	*3.0*	1,224,785	*2.4*
Reserves	147,780	*0.7*	251,821	*1.0*	590,687	*2.0*	923,981	*2.7*	1,079,142	*2.7*	1,434,930	*2.8*
Own shares	0	*0.0*	0	*0.0*	-216	*0.0*	-45	*0.0*	-17	*0.0*	-43	*0.0*
Total	**765,870**	***3.6***	**1,031,949**	***4.1***	**1,513,159**	***5.2***	**1,872,049**	***5.4***	**2,292,890**	***5.7***	**2,659,672**	***5.3***
Minority interests	31,344	*0.1*	32,982	*0.1*	34,735	*0.1*	37,259	*0.1*	32,792	*0.1*	44,875	*0.1*
Funding from customers	**18,601,164**	***87.2***	**21,520,995**	***86.4***	**24,726,983**	***85.2***	**27,655,868**	***80.3***	**32,733,515**	***81.6***	**41,283,450**	***81.6***
Total assets (a+c)	**21,328,598**	***100.0***	**24,909,888**	***100.0***	**29,021,262**	***100.0***	**34,441,526**	***100.0***	**40,106,199**	***100.0***	**50,573,799**	***100.0***

(1) Includes compulsory reserve held at central bank (CNY 4,376bn as at 31-12-2008 and CNY 5,523bn as at 31-12-2009).

TABLE II.3 – EMPLOYEES CHINA

	2004		2005	2006	2007	2008	2009
Average number of staff	1,390,122	(1)	1,467,814	1,446,504	1,446,917	1,490,351	1,531,615
of which: from country of origin (%)	…		…	…	…	…	…
from elsewhere (%)	…		…	…	…	…	…

(1) Number at year-end refers to 8 companies out of the total of 10 considered.

TABLE II.4 – FINANCIAL RATIOS CHINA

	2004	2005	2006	2007	2008	2009
Funding from customers per employee ('000 CNY) (1)	13.381	14.662	17.094	19.114	21.964	26.954
Loans and advances to customers per employee ('000 CNY) (1)	9.033	8.924	10.311	11.826	12.720	16.714
Labour cost per employee ('000 CNY) (1)	75	87	107	133	165	173
Cost / income ratio (%)	51,6	50,7	47,5	41,2	40,2	43,1
Bad debts written off as % of total income (2)	20,2	11,2	13,7	9,8	12,6	10,2
Dividends payout as % of net profit	22,1	20,9	41,5	47,0	31,8	39,2
ROE (%)	12,7	14,8	13,3	17,8	22,0	22,2
ROA (%)	0,4	0,5	0,6	0,8	1,0	1,0
Doubful loans as % of loans to customers (3)	11,4	6,4	5,1	4,5	0,3	0,0
Doubful loans as % of net worth (3)	178,9	78,5	49,3	40,5	2,1	0,0
Loans, advances and cash as % of total funding	102,6	104,2	105,5	105,9	106,4	105,3
Fixed assets as % of net worth	52,8	43,1	30,4	24,8	25,1	24,1
Free capital as % of funding from customers	-5,6	-1,0	1,3	2,5	5,5	5,5
Total assets (4) / Tangible net worth (n.)	27,4	24,1	19,4	18,6	18,0	19,4

Funding from customers = customer deposits plus debt securities plus subordinated liabilities.
Fixed assets = interests in subsidiaries and associated plus net tangible and intangible assets plus goodwill.
Free capital = net worth less fixed assets less doubtful loans.
Tangibile net worth = net worth less intangible assets less goodwill.

(1) For 2004 calculated on the basis of no. of staff as at year-end.
(2) Net of recovered amounts.
(3) Calculated only on the basis of those exposures not completely covered by provisions. The exposure chiefly refers to the Agricultural Bank of China.
(4) Excluding intangibile assets.

III. PRINCIPLES AND METHODS

III.1 The companies

The selected companies include the leading banking groups of the world's three main economic areas (Europe, Japan and the United States, referred to as the "Triad" for purposes of brevity) and China. The selection criterion used for the Triad region is total assets. To be included in this survey, the companies must represent a significant share of the total asset aggregate for their respective areas. In other words, companies are added to the sample for so long as their contribution exceeds one per cent of the previous cumulative assets aggregate. Banks which contributed less than one per cent of such aggregate were not included. As of the 2008 edition, the survey was extended to the top ten Chinese banks by assets.

In the case of significant mergers and acquisitions ("mega-mergers"), the companies involved have been included from the beginning of the ten-year period until the date of the merger or acquisition; similarly, in the case of new entries or eliminations due to climbing above or falling below the aforementioned size threshold, companies are included or excluded for the entire decade.

Compared to the previous edition of this survey, the companies at the end of the period had decreased by one as a result of four eliminations and exclusions and three new entries. All changes involved Europe: Fortis Bank, Dresdner Bank and HBOS were acquired by BNP Paribas, Commerzbank and Lloyds Banking Group, respectively; WestLB was excluded on the ground that it no longer met the minimum size requirement. The new entries refer to Groupe BPCE, created in July 2009 through the merger of Groupe Caisse d'Epargne and Groupe Banque Populaire, Standard Chartered and La Caixa of Barcelona.

Groupe Caisse d'Epargne, Groupe Banque Populaire and the investment bank Merrill Lynch & Co. (the latter of which was acquired by Bank of America in January 2009), which had not been considered in the previous edition, have been included for the entire period.

Statistical data have been prepared on the basis of information presented in the consolidated annual and half-year financial statements (the latter as limited to Japanese companies for the first six months of 2009 and 2010). It should be noted that the financial statements used were drawn up in accordance with different accounting standards. In particular, European banks have, for the most part, adopted IASs/IFRSs accounting principles as of the year 2005.[92] A specific aspect concerns insurance activities, which were primarily implemented by European banking groups and, up until 2004, was treated differently within the respective consolidated financial statements: commentary on the different accounting methods and on the incidence of these activities on aggregate data is presented in Appendix 3.

The nationalities of the companies is established on the basis of the country in which the parent company is based. The figures for each country presented in several tables in Section I and those concerning the world's major economic areas therefore represent the aggregate of activities carried out by the groups whose parent companies is based in that country or area, and accordingly include the activities of subsidiaries located outside that country or area. The purpose of this survey is to identify tendencies which distinguish the performance of the major international banks and to highlight related earnings and financial aspects issues, rather than to analyze banking activity in individual countries.

The general aggregate of all companies of the Triad region and the aggregate data for Europe have been compiled by converting the individual national currencies into Euro by using the exchange rates

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[92] It should be noted that, although international accounting standards required that at least one previous period be prepared according to the same criteria for comparative purposes, the delay with which IAS 39 was endorsed led the authorities to allow for the option to depart from that standard, thereby postponing until 1 January 2005 the date of first-time adoption of IAS 32 (*Financial Instruments*: *Disclosure and Presentation*), IAS 39 (*Financial Instruments: Recognition and Measurement*) and IFRS 4 (*Insurance Contracts*). The 2004 financial statements were therefore not reclassified, creating a discontinuity in the historical data series.

ruling as at 31 December of each year; the aggregate data expressed in Euro were therefore significantly influenced by exchange-rate fluctuations. The exchange rates utilized in the ten-year period in question are presented in Table III.1. In particular, it may be remarked that between 2000 and 2009 the dollar and yen depreciated against the euro, the accounting currency of most European groups, on the order of 35% and 20%, respectively. The above depreciation contributed significantly to the weight of the European banks in the sample, which rose from 55% of total assets in 2000 to 69% in 2009, and within the European sub-set itself, increased the importance of domestic European activities to the detriment of overseas ones, chiefly in the United States, which were accounted for in depreciated currencies.

TABLE III.1 – YEAR-END EXCHANGE RATES

		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
							vs. EUR (x100)					
China	CNY	-	-	-	-	8.8889	10.5038	9.7283	9.3002	10.5312	10.1678	11.3353
Denmark	DKK	13.3993	13.4472	13.4611	13.4318	13.4430	13.4039	13.4120	13.4079	13.4217	13.4376	13.4165
Eurozone	**EUR**	***100.0000***	***100.0000***	***100.0000***	***100.0000***	***100.0000***	***100.0000***	***100.0000***	***100.0000***	***100.0000***	***100.0000***	***100.0000***
Japan	JPY	0.9353	0.8671	0.8039	0.7405	0.7161	0.7199	0.6372	0.6063	0.7928	0.7510	0.9204
United Kingdom	GBP	160.2307	164.3385	153.7279	141.8842	141.8440	145.9215	148.9203	136.3605	104.9869	112.5999	116.1778
United States	USD	107.4691	113.4687	95.3562	79.1766	73.4160	84.7673	75.9301	67.9302	71.8546	69.4155	74.8391
Switzerland	CHF	65.6513	67.4354	68.8516	64.1890	64.8130	64.3045	62.2316	60.4339	67.3401	67.4036	79.9744

TABLE III.2 - LIST OF COMPANIES

	BANKS	2009 TOTAL ASSETS	2009 TOTAL INCOME	2009 EMPLOYEES
	EUROPE	*EUR m*	*EUR m*	*Average no.*
1	BNP PARIBAS (FR) # 1	2,055,295	40,421	168,264
2	THE ROYAL BANK OF SCOTLAND GROUP - RBS (GB) # * 2	1,909,920	32,867	191,750
3	CREDIT AGRICOLE (FR) #	1,692,795	30,932	163,887
4	HSBC HOLDINGS (GB) #	1,639,860	46,195	309,516
5	BARCLAYS (GB) #	1,552,570	33,225	153,800
6	DEUTSCHE BANK (DE) # 3	1,500,664	28,257	79,098
7	ING GROEP (NL) #	1,158,163	15,305	110,325
8	LLOYDS BANKING GROUP (GB) # * 4	1,154,577	20,994	132,000
9	BANCO SANTANDER (ES) # 5	1,110,113	38,711	170,076
10	GROUPE BPCE (FR) 6	1,028,338	22,078	127,786
11	SOCIÉTÉ GÉNÉRALE (FR) #	1,023,058	21,800	160,144
12	UNICREDIT (IT) # 7	928,759	27,648	164,356
13	UBS (CH) #	903,571	16,386	71,508
14	COMMERZBANK (DE) # 8	844,103	10,585	65,549
15	CREDIT SUISSE GROUP (CH) #	695,219	21,158	47,700
16	INTESA SANPAOLO (IT) # 9	624,806	17,561	107,164
17	RABOBANK NEDERLAND (NL)	607,698	11,762	59,939
18	CREDIT MUTUEL (FR)	579,038	13,743	72,465
19	DEXIA (BE) # *	577,554	5,337	27,280
20	BANCO BILBAO VIZCAYA ARGENTARIA - BBVA (ES) #	535,036	20,497	104,416
21	NORDEA BANK (SE) # 10	507,539	8,875	33,118
22	DANSKE BANK (DK) #	416,099	7,793	22,794
23	LANDESBANK BADEN-WUERTTEMBERG (DE) *	411,694	4,130	14,292
24	KREDITANSTALT FUER WIEDERAUFBAU - KfW (DE) *	400,084	3,015	4,265
25	DZ BANK (DE)	388,525	4,697	25,636
26	HYPO REAL ESTATE HOLDING (DE) * 11	359,676	420	1,568
27	BAYERISCHE LANDESBANK (DE) *	338,818	4,557	17,764
28	KBC GROUP (BE) # 12	323,947	4,538	56,939
29	STANDARD CHARTERED (GB) #	303,105	9,908	77,597
30	CAJA DE AHORROS Y PENSIONES DE BARCELONA – "LA CAIXA" *	271,835	7,162	29,707
31	FORTIS BANK (NEDERLAND) (NL) * 13	189,785	2,047	9,324
32	FORTIS BANK (BE) * 14	-	3,781	17,500
33	HBOS (GB) # * 15	-	528	-
34	ABBEY NATIONAL (GB) 16	-	-	-
35	ABN AMRO HOLDING (NL) 17	-	-	-
36	BANK OF SCOTLAND (GB) 18	-	-	-

cont.

Table III.2(cont.)

	BANKS	2009 *TOTAL ASSETS*	*TOTAL INCOME*	*EMPLOYEES*
		EUR m	*EUR m*	*Average no.*
37	BAYERISCHE HYPO- UND VEREINSBANK (HVB) (DE) [19]	-	-	-
38	CAPITALIA (IT) [20]	-	-	-
39	CREDIT COMMERCIAL DE FRANCE (FR) [21]	-	-	-
40	CREDIT INDUSTRIEL ET COMMERCIAL-CIC (FR) [22]	-	-	-
41	CREDIT LYONNAIS (FR) [23]	-	-	-
42	DEPFA BANK (IE) [24]	-	-	-
43	DEPFA DEUTSCHE PFANDBRIEFBANK (DE) [25]	-	-	-
44	DRESDNER BANK (DE) [26]	-	-	-
45	EUROHYPO (DE) [27]	-	-	-
46	FORTIS (BE / NL) [28]	-	-	-
47	GROUPE BANQUE POPULAIRE (FR) [29]	-	-	-
48	GROUPE CAISSE D'EPARGNE (FR) [30]	-	-	-
49	HALIFAX GROUP (GB) [17]	-	-	-
50	SANPAOLO IMI (IT) [31]	-	-	-
	TOTAL	**26,032,244**	**536,913**	**2,797,527**
	<u>JAPAN</u>	*EUR m*	*EUR m*	*Average no.*
1	MITSUBISHI UFJ FINANCIAL GROUP - MUFG [# 32]	1,502,586	28,624	79,250
2	MIZUHO FINANCIAL GROUP [#]	1,146,064	14,820	30,183 °
3	SUMITOMO MITSUI FINANCIAL GROUP - SMFG [#]	896,744	16,311	52,984
4	NORINCHUKIN BANK	511,969	218	3,134 °
5	RESONA HOLDINGS [#]	300,265	4,947	16,627
6	SHINKIN CENTRAL BANK	213,973	760	1,093 °
7	SUMITOMO TRUST & BANKING [#]	151,782	2,806	6,077 °
8	CHUO MITSUI TRUST HOLDINGS [# 33]	109,596	1,732	7,374 °
9	SHOKO CHUKIN BANK [* 34]	90,257	1,061	4,263
10	FUKUOKA FINANCIAL GROUP [# 35]	88,353	1,482	7,281
11	BANK OF YOKOHAMA [#]	87,308	1,746	4,585 °
12	SHINSEI BANK [#]	80,752	1,978	6,561
13	CHIBA BANK [#]	76,383	1,335	4,149 °
14	HOKUHOKU FINANCIAL GROUP [#]	75,045	1,276	4,440
15	SHIZUOKA BANK [#]	67,352	1,174	3,155 °
16	JOYO BANK [#]	55,526	882	3,514 °
17	SAPPORO HOKUYO HOLDINGS [#]	55,100	917	4,050
18	ASAHI BANK [36]	-	-	-
19	BANK OF TOKYO-MITSUBISHI [37]	-	-	-
20	HOKKAIDO BANK [38]	-	-	-
21	KINKI OSAKA BANK [36]	-	-	-
22	MITSUBISHI TRUST AND BANKING [37]	-	-	-

cont.

Table III.2(cont.)

	BANKS	2009 *TOTAL ASSETS*	*TOTAL INCOME*	*EMPLOYEES*
		EUR m	*EUR m*	*Average no.*
23	SAKURA BANK [39]	-	-	-
24	SANWA BANK [40]	-	-	-
25	SUMITOMO BANK [39]	-	-	-
26	TOKAY BANK [40]	-	-	-
27	TOYO TRUST AND BANKING [40]	-	-	-
28	UFJ HOLDINGS [41]	-	-	-
	TOTAL	**5,509,055**	**82,069**	**238,720**
	UNITED STATES	*EUR m*	*EUR m*	*Average no.*
1	BANK OF AMERICA [# 42]	1,543,315	76,674	292,750
2	JPMORGAN CHASE & CO. [# 43]	1,410,516	68,946	223,639
3	CITIGROUP [# 44]	1,288,800	53,369	296,000
4	WELLS FARGO & CO. [# 45]	863,283	57,705	269,050
5	U.S. BANCORP (ex- Firstar) [#]	195,180	11,682	58,067
6	THE PNC FINANCIAL SERVICES GROUP [# 46]	187,327	10,605	54,446
7	THE BANK OF NEW YORK MELLON [# 47]	147,316	9,056	42,350
8	SUNTRUST BANKS [#]	120,898	5,392	28,667
9	CAPITAL ONE FINANCIAL [#]	117,761	8,859	24,800
10	BB&T [#]	115,066	5,936	31,000
11	REGIONS FINANCIAL [#]	98,791	4,368	29,647
12	FIFTH THIRD BANCORP [#]	78,703	4,274	21,237
13	KEYCORP [#]	64,756	2,898	16,698
14	AMSOUTH BANCORPORATION [48]	-	-	-
15	BANK ONE [49]	-	-	-
16	COUNTRYWIDE FINANCIAL [50]	-	-	-
17	FLEETBOSTON FINANCIAL [51]	-	-	-
18	GOLDEN STATE BANCORP [52]	-	-	-
19	GOLDEN WEST FINANCIAL [53]	-	-	-
20	GREENPOINT FINANCIAL [54]	-	-	-
21	HIBERNIA [55]	-	-	-
22	MBNA [56]	-	-	-
23	MERRILL LYNCH & CO. [57]	-	-	-
24	NATIONAL CITY [58]	-	-	-
25	NORTH FORK BANCORPORATION [59]	-	-	-
26	SOUTHTRUST [60]	-	-	-
27	SUMMIT BANCORP [61]			
28	THE BEAR STEARNS COMPANIES [62]	-	-	-
29	U.S. BANCORP [63]			

cont.

Table III.2(cont.)

	BANKS	2009 TOTAL ASSETS	2009 TOTAL INCOME	2009 EMPLOYEES
		EUR m	*EUR m*	*Average no.*
28	UNION PLANTERS [64]	-	-	-
29	WACHOVIA (ex- First Union) [65]	-	-	-
30	WACHOVIA [66]	-	-	-
31	WASHINGTON MUTUAL [67]	-	-	-
	TOTAL	**6,231,712**	**319,764**	**1,388,351**
	CHINA	*EUR m*	*EUR m*	*Average no.*
1	INDUSTRIAL AND COMMERCIAL BANK OF CHINA # *	1,198,277	30,812	387,718
2	CHINA CONSTRUCTION BANK # *	978,481	26,835	300,059
3	AGRICULTURAL BANK OF CHINA # *	903,161	22,614	441,514
4	BANK OF CHINA # *	889,494	21,865	198,983
5	BANK OF COMMUNICATIONS # [68]	336,465	8,197	78,428
6	CHINA MERCHANTS BANK # [69]	210,264	5,169	38,628
7	CHINA CITIC BANK # *	180,608	4,182	22,783
8	SHANGHAI PUDONG DEVELOPMENT BANK # [70]	164,994	3,716	19,786
9	CHINA MINSHENG BANKING #	145,032	3,775	22,946
10	INDUSTRIAL BANK # [71]	135,451	3,104	20,770
	TOTAL	**5,142,227**	**130,269**	**1,531,615**

\# Listed company.

* Government-controlled company.

° Figure refers to parent company only. The figures for Mizuho Financial Group and Chuo Mitsui Trust Holdings also include the employees of the main banking subsidiaries.

[1] In 2009 the states of Belgian and Luxembourg took stakes in the company of 11.6% (reduced to 10.8% on 31 December 2009) and 1.2% respectively, against the disposal of Fortis's former banking activities in the respective countries.

[2] As at year-end 2010, the UK government owned 83.2% of the share capital.

[3] In November 2010 acquired control (approx. 52%) of Deutsche Postbank A.G.

[4] Formerly Lloyds TSB Group. On 16 January 2009 it acquired and merged with HBOS, taking on its current name. In February 2011 the UK government owned 40.6% of the company's share capital.

[5] Formerly Banco Santander Central Hispano.The current name was taken on in August 2007.

[6] Incorporated on 31 July 2009 as a result of the activities of the former Groupe Banque Populaire and the former Groupe Caisse d'Epargne being merged; data refer to FY 2009. The central body is BPCE S.A., owned equally (50% of the share capital and 40% of the voting rights) by the French co-operative and savings banks; the French state owns 20% without voting rights

[7] Formerly UniCredito Italiano. The current name was taken on in May 2008.

[8] In January 2009 the company completed its acquisition of Dresdner Bank; the German state owned 25% plus one share stake in the company.

[9] Formerly Banca Intesa. With effect from 1 January 2007 Banca Intesa merged with Sanpaolo IMI and took on the name of Intesa Sanpaolo.

[10] The Swedish state owned 13.5% of the share capital in February 2011.

[11] During 2009, the German state acquired 100% of the company's share capital via SoFFin.

Table III.2(cont.)

[12] Formerly KBC Bank and Insurance Holding Company; in March 2005, the bank merged with its parent company Almanij and took on its current name.

[13] Formerly Fortis Bank Nederland (Holding) B.V.; on 1 September 2009 it acquired and merged with its subsidiary Fortis Bank (Nederland) B.V., taking on its name. With effect from 1 July 2010 it was acquired by and merged into ABN AMRO Bank N.V., wholly owned by ABN AMRO Group N.V.; the latter is a holding company set up by the Dutch government in December 2009 to combine all the former ABN AMRO and Fortis groups' activities in the Netherlands.

[14] Acquired by BNP Paribas in May 2009. The Belgian state, which held 99.93% of the share capital at 31 December 2008, sold 74.93% to BNP Paribas, taking an 11.6% share in the latter (diluted to 10.8% on 31 December 2009). The data shown in the table refer to the first six months of that year.

[15] The company was acquired by and merged into the Lloyds TSB Group on 16 January 2009 which then took on the name Lloyds Banking Group. The revenues shown in the table refer to the period prior to the acquisition.

[16] Acquired by Banco Santander in November 2004.

[17] In October 2007 control of the company was acquired by RFS Holdings B.V., a company which at the time was owned by RBS (38.3%), Fortis (33.8%) and Banco Santander (27.9%). Consolidated line-by-line by RBS with effect from 17 October 2007. Previously the company had disposed of certain assets, including LaSalle Bank (USA) and Banca Antonveneta (IT). In December 2008, the share previously owned by Fortis, at the time held by Fortis Bank Nederland (Holding) N.V. - subsequently Fortis Bank (Nederland) N.V. – was acquired directly by the Dutch state, which had acquired control of Fortis Bank Nederland (Holding) N.V. in October 2008. In February 2010 the activities of ABN AMRO Holding N.V. (renamed RBS Holdings N.V.) were acquired by ABN AMRO Group N.V., which is wholly owned by the Dutch state.

[18] Bank of Scotland and the Halifax group merged in 2001 to form HBOS.

[19] Acquired by UniCredito Italiano (now UniCredit) in November 2005.

[20] Merged into UniCredit with effect from 1 October 2007.

[21] Acquired by HSBC Holdings in 2000.

[22] Acquired by Crédit Mutuel in 1998 and consolidated for the first time in 2002.

[23] Acquired by Crédit Agricole in 2003.

[24] Acquired by Hypo Real Estate Holding in October 2007.

[25] Acquired by DEPFA Holding (subsequently DEPFA Bank) in 2002.

[26] Acquired by Commerzbank in January 2009.

[27] Formerly Deutsche Hyp (Dresdner Bank group), in 2002 the company merged with Eurohypo (Deutsche Bank group) and Rheinhyp (Commerzbank Group), and took on the name Eurohypo. At end-March 2006 Commerzbank acquired control of the company buying out the shares of the other two leading shareholders.

[28] In October 2008 the Dutch state acquired all the group's banking and insurance activities in the Netherlands, while the states of Belgium and Luxembourg acquired the group's banking activities in their respective countries. In May 2009 a majority share in the latter of around 75%, owned by Fortis Bank SA/NV, was sold to BNP Paribas. The Fortis group is no longer included in the survey, on the grounds that it performs only insurance business. In April 2010 it took on the name of Ageas.

[29] Set up in May 2001 to combine the activities of the French *banques populaires*. The group's central body is the Banque Fédérale des Banques Populaires S.A. (BFBP), which spun off its activities to BPCE S.A. with effect from 31 July 2009, changing its name to BP Participations.

[30] Set up in 1999 to combine the activities of the French *caisses d'épargne* (which in the same year adopted the legal status of co-operative companies). The group's central body is the Caisse Nationale des Caisses d'Epargne et de Prévoyance S.A. (CNCE), which spun off its activities to BPCE S.A. with effect from 31 July 2009, changing its name to CE Participations.

[31] Merged into Banca Intesa (now Intesa Sanpaolo) with effect from 1 January 2007.

[32] Formerly Mitsubishi Tokyo Financial Group. Effective from 1 October 2005, the company merged with UFJ Holdings and took on its current name.

[33] Formerly Mitsui Trust Holdings. Now Sumitomo Mitsui Trust Holdings.

[34] As at 31 March 2010 Japanese state owned 46,5% of the share capital.

[35] With effect from 2 April 2007 the Bank of Fukuoka, along with Kumamoto Family Bank, became part of the new holding company Fukuoka Financial Group, which itself acquired Shinwa Bank in September 2007.

[36] Acquired by Resona Holdings (formerly Daiwa Bank Holdings) in 2001.

[37] The company became part of the Mitsubishi Tokyo Financial Group (now Mitsubishi UFJ Financial Group) in 2001.

[38] Acquired in 2004 by Hokugin Financial Group, which took on the name Hokuhoku Financial Group.

[39] Sakura Bank was merged into Sumitomo Bank in 2001, with the latter taking on the name of Sumitomo Mitsui Banking. In 2002 Sumitomo Mitsui Banking became part of the Sumitomo Mitsui Financial Group.

Table III.2(cont.)

[40] The company became part of the UFJ Holdings Group (now Mitsubishi UFJ Financial Group) in 2001.
[41] Merged into Mitsubishi Tokyo Financial Group (now Mitsubishi UFJ Financial Group), with effect from 1 October 2005.
[42] Merged with Countrywide Financial with effect from 1 July 2008, and acquired investment bank Merrill Lynch & Co. with effect from 1 January 2009.
[43] Acquired investment bank The Bear Stearns Companies with effect from 30 May 2008, and the banking activities of Washington Mutual on 25 September 2008.
[44] 27% owned by the US Treasury as at 31-12-2009.
[45] Acquired Wachovia (formerly First Union) with effect from 31 December 2008.
[46] Acquired National City with effect from 31 December 2008.
[47] With effect from 1 July 2007 the Bank of New York and Mellon Financial merged to form The Bank of New York Mellon.
[48] Acquired by Regions Financials with effect from 1 November 2006.
[49] Acquired by JPMorgan Chase & Co. with effect from 1 July 2004.
[50] Merged into the Bank of America with effect from 1 July 2008.
[51] Acquired by Bank of America with effect from 1 April 2004.
[52] Acquired by Citigroup in 2002.
[53] Acquired by Wachovia (formerly First Union) with effect from 1 October 2006.
[54] Merged into North Fork Bancorporation with effect from 1 October 2004.
[55] Acquired by Capital One Financial with effect from 16 November 2005.
[56] Acquired by Bank of America with effect from 1 January 2006.
[57] Acquired by Bank of America with effect from 1 January 2009.
[58] Acquired by The PNC Financial Services Group with effect from 31 December 2008.
[59] Acquired by Capital One Financial with effect from 1 December 2006.
[60] Acquired by Wachovia (formerly First Union) with effect from 1 November 2004.
[61] Acquired by FleetBoston Financial in 2001.
[62] Acquired by JPMorgan Chase with effect from 30 May 2008.
[63] The company was merged into Firstar in 2001, with the latter taking on the name of U.S. Bancorp.
[64] Acquired by Regions Financial with effect from 1 July 2004.
[65] Acquired by Wells Fargo & Co. with effect from 31 December 2008.
[66] The company was merged into First Union in 2001, with the latter taking on the name of Wachovia.
[67] Went bankrupt in September 2008. Its banking activities were acquired by JPMorgan Chase & Co with effect from 25 September 2008.
[68] 43.11% owned directly and indirectly by the Chinese state; 19.15% owned by the HSBC group.
[69] 36.9% owned by various companies controlled by the Chinese state, 2.49% by JPMorgan Chase, 1.39% by BlackRock, 1.34% by UBS.
[70] 33.9% owned by various companies controlled by the Chinese state, 3.39% by Citigroup.
[71] 30.4% owned directly and indirectly by the Chinese state; 12.78% by the HSBC group.

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