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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. Level 1 consists of assits listed on regulated markets; Level 2 consists of those which are valued on the basis of the market prices of comparable assets; and Level 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 ninth 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 2001-2010. Some preliminary figures for 2011 have been prepared in order to obtain a representative sample of European and U.S. 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 seven-year period 2004-2010. Finally, the focus on the main investment banks (2009-2011) and an in-depth review of the German Landesbanken have been updated (2007-2010).

* * *

The banks covered by the survey increased considerably in size from 2001 to 2010: in 2010, the average total assets, considered in the local currencies and net of recognized goodwill, came to 3.8 times the level at the beginning of the period for banks in the United States, more than doubled for the European banks and 1.3 times more for their Japanese counterparts. The increase in size was due both to internal growth, mergers and acquisitions among the banks surveyed. As a result of such mergers and acquisitions, the number of major banks considered decreased from 88 in 2001 to 59 in 2010, with a "loss" of 17 units in the United States, 10 in Europe and 2 in Japan.[1] In addition, in 2010 the average increase in size continued: +8% for the European banks, +4% for the Japanese banks and +3% for the banks in the United States.

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

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 a little more than one-third of total value in Europe, a mere 7% in the United States and nil in Japan.

The growth in income was only partly due to the increase in asset levels: in fact, from 2001 to 2010, the ratio of total income to total assets declined from 5.8% to 5.3% in the United States, from 2.6% to 2.1% in Europe and from 1.6% to 1.3% in Japan.

Workforce growth was also outpaced by assets. European and Japanese banks created one percentage point of new employment per each 4 and 3.5 points of increased assets respectively: this ratio rose to 1:16.5 for the US banks.

Labor productivity, calculated as revenue per employee, excluding trading activities, shows a much higher growth for the US banks (+46% in ten years) compared with the European banks (+22%). However, keeping in mind also the dynamics of the per-capita labour cost, which is significantly more contained for the European banks (+6% versus +36%), the ratio between the two indicators is more favourable toward the latter, with 3.5 percentage points in higher unit income for each point of increase in unit costs compared with 1.3 percentage points for the US banks.

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. Employees of European banks working abroad were up from 44% to 55% while their activities abroad, at the end of 2010, accounted for about 49% of the total. In addition, the subsidiaries of four European groups ranked among the top 8 US banks in terms of total assets.

On average, European banks recognized lesser impairment of loans than did their counterparts in Japan and the United States. The annual average of impairment losses through the income statement during the 10 year period from 2001 to 2010 was 13% of the income for Europe, 0.6% of the loans to customers and 6.5% of the net worth; these ratios were, respectively, 26%, 0.8% and 8.8% for the Japanese banks and 17%, 1.8% and 9.8% for the US banks. Therefore, the amount of doubtful loans at the end of 2010 was higher in Europe, both in terms of loans to customers (2.4% compared with 1% in Japan and 0.9% in the United States) and of net worth (22.7% versus 8.9% and 4% respectively). European banks also showed the lowest level of coverage of doubtful loans through provisions for impairment: 52% at the end of 2010 (68% in 2001), with Japanese banks at 60% and US banks at 84%.

During the decade considered, the highest ratio of total assets to net worth ("leverage"), excluding intangible assets from both items, was always reported by European banks (with the sole exception of Japanese banks in 2002). From 2001 to 2010, European leverage came to an average of 31x (with a peak of 43x in 2008), compared to 25x for Japanese banks and 21x for US banks. This was primarily due to the concurrent influence 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 the latter issue, it should be noted that significant amounts of capital were contributed in 2008-2009 by the European and U.S. governments in order to support struggling institutions. It consisted, as far as the surveyed banks were concerned, in contributions amounting respectively to 33% and 35% of all rights issues in the ten years from 2001 to 2010; in the United States, however, the percentage of funds repaid subsequently to the Government was 75% while only 16% in Europe.

European banks also showed the lowest level of coverage of the maximum exposure to credit risk (which includes risk assets in the balance sheet and off-balance sheet) of the tangible net worth: at the end of 2010, this ratio was 3.7% versus 4.9% for the Japanese banks and 5.4% for the US banks. It must be noted how these ratios are significantly lower than those calculated according to the criteria approved in Basel which apply weighted factors to risk assets and include subordinated liabilities in the regulatory capital.

* * *

The ten Chinese banks examined in this survey (2004-2010) 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% of the capital; their financial statements are now comparable to those of the Triad regions, given that all the banks have adopted IASs/IFRSs (compared to only two in 2004).

The composition of income in the period considered is peculiar in that on average 86% derives from net interest income and just 13% 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 current earnings of approximately 47% of income, compared to an average loss of 8% and a profit of 8.6% reported by Triad banks in those two years.

Even within their barely diversified composition, the income accounted for a 22% growth rate on average, from 2004 to 2010: in comparison, Europe and the United States show definitely a more modest +4.9% and +4.1% respectively. The strong growth in income has enabled the cost-income ratio to remain at significantly lower levels compared with the Triad average, with a difference that in 2010 reached almost 21 points. The gap was particularly evident in the labour costs component, which represented 20% of income versus 30% for US banks and 35% for European banks. However, per-capita labour costs were up sharply: an average of +19.6% per year during the six-year survey, well outpacing the internal inflation rate, while the number of employees also increased by 8%. The productivity per employee, although growing, remains low on an international level and is approximately half when compared with Europe and United States.

Impairment losses on loans amounted to an average of 10.6% of income in the three years from 2008 to 2010, far from the 36.6% reported in the United States, the 18.6% reported in Japan and the 22.7% in Europe. However, the level of coverage of doubtful loans through adjustment provisions was significantly exceeding 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-four bank by assets), which transferred 94% of its non-performing loans.

Chinese banks' net profit has increased constantly since 2004, with an income rising from 17% in 2004 to 39% of 2010, due in part to the benefits resulting from the decrease in income tax rates from 33% to 25%.

The structure of the assets is represented by 98% in loans and cash (82% in the Financial Statements of the Triad banks) keeping also into account that 13% is held by a central bank in a mandatory reserve. Loans to households are rather limited, amounting to 24% of loans to customers, of which approximately 17% are allocated to home mortgages, with a structure similar to that seen in Japan.

Further breaking down assets, it should be noted that 70% of the securities portfolios is valued 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 7% of total assets compared to 43% for European banks and 34% for US banks.

At the end of 2010, capitalization levels were slightly above those of European and Japanese banks and below only those of US banks, whereas leverage came to approximately 17x, a multiplier that in this case was lower than in Europe and Japan but higher than in the United States.

* * *

The seven major German Landesbanken, within the period from 2007 to 2010, have shown a recovery with a profit equal to 6.5% of total income in 2010, after showing aggregate losses in the two years 2008 and 2009, equal to 117% and 26% of total income, respectively. Those losses have dissolved up to one-third of the equity posted at the beginning of the period.

Among the main causes of those losses was 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. The recovery, confirmed by the profit realised in 2010, is mostly due to smaller impairment losses on loans which do not appear justified given the increase in the amount of doubtful loans as at the end of the period. These doubtful loans, in fact, despite the impairment losses through the income statement and other financial operations aiming at removing risky assets from the financial statements, account for 49% of the net worth, 26 percentage points above the European average, with the level of coverage of gross doubtful positions standing only at 40% (it was 46% in 2009), 12 points less than the European banks.

Assets classified as “Level 3” (associated with a greater degree of discretion in measurement and lower liquidity) accounted for as much as 57% of tangible net worth at the end of 2010 versus 38% of the European average.

These indicators also signal the inadequate capitalization levels presented by Landesbanken, whose net worth came to a mere 3% of total assets in 2010 compared to an average of 4.8% for the major European banks, with a leverage multiplier of 35x, eight points above the European level, which is already high from an international standpoint. It should also be considered that during the four-years in question, Landesbanken received contributions amounting to 52% of their equity at the end of the period from public shareholders, in addition to benefiting from public guarantees of EUR 110 billion 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 2011:

- the European banks' net income shows a 73% decline compared with the previous year, from 13.6% to 3.8% of the revenue, while the net income of the US banks increased by 22%, standing at 15% of the revenue. Conversely, the current earnings show a 4.3% increase for the European banks while remaining unchanged for those in the United States. The different performance is basically due to higher negative extraordinary postings by the European banks, equal to 11.4% of the revenue, mostly represented by the impairment of goodwill, intangible assets and portfolio securities; the latter referring, for the most part, to the Greek sovereign debt;
- back to the current earnings, the main reasons for the improvement in both areas, are the fewer bad debt write-offs (-11% in Europe and -52% in the United States) while the operating costs have increased, although to a greater extent in the U.S. (+4% in labour costs and +5% for general expenses versus -1% and +4% in Europe);
- another aspect that the two areas have in common is the decline in revenue, mostly following worse results deriving from trading activities: -29% in Europe and -16% in the United States. For the latter, the decline in revenue is altogether quite higher (-9% versus -0.5% in Europe) due also to lower operating revenue and lower interest income;
- the increase in total assets is 4.7% in Europe and 1.7% in the United States. In particular, the data show a strong increase in

cash and loans to central banks in Europe (+55%) and the balance of interbank positions in the U.S., which include the assets at the Federal Reserve (+87%), while the loans to non-bank customers show a modest change in both areas (+1% and +1.7%, respectively) with a decrease in the weight of the securities portfolio;

- the fair value of derivative products increases both in Europe (positive positions +30%, negative positions +29%) and in the United States (+15% and +7% respectively), with a net positive balance in both areas; the positive positions (credit risk) remain largely more significant in the European banks (21% of total assets) versus the United States (3.2%) due to the different accounting treatment (netting);
- a conflicting performance in doubtful loans. The European banks show gross doubtful loans mostly unchanged, compared with the previous period, with a slight increase in their coverage levels through adjustment provisions, from 50% to 51%. Conversely, for the banks in the United States, the gross doubtful loans show a 13% decrease (to be attributed almost entirely to those issued to companies which decline by 39% while the consumer-credit decline by 4% only), with a coverage rate that declines from 83% to 77% because of fewer provisions through the income statements However, the European banks continue to show a higher amount of net doubtful loans as a ratio to the net worth, equal to 31% versus 6% for the U.S.;
- a decline in illiquid assets (the so-called “Level 3”), greater in the U.S. (-10.3%) than in Europe (-5.5% at the same exchange rate) which however continues to exert a high impact in comparison with tangible equity: 37% in Europe (from 42% in 2010) and 40% in the United States (from 51% in 2010). Assets designated at fair value are altogether stable and account for 43% of the total assets of the European banks and 34% of the US banks;
- an increase in capitalisation and decline in the leverage effect for the banks in the U.S., whose net aggregated capital shows a

6% increase, mostly due to the earnings recorded for the period, whereas the leverage effect declines from 16.4% to 14.5%. By contrast, the European banks show a modest decline in shareholders' equity compared with the total assets (from 4.7% to 4.5%), with a consequent equal modest increase of the leverage effect from 27.5 to 27.7.

* * *

In 2011, the main investment banks reported a decline in income of approximately 10% compared with 2010, mostly because of lower trading profits (-18.6%) in addition to lower net commissions (-2.3%), which by themselves alone account for over half of the income, and a lower interest margin (-9%) which represents only a marginal portion of the income (only 7%). The cost structure is characterized primarily by a high percentage of labour costs, which reached 58% of income in 2011 (the figure is 35% for European and US retail banks) whereas general expense shows a 1% increase. These dynamics have enabled the investment banks to achieve current earnings equal to 15% of their income, significantly lower than the one realized by European and US banks in the same period (20% and 23% respectively) and also lower than the 24% of 2010.

The leverage effect at the end of 2011 is contained (13.6%) and lower than the leverage effect reported by retail US banks (14.5%) and especially by the European banks (27.7%). However, the presence of Level 3 assets continues to play an important role with an impact, in terms of tangible net worth, fluctuating between Morgan Stanley's 55% and Goldman Sachs' 72%.

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 59 banking groups as of 31.12.2010, 31 of which are based in Europe, 15 in Japan and 13 in the United States.[2] For China, the ten largest banks in terms of assets were selected. TABLE I.1 presents some key figures for 2010. A complete list of the banks included 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 as at 31-12-2010		Total income in 2010		No. of employees in 2010		
		EUR bn	*%*	*EUR bn*	*%*	*'000*		*%*
United Kingdom	5	6,791	*24.7*	158.3	*27.1*	814		*29.7*
France	5	6,492	*23.6*	140.1	*24.0*	708		*25.8*
Germany	7	4,504	*16.4*	60.7	*10.4*	219		*8.0*
Benelux	5	3,161	*11.5*	50.0	*8.5*	275		*10.0*
Spain	3	2,055	*7.5*	68.6	*11.7*	306		*11.1*
Switzerland	2	1,879	*6.8*	48.6	*8.3*	114		*4.2*
Italy	2	1,588	*5.8*	43.1	*7.4*	252		*9.2*
Scandinavia	2	1,012	*3.7*	15.0	*2.6*	55		*2.0*
Europe	**31**	**27,482**	***66.6***	**584.4**	***56.7***	**2,743**		***63.3***
Japan	**15**	**6,874**	***16.7***	**92.2**	***9.0***	**239**	*****	***5.5***
United States	**13**	**6,912**	***16.7***	**353.7**	***34.3***	**1,355**		***31.2***
Total	**59**	**41,268**	***100.0***	**1,030.3**	***100.0***	**4,337**		***100.0***
China	**10**	**6,729**		**184.8**		**1,583**		

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

[2] In 2010 European banks consolidated 15,711 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 banks control 1,004 companies, while the only figures available for the U.S. involve nine banks which consolidate 4,837 subsidiaries.

The European banks accounted for 67% of the total assets, 57% of the income and 63% of the 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 85% of total assets in the area, assets outside the country of origin represented 49% of the total at the end of 2010, of which 24% in other European countries. In contrast, the US 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 to 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 2010, the positive fair value of derivative instruments amounted to 15% of total assets for European

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[3] For the Japanese banks, assets abroad accounted for about 20% of the total, as at the 2010 year-end, of which only 4% in Europe. It was not possible to prepare a corresponding 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 U.S. GAAP.

banks but only 3% for banks in the U.S. and 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 2001 and 2010, due to both organic growth and mergers and acquisitions. In terms of total assets, the average size per group in 2010 was EUR 692.6 billion, more than double the figure of 2001; this was the result of a 44% increase in assets (excluding goodwill), while the number of groups fell from 88 to 59. Based on calculations in local currency, banks grew in all three areas considered, but to a much more significant extent in the U.S. and in Europe than in Japan (TABLE I.2).

Excluding the effect of mega-mergers among the groups included in the sample (discussed in more detail below), the increase in the average size over the period in question was 63.5% for European banks, 65.8% for US banks and just 16.5% for Japanese banks.[5] 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 40 banks forming the European sample in 2005, 32 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

growth rate attributable to large-scale combinations is 77% of the total for the US banks, 49% for the Japanese banks and 45% for the European banks.

TABLE I.2 – SIZE OF BANKS COVERED BY SURVEY

	Average size measured by total assets [1]			
	2001	2010	2010 / 2001	2010 / 2001 [2]
	EUR bn		*% increase* [3]	
Europe [4]	406.9	879.7	+ 116.2	+ 63.5
Japan	326.4	457.6	+ 32.1	+ 16.5
United States	205.2	517.7	+ 282.5	+ 65.8
All banks [5]	**322.6**	**692.6**	**+ 114.7**	**+ 44.0**

1 Not including goodwill.
2 Calculated excluding the effect of mergers between groups included in the sample.
3 Calculated in Euro for European banks and in local currency for Japanese and US banks.
4 41 Groups in 2001, 31 in 2010.
5 88 Groups in 2001, 59 in 2010. The size of changes is impacted by exchange rates between local currencies and the Euro.

Based on their assets in 2010, European banks were on average 1.7 times larger than U.S. banks and 1.9 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 U.S. banks accounted for 68% and 66% of total assets, respectively, whereas the top three European banks accounted for just 21% within

an increase in the total assets as of 1.1.2005 of 7.5% 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 1.5% 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 would be approximately 53%.

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 5.5% for the European banks, 3.2% for the US banks, and 2.2 % for the Japanese banks.

their area. A comparison with 2001 shows the weight of the top 5 groups on the total of the respective area which slightly increased in Europe, from 24% to 33%, while in the U.S. was up from 56% to 85% and the already high concentration of 75% in Japan rose to 81% in 2010. In assessing the lower European concentration, the prevailing fragmentation of the activity in national markets should be noted.

European banks have the highest total assets expressed in euro: the highest in terms of size, at the end of 2010, is BNP Paribas (FR), followed by Deutsche Bank (DE); Mitsubishi UFJ Financial Group, the largest Japanese bank, ranks third followed by HSBC (GB). The main US banks, Bank of America and JPMorgan Chase & Co, rank only in the 7th and 9th places in the overall classification.

I.4 The role of mergers

As mentioned above, acquisitions were a crucial factor in the growth of banks in all three of the world's main economic areas. In the years 2001-2010, 42 "mega-mergers" were carried out, 16 of which concerned the European banks, 20 the U.S. banks and 6 the Japanese banks.[7] A complete chronology of the mergers is available in TABLE I.44.

It must be noted that the major operations concerned exclusively banking groups located in the same geographical area and, within Europe, groups located mainly in the same country. Among the main transnational acquisitions are the British Abbey National acquired by the Spanish groups, Santander, in 2004; the HVB bank, at the time ranking third in Germany in assets value, acquired by the Italian UniCredit in 2005 and the Dutch ABN AMRO Holding acquired by a consortium composed of RBS (GB), Fortis (BE/NL) and Banco Santander (ES), carried out in 2007, with an operation that involved 4

[7] Effective on the 1st of April 2011, the merger between the Japanese Sumitomo Trust & Banking and Chuo Mitsui Trust Holdings was completed.

countries of the EU. A description, by country of origin, of the transactions involving the banks included in our survey is provided in Appendix 2.

TABLE I.3 – VALUE OF MEGA-MERGERS IN EUROPE AND THE UNITED STATES FROM 2001 TO 2010

	Number of operations	Value in	*of which*: settled in cash	
		EUR bn	EUR bn	%
Europe	16	254.7	91.8	*36.0*
		USD bn	USD bn	
United States	20	330.5	23.4	*7.1*

Most of the mega-mergers took the form of share exchanges. Of the aggregate, approximately EUR 255 billion are to be attributed to deals involving European banks between 2001 and 2010, of which only 36% of the total involving monetary consideration. The aforementioned acquisition of ABN AMRO Holding in 2007 was also the deal involving the largest cash outlay of the decade, approximately EUR 66 billion, accounting for 72% of total cash outlays during the period.

In the U.S., the aggregate value of mergers between large US banks in the same period was pretty much even, at USD 331 bn (EUR 261 billion calculated at historical exchange rates), but the cash outlay was even lower, only 7% of the total. 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, 12 of the 15 Japanese banks, and all the US banks are listed. At the end of 2010, there were on the whole 10 banks in which a government held a controlling or majority interest, 9 of which were European and one of which was Japanese. Of those European banks, 4 were German, 2 based in the United Kingdom, and one each in Belgium, Holland and Spain (TABLE I.4). The banks based in the United Kingdom were those with the highest public presence, at 42%, by total assets in their country of origin, followed by the German banks, at 32%.

TABLE I.4 – PUBLICLY CONTROLLED BANKS IN THE SAMPLE

	No.	Total assets	Total income	No. of employees
		EUR m	*EUR m*	
Publicly controlled banks	10	5,641,461	88,662	395,342
% of total	*16.9*	*13.7*	*8.6*	*9.1*
of which: Europe	9	5,530,467	87,293	391,100
% of European total	*29.0*	*20.1*	*14.9*	*14.3*

In 2001, the first year that was considered in this survey, the banks of the European sample that were publicly controlled were only 5, of which 4 were German, accounting approximately for 6.5% of the total assets of the area, whereas the numbers in Japan and U.S. are unchanged.

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);[8] ii) the governments of Belgium and France, along

[8] During 2008 the U.K. 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 – from RBS, thereby bringing its total interest to 84.4% (diluted to approximately 82% at the end of

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[9]; 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 acquired interests in the French bank accounting for 11.6% and 1.2% (later diluted), respectively; and v) the German government, in a step-based process, 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 Holding, 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, thereby acquiring interests 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 itself 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

2010). The interest in Lloyds Banking Group was also diluted to approximately 40%.

9 In October 2011, Dexia transferred to the Belgian Government 100% of the subsidiary Dexia Bank Belgium for a total of EUR 4 billion.

Deutsche Post, an 8% interest in Deutsche Bank;[10] 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.[11]

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 shares and securities without voting rights coupled with ten-year warrants for the purchase of ordinary shares.[12] The investment, which was limited to the banks surveyed, totalled USD 185.2 billion, of which USD 139.3 billion were repaid by the banks during the years 2009 and 2010, by collecting resources in the capital market.

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) and entirely sold on the market, in several tranches, during 2010.

I.6 Workforce

From 2001 to 2010, employment in the banks being surveyed increased by 16% in Europe (+373,000 units), 5% in the Japan (+11,000 units) and just 4% in the U.S. (+53,000 units) (TABLE I.5). In

[10] Deutsche Post A.G. (30.5% owned by KfW, in turn controlled by the German government) had acquired this interest through 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.

[11] Since February 2011, following the sale of a 6.3% interest.

[12] 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.

2010, a global decline was registered in employment, with the exception of Spain and Japan only, both because of external acquisitions. In addition, a positive ratio of the growth in total assets to the increase in employment must be noted.

TABLE I.5 – CHANGE IN HEADCOUNT

	Average number of employees [1]			Change 2001-2010		% change 2009-2010
	2001	2009	2010	*No.*	*%*	*%*
United Kingdom	609,708	845,032	813,965	204,257	+ 33.5	- 3.7
France	488,126	710,046	708,188	220,062	+ 45.1	- 0.3
Spain	268,473	304,199	305,874	37,401	+ 13.9	+ 0.6
Benelux	292,342	283,438	274,865	- 17,477	- 6.0	- 3.0
Italy	268,952	266,660	252,388	- 16,564	- 6.2	- 5.4
Germany	236,807	229,106	218,682	- 18,125	- 7.7	- 4.5
Switzerland	150,649	119,208	113,775	- 36,874	- 24.5 [2]	- 4.6
Scandinavia	55,555	55,912	55,589	34	+ 0.1	- 0.6
Europe	**2,370,612**	**2,813,601**	**2,743,326**	**372,714**	**+ 15.7**	**- 2.5**
Total assets (EURbn) [3]	*16,682*	*26,052*	*27,271*		*+ 63.5*	*+ 4.7*
Japan	**228,271**	**231,156**	**238,989**	**10,718**	**+ 4.7**	**+ 3.4**
Total assets (JPYbn) [3]	*639,939*	*717,692*	*745,720*		*+ 16.5*	*+ 3.9*
United States	**1,302,695**	**1,388,351**	**1,355,199**	**52,504**	**+ 4.0**	**- 2.4**
Total assets (USDbn) [3]	*5,425*	*8,723*	*8,993*		*+ 65.8*	*+ 3.1*

1 The detail by country refers to the parent company's registered office in 2010 and therefore also includes the group's employees abroad. The figures for 2001 and 2009 have been restated in uniform terms.
2 Down 6.7% excluding, in 2001, the employees of the Winterthur insurance group, which was sold to third parties in 2006
3 Net of depreciations/amortisations.

It must be noted that the mega-mergers listed in Appendix 2 did not impact the above described changes as these operations were conducted among groups already included in the sample. However, the increase in employment is to be attributed to a non-organic growth occurring through the aggregation, into the largest groups that are part of the sample, of smaller banks based in the same country, or through acquisitions abroad of financial institutions that do not have the minimum required size to be included from the beginning of the period. (see Principles and methods in Section III).

The first case is the United States where national acquisitions were the reason for most of the employment increase, while the second case refers mostly to European banks. The latter includes the acquisitions completed by the United Kingdom banks, by the Spanish Banco Santander and the French BNP Paribas in the United States; the acquisitions carried out by Spanish banks in South America and again, the Banco Santander in Great Britain, as well as the acquisitions in the Central and Eastern European countries by the French banks and the Italian UniCredit.[13] Worth mentioning are also the acquisitions carried out by the French banks in Italy.[14]

The significant international expansion undertaken by European banks from 2001 to 2010 is well reflected in the more than 11 percentage point increase in staff employed outside the home country, accounting for 55% of the total in 2010 (see TABLE II.3 for Europe).[15]

TABLE I.6, in particular, lists the presence in the U.S. of the main European banking groups. The top ones ranked by total assets are

[13] Among the most recent acquisitions by Banco Santander are the acquisitions of Banco Real (BR), Alliance & Leicester (GB) and Bradford & Bingley (GB) in 2008 (about 39,000 total units) and Sovereign Bancorp (U.S.) in January 2009 (about 9,000 units). In 2009, in France, the BPCE Group reported an increase of 13,000 employees due to the transition from proportional to line-by-line consolidation by some French subsidiaries, first and foremost Natixis while the employees of the Crédit Mutuel Group increased by 7,000 units following the acquisition of Citibank Deutschland (currently Targobank) at the end of 2008.

[14] 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.

[15] The corresponding ratio cannot be calculated for Japanese and U.S. banks due to the absence of figures. For Japan, the only figure available for 2010 is for MUFG, number-one by total assets, whose employees accounted for 28% of the total. Moreover, as mentioned above, the banks in these areas focus primarily on their respective domestic markets.

mainly involved in investment banking activities and in the capital markets, whereas Citizens and BancWest carry out mostly retail banking activities; HSBC North America and Santander operate both as retail and consumer credit banks. It should be noted that according to the figures as at the end of 2010, the top four groups presented in the table ranked between the 5th and 8th position among the banks of the same country by total assets.

TABLE I.6 – MAIN SUBSIDIARIES OF EUROPEAN BANKS IN THE UNITED STATES AS AT YEAR-END 2010

Parent company	Main subsidiary	Total assets	Total income	Employees
		USD bn	USD bn	No.
Crédit Suisse Group	Crédit Suisse (USA), Inc. (formerly Credit Suisse First Boston)	377.3	10.2	11,000
Deutsche Bank	Taunus Corp.	372.6	9.7	8,750
Barclays	Barclays Capital, Inc. and Barclays Delaware Holdings	344.5	11.1	10,800
HSBC Holdings	HSBC North America Holdings, Inc. [1]	343.6	14.5	25,150
UBS	UBS Americas, Inc. (formerly Paine Webber Group)	257.2	10.3	22,031
RBS	Citizens Financial Group	130.0	4.7	20,108
Banco Santander	Santander Holdings USA, Inc. [2]	89.7	4.2	11,115
BNP Paribas	BancWest Corp.	72.8	2.7	11,286

[1] Consolidates HSBC Bank USA and HSBC Finance Corp.

[2] Consolidates Sovereign Bank and Santander Consumer USA.

The main presence of Japanese banks in the United States is Mitsubishi UFJ Financial Group, which controls the Union Bank of California (USD 79.1 billion of total assets and 10,686 employees as at 31-12-2010).

I.7 Productivity and cost of labor

TABLE I.7 shows the revenue and labour costs per employee of banks in Europe and the United States.[16] 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.

TABLE I.7 – TOTAL INCOME AND LABOUR COST PER EMPLOYEES [1]

	Total income per employee [2]		Cost of labour per employee		
	In 2010:	% change over 2001 in local currency	In 2010:	% change over 2001 in local currency	
	'000 EUR	(a)	'000 EUR	(b)	a/b
Switzerland	309.1	- 12.7	221.3	- 14.7	n.c.
Germany	263.0	+ 26.0	106.7	- 4.9	n.c.
Scandinavia	255.3	+ 38.0	81.9	+ 29.0	1.31
Spain	213.9	+ 50.3	55.3	+ 21.7	2.32
Benelux	208.6	+ 21.7	76.4	+ 12.6	1.72
France	179.2	+ 40.7	72.5	+ 9.6	4.24
United Kingdom	168.7	+ 34.1	64.3	+ 61.4	0.56
Italy	168.2	+ 14.4	58.9	+ 4.5	3.20
Europe	**195.1**	**+ 22.3**	**76.3**	**+ 6.4**	**3.48**
Japan [3]	**355.5**	**- 7.8**	...	...	...
United States	**244.5**	**+ 46.0**	**78.5**	**+ 35.8**	**1.28**

[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 2010, see asterisk note to Table I.1.

Based on the geographic area, it must be noted that the ratio of the difference between the two indicators referring to the 2001-2010 period

[16] Complete labour cost data was not available for Japanese banks.

– the former a proxy of productivity – was more favourable for the European banks, standing at 3.5, compared to a value slightly above 1 for the US banks; this is also due to a growth per-capita in labour costs in Europe which was significantly lower than in the U.S.[17] However, per-capita productivity in the United States is more than double the rate seen in Europe, but it is almost entirely cancelled by the increase in labour costs.

The highest increases in productivity in Europe are those of the Spanish and French banks while the United Kingdom, Scandinavian and Spanish banks show the highest increase in per-capita labour cost.

The best coefficient in the ratio of unit changes in revenue to labour cost are those of the French and Italian banks: the high level of the indicator is, for the former, mostly due to the increase in income per employee, while for the latter is the result of a small increase in labour cost against an increase in productivity which is significantly lower than the European average.

The Swiss and German banks show the highest cost per employee in the year 2010, despite a significant decline compared with the amounts reported at the beginning of the period. In regards to the labour costs reported by the 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. The investment banking division of Crédit Suisse employed, in 2010, 41% of the employees of the groups, with a unit cost of EUR 320,000 (CHF 400,000); the same type of division in USB accounted for 25% of its workforce, with a per-capita cost of EUR 332,000 (CHF 415,000). Outside of these figures, the labour cost per-capita of the two Swiss banks in 2010, although ranking at the highest level, declines to EUR 172,000.

Among the German banks, Deutsche Bank and Hypo Real Estate Holding (now government owned), had particularly high unit costs standing at EUR 154,000 and EUR 105,000 in 2010, respectively. For

[17] The higher growth rates of both revenue and costs per employee in the United States than in Europe are for a small part attributable to the difference in inflation rates in the two areas: in the decade 2001-2010, consumer prices rose by 23.1% in the United States and 19.6 % in the Euro Area.

Deutsche Bank, per-capita cost also surged concurrently with the acquisition of the investment-banking operations of the U.S. Bankers Trust in 1999; 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.[18]

I.8 Summary of earnings results

In 2010, the Triad banks have reported, in aggregate terms, current earnings before taxes equal to 21% of income, thus almost matching the data as at the beginning of the period, but still 14 percentage points below the highest pre-crisis amount reported in 2006 (TABLE I.8). Net earnings were also positive, amounting to EUR 141 billion, 13.7% of the revenue, with a 5 percentage point increase versus 2009.[19]

The improvement in 2010 is, first of all, due to lower write-downs and losses on bad debts (-12.6 percentage points versus the previous period) after they had peaked in 2008-2009. Revenue accounted overall for a 9.6% growth while the cost/income ratio grew only slightly (+0.2 points) highlighting an increase in costs exceeding the growth in revenue.

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

[19] 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.8 – TRIAD BANKS: PERFORMANCE INDICATORS 2001–2010

	2001	2008	2009	2010	Change	
	as % of total income					
	a	*b*	*c*	*d*	*c-a*	*d-c*
Cost/income ratio	61.9	75.8	60.7	60.9	- 1.2	+ 0.2
Bad debt writeoffs [1]	16,6	32.5	30.7	18.1	+ 14.1	- 12.6
Current pre-tax profit	21.5	- 8.3	8.6	21.0	- 12.9	+ 12.4
Net profit	10.4	- 23.4	8.7	13.7	- 1.7	+ 5.0
Total income (change vs. previous year) %	n.c.	- 12,7	+ 23,6	+ 9,6		

[1] Net of bad debts recovered.

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

Geographic breakdown of data in the income statement for the year 2010 shows, for all three areas, positive current earnings, with the Japanese banks achieving the highest figure, at 28% of the income, followed by the European (21%) and Unites States (19.3%) earnings (TABLE I.9).[20] Europe shows the highest growth rate in revenue, while the Japanese banks show a decline due to a contraction in the interest income and lower trading profit.

The best results obtained by the Japanese banks are to be entirely attributed to the lower impact of bad debt write-offs compared with the other two areas: -9.4 percentage points and -15.3 percentage points compared, respectively, with the European and U.S. banks. The former, due to higher write-downs and loan losses, in addition to a modest increase in revenue, represent the worst current earnings in relative terms, even though it is the area with the lowest cost/income ratio.

[20] 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).

TABLE I.9 – PERFORMANCE INDICATORS BY GEOGRAPHICAL AREA IN 2010

	Europe		Japan		United States	
	as % of total income	*change vs. 2009 (p.p.)*	*as % of total income*	*change vs. 2009 (p.p.)*	*as % of total income*	*change vs. 2009 (p.p.)*
Cost/income ratio	62.1	*- 0.9*	64.4	*+ 3.9*	57.9	*+ 0.9*
Bad debt writeoffs [1]	16.9	*- 11.0*	7.5	*- 10.5*	22.8	*- 15.8*
Current pre-tax profit	21.0	*+ 11.9*	28.1	*+ 6.6*	19.3	*+ 14.9*
Net profit	14.3	*+ 5.5*	20.2	*+ 4.5*	11.0	*+ 4.3*
Total income (change vs. 2009) % [2]	+ 8.2		- 6.2		+ 2.6	

[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 2001 to 2010, the total income realised by the Triad banks included in the sample has increased by 17.3%, from EUR 878 billion to EUR 1,030 billion, as a balance between +35% due to a size increase, both internal and through acquisitions, as described in the previous paragraph, and an almost 18 percentage point decrease due to the combination of 32% depreciation of the USD and 15% revaluation of the JPY versus the Euro (TABLE II.1 and Methodology criteria in Section III).

However, this increase shows significant geographic differences: on the basis of the data in national currency, the increase in revenue stands at 51% in the U.S. and 35% in Europe, while the revenue reported by Japanese banks shows a 4% decline for the period. The growth was not constant over time and showed a definite decline in all the areas for the period 2007-08, reflecting significant losses in trading activities.

TABLE I.10 – BANKS OF THE TRIAD REGION: COMPOSITION OF TOTAL INCOME 2001-2010

	2001	2008	2009	2010	Change [1] 2008 / 2001	2009 / 2008	2010 / 2009
	as % of total income				%		
Net interest income	49.3	66.4	55.4	55.0	+ 2.2	+ 3.1	+ 8.8
Net fee and commission income	40.7	49.0	35.6	36.0	+ 0.6	- 10.2	+ 10.8
Gains (losses) on financial transactions	10.0	- 15.4	9.0	9.0	n.c. [2]	n.c. [2]	+ 9.3
Total income	**100.0**	**100.0**	**100.0**	**100.0**	**- 2.0**	**+ 23.6**	**+ 9.6**

[1] Calculated in terms of absolute values, in accordance with Table II.1. For the period 2001-08, it is the average annual growth rate.

[2] Amount with a negative sign in 2008.

TABLE I.11 – CHANGE IN REVENUE, 2001-2010: BREAKDOWN BY GEOGRAPHICAL AREA

	Europe			Japan			United States		
	2001 2008 [1]	2009 [2]	2010 [2]	2001 2008 [1]	2009 [2]	2010 [2]	2001 2008 [1]	2009 [2]	2010 [2]
					%				
Net interest income	5.2	8.0	4.3	-0.9	-1.7	-4.7	6.5	1.4	6.5
Net fee and commission income [3]	2.4	-13.4	12.0	1.9	-0.9	7.5	5.0	-2.7	-1.9
Gains (losses) on financial transactions	n.c.[4]	n.c.[4]	17.2	n.c. [4]	n.c. [4]	-42.0	n.c. [4]	n.c. [4]	0.1
Total income	**0.03**	**25.0**	**8.2**	**-2.3**	**20.4**	**-6.2**	**2.0**	**28.2**	**2.6**

[1] Annual average growth rate for the period.

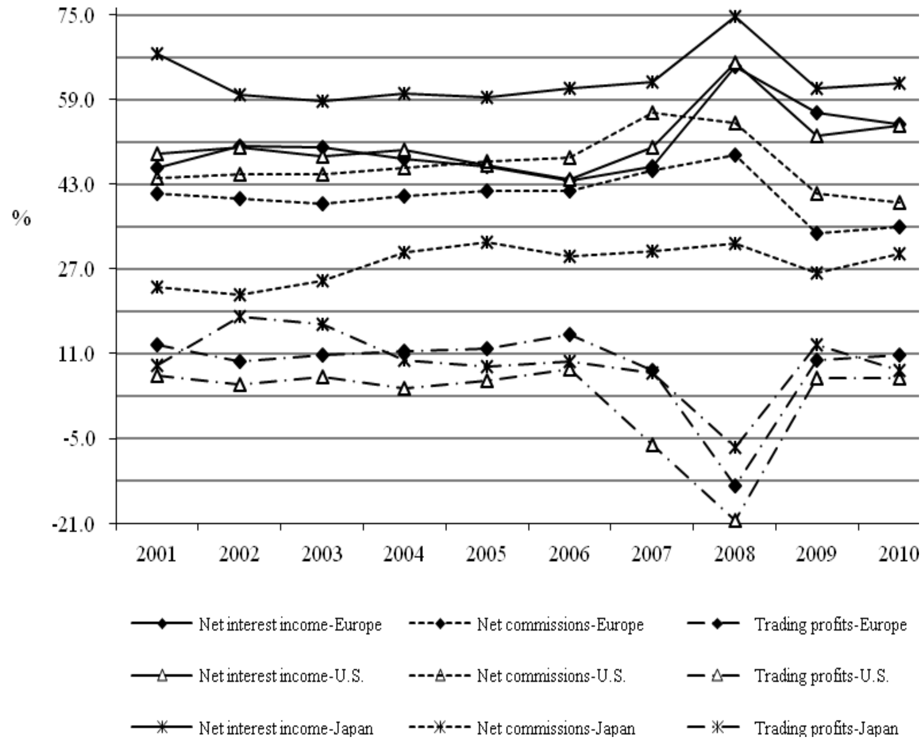
[2] Change with respect to the previous year, calculated in terms of absolute values pursuant to TABLE II.1.

[3] Balance of commissions payable and receivable; other income and expenses are included.

[4] Amount with a negative sign in 2008.

These losses, due to an increased volatility in the financial markets starting in the summer of 2007, a consequence of the financial crisis originated from an increased insolvency among mortgage holders in the U.S., have impacted negatively the annual average rate of growth in income for the period 2001-08. The return to positive ground for trading activity has produced a significant increase in the revenue for 2009, a period also characterized by a generalised decline in the net income from commissions due to a contraction in the bank services because of the general economy downturn (TABLE I.10 and TABLE I.11).[21]

FIGURE I.1 – NET INTEREST INCOME/NET FEE AND COMMISSION INCOME/GAINS (LOSSES) ON FINANCIAL TRANSACTION AS % OF TOTAL INCOME: HISTORICAL DATA

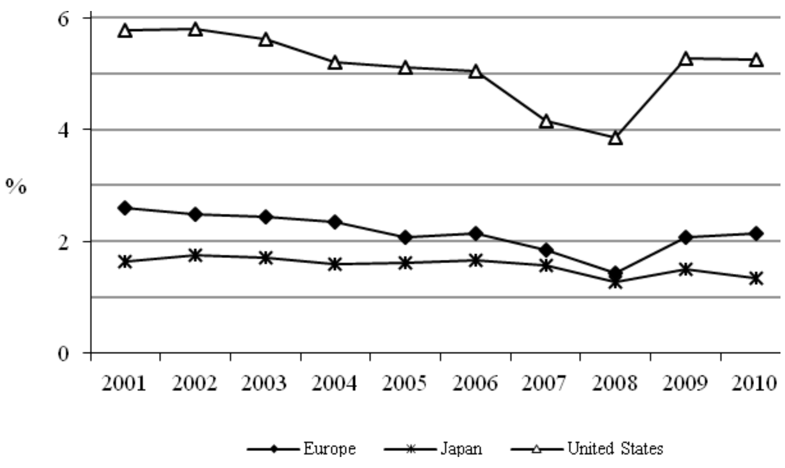


[21] At constant exchange rates, the change in aggregated revenue in 2010 is significantly lower (+4.8%) due to the appreciation of the dollar and yen compared with the euro.

FIGURE I.1 depicts the historical evolution of the components of revenue, broken down by geographical area. It should be noted, first of all, the highest weight that the interest margin represents for the Japanese banks compared with the other two areas and, conversely, the lower contribution of the commissions component which normally accounts for a historically higher income rate for the US banks. The significant decline in the trading results, with a large negative balance for the two years 2007-08, as discussed above, was followed by the return to profitability in the period from 2009 to 2010 in all three areas.

The amount of revenue in the various areas was therefore compared to the respective total assets (FIGURE I.2). 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.2 – TOTAL INCOME AS A % OF TOTAL ASSETS [1]



[1] Not including goodwill.

It must be noted that, especially for the US and European banks, the growth in assets is, in the long term, greater than the revenue growth, as shown by the declining trend of the indicator which demonstrates that a size increase has not always be accompanied by a parallel growth in revenue as recognised in the income statement. The rise of the indicator in 2009-10 seems to suggest a reversal of the trend, more accentuated in the U.S., which is driven by a significant reduction in the balance sheet assets and subsequently a less frequent recourse to the leverage effect which will be discussed in more detail in the following paragraphs.

I.10 Efficiency and profitability

TABLE I.12 presents a breakdown of the contributions to 2010 earnings provided by the main income statement captions, highlighting their different weights in the various geographical areas.

TABLE I.12 – CONTRIBUTION OF THE MAIN PROFIT AND LOSS ACCOUNT ITEMS TO THE CURRENT LOSS OF THE YEAR 2010: BY GEOGRAPHICAL AREA

	Europe		Japan		United States	
	Change vs. 2009		Change vs. 2009		Change vs. 2009	
	EUR bn	%	JPY bn	%	USD bn	%
Total income	+ 44.1	*60.1*	- 667	*- 126.6*	+ 12.0	*17.0*
Bad debt writeoffs [1]	+ 51.6	*70.3*	+ 1,180	*223.9*	+ 70.1	*99.4*
Operating costs [2]	- 22.3	*- 30.4*	+ 14	*2.7*	- 11.6	*- 16.4*
Current pre-tax result	+ 73.4	*100.0*	+ 527	*100,0*	+ 70.5	*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 must be noted that, for all three areas, the fewer bad debt write-offs had a determinant effect on the growth in current earnings. For the European and US banks, but to a greater extent for the former, growth in revenue contributes also to improving earnings; conversely, both areas reported an increase in operating costs, which for the European banks accounts for 50% of the increase in revenue and an equal amount for the US banks.

By contrast in Japan, as already mentioned, less significant write-offs of bad debts represent the only growth component in current earnings, following a decrease in revenue and only a slight decline in operating costs.

TABLE I.13 – CHANGE IN OPERATING COSTS, 2001-2010: BY GEOGRAPHICAL AREA

	Europe			Japan			United States		
	2001 2008 [1]	2009 [2]	2010 [2]	2001 2008 [1]	2009 [2]	2010 [2]	2001 2008 [1]	2009 [2]	2010 [2]
		%			%			%	
Labour costs	1.4	6.3	6.3	…	…	…	5.4	- 6.8	4.7
General expenses [3]	3.0	0.2	6.8	…	…	…	6.5	- 2.0	4.1
Total operating costs	**2.1**	**3.5**	**6.5**	**1.2**	**1.6**	**- 0.2**	**5.9**	**- 4.6**	**4.4**

[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.

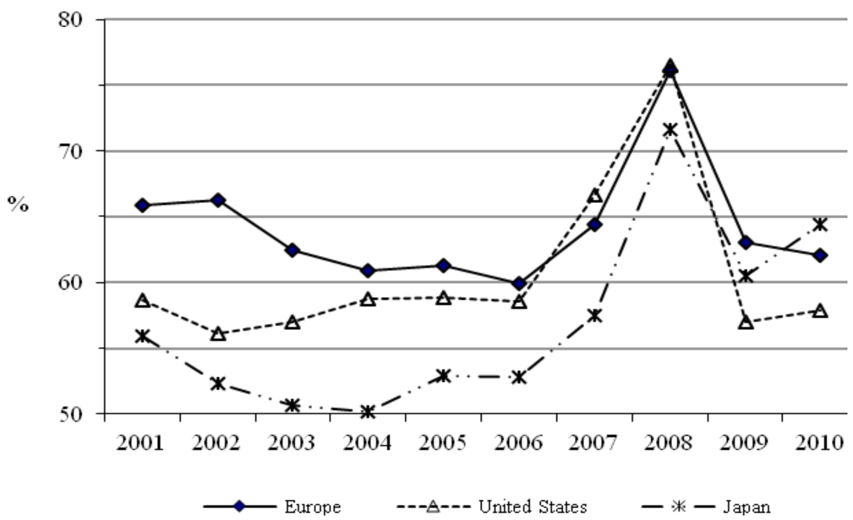
[3] Including depreciation and amortization.

In the period from 2001 to 2008, operating costs have increased at an annual average rate of 2.1% in Europe, slightly above the 1% rate in Japan, and of almost 6% in the United States. In the two years 2009 and 2010, a contained increase in operating costs has continued for the

Japanese banks while a higher cost rate is reported by the European banks due in particular to the cost of labour; against the trend in 2009, the US banks, whose costs in 2010, despite being higher, confirm the absolute values of 2008 (TABLE I.13).

As regards the dynamics of labour costs in Europe and the U.S. in 2010, it is noted that the likewise decline in employment (-2.5% and -2.4% respectively) did not entail a similar decrease in labour costs, but instead generated an increase following the growth of per-capita labour cost which was around 9% in Europe and 7% in the U.S.

FIGURE I.3 – COST/INCOME RATIO



The decrease in income in 2007-2008 resulted in a surge in the cost-income ratio in all three areas. The income recovery in the two following years, as mentioned above, yielded a return to values near the averages for the decade for Europe and the U.S., while the indicator of Japanese banks continued to be negatively impacted by the decline in income (FIGURE I.3). Higher figures are reported, in the long terms, by the European banks due to the higher impact of the labour cost component, i.e. 37% on average in the ten year period, compared with a 33% average for the US banks.

The extraordinary components, considered as a whole, have provided a positive contribution to the profit/loss for the 2010 period of the Japanese banks that accounted for 5.2% of the income, and have not impacted at all the European banks, while they have negatively affected, by 3.8%, the income of the US banks. A breakdown of the main items by geographical area is presented in TABLE I.14.

TABLE I.14 – EXTRAORDINARY COMPONENTS OF THE INCOME STATEMENT IN 2010: 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	- 8.9	*- 1.6*	- 420	*- 4.2*	- 4.0	*- 0.9*
goodwill and intangibile assets [2]	- 2.4	*- 0.4*	- 33	*- 0.3*	- 12.4	*- 2.6*
other	- 3.7	*- 0.6*	- 42	*- 0.4*	-	-
Total write-downs [3]	- 15.0	*- 2.6*	- 495	*- 4.9*	- 16.4	*- 3.5*
Extraordinary items	15.6	*2.7*	1,014	*10.1*	-1.3	*- 0.3*
Total	**0.6**	***0.1***	**519**	***5.2***	**- 17.7**	***- 3.8***

[1] Available for sale and held to maturity.

[2] Net of revaluations.

As for write-downs, the securities in the available-for-sale and long-term portfolio represented the main component for the Japanese and European banks, while the item “Other”, for European banks, refers primarily to real property. The impairments of the goodwill in Europe amounted to EUR 2.2 billion: the highest amounts have been recognised by the ING Groep (0.54 billion), Crédit Agricole (0.48 billion), Unicredit (0.36 billion) and Barclays (0.28 billion).[22] In the United States, the entire amount of USD 12.4 billion was attributed to the Bank of America.[23]

Net extraordinary income from European banks include mostly gains on the sale of securities classified as available-for-sale (EUR 11.1 billion) and other non-current assets (EUR 2.1 billion), for the most part investments and properties. The US banks have also realised gains both on the securities available-for-sale (USD 11.3 billion) and on the sale of non-current assets (USD 1.9 billion, mostly investments), but these have been more than offset by restructuring costs (USD 4.3 billion) and provisions for disputes and out-of-court settlements (USD 10.4 billion).[24] For the Japanese banks net gains, amounting to JPY 860 billion, derived from the sale of stocks and bonds.

In 2010, the best ratio net earnings to revenue was with the Japanese banks with 20.2% compared with 14.3% for the European banks and 11% for the U.S. banks (TABLE I.9). As regards income tax, the banks of these last two areas have benefited from a more favourable

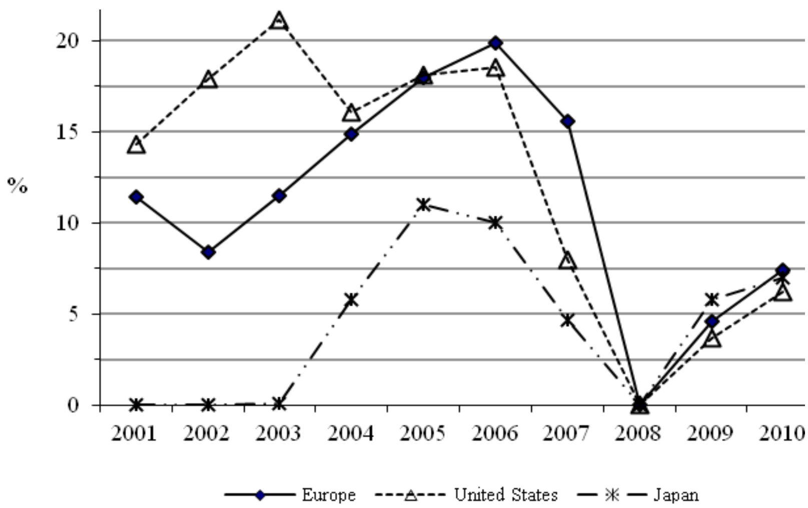
[22] The residual amount, equal to EUR 0.51 billion, was recognised by another 10 banks.

[23] Of which USD 10.4 billion refer to the consumer credit operation and funding with credit cards and 2 billion to loans for home purchases. In 2008 and 2009, the impairments of goodwill and write-offs of intangible assets were overall much higher standing at EUR 53 and 7.5 billion for the European banks, JPY 1,014 and 121 billion for the Japanese banks and USD 46.9 and 1.1 billion for the US banks. (For more information, see the previous editions of this survey).

[24] These charges were recognized by JP Morgan Chase (USD 7.4 bn) following legal disputes related, for the most part, to mortgages, and by the Bank of America (USD 3 bn) following a transactive agreement with Freddie Mac and Fannie Mae (so-called GSE – Government-sponsored Enterprises) in order to resolve a controversy related to residential mortgages transferred to them, in the previous years, by the acquired Countrywide Financial. In 2004 and 2005, the negative balance of extraordinary items for the US banks in the years 2004 and 2005 included similar provisions for legal disputes and for the execution of settlement agreements with plaintiffs, carried out by Citigroup and JP Morgan Chase for an overall USD 14.2 billion; these operations are described in the previous editions of this survey.

average tax rate, amounting to 24.4% in Europe and 26.8% in the United States, while for the Japanese banks it stood at 33.1%.[25]

FIGURE I.4 – THE ROE OF THE BANKS OF THE TRIAD REGIONS[1]



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

The profitability of the banks in the three areas, as measured by ROE, was in 2010 very similar, standing between a 6.2% minimum for the US banks and 7.4% for the European banks. The indicator for the former ones was, since 2006, always above the indicator of the US banks, after being equal in 2005 and with the exception of 2008 when the profitability in aggregate terms was zero in all areas (FIGURE I.4).

In 2010, 5 European banks and 2 US banks showed a negative result. Among those, two of the main ones were: RBS (EUR -1.16 billion) and Bank of America (USD -2.24 billion). The highest ROEs

[25] Rates calculated keeping into account only the companies with pre-tax earnings

were reported in Europe by KfW and UBS (20% and 19.2% respectively); in Japan by Resona Holdings and Mizuho Financial Group (12.1% and 10.5%), and in the United States by U.S. Bancorp and PNC Financial Services Group (both 12.7%). See details for the past five years, broken down by bank, in TABLE I.34.

I.11 Bad debts written off

TABLE I.32 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 2010, the impairments from European banks declined, on average, from 27.9% to 16.9% of the revenue, from 1.3% to 0.8% of the loans to customers and from 12.6% to 7.6% of the net worth. The German Hypo Real Estate Holding reported, for the third consecutive year, loan adjustments in excess of the total revenue; the British Lloyds Banking Group and RBS showed amounts exceeding one third of the revenue. Lloyds Banking Group reported also the highest ratio to net worth (23.1%) followed by Danske Bank (13,2%) and Banco Santander (12.8%).[26]

The Japanese banks also show lower indicators in 2010 standing at significantly lower values compared with the European figures, i.e. 7.5% of the revenue, 0.2% of the loans to customers and 2.1% of the net worth. With impairments in excess of one fourth of the revenue, are Shoko Chukin Bank (26.5%) and Shinsei Bank (25.7%); the latter shows an even higher ratio to the net worth (10.4%).

However, the highest indicators are those in the US banks whose impairments in 2010 account, on average, for 22.8% of the revenue,

[26] 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.

2.7% of the loans to customers and 11.9% of the net worth. Eight of the 13 surveyed banks, have recognized impairments in excess of 20% of the revenue, with Regions Financial at the top (44.1%); the latter, together with Capital One Financial, reported also the highest ratio to the net worth (17.1%). Citigroup, for the second consecutive year, was the bank that recognized the largest adjustments to loans to customers at the year-end (7% and 4.1% respectively).

TABLE I.15 – BAD DEBT WRITEOFFS AND NET DOUBTFUL LOANS BY GEOGRAPHICAL AREA

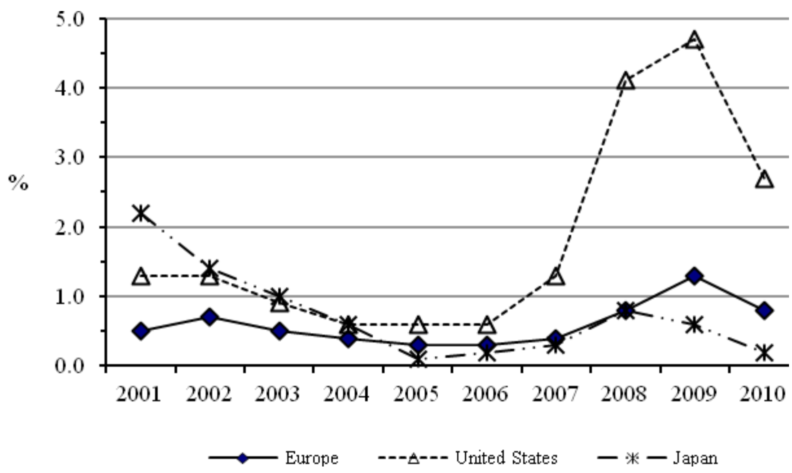
	Annual bad debt write-offs			Net doubtful loans	
	as % of total income	as % of customer loans	as % of net worth	as % of customer loans	as % of net worth
	avg. 2001-2010 levels			*as a 31/12/2010*	
Europe	13.0	0.6	6.5	2.4	22.7
Japan	25.5	0.8	8.8	1.0	8.9
United States	16.5	1.8	9.8	0.9	4.0

During the ten-year period 2001-2010, European banks reported an impact of annual impairment losses, on average, lower than that of the Japanese and U.S. banks, in proportion to revenue, loans to customers and net worth (TABLE I.15). In the comparison with the US banks, this figure was attained despite the higher amounts of revenues reported by US banks in relative terms, as previously illustrated in FIGURE I.2, 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.

FIGURE I.5 shows the ten year graphic trend of the ratio of the annual adjustments made to loans to customers, to the related amounts at year end. This indicator shows the highest figures reported by the US banks versus the European banks and, since 2005, also versus the Japanese banks, while significantly diverging from both of them starting in 2007.

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 ratios of the three areas as a proportion of total loans to customers and net worth, while they were significantly lower, and in some cases absent, for the US banks.

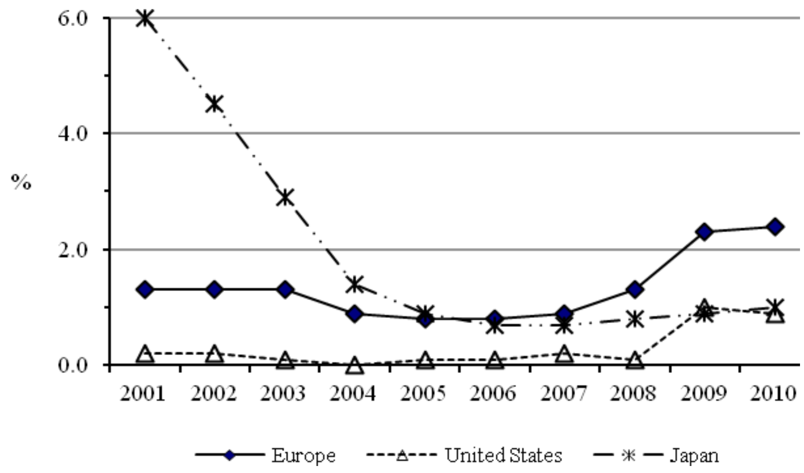
FIGURE I.5 – ANNUAL BAD DEBT WRITEOFFS AS A PERCENTAGE OF LOANS TO CUSTOMERS



I.12 Doubtful loans and coverage ratio

The ratio of net doubtful loans to total loans to customers, calculated according to portfolio amounts at the end of the period (non-performing loans ratio) climbed from 0.8% in 2005-2006 to 2.4% in 2010 in Europe while standing at values close to 1% for the Japanese and the US banks in the two years 2009-2010 (see FIGURE I.6 and TABLE I.33 for a breakdown by bank and geographical area).

FIGURE I.6 – NET DOUBTFUL LOANS AS A PERCENTAGE OF LOANS TO CUSTOMERS



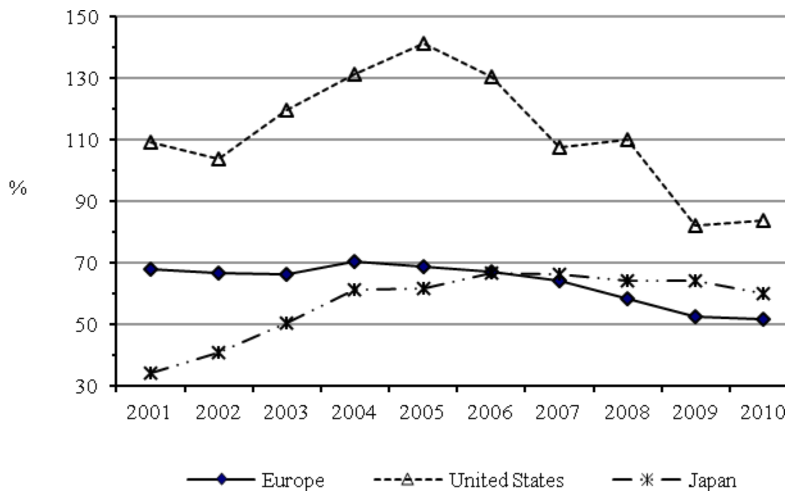
Similarly, the ratio of doubtful loans to net worth increased more significantly in Europe, starting in 2008, standing at 22.7% at the end of 2010 compared with an average 9% for the previous three years. The same indicator increased, from 2006 to 2010, to 4% (only 3.6 percentage points) for the U.S. banks, and to 8.9% (2.7 percentage points) for the Japanese banks.[27] Both indicators, as already discussed in the previous paragraph, show the highest values at the end of 2010 for the European banks.

In detail, 5 of the European banks showed a ratio in excess of one third of the shareholders' equity: Lloyds Banking Group (81.9%), Unicredit (50.7%), Commerzbank (44.4%), ABN AMRO Group (36.2%) and Intesa Sanpaolo (34.3%). The two Italian banks, along with Lloyds Banking Group, reported the highest values in the ratio to loans to customers. In Japan, only two smaller institutions, Hokuhoku

[27] U.S. 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.

Financial Group (33.5%) and Shinsei Bank (33.2%), showed a ratio in excess of 30% to doubtful loans/net worth; among the US banks, the highest ratio is reported by the Suntrust Banks (11.7%).

FIGURE I.7 – DOUBTFUL LOAN 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 2009-2010 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 slightly over 80%, after having exceeded 100% consistently in previous years. The ratio also fell for European banks, coming to 52% approximately, 11 points below the average for the decade. The Japanese banks, after the significant improvement in their ratio in the first half of the year 2000 that exceeded the one of the European banks, reported a decline in the most recent years with a coverage rate standing at 60% at the 2010 year-end (FIGURE I.7).

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 51.6% for Japanese banks and 48% for European banks, meaning that non-performing loans had a similar "accounting life" of approximately 1 year and 11 months for the former and approximately 2 years and 1 month 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 153 billion in 2001 to EUR 711 billion in 2008, to then fall to EUR 383 billion in 2010, with an average of EUR 354 billion in new deals each year of the decade. In the U.S., according to SIFMA – Securities Industry and Financial Markets Association data, considering only the bank sector, securitized assets climbed from USD 539 billion in 2001 up to USD 1,659 billion in 2006, with an annual average of 1.442 billion in the 2004-07 period and later collapsed to only 142 billion in 2010. The amount of outstanding securities at the end of 2010 amounted to EUR 2,097 billion in Europe and to EUR 3,675 billion in the U.S.; these amounts represent, indicatively, 17% and 93% of the loans to customers reported by the surveyed European and US banks.

I.13 Summary of financial structure

Between 2001 and 2010, the aggregate total assets on the books of the banks included in the survey rose from EUR 28,619 billion to EUR 41,268 billion, marking an increase of 44.2%, or +53.8% 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 63.5% for European banks (approximately +53% excluding the effects of the first-time application of IAS/IFRS as mentioned in note 5) and 67.3% for US banks, the assets of Japanese banks increased by only 16.7% during the period.

TABLE I.16 – BANKS OF THE TRIAD REGION: BALANCE SHEET INDICATORS, 2001–2010

	2001	2008	2009	2010	Change	
	as % of total assets					
	a	*b*	*c*	*d*	*c-a*	*d-c*
Securities	23.8	21.0	24.8	25.4	+ 1.0	+ 0.6
Loans and advances to banks[1]	-	-	-	1.1	-	+ 1.1
Loans and advance to customers	46.5	41.7	44.0	43.7	- 2.5	- 0.3
Fixed assets	2.9	2.4	2.8	2.7	- 0.1	- 0.1
of which: goodwill	*0.8*	*0.9*	*1.0*	*1.0*	*+ 0.2*	-
Other assets	11.8	22.4	15.8	15.2	+ 4.0	- 0.6
Funding from customers	63.0	55.1	61.2	61.7	- 1.8	+ 0.5
Deposits by banks [1]	3.5	2.2	o	-	- 3.5	-
Other liabilities [2]	13.5	26.1	20.7	20.8	+ 7.2	+ 0.1
Net worth	5.0	4.1	5.5	5.6	+ 0.5	+ 0.1
Total assets (change vs. previous year) %	n.c.	+ 8.0	- 11.8	+ 8.9		

[1] Loan or borrowing net position with credit institutions.

[2] Including provisions for staff and deferred taxes.

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

The balance sheet data summarized in TABLE I.16 shows, first of all, the equity strengthening in the two year period 2009-2010, both versus the 2008 data and the beginning of the period data. This positive performance is to be attributed, in addition to the strong earnings for the year, as discussed above, to the contribution of new capital and to the higher fair value of the portfolio of available-for-sale securities, as a result of the upward trend in market values.

In the comparison with the values at the beginning of the period, the loans to non-bank customers reduced their impact by 2.8 percentage points under the financial statements' assets in favour of the investments in securities and interbank assets. The latter, except for Japan, climbed from a net debt position in 2001 with an increase of customer funding through funding provided by smaller institutions, to a surplus in 2010 with an excess in liquidity confirmed also by an increase in deposits at the central banks.

Furthermore, it should be noted that the residual items "Other assets" and "Other liabilities", which include mainly the positive and negative fair values of derivative financial instruments account for over 90% of the European banks total.[29] The higher amounts included in the financial statements are due, as previously mentioned, to the reduced use of offsetting the negative and positive positions with the same counterparty because of the more restrictive European accounting standards.

A comparison of the data of the end of 2010 (TABLE I.17) among the different geographical areas shows the higher weight, for the Japanese banks, of the securities portfolio on the one hand and of the funds raised from non-bank customers on the other. By contrast, the U.S. banks reported a greater share of non-current assets, and goodwill in particular, but also the higher impact of the net worth on total assets, with a value equal to approximately twice that of European and Japanese banks. Also considering the tangible net worth, this ratio,

[29] More than 60% of both European banks' negative and positive positions at the end of 2010 are associated with just six banks, in the following order: Deutsche Bank, RBS, Barclays, BNP Paribas, UBS and Crédit Agricole.

although adjusted to 1.6 and 1.4 times respectively, is favourable to the US banks.

The European banks show, as discussed earlier, the highest impact of the fair value of the derivative products on the assets, i.e. 15% of the total. As regards the European banks, it must also be noted that the item "Other liabilities" includes the technical insurance reserves for the groups that carry out such activity, with an approximate 5% impact on the total in the financial statements; these reserves have a counterparty in the security portfolio investments and to a lesser extent, in non-current assets (for comments, see Appendix 3).

TABLE I.17 – BALANCE-SHEET INDICATORS BY GEOGRAPHICAL AREA AS AT 31 DECEMBER 2010

	Europe		Japan		United States	
	as % of total assets	*% change from 2009*	*as % of total assets*	*% change from 2009*	*as % of total assets*	*% change from 2009*
Securities	22.1	*+ 3.7*	37.8	*+ 8.7*	25.9	*+ 4.7*
Loans and advances to banks [1]	1.6	*n.c.*	-	-	4.0	*+ 11.2*
Loans and advances to customers	44.0	*+ 4.6*	43.9	*- 1.6*	42.6	*+ 3.9*
Fixed assets	2.3	*+ 1.5*	1.6	*+ 4.1*	5.6	*- 4.8*
of which: goodwill	*0.8*	*+ 2.4*	*0.1*	*- 5.2*	*2.6*	*- 4.3*
Other assets	18.6	*+ 3.6*	5.9	*- 1.5*	10.7	*- 2.3*
of which: derivatives	*15.0*	*+ 3.2*	*3.5*	*- 2.6*	*2.8*	*- 5.6*
Funding from customers	57.3	*+ 5.6*	73.1	*+ 2.4*	68.1	*+ 2.2*
Deposits by banks [1]	-	-	3.8	*+ 11.7*	-	-
Other liabilities [2]	26.5	*+ 7.1*	7.4	*+ 2.7*	10.9	*+ 7.2*
of which: derivatives	*15.0*	*+ 3.9*	*3.2*	*- 2.5*	*2.5*	*+ 4.3*
Net worth	4.8	*+ 9.2*	4.9	*+ 0.7*	9.8	*+ 4.7*
Total assets	100.0	*+ 4.7*	100.0	*+ 3.9*	100.0	*+ 2.9*

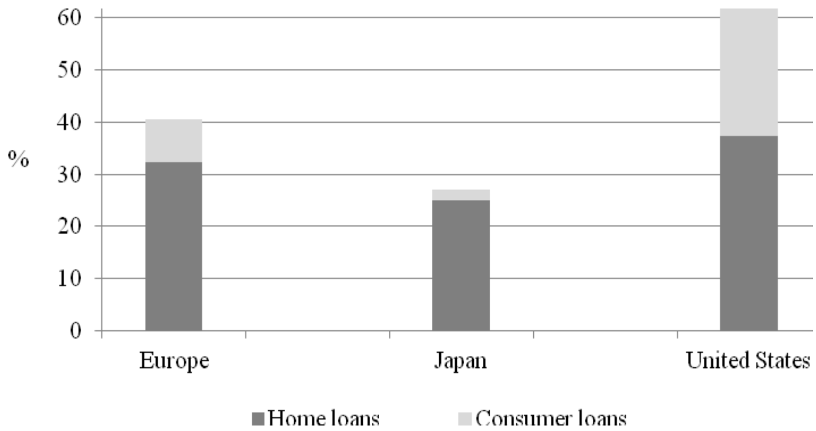
[1] Net creditor or debtor position versus banks. The European banks changed their position from debt to surplus in 2009.

[2] Including provisions for staff and deferred taxes.

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

With regard to loans to customers (FIGURE I.8), the differing composition of such loans between households and businesses in the various geographical areas is worthy of note: at the end of 2010, loans to households amounted to 62% of the total for U.S. banks (37% of which pertained to home purchases), 41% for European banks (approximately 32% of which pertained to home purchases) and just 27% for Japanese institutions (25% of which pertained to house purchases).[30] 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.8 – LOANS TO HOUSEHOLDS

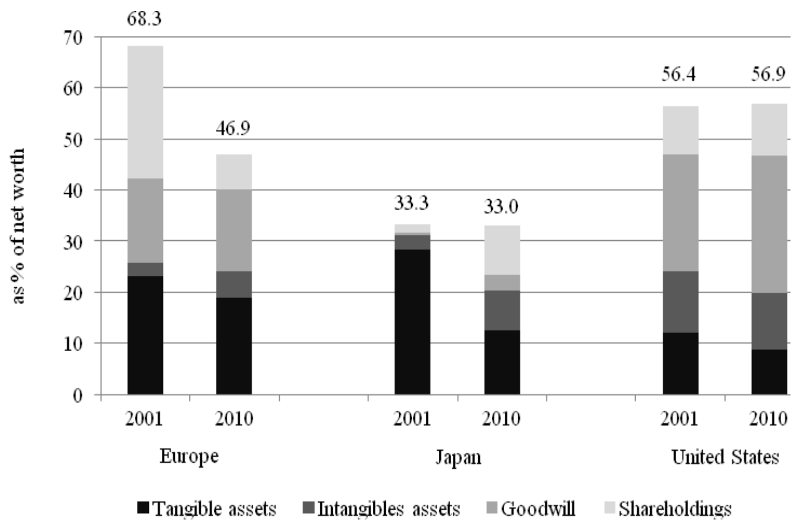


[30] The figures refer to sub-set comprising 98% and 85% of loans to customers for European and Japanese banks, respectively. The U.S. figure refers to the entire sample.

The rate of investment of net worth, calculated as the ratio of non-current assets to total assets, declined during the decade 2001-2010 in excess of 21 percentage points to 47% for the European banks and remained stable at 33% for the Japanese banks and slightly below 57% for the US banks (FIGURE I.9 and TABLE II.4, various areas).

Conversely, the decline registered by the European banks was largely due to equity investments, mainly as a result of the reclassification of significant items in the portfolio to "Securities" in 2005 in accordance with IASs/IFRSs, and to a lesser extent, to the tangible assets. In the United States, an increase in the weight of the goodwill that climbed from 23% to 27% of the net worth while for the Japanese banks, the increase in the goodwill and other intangible assets, which occurred for the most part in 2005 following the merger of Mitsubishi Tokyo Financial Group with UFJ Holdings, was offset by a decrease in tangible assets due to the sizeable transfer of properties.

FIGURE I.9 – FIXED ASSETS AS A PERCENTAGE OF NET WORTH



In 2010, the free capital – which includes not only non-current assets but also doubtful loans, calculated in proportion to funding from customers – averaged 5.6% for US banks, 3.9% for Japanese banks and 2.5% for European banks (FIGURE I.10 and TABLE II.4).

The improvement in 2010 in the U.S. and European indicators is, for the latter, entirely due to the strengthening of assets, while for the former, the increase in net worth is combined with a decrease in intangible assets. For the Japanese banks, by contrast, the slight worsening of the indicator is due in equal proportion to the insufficient increase in equity and to the higher weight of non-current assets and doubtful loans.

FIGURE I.10 – FREE CAPITAL AS A PERCENTAGE OF FUNDING FROM CUSTOMERS

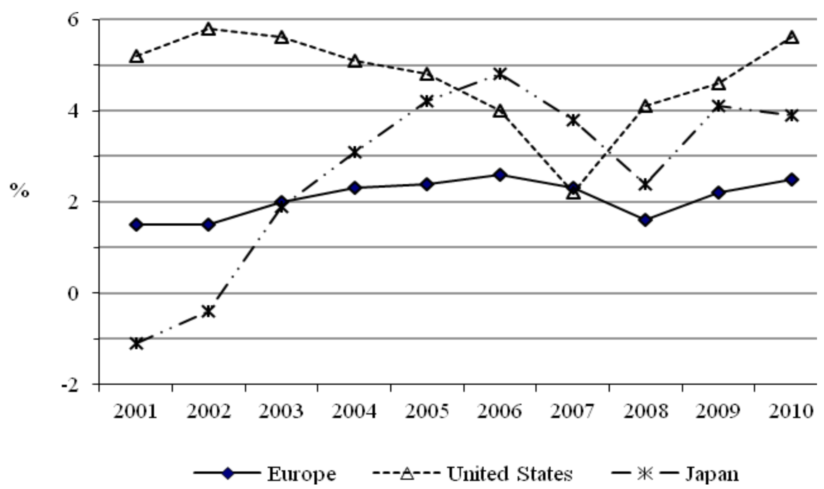
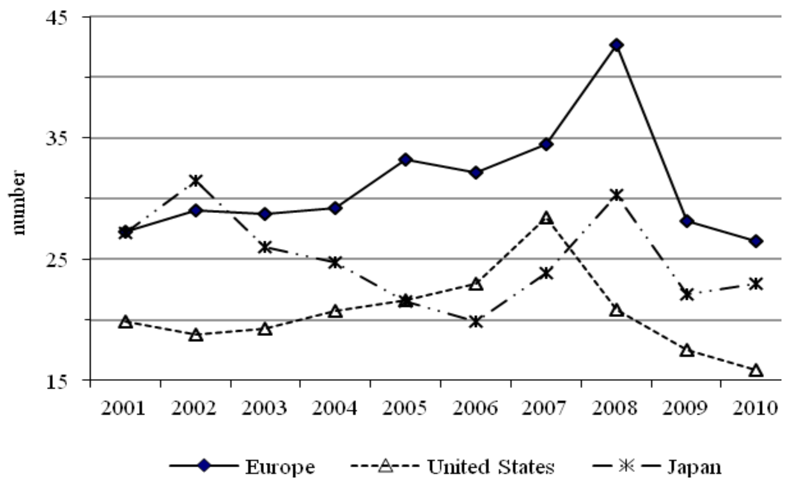


TABLE I.34 shows in detail the free capital in the last five years for each bank. Among the European banks with the highest values at the end of 2010 are the British Standard Chartered (6.7%) and HBSC (4.5%) and the Swisse UBS (4.9%); conversely, the following three institutions show negative values: La Caixa (-2.4%), Lloyds Banking Group (-1.7%) and Unicredit (-1.5%). In Japan, the highest indicators were reported by Norinchukin Bank and Shoko Chukin Bank (8.3% and 8%, respectively), while the US bank with the highest indicator was Keycorp (10.2%), followed by Citigroup (7.8%) and Suntrust Banks (7%). No Japanese or US banks showed negative figures.[31]

FIGURE I.11 – 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 2010 was that of US banks, which had assets equal to 15.9 times their

[31] It should be noted that banks with negative or near-zero free capital levels, such as 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 (-1.4 and -2.1% respectively in 2008), were nationalized by their respective governments.

tangible net worth. Japanese banks were in the middle, with a ratio of 23 times, while the highest ratio is attributed to the European banks standing at 26.5 (FIGURE I.11).

In comparing the indicators of the different areas, it should be remembered that the higher figure reported by the European banks is affected by the less frequent recourse to offsetting the positive and negative positions of the derivative instruments, as discussed earlier. By contrast, the US banks were able to rely, for the entire period, on a net worth that was, on average and in relative terms, more sizeable.

The higher indicator in 2007 for the United States and in 2008 for Europe and Japan, is substantially due to the decline in the respective tangible net worth, as a consequence of the losses for the year and major write-downs of securities to adjust them to the current values. This occurred while in Europe and in the United States the total assets recorded the highest figures during a period of uninterrupted growth.

In 2010, the decline in multipliers in Europe and in the U.S. was due to the growth rate in tangible assets (+11.3% and +13.8%, respectively) versus a lower growth rate in total assets (+4.5% and +3.3%); conversely, for the Japanese banks, an increase in assets of similar amount (+3.9%) was combined with an unchanged tangible net worth.[32]

The European banks that show the highest "leverage" effect at the end of 2010 are, in order, Dexia, Deutsche Bank, Hypo Real Estate Holding and Landesbank Baden-Wuerttemberg, all with a multiplier equal to or higher than 40; at the bottom of the rankings (with the lowest leverage) are Standard Chartered (16), La Caixa (16.9) and Rabobank Nederland (17.1). In Japan, Shinkin Central Bank, MUFG – the most important bank in the country – and Resona are the banks with the highest multiplier (above 27). In the United States, the highest

[32] 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 1 capital ratio), is 4%. The minimum total capital ratio, which also includes subordinated liabilities, is 8%. Core tier 1 means shareholders' equity, excluding innovative or "hybrid" capital instruments, which are limited to 15% of the total amount.

multipliers are those of the Bank of New York Mellon (26.1), JPMorgan Chase (18.7) and Bank of America (16.7), while Keycorp and Fifth Third Bancorp stand last in the rankings (8.7 and 10, respectively).

TABLE I.35 shows the details for each bank in the various areas, covering the last five years of the survey.

I.15 Indirect funding[33]

Based on significant subset data of the European and US samples, the volume of indirect funding in the five years from 2006 to 2010 shows, for the European sample, a decline compared with funds raised from customers (from 81% in 2006 to 65% in 2010) and for the US sample, stable data slightly above 70% (TABLE I.18).[34] However, the balances at year-end are not comparable with one another, being affected, sometimes to a significant degree, by acquisitions and sales carried out with entities not included in the survey.[35]

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[33] 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 consistent.

[34] It was not possible to process comparative figures for Japanese banks due to the lack of homogenous historical data from a meaningful number of companies.

[35] In 2007 in the U.S., The Bank of New York acquired Mellon Financial, with assets under management amounting to USD 929 billion, while Citigroup acquired the Japanese Nikko Cordial, with assets under management amounting approximately to 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 300 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: Among the main ones: in December 2009, Barclays sold to BlackRock its asset-management operations, in the amount of approximately EUR 1,180 billion, in return for a 19.9% interest in the latter; in 2010 the Deutsche Bank acquired the Sal Oppenheim assets amounting to EUR 115 billion.

TABLE I.18 – INDIRECT FUNDING

	2006	2007	2008	2009	2010
Europe (EUR bn) [1]	10,396	11,078	9,182	8,688	9,354
as % of funds raised from customers	*80.8*	*74.9*	*64.2*	*61.4*	*65.7*
United States (USD bn) [2]	3,127	4,540	3,791	4,114	4,136
as % of funds raised from customers	*70.4*	*85.9*	*68.8*	*72.5*	*71.8*

[1] Data relating to 25 groups representing 92% of the total assets in the sample at the end of 2010; the other 2 groups do not operate in the asset management sector. The different European currencies have been converted using the fixed exchange rate as at the 2010 year end.

[2] Data relating to 10 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 2010.

TABLE I.19 – PRIMARY BANKS OF THE SURVEY BY INDIRECT FUNDING

Company	Balance as at 31-12-2010	Change from 2009 [1]	Company	Balance as at 31-12-2010	Change from 2009 [1]
	EUR bn				
Europe			Groupe BPCE	553	+ 33
UBS (CH)	1,541	- 42	ING Groep (NL)	387	+ 44
Deutsche Bank (DE) [2]	1,179	+ 299		USD bn	
Crédit Suisse (CH)	900	+ 16	**United States**		
BNP Paribas (FR)	711	+ 41	JPMorgan Chase	1,298	+ 49
Crédit Agricole (FR) [3]	838	+ 198	Bank of NY Mellon	1,172	+ 57
HSBC Holdings (GB)	692	+ 78	Bank of America	644	- 106

[1] Currencies other than the Euro have been converted by utilizing the fixed exchange rates at the end of 2010.

[2] In 2010 acquired Sal. Oppenheim and Deutsche Postbank (EUR 115 bn and EUR 105 bn of assets respectively managed).

[3] In 2009 it has received assets under the management of Société Générale for a total of EUR 169.5 billion

TABLE I.19 shows the European and US banks with the most assets under management at the end of 2010. 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.

I.16 Securities portfolios

Another issue to consider is the valuation of securities portfolios, which, at the 2010 year-end, in aggregate terms, accounted for 38%, 26% and 22% of the total assets of Japanese, U.S. 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.[36]

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[36] 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 policy holders, as well as for financial instruments with a primary derivative component. The option to utilize fair value measurement was also introduced by U.S. GAAP effective 2008, with an option for early adoption effective 2007; however, the distinction from held-for-trading securities is not always applicable.

The attribution to this last category involves an overestimation of the corresponding item within the assets stated in the balance sheet and fewer write-downs during the period of decline in stock prices.[37] At the end of 2010, the European and Japanese banks show a percent of securities valued at cost above 10 points approximately, compared with the figures of the U.S. banks; the use of this assessment method is by the way declining in all areas (TABLE I.20).[38]

As regards the 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 531.5 billion in securities at cost, with an increased percentage impact on the total portfolio from 3.2% in 2007 to 14.7% in 2008. An additional EUR 76 billion, equal to 1.3% of the total, was then derecognized from the securities category, through a counterparty under loans while switching from a fair value to a cost valuation.

The write-off of the securities from a current valuation in favour of a valuation at cost, has also occurred, in the same period, with the Japanese and the U.S. banks leveraging on the opportunities offered by the domestic accounting principles. Some of the Japanese banks have reclassified the securities at cost for JPY 16,451 billion, bringing the related percentage on the total from 5.5% in 2007 to 12.3% in 2008. In the U.S., Citigroup and, to a lesser extent, two other banks have transferred securities to the "held to maturity" category for an amount of USD 70 billion; also in this case, the percentage on the total portfolio climbed from 0.2% in 2007 to 3.9% by the end of 2008.

It must be noted that the securities portfolio has been subject, in the most recent years, to the write-off of significant items: in 2008 and

[37] This aspect had assumed high relevance for the European banks until 2004, the year when the percentage of securities valued at cost was equal to 27% of the total, a figure considerably higher compared with those of the Japanese and U.S. banks which stood at 11% and at 1% respectively; the adoption of the IAS/IFRS accounting principles has brought the figures of the European banks closer to the figures of the other two areas.

[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".

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; in 2010, Hypo Real Estate deconsolidated, in favour of a company controlled by the German government, financial investments totalling EUR 66.8 billion.

Also with regards to the 2009-2010 figures, it should be noted that there is a higher percent of held-for-trading securities designated at fair value by European banks than by U.S. banks and especially Japanese banks, leading to increased volatility in net profit for the year of the former, due to the immediate impact on the income statement of the changes in the market value of securities.

TABLE I.20 – SECURITIES PORTFOLIOS: DETAILS BY CATEGORY AND GEOGRAPHICAL AREA

	Europe		Japan		United States	
	2009	2010	2009	2010	2009	2010
	EUR bn		JPY bn		USD bn	
Total	**5,860**	**6,077**	**259,454**	**282,120**	**2,288**	**2,396**
as % of total assets	*22.3*	*22.1*	*36.1*	*37.8*	*25.5*	*25.9*
	%		%		%	
Held for trading	36.2	37.3	8.9	11.2	36.5	38.8
Designated at fair value [1]	11.6	12.5	4.2	4.2	-	-
Available for sale	37.5	38.6	75.2	73.6	60.4	59.4
of which: stated at cost	-	-	*1.1*	*0.8*	-	-
Held to maturity	14.7	11.6	11.7	11.0	3.1	1.8
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
of which: stated at cost	*14.7*	*11.6*	*12.8*	*11.8*	*3.1*	*1.8*
of which: structured securities [2]	*12.7*	*11.7*	*6.6*	*5.6*	*47.8*	*45.6*

1 In Japan, it refers to Mitsubishi UFJ Financial Group which adopts the U.S. GAAP; in the U.S., they are included in the held for trading securities.

2 It refers mainly to securities arising from securitisation, such as ABS-*Asset Backed Securities* and CDO-*Collateralized Debt Obligation*. For Japan the data is representative of 95% of the portfolio.

An analysis of the portfolio shows how the portfolio of the U.S. banks is characterised by a higher risk. 46% is in fact represented by structured securities, deriving from securitization operations and consisting, for the most part, of mortgages, while this percentage declines to 12% for the European banks and to only 6% for the Japanese banks[39].

I.17 Derivative contracts

TABLE I.37 shows the transactions in derivative contracts undertaken by the banks in the three areas considered in the survey from 2008 to 2010. Where available, the figures refer both to trading and hedging derivatives.[40]

In 2010, the nominal value of outstanding contracts increases compared with the previous year by about 3% for the US and Japanese banks and by 12% for the European banks. The value of the contracts

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[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.

[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 indexes 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.

represents a multiple of total on-balance sheet assets; in 2010 this multiple was 22 for U.S. banks, 16 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.[41]

The fair value of the contracts at the end of 2010 shows a positive net balance (potential profit) in Japan and in the U.S. – however with a 43% decline for the latter area compared with the previous year – while for the European banks it declines into negative territory (potential losses). In relative terms, the positive balance achieved in Japan and the U.S. represent respectively 5% and 3.7% of the related net worth, while the negative balance of the European banks is equal approximately to 1%.

In 2010, credit risk stands at the same figures of the previous year in all the areas, significantly lower than the figures reported in 2008; these were however unusually high due to the reduced 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 standing at 69% of its shareholders' equity at the end of 2010, compared to 57% of the Japanese banks and 26% of the US banks.

TABLE I.21 lists the 10 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 2010. Of these, seven are European and three U.S., with JPMorgan Chase & Co ranking in first place followed by Barclays. The latter and Citigroup show the largest percent growth rate in notional value compared with the previous year.

The balance of the fair value assets and liabilities is for the most part positive (potential profit) with the highest values reported by

[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.

Barclays, Bank of America and Deutsche Bank; the largest negative balances (potential losses) are reported by Crédit Suisse and Citigroup.

The greatest credit-risk exposure by amount is shown by BNP Paribas and RBS; in relation to the net worth, the highest multiples, all above 1, are from Deutsche Bank, UBS and Crédit Suisse.

TABLE I.21 – BANKS IN THE SURVEY WITH THE LARGEST AMOUNTS IN DERIVATIVE CONTRACTS OUTSTANDING AT 31-12-2010

Company	Notional value as of 31-12-2010		Fair value (balance)	Credit risk	
	EUR bn	*% change vs. 2009* [1]	EUR ml	EUR ml	*as a % of net worth*
JPMorgan Chase & Co. (U.S.)	59,052	+ *0.2*	8,428	47,893	*36.3*
Barclays (GB)	56,645	+ *24.0*	17,198	49,449	*68.4*
Deutsche Bank (DE)	55,991	+ *13.2*	12,519	63,942	*126.9*
Royal Bank of Scotland (GB)	53,616	- *5.6*	3,613	76,194	*85.3*
Bank of America (U.S.)	51,123	- *6.0*	12,787	54,633	*31.9*
BNP Paribas (FR)	44,778	+ *6.5*	- 749	76,053	*88.8*
Credit Suisse Group (CH)	37,010	+ *5.4*	- 7,461	40,369	*117.3*
Citigroup (U.S.)	35,997	+ *23.5*	- 7,025	44,942	*36.2*
UBS (CH)	34,126	- *1.5*	5,905	50,464	*121.7*
Crédit Agricole (FR)	18,453	+ *9.5*	2,848	64,315	*83.1*

[1] Calculated in local currency.

I.18 Rights issues, dividends and share buybacks

In 2001-2010, a total of EUR 499 billion in share issues was undertaken in Europe. This figure does not include new shares issued in acquisitions.[42] 60% of the rights issues have been carried out in 2008-09,

[42] As regards the latter, those due to “mega-mergers”, as discussed in Par. I.4, amounted to EUR 162.9 billion, 25% of all the rights issues have been carried out.

of which 163 billion (54%) were subscribed by the Governments and other public entities. In the same period, the dividends distributed amounted to EUR 362 billion, while share buybacks (which in 2009 also included the repurchase of EUR 24.5 billion in shares held by governments) totalled EUR 116 billion (TABLE I.38) The dividends paid in the ten year period accounted approximately for 90% of the rights issues minus the outlay incurred in connection with share buybacks, which entailed a net inflow of about EUR 22 billion. Over the same time period, total income came to EUR 747 billion, meaning that retained earnings represented the primary means of expansion of the European bank equity.

For the US banks, share buybacks have always exceeded rights issues with the exception of the two years 2008-2009. In those two years, the rights issues amounted to USD 422 billion accounting for 80% of the amount for the entire 10 years, with 185 billion (44%) of such amount contributed by the Treasury and other government entities. The balance for the ten years shows net outflows amounting to USD 146 billion, keeping in mind the repayment to the government in the amount of 139 billion in 2009-10 and the distribution of dividends in the amount of USD 321 billion.[43] In this same period, the net income stood at USD 542 billion representing, also in this case, the main source of growth in equity.

TABLE I.22 shows, in detail, for the European and the US banks included in the survey, the rights issues subscribed with public funding from 2008 to 2010, as well as the amounts repaid. The largest interventions took place in Great Britain (EUR 78 billion), Germany (41.1 billion) and France (25.3 billion including the contributions that are considered as subordinate liabilities and the 3 billion in favour of the Belgian Dexia). The French government benefited from pay-backs amounting to 18.8 billion, 74% of the contributions.

[43] In the ten-year period 2001-2010, industrial multinationals based in North America returned USD 1,843 billion to investors (both in the form of dividends and share buybacks) against a mere USD 297 billion raised through share issues.

TABLE I.22 – RIGHTS ISSUES FUNDED BY GOVERNMENTS AND OTHER PUBLIC ENTITIES IN 2008-2010 AND AMOUNTS REPAID: BREAKDOWN BY COMPANY

Company	Amounts issued	Amounts repaid	Company	Amounts issued	Amounts 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	25.5
ING Groep (NL)	10.0	5.0	PNC Fin. Services Group	7.6	7.6
BNP Paribas (FR)	7.6	7.8	U.S. Bancorp	6.6	6.7
Hypo Real Estate Hld (DE)	7.4	-	SunTrust Banks	4.9	-
KBC Group (BE)	7.0	-	Capital One Financial	3.5	3.6
Groupe BPCE (FR) [2]	6.0	4.0	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	2.8	**Total 2008-09**	**185.2**	**139.2**
Total 2008-09	**164.1**	**25.6**			

[1] Including HBOS, incorporated in January 2009.
[2] Including Groupe Banque Populaire and Groupe Caisse d'Epargne.
[3] Over 1 billion subscribed by Belgian institutional investors and 0.4 billion by the Luxembourg government for convertible bonds.
[4] Société Générale (3.4 billion of which 1.7 billion repaid) and Fortis Bank (Nederland) (1.3 billion). In addition, Crédit Agricole, Crédit Mutuel and Groupe Caisse d'Epargne have received from the French Government EUR 3 billion, 1.2 billion and 1.1 billion, respectively, in the form of subordinate loans stated under subordinate liabilities in the financial statement (all repaid); the Swiss Government has subscribed UBS convertible bonds for approximately EUR 4 billion.
[5] Bank of New York Mellon (3 billion, repaid 3.1 billion) and KeyCorp (2.5 billion).

For the Japanese banks, recourse to the market amounted to JPY 13,833 billion, compared to a mere JPY 4,003 billion in dividends distributed, whereas share buybacks amounted to JPY 7,606 billion. These purchases for the most part represented the repayment of public funding, carried out through the repurchase of preferred stock owned by government entities. The dividends distributed thus amounted to about 60% of the amounts raised from shareholders, net of share buybacks, yielding net inflows of JPY 2,224 billion over the decade. It must be noted that the aggregate net earnings reported by the Japanese banks in the ten years of the survey were positive for only JPY 1,011 billion, therefore the main component in the change of the shareholders' equity is, in this case, represented by non-cash changes.

I.19 Capital adequacy ratios

The solvency coefficients, measured based on the regulatory capital to risk-adjusted assets, determined pursuant to the Basel Interbank Accords, were on the average higher at the end of 2010 for US banks (16.2% in total capital ratio and 12.5% in Tier 1) compared with those in Europe (14.8% and 12.1% respectively) and Japan (15.2% and only 10.9% for Tier 1) (TABLE I.35).

In comparison with the minimums of 2007 (of 2008 for the Japanese banks), the overall ratio of the surveyed banks shows an average improvement of 4.6 percentage points in the U.S., 3.8 points in Europe and 3.7 points in Japan.[44]

Those improvements were largely due to capital enhancements undertaken in 2008-09, 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 fewer 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 reserves included in net worth.

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

TABLE I.23 – RISK-WEIGHTED ASSETS (RWAS) AND REGULATORY CAPITAL FOR THE PURPOSES OF THE BASEL ACCORDS

	Risk-weighted assets (RWAs)			Regulatory capital			RWAs / Total tangible assets	
	2009	2010	Change	2009	2010	Change	2009	2010
	EUR bn		%	EUR bn		%	%	
Europe	9,144	9,080	*- 0.7*	1,246	1,308	*+ 5.0*	*34.9*	*33.8*
	USD bn			USD bn				
United States	6,079	5,805	*- 4.5*	896	915	*+ 2.1*	*70.6*	*65.3*
	JPY bn			JPY bn				
JAPAN	321,604	299,014	*- 7.0*	46,934	46,543	*- 0.8*	*45.0*	*40.3*

In 2010, risk weighted assets according to their level of risk (the denominator of the solvency ratio) decline by 7% for Japanese banks and by 4.5% for U.S. banks providing a significant contribution to the improvement of the average ratio for the area. By contrast, for the European banks, capital increase represents the main factor determining an upward curve in the solvency indicator (TABLE I.23).

The different impact of the assets that are weighted according to the risk on the total assets of the financial statements must be noted: for the European banks, an average of just 34% of tangible assets was covered by capital in the minimum amount of 8% established by the Basel Accords, compared to 65% for U.S. banks, with Japanese banks in the middle at 40%.

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.22) 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]

TABLE I.36 shows, for the two years 2009-10, the breakdown per bank of the risk weighted assets and statutory capital as a percentage of the total tangible assets and the tangible net worth, respectively. It should be noted that, in addition to the already low impact of the weighted assets on the total assets, the statutory capital (the numerator of the solvency ratio) represents a multiple of the tangible net worth for almost all the banks of the survey and equal, on average in 2010, to 1.4 times for the European banks, 1.3 times for the Japanese banks and 1.7 times for the US banks. This ratio would be closer to 1.0 if only tier 1 were considered.

In the same table, the tangible net worth of the surveyed banks was presented as a percentage of their respective maximum exposure to loan risks and included the risk assets stated in the financial statements as well as the guarantees and the "out of the financial statements" commitments, without applying any weight factor. In 2010, these ratios were significantly lower than those calculated according to the Basel Accords, representing, on average, 3.7% for the European banks, 4.9% for the Japanese banks (partial data) and 5.4% for the US banks.[46]

The same TABLE I.36 shows a quantification of "out of the financial statements" assets as a percentage of the tangible assets. Worthy of note is the higher degree of importance that these assets represent for the US banks where at the end of the 2010 period, they account for slightly less than 50% of the financial statement assets, of which half is represented by revocable lines of credit granted to credit cards holders. The lowest

[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").

[46] The ratios calculated as shown above, although not fully comparable among the different areas (since, for example, while European banks include among the "out of the financial statements" assets only the irrevocable lines of credit, the U.S. banks include also the no-notice revocable lines of credit – granted for the most part to credit card holders), are representative of this phenomenon. It must be noted that if the European banks were able to include in this percentage also the revocable lines of credit (data not available), their average ratio, already the lowest of the three areas, would be even lower.

figure of the European banks, as discussed before, is impacted by the inclusion of the irrevocable lines of credit only, although the lower importance held by consumer credit in Europe compared with the United States should be taken into consideration (FIGURE I.8).

The overall solvency ratios as at 30 September 2011 for the Japanese banks and at the end of 2011 for the European and the US banks are mostly unchanged from the 2010 figures in Europe and Japan, while they account, on average, for a decrease of half a percentage point for the U.S. banks which continue to show, however, the highest figure. Conversely, tier 1 remains unchanged for the latter while it increases for the European banks (+0.3 p.p.) and especially for the Japanese banks (+0.9 p.p.) which show again the lowest ratio.

At the end of 2011, the European banks with the highest tier 1 ratio were the Swiss UBS (19.6%) and Crédit Suisse (18.1%), the Dutch co-op Rabobank (17%) and Danske Bank (16%). With the lowest tier 1, as at the same date, are Dexia (7.6%), Unicredit (9.3%) and Nordea (10.1%). In September 2011, in Japan, the best rankings are held by the central co-op institute Norinchukin Bank (20.2%) and the regional bank Shizuoka (16%); the lowest tier 1 rankings include Hokuhoku Financial Group (7.7%), Resona Holdings and Shinsei Bank (8.7% both). In the U.S., the Bank of New York Mellon (15%), Citigroup (13.6%) and Regions Financial (13.3%) show the highest tier 1 ratio at the end of 2011; the lowest values are, by contrast, those from U.S. Bancorp and Suntrust Banks (10.8% and 10.9% respectively).

I.20 The major Chinese banks

The statistical section (TABLES II) shows the aggregated income statement and balance sheet figures for the top ten Chinese banks, selected on the basis of total assets on the books. These banks represent slightly over 60% of the Chinese banking industry. The years considered were 2004 to 2010, for which a full series of annual financial statements was available. The banks included are listed in TABLE III.2.

First, it should be recalled that in recent years the Chinese government has allowed investors to invest in local banks, 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.[47] Aside from China Minsheng Banking, 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 27% to 44% in another four. All of the banks in the sample are listed on one or both of the securities exchanges cited. TABLE I.24 lists the initial public offerings and secondary offerings undertaken by Chinese banks since 2005, the year in which the opening to the market process was initiated.

In anticipation of the listing, Chinese banks have gradually assumed independent legal status in the form of joint-stock companies and, following the enactment of legislative provisions by the national government, adopted accounting principles that are increasingly compliant with international standards.[48] In particular, the accounting standards for financial institutions established in 2001 imposed stricter rules on the measurement of doubtful loans and the accounting treatment of future liabilities than those in force since 1993.[49]

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[47] The European and US banks with the largest interests in Chinese banks at the end of 2010 included: HSBC with 19.1% of the Bank of Communications and with 12.8% of the Industrial Bank, Bank of America with 10.2% of the China Construction Bank (down to about 1% at the end of 2011) and BBVA with 15% of the China Citic Bank. Smaller interests are held by Citigroup (2.7% of Shanghai Pudong Development Bank) and JPMorgan Chase (2.5% of China Merchants Bank). Foreign groups may invest up to a maximum of 20% in a Chinese bank.

[48] In 2004, only two banks, among those included in the survey were preparing the financial statements according to the international accounting standards IAS/IFRS. By contrast, six banks, both in 2004 and in 2005, have prepared the financial statements according to national accounting principles that were issued in 2001, while the Agricultural Bank of China has applied, until 2007, the local accounting principles that were issued in 1993.

[49] 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

TABLE I.24 – 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.

As a further measure to pursue 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.[50] 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

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.

[50] 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 totalling 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 totalling CNY 815.7 billion (including CNY 766.8 billion in loans) in return for a government bond of CNY 665.1 billion bearing 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.

of China and the Agricultural Bank of China received CNY 124.1 and CNY 130 billion in 2005 and 2008, respectively.

An analysis of the 2004-2010 income statement figures reveals, first, the high incidence of the net interest income on total revenue, with an average for the period of 86% compared to the 52% 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 18% of revenue. The incidence of trading activities was marginal.

The lower productivity index of the Chinese banks – measured as revenue per employee – is also worthy of note standing in 2010 at EUR 115,000, 59% of the corresponding figure of the European banks and 47% of the U.S. figures (TABLE I.7). The growing trend, parallel to the reduction in the size of the bank, is worthy of note: the bottom five banks in the ranking by total assets, in fact, are all significantly above average.[51] However, the productivity indicator is significantly higher, more than tripling from 2004 to 2010; by comparison, in the same period the European banks showed a modest +16% increase, while in the U.S. the increase amounted to 23%.

Chinese banks reported earnings before taxes accounting for 51% of the revenue in 2010, a 4 percentage point increase compared with the previous year and compared to an average 21% for banks in the Triad regions. The high profitability of Chinese banks is primarily driven by a strong growth in revenue, at an annual average rate of 21.8% from 2004 to 2010: by comparison, Europe and the United States, the most dynamic areas, reported an annual growth rate of 4.9% and 4.1%, respectively.

The low impact of operating costs contributed significantly with a cost-income ratio of 40.2% in 2010, almost 21 percentage points less than the average figures from the Triad banks. The gap was particularly evident in the labour costs component, which represented 20% of

[51] Even if one excludes the very low productivity index – EUR 75,000 in 2010 – of the Agricultural Bank of China, the fourth bank in the country by size, the average indicator for the other banks still comes to EUR 133,000 (calculated by excluding trading activity).

income versus 30% for US banks and 35% for European banks. The labour cost per employee of Chinese banks also rose rapidly: +19.6% on average in the years from 2004 to 2010, while employment increased by approximately 8%.[52]

In 2010, impairment losses on loans rose by 12% by amount compared with the previous period, but their percentage over income declined by a percentage point to 9%. This ratio, as discussed earlier, is significantly lower than the ratio reported by the European banks (16.9%) and especially by the U.S. banks (22.8%) but it is closer to the ratio of the Japanese banks (7.5%).

In 2010, aggregate net income stood at CNY 641 billion, up by 33% by amount and by 1.6 percentage points in proportion to total revenue over the previous year. The positive effect of the lower impact of income taxes since 2008, with a tax rate of 22.7% in 2010, should also be noted.[53]

The higher profitability of the Chinese banks is confirmed by the ROE which had been standing at 22% and beyond for the last three periods (22.4% in 2010), while the ROE for the Triad banks, after the losses reported in 2008, was around 7% in 2010, thus much lower than the Chinese ROE. Also higher is the share of profits allocated to capital's remuneration with a payout ratio of 37% in 2010, 10 points greater than the ratio recorded by the Triad banks.

As regards the balance sheet, loans to customers represent the main item in the assets category, standing at 51% of the total in 2010, although with a relative weight lower by about 8 percentage points compared with 2004.[54] By comparison, the corresponding item for the Triad banks stood at only 44%. The decrease in loans to customers is offset by a 10 percentage point increase in loans to financial

[52] According to data collected by the International Monetary Fund, consumer prices rose by 18% in mainland China between 2004 and 2010.

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

[54] When assessing such decline, it should also be noted that the transfers of non-performing loans discussed above amounted to 4.8% of the volume of loans to customers at the end of 2010.

institutions, an item that includes the mandatory reserve at the central bank; this has been progressively increased by the local authorities in order to limit the excessive creation of liquidity in the system and represents 13% of the assets recognized in the financial statements at the end of 2010.[55]

In 2010, still as regards loans portfolio, loans to households represented 24% of the total (they were 15.8% in 2004), of which 16.7% consisted of 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.8).

The securities portfolio, accounting for 23% on total assets, slightly lower than the average of the Triad banks, was in any case 70% of the total, valued at cost, whereas the portfolio of the latter was, for the most part, designated at fair value (TABLE I.20). Consequently, only 6.9% of the 2010 financial statements assets for the Chinese banks included in the survey was designated at fair value (7.9% in 2009) and, within such assets, only 2.2% was defined as Level 3, i.e. valued according to discretionary criteria.

With reference to the quality of the assets, after the "cleaning" operations of non-performing loans carried out by the Industrial and Commercial Bank in 2005 and by the Agricultural Bank in 2008, as discussed above, all the Chinese banks included in the survey show adjustment funds exceeding doubtful loans, with a coverage level of the doubtful positions above 200% on average (TABLE I.33).[56]

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[55] The Chinese central bank increased the amounts subject to reserve requirements for major banks from 9% in 2006 to 14.5% in 2007, 15.5% in 2008 and 18.5% in 2010 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 on deposits denominated in local currency was further adjusted up during 2011 to a maximum of 21.5% and then down to 20.5% in February 2012.

[56] 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

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

Net worth, in aggregate terms, climbed from 3.7% of total assets in 2004 to 6% in 2010, higher than the net worth of European banks (4.8%) and Japanese banks (4.9%) and only lower than the U.S. banks (9.8%). Similarly, considering the ratio of total assets (net of intangible assets) to tangible net worth, Chinese banks, with a multiplier of 17.2, show lower leverage effect than their counterparts in Europe (26.5) and Japan (23) and a higher leverage than U.S. banks (15.9) (TABLE I.35).

The main source for the rise in assets between the beginning and the end of the surveyed period is represented by self-financing, i.e. non-distributed profits, amounting to CNY 1,514 billion (55% of the overall change) to which rights issue amounting to CNY 1,425 billion must be added (52% of the total, of which 439 billion of rights issue carried out in 2010) while the residual changes to provisions show a 7% negative balance.

The 2010 solvency ratio stands, on average, at 11.8%, a figure that, despite the capital enhancements carried out in the period, is 4 percentage points below the average in Europe and in the U.S.. Also tier 1, equal to 9.2% on average, is significantly lower compared with tier 1 in those areas (12.1% and 12.5% respectively).

In evaluating the significance of the capital ratios, it must be noted that the weighted risk assets represent, on average in 2010, only 56% of the tangible assets and that, even for the Chinese banks, the statutory capital is a multiple of the tangible net worth; more representative is tier 1, slightly below the unit (TABLE I.36). When the tangible net worth is related to the maximum exposure to credit risk, the ratio is equal to 4.7% which places the Chinese banks in a middle position compared with the Triad banks but, also in this case, with a figure significantly lower than those calculated according to the Basel criteria.

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considered "non-performing" and consequently are included in the data of TABLE I.33.

TABLE I.39 presents the aggregate accounts of Germany's seven largest Landesbanken for 2007-2010. The specific characteristics of such institutions are described in Appendix 1.[57] At the end of 2010, their total assets were 82% of Deutsche Bank, Germany's largest bank by size, and accounted for approximately one-fifth of the assets in the country's banking system and slightly less than two-thirds of those within their class.

In 2010, the Landesbanken have reported a net aggregated profit of EUR 829 million, accounting for 6.5% of the income, after reporting losses, in the two year period 2008-09, for a total of 14.5 billion, after dissolving up to one third of the assets recognized at the beginning of the period. By comparison, the sample of the European banks, after 19% losses on the income reported in 2008, is showing again positive earnings which in 2010 accounted for 14% of the income.

It must be noted that the main sources of losses in the two year period 2008 and 2009 were:

- the negative results from trading activities in 2008 which had absorbed slightly less than half of the operating income for the period;
- the significant increase in losses on loans, from EUR 400 million to EUR 10.4 billion and from 4% to 55% of the income in the period from 2007 to 2009;
- the impairment losses, mainly regarding the securities of the available-for-sale investment portfolio which had negatively impacted the income by 60% and by 14% in 2008 and 2009 respectively.[58]

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[57] The following were considered (in decreasing order by total assets): Landesbank Baden-Württemberg (LB-BW), Bayerische Landesbank (BayernLB), Norddeutsche Landesbank (NordLB), WestLB, Landesbank Hessen-Thüringen (Helaba), HSH Nordbank 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" showed a negative balance: the main component was the loss of EUR 841 million reported by

The Landesbanken’s recovery, with positive earnings in 2010, in their current composition, is almost entirely due to lower impairment losses on loans (-75% compared with 2009), while the decrease in operating costs provides a marginal contribution. By contrast, the income did not contribute to improving the current earnings but showed instead an overall 33% decline compared with 2009. This major decline, due partially to the rationalisation and disposal of assets, is represented almost evenly by lower trading profits and by the decline in both interest income and net operating income. Another important contribution to the earnings for the year is to be attributed to fewer negative extraordinary components.

Another aspect to be noted is the low volume of income which is evident in all the surveyed years; the total income, measured in relation to the total assets, stands only at 0.8% in 2010 (it was 1.1% in 2009), compared with an average 2.1% reported by the European banks.

As regards the quality of the assets stated in the balance sheet, to be noted is first of all the great impact of the doubtful loans, net of provisions for adjustments, both in relation to the loans to customers and to the net worth. This latter ratio, in particular, shows how the doubtful loans are equal in 2010 to slightly less than the net worth, with a percentage above the European banks average of 26 points. Conversely, the level of coverage of gross doubtful positions, which came to 39.6% in 2010, was over 12 points lower than the European average and in continuous decline since 2007.

Based on these indicators, the lower write-offs charged by the Landesbanken to the 2010 income statement do not appear to be justified.

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.

TABLE I.25 – BAD DEBT WRITEOFFS AND NET DOUBTFUL LOANS OF GERMAN LANDESBANKEN

	Annual bad debt writeoffs		Net doubtful loans		Coverage ratio
	as a % of customer loans	as a % of net worth	as a % of customer loans	as a % 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
2010	0.4	5.5	3.2	48.7	39.6

Other aspects of asset quality pertain to financial assets designated at fair value, which for Landesbanken represented 31% of total assets at the end of 2010 and were primarily composed of positive derivatives positions and 72% of securities in portfolio. For European banks at large, those percentages were higher, with 39% of assets and 88% of securities portfolios measured at fair value.

In that connection, assets classified to Level 3, i.e. those deemed the most difficult to measure and least liquid, deserve particular mention. For the Landesbanken, these amounted in 2010 to EUR 25.4 million (35.7 billion in 2009), thus accounting for 5.2% of the assets designated at fair value and for 57% approximately of the tangible net worth. In this case as well, the average for European banks presented less risky ratios of 3.6% and 37.5%, respectively at the end of 2010.[59]

[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 61 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 (overall EUR 2.9 billion through 30 June 2011). The European Commission considered those transactions to constitute

A review of the balance-sheets also shows that the Landesbanken had a lower collective level of capitalization than the European banks. While marking an improvement compared to the previous year, the net worth of Landesbanken amounted to just 3% of assets in 2010 compared to 4.8% 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 approximately 35x at the end of 2010, compared to the average 27x for European banks, a multiplier that is already high at an international level.

TABLE I.26 – FINANCIAL SOLIDITY INDICATORS FOR LANDESBANKEN AS AT YEAR-END 2010

	"Level 3" financial assets as a % of:		Total assets [1]/ Tangible net worth	Capital adequacy ratios [2]	
	assets at fair value	tangible net worth		Overall	*of which*: tier 1
	%		number	%	
Landesbanken	5.2	56.8	34.8	15.3	*11.2*
Total Europe	3.6	37.5	26.5	14.8	*12.1*

[1] Not including intangibile assets.

[2] Simple average of individual banks' ratios.

The overall solvency ratio for the Landesbanken at the end of 2010 came to an average of 15.3% of risk-weighted assets (RWA), with a tier 1 ratio standing at 11.2%, approximately 1 percentage point lower than the European average. In 2010, the ratio of the Landesbanken

government aid, imposing a plan for the restructuring of activities, approved in December 2011 which provides for the spin off, effective on 30 June 2012, of the bank activities in the areas of savings and loans to the public sector and to medium size companies, to a new institution (Verbundbank) which will be transferred to Helaba; on the same date, the residual assets will be transferred to EAA and for the future the WestLB will operate solely as a "service and portfolio management bank".

improved by 2.6 percentage points (tier 1 by +2 points) since, although following a 10.5% decline of the statutory capital, the RWAs have declined by EUR 143.4 billion (-22%).[60]

The lowest capitalisation levels of the Landesbanken is noted despite the fact the in the four year period from 2007 to 2010 they had received from their shareholders EUR 23.9 billion through share issues and other contributions, an amount which accounts for 52% of the assets as at the beginning of the period, versus only 2.1 billion of distributed dividends. In addition, in the three year period from 2008 to 2010, within the financial stabilisation plans promoted by the German Government to resolve the liquidity crisis of the banking system, they were able to benefit from guarantees, issued by the Government and by the shareholders, for a total amount of EUR 101.25 billion, of which 36 billion were still existing at the end of 2011.[61]

I.22 Preliminary results for 2011

TABLES I.41 and I.42 present the income statements and balance sheets of major European and US banks for 2011, drawn from the financial statements available at the reporting date. They refer to institutes representing 82% and 91% of the total assets as at the end of 2010 in their respective areas; TABLE I.40 shows instead the earnings of

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[60] The decline of RWAs is partially due to the use of public guarantees for the coverage of risky assets, in addition to the mentioned transfer, from the WestLB to the public entity EAA, of risk assets for a total of EUR 31 billion.

[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, still existing as at the end of 2011), NordLB (EUR 20 billion, extinguished), BayernLB (EUR 19.8 billion, of which EUR 12.3 billion extinguished), LB-BW (EUR 15.45 billion) and WestLB (EUR 6 billion, later transferred to third parties).

the first six months of 2011 reported by the Japanese banks, closed as 30 September. A summary of annual results for Europe and the United States is presented in TABLE I.27.

Both the European and the US area reported strong earnings for the year, in aggregated terms; for the latter, the earnings improved by 22% compared with the previous year while the European banks showed a 73% decline by amount and from 13.6% to 3.8% in relation to the income. The earnings stated in the first six months of 2011 by the Japanese banks show a significant decline compared with the first six months of the previous year, equal to 26.5% by amount and to 5 percentage points in relation to the income.

TABLE I.27 – PRELIMINARY RESULTS FOR THE 2011 FINANCIAL YEAR

	Europe				United States			
	2010		2011		2010		2011	
	EUR bn	*% of total income*	EUR bn	*% of total income*	USD bn	*% of total income*	USD bn	*% of total income*
Current pre-tax profit	94.0	*19.4*	98.1	*20.3*	86.5	*20.5*	86.8	*22.6*
Profit before tax	96.9	*20.0*	42.7	*8.9*	67.6	*16.0*	79.3	*20.6*
Net profit	66.0	*13.6*	18.1	*3.8*	47.3	*11.2*	57.8	*15.0*

Conversely, current pre-tax earnings improve for the European banks by 4.3% compared with 2010, while it remains mostly unchanged for the U.S.. The different performance of the two items is basically due to the extraordinary items which show in 2011 a balance that is strongly negative in Europe, at 11% of the income, while in the U.S. the negative component decreases by 2.5 percentage points to 2%.

The high negative balance of the European banks, amounting to EUR 55.3 billion, is mainly due to the impairment of two items under assets: the goodwill and other intangible assets for a total of EUR 25.8

billion as well as the securities portfolio (excluding the trading portfolio) for EUR 21.4 billion, of which EUR 18 billion concerned the Greek sovereign debt.[62]

For the US banks, the main negative postings of 2011, amounting to USD 7.5 billion, regard the allocation for disputes and out-of-court settlements concerning the transfer (carried out in previous periods through securitisation operations) of residential mortgages that later turned out to be of a low solvency level (USD 19.1 billion) in addition to the impairments of goodwill (3.2 billion) partially offset by realised gains on the transfer of investments and other assets amounting to approximately 15 billion.[63]

As for the current earnings, it must be noted that they have been positively affected, in all areas, by fewer impairment losses on loans under the income statement, as confirmed by a decline in their amounts, compared with the previous year, equal to 11% in Europe, 52% in the U.S. and 74% in Japan, for the latter on a six months basis. A summary of the incidence of impairment losses on income statements by geographical area is presented in TABLE I.28.

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[62] The most relevant impairments of goodwill have been recognised by the Italian Intesa Sanpaolo (10.3 billion) and Unicredit (8.7 billion, in addition to 0.9 billion of other intangible assets). The main impairments of Greek debt securities were recognized by Crédit Agricole S.A. (about 6 billion), BNP Paribas (3.2 billion), Dexia (2.9 billion), Commerzbank (2.2 billion), ING Groep (about 1 billion) and Société Générale (0.9 billion).

[63] The main costs for disputes are attributed to JPMorgan Chase & Co. (USD 4.9 billion) and by the Bank of America (5.6 billion); the latter has also incurred charges totalling 8.6 billion for a transactive agreement entered into with the Bank of New York Mellon, in order to terminate the dispute regarding the guarantees issued by the formerly Countrywide Financial (absorbed in July 2007) on residential securitisation mortgages. The main realized gain from the transfer of investment regarded still the Bank of America and accounts for 9% approximately of China Construction Bank, i.e. USD 6.5 billion.

TABLE I.28 – BAD LOAN WRITEOFFS BY GEOGRAPHICAL AREA IN 2011

	Bad debt writeoffs booked during financial year [1]					
	2010	2011	Change	2010 (a)	2011 (b)	Change
	EUR bn		%	*as a % of total income*		*b - a*
Europe	- 87.9	- 78.4	*- 10.8*	- 18.1	- 16.2	*+1.9*
	JPY bn					
Japan [2]	- 410	- 108	*- 73.7*	- 7.0	- 2.1	*+ 4.9*
	USD bn					
United States	- 92.9	- 44.2	*- 52.4*	- 22.0	- 11.5	*+ 10.5*

[1] Net of bad debts recovered. The 2010 data has been restated in homogenous terms.
[2] The data refers to the first half years of 2010 and 2011, respectively.

Another aspect that all areas have in common is the decline in revenue, mostly affected by declined earnings from trading activity: -29% in Europe, -16% in the U.S. and -27% in Japan in the first six months. For the Japanese and U.S. banks, the decline concerns also the operating income, with the North America area showing an 8% decline also in interest income.[64] As regards operating costs, the European banks show a decline in labour costs of about one percentage point, whereas general expenses increase approximately by 4%.[65] The lower impairment losses on loans represent, as discussed before, the main factor for the improvement of current earnings in the European area.

Labour costs in the US banks increase by about 4% compared with the previous year while general expenses show a growth slightly

[64] The decline in operating income posted by the U.S. banks is due mainly to lower net income from mortgage banking activity which dropped to USD 12 billion in 2011 compared with USD 21 billion of the previous year (-43%).

[65] The decline in the cost of labour in Europe is to be attributed to the number of employees (about -2%) while the per-capita costs increase by about 1 percentage point compared with the previous year. General expenses include, for EUR 1.4 billion, the annual tax on bank institutions introduced in the United Kingdom starting on 19 July 2011. The taxable income is represented by the net worth (excluding tier 1) and by the financial statements liabilities (excluding some guaranteed postings and with the possible deduction of assets designated as "highly" liquid); the rate has been set at 0.075% for 2011 and 0.088% for 2012.

lower than 5%.[66] The significant decline in impairment losses on loans entail, conversely, a benefit of approximately 11 percentage points on current earnings, enabling an improvement, although modest, in the balance of the previous period.

The Japanese banks, in the first semester ending on 30 September, show, as discussed earlier, positive earnings accounting for 24% of the income and current earnings, also positive, accounting for 38% of the income, about 2 points lower than 2010. This result is also negatively affected by a 11% decline in income, while benefiting, conversely, from almost unchanged operating costs and mainly from the lower impairment losses on loans.

Turning to the balance-sheet situation, it should be noted that total assets increased for both European banks (+4.7%) and, to a lesser extent, US banks (+1.7%). In that regard, loans to customers, which accounted for approximately 40% of assets in both areas, showed a similar modest increase (+1% and +1.7% respectively). By contrast, securities portfolios declined more for the European banks (-11%) due to transfers and impairments.

By contrast, cash and loans to central banks in Europe show a strong growth with a balance amounting to EUR 819 billion at the end of 2011 (+55%). Also for the banks in the U.S., the balance in interbank positions, which includes assets in the Federal Reserve system, shows, also in 2011, a net balance on loans amounting to USD 746 billion (+87% compared with 2010).

The funding raised from customers shows, in both areas, a decline in bonds and subordinate funding (-9% in Europe, -11.6% in the U.S.) which in Europe is only partially offset by the increase in deposits.

Residual items, “other assets” and “other liabilities”, which include the positive and negative fair values of derivative products increase in Europe by 29% and 17% respectively, while they remain almost unchanged for the US banks. In 2011 also, the greater weight on the Financial Statements totals resulting from the positive positions in derivatives is confirmed for the European banks, with 21% versus the

[66] The increase in labour costs is due both to a rise in unit costs (+2.9% compared with 2010) and to the rise in employment (+1.3%).

3.2% in the United States due also to the effects of the lower offset possibility allowed by the European accounting principles.[67]

TABLE I.29 – NET DOUBTFUL LOANS BY GEOGRAPHICAL AREA AS AT 31-12-2011

	Gross doubtful loans as at 31-12-2011	Net doubtful loans [1]				Coverage ratio [1]	
		Year-end 2010	Year-end 2011	Year-end 2010	Year-end 2011	Year-end 2010	Year-end 2011
	change vs. 2010 (%)	*as a % of loans to customers*		*as a % of tangible net worth*		*%*	
Europe	+ 0.1	2.70	2.65	32.3	30.5	49.6	50.7
Japan [2]	+ 0.1	1.01	1.07	10.1	10.7	58.6	56.1
United States	- 12.9	0.92	1.06	6.3	6.4	82.7	77.0

[1] The end-of-year data has been restated on a like-for-like basis. For methodological notes, see TABLE I.33.
[2] Data relating to 31-3-2011 and 30-9-2011 respectively.

As regards the quality of loans to customers, the European banks show improved indicators while those of the Japanese and US banks show a decline (TABLE I.29). However, the ratio of net doubtful loans to the total of loans to customers and to the tangible net worth shows higher amounts from the European banks, almost double the figures of the other two areas, in relation to the loans, and of about 30% to the tangible net worth; the latter with an incidence almost 3 times greater

[67] In Europe, positions with positive fair value increase from EUR 3,789 billion at the end of 2010 to EUR 4,936 billion at the end of 2011 (+30.3%), and those with negative fair value rose from EUR 3,815 billion to EUR 4,936 billion (+29.4%). The balance of such positions therefore rose from a negative EUR 26 billion to a positive EUR 251 billion. For U.S. banks, the positive positions increase, during the same period, from USD 237 bn to USD 272 bn (up +14.8%) and negative ones from USD 207 bn to USD 222 bn (up +7.2%). The balance of these positions, still positive, rose from USD 30 bn to USD 50 bn.

than the one of the Japanese banks and almost 5 times greater than the US banks.

Doubtful loans, before provisions adjustments, are mostly unchanged, by amount, compared with the 2010 year-end both in Europe and Japan, while they decrease by 13% in the U.S. also following transfers and securitizations.[68] The coverage rate of gross positions increases by about 1 percentage point for the European banks while decreasing for the Japanese banks (-2.5 p.p.) and US banks (-5.7 p.p.) due to lower reserves under the income statement, as discussed before.

Another aspect regards the assets measured at fair value included in Level 3.[69] It should be noted that assets designated at fair value represent a minority of total assets, accounting, in 2011, for just 43% for European banks and slightly more than one-third of the total for the US banks (TABLE I.30).

In Europe, according to preliminary data, for companies representing (as mentioned above) 82% of the sample, Level 3 assets totalled EUR 308 billion at the end of 2011, down by 5.5% compared to the previous year at constant exchange rates and in homogeneous terms. Such assets, despite representing an insignificant share of total financial assets, accounted for 37% of tangible net worth.

US banks reported the most significant decrease in Level 3 assets (-10%), 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 in Europe standing at about 40%.

[68] The decrease in gross doubtful loans for US banks is mostly due to loans to businesses (-39% compared to 2010), whereas doubtful consumer loans, which account for 83% of non-performing positions, decline by 4% only.

[69] 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. “Level 1” includes assets listed on regulated markets; “Level 2” includes assets the measurement of which is based on the prices of comparable assets; and “Level 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.

TABLE I.30 – "LEVEL 3" FINANCIAL ASSETS BY GEOGRAPHICAL AREA IN 2011

	"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	
	2010	2011	Change	2010	2011	2010	2011	2010	2011
	EUR bn		%	%		%		%	
Europe	338	308	*- 5.5*	*42.7*	*43.3*	*3.5*	*3.0*	*41.8*	*36.7*
	USD bn								
United States	252	226	*- 10.3*	*34.6*	*33.7*	*8.7*	*7.9*	*51.3*	*39.7*

[1] For Europe, like-for-like data referring to companies which represent 82% of total assets at end-2010; the change has been calculated assuming constant exchange rates. No data available for Japanese banks.

Net worth increased in 2011, by amount, by 5.9% for the US banks while remaining almost unchanged for the European banks (+0.9%) and the Japanese banks (-0.5%), the latter in reference to the first six months. Only the US banks show a growth rate in assets above the total assets. TABLE I.31 presents the main changes in 2011, with the exclusion of minority interests.

First of all, all areas show, as the main source for an increase in equity, the strong earnings for the year, whereas the resources returned to shareholders in the form of dividends, redemptions and share buybacks exceeded the capitals raised from the market.[70] In particular, the dividend distributed accounted for 30% of the previous period profits for the European banks and of 26% and 21% for the US and Japanese banks respectively.

[70] The main equity increases in Europe are to be attributed to Intesa Sanpaolo (EUR 4.9 bn), Rabobank (3 bn), Danske Bank (2.7 bn), BBVA (2 bn) and Banco Santander (1.9 bn) (the last two through a conversion of financial liabilities); in the U.S., to Bank of America (USD 5 bn), Wells Fargo (USD 3.8 bn) and Citigroup (3.75 bn). The ING Groep has bought back EUR 2 bn in shares, without voting rights, increased by a premium of 50%.

TABLE I.31 – PRIMARY CHANGES IN SHAREHOLDERS' EQUITY IN 2011

	Europe	Japan [1]	United States
	EUR bn	JPY bn	USD bn
Balance at the beginning of the year	**979.5**	**28,955**	**786.3**
Net profit	+ 18.1	+ 1,255	+ 57.8
Dividends distributed	- 20.1	- 425	- 12.2
Paid share capital increase	+ 16.2	+ 3	+ 14.4
Capital reimbursements and share buybacks	- 6.1	- 196	- 12.7
Changes in the securities valuation reserve [2]	- 6.4	- 292	+ 0.2
Other movements [3]	+ 14.2	- 75	- 0.6
Balance at the end of the year	**995.4**	**29,225**	**833.2**

[1] Movements relative to the first half-year of 2011 which closed on 30 September.
[2] Changes 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 changes are recognized net of the associated tax effect.
[3] For Europe, it is mostly a difference in the Exchange rate.

It should be noted that the earnings for the 2011 period, as discussed earlier, are strongly affected by lower impairment losses on loans recognized under the income statement, whereas the coverage rate of the non-performing positions declines for the U.S. and Japanese banks and rises only for the European banks.

The increase in net equity above the growth in assets has caused in the U.S. a reduction in the leverage effect from 16.4 to 14.5; conversely, Europe and Japan indicators slightly increase from 27.5 to 27.7 and from 22.4 to 22.6 respectively, due to an effect of higher growth rate of the tangible assets.

I.23 Notes on the primary investment banks (2009-2011)

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.

TABLE I.43 presents the income statements and balance sheets for 2009-2011 of an aggregate consisting of the US firms Goldman Sachs, Morgan Stanley and Merrill Lynch and Japanese firm Nomura Holdings.

The composition of the earnings shows the operating income as the main item (54% in 2011, net commissions for the most part), whereas the earnings from trading activities declines by 18.6% in 2011, standing at 39% of the total. A relatively modest portion is attributable to interest income which accounts for 7% of the earnings in 2011. In 2010, by comparison, the Triad banks operating primarily in the retail sector earned 55% of their revenue in the form of interest income, 36% as net commissions income and other income, and only 9% as trading profits.[71]

[71] It should be noted that in 2008 investment bank revenue had decreased by over 60% compared to the previous period due to the fact that losses on trading had absorbed nearly half of other revenue, with a negative balance of nearly EUR 18 billion.

As regards operating costs, the incidence of labour costs was especially high, with 58% of revenue in 2011. By comparison, retail banks in Europe and the United States both posted 35%.[72]

In 2011, the major investment banks reported current earnings equal to 15.4% of the total income, an almost 9 p.p. decline compared with the previous year, due mainly to the decline in income, as discussed earlier (-9.7%), whereas general expenses have climbed to 1.2%. The current earnings posted by investment banks are significantly lower than the earnings posted by the US and European banks in the same period: 22.6% and 20.3%, respectively. Conversely, in 2010, their profitability rose higher than 3.5 and 4.6 p.p. respectively.

As for the balance-sheet situation, in 2011 total assets declined by 0.5% compared with 2010 (-4.4% if calculated at constant Exchange rates, following the appreciation of the dollar and yen against the euro) without major changes in the financial statements items. Equity increased from 7.9% to 8.3% of assets, resulting in a decrease in the leverage effect from 13.6 to 14.3 for the previous period, levels below those of retail banks in the U.S. (14.5) and, most significantly, in Europe (27.7).

The capitalization of US investment banks was supported to a crucial level, in the past few years, by government subsidies and injections of liquidity from non-U.S. financial institutions. Morgan Stanley, in 2008, issued preferred stock and warrants for a 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, this 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

[72] In 2011 labor costs per-employee averaged EUR 284,000 for Goldman Sachs, EUR 205,000 for Morgan Stanley and EUR 159,000 for Nomura Holdings (the number of Merrill Lynch’s employees was not available).

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 statutory status, as discussed above, began publishing their capital ratios in accordance with the Basel Accords. At the end of 2011, Goldman Sachs posted a total capital ratio of 16.9% (core tier 1 ratio of 12.1% and tier 1 ratio of 13.8%), whereas Morgan Stanley posted a total capital ratio of 16% (core tier 1 ratio of 10.2% and a tier 1 ratio of 15.8%).

“Level 3” assets continue to represent an appreciable proportion of total assets (5.2% for Goldman Sachs, 4.3% for both Morgan Stanley and Merril Lynch) and a quite significant share of the tangible net worth: 72% for Goldman Sachs, 60% for Merrill Lynch and 55% for Morgan Stanley).

TABLE I.32 – BAD DEBTS WRITTEN OFF

EUROPE

BANKS	COUNTRY	BAD DEBTS WRITTEN OFF (1)														
		2006	2007	2008	2009	2010	2006	2007	2008	2009	2010	2006	2007	2008	2009	2010
		as % of total income					as % of loans to customers					as % of net worth				
HYPO REAL ESTATE HOLDING (2)	DE	-16.0	5.7	-201.0	-497.9	-236.7	-0.2	0.0	-0.8	-1.1	-0.2	-4.6	1.0	n.c.	-45.4	-5.7
LLOYDS BANKING GROUP	GB	-14.9	-15.7	-26.4	-86.2	-45.9	-0.8	-0.8	-1.2	-2.5	-1.8	-13.5	-13.9	-29.7	-36.4	-23.1
RBS	GB	-8.5	-8.7	-33.7	-48.4	-33.2	-0.4	-0.3	-0.9	-1.9	-1.7	-4.1	-2.3	-9.5	-14.9	-12.0
LA CAIXA	ES	-9.4	-9.2	-11.4	-25.7	-31.6	-0.3	-0.4	-0.5	-1.1	-1.2	-3.3	-2.7	-4.2	-8.6	-9.6
DANSKE BANK	DK	1.5	-1.6	-29.5	-44.3	-31.3	0.0	0.0	-0.6	-1.4	-0.7	0.5	-0.7	-12.3	-25.5	-13.2
UNICREDIT	IT	-9.5	-8.2	-13.6	-30.0	-25.9	-0.5	-0.4	-0.6	-1.5	-1.3	-5.3	-4.0	-6.3	-13.2	-10.1
BANCO SANTANDER	ES	-10.9	-13.2	-19.9	-28.8	-25.0	-0.5	-0.6	-1.0	-1.6	-1.4	-5.3	-6.1	-9.9	-15.1	-12.8
LANDESBANK BADEN-WUERTTEMBERG	DE	-9.2	-8.3	-85.3	-37.0	-22.7	-0.3	-0.1	-0.6	-1.0	-0.4	-2.6	-1.8	-14.8	-14.5	-4.7
BBVA	ES	-10.2	-11.5	-14.8	-24.5	-22.3	-0.6	-0.6	-0.8	-1.6	-1.4	-6.5	-6.7	-9.8	-16.2	-12.1
BAYERISCHE LANDESBANK	DE	0.0	-4.3	-141.5	-78.5	-20.5	0.0	-0.1	-0.8	-2.3	-0.5	0.0	-0.9	-14.7	-25.4	-5.0
COMMERZBANK	DE	-11.1	-6.0	-26.3	-39.8	-19.8	-0.3	-0.2	-0.6	-1.2	-0.8	-5.7	-3.0	-9.3	-15.9	-8.7
HSBC HOLDINGS	GB	-16.4	-22.4	-30.2	-37.6	-19.7	-1.1	-1.6	-2.4	-2.6	-1.3	-9.1	-12.6	-23.7	-18.3	-8.7
BARCLAYS	GB	-9.7	-12.4	-22.0	-25.1	-18.4	-0.5	-0.6	-0.9	-1.4	-1.0	-7.6	-8.6	-10.6	-12.7	-9.0
KBC GROUP	BE	-2.2	-2.1	-20.5	-41.9	-18.3	-0.1	-0.1	-0.5	-1.2	-1.0	-1.0	-1.0	-5.3	-11.1	-7.9
INTESA SANPAOLO	IT	-6.2	-6.2	-13.0	-19.7	-17.0	-0.4	-0.3	-0.6	-1.0	-0.8	-3.5	-2.1	-4.6	-6.4	-5.2
CREDIT AGRICOLE	FR	-4.9	-10.9	-15.3	-20.6	-16.7	-0.2	-0.4	-0.6	-0.9	-0.7	-2.1	-4.0	-6.5	-8.5	-6.7
SOCIETE GENERALE	FR	-3.1	-5.6	-12.2	-26.8	-15.7	-0.2	-0.3	-0.7	-1.6	-1.1	-2.0	-2.9	-6.5	-12.5	-8.2
DEXIA	BE	-1.9	-2.4	-31.7	-10.8	-12.9	0.0	-0.1	-0.6	-0.2	-0.2	-0.6	-0.9	-28.3	-4.8	-6.0
ABN AMRO GROUP (3)	NL	-	-	-	-	-11.3	-	-	-	-	-0.3	-	-	-	-	-6.9
BNP PARIBAS	FR	-2.9	-5.8	-20.7	-20.7	-10.9	-0.2	-0.4	-1.2	-1.2	-0.7	-1.4	-2.9	-9.8	-10.4	-5.6
ING GROEP	NL	-0.6	-0.7	-8.6	-19.4	-10.4	0.0	0.0	-0.2	-0.5	-0.3	-0.2	-0.3	-4.4	-7.5	-3.7
CREDIT MUTUEL	FR	-2.2	-2.1	-11.7	-17.2	-9.9	-0.1	-0.1	-0.4	-0.8	-0.4	-1.0	-0.8	-4.2	-7.7	-4.3
RABOBANK NEDERLAND	NL	-4.4	-2.3	-9.9	-16.6	-9.7	-0.1	-0.1	-0.3	-0.5	-0.3	-1.5	-0.8	-3.5	-5.0	-3.0
NORDEA	SE	3.7	0.8	-5.9	-16.7	-9.7	0.1	0.0	-0.2	-0.5	-0.3	1.7	0.3	-2.6	-6.6	-3.6
GROUPE BPCE (4)	FR	-	-	-	-18.8	-6.9	-	-	-	-0.9	-0.3	-	-	-	-8.7	-3.2
STANDARD CHARTERED	GB	-7.6	-7.3	-10.1	-14.0	-5.6	-0.4	-0.5	-0.7	-1.0	-0.4	-3.6	-3.5	-5.8	-7.2	-2.3
DEUTSCHE BANK (5)	DE	-1.2	-2.1	-8.3	-9.3	-5.4	-0.1	-0.2	-0.3	-0.9	-0.4	-1.0	-1.6	-3.4	-6.9	-3.6
DZ BANK	DE	-8.8	-5.3	-24.6	-14.5	-5.0	-0.3	-0.2	-0.5	-0.6	-0.2	-3.7	-1.9	-6.3	-6.7	-2.4
UBS	CH	0.3	-0.8	-144.0	-7.5	-0.2	0.0	0.0	-0.6	-0.5	0.0	0.3	-0.6	-7.4	-3.8	-0.1
CREDIT SUISSE GROUP	CH	0.3	-0.8	-7.5	-1.6	0.3	0.0	-0.1	-0.3	-0.2	0.0	0.2	-0.4	-1.7	-1.0	0.2
KfW (6)	DE	18.9	n.c.	-414.5	-32.2	14.2	0.4	-6.9	-2.2	-1.0	0.4	2.4	-42.9	-18.1	-7.4	2.7
Average		**-6.4**	**-9.7**	**-23.4**	**-27.9**	**-16.9**	**-0.3**	**-0.4**	**-0.8**	**-1.3**	**-0.8**	**-3.4**	**-4.5**	**-10.3**	**-12.6**	**-7.6**

(1) Net of bad debts recovered. Companies no longer existing in their previous form as at 31 December 2010 are not included.
(2) Net worth showed a negative balance in 2008.
(3) Company operative since 2010 following the combination of the former ABN AMRO and Fortis groups' activities in the Netherlands.
(4) Company in operation since 2009 following the merger between Groupe Banque Populaire and Groupe Caisse d'Epargne.
(5) In 2010 includes Deutsche Postbank.
(6) Total income showed a negative balance in 2007.

TABLE I.32 – BAD DEBTS WRITTEN OFF

JAPAN

BANKS	BAD DEBTS WRITTEN OFF (1) 2006	2007	2008	2009	2010	2006	2007	2008	2009	2010	2006	2007	2008	2009	2010
	as % of total income					as % of loans to customers					as % of net worth				
SHOKO CHUKIN BANK	-26.2	-30.4	-49.3	-39.0	-26.5	-0.4	-0.5	-0.7	-0.6	-0.4	-5.7	-6.2	-9.7	-6.5	-4.6
SHINSEI BANK	-25.2	-27.9	-42.5	-38.6	-25.7	-1.0	-1.2	-1.9	-1.8	-1.4	-6.4	-7.9	-16.1	-16.0	-10.4
BANK OF YOKOHAMA	-9.1	-8.2	-37.9	-26.5	-13.2	-0.2	-0.2	-1.0	-0.7	-0.3	-2.6	-2.6	-13.1	-8.1	-3.8
MITSUBISHI UFJ FINANCIAL GROUP	-9.3	-9.8	-27.4	-17.0	-9.5	-0.4	-0.4	-0.6	-0.7	-0.3	-3.2	-4.2	-9.7	-7.1	-3.4
FUKUOKA FINANCIAL GROUP	-5.3	-16.8	-25.1	-13.6	-9.5	-0.1	-0.4	-0.6	-0.3	-0.2	-1.4	-4.9	-8.5	-4.2	-2.8
SUMITOMO MITSUI FINANCIAL GROUP	-5.4	-10.1	-34.4	-17.4	-9.3	-0.2	-0.3	-1.1	-0.6	-0.3	-1.9	-4.1	-15.3	-5.4	-3.0
RESONA HOLDINGS	-9.0	-7.0	-24.4	-16.5	-8.9	-0.3	-0.2	-0.7	-0.4	-0.2	-3.6	-2.1	-8.2	-4.8	-3.5
HOKUHOKU FINANCIAL GROUP	-14.1	-13.5	-20.0	-16.0	-8.7	-0.4	-0.4	-0.5	-0.4	-0.2	-5.4	-5.7	-7.9	-6.6	-3.4
SUMITOMO TRUST & BANKING	-10.2	-1.9	-29.2	0.6	-7.5	-0.4	-0.1	-0.8	0.0	-0.2	-2.8	-0.5	-7.5	0.2	-1.9
CHIBA BANK	-4.0	-5.2	-22.5	-12.4	-7.4	-0.1	-0.1	-0.6	-0.3	-0.2	-1.2	-1.6	-7.7	-3.6	-2.0
SHIZUOKA BANK	-2.0	-3.7	-20.1	-14.0	-4.6	-0.1	-0.1	-0.5	-0.4	-0.1	-0.4	-0.8	-4.8	-3.0	-1.0
MIZUHO FINANCIAL GROUP	-2.8	-5.2	-29.0	-15.7	-0.9	-0.1	-0.1	-0.8	-0.5	0.0	-0.9	-1.5	-12.8	-5.3	-0.3
CHUO MITSUI TRUST HOLDINGS	-9.2	-3.4	-6.8	-3.7	2.1	-0.4	-0.1	-0.2	-0.1	0.1	-2.4	-1.0	-2.4	-1.0	0.5
SHINKIN CENTRAL BANK	2.1	-1.8	-12.7	-12.1	18.1	0.0	0.0	-0.3	-0.2	0.3	0.2	-0.2	-3.8	-1.2	1.6
NORINCHUKIN BANK (2)	5.4	27.3	n.c.	-516.5	21.8	0.1	0.6	-0.7	-1.2	0.2	0.4	1.9	-2.9	-3.8	0.6
Average	**-7.3**	**-8.4**	**-30.3**	**-18.0**	**-7.5**	**-0.2**	**-0.3**	**-0.8**	**-0.6**	**-0.2**	**-2.1**	**-2.7**	**-10.1**	**-5.3**	**-2.1**

(1) Net of bad debts recovered. Companies no longer existing in their previous form as at 31 December 2010 are not included.

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

TABLE I.32 – BAD DEBTS WRITTEN OFF

UNITED STATES

BANKS	BAD DEBTS WRITTEN OFF (1)														
	2006	2007	2008	2009	2010	2006	2007	2008	2009	2010	2006	2007	2008	2009	2010
	as % of total income					as % of loans to customers					as % of net worth				
REGIONS FINANCIAL	-2.7	-7.9	-30.4	-56.3	-44.1	-0.1	-0.6	-2.1	-4.0	-3.5	-0.7	-2.8	-12.2	-19.8	-17.1
SUNTRUST BANKS	-3.3	-8.6	-30.7	-52.3	-31.6	-0.2	-0.5	-1.9	-3.5	-2.3	-1.4	-3.7	-11.1	-18.0	-11.5
BB&T	-3.8	-6.7	-19.9	-32.9	-30.2	-0.3	-0.5	-1.5	-2.7	-2.5	-2.0	-3.5	-9.0	-17.3	-16.0
CITIGROUP	-8.1	-24.3	-65.5	-50.7	-29.6	-1.0	-2.5	-5.7	-7.0	-4.1	-5.8	-16.2	-26.7	-25.2	-15.1
CAPITAL ONE FINANCIAL	-12.3	-19.0	-37.3	-33.1	-27.9	-1.4	-2.7	-5.3	-4.9	-3.8	-5.9	-11.2	-19.2	-15.9	-17.1
BANK OF AMERICA	-7.0	-13.5	-38.5	-48.4	-25.9	-0.7	-1.0	-3.2	-5.9	-3.0	-3.7	-6.0	-16.7	-23.0	-12.4
FIFTH THIRD BANCORP	-6.4	-11.8	-73.4	-59.1	-24.8	-0.5	-0.8	-5.6	-4.8	-2.0	-3.4	-7.0	-38.6	-27.0	-10.9
U.S. BANCORP	-4.1	-5.7	-20.6	-33.0	-24.3	-0.4	-0.5	-1.7	-2.8	-2.2	-2.5	-3.6	-11.5	-20.8	-14.4
WELLS FARGO & COMPANY	-6.3	-13.0	-39.5	-26.1	-19.4	-0.6	-1.2	-1.8	-2.7	-2.0	-4.8	-10.4	-15.6	-18.9	-12.3
THE PNC FINANCIAL SERVICES GROUP	-1.8	-5.0	-21.2	-25.7	-16.7	-0.2	-0.5	-0.9	-2.5	-1.7	-1.1	-2.1	-5.5	-12.1	-7.6
JPMORGAN CHASE & CO.	-5.2	-9.6	-33.3	-32.2	-16.7	-0.7	-1.3	-2.9	-5.3	-2.5	-2.8	-5.6	-12.6	-19.3	-9.4
KEYCORP	-3.2	-12.5	-47.5	-80.3	-13.6	-0.2	-0.7	-2.6	-5.5	-1.1	-1.9	-7.2	-18.5	-30.7	-5.2
THE BANK OF NEW YORK MELLON	0.2	0.1	-0.9	-4.0	-0.8	0.0	0.0	-0.3	-1.4	-0.3	0.1	0.0	-0.5	-1.8	-0.4
Average	**-5.3**	**-13.9**	**-48.3**	**-38.6**	**-22.8**	**-0.6**	**-1.3**	**-4.1**	**-4.7**	**-2.7**	**-3.1**	**-7.4**	**-21.7**	**-20.6**	**-11.9**

(1) Net of bad debts recovered. Companies no longer existing in their previous form as at 31 December 2010 are not included.

TABLE I.32 – BAD DEBTS WRITTEN OFF

CHINA

BANKS	BAD DEBTS WRITTEN OFF (1)														
	2006	2007	2008	2009	2010	2006	2007	2008	2009	2010	2006	2007	2008	2009	2010
	as % of total income					as % of loans to customers					as % of net worth				
AGRICULTURAL BANK OF CHINA	-16.0	-11.8	-18.9	-19.9	-14.9	-0.6	-0.5	-1.3	-1.1	-0.9	-22.0	-20.7	-13.7	-12.9	-8.0
BANK OF COMMUNICATIONS	-12.7	-10.4	-14.0	-14.2	-12.3	-0.6	-0.6	-0.8	-0.6	-0.6	-6.0	-4.7	-7.2	-6.9	-5.6
CHINA MINSHENG BANKING	-12.5	-8.8	-16.4	-13.4	-10.1	-0.5	-0.4	-0.9	-0.6	-0.5	-11.2	-4.5	-10.5	-5.6	-5.2
SHANGHAI PUDONG DEVELOPMENT BANK	-19.8	-13.6	-10.1	-8.4	-9.1	-0.8	-0.7	-0.5	-0.3	-0.4	-15.2	-12.4	-8.3	-4.5	-3.7
CHINA CITIC BANK	-9.3	-10.6	-13.4	-6.0	-8.2	-0.4	-0.5	-0.8	-0.2	-0.4	-5.3	-3.5	-5.7	-2.3	-3.7
CHINA CONSTRUCTION BANK	-12.6	-9.2	-13.3	-9.2	-7.9	-0.7	-0.6	-1.0	-0.5	-0.5	-5.8	-4.8	-7.8	-4.3	-3.7
CHINA MERCHANTS BANK	-13.8	-7.7	-6.1	-6.0	-7.9	-0.6	-0.5	-0.4	-0.3	-0.4	-6.2	-4.6	-4.3	-3.3	-4.2
INDUSTRIAL AND COMMERCIAL BANK OF CHINA	-16.6	-13.0	-11.7	-7.2	-7.3	-0.8	-0.8	-0.8	-0.4	-0.4	-6.2	-6.1	-6.0	-3.2	-3.4
BANK OF CHINA	-9.0	-4.5	-7.9	-7.2	-6.0	-0.5	-0.3	-0.5	-0.3	-0.3	-3.0	-1.8	-3.4	-2.9	-2.3
INDUSTRIAL BANK	-17.0	-7.1	-10.9	-1.8	-5.2	-0.7	-0.4	-0.7	-0.1	-0.3	-14.5	-4.1	-6.6	-0.9	-2.4
Average	**-13.7**	**-9.8**	**-12.6**	**-10.2**	**-9.0**	**-0.7**	**-0.6**	**-0.9**	**-0.5**	**-0.5**	**-6.4**	**-5.2**	**-6.9**	**-4.9**	**-4.2**

(1) Net of bad debts recovered.

TABLE I.33 – DOUBTFUL LOANS

EUROPE

BANKS (3)	COUNTRY	DOUBTFUL LOANS (1)										COVERAGE RATIO (2)				
		2006	2007	2008	2009	2010	2006	2007	2008	2009	2010	2006	2007	2008	2009	2010
		as % of loans to customers					as % of net worth					%				
CREDIT SUISSE GROUP	CH	0.2	0.3	0.4	0.4	0.3	1.1	1.3	2.3	1.9	2.0	69.6	61.2	60.1	60.7	54.6
HYPO REAL ESTATE HOLDING (4)	DE	…	0.4	1.3	5.5	0.5	…	13.6	n.c.	232.1	14.7	…	52.3	44.0	26.6	35.5
DEXIA	BE	0.2	0.1	0.3	0.7	0.6	2.4	1.1	14.1	15.9	15.5	74.7	86.9	81.7	68.2	73.0
STANDARD CHARTERED	GB	0.4	0.3	0.6	0.5	0.7	3.3	2.3	4.4	3.6	4.5	78.9	78.3	66.1	73.2	59.9
NORDEA	SE	0.4	0.3	0.6	0.9	0.9	5.0	3.8	8.4	11.7	11.6	59.0	59.3	43.5	44.7	46.8
CREDIT AGRICOLE	FR	0.4	0.4	0.5	0.5	1.0	3.2	3.2	5.3	4.9	9.2	87.6	87.6	83.4	85.8	77.6
UBS	CH	0.2	0.2	1.3	1.3	1.1	2.5	3.7	16.7	9.9	7.3	47.8	40.4	30.2	35.5	22.4
BBVA (5)	ES	-	-	0.2	0.9	1.1	-	-	2.5	8.4	10.1	257.0	211.9	88.1	57.4	61.2
LA CAIXA (5)	ES	-	-	0.9	1.4	1.2	-	-	8.3	11.3	9.9	445.1	281.1	65.1	61.1	69.4
DEUTSCHE BANK	DE	0.7	0.4	0.8	2.1	1.3	4.6	3.8	8.2	16.3	11.6	53.1	54.1	42.5	35.1	36.1
RABOBANK NEDERLAND	NL	0.6	0.6	1.0	1.3	1.3	7.1	6.8	12.3	14.0	14.3	51.6	51.2	42.8	44.7	39.3
DANSKE BANK	DK	0.1	0.4	1.4	1.2	1.3	2.3	7.9	28.4	21.0	23.2	65.6	37.2	36.2	61.9	62.0
ING GROEP	NL	0.2	0.3	0.7	1.1	1.5	3.5	4.7	16.9	17.0	20.0	64.4	51.9	34.9	39.4	35.5
ABN AMRO GROUP (6)	NL	-	-	-	-	1.6	-	-	-	-	36.2	-	-	-	-	49.4
CREDIT MUTUEL	FR	1.0	0.8	1.0	1.7	1.6	8.9	8.2	11.5	16.8	15.3	66.6	65.2	68.3	61.6	64.0
BANCO SANTANDER (5)	ES	-	-	0.3	2.0	1.8	-	-	3.7	20.8	15.7	177.0	143.2	89.1	74.3	70.6
GROUPE BPCE (7)	FR	-	-	-	1.8	2.0	-	-	-	18.1	20.6	-	-	-	55.7	51.5
HSBC HOLDINGS	GB	0.7	0.7	1.0	1.9	2.0	5.6	5.5	10.3	13.5	13.3	67.7	71.7	69.5	58.0	49.2
KfW	DE	1.8	3.7	1.8	2.0	2.1	10.5	23.3	14.9	14.5	13.4	46.7	67.4	80.1	77.3	71.2
BAYERISCHE LANDESBANK	DE	…	1.2	1.9	1.5	2.1	…	15.7	34.0	17.0	22.9	…	53.3	42.3	45.4	40.9
BNP PARIBAS	FR	0.6	0.5	0.6	1.9	2.2	4.0	3.7	4.9	16.2	18.0	86.1	84.9	83.2	66.1	63.4
LANDESBANK BADEN-WUERTTEMBERG	DE	2.1	1.2	1.4	1.3	2.3	20.9	16.2	34.9	18.5	30.0	44.0	53.8	51.6	63.1	52.3
DZ BANK	DE	…	4.6	1.8	2.0	2.7	…	46.9	24.9	23.3	29.5	…	26.1	49.7	50.8	41.2
SOCIETE GENERALE	FR	1.1	1.4	1.6	3.3	3.0	9.8	14.5	14.5	24.8	22.9	69.1	61.8	60.8	52.1	56.7
BARCLAYS	GB	0.5	1.3	1.7	2.2	3.5	6.4	18.1	20.0	19.8	31.3	65.5	39.1	40.8	48.1	38.9
KBC GROUP	BE	0.8	1.0	1.2	3.0	3.7	5.5	7.7	12.0	26.4	30.1	67.8	60.1	58.4	46.7	46.7
RBS	GB	0.5	0.6	1.2	3.0	3.8	5.3	5.4	13.0	23.2	27.6	62.1	56.5	51.0	43.9	46.0
COMMERZBANK	DE	1.9	1.9	2.7	3.6	3.9	35.0	32.9	39.2	48.4	44.4	57.9	52.8	40.6	41.9	41.7
INTESA SANPAOLO	IT	2.0	1.6	2.4	5.1	5.2	20.2	10.2	18.1	33.5	34.3	59.2	67.7	59.9	47.7	49.8
UNICREDIT	IT	2.8	2.5	2.8	5.0	6.3	29.2	22.9	29.5	44.4	50.7	55.3	61.5	58.9	51.5	49.0
LLOYDS BANKING GROUP	GB	1.2	1.2	2.3	5.7	6.4	19.3	20.6	58.1	82.3	81.9	49.8	48.5	38.8	41.7	43.5
Average (8)		**0.8**	**0.9**	**1.3**	**2.3**	**2.4**	**8.8**	**9.1**	**15.8**	**22.4**	**22.7**	**67.2**	**64.3**	**58.4**	**52.5**	**51.8**

(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 2010.
(4) Net worth showed a negative balance in 2008.
(5) In 2006 and 2007 provisions exceed doubtful loans.
(6) Company operative since 2010 following the combination of the former ABN AMRO and Fortis groups' activities in the Netherlands.
(7) Company in operation since 2009 following the merger between Groupe Banque Populaire and Groupe Caisse d'Epargne.
(8) For banks which accounted for 96% in 2006 and 100% from 2007 to 2010 of loans to customers of the sample.

TABLE I.33 – DOUBTFUL LOANS

JAPAN

BANKS (3)	DOUBTFUL LOANS (1)										COVERAGE RATIO (2)				
	2006	2007	2008	2009	2010	2006	2007	2008	2009	2010	2006	2007	2008	2009	2010
	as % of loans to customers					as % of net worth					%				
SHINKIN CENTRAL BANK (4)	0.1	o	o	-	-	0.4	0.2	0.5	-	-	73.8	90.0	92.7	102.4	123.9
NORINCHUKIN BANK	0.7	0.6	0.2	o	0.3	1.9	1.9	0.9	0.1	1.0	70.4	69.9	90.0	98.5	86.6
SUMITOMO TRUST & BANKING	0.3	0.3	0.1	0.6	0.4	2.0	2.2	0.8	5.2	3.3	78.9	79.1	94.4	62.5	69.5
CHUO MITSUI TRUST HOLDINGS	0.6	0.7	0.7	0.6	0.6	4.0	5.7	8.2	6.8	5.9	62.3	54.4	52.2	48.2	48.9
MIZUHO FINANCIAL GROUP	0.5	0.7	0.6	0.7	0.8	5.0	8.5	10.1	7.1	7.1	71.8	58.7	67.8	68.1	61.9
SUMITOMO MITSUI FINANCIAL GROUP	0.3	0.3	0.8	0.7	0.9	3.3	3.8	11.0	6.6	8.2	83.3	81.9	67.9	69.8	64.3
SHOKO CHUKIN BANK	2.8	2.3	1.1	0.8	0.9	37.4	29.6	14.8	8.6	9.2	49.3	51.9	70.0	77.3	74.0
MITSUBISHI UFJ FINANCIAL GROUP	0.6	0.6	0.6	0.8	1.0	5.2	6.0	9.8	7.6	9.5	65.5	67.6	64.5	65.5	60.1
FUKUOKA FINANCIAL GROUP	1.0	2.3	1.7	0.9	1.0	10.7	29.8	23.0	11.0	12.3	59.0	58.0	55.7	67.1	64.4
CHIBA BANK	2.2	2.0	1.3	1.2	1.2	23.5	23.1	17.0	14.1	14.0	31.0	28.7	40.0	40.6	40.2
RESONA HOLDINGS	0.7	0.5	1.0	1.0	1.3	8.7	5.4	11.4	11.6	20.4	76.0	78.2	63.9	62.4	56.7
BANK OF YOKOHAMA	1.8	1.6	2.1	1.7	1.4	19.3	18.4	25.7	19.0	15.4	27.5	29.0	37.5	39.4	42.1
HOKUHOKU FINANCIAL GROUP	3.0	2.4	1.9	1.9	2.0	40.5	35.4	30.6	31.7	33.5	37.4	39.1	41.4	40.3	36.2
SHIZUOKA BANK	2.5	2.4	2.1	2.3	2.4	17.7	19.5	19.9	19.6	22.1	30.6	29.6	38.5	39.2	35.5
SHINSEI BANK (5)	-	-	1.7	4.4	4.4	-	-	13.9	38.6	33.2	183.4	121.5	64.3	44.5	49.5
Average	**0.7**	**0.7**	**0.8**	**0.9**	**1.0**	**6.2**	**7.3**	**10.4**	**7.9**	**8.9**	**66.5**	**66.4**	**64.1**	**64.3**	**60.0**

(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 2010.
(4) In 2009 and 2010 provisions exceed doubtful loans.
(5) In 2006 and 2007 provisions exceed doubtful loans.

TABLE I.33 – DOUBTFUL LOANS

UNITED STATES

BANKS (3)	DOUBTFUL LOANS (1)										COVERAGE RATIO (2)				
	2006	2007	2008	2009	2010	2006	2007	2008	2009	2010	2006	2007	2008	2009	2010
	as % of loans to customers					as % of net worth					%				
CAPITAL ONE FINANCIAL	-	-	-	-	-	-	-	-	-	-	326.3	270.8	102.4	110.2	214.6
FIFTH THIRD BANCORP	-	0.5	0.7	-	-	-	4.9	5.1	-	-	137.2	67.7	81.9	100.3	133.6
THE BANK OF NEW YORK MELLON	-	0.4	0.5	1.3	-	-	0.7	0.8	1.6	-	531.5	61.4	65.5	51.3	115.3
KEYCORP	-	-	-	0.2	-	-	-	-	0.9	-	240.2	127.3	103.1	96.2	113.5
THE PNC FINANCIAL SERVICES GROUP	-	-	0.6	1.0	0.1	-	-	3.8	4.7	0.6	206.6	121.2	79.0	76.8	96.4
JPMORGAN CHASE & CO.	-	-	-	-	0.2	-	-	-	-	0.6	125.9	177.3	113.2	102.1	97.0
BB&T	-	-	0.3	0.4	0.2	-	-	1.7	2.7	1.6	196.9	138.5	85.4	85.6	91.3
U.S. BANCORP	-	-	0.3	1.4	0.5	-	-	1.8	10.1	3.2	150.8	112.8	88.1	65.3	84.7
WELLS FARGO & CO.	-	-	-	0.8	0.9	-	-	-	6.0	5.5	133.0	125.1	186.3	78.2	76.4
REGIONS FINANCIAL	-	-	0.2	1.5	1.1	-	-	1.2	7.7	5.2	201.9	120.1	90.0	69.3	78.7
CITIGROUP	-	-	-	-	1.5	-	-	-	-	5.6	113.8	128.8	117.9	105.4	81.3
BANK OF AMERICA	-	-	o	2.3	1.5	-	-	o	8.9	6.0	183.1	121.7	99.8	64.3	75.3
SUNTRUST BANKS	-	0.6	2.0	3.3	2.3	-	4.4	11.7	16.8	11.7	110.6	61.6	47.3	45.2	52.4
Average	**0.1**	**0.2**	**0.1**	**1.0**	**0.9**	**0.4**	**1.2**	**0.7**	**4.4**	**4.0**	**130.5**	**107.5**	**110.1**	**82.0**	**83.9**

(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 2010.

TABLE I.33 – DOUBTFUL LOANS

CHINA

BANKS	DOUBTFUL LOANS (1)										COVERAGE RATIO (2)				
	2006	2007	2008	2009	2010	2006	2007	2008	2009	2010	2006	2007	2008	2009	2010
	as % of loans to customers					as % of net worth					%				
CHINA MERCHANTS BANK	-	-	-	-	-	-	-	-	-	-	135.6	174.5	217.8	245.8	303.7
SHANGHAI PUDONG DEVELOPMENT BANK	-	-	-	-	-	-	-	-	-	-	151.4	187.8	192.0	245.6	379.9
INDUSTRIAL BANK	-	-	-	-	-	-	-	-	-	-	126.0	153.1	200.9	242.8	328.3
CHINA MINSHENG BANKING	-	0.1	-	-	-	-	1.2	-	-	-	116.6	92.9	121.2	190.3	267.6
CHINA CONSTRUCTION BANK	0.6	-	-	-	-	5.1	-	-	-	-	82.2	101.0	127.2	170.4	221.1
INDUSTRIAL AND COMMERCIAL BANK OF CHINA	1.1	-	-	-	-	8.4	-	-	-	-	70.6	103.1	129.7	163.1	226.9
BANK OF CHINA	0.2	-	-	-	-	1.0	-	-	-	-	96.0	105.5	116.4	148.1	192.0
CHINA CITIC BANK	0.4	-	-	-	-	5.6	-	-	-	-	84.6	107.3	142.4	145.0	208.9
BANK OF COMMUNICATIONS	0.1	0.3	-	-	-	1.0	2.6	-	-	-	94.8	85.9	103.1	136.8	183.0
AGRICULTURAL BANK OF CHINA	22.5	22.4	1.6	-	-	831.5	867.2	16.8	-	-	5.0	6.0	63.5	105.4	168.1
Average (3)	**5.1**	**4.5**	**0.3**	**-**	**-**	**49.3**	**40.5**	**2.1**	**-**	**-**	**33.3**	**36.6**	**110.7**	**147.9**	**206.3**

(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.34 – PROFITABILITY AND FREE CAPITAL RATIOS

EUROPE

BANKS (1)	COUN TRY	COST / INCOME RATIO 2006	2007	2008	2009	2010	ROE 2006	2007	2008	2009	2010	FREE CAPITAL 2006	2007	2008	2009	2010
				%					%				as % of funding from customers			
KfW	DE	30.5	n.c.	125.0	24.6	24.2	6.8	n.c.	n.c.	9.4	20.0	3.8	3.0	2.3	2.6	2.9
BAYERISCHE LANDESBANK	DE	55.9	66.0	201.5	47.2	45.1	7.6	0.9	n.c.	n.c.	4.9	…	0.8	-0.5	3.6	3.4
BBVA	ES	50.1	49.6	50.0	46.9	46.7	20.4	19.6	18.2	15.0	12.2	2.6	2.6	2.6	3.6	3.2
BANCO SANTANDER	ES	46.9	47.3	56.5	45.4	47.7	27.4	28.5	23.6	16.6	14.5	4.7	3.8	2.1	1.3	2.2
DZ BANK	DE	62.2	66.0	112.4	52.9	49.9	23.5	7.6	n.c.	2.3	15.6	…	1.1	1.1	2.1	1.9
NORDEA	SE	52.7	51.5	52.2	48.6	50.7	25.9	22.4	17.7	11.6	12.2	3.8	3.8	3.6	4.2	4.0
LA CAIXA	ES	69.4	54.9	56.6	50.2	53.9	27.0	16.6	12.5	9.0	7.5	3.6	5.4	0.6	-1.7	-2.4
KBC GROUP	BE	55.0	54.8	124.3	106.2	54.4	24.9	23.3	n.c.	n.c.	11.4	6.4	5.0	2.9	2.5	3.4
HSBC HOLDINGS	GB	52.2	50.7	48.1	51.5	54.6	16.8	17.3	6.4	4.7	9.7	3.4	3.8	2.4	3.8	4.5
DANSKE BANK	DK	54.1	55.8	59.0	44.4	56.3	16.6	16.6	1.0	1.7	3.6	3.6	1.7	0.6	1.1	1.2
LLOYDS BANKING GROUP	GB	50.6	49.8	54.6	71.0	57.1	33.6	37.2	9.6	7.0	n.c.	-1.1	0.2	-1.4	-1.8	-1.7
STANDARD CHARTERED	GB	57.7	59.3	58.2	55.7	57.4	15.6	15.8	18.2	14.1	12.8	4.3	4.9	3.9	5.1	6.7
ING GROEP	NL	50.4	57.7	69.5	64.0	57.9	25.0	33.0	n.c.	n.c.	7.4	1.1	0.3	-1.9	-0.1	1.1
BNP PARIBAS	FR	62.4	63.5	66.2	57.7	60.1	17.3	17.0	6.0	9.2	11.7	4.0	3.8	2.5	2.3	2.6
CREDIT MUTUEL	FR	59.7	62.8	75.0	60.9	60.9	14.0	11.5	1.8	6.6	9.9	5.5	5.0	2.9	3.2	3.5
SOCIETE GENERALE	FR	62.8	88.8	71.3	72.3	62.4	21.9	3.6	5.9	1.6	9.2	2.9	1.6	2.8	2.3	2.7
CREDIT AGRICOLE	FR	63.4	76.8	68.4	60.9	63.9	13.9	10.2	4.0	4.2	5.3	3.9	4.6	3.7	3.7	3.8
UNICREDIT	IT	59.9	62.2	65.5	59.8	64.1	16.5	12.8	7.9	2.9	2.1	1.0	0.9	-0.2	-1.1	-1.5
BARCLAYS	GB	61.3	59.8	62.8	60.4	64.3	30.0	23.4	13.6	24.8	7.5	2.7	2.2	3.0	4.8	3.7
RABOBANK NEDERLAND	NL	69.2	68.8	63.6	68.3	64.6	9.1	8.8	9.4	6.6	7.5	3.6	2.8	2.7	3.0	3.5
INTESA SANPAOLO	IT	55.7	62.8	63.5	62.8	65.4	16.4	16.4	5.5	5.6	5.3	4.3	3.4	1.2	0.4	0.4
GROUPE BPCE (2)	FR	-	-	-	74.1	67.3	-	-	-	1.2	8.3	-	-	-	3.4	3.5
RBS	GB	52.8	56.5	97.6	77.6	68.9	18.9	16.6	n.c.	n.c.	n.c.	1.1	1.9	3.1	3.9	3.3
COMMERZBANK	DE	65.7	67.1	70.2	84.8	69.3	12.6	14.5	0.0	n.c.	5.4	1.1	1.4	1.9	1.1	1.9
CREDIT SUISSE GROUP	CH	67.3	72.0	189.5	72.3	74.3	35.1	21.9	n.c.	21.8	18.1	4.6	2.7	0.6	1.6	1.8
DEUTSCHE BANK	DE	71.7	72.5	137.5	69.0	75.1	22.3	21.2	n.c.	15.7	5.0	2.6	3.2	2.3	2.1	2.7
DEXIA	BE	57.1	59.4	74.0	62.1	75.3	20.3	21.1	n.c.	11.0	8.8	3.9	2.9	-0.1	1.5	1.2
UBS	CH	70.6	120.7	1.247.7	98.9	77.9	32.7	n.c.	n.c.	n.c.	19.2	2.4	1.3	1.4	3.5	4.9
ABN AMRO GROUP (3)	NL	-	-	-	-	82.8	-	-	-	-	n.c.	-	-	-	-	1.5
LANDESBANK BADEN-WUERTTEMBERG	DE	49.4	73.9	170.0	45.5	85.3	10.0	3.0	n.c.	n.c.	n.c.	2.0	0.5	-2.0	0.3	0.2
HYPO REAL ESTATE HOLDING	DE	33.6	41.0	73.7	128.8	334.6	18.7	8.1	n.c.	n.c.	n.c.	…	0.9	-2.1	-3.6	4.2
Average		**59.9**	**64.4**	**76.1**	**63.0**	**62.1**	**19.9**	**15.6**	**n.c.**	**4.6**	**7.4**	**2.6**	**2.3**	**1.6**	**2.2**	**2.5**

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.

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 2010.

(2) Company in operation since 2009 following the merger between Groupe Banque Populaire and Groupe Caisse d'Epargne.

(3) Company operative since 2010 following the combination of the former ABN AMRO and Fortis groups' activities in the Netherlands.

TABLE I.34 – PROFITABILITY AND FREE CAPITAL RATIOS

JAPAN

BANKS (1)	COST / INCOME RATIO 2006	2007	2008	2009	2010	ROE 2006	2007	2008	2009	2010	FREE CAPITAL 2006	2007	2008	2009	2010
			%					%					as % of funding from customers		
SHINKIN CENTRAL BANK	52.4	47.1	33.7	43.0	48.1	4.3	5.5	n.c.	3.0	2.8	3.1	2.1	0.6	2.7	2.6
BANK OF YOKOHAMA	42.8	43.6	45.2	48.2	49.1	10.2	10.8	1.1	4.5	6.8	4.7	4.5	3.6	4.4	4.7
CHIBA BANK	48.0	47.9	47.1	49.5	51.8	9.8	8.8	2.4	6.8	7.1	3.6	3.5	3.9	4.6	4.6
SHOKO CHUKIN BANK	49.9	51.7	57.5	54.9	51.9	2.1	3.3	n.c.	0.8	1.9	3.8	4.6	5.5	7.7	8.0
SUMITOMO MITSUI FINANCIAL GROUP	46.4	46.7	52.0	53.5	57.0	12.7	14.8	n.c.	5.8	10.3	3.6	2.3	1.6	4.3	3.6
SHIZUOKA BANK	55.4	54.7	55.3	56.2	57.8	5.2	5.2	2.1	4.9	5.5	7.9	6.5	5.7	6.5	6.2
RESONA HOLDINGS (2)	48.2	50.6	52.7	58.8	58.0	58.0	14.5	6.4	6.6	12.1	3.9	5.7	4.5	4.6	2.4
SHINSEI BANK	67.2	59.9	66.8	68.8	61.0	n.c.	9.1	n.c.	n.c.	8.5	8.3	9.4	4.9	2.6	3.5
SUMITOMO TRUST & BANKING	46.8	56.8	65.3	59.5	61.3	9.2	8.3	0.9	4.9	7.5	7.6	6.1	6.1	6.4	7.0
FUKUOKA FINANCIAL GROUP	54.3	61.1	61.8	61.9	61.3	8.1	0.3	4.5	5.3	4.7	4.4	0.4	0.7	1.9	1.9
HOKUHOKU FINANCIAL GROUP	48.2	49.5	56.0	61.1	65.1	9.0	9.3	9.2	4.9	4.5	1.6	1.7	1.8	1.4	1.4
CHUO MITSUI TRUST HOLDINGS	40.6	49.2	60.7	64.7	66.2	12.7	9.0	n.c.	7.7	7.8	8.6	6.8	3.1	5.0	4.8
MIZUHO FINANCIAL GROUP	52.0	71.2	64.3	66.7	68.4	14.5	8.7	n.c.	7.3	10.5	5.6	4.2	2.7	4.3	4.7
MITSUBISHI UFJ FINANCIAL GROUP	60.3	61.8	105.9	60.3	71.7	5.9	n.c.	n.c.	10.7	5.9	3.7	2.8	0.9	2.4	2.1
NORINCHUKIN BANK	36.9	51.7	n.c.	395.4	95.1	6.1	9.4	n.c.	0.8	3.1	8.5	6.6	5.1	8.0	8.3
Average	**52.8**	**57.5**	**71.6**	**60.5**	**64.4**	**10.0**	**4.7**	**n.c.**	**5.8**	**7.0**	**4.8**	**3.8**	**2.4**	**4.1**	**3.9**

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 2010.
(2) ROE for 2006 falls to approx. 35% excluding the effect of the amendment to the method of accounting for deferred taxes.

TABLE I.34 – PROFITABILITY AND FREE CAPITAL RATIOS

UNITED STATES

BANKS (1)	COST / INCOME RATIO					ROE					FREE CAPITAL				
	2006	2007	2008	2009	2010	2006	2007	2008	2009	2010	2006	2007	2008	2009	2010
	%					%					as % of funding from customers				
CAPITAL ONE FINANCIAL	57.5	61.5	55.3	58.7	48.9	10.6	6.9	n.c.	3.4	11.5	8.1	7.1	8.6	6.3	4.9
U.S. BANCORP	46.1	46.8	49.3	49.2	52.4	28.9	25.9	12.6	9.3	12.7	5.6	5.4	6.9	4.0	5.7
JPMORGAN CHASE & CO.	62.1	58.3	68.4	52.2	53.9	14.3	14.2	3.5	7.6	10.9	5.1	4.6	6.4	6.1	6.6
THE PNC FINANCIAL SERVICES GROUP	66.2	61.4	62.5	56.6	54.9	31.7	11.0	3.6	8.9	12.7	0.8	-1.2	1.2	1.5	3.7
WELLS FARGO & CO.	57.9	56.9	53.6	51.3	55.5	22.7	20.4	2.8	12.3	10.8	1.3	0.7	1.6	2.2	3.6
CITIGROUP	60.2	76.0	100.8	62.3	55.9	21.9	3.3	n.c.	n.c.	6.9	4.6	1.7	6.3	7.7	7.8
FIFTH THIRD BANCORP	56.0	57.1	56.2	61.7	61.7	13.4	13.3	n.c.	5.8	5.7	4.2	1.3	3.5	4.9	5.2
BANK OF AMERICA	48.9	56.5	52.4	57.9	62.8	18.5	11.4	2.3	2.8	n.c.	4.0	2.0	3.1	2.9	4.6
BB&T	55.5	54.5	53.9	57.2	64.2	15.0	15.9	10.5	5.6	5.2	4.9	4.8	6.5	3.9	4.6
SUNTRUST BANKS	60.3	65.6	72.3	74.5	70.4	13.5	10.0	3.7	n.c.	0.8	5.5	4.9	6.7	5.7	7.0
KEYCORP	63.3	66.1	71.8	74.7	71.0	15.9	13.5	n.c.	n.c.	5.2	4.2	3.6	6.9	8.6	10.2
REGIONS FINANCIAL	58.9	64.7	68.4	74.3	72.0	7.0	6.7	n.c.	n.c.	n.c.	5.5	4.4	7.2	6.3	6.4
THE BANK OF NEW YORK MELLON	67.0	66.7	70.3	70.8	72.6	35.1	7.5	5.3	n.c.	8.4	3.0	1.3	0.8	1.1	2.5
Average	**58.6**	**66.7**	**76.5**	**57.0**	**57.9**	**18.5**	**8.0**	**n.c.**	**3.7**	**6.2**	**4.0**	**2.2**	**4.1**	**4.6**	**5.6**

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; 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 2010.

TABLE I.34 – PROFITABILITY AND FREE CAPITAL RATIOS

CHINA

BANKS	COST / INCOME RATIO					ROE					FREE CAPITAL				
	2006	2007	2008	2009	2010	2006	2007	2008	2009	2010	2006	2007	2008	2009	2010
	%					%					as % of funding from customers				
INDUSTRIAL AND COMMERCIAL BANK OF CHINA	42.7	35.8	35.1	38.5	36.6	11.5	17.8	22.5	23.6	25.2	5.1	6.1	6.0	5.8	6.6
CHINA CONSTRUCTION BANK	44.3	38.0	36.5	39.8	37.5	16.3	19.6	24.8	23.8	24.0	5.0	6.3	6.3	6.3	7.3
BANK OF COMMUNICATIONS	47.9	41.2	38.6	39.3	38.9	15.3	17.8	23.4	22.5	21.2	4.4	6.0	6.0	5.9	7.1
INDUSTRIAL BANK	45.2	41.2	41.6	45.2	39.3	30.6	28.3	30.2	28.7	25.2	2.8	6.4	6.7	5.9	7.6
SHANGHAI PUDONG DEVELOPMENT BANK	47.6	45.1	45.1	45.2	40.4	15.7	24.1	42.9	24.1	18.5	3.6	3.5	4.2	5.3	7.8
CHINA CITIC BANK	51.8	42.6	39.7	46.5	40.7	13.9	11.0	16.2	16.0	21.8	3.2	9.4	9.3	7.1	6.7
BANK OF CHINA	44.1	39.8	39.0	43.0	42.2	12.6	15.4	16.1	18.8	19.3	7.0	7.5	7.3	6.3	7.3
AGRICULTURAL BANK OF CHINA	62.1	53.6	51.1	48.7	43.7	7.4	15.5	21.5	23.4	21.2	-15.3	-14.7	1.8	2.7	5.1
CHINA MERCHANTS BANK	44.6	40.8	42.2	51.6	46.1	14.0	28.9	36.1	24.5	23.8	6.6	6.9	4.9	4.8	6.3
CHINA MINSHENG BANKING	57.4	54.3	50.7	56.8	48.1	24.2	14.4	17.1	15.9	20.3	2.3	6.1	6.0	7.5	7.3
Average	**47.5**	**41.2**	**40.2**	**43.0**	**40.2**	**13.3**	**17.8**	**22.0**	**22.2**	**22.4**	**1.3**	**2.5**	**5.5**	**5.5**	**6.7**

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.

TABLE I.35 – 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)							
		2006	2007	2008	2009	2010	2006	2007	2008	2009	2010	*of which: tier 1*	2011	*of which: tier 1*
		number					%							
DEXIA	BE	35.7	44.1	189.4	58.6	66.8	10.3	9.6	11.8	14.1	14.7	*13.1*	10.3	*7.6*
DEUTSCHE BANK	DE	44.2	69.1	99.5	53.6	54.3	12.8	11.6	12.2	13.9	14.1	*12.3*	14.5	*12.9*
HYPO REAL ESTATE HOLDING	DE	47.8	113.0	n.c.	78.8	42.6	10.0	9.9	5.7	10.6	47.7	*34.7*		
LANDESBANK BADEN-WUERTTEMBERG	DE	36.0	43.0	90.4	41.6	40.0	11.0	9.7	10.1	13.2	15.3	*11.4*	17.2	*12.9*
ING GROEP	NL	43.5	55.8	128.5	51.0	39.1	11.0	10.3	12.8	13.5	15.3	*12.2*	14.3	*11.7*
DANSKE BANK	DK	31.1	44.2	48.1	39.6	39.0	11.4	9.3	13.0	17.8	17.7	*14.8*	17.9	*16.0*
DZ BANK	DE	43.8	39.8	50.8	39.2	37.0	12.6	10.2	9.7	12.4	12.7	*10.6*	11.5	*10.1*
ABN AMRO GROUP (4)	NL	-	-	-	-	32.4	-	-	-	-	16.6	*12.8*	16.8	*13.0*
UBS	CH	58.1	80.7	72.5	35.3	31.1	14.7	12.0	15.1	19.8	20.4	*17.8*	21.6	*19.6*
CREDIT AGRICOLE (5)	FR	30.4	31.0	37.6	31.8	30.6	10.0	9.6	9.9	10.9	11.7	*10.3*	13.4	*11.2*
CREDIT SUISSE GROUP	CH	26.3	27.8	31.0	26.4	30.0	18.4	14.5	17.9	20.6	21.9	*17.2*	24.2	*18.1*
COMMERZBANK	DE	44.5	41.4	33.6	36.0	29.4	11.1	10.8	13.9	14.8	15.3	*11.9*	15.5	*11.1*
KfW	DE	23.5	23.8	33.6	30.6	28.1	…	11.9	10.1	11.7	14.7	*12.4*		
BARCLAYS	GB	49.3	50.4	55.2	27.6	27.6	11.7	12.1	13.6	16.6	16.9	*13.5*	16.4	*12.9*
BNP PARIBAS	FR	33.1	35.4	44.6	30.4	27.6	10.5	10.0	11.1	14.2	14.5	*11.4*	14.0	*11.6*
NORDEA	SE	26.4	26.8	30.9	25.9	27.1	9.8	9.1	9.5	11.9	11.5	*9.8*	11.1	*10.1*
SOCIETE GENERALE	FR	34.7	43.0	34.2	26.2	26.7	11.1	8.9	11.6	13.0	12.1	*10.6*	11.9	*10.7*
LLOYDS BANKING GROUP	GB	39.8	36.1	61.4	27.2	24.1	10.7	11.0	11.2	12.4	15.2	*11.6*	15.6	*12.5*
GROUPE BPCE (6)	FR	-	-	-	25.4	23.5	-	-	-	10.9	11.6	*10.1*	11.6	*10.6*
BAYERISCHE LANDESBANK	DE	30.9	40.0	46.3	24.5	23.1	10.7	11.4	12.3	17.0	15.5	*11.2*	15.6	*11.4*
RBS	GB	32.5	43.1	39.4	21.9	23.1	11.7	11.2	14.1	16.1	14.0	*12.9*	13.8	*13.0*
BBVA	ES	27.1	21.6	26.1	22.5	22.5	12.0	10.7	12.2	13.6	13.7	*10.5*	12.9	*10.3*
INTESA SANPAOLO	IT	16.5	20.5	26.6	21.4	22.1	10.5	9.0	10.2	11.8	13.2	*9.4*	14.3	*11.5*
CREDIT MUTUEL	FR	20.9	21.7	28.3	23.0	21.5	12.0	11.0	11.7	10.9	11.5	*11.5*		
UNICREDIT	IT	27.5	26.5	32.1	24.4	21.5	10.5	10.1	10.7	12.0	12.7	*9.5*	12.4	*9.3*
KBC GROUP	BE	19.6	23.5	30.5	23.1	19.4	11.7	10.5	13.5	14.8	16.5	*12.6*	15.6	*12.3*
HSBC HOLDINGS	GB	23.0	23.8	33.5	21.8	19.2	13.5	13.6	11.4	13.7	15.2	*12.1*	14.1	*11.5*
BANCO SANTANDER	ES	20.9	24.4	28.3	22.1	18.2	12.5	12.7	12.2	14.2	13.1	*10.0*	13.6	*11.0*
RABOBANK NEDERLAND	NL	19.9	19.8	20.1	17.2	17.1	11.0	10.9	13.0	14.1	16.3	*15.7*	17.5	*17.0*
LA CAIXA	ES	15.6	13.1	17.4	15.9	16.9	11.5	12.1	11.0	11.0	11.8	*9.9*	16.6	*13.5*
STANDARD CHARTERED	GB	23.1	21.4	26.2	20.2	16.0	14.3	15.2	15.6	16.5	18.4	*14.0*	17.6	*13.7*
Average (7)		**32.1**	**34.5**	**42.7**	**28.1**	**26.5**	**11.8**	**11.0**	**12.0**	**13.9**	**14.8**	***12.1***	**15.1**	***12.4***

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

(1) Excluding intangible 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 2010.

(4) Company operative since 2010 following the combination of the former ABN AMRO and Fortis groups' activities in the Netherlands.

(5) In 2011 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.

(7) Simple average for solvency margins. In 2010 Hypo Real Estate Holding is not included, as with effect from 1 October, it sold its activities most at risk to FMS Wertmanagement, an entity controlled and guaranteed by the German state.

TABLE I.35 – TOTAL ASSETS AS A PERCENTAGE OF TANGIBLE NET EQUITY AND CAPITAL ADEQUACY RATIOS

JAPAN

	TOTAL ASSETS (1) / TANGIBLE NET WORTH					TOTAL CAPITAL RATIO (2)							
BANKS (3)	2006	2007	2008	2009	2010	31/03/07	31/03/08	31/03/09	31/03/10	31/03/11	*of which: tier 1*	30/09/11	*of which: tier 1*
	number					%							
SHINKIN CENTRAL BANK	28.1	35.8	63.6	28.3	30.5	20.1	15.8	11.3	25.6	29.8	…	…	…
MITSUBISHI UFJ FINANCIAL GROUP	22.3	27.9	39.2	26.1	27.5	12.6	11.2	11.8	14.9	14.9	*11.3*	15.4	*13.0*
RESONA HOLDINGS	20.1	15.6	18.4	18.0	27.3	10.6	14.3	13.5	13.8	11.2	*7.5*	12.5	*8.7*
HOKUHOKU FINANCIAL GROUP	21.0	22.7	24.3	26.6	26.8	10.4	10.4	10.8	10.8	11.3	*7.5*	11.6	*7.7*
FUKUOKA FINANCIAL GROUP	16.0	27.5	28.5	25.0	25.4	11.3	8.8	9.3	10.3	10.8	*6.7*	11.2	*6.9*
MIZUHO FINANCIAL GROUP	22.4	27.6	38.2	28.1	25.4	12.5	11.7	10.6	13.5	15.3	*11.9*	14.9	*11.9*
SUMITOMO MITSUI FINANCIAL GROUP	22.0	30.5	33.9	20.1	23.3	11.3	10.6	11.5	15.0	16.6	*12.5*	17.2	*13.0*
SHINSEI BANK	14.3	14.5	19.8	20.3	18.6	13.1	11.7	8.4	8.4	9.8	*7.8*	10.5	*8.7*
CHUO MITSUI TRUST HOLDINGS (4)	12.5	14.6	23.1	18.5	17.6	12.1	13.8	12.1	13.8	16.5	*11.6*	16.5	*11.7*
CHIBA BANK	16.4	17.0	18.8	17.0	16.9	11.6	12.2	11.7	12.8	13.4	*12.1*	14.1	*12.8*
NORINCHUKIN BANK	15.3	18.9	25.3	17.5	16.5	12.8	12.5	15.6	19.2	22.7	*16.9*	26.2	*20.2*
BANK OF YOKOHAMA	14.6	15.9	16.7	15.7	15.8	11.2	10.8	10.9	12.2	12.3	*10.1*	13.6	*11.2*
SUMITOMO TRUST & BANKING (5)	15.5	19.0	18.5	15.7	15.2	11.4	11.8	12.1	13.9	15.6	*11.1*	-	-
SHOKO CHUKIN BANK	16.2	15.5	16.0	14.3	14.1	8.3	8.8	8.9	11.4	12.4	*10.9*	…	…
SHIZUOKA BANK	11.2	12.9	14.2	12.8	13.4	14.5	14.7	14.1	15.3	15.3	*14.4*	17.1	*16.0*
Average (6)	**19.9**	**23.9**	**30.3**	**22.1**	**23.0**	**12.3**	**11.9**	**11.5**	**14.1**	**15.2**	***10.9***	**15.1**	***11.8***

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

(1) Excluding intangible 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 2010.
(4) Now Sumitomo Mitsui Trust Holdings.
(5) Merged into Chuo Mitsui Trust Holdings (now Sumitomo Mitsui Trust Holdings) with effect 1 April 2011.
(6) Simple average for solvency margins.

TABLE I.35 – 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)							
	2006	2007	2008	2009	2010	2006	2007	2008	2009	2010	*of which:* tier 1	2011	*of which:* tier 1
	number					%							
THE BANK OF NEW YORK MELLON	23.8	28.3	37.8	28.9	26.1	12.5	13.2	17.1	16.0	16.3	*13.4*	17.0	*15.0*
JPMORGAN CHASE & CO.	22.9	23.7	20.3	20.2	18.7	12.3	12.6	14.8	14.8	15.5	*12.1*	15.4	*12.3*
BANK OF AMERICA	24.2	29.2	22.8	18.5	16.7	11.9	11.0	13.0	14.7	15.8	*11.2*	16.8	*12.4*
BB&T	19.3	19.5	15.1	18.2	16.4	14.3	14.2	17.4	15.8	15.5	*11.8*	15.7	*12.5*
U.S. BANCORP	18.7	20.5	16.3	18.9	16.3	12.6	12.2	14.3	12.9	13.3	*10.5*	13.3	*10.8*
WELLS FARGO & CO.	28.2	32.9	26.1	20.0	15.8	12.5	10.7	11.8	13.3	15.0	*11.2*	14.8	*11.3*
CAPITAL ONE FINANCIAL	13.3	13.4	11.2	13.1	15.2	12.3	13.0	16.6	17.7	16.8	*11.6*	14.9	*12.0*
CITIGROUP	25.6	39.5	19.7	15.9	14.7	11.7	10.7	15.7	15.2	16.6	*12.9*	17.0	*13.6*
REGIONS FINANCIAL	15.8	17.5	13.3	11.8	12.0	11.5	11.3	14.6	15.8	16.4	*12.4*	17.0	*13.3*
THE PNC FINANCIAL SERVICES GROUP	12.8	18.6	17.5	13.1	11.5	13.5	10.3	13.2	15.0	15.6	*12.1*	15.8	*12.6*
SUNTRUST BANKS	17.1	17.3	12.7	11.5	10.8	11.1	10.3	14.0	16.4	16.5	*13.7*	13.7	*10.9*
FIFTH THIRD BANCORP	13.7	18.2	13.3	10.7	10.0	11.1	10.2	14.8	17.5	18.1	*13.9*	16.1	*11.9*
KEYCORP	14.8	16.2	11.5	9.3	8.7	12.4	11.4	14.8	17.0	19.2	*15.2*	16.5	*13.0*
Average (4)	**23.0**	**28.4**	**20.8**	**17.5**	**15.9**	**12.3**	**11.6**	**14.8**	**15.5**	**16.2**	***12.5***	**15.7**	***12.4***

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

(1) Excluding intangible 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 2010.

(4) Simple average for solvency margins.

TABLE I.35 – 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)						
	2006	2007	2008	2009	2010	2006	2007	2008	2009	*of which:* tier 1	2010	*of which:* tier 1
	number					%						
INDUSTRIAL BANK	39.1	22.1	21.0	22.5	20.2	8.7	11.7	11.2	10.8	*7.9*	11.2	*8.8*
AGRICULTURAL BANK OF CHINA	69.0	71.9	26.5	28.0	20.0	…	…	9.4	10.1	*7.7*	11.6	*9.8*
CHINA MERCHANTS BANK	16.9	19.4	23.0	25.5	19.6	11.4	10.4	11.3	10.4	*6.6*	11.5	*8.0*
SHANGHAI PUDONG DEVELOPMENT BANK	27.9	32.3	31.4	23.8	17.8	9.3	9.1	9.1	10.3	*6.9*	12.0	*9.4*
BANK OF COMMUNICATIONS	18.8	15.8	18.0	20.3	17.8	10.8	14.4	13.5	12.0	*8.2*	12.4	*9.4*
CHINA MINSHENG BANKING	37.8	18.4	19.4	16.1	17.6	8.1	10.7	9.2	10.8	*8.9*	10.4	*8.1*
INDUSTRIAL AND COMMERCIAL BANK OF CHINA	16.2	16.7	16.8	18.1	16.9	14.0	13.1	13.1	12.4	*9.9*	12.3	*10.0*
CHINA CITIC BANK	22.5	12.1	12.5	16.6	16.9	9.4	15.3	14.3	10.1	*9.2*	11.3	*8.4*
CHINA CONSTRUCTION BANK	17.5	16.4	16.9	17.8	15.8	12.1	12.6	12.2	11.7	*9.3*	12.7	*10.4*
BANK OF CHINA	13.1	13.5	14.4	16.4	15.8	13.6	13.3	13.4	11.1	*9.1*	12.6	*10.1*
Average (3)	**19.4**	**18.6**	**18.0**	**19.4**	**17.2**	**(10.8)**	**(12.3)**	**11.7**	**11.0**	***8.4***	**11.8**	***9.2***

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

(1) Excluding intangible 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) Simple average for solvency margins.

TABLE I.36 – RISK-WEIGHTED ASSETS, REGULATORY CAPITAL AND MAXIMUM EXPOSURE TO CREDIT RISK

EUROPE

BANKS (3)	COUNTRY	RWA / TANGIBLE ASSETS		REGULATORY CAPITAL / TANGIBLE NET WORTH		*of which:* Tier 1 / TANGIBLE NET WORTH		TANGIBLE NET WORTH / MAXIMUM EXPOSURE TO CREDIT RISK (1)		OFF-BALANCE SHEET GUARANTEES AND COMMITMENTS (2) / TANGIBLE ASSETS	
		2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
		%		%		%		%		%	
HYPO REAL ESTATE HOLDING	DE	22.3	6.2	185.6	126.2	137.1	91.8	1.26	2.36	2.5	0.4
UBS	CH	15.5	15.2	108.8	96.4	84.5	84.0	2.83	3.24	9.2	8.7
DEUTSCHE BANK	DE	18.3	18.3	136.4	139.9	123.8	122.3	1.86	1.83	10.5	10.2
CREDIT SUISSE GROUP	CH	21.7	21.4	118.1	140.1	93.5	110.6	3.92 [4]	3.45 [4]	15.9	15.5
DZ BANK	DE	24.5	22.5	118.9	106.0	94.7	89.0	3.18	3.38	6.4	6.6
DEXIA	BE	24.9	25.0	206.4	244.2	179.1	218.0	1.67	1.54	19.1	17.3
ING GROEP	NL	29.1	26.2	200.1	157.0	152.1	125.6	1.99	2.60	10.7	10.6
DANSKE BANK	DK	27.1	26.5	191.1	183.1	151.9	152.6	2.36	2.40	8.5	8.2
BARCLAYS	GB	27.9	26.9	127.7	125.7	99.9	100.0	3.16	3.16	19.0	18.6
KfW	DE	32.3	28.1	116.2	116.3	93.3	97.2	2.88	3.09	14.5	16.4
SOCIETE GENERALE	FR	31.9	29.8	108.6	96.4	89.7	84.2	3.70	3.60	20.5	20.9
BNP PARIBAS	FR	30.4	30.6	131.6	123.0	93.7	95.4	4.45	4.68	18.5	21.1
ABN AMRO GROUP (5)	NL	-	30.7	-	165.3	-	126.8	-	2.95	-	10.0
LANDESBANK BADEN-WUERTTEMBERG	DE	37.4	32.3	206.4	197.9	153.0	147.0	1.93	1.99	7.1	7.8
RBS	GB	32.2	32.4	113.6	104.6	99.5	96.3	3.95	3.71	21.0	21.8
CREDIT AGRICOLE	FR	33.2	33.7	115.2	121.2	99.8	104.0	3.01	3.08	19.1	19.6
RABOBANK NEDERLAND	NL	38.6	33.8	93.6	94.2	91.7	90.9	5.58	5.57	7.4	7.7
COMMERZBANK	DE	33.3	35.6	177.3	159.9	126.3	124.1	2.53	3.11	13.1	13.1
NORDEA	SE	38.0	37.2	117.7	116.0	100.5	98.7	3.82	3.76	20.2	20.2
GROUPE BPCE	FR	40.3	38.9	111.7	106.1	93.6	92.6	3.60	3.88	21.2	21.8
BAYERISCHE LANDESBANK	DE	40.1	39.2	155.1	139.9	124.8	106.4	3.61	3.90	14.5	13.7
CREDIT MUTUEL	FR	37.0	41.0	92.7	101.5	92.7	101.5	4.32	4.55	13.4	14.2
LLOYDS BANKING GROUP	GB	48.4	41.3	162.6	151.6	126.5	115.6	4.07	4.70	9.8	9.3
KBC GROUP	BE	44.7	41.5	147.3	132.3	111.3	101.4	4.14	5.32	12.2	10.9
HSBC HOLDINGS	GB	48.6	45.5	145.7	132.8	114.3	105.5	4.21	4.75	27.1	27.8
STANDARD CHARTERED	GB	49.7	48.1	165.6	141.4	115.4	107.6	4.60	6.06	20.4	18.8
UNICREDIT	IT	50.1	50.3	146.7	136.9	105.3	102.2	3.48	3.95	20.6	19.8
BANCO SANTANDER	ES	51.8	50.9	165.3	150.0	117.4	114.7	4.36	4.38	20.1	20.7
INTESA SANPAOLO	IT	60.4	52.5	152.8	153.1	107.9	109.0	3.95	3.99	32.8	27.2
BBVA	ES	55.1	57.5	165.4	143.7	114.3	110.5	3.85	4.74	23.8	23.3
LA CAIXA	ES	58.9	58.3	102.6	115.7	97.3	97.9	5.70 [4]	5.43 [4]	23.1	21.8
Average		**34.9**	**33.8**	**142.9** [6]	**136.1** [6]	**112.8** [6]	**110.4** [6]	**3.47** [6]	**3.72** [6]	**16.8**	**17.0**

Tangible assets = Total assets less intangible assets less goodwill.

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

Regulatory capital = Tier 1 plus Tier 2 plus Tier 3 capital, calculated in accordance with the Basel Bank for International Settlements (BIS) guidelines.

RWA = Risk Weighted Assets (assets adjusted for their associated risks using weightings established in accordance with the BIS guidelines).

(1) On- and off-balance sheet credit risk exposure. Only irrevocable lending-related commitments are included.
(2) Only irrevocable lending-related commitments are included.
(3) The table does not include companies no longer existing in their previous form as at 31 December 2010.
(4) Balance-sheet data processed by R&S.
(5) Company operative since 2010 following the combination of the former ABN AMRO and Fortis groups' activities in the Netherlands.
(6) Simple average of values shown in the table.

TABLE I.36 – RISK-WEIGHTED ASSETS, REGULATORY CAPITAL AND MAXIMUM EXPOSURE TO CREDIT RISK

JAPAN

BANKS (3)	RWA / TANGIBLE ASSETS		REGULATORY CAPITAL / TANGIBLE NET WORTH		*of which:* Tier 1 / TANGIBLE NET WORTH		TANGIBLE NET WORTH / MAXIMUM EXPOSURE TO CREDIT RISK (1)		OFF-BALANCE SHEET GUARANTEES AND COMMITMENTS (2) / TANGIBLE ASSETS	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
	%		%		%		%		%	
SHINKIN CENTRAL BANK	16.4	13.5	130.2	130.6	…	…	…	…	48.5	49.2
MIZUHO FINANCIAL GROUP	37.4	33.0	141.6	128.0	95.6	99.8	3.84	4.00	38.8	39.4
NORINCHUKIN BANK	39.9	35.5	134.0	132.4	97.7	98.4	6.47	7.09	4.4	4.5
SUMITOMO MITSUI FINANCIAL GROUP	45.7	38.6	138.1	149.6	102.5	112.2	4.63	3.88	38.6	38.6
MITSUBISHI UFJ FINANCIAL GROUP	47.4	43.6	184.0	178.8	131.6	136.0	3.49	3.14	34.3	34.0
RESONA HOLDINGS	51.0	45.0	126.7	137.7	93.6	92.2	4.99	3.30	21.5	20.2
HOKUHOKU FINANCIAL GROUP	50.7	47.6	146.2	143.9	95.2	95.0	…	…	23.7	22.5
CHIBA BANK	50.2	47.6	109.6	108.0	97.5	97.3	…	…	19.8	18.7
SHIZUOKA BANK	50.1	47.9	98.0	98.2	90.0	92.5	…	…	17.9	17.3
CHUO MITSUI TRUST HOLDINGS	51.8	49.1	131.9	142.2	94.3	100.5	5.07	5.42	19.0	21.5
FUKUOKA FINANCIAL GROUP	54.7	51.9	141.3	142.7	86.3	88.2	…	…	26.1	26.6
BANK OF YOKOHAMA	59.8	58.1	114.4	112.9	92.3	93.1	…	…	18.8	16.6
SUMITOMO TRUST & BANKING	64.0	59.0	138.8	140.1	98.9	99.4	6.47	6.61	42.7	42.2
SHOKO CHUKIN BANK	69.5	64.3	113.2	112.5	99.3	99.3	…	…	6.8	7.7
SHINSEI BANK	72.6	69.6	122.9	126.2	93.5	100.4	5.21	5.54	55.7	55.7
Average	**45.0**	**40.3**	**131.4**(4)	**132.3**(4)	**97.7**(4)	**100.3**(4)	**5.02**(4)	**4.87**(4)	**31.8**	**31.9**

Tangible assets = Total assets less intangible assets less goodwill.
Tangible net worth = net worth less intangible assets less goodwill.
Regulatory capital = Tier 1 plus Tier 2 plus Tier 3 capital, calculated in accordance with the Basel Bank for International Settlements (BIS) guidelines.
RWA = Risk Weighted Assets (assets adjusted for their associated risks using weightings established in accordance with the BIS guidelines).

(1) On and off-balance sheet credit risk exposure.
(2) Includes irrevocable and revocable lending-related commitments, plus also acceptances and guarantees.
(3) The table does not include companies no longer existing in their previous form as at 31 December 2010.
(4) Simple average of values shown in the table.

TABLE I.36 – RISK-WEIGHTED ASSETS, REGULATORY CAPITAL AND MAXIMUM EXPOSURE TO CREDIT RISK

UNITED STATES

BANKS (3)	RWA / TANGIBLE ASSETS		REGULATORY CAPITAL / TANGIBLE NET WORTH		*of which:* Tier 1 / TANGIBLE NET WORTH		TANGIBLE NET WORTH / MAXIMUM EXPOSURE TO CREDIT RISK (1)		OFF-BALANCE SHEET GUARANTEES AND COMMITMENTS (2) / TANGIBLE ASSETS	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
	%		%		%		%		%	
THE BANK OF NEW YORK MELLON	56.0	45.6	258.4	194.2	196.0	159.5	3.02	3.48	23.5	17.2
CITIGROUP	59.9	52.1	145.2	127.2	111.1	98.9	4.21	4.81	65.0	56.2
JPMORGAN CHASE & CO.	61.0	57.3	182.0	166.0	136.6	129.8	3.51	3.97	51.5	47.4
BANK OF AMERICA	73.3	67.2	198.5	176.9	140.8	126.1	3.79	4.35	52.7	46.5
CAPITAL ONE FINANCIAL	75.1	69.4	173.8	177.2	135.0	122.5	3.74	3.46	109.4	97.4
REGIONS FINANCIAL	76.0	75.3	140.9	147.6	103.0	111.9	7.21	7.06	26.2	26.9
BB&T	74.0	78.9	211.9	200.1	154.4	152.5	4.55	5.08	31.9	33.7
SUNTRUST BANKS	83.9	80.5	157.9	144.2	124.6	119.2	6.11	6.68	49.0	42.5
WELLS FARGO & CO.	85.3	81.2	225.9	192.4	157.7	143.0	3.88	4.98	38.1	35.4
U.S. BANCORP	87.5	83.8	213.8	182.0	158.7	142.9	3.33	3.91	68.4	67.4
THE PNC FINANCIAL SERVICES GROUP	90.4	85.3	177.1	152.7	134.9	118.1	5.72	6.49	51.2	47.3
KEYCORP	93.0	85.7	146.1	142.8	109.9	113.2	8.48	9.18	46.2	42.7
FIFTH THIRD BANCORP	91.6	93.0	171.8	168.6	130.7	129.6	6.66	7.13	45.8	46.7
Average	**70.6**	**65.3**	**184.9**(4)	**167.1**(4)	**138.0**(4)	**128.2**(4)	**4.94**(4)	**5.43**(4)	**52.8**	**47.7**

Tangible assets = Total assets less intangible assets less goodwill.

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

Regulatory capital = Tier 1 plus Tier 2 plus Tier 3 capital, calculated in accordance with the Basel Bank for International Settlements (BIS) guidelines.

RWA = Risk Weighted Assets (assets adjusted for their associated risks using weightings established in accordance with the BIS guidelines).

(1) Balance-sheet data processed by R&S. Includes on- and off-balance-sheet credit exposures.
(2) Includes irrevocable and revocable lending-related commitments without conditions, granted chiefly to credit card holders. If these are excluded, the average indicators come to 27% and 24.5% respectively.
(3) The table does not include companies no longer existing in their previous form as at 31 December 2010.
(4) Simple average of values shown in the table.

TABLE I.36 – RISK-WEIGHTED ASSETS, REGULATORY CAPITAL AND MAXIMUM EXPOSURE TO CREDIT RISK

CHINA

BANKS	RWA / TANGIBLE ASSETS		REGULATORY CAPITAL / TANGIBLE NET WORTH		*of which:* Tier 1 / TANGIBLE NET WORTH		TANGIBLE NET WORTH / MAXIMUM EXPOSURE TO CREDIT RISK (1)		OFF-BALANCE SHEET GUARANTEES AND COMMITMENTS / TANGIBLE ASSETS	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
	%		%		%		%		%	
INDUSTRIAL BANK	53.8	54.8	129.9	124.1	95.6	96.6	4.0	4.5	12.4	13.4
AGRICULTURAL BANK OF CHINA	49.4	52.2	139.2	121.0	107.0	101.8	3.2	4.4	13.8	15.9
CHINA MERCHANTS BANK	56.5	60.5	150.4	136.3	95.4	95.5	2.4	2.9	67.1	78.5
SHANGHAI PUDONG DEVELOPMENT BANK	58.2	58.3	143.3	124.8	95.7	97.2	3.6	4.8	37.1	38.7
BANK OF COMMUNICATIONS	57.0	61.2	138.9	134.4	94.3	101.9	4.2	4.7	18.5	21.2
CHINA MINSHENG BANKING	69.7	70.3	121.4	129.0	100.0	99.7	5.1	4.6	22.5	24.0
INDUSTRIAL AND COMMERCIAL BANK OF CHINA	50.4	53.0	112.5	110.0	90.1	89.4	5.1	5.3	10.5	12.3
CHINA CITIC BANK	62.4	66.6	111.2	127.5	95.2	95.2	4.7	4.4	28.3	34.8
CHINA CONSTRUCTION BANK	54.1	55.7	112.8	111.9	89.8	91.8	4.8	5.4	19.4	18.9
BANK OF CHINA	59.1	56.4	107.7	111.7	87.7	89.6	5.2	5.5	21.5	19.4
Average	**54.4**	**56.1**	**126.7** (2)	**123.1** (2)	**95.1** (2)	**95.9** (2)	**4.2** (2)	**4.7** (2)	**19.4**	**20.8**

Tangible assets = Total assets less intangible assets less goodwill.
Tangible net worth = net worth less intangible assets less goodwill.
Regulatory capital = Tier 1 plus Tier 2 plus Tier 3 capital, calculated in accordance with the Basel Bank for International Settlements (BIS) guidelines.
RWA = Risk Weighted Assets (assets adjusted for their associated risks using weightings established in accordance with the BIS guidelines).

(1) On and off-balance sheet credit risk exposure.
(2) Simple average of values shown in the table.

TABLE I.37 – DERIVATIVE CONTRACTS

2008

	Europe EURbn	%	Japan JPYbn	%	United States USDbn	%
Notional amounts by risk category:						
interest rate	308,078	*81.1*	1,833,059	*88.0*	138,841	*81.0*
foreign exchange	35,023	*9.2*	216,497	*10.4*	12,668	*7.4*
credit	25,392	*6.7*	21,887	*1.1*	15,825	*9.2*
equity	8,015	*2.1*	2,973	*0.1*	3,062	*1.8*
other	3,422	*0.9*	9,214	*0.4*	1,072	*0.6*
Total [1]	**379,930**	***100.0***	**2,083,630**	***100.0***	**171,468**	***100.0***
Index number	*100.0*		*100.0*		*100.0*	
Notional amount / total assets	13.4		4.2		17.9	
Fair value (balance) (millions) [2]	83,647		1,860,875		128,688	
as % of net worth	*8.5*		*7.0*		*16.1*	
Credit risk (bn) [3]	1,190		24,954		484	
Index number	*100.0*		*100.0*		*100.0*	
as % of net worth	*138.9*		*93.4*		*60.6*	

2009

	Europe EURbn	%	Japan JPYbn	%	United States USDbn	%
Notional amounts by risk category:						
interest rate	295,178	*82.5*	1,744,623	*87.4*	163,324	*83.1*
foreign exchange	34,215	*9.6*	221,509	*11.1*	14,727	*7.5*
credit	18,980	*5.3*	15,011	*0.8*	14,356	*7.3*
equity	6,110	*1.7*	4,146	*0.2*	2,684	*1.4*
other	3,458	*1.0*	11,140	*0.6*	1,565	*0.8*
Total [1]	**357,941**	***100.0***	**1,996,429**	***100.0***	**196,656**	***100.0***
Index number	*94.2*		*95.8*		*114.7*	
Notional amount / total assets	14.7		3.9		21.9	
Fair value (balance) (millions) [2]	13,411		1,853,532		57,843	
as % of net worth	*1.1*		*5.1*		*6.7*	
Credit risk (bn) [3]	742		19,559		252	
Index number	*62.4*		*78.4*		*52.1*	
as % of net worth	*71.8*		*54.2*		*29.2*	

2010

	Europe EURbn	%	Japan JPYbn	%	United States USDbn	%
Notional amounts by risk category:						
interest rate	329,009	*82.2*	1,806,636	*87.8*	166,758	*82.7*
foreign exchange	42,852	*10.7*	224,079	*10.9*	17,641	*8.7*
credit	18,087	*4.5*	12,830	*0.6*	12,489	*6.2*
equity	6,688	*1.7*	5,174	*0.3*	2,680	*1.3*
other	3,643	*0.9*	9,045	*0.4*	2,067	*1.0*
Total [1]	**400,279**	***100.0***	**2,057,764**	***100.0***	**201,635**	***100.0***
Index number	*105.4*		*98.8*		*117.6*	
Notional amount / total assets	15.8		3.9		21.8	
Fair value (balance) (millions) [2]	-12,294		1,801,107		33,014	
as % of net worth	*-0.9*		*5.0*		*3.7*	
Credit risk (bn) [3]	777		20,710		236	
Index number	*65.3*		*83.0*		*48.8*	
as % of net worth	*69.0*		*57.0*		*26.1*	

1 For Japan data refers only to trading derivatives. Data refers to companies representing 92% of 2010 total assets for Europe and 71% 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. Data refers to the whole survey

3 Refers to companies which account for 85% of 2010 total assets for Europe and to the whole survey for the Japan and US banks.

TABLE I.38 – RIGHTS ISSUES, SHARE BUYBACKS AND DIVIDENDS

	Rights issues [1]	Share buybacks [2]	Dividends paid [3]	Balance	
			Europe		
	EURbn *a*	EURbn *b*	EURbn *c*	EURbn *d = b+c-a*	*c / (a-b)*
2001	26.8	1.1	34.1	8.4	1.3
2002	10.5	8.5	33.9	31.9	17.0
2003	7.6	7.3	28.9	28.6	96.3
2004	17.6	15.4	30.9	28.7	14.0
2005	21.7	10.8	40.5	29.6	3.7
2006	28.2	18.0	48.5	38.3	4.8
2007	49.1	24.7	56.9	32.5	2.3
2008	130.7 [4]	- 2.2	50.3	- 82.6	0.4
2009	168.8 [4]	20.9	17.3	- 130.6	0.1
2010	37.9 [4]	11.3	20.2	- 6.4	0.8
Total	**498.9**	**115.8**	**361.5**	**- 21.6**	**0.9**
			Japan		
	JPYbn *a*	JPYbn *b*	JPYbn *c*	JPYbn *d = b+c-a*	*c / (a-b)*
2001	111	- 81	180	- 12	0.9
2002	1,936	- 139	260	- 1,815	0.1
2003	1,973	- 50	185	- 1,838	0.1
2004	515	982	292	759	n.c.
2005	554	1,149	349	944	n.c.
2006	147	3,013	427	3,293	n.c.
2007	1,107	363	571	- 173	0.8
2008	2,074	398	644	- 1,032	0.4
2009	4,038	346	466	- 3,226	0.1
2010	1,378	1,625	629	878	n.c.
Total	**13,833**	**7,606**	**4,003**	**- 2,224**	**0.6**
			United States		
	USDbn *a*	USDbn *b*	USDbn *c*	USDbn *d = b+c-a*	*c / (a-b)*
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
2010	8.1	10.3	7.7	9.9	n.c.
Total	**526.0**	**350.7**	**321.0**	**145.7**	**1.8**

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, EUR 101.9bn of which in 2009 and 1.4bn of which in 2010 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.39 – AGGREGATE ACCOUNTS OF GERMANY'S LARGEST LANDESBANKEN

Profit and loss account

	2007		2008		2009		2010	
	EUR m	%	EUR m	%	EUR m	%	EUR m	%
Net interest income	9,299	*92.2*	11,219	*135.8*	11,954	*62.8*	10,270	*80.4*
Other operating income	4,512	*44.7*	4,078	*49.3*	3,743	*19.7*	2,304	*18.0*
Gains (losses) on financial transactions	- 3,720	*- 36.9*	- 7,034	*- 85.1*	3,335	*17.5*	201	*1.6*
Total income	**10,091**	***100.0***	**8,263**	***100.0***	**19,032**	***100.0***	**12,775**	***100.0***
Labour costs	- 4,575	*- 45.3*	- 4,703	*- 56.9*	- 4,549	*- 23.9*	-4,209	*-32.9*
General expenses	- 4,115	*- 40.8*	- 4,750	*- 57.5*	- 4,676	*- 24.6*	-4,181	*-32.8*
Bad debts recovered (written off)	- 417	*- 4.1*	- 5,409	*- 65.5*	- 10,408	*- 54.7*	-2,585	*-20.2*
Current pre-tax profit (loss)	**984**	***9.8***	**- 6,599**	***- 79.9***	**- 601**	***- 3.2***	**1,800**	***14.1***
Fixed asset writedowns	- 1,728	*- 17.2*	- 4,963	*- 60.1*	- 2,720	*- 14.3*	-601	*-4.4*
Other extraordinary items	1,191	*11.8*	1,384	*16.7*	- 1,609	*- 8.4*	204	*1.3*
Profit (loss) before tax	**447**	***4.4***	**- 10,178**	***- 123.2***	**- 4,930**	***- 25.9***	**1,403**	***11.0***
Income tax	- 404	*- 4.0*	215	*2.6*	- 401	*- 2.1*	-552	*-4.3*
Minority interest	- 115	*- 1.1*	319	*3.9*	457	*2.4*	-22	*-0.2*
Net loss	**- 72**	***- 0.7***	**- 9,644**	***- 116.7***	**- 4,874**	***- 25.6***	**829**	***6.5***

cont.

TABLE I.39 *(cont.)*

Balance sheet

	31-12-2007		31-12-2008		31-12-2009		31-12-2010	
	EUR m	%	EUR m	%	EUR m	%	EUR m	%
Cash and deposits at central banks	7,591	*0.4*	12,982	*0.7*	11,808	*0.7*	8,019	*0.5*
Securities	528,395	*28.3*	471,900	*24.3*	437,457	*25.5*	391,279	*25.1*
Loans and advances to banks	467,361	*25.0*	367,583	*18.9*	301,284	*17.5*	245,402	*15.7*
Loans and advances to customers	720,403	*38.6*	826,306	*42.6*	755,390	*43.9*	708,069	*45.4*
Interests in subsidiaries and	8,861	*0.5*	7,718	*0.4*	6,303	*0.4*	4,677	*0.3*
Net tangible assets	13,148	*0.7*	14,350	*0.7*	12,453	*0.7*	12,085	*0.8*
Intangible assets [1]	4,118	*0.2*	4,749	*0.2*	2,239	*0.1*	2,089	*0.2*
Other assets	118,075	*6.3*	234,741	*12.1*	192,846	*11.2*	187,907	*12.0*
of which: derivatives assets	*100,112*	*5.4*	*208,059*	*10.7*	*165,216*	*9.6*	*171,418*	*11.0*
Total assets	**1,867,952**	***100.0***	**1,940,329**	***100.0***	**1,719,780**	***100.0***	**1,559,527**	***100.0***
Customer deposits	394,075	*21.1*	441,553	*22.7*	437,806	*25.5*	413,651	*26.5*
Debt securities	564,122	*30.2*	527,759	*27.2*	478,893	*27.8*	410,543	*26.3*
Subordinated liabilities	52,931	*2.8*	53,771	*2.8*	45,957	*2.7*	45,146	*2.9*
Total funding from customers	*1,011,128*	*54.1*	*1,023,083*	*52.7*	*962,656*	*56.0*	869,340	*55.7*
Deposits by banks	624,856	*33.5*	597,099	*30.8*	480,801	*28.0*	372,947	*23.9*
Other liabilities	185,604	*9.9*	284,547	*14.7*	230,080	*13.3*	270,353	*17.4*
of which: derivatives liabilities	*99,703*	*5.3*	*202,941*	*10.5*	*162,936*	*9.5*	*172,882*	*11.1*
Total liabilities	**1,821,588**	***97.5***	**1,904,729**	***98.2***	**1,643,537**	***97.3***	**1,512,640**	***97.0***
Net worth	**46,364**	***2.5***	**35,600**	***1.8***	**46,243**	***2.7***	**46,887**	***3.0***
of which:								
minority interests	43,443	*2.3*	32,790	*1.7*	45,574	*2.7*	46,645	*3.0*
interessi di terzi	2,921	*0.2*	2,810	*0.1*	669	*0.0*	242	*0.0*

1 Includes goodwill.

TABLE I.40 – PROFIT AND LOSS ACCOUNT AND BALANCE SHEET FOR 1H 2011: JAPAN

Profit and loss account

	1H 2010		1H 2011		Change
	JPY bn	%	JPY bn	%	%
Net interest income	3,065	*52.3*	3,143	*60.3*	2.5
Other operating income	1,725	*29.4*	1,291	*24.8*	- 25.2
Gains (losses) on financial transactions	1,072	*18.3*	778	*14.9*	- 27.4
Total income	**5,862**	***100.0***	**5,212**	***100.0***	**- 11.1**
Labour costs	…	…	…	…	
General expenses [1]	- 2,733	*- 46.6*	- 2,741	*- 52.6*	0.3
Bad debts recovered (written off)	- 410	*- 7.0*	- 108	*- 2.1*	- 73.7
Depreciation and amortisation	- 379	*- 6.5*	- 382	*- 7.3*	0.3
Current pre-tax profit	**2,340**	***39.9***	**1,981**	***38.0***	**- 15.3**
Extraordinary items	157	*2.7*	7	*0.2*	n.c.
Profit (loss) before tax	**2,497**	***42.6***	**1,988**	***38.2***	**- 20.4**
Income tax	- 662	*- 11.3*	- 603	*- 11.6*	- 8.9
Minority interest	- 128	*- 2.2*	- 130	*- 2.5*	1.6
Net profit	**1,707**	***29.1***	**1,255**	***24.1***	**- 26.5**

Balance sheet

	31-3-2011		30-9-2011		Change
	JPY bn	%	JPY bn	%	%
Cash and deposits at central banks	…	…	…	…	…
Securities [2]	278,902	*39.7*	282,038	*39.9*	1.1
Loans and advances to banks [3]	77,670	*11.0*	74,764	*10.6*	- 3.7
Loans and advances to customers	313,102	*44.5*	313,868	*44.3*	0.2
Interests in subsidiaries and associated	…	…	…	…	…
Net tangible assets	4,414	*0.6*	4,369	*0.6*	- 1.0
Intangible assets [4]	3,142	*0.5*	3,093	*0.4*	- 1.6
Other assets	26,101	*3.7*	29,515	*4.2*	13.1
Total assets	**703,331**	***100.0***	**707,647**	***100.0***	**0.6**
Customer deposits	470,975	*67.0*	468,648	*66.2*	- 0.5
Debt securities [5]	34,006	*4.8*	32,067	*4.6*	- 5.7
Subordinated liabilities	…	…	…	…	…
Total funding from customers	*504,981*	*71.8*	*500,715*	*70.8*	*- 0.8*
Deposits by banks	109,945	*15.6*	106,240	*15.0*	- 3.4
Other liabilities	53,957	*7.7*	66,405	*9.4*	23.1
Total liabilities	**668,883**	***95.1***	**673,360**	***95.2***	**0.7**
Net worth	**34,448**	***4.9***	**34,287**	***4.8***	**- 0.5**
of which:					
shareholders' equity	28,955	*4.1*	29,225	*4.1*	0.9
minority interests	5,493	*0.8*	5,062	*0.7*	- 7.8

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.41 – PROFIT AND LOSS ACCOUNT AND BALANCE SHEET FOR FY 2010: EUROPE *

Profit and loss account

	Years ended December 31				
	2010		2011		Change
	EUR m	%	EUR m	%	*%*
Net interest income	266,907	*55.0*	268,028	*55.5*	0.4
Other operating income	157,747	*32.5*	171,745	*35.6*	8.9
Gains (losses) on financial transactions	60,466	*12.5*	43,112	*8.9*	- 28.7
Total income	**485,120**	***100.0***	**482,885**	***100.0***	**- 0.5**
Labour costs	- 169,487	*- 34.9*	- 168,061	*- 34.8*	- 0.8
General expenses [1]	- 133,724	*- 27.6*	- 138,369	*- 28.7*	3.5
Bad debts recovered (written off)	- 87,903	*- 18.1*	- 78,393	*- 16.2*	- 10.8
Current pre-tax profit	**94,006**	***19.4***	**98,062**	***20.3***	**4.3**
Extraordinary items	2,845	*0.6*	- 55,335	*- 11.4*	n.c.
Profit (loss) before tax	**96,851**	***20.0***	**42,727**	***8.9***	**- 55.9**
Income tax	- 24,988	*- 5.2*	- 17,882	*- 3.7*	- 28.4
Minority interest	- 5,818	*- 1.2*	- 6,736	*- 1.4*	15.8
Net profit	**66,045**	***13.6***	**18,109**	***3.8***	**- 72.6**

Balance sheet

	31-12-2010		31-12-2011		Change
	EUR m	%	EUR m	%	*%*
Cash and deposits at central banks	527,868	*2.4*	819,205	*3.5*	55.2
Securities	5,059,858	*22.5*	4,507,537	*19.2*	- 10.9
Loans and advances to banks	2,163,789	*9.6*	2,174,466	*9.2*	0.5
Loans and advances to customers	9,656,740	*42.9*	9,663,055	*41.0*	1.0
Interests in subsidiaries and associated	76,515	*0.3*	80,022	*0.3*	4.6
Net tangible assets	195,797	*0.9*	188,274	*0.8*	- 3.8
Intangible assets [2]	245,964	*1.1*	223,949	*1.0*	- 9.0
Other assets	4,568,693	*20.3*	5,885,501	*25.0*	28.8
Total assets	**22,495,224**	***100.0***	**23,542,009**	***100.0***	**4.7**
Customer deposits	8,356,645	*37.1*	8,637,634	*36.7*	3.4
Debt securities	3,713,161	*16.5*	3,381,155	*14.4*	- 8.9
Subordinated liabilities	443,240	*2.0*	400,525	*1.7*	- 9.6
Total funding from customers	*12,513,046*	*55.6*	*12,419,314*	*52.8*	*- 0.7*
Deposits by banks	2,493,384	*11.1*	2,537,500	*10.8*	1.8
Other liabilities	6,433,711	*28.6*	7,520,250	*31.9*	16.9
Total liabilities	**21,440,146**	***95.3***	**22,477,062**	***95.5***	**4.8**
Net worth	**1,055,083**	***4.7***	**1,064,947**	***4.5***	**0.9**
of which:					
shareholders' equity	979,537	*4.4*	995,362	*4.2*	1.6
minority interests	75,546	*0.3*	69,585	*0.3*	- 7.9

* Data refers to companies which accounted for 82% of the total assets of European banks included in the survey as at end-2010.

1 Includes depreciation and amortization.

2 Includes goodwill.

TABLE I.42 – PROFIT AND LOSS ACCOUNT AND BALANCE SHEET FOR FY 2011: UNITED STATES *

Profit and loss account

	Years ended December 31				
	2010		2011		Change
	USD m	%	USD m	%	%
Net interest income	223,676	*53.0*	205,322	*53.4*	- 8.2
Other operating income	168,834	*40.0*	154,627	*40.1*	- 8.4
Gains (losses) on financial transactions	29,692	*7.0*	24,916	*6.5*	- 16.1
Total income	**422,202**	***100.0***	**384,865**	**100.0**	**- 8.8**
Labour costs	- 128,513	*- 30.4*	- 133,935	*- 34.8*	4.2
General expenses [1]	- 114,358	*- 27.1*	- 119,930	*- 31.1*	4.9
Bad debts recovered (written off)	- 92,879	*- 22.0*	- 44,203	*- 11.5*	- 52.4
Current pre-tax profit	**86,452**	***20.5***	**86,797**	***22.6***	**0.4**
Extraordinary items	-18,805	*- 4.5*	- 7,505	*- 2.0*	n.c.
Profit (loss) before tax	**67,647**	***16.0***	**79,292**	***20.6***	**17.2**
Income tax	- 19,726	*- 4.7*	- 21,016	*- 5.5*	6.5
Minority interest	- 578	*- 0.1*	- 474	*- 0.1*	- 18.0
Net profit	**47,343**	***11.2***	**57,802**	***15.0***	**22.1**

Balance sheet

	31-12-2010		31-12-2011		Change
	USD m	%	USD m	%	%
Cash and deposits at central banks	...	...	...	...	...
Securities	2,238,688	*26.8*	2,212,491	*26.0*	-1.2
Loans and advances to banks [2]	1,374,355	*16.4*	1,560,477	*18.3*	13.5
Loans and advances to customers	3,376,343	*40.3*	3,432,797	*40.3*	1.7
Interests in subsidiaries and associated	85,884	1.0	60,824	*0.7*	-29.2
Net tangible assets	63,131	*0.8*	61,090	*0.7*	- 3.2
Intangible assets [3]	302,674	*3.6*	272,623	*3.2*	-9.9
Other assets	932,798	*11.1*	918,574	*10.8*	- 1.5
Total assets	**8,373,873**	***100.0***	**8,519,176**	***100.0***	**1.7**
Customer deposits	4,166,690	*49.8*	4,584,798	*53.8*	10.0
Debt securities	1,207,859	*14.4*	1,068,660	*12.5*	-11.5
Subordinated liabilities	250,695	*3.0*	221,159	*2.6*	-11.8
Total funding from customers	*5,625,244*	*67.2*	*5,874,617*	*68.9*	*4.4*
Deposits by banks	974,877	*11.6*	814,911	*9.6*	-16.4
Other liabilities	978,929	*11.7*	987,970	*11.6*	0.9
Total liabilities	**7,579,050**	***90.5***	**7,677,498**	***90.1***	**1.3**
Net worth	**794,823**	***9.5***	**841,678**	***9.9***	**5.9**
of which:					
shareholders' equity	786,345	*9.4*	833,169	*9.8*	6.0
minority interests	8,478	*0.1*	8,509	*0.1*	0.4

* Data refers to companies which accounted for 91% of the total assets of US banks included in the survey as at end-2010.
1 Includes depreciation and amortization.
2 Includes cash and deposits at central banks.
3 Includes goodwill.

TABLE I.43 – AGGREGATE ACCOUNTS OF LEADING INVESTMENT BANKS

Profit and loss account

	2009		2010		2011	
	EUR m	%	EUR m	%	EUR m	%
Net interest income	8,283	*11.8*	5,367	*7.1*	4,882	*7.1*
Other operating income	33,391	*47.5*	38,044	*50.2*	37,160	*54.3*
Gains (losses) on financial transactions	28,620	*40.7*	32,398	*42.7*	26,378	*38.6*
Total income	**70,294**	***100.0***	**75,809**	***100.0***	**68,420**	***100.0***
Labour costs	- 34,466	*- 49.0*	- 39,572	*- 52.2*	- 39,650	*- 58.0*
General expenses [1]	- 15,571	*- 22.2*	- 18,012	*- 23.8*	- 18,227	*- 26.6*
Bad debts recovered (written off)	…	…	…	…	…	…
Current pre-tax profit	**20,257**	***28.8***	**18,225**	***24.0***	**10,543**	***15.4***
Extraordinary items	586	*0.9*	35	*0.1*	- 3,868	*- 5.6*
Profit (loss) before tax	**20,843**	***29.7***	**18,260**	***24.1***	**6,675**	***9.8***
Income tax	- 4,966	*- 7.1*	- 4,623	*- 6.1*	- 742	*- 1.1*
Minority interest	- 45	*-0.1*	- 778	*- 1.0*	- 544	*- 0.8*
Net profit	**15,832**	***22.5***	**12,859**	***17.0***	**5,389**	***7.9***

Balance sheet

	31-12-2009		31-12-2010		31-12-2011	
	EUR m	%	EUR m	%	EUR m	%
Cash and cash equivalents	…	…	…	…	…	…
Securities	589,999	*32.4*	692,462	*33.1*	671,219	*32.3*
Loans and advances to banks	741,231	*40.7*	836,237	*40.0*	849,127	*40.8*
Loans and advances to customers	128,080	*7.0*	141,310	*6.8*	138,534	*6.7*
Interests in subsidiaries and associated	11,483	*0.6*	5,969	*0.3*	5,127	*0.2*
Net tangible assets	17,105	*0.9*	17,807	*0.9*	23,221	*1.1*
Intangible assets	18,745	*1.0*	19,939	*1.0*	19,973	*1.0*
Other assets	316,194	*17.4*	375,719	*18.0*	371,688	*17.9*
of which: derivatives assets [2]	*136,281*	*7.5*	*(122,703)*	*n.c.*	*(126,057)*	*n.c.*
Total assets	**1,822,837**	***100.0***	**2,089443**	***100.0***	**2,078,889**	***100.0***
Customer deposits	89,200	*4.9*	98,103	*4.7*	111,236	*5.3*
Debt securities	450,918	*24.7*	487,509	*23.3*	485,615	*23.4*
Subordinated liabilities	…	…	…	…	…	…
Total funding from customers	*540,118*	*29.6*	*585,612*	*28.0*	*596,851*	*28.7*
Deposits by banks	444,684	*24.4*	496,193	*23.7*	476,808	*22.9*
Other liabilities [3]	703,239	*38.6*	843,362	*40.4*	833,618	*40.1*
of which: derivatives liabilities [2]	*106,222*	*5.8*	*(100,830)*	*n.c.*	*(101,357)*	*n.c.*
Total liabilities	**1,688,041**	***92.6***	**1,925,167**	***92.1***	**1,907,277**	***91.7***
Net worth	**134,796**	***7.4***	**164,276**	***7.9***	**171,612**	***8.3***
of which:						
shareholders’ equity	129,855	*7.1*	157,407	*7.5*	161,474	*7.8*
minority interests	4,941	*0.3*	6,869	*0.3*	10,138	*0.5*

1 Includes depreciation and amortization.
2 2010 and 2011 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.[73]

[73] 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 A.G., 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 a trade association for about 80% of local coop German banks (Volksbanken and Raiffeisenbanken), which retain a majority of its share capital.[74] Similarly to the Landesbanken, it engages in specialized activities, both directly and through subsidiaries, primarily in the sectors of real-estate and consumer 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 housing and infrastructure, including as project finance and via securitizations. It promotes and finances investment projects in developing countries, and supports German enterprises abroad.[75]

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.[76]

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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.

[74] 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.

[75] 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 2011, the KfW Group owned 30.5% of Deutsche Post A.G. and 17% of Deutsche Telekom A.G., deriving from privatizations.

[76] Bayerische Landesbank acts as a central bank for the savings banks of Bavaria and the Landesbank Baden-Wuerttemberg for those of the same 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 (2,533 at the end of 2010) with approximately 6.1 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 3,090 consolidated entities in 2010. 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.[77] Crédit Agricole S.A. in turn acquired a 25% stake in each regional bank (except for Caisse Régionale de la Corse) following the issue of *certificats cooperatives* without voting rights.

[77] That interest was diluted to 55.9% as of 31 December 2010, 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 2,065 local savings banks, which are co-operative institutions with variable share capital and 7.2 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 (CMAR), 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 2,452 consolidated companies in 2010.[78] 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 data included in the tables of this survey and referring to the Group Crédit Mutuel for the year 2001 represents the aggregate data of the two groups.

In France, before the merger that took effect on 31 July 2009 and leading to the formation of the BPCE Group, there were two entities based on the organisational structures 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 local savings companies totalling 4.3 million shareholders. By contrast, Groupe Banque

[78] 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.

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 19 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 established as 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.[79] 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).[80] Similarly to the other two cooperative groups, Groupe BPCE's consolidated figures include those of all the coop banks, and savings banks, BPCE S.A. and their respective subsidiaries, for a total of 2,718 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 coop firms in specific sectors of the economy. Norinchukin Bank operates in the agriculture, forestry and fishing sectors, whereas Shoko Chukin Bank's

[79] 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 S.A. by purchasing EUR 3 billion in preferred shares without voting rights, or 20% of capital.

[80] 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 3,919 cooperative shareholders as of 31.03.2011, 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 comprised of small and medium-sized firms.

Shinkin Central Bank is the industry association for the 271 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 31.03.2011, they had a network of 7,584 branch offices with 116,000 employees.

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

The following is a concise description of the major mergers and acquisitions between the banks included in the sample beginning in 2001, the first year covered in the survey. A detailed list in chronological order is presented in TABLE I.44.

In 2002 in **Germany**, Deutsche Bank, Commerzbank, and Dresdner Bank deconsolidated their respective operations in the mortgage lending sector and transferred them to Eurohypo, in which each acquired a minority interest. Commerzbank then acquired the interests of the other two largest shareholders in two stages, in December 2005 and March 2006, thereby acquiring control over the company. In November 2005, UniCredito Italiano (now UniCredit) acquired control of Bayerische Hypo- und Vereinsbank (HVB) via a public tender offer.[81] In 2007, Hypo Real Estate Holding, founded in January 2003 as a result of the transfer of assets by HVB, acquired DEPFA Bank of Dublin, which in turn had been operating since January 2002 after taking over the business of DEPFA Deutsche Pfandbriefbank. In January 2009, Commerzbank acquired from the Allianz Group 100% control of Dresdner Bank and in December 2010 the Deutche Bank, following a public offer, reached the majority of interest in the Deutsche Postbank.

In 2003, in **France,** Crédit Agricole acquired control of Crédit Lyonnais, in which it was holding 11% of voting rights since the privatization of the company in 1999, by launching a public tender offer for all shares. In July 2009 French savings banks and coop banks

[81] HVB, established in 1998 from the merger of Bayerische Vereinsbank and Bayerische Hypotheken- und Wechsel-Bank, had acquired in 2000 Bank Austria which, in turn, had merged with Creditanstalt in 1997. In July 2003, HVB had sold on the market 25% of its interest in Bank Austria Creditanstalt, with a revenue 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 (now UniCredit Bank Austria), which resulted in it acquiring an additional 17.5% interest.

unified their central oversight and coordination entity by creating Groupe BPCE.

Other major same-country transactions were: in **Italy**, Banca Intesa absorbed Sanpaolo IMI in 2007, taking the name Intesa Sanpaolo; also in 2007, UniCredit absorbed Capitalia. In the **U.K.**, in 2001, Halifax Group and the Bank of Scotland merged establishing the common holding company HBOS; in January 2009, the latter was acquired by Lloyds TSB Group, which took the name Lloyds Banking Group. 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.[82]

The primary transnational operations in the EU were finalized in recent years: in 2004 the Spanish group Santander acquired the British bank Abbey National and in 2005, as mentioned above, UniCredit acquired HVB of Germany. In October 2007, a special-purpose vehicle, RFS Holdings BV, established 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.[83] In May 2009, BNP Paribas acquired an approximately 75% interest in Fortis Bank SA/NV from the Belgian government. In October 2008, the Dutch Government acquired 75% of the control in Fortis Bank (Nederland) and in the first few months of 2010, of ABN AMRO Bank now merged to form ABN AMRO Group.

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[82] There were major cross-border transactions in **Scandinavia** in the years prior to the periods considered in this survey. In 2000, Nordic Baltic Holding (now Nordea Bank) had acquired the Danish holding Unidanmark, parent company of Unibank and the Insurance Groups Tryg-Baltica Forsikring (DK) and Vesta (NO). Nordic Baltic Holding had in turn been established in 1998 through the merger of the Swedish Nordbanken and the Finnish Merita group.

[83] 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. From October 2008, the Fortis Group, comprised of two holding companies: the Belgian Fortis S.A. and Fortis N.V. of the Netherlands, each of which owns a 50% share in the operating companies, carries out exclusively insurance operations.

In **Japan**, in the first few years after 2000, major aggregations took place involving the main institutes belonging to groups of different companies.[84] At the beginning of April 2001, three operations were completed: Sakura Bank and Sumitomo Bank merged, the latter taking on the name of Sumitomo Mitsui Banking (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 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. Mizuho Financial Group was established in January 2003 and acquired control of Mizuho Holdings the following January.[85] In September 2004, Hokugin Financial Group, which in 2003 had acquired Hokuriku Bank, acquired Hokkaido Bank, taking the 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

[84] 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.

[85] In September 2000, Mizuho Holdings merged under its control Fuji Bank, Dai-Ichi Kangyo Bank and the medium-long term lender IBJ.

largest Japanese bank in the world by total assets. In April 2011, Chuo Mitsui Trust Holdings (now Sumitomo Mitsui Trust Holdings) absorbed Sumitono Trust & Banking.

In the **United States** in 2001, Fleet Boston Financial acquired Summit Bancorp, Wachovia merged into First Union, which took on the former name, U.S. Bancorp was acquired by Firstar, which also took the acquiree’s name. In 2002, Citygroup acquired Golden State Bancorp, a smaller bank.

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 has continued in subsequent years, with Capital One Financial absorbing first Hibernia and then North Fork Bancorporation in 2006. Also in 2006, Bank of America acquired MBNA, whereas 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.

* * *

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. In 1998, the Crédit Suisse Group, which had acquired control of The First Boston in 1988, acquired BZW from Barclays in 1997 and Donaldson, 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 the U.S. Bankers Trust in 1999, whereas Dresdner Bank acquired Wasserstein Perella in 2000. 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).

In France, Crédit Agricole acquired Banque Indosuez in 1996; Banque Nationale de Paris (now BNP Paribas) acquired Paribas in 1999; Istituto Bancario San Paolo di Torino (now Intesa Sanpaolo) absorbed IMI-Istituto Mobiliare Italiano. 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)[86].

[86] Following the merger of Rue Impériale de Lyon into Eurazeo which was completed in 2004, Crédit Agricole acquired a stake in the share capital of Eurazeo equal to 15.4% of the share capital (20% of voting rights). In 2005 Eurazeo exited ownership of Lazard when the latter applied for listing on the New York Stock Exchange.

TABLE I.44 – 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 (EUR)	Companies involved in the transaction (total assets, EURm)
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)
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)

cont.

Table I.44 (cont.)

Combined entity	Total assets of combined entity (EURm)	Companies involved in the transaction (total assets, EURm)
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)
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 (ex-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)

cont.

Table I.44 (cont.)

Combined entity	Total assets of combined entity (EURm)	Companies involved in the transaction (total assets, EURm)
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)
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)
2010		
Deutsche Bank (DE)	1,727,273	Deutsche Bank (1,500,664); Deutsche Postbank (226,609)
ABN AMRO Group (NL) [4]	391,869	ABN AMRO Bank (202,084 *pro-forma*); Fortis Bank (Nederland) (189,785)
Sumitomo Mitsui Trust Holdings (JP) [5]	317,327	Sumitomo Trust & Banking (189,265); Chuo Mitsui Trust Holdings (128,062)

1 Refers to period 1 January 2001 to 31 January 2012.
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 completed with effect from 1 July 2010.
5 Deal announced in November 2009 and completed with effect from 1 April 2011.

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.

The following is a concise account of the banking and insurance operations of European banks in the past three years. It should be noted that since 2008 the Fortis Group's insurance business have been excluded from the sample due to the break-up thereof. In addition, in December 2009, Barclays sold its asset-management assets, including EUR 81.3 billion in investment contracts, to BlackRock.[87] 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, despite the afore-mentioned transfer, increased from 4.1% in 2008 to 5.2% in 2010.

	Current pre-tax profit			Total assets [1]		
	2008	2009	2010	2008	2009	2010
		EUR bn			*+EUR bn*	
Banking	- 11.8	39.0	112.4	29,310.9	24,980.5	26,062.9
Insurance	13.9	10.1	10.1	1,228.7	1,278.4	1,419.1
Total	**2.1**	**49.1**	**122.5**	**30,539.6**	**26,258.9**	**27,482.0**
	as a % of total income			*as a % of total assets*		
Banking	*- 2.7*	*7.2*	*19.3*	*96.0*	*95.1*	*94.8*
Insurance	*3.2*	*1.9*	*1.7*	*4.1*	*4.9*	*5.2*
Total	***0.5***	***9.1***	***21.0***	***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 224.9bn in 2010).

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.[88] This business accounted for 1.2% of the aggregate earnings before tax

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

[88] 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 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.

of US banks in 2004 whereas the 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").

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

In 2008 the banks of the Triad group benefited, in different ways and to different extents, from regulatory changes in how financial assets are measured.

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.45).[89] An additional EUR 446.6 billion was then transferred from available for sale to loans to banks and customers and to other financial assets measured at cost,

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

yielding a benefit of EUR 22.3 billion, in this case to shareholders' equity reserves, and a consequent improvement in asset ratios.

TABLE I.45 – EUROPEAN BANKS: EFFECTS OF THE RECLASSIFICATION OF FINANCIAL ASSETS ALLOWED BY THE AMENDMENT OF IAS 39[1]

From "held for trading" to:			From "available for sale" to:		Effect on	Effect on
available for sale	loans (at cost)	held to maturity	loans (at cost)	held to maturity	profit before tax	net worth reserves
	EUR bn			EUR bn		EUR bn
75.9	63.1 [2]	106.9	22.0	424.6	22.3	22.3
Total transferred assets		**245.9**		**446.6**		

[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 hold to maturity, resulting in a decrease in shareholders' equity reserves of JPY 124 billion.[90] That amount was in addition to the 1,053 billion in securities transferred from the trading portfolio by MUFG according to U.S. GAAP, yielding an estimated benefit – in this case to the income statement - of JPY 8 billion in lesser losses (TABLE I.46).

[90] 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.

TABLE I.46 – 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	1,069	124	1,345

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.

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.[91] The change in criteria applied resulted in higher valuation assets in portfolio, yielding a total benefit on earnings before taxes of JPY 1,069 billion due to trading securities and of JPY 1,345 billion on shareholders' equity reserves due to available-for-sale securities.

TABLE I.47 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 60.1 billion to EUR 82.4 billion for European banks and from JPY 584 billion to JPY 1,661 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

[91] The most commonly used method was Discounted Cash Flow.

have risen from 17.7% to 22% for European banks and from 16.9% to 27% for Japanese banks. Similarly, the operating loss and loss before taxes of European banks would have 5.4 and more than 6.6 percentage point weaker with respect to revenues, respectively; Japanese banks also would have reported an operating loss and a loss before taxes of 16% and 50.4% of revenue, respectively.

TABLE I.47 – 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	- 60,1	*- 13,9*	22,3	- 82,4	*- 20,1*
Total income	432,3	*100,0*	22,3	410,0	*100,0*
Change vs. 2007 (%)	*- 17,7*			*- 22,0*	
Current pre-tax profit	2,1	*0,5*	22,3	- 20,2	*- 4,9*
Profit before tax	- 92,4	*- 21,4*	22,3	- 114,7	*- 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	- 584	*- 6.6*	1,077	- 1,661	*- 21.3*
Total income	8,878	*100.0*	1,077	7,801	*100.0*
Change vs. 2007 (%)	*- 16.9*			*- 27.0*	
Current pre-tax profit	- 173	*- 1.9*	1,077	- 1,250	*- 16.0*
Profit before tax	- 2,858	*- 32.2*	1,077	- 3,935	*- 50.4*

[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 U.S., 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 USD was transferred from held-for-trading to available-for-sale.[92] 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.[93]

[92] 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).

[93] 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 | TRIAD

	2001		2002		2003		2004		2005		2006		2007		2008		2009		2010	
	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	1,298,072		1,039,726		887,796		919,285		1,253,002		1,481,875		1,717,081		1,735,479		1,175,098		1,087,108	
Interest payable and similar expenses	-864,758		-624,579		-499,031		-531,138		-823,886		-1,054,788		-1,292,401		-1,230,256		-654,448		-520,454	
Net interest income	**433,314**	***49.3***	**415,147**	***51.2***	**388,765**	***50.3***	**388,147**	***49.4***	**429,116**	***47.6***	**427,087**	***45.1***	**424,680**	***48.8***	**505,223**	***66.4***	**520,650**	*55.4*	**566,654**	*55.0*
Commissions receivable and other operating income (1)	356,944	*40.7*	325,015	*40.1*	308,807	*39.9*	327,541	*41.7*	386,938	*43.0*	407,718	*43.0*	418,069	*48.0*	372,995	*49.0*	335,058	*35.6*	371,197	*36.0*
Commissions payable and other operating expenses	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…
Gains (losses) on financial transactions	87,716	*10.0*	70,649	*8.7*	76,008	*9.8*	69,606	*8.9*	84,741	*9.4*	113,194	*11.9*	28,368	*3.3*	-117,440	*-15.4*	84,620	*9.0*	92,505	*9.0*
Total income	**877,974**	***100.0***	**810,811**	***100.0***	**773,580**	***100.0***	**785,294**	***100.0***	**900,795**	***100.0***	**947,999**	***100.0***	**871,117**	***100.0***	**760,778**	***100.0***	**940,328**	***100.0***	**1,030,356**	***100.0***
Labour costs	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…
General expenses (2)	-504,158	*-57.4*	-455,870	*-56.2*	-425,385	*-55.0*	-432,414	*-55.1*	-500,502	*-55.6*	-521,269	*-55.0*	-525,084	*-60.3*	-534,598	*-70.2*	-526,905	*-56.0*	-578,998	*-56.2*
Bad debts recovered (written off)	-145,894	*-16.6*	-122,142	*-15.1*	-84,341	*-10.9*	-58,064	*-7.4*	-51,421	*-5.7*	-57,801	*-6.1*	-95,730	*-11.0*	-247,109	*-32.5*	-288,548	*-30.7*	-186,515	*-18.1*
Depreciation and amortization	-39,567	*-4.5*	-37,290	*-4.6*	-33,179	*-4.3*	-32,266	*-4.1*	-37,002	*-4.1*	-37,168	*-3.9*	-37,576	*-4.3*	-42,350	*-5.6*	-44,358	*-4.7*	-48,270	*-4.7*
Current pre-tax profit	**188,355**	***21.5***	**195,509**	***24.1***	**230,675**	***29.8***	**262,550**	***33.4***	**311,870**	***34.6***	**331,761**	***35.0***	**212,727**	***24.4***	**-63,279**	***-8.3***	**80,517**	***8.6***	**216,573**	***21.0***
Amortization of goodwill	-15,225	*-1.7*	-13,196	*-1.6*	-11,130	*-1.4*	-8,223	*-1.0*	-367	*0.0*	-217	*0.0*	-279	*0.0*	-394	*-0.1*	-481	*-0.1*	-499	*0.0*
Transfer from (to) reserves	-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*	0	*0.0*
Fixed asset revaluations (writedowns)	-26,423	*-3.0*	-32,873	*-4.1*	-7,135	*-0.9*	-7,159	*-0.9*	-3,133	*-0.3*	-6,704	*-0.7*	-24,407	*-2.8*	-176,636	*-23.2*	-42,216	*-4.5*	-31,813	*-3.1*
Extraordinary items	1,595	*0.2*	-3,400	*-0.4*	5,171	*0.7*	2,953	*0.4*	33,141	*3.7*	50,764	*5.4*	64,371	*7.4*	21,998	*2.9*	69,173	*7.4*	23,922	*2.3*
Cumulative effect of accounting changes	-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*	0	*0.0*
Profit (loss) before tax	**144,756**	***16.5***	**144,726**	***17.8***	**216,298**	***28.0***	**249,120**	***31.7***	**340,077**	***37.8***	**374,661**	***39.5***	**252,412**	***29.0***	**-218,355**	***-28.7***	**106,993**	***11.4***	**208,183**	***20.2***
Income tax	-44,962	*-5.1*	-57,289	*-7.1*	-74,122	*-9.6*	-75,516	*-9.6*	-94,855	*-10.5*	-103,606	*-10.9*	-60,944	*-7.0*	35,556	*4.7*	-17,966	*-1.9*	-57,275	*-5.6*
Profit attributable to minorities	-8,325	*-0.9*	-7,327	*-0.9*	-8,262	*-1.1*	-9,364	*-1.2*	-9,804	*-1.1*	-9,667	*-1.0*	-9,801	*-1.1*	4,873	*0.6*	-7,262	*-0.8*	-9,632	*-0.9*
Net profit attributable to parent company	**91,469**	***10.4***	**80,110**	***9.9***	**133,914**	***17.3***	**164,240**	***20.9***	**235,418**	***26.1***	**261,388**	***27.6***	**181,667**	***20.9***	**-177,926**	***-23.4***	**81,765**	***8.7***	**141,276**	***13.7***
Dividends payout	*65,575*	7.5	*59,052*	7.3	*63,240*	8.2	*71,211*	9.1	*89,938*	10.0	*99,341*	10.5	*96,087*	11.0	*57,865*	7.6	*40,733*	4.3	*37,529*	3.6

(1) Net of commissions payable and other operating expenses.
(2) Including labour costs.

TABLE II.2 – FINANCIAL STATEMENTS TRIAD

	2001		2002		2003		2004		2005		2006		2007		2008		2009		2010	
	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	6,806,529	23.8	6,471,789	23.9	6,720,553	25.1	7,422,359	25.6	10,050,824	28.5	10,380,746	28.3	10,336,598	26.0	9,041,808	21.0	9,396,352	24.8	10,466,699	25.4
Loans and advances to banks (1)	4,297,012	15.0	4,156,719	15.3	4,268,876	15.9	4,632,885	16.0	5,398,523	15.3	5,526,219	15.1	5,927,464	14.9	5,321,908	12.4	4,758,252	12.6	5,378,166	13.0
Loans and advances to customers	13,301,874	46.5	12,567,413	46.4	12,091,157	45.1	12,808,179	44.2	15,376,047	43.7	16,346,864	44.6	17,140,641	43.1	17,900,602	41.7	16,686,294	44.0	18,048,669	43.7
Loans, advances and cash	***24,405,415***	***85.3***	***23,195,921***	***85.6***	***23,080,586***	***86.0***	***24,863,423***	***85.9***	***30,825,394***	***87.6***	***32,253,829***	***87.9***	***33,404,703***	***84.0***	***32,264,318***	***75.1***	***30,840,898***	***81.4***	***33,893,534***	***82.1***
Interests in subsidiares and associated	244,286	0.8	205,922	0.8	196,280	0.7	204,133	0.7	150,517	0.4	163,916	0.4	219,554	0.6	186,294	0.4	181,549	0.5	188,517	0.5
Intangible assets	82,563	0.3	68,823	0.3	77,365	0.3	87,576	0.3	142,292	0.4	142,633	0.4	168,756	0.4	162,666	0.4	166,422	0.4	167,631	0.4
Net tangible assets	290,520	1.0	262,591	1.0	234,259	0.9	242,021	0.8	313,093	0.9	314,109	0.9	310,980	0.8	320,545	0.7	325,483	0.9	348,338	0.8
Other assets	3,363,843	11.8	3,144,065	11.6	3,032,702	11.3	3,260,909	11.3	3,414,015	9.7	3,405,678	9.3	5,193,988	13.1	9,611,821	22.4	5,982,786	15.8	6,266,244	15.2
Total (a)	**28,386,627**	**99.2**	**26,877,322**	**99.2**	**26,621,192**	**99.2**	**28,658,062**	**99.0**	**34,845,311**	**99.0**	**36,280,165**	**98.9**	**39,297,981**	**98.8**	**42,545,644**	**99.1**	**37,497,138**	**99.0**	**40,864,264**	**99.0**
Deposits by banks	5,297,130	18.5	5,181,875	19.1	5,173,503	19.3	5,633,122	19.5	6,653,593	18.9	6,765,580	18.4	7,036,657	17.7	6,290,369	14.6	4,780,518	12.6	4,925,358	11.9
Customer deposits	13,218,604	46.2	12,459,090	46.0	12,089,900	45.1	12,738,213	44.0	14,815,940	42.1	15,203,486	41.4	15,694,174	39.5	16,464,882	38.3	16,284,807	43.0	18,347,192	44.4
Debt securities	4,129,314	14.4	3,952,269	14.6	3,962,847	14.8	4,320,680	14.9	5,405,927	15.4	6,066,992	16.5	6,580,573	16.5	6,241,669	14.5	6,009,464	15.9	6,222,875	15.1
Subordinated liabilities	680,045	2.4	624,213	2.3	606,431	2.3	622,513	2.2	756,892	2.1	789,520	2.2	844,632	2.1	954,859	2.2	873,922	2.3	892,967	2.2
Total funding	***23,325,093***	***81.5***	***22,217,447***	***82.0***	***21,832,681***	***81.4***	***23,314,528***	***80.5***	***27,632,352***	***78.5***	***28,825,578***	***78.6***	***30,156,036***	***75.8***	***29,951,779***	***69.7***	***27,948,711***	***73.8***	***30,388,392***	***73.6***
Provision for employee benefits	46,949	0.2	51,116	0.2	46,952	0.2	51,759	0.2	79,275	0.2	74,000	0.2	61,372	0.2	60,554	0.1	56,825	0.1	50,703	0.1
Deferred taxation	80,211	0.3	81,898	0.3	73,801	0.3	70,362	0.2	93,704	0.3	88,610	0.2	85,286	0.2	54,562	0.1	44,952	0.1	42,885	0.1
Other liabilities	3,732,144	13.0	3,447,358	12.7	3,564,041	13.3	4,054,314	14.0	5,669,652	16.1	5,862,889	16.0	7,597,287	19.1	11,107,178	25.9	7,772,329	20.5	8,469,592	20.6
Total liabilities (b)	**27,184,397**	**95.0**	**25,797,819**	**95.2**	**25,517,475**	**95.1**	**27,490,963**	**95.0**	**33,474,983**	**95.1**	**34,851,077**	**95.0**	**37,899,981**	**95.3**	**41,174,073**	**95.9**	**35,822,817**	**94.5**	**38,951,572**	**94.4**
Goodwill (c)	232,542	0.8	215,943	0.8	204,089	0.8	287,083	1.0	361,253	1.0	399,351	1.1	470,141	1.2	398,990	0.9	391,855	1.0	403,915	1.0
Net worth (a-b+c)	**1,434,772**	**5.0**	**1,295,446**	**4.8**	**1,307,806**	**4.9**	**1,454,182**	**5.0**	**1,731,581**	**4.9**	**1,828,439**	**5.0**	**1,868,141**	**4.7**	**1,770,561**	**4.1**	**2,066,176**	**5.5**	**2,316,607**	**5.6**
represented by:																				
Issued share capital	222,539	0.8	200,199	0.7	195,225	0.7	218,133	0.8	229,158	0.7	238,207	0.6	226,270	0.6	409,892	1.0	385,558	1.0	427,217	1.0
Reserves	1,150,026	4.0	1,036,806	3.8	1,043,174	3.9	1,163,778	4.0	1,478,304	4.2	1,557,982	4.2	1,562,706	3.9	1,261,180	2.9	1,556,413	4.1	1,771,570	4.3
Own shares	-51,015	-0.2	-50,858	-0.2	-46,656	-0.2	-54,375	-0.2	-85,782	-0.2	-92,100	-0.3	-95,119	-0.2	-57,186	-0.1	-28,341	-0.1	-28,531	-0.1
Total	**1,321,550**	**4.6**	**1,186,147**	**4.4**	**1,191,743**	**4.4**	**1,327,536**	**4.6**	**1,621,680**	**4.6**	**1,704,089**	**4.6**	**1,693,857**	**4.3**	**1,613,886**	**3.8**	**1,913,630**	**5.1**	**2,170,256**	**5.3**
Minority interests	113,222	0.4	109,299	0.4	116,063	0.4	126,646	0.4	109,901	0.3	124,350	0.3	174,284	0.4	156,675	0.4	152,546	0.4	146,351	0.4
Funding from customers	**18,027,963**	**63.0**	**17,035,572**	**62.9**	**16,659,178**	**62.1**	**17,681,406**	**61.1**	**20,978,759**	**59.6**	**22,059,998**	**60.1**	**23,119,379**	**58.1**	**23,661,410**	**55.1**	**23,168,193**	**61.2**	**25,463,034**	**61.7**
Total assets (a+c)	**28,619,169**	**100.0**	**27,093,265**	**100.0**	**26,825,281**	**100.0**	**28,945,145**	**100.0**	**35,206,564**	**100.0**	**36,679,516**	**100.0**	**39,768,122**	**100.0**	**42,944,634**	**100.0**	**37,888,993**	**100.0**	**41,268,179**	**100.0**

(1) Including cash and central banks deposits.

TABLE II.3 – EMPLOYEES

TRIAD

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Average number of staff	3,901,578	3,905,678	3,893,210	3,908,943	4,043,796	4,239,822	4,433,923	4,562,619	4,433,108	4,337,514
of which: from country of origin (%)	…	…	…	…	…	…	…	…	…	…
from elsewhere (%)	…	…	…	…	…	…	…	…	…	…

TABLE II.4 – FINANCIAL RATIOS

TRIAD

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Funding from customers per employee ('000 EUR) (1)	4,790	4,527	4,449	4,679	5,358	5,335	5,343	5,291	5,315	5,969
Loans and advances to customers per employee ('000 EUR) (1)	3,534	3,340	3,229	3,389	3,927	3,953	3,961	4,002	3,828	4,231
Labour cost per employee ('000 EUR)	…	…	…	…	…	…	…	…	…	…
Cost / income ratio (%)	61,9	60.8	59.3	59.2	59.7	58.9	64.6	75.8	60.7	60.9
Bad debts written off as % of total income (2)	16,6	15.1	10.9	7.4	5.7	6.1	11.0	32.5	30.7	18.1
Dividends payout as % of net profit	71,7	73.7	47.2	43.4	38.2	38.0	52.9	n.c.	49.8	26.6
ROE (%)	7,4	7.2	12.7	14.1	17.0	18.1	12.0	n.c.	4.5	7.0
ROA (%)	0,3	0.3	0.5	0.6	0.7	0.7	0.5	n.c.	0.2	0.3
Doubful loans as % of loans to customers (3)	2,2	1.8	1.4	0.8	0.7	0.7	0.7	1.0	1.9	2.0
Doubful loans as % of net worth (3)	19,9	17.1	12.3	7.3	6.1	5.8	6.7	10.3	15.3	15.2
Loans, advances and cash as % of total funding	104,6	104.4	105.7	106.6	111.6	111.9	110.8	107.7	110.3	111.5
Fixed assets as % of net worth	59,2	58.1	54.4	56.4	55.9	55.8	62.6	60.3	51.6	47.8
Free capital as % of funding from customers	1,7	1.9	2.6	3.0	3.2	3.2	2.5	2.2	3.0	3.4
Total assets (4) / Tangible net worth (n.)	25,3	26.5	25.9	26.5	28.3	28.1	31.8	35.1	24.8	23.3

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 97% in 2001 and 2004, 95.5% in 2002, 95.4% in 2003, 96.6% in 2005, 97.3% in 2006 and 100% in 2007, 2008, 2009 and 2010 of loans to customers of the sample.
(4) Excluding intangibile assets..

TABLE II.1 – PROFIT AND LOSS ACCOUNTS — EUROPE

	2001		2002		2003		2004		2005		2006		2007		2008		2009		2010	
	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	820,273		700,590		618,067		648,387		871,259		1,045,447		1,259,794		1,307,646		866,635		752,589	
Interest payable and similar expenses	-621,891		-495,365		-411,311		-438,835		-644,387		-806,677		-1,015,745		-1,025,265		-561,745		-434,659	
Net interest income	**198,382**	***46.0***	**205,225**	***50.3***	**206,756**	***49.9***	**209,552**	***47.7***	**226,872**	***46.4***	**238,770**	***43.6***	**244,049**	***46.4***	**282,381**	***65.3***	**304,890**	***56.4***	**317,930**	***54.4***
Commissions receivable and other operating income	208,825	*48.4*	195,853	*48.0*	198,308	*47.8*	217,902	*49.6*	245,007	*50.2*	274,480	*50.2*	290,756	*55.3*	261,013	*60.4*	234,808	*43.5*	254,325	*43.5*
Commissions payable and other operating expenses	-30,636	*-7.1*	-32,220	*-7.9*	-35,075	*-8.5*	-38,509	*-8.8*	-41,509	*-8.5*	-46,207	*-8.4*	-50,702	*-9.6*	-51,047	*-11.8*	-53,016	*-9.8*	-50,683	*-8.7*
Gains (losses) on financial transactions	54,817	*12.7*	38,873	*9.5*	44,480	*10.7*	50,528	*11.5*	58,063	*11.9*	80,049	*14.6*	41,353	*7.9*	-60,064	*-13.9*	53,612	*9.9*	62,816	*10.7*
Total income	**431,388**	***100.0***	**407,731**	***100.0***	**414,469**	***100.0***	**439,473**	***100.0***	**488,433**	***100.0***	**547,092**	***100.0***	**525,456**	***100.0***	**432,283**	***100.0***	**540,294**	***100.0***	**584,388**	***100.0***
Labour costs	-163,876	*-38.0*	-154,956	*-38.0*	-150,391	*-36.3*	-155,262	*-35.3*	-173,802	*-35.6*	-193,456	*-35.4*	-197,040	*-37.5*	-180,821	*-41.8*	-192,165	*-35.6*	-204,339	*-35.0*
General expenses	-99,020	*-23.0*	-94,417	*-23.2*	-89,256	*-21.5*	-94,005	*-21.4*	-106,293	*-21.8*	-113,896	*-20.8*	-120,183	*-22.9*	-125,537	*-29.0*	-123,171	*-22.8*	-131,849	*-22.6*
Bad debts recovered (written off)	-38,823	*-9.0*	-49,659	*-12.2*	-40,290	*-9.7*	-30,620	*-7.0*	-27,980	*-5.7*	-35,231	*-6.4*	-51,209	*-9.7*	-101,197	*-23.4*	-150,645	*-27.9*	-99,024	*-16.9*
Depreciation and amortization	-21,325	*-4.9*	-20,919	*-5.1*	-19,259	*-4.6*	-18,382	*-4.2*	-19,377	*-4.0*	-19,992	*-3.7*	-20,915	*-4.0*	-22,590	*-5.2*	-25,240	*-4.7*	-26,671	*-4.6*
Current pre-tax profit	**108,344**	***25.1***	**87,780**	***21.5***	**115,273**	***27.8***	**141,204**	***32.1***	**160,981**	***33.0***	**184,517**	***33.7***	**136,109**	***25.9***	**2,138**	***0.5***	**49,073**	***9.1***	**122,505**	***21.0***
Amortization of goodwill	-10,150	*-2.4*	-12,524	*-3.1*	-11,082	*-2.7*	-8,058	*-1.8*	-68	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*
Transfer from (to) reserves	-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*	0	*0.0*
Fixed asset revaluations (writedowns)	-5,040	*-1.2*	-9,936	*-2.4*	-4,665	*-1.1*	-877	*-0.2*	-473	*-0.1*	-23	*0.0*	-9,359	*-1.8*	-97,478	*-22.5*	-28,525	*-5.3*	-15,020	*-2.6*
Extraordinary items	13,584	*3.1*	14,213	*3.5*	5,144	*1.2*	5,440	*1.2*	21,241	*4.3*	32,445	*5.9*	54,547	*10.4*	2,990	*0.7*	44,056	*8.2*	15,596	*2.7*
Cumulative effect of accounting changes	-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*	0	*0.0*
Profit (loss) before tax	**103,692**	***24.0***	**78,713**	***19.3***	**103,428**	***25.0***	**136,715**	***31.1***	**180,431**	***36.9***	**215,703**	***39.4***	**181,297**	***34.5***	**-92,350**	***-21.4***	**64,604**	***12.0***	**123,081**	***21.1***
Income tax	-27,799	*-6.4*	-24,269	*-6.0*	-30,263	*-7.3*	-36,800	*-8.4*	-45,580	*-9.3*	-52,442	*-9.6*	-37,686	*-7.2*	6,550	*1.5*	-11,888	*-2.2*	-31,714	*-5.4*
Profit attributable to minorities	-7,205	*-1.7*	-5,864	*-1.4*	-6,421	*-1.5*	-7,632	*-1.7*	-6,621	*-1.4*	-7,681	*-1.4*	-7,944	*-1.5*	5,498	*1.3*	-4,943	*-0.9*	-7,549	*-1.3*
Net profit attributable to parent company	**68,688**	***15.9***	**48,580**	***11.9***	**66,744**	***16.1***	**92,283**	***21.0***	**128,230**	***26.3***	**155,580**	***28.4***	**135,667**	***25.8***	**-80,302**	***-18.6***	**47,773**	***8.8***	**83,818**	***14.3***
Dividends payout	*36,535*	8.5	*33,863*	8.3	*37,561*	9.1	*41,703*	9.5	*52,582*	10.8	*62,197*	11.4	*58,519*	11.1	*22,029*	5.1	*22,859*	4.2	*26,041*	4.5

TABLE II.2 – FINANCIAL STATEMENTS EUROPE

	2001		2002		2003		2004		2005		2006		2007		2008		2009		2010	
	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	180,364	*1.1*	162,066	*1.0*	168,701	*1.0*	183,782	*1.0*	170,988	*0.7*	173,278	*0.7*	271,521	*0.9*	411,624	*1.3*	542,910	*2.1*	613,988	*2.2*
Securities	3,933,529	*23.4*	3,715,845	*22.5*	3,951,267	*23.1*	4,541,380	*24.0*	6,823,597	*28.8*	7,314,055	*28.5*	7,408,358	*25.8*	5,841,469	*19.1*	5,859,677	*22.3*	6,076,797	*22.1*
Loans and advances to banks	2,665,446	*15.9*	2,698,767	*16.3*	2,853,195	*16.7*	3,133,740	*16.5*	3,608,448	*15.2*	3,793,692	*14.8*	4,080,238	*14.2*	3,334,150	*10.9*	2,748,862	*10.5*	2,966,615	*10.8*
Loans and advances to customers	7,283,221	*43.3*	7,311,657	*44.2*	7,426,032	*43.5*	8,112,775	*42.8*	9,908,979	*41.9*	11,181,017	*43.5*	12,012,298	*41.9*	12,076,638	*39.5*	11,560,493	*44.0*	12,091,376	*44.0*
Loans, advances and cash	***14,062,560***	***83.7***	***13,888,335***	***83.9***	***14,399,195***	***84.3***	***15,971,677***	***84.2***	***20,512,012***	***86.7***	***22,462,042***	***87.5***	***23,772,415***	***82.9***	***21,663,881***	***70.9***	***20,711,942***	***78.9***	***21,748,776***	***79.1***
Interests in subsidiares and associated	196,419	*1.2*	167,565	*1.0*	156,120	*0.9*	151,442	*0.8*	81,869	*0.3*	83,140	*0.3*	125,572	*0.4*	85,737	*0.3*	91,947	*0.3*	87,491	*0.3*
Intangible assets	19,748	*0.1*	20,398	*0.1*	25,185	*0.1*	25,785	*0.1*	47,770	*0.2*	47,390	*0.2*	66,830	*0.2*	64,233	*0.2*	66,197	*0.3*	66,820	*0.3*
Net tangible assets	174,371	*1.0*	162,854	*1.0*	152,549	*0.9*	164,481	*0.9*	229,033	*1.0*	236,908	*0.9*	233,585	*0.8*	233,093	*0.8*	238,923	*0.9*	247,081	*0.9*
Other assets	2,228,618	*13.3*	2,189,673	*13.2*	2,227,176	*13.0*	2,513,166	*13.3*	2,635,283	*11.1*	2,667,833	*10.4*	4,220,087	*14.7*	8,281,022	*27.1*	4,943,384	*18.8*	5,120,352	*18.6*
of which: derivatives assets	…	…	…	…	…	…	*1,111,259*	*5.9*	*1,871,090*	*7.9*	*1,833,593*	*7.1*	*3,347,075*	*11.7*	*7,205,115*	*23.6*	*3,988,010*	*15.2*	*4,115,583*	*15.0*
Total (a)	**16,681,716**	***99.3***	**16,428,825**	***99.3***	**16,960,225**	***99.3***	**18,826,551**	***99.3***	**23,505,967**	***99.3***	**25,497,313**	***99.3***	**28,418,489**	***99.1***	**30,327,966**	***99.3***	**26,052,393**	***99.2***	**27,270,520**	***99.2***
Deposits by banks	3,402,731	*20.2*	3,334,197	*20.2*	3,496,392	*20.5*	3,855,466	*20.3*	4,457,616	*18.8*	4,911,296	*19.1*	5,182,692	*18.1*	4,531,286	*14.8*	3,350,799	*12.8*	3,139,215	*11.4*
Customer deposits	6,484,329	*38.6*	6,370,395	*38.5*	6,474,622	*37.9*	7,085,721	*37.4*	8,471,959	*35.8*	9,255,124	*36.0*	9,826,525	*34.3*	9,461,134	*31.0*	9,409,751	*35.8*	10,222,374	*37.2*
Debt securities	3,084,132	*18.4*	3,065,643	*18.5*	3,121,753	*18.3*	3,472,410	*18.3*	4,388,148	*18.5*	4,978,859	*19.4*	5,354,418	*18.7*	5,021,962	*16.4*	4,944,826	*18.8*	4,981,825	*18.1*
Subordinated liabilities	367,125	*2.2*	372,251	*2.3*	374,969	*2.2*	388,038	*2.0*	476,346	*2.0*	496,803	*1.9*	529,409	*1.8*	590,296	*1.9*	540,370	*2.1*	532,008	*2.0*
Total funding	***13,338,317***	***79.4***	***13,142,486***	***79.4***	***13,467,736***	***78.9***	***14,801,635***	***78.1***	***17,794,069***	***75.2***	***19,642,082***	***76.5***	***20,893,044***	***72.9***	***19,604,678***	***64.2***	***18,245,746***	***69.5***	***18,875,422***	***68.7***
Provision for employee benefits	41,062	*0.2*	45,570	*0.3*	43,434	*0.3*	48,707	*0.3*	77,242	*0.3*	72,357	*0.3*	59,636	*0.2*	57,180	*0.2*	55,238	*0.2*	48,730	*0.2*
Deferred taxation	42,645	*0.3*	44,549	*0.3*	40,688	*0.2*	43,252	*0.2*	58,613	*0.2*	52,611	*0.2*	59,863	*0.2*	50,506	*0.2*	41,342	*0.2*	36,855	*0.1*
Other liabilities	2,630,023	*15.6*	2,610,971	*15.8*	2,792,406	*16.4*	3,263,736	*17.2*	4,821,894	*20.4*	4,889,227	*19.0*	6,516,558	*22.7*	9,842,126	*32.2*	6,720,629	*25.6*	7,215,040	*26.2*
of which: derivatives liabilities	…	…	…	…	…	…	*1,183,093*	*6.2*	*1,942,757*	*8.2*	*1,928,378*	*7.5*	*3,402,398*	*11.9*	*7,121,961*	*23.3*	*3,974,599*	*15.1*	*4,127,877*	*15.0*
Total liabilities (b)	**16,052,047**	***95.5***	**15,843,576**	***95.8***	**16,344,264**	***95.7***	**18,157,330**	***95.8***	**22,751,818**	***96.1***	**24,656,277**	***96.0***	**27,529,101**	***96.0***	**29,554,490**	***96.8***	**25,062,955**	***95.4***	**26,176,047**	***95.2***
Goodwill (c)	124,066	*0.7*	114,793	*0.7*	116,120	*0.7*	132,321	*0.7*	161,064	*0.7*	183,102	*0.7*	248,081	*0.9*	211,650	*0.7*	206,459	*0.8*	211,470	*0.8*
Net worth (a-b+c)	**753,735**	***4.5***	**700,042**	***4.2***	**732,081**	***4.3***	**801,542**	***4.2***	**915,213**	***3.9***	**1,024,138**	***4.0***	**1,137,469**	***4.0***	**985,126**	***3.2***	**1,195,897**	***4.6***	**1,305,943**	***4.8***
represented by:																				
Issued share capital	88,517	*0.5*	91,492	*0.6*	94,892	*0.6*	97,930	*0.5*	102,345	*0.4*	103,324	*0.4*	100,004	*0.3*	103,425	*0.3*	138,563	*0.5*	141,702	*0.5*
Reserves	594,364	*3.5*	547,797	*3.3*	568,383	*3.3*	633,654	*3.3*	766,142	*3.2*	859,370	*3.3*	931,595	*3.2*	784,849	*2.6*	959,111	*3.7*	1,082,176	*3.9*
Own shares	-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*	-9,260	*0.0*	-5,759	*0.0*	-6,763	*0.0*
Total	**672,722**	***4.0***	**626,100**	***3.8***	**649,510**	***3.8***	**712,320**	***3.8***	**841,230**	***3.6***	**939,116**	***3.7***	**1,003,058**	***3.5***	**879,014**	***2.9***	**1,091,915**	***4.2***	**1,217,115**	***4.4***
Minority interests	81,013	*0.5*	73,942	*0.4*	82,571	*0.5*	89,222	*0.5*	73,983	*0.3*	85,022	*0.3*	134,411	*0.5*	106,112	*0.3*	103,982	*0.4*	88,828	*0.3*
Funding from customers	**9,935,586**	***59.1***	**9,808,289**	***59.3***	**9,971,344**	***58.4***	**10,946,169**	***57.7***	**13,336,453**	***56.4***	**14,730,786**	***57.4***	**15,710,352**	***54.8***	**15,073,392**	***49.4***	**14,894,947**	***56.7***	**15,736,207**	***57.3***
Total assets (a+c)	**16,805,782**	***100.0***	**16,543,618**	***100.0***	**17,076,345**	***100.0***	**18,958,872**	***100.0***	**23,667,031**	***100.0***	**25,680,415**	***100.0***	**28,666,570**	***100.0***	**30,539,616**	***100.0***	**26,258,852**	***100.0***	**27,481,990**	***100.0***

TABLE II.3 – EMPLOYEES

EUROPE

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Average number of staff	2,370,612	2,376,595	2,368,378	2,363,985	2,449,721	2,596,914	2,718,348	2,842,997	2,813,601	2,743,326
of which: from country of origin (%) (1)	*55.6*	*55.2*	*54.3*	*53.9*	*52.3*	*49.6*	*46.9*	*44.3*	*44.5*	*44.0*
from elsewhere (%) (1)	*44.4*	*44.8*	*45.7*	*46.1*	*47.7*	*50.4*	*53.1*	*55.7*	*55.5*	*55.0*

(1) Figures for companies which cover 86% of total number of staff in 2001, 2002 and 2003, 88% in 2004, 90% in 2005, 94% in 2006, 2007, 2008 and 2009 and 93% in 2010.

TABLE II.4 – FINANCIAL RATIOS

EUROPE

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Funding from customers per employee ('000 EUR) (1)	4,450	4,390	4,492	4,900	5,745	5,911	6,016	5,476	5,437	5,891
Loans and advances to customers per employee ('000 EUR) (1)	3,262	3,273	3,345	3,632	4,268	4,486	4,600	4,387	4,220	4,526
Labour cost per employee ('000 EUR) (1)	73.2	69.0	67.3	69.4	74.5	77.5	75.2	65.6	70.1	76.3
Cost / income ratio (%)	65.9	66.3	62.5	60.9	61.3	59.9	64.4	76.1	63.0	62.1
Bad debts written off as % of total income (2)	9.0	12.2	9.7	7.0	5.7	6.4	9.7	23.4	27.9	16.9
Dividends payout as % of net profit	53.2	69.7	56.3	45.2	41.0	40.0	43.1	n.c.	47.8	31.1
ROE (%)	11.4	8.4	11.5	14.9	18.0	19.9	15.6	n.c.	4.6	7.4
ROA (%)	0.4	0.3	0.4	0.5	0.5	0.6	0.5	n.c.	0.2	0.3
Doubful loans as % of loans to customers (3)	1.3	1.3	1.3	0.9	0.8	0.8	0.9	1.3	2.3	2.4
Doubful loans as % of net worth (3)	12.1	13.3	12.4	9.4	9.1	8.8	9.1	15.8	22.4	22.7
Loans, advances and cash as % of total funding	105.4	105.7	106.9	107.9	115.3	114.4	113.8	110.5	113.5	115.2
Fixed assets as % of net worth	68.3	66.5	61.5	59.1	56.8	53.8	59.3	60.4	50.5	46.9
Free capital as % of funding from customers	1.5	1.5	2.0	2.3	2.4	2.6	2.3	1.6	2.2	2.5
Total assets (4) / Tangible net worth (n.)	27.3	29.0	28.7	29.2	33.2	32.1	34.5	42.7	28.1	26.5

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) 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 94.5% in 2001, 92.2% in 2002, 92.6% in 2003, 95.2% in 2004, 94.7% in 2005, 96% in 2006 and 100% in 2007, 2008, 2009 and 2010 of loans to customers of the sample.
(4) Excluding intangibile assets.

TABLE II.1 – PROFIT AND LOSS ACCOUNTS JAPAN

	2001		2002		2003		2004		2005		2006		2007		2008		2009		2010	
	JPY mld	*%*	*JPY mld*	*%*	*JPY mld*	*%*	*JPY mld*	*%*	*JPY mld*	*%*	*JPY mld*	*%*	*JPY mld*	*%*	*JPY mld*	*%*	*JPY mld*	*%*	*JPY mld*	*%*
Interest receivable and similar income	12,712		9,796		8,737		8,777		10,628		13,220		14,381		12,234		9,415		8,712	
Interest payable and similar expenses	-5,628		-3,301		-2,469		-2,681		-4,233		-6,496		-7,726		-5,598		-2,891		-2,492	
Net interest income	**7,084**	***67.6***	**6,495**	***59.9***	**6,268**	***58.7***	**6,096**	***60.1***	**6,395**	***59.4***	**6,724**	***61.0***	**6,655**	***62.3***	**6,636**	***74.7***	**6,524**	***61.0***	**6,220**	***62.1***
Commissions receivable and other operating income	3,705	*35.4*	3,407	*31.4*	3,474	*32.5*	3,899	*38.4*	4,412	*41.0*	4,208	*38.2*	4,425	*41.4*	3,746	*42.2*	3,753	*35.1*	3,983	*39.7*
Commissions payable and other operating expenses	-1,230	*-11.7*	-1,004	*-9.3*	-821	*-7.7*	-841	*-8.3*	-963	*-8.9*	-974	*-8.8*	-1,178	*-11.0*	-920	*-10.4*	-952	*-8.9*	-972	*-9.7*
Gains (losses) on financial transactions	913	*8.7*	1,949	*18.0*	1,759	*16.5*	989	*9.8*	920	*8.5*	1,061	*9.6*	778	*7.3*	-584	*-6.6*	1,364	*12.8*	791	*7.9*
Total income	**10,472**	***100.0***	**10,847**	***100.0***	**10,680**	***100.0***	**10,143**	***100.0***	**10,764**	***100.0***	**11,019**	***100.0***	**10,680**	***100.0***	**8,878**	***100.0***	**10,689**	***100.0***	**10,022**	***100.0***
Labour costs	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…
General expenses (1)	-5,392	*-51.5*	-5,148	*-47.5*	-4,932	*-46.2*	-4,628	*-45.6*	-5,031	*-46.7*	-5,095	*-46.2*	-5,365	*-50.2*	-5,547	*-62.5*	-5,682	*-53.2*	-5,663	*-56.5*
Bad debts recovered (written off)	-7,878	*-75.2*	-4,745	*-43.7*	-3,229	*-30.2*	-1,880	*-18.5*	-450	*-4.2*	-807	*-7.3*	-901	*-8.4*	-2,686	*-30.3*	-1,928	*-18.0*	-748	*-7.5*
Depreciation and amortization	-462	*-4.4*	-517	*-4.8*	-479	*-4.5*	-459	*-4.5*	-663	*-6.2*	-724	*-6.6*	-767	*-7.2*	-818	*-9.2*	-785	*-7.3*	-790	*-7.9*
Current pre-tax profit	**-3,260**	***-31.1***	**437**	***4.0***	**2,040**	***19.1***	**3,176**	***31.3***	**4,620**	***42.9***	**4,393**	***39.9***	**3,647**	***34.1***	**-173**	***-1.9***	**2,294**	***21.5***	**2,821**	***28.1***
Amortization of goodwill	-39	*-0.4*	-84	*-0.8*	-7	*-0.1*	-23	*-0.2*	-42	*-0.4*	-34	*-0.3*	-46	*-0.4*	-49	*-0.6*	-64	*-0.6*	-54	*-0.5*
Transfer from (to) reserves	-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*	0	*0.0*
Fixed asset revaluations (writedowns)	-1,737	*-16.6*	-2,077	*-19.1*	-111	*-1.0*	-789	*-7.8*	-699	*-6.5*	-1,010	*-9.2*	-1,876	*-17.6*	-3,573	*-40.2*	-502	*-4.7*	-495	*-4.9*
Extraordinary items	-483	*-4.6*	-1,957	*-18.0*	-216	*-2.0*	340	*3.4*	693	*6.4*	1,165	*10.6*	1,272	*11.9*	937	*10.6*	1,104	*10.3*	1,014	*10.1*
Cumulative effect of accounting changes	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*	0	*0.0*
Profit (loss) before tax	**-5,525**	***-52.8***	**-3,682**	***-33.9***	**1,706**	***16.0***	**2,703**	***26.6***	**4,556**	***42.3***	**4,772**	***43.3***	**2,997**	***28.1***	**-2,858**	***-32.2***	**2,832**	***26.5***	**3,286**	***32.8***
Income tax	1,537	*14.7*	-288	*-2.7*	-1,508	*-14.1*	-1,263	*-12.5*	-1,101	*-10.2*	-1,557	*-14.1*	-1,536	*-14.4*	-242	*-2.7*	-892	*-8.3*	-1,088	*-10.9*
Profit attributable to minorities	-83	*-0.8*	-129	*-1.2*	-176	*-1.6*	-196	*-1.9*	-329	*-3.1*	-210	*-1.9*	-187	*-1.8*	-97	*-1.1*	-259	*-2.4*	-172	*-1.7*
Net profit attributable to parent company	**-4,071**	***-38.9***	**-4,099**	***-37.8***	**22**	***0.2***	**1,244**	***12.3***	**3,126**	***29.0***	**3,005**	***27.3***	**1,274**	***11.9***	**-3,197**	***-36.0***	**1,681**	***15.7***	**2,026**	***20.2***
Dividends payout	*260*	*2.5*	*186*	*1.7*	*292*	*2.7*	*316*	*3.1*	*386*	*3.6*	*506*	*4.6*	*627*	*5.9*	*476*	*5.4*	*587*	*5.5*	*644*	*6.4*

(1) Including labour costs for which no separate figure is available.

TABLE II.2 – FINANCIAL STATEMENTS JAPAN

	2001		2002		2003		2004		2005		2006		2007		2008		2009		2010	
	JPY mld	*%*	*JPY mld*	*%*	*JPY mld*	*%*	*JPY mld*	*%*	*JPY mld*	*%*	*JPY mld*	*%*	*JPY mld*	*%*	*JPY mld*	*%*	*JPY mld*	*%*	*JPY mld*	*%*
Cash and deposits at central banks	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…
Securities	164,816	25.7	179,397	28.8	205,563	32.6	218,463	34.2	231,240	34.6	224,080	33.8	211,625	31.0	217,376	31.2	259,454	36.1	282,120	37.8
Loans and advances to banks (1)	63,424	9.9	66,929	10.7	70,037	11.1	75,291	11.8	73,535	11.0	73,708	11.1	80,188	11.8	66,228	9.5	70,612	9.8	81,320	10.9
Loans and advances to customers	360,146	56.3	332,494	53.4	316,852	50.3	309,262	48.4	322,275	48.2	327,324	49.4	336,165	49.3	349,691	50.2	332,806	46.3	327,608	43.9
Loans, advances and cash	588,386	91.9	578,820	92.9	592,452	94.0	603,016	94.3	627,050	93.8	625,112	94.3	627,978	92.1	633,295	90.9	662,872	92.2	691,048	92.5
Interests in subsidiares and associated	399	0.1	376	0.1	385	0.1	1,571	0.2	2,230	0.3	2,103	0.3	2,083	0.3	3,057	0.4	3,274	0.5	3,489	0.5
Intangible assets	647	0.1	675	0.1	754	0.1	930	0.1	2,816	0.4	2,632	0.4	3,486	0.5	2,847	0.4	2,606	0.4	2,884	0.4
Net tangible assets	6,897	1.1	6,332	1.0	5,401	0.9	4,849	0.8	4,587	0.7	4,394	0.7	4,346	0.6	4,396	0.6	4,488	0.6	4,532	0.6
Other assets	43,610	6.8	36,447	5.9	31,152	4.9	28,558	4.5	29,285	4.4	26,655	4.0	42,097	6.2	51,744	7.4	44,452	6.2	43,767	5.9
of which: derivatives assets	…	…	…	…	…	…	14,271	2.2	8,419	1.3	10,634	1.6	22,665	3.3	31,628	4.5	26,674	3.7	25,990	3.5
Total (a)	639,939	100.0	622,650	100.0	630,144	100.0	638,924	99.9	665,968	99.7	660,896	99.7	679,990	99.7	695,339	99.8	717,692	99.8	745,720	99.9
Deposits by banks	78,004	12.2	97,558	15.7	94,499	15.0	99,741	15.6	98,489	14.7	80,897	12.2	86,473	12.7	96,508	13.9	96,162	13.4	109,862	14.7
Customer deposits	425,546	66.5	415,982	66.8	427,575	67.8	432,011	67.6	441,587	66.1	451,189	68.0	458,455	67.2	465,506	66.8	481,374	67.0	496,036	66.4
Debt securities	51,999	8.1	44,682	7.2	40,056	6.4	38,745	6.1	39,883	6.0	38,187	5.8	37,025	5.4	34,820	5.0	34,735	4.8	33,767	4.5
Subordinated liabilities	16,193	2.5	12,587	2.0	13,022	2.1	13,165	2.1	15,232	2.3	15,992	2.4	15,790	2.3	16,535	2.4	17,013	2.4	15,900	2.1
Total funding	571,742	89.3	570,809	91.7	575,152	91.3	583,662	91.3	595,191	89.1	586,265	88.4	597,743	87.7	613,369	88.1	629,284	87.5	655,565	87.8
Provision for employee benefits	679	0.1	690	0.1	475	0.1	426	0.1	283	0.0	258	0.0	286	0.0	425	0.1	211	0.0	214	0.0
Deferred taxation	828	0.1	707	0.1	711	0.1	931	0.1	1,437	0.2	1,771	0.3	536	0.1	368	0.1	414	0.1	444	0.1
Other liabilities	42,552	6.6	30,045	4.8	28,864	4.6	27,098	4.2	35,383	5.3	36,847	5.6	49,576	7.3	55,511	8.0	52,838	7.4	54,247	7.3
of which: derivatives liabilities	…	…	…	…	…	…	13,458	2.1	8,635	1.3	10,814	1.6	19,384	2.8	29,767	4.3	24,820	3.5	24,189	3.2
Total liabilities (b)	615,801	96.2	602,251	96.7	605,202	96.0	612,117	95.7	632,294	94.6	625,141	94.3	648,141	95.1	669,673	96.2	682,747	95.0	710,470	95.1
Goodwill (c)	151	0.0	95	0.0	88	0.0	433	0.1	2,269	0.3	2,310	0.3	1,778	0.3	1,055	0.2	1,163	0.2	1,102	0.1
Net worth (a-b+c)	24,289	3.8	20,494	3.3	25,030	4.0	27,240	4.3	35,943	5.4	38,065	5.7	33,627	4.9	26,721	3.8	36,108	5.0	36,352	4.9
represented by:																				
Issued share capital	10,321	1.6	9,440	1.5	9,916	1.6	9,121	1.4	8,468	1.3	8,521	1.3	9,123	1.3	10,462	1.5	12,419	1.7	12,845	1.7
Reserves	11,155	1.7	7,528	1.2	11,526	1.8	14,164	2.2	24,022	3.6	25,762	3.9	20,439	3.0	11,066	1.6	18,432	2.6	18,365	2.5
Own shares	-216	0.0	-210	0.0	-160	0.0	-711	-0.1	-851	-0.1	-1,253	-0.2	-946	-0.1	-319	0.0	-316	0.0	-363	0.0
Total	21,260	3.3	16,758	2.7	21,282	3.4	22,574	3.5	31,639	4.7	33,030	5.0	28,616	4.2	21,209	3.0	30,535	4.2	30,847	4.1
Minority interests	3,029	0.5	3,736	0.6	3,748	0.6	4,666	0.7	4,304	0.6	5,035	0.8	5,011	0.7	5,512	0.8	5,574	0.8	5,505	0.7
Funding from customers	493,738	77.1	473,251	76.0	480,653	76.3	483,921	75.7	496,702	74.3	505,368	76.2	511,270	75.0	516,861	74.2	533,122	74.2	545,703	73.1
Total assets (a+c)	640,090	100.0	622,745	100.0	630,232	100.0	639,357	100.0	668,237	100.0	663,206	100.0	681,768	100.0	696,394	100.0	718,855	100.0	746,822	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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Average number of staff (1)	228,271	222,370	210,738	200,344	204,298	205,246	211,139	222,344	231,156	238,989
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.

TABLE II.4 – FINANCIAL RATIOS JAPAN

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Funding from customers per employee (JPYm) (1)	2,163	2,128	2,281	2,415	2,431	2,462	2,421	2,325	2,306	2,283
Loans and advances to customers per employee (JPYm) (1)	1,578	1,495	1,504	1,544	1,577	1,595	1,592	1,573	1,440	1,371
Labour cost per employee (JPYm)	…	…	…	…	…	…	…	…	…	…
Cost / income ratio (%)	55.9	52.3	50.7	50.2	52.9	52.8	57.5	71.6	60.5	64.4
Bad debts written off as % of total income (2)	75.2	43.7	30.2	18.5	4.2	7.3	8.4	30.3	18.0	7.5
Dividends payout as % of net profit	n.c.	n.c.	n.c.	25.4	12.3	16.8	49.2	n.c.	34.9	31.8
ROE (%)	n.c.	n.c.	0.1	5.8	11.0	10.0	4.7	n.c.	5.8	7.0
ROA (%)	n.c.	n.c.	o	0.2	0.5	0.5	0.2	n.c.	0.3	0.3
Doubful loans as % of loans to customers	6.0	4.5	2.9	1.4	0.9	0.7	0.7	0.8	0.9	1.0
Doubful loans as % of net worth	88.3	73.8	36.4	15.9	8.3	6.2	7.3	10.4	7.9	8.8
Loans, advances and cash as % of total funding	102.9	101.4	103.0	103.3	105.4	106.6	105.1	103.2	105.3	105.4
Fixed assets as % of net worth	33.3	36.5	26.5	28.6	33.1	30.1	34.8	42.5	31.9	33.0
Free capital as % of funding from customers	-1.1	-0.4	1.9	3.1	4.2	4.8	3.8	2.4	4.1	3.9
Total assets (3) / Tangible net worth (n.)	27.2	31.5	26.0	24.7	21.5	19.9	23.9	30.3	22.1	23.0

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) In interpreting this data it should be remembered that not all companies considered here provide information on the total number of group employees.
(2) Net of recovered amounts.
(3) Excluding intangibile assets.

TABLE II.1 – PROFIT AND LOSS ACCOUNTS UNITED STATES

	2001		2002		2003		2004		2005		2006		2007		2008		2009		2010	
	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	323,947		273,062		258,961		283,379		360,074		463,833		544,812		460,432		342,514		339,838	
Interest payable and similar expenses	-171,035		-107,679		-87,699		-99,577		-175,798		-272,247		-338,303		-223,518		-102,271		-83,985	
Net interest income	**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***	**255,853**	***54.1***
Commissions receivable and other operating income (1)	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*	190,496	*41.4*	186,857	*39.5*
Commissions payable and other operating expenses	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…
Gains (losses) on financial transactions	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*	29,914	*6.5*	29,944	*6.3*
Total income	**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***	**472,654**	***100.0***
Labour costs	-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*	-142,077	*-30.1*
General expenses	-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*	-112,721	*-23.8*
Bad debts recovered (written off)	-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*	-107,702	*-22.8*
Depreciation and amortization	-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*	-19,149	*-4.1*
Current pre-tax profit	**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***	**91,005**	***19.3***
Amortization of goodwill	-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*	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)	-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*	-16,353	*-3.5*
Extraordinary items	-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*	-1,350	*-0.3*
Cumulative effect of accounting changes	-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*	0	*0.0*
Profit (loss) before tax	**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***	**73,302**	***15.5***
Income tax	-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*	-20,780	*-4.4*
Profit attributable to minorities	-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*	-663	*-0.1*
Net profit attributable to parent company	**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***	**51,859**	***11.0***
Dividends payout	*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	*7,436*	1.6

(1) Net of commissions payable and other operating expenses.

TABLE II.2 - FINANCIAL STATEMENTS UNITED STATES

	2001		2002		2003		2004		2005		2006		2007		2008		2009		2010	
	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	1,272,523	*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*	2,396,222	*25.9*
Loans and advances to banks (1)	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*	1,401,813	*15.2*
Loans and advances to customers	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*	3,931,137	*42.6*
Loans, advances and cash	***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***	***7,729,172***	***83.7***
Interests in subsidiares and associated	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*	92,084	*1.0*
Intangible assets	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*	99,232	*1.1*
Net tangible assets	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*	79,564	*0.9*
Other assets	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*	992,881	*10.7*
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*	*261,026*	*2.8*
Total (a)	**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***	**8,992,933**	***97.4***
Deposits by banks	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*	1,035,543	*11.2*
Customer deposits	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*	4,756,029	*51.5*
Debt securities	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*	1,243,011	*13.5*
Subordinated liabilities	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*	286,774	*3.1*
Total funding	***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***	***7,321,357***	***79.3***
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	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*	2,597	*0.0*
Other liabilities	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*	1,148,118	*12.0*	943,453	*10.5*	1,009,189	*10.9*
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*	*228,012*	*2.5*
Total liabilities (b)	**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***	**8,782,482**	***91.7***	**8,114,320**	***90.4***	**8,333,143**	***90.2***
Goodwill (c)	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*	243,599	*2.6*
Net worth (a-b+c)	**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***	**798,279**	***8.3***	**863,083**	***9.6***	**903,389**	***9.8***
represented by:																				
Issued share capital	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*	223,540	*2.4*
Reserves	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*	540,816	*5.6*	661,068	*7.4*	695,306	*7.5*
Own shares	-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*	-63,175	*-0.7*	-29,114	*-0.3*	-24,621	*-0.3*
Total	**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***	**788,719**	***8.2***	**853,421**	***9.5***	**894,225**	***9.7***
Minority interests	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*	9,560	*0.1*	9,662	*0.1*	9,164	*0.1*
Funding from customers	**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***	**6,285,814**	***68.1***
Total assets (a+c)	**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***	**9,236,532**	***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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Average number of staff	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	1,355,199
of which: from country of origin (%)	…	…	…	…	…	…	…	…	…	…
from elsewhere (%)	…	…	…	…	…	…	…	…	…	…

TABLE II.4 – FINANCIAL RATIOS

UNITED STATES

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Funding from customers per employee ('000 USD)	2,578	2,747	3,007	3,313	3,452	3,764	4,216	4,174	4,430	4,638
Loans and advances to customers per employee ('000 USD)	1,959	2,073	2,229	2,513	2,671	2,822	3,024	2,837	2,725	2,901
Labour cost per employee ('000 USD)	77.2	76.0	83.0	87.9	92.9	104.4	102.6	97.3	97.7	104.8
Cost / income ratio (%)	58.7	56.1	57.0	58.8	58.9	58.6	66.7	76.5	57.0	57.9
Bad debts written off as % of total income (1)	10.9	10.9	7.2	5.1	6.0	5.3	13.9	48.3	38.6	22.8
Dividends payout as % of net profit	46.1	36.7	35.1	43.2	40.8	39.1	88.2	n.c.	63.0	14.3
ROE (%)	14.3	17.9	21.1	16.1	18.1	18.5	8.0	n.c.	3.7	6.2
ROA (%)	0.9	1.2	1.3	1.2	1.3	1.3	0.5	n.c.	0.3	0.6
Doubful loans as % of loans to customers (2)	0.2	0.2	0.1	o	0.1	0.1	0.2	0.1	1.0	0.9
Doubful loans as % of net worth (2)	1.2	1.2	0.6	0.2	0.3	0.4	1.2	0.7	4.4	4.0
Loans, advances and cash as % of total funding	104.2	103.8	104.6	105.5	104.4	106.6	103.3	101.7	103.5	105.6
Fixed assets as % of net worth	56.4	52.8	54.5	63.6	64.9	70.6	80.6	66.9	62.6	56.9
Free capital as % of funding from customers	5.2	5.8	5.6	5.1	4.8	4.0	2.2	4.1	4.6	5.6
Total assets (3) / Tangible net worth (n.)	19.9	18.8	19.3	20.7	21.6	23.0	28.4	20.8	17.5	15.9

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.

TABLE II.1 – PROFIT AND LOSS ACCOUNTS CHINA

	2004		2005		2006		2007		2008		2009		2010	
	CNY m	%	*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		2,025,335	
Interest payable and similar expenses	-250,952		-336,686		-441,235		-556,249		-731,181		-671,072		-714,657	
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**	***80.8***	**1,310,678**	***80.4***
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*	240,141	*18.8*	314,152	*19.3*
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*	-20,063	*-1.2*
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*	4,253	*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*	21,179	*1.3*
Total income	**500,490**	***100.0***	**574,762**	***100.0***	**721,085**	***100.0***	**1,016,841**	***100.0***	**1,278,267**	***100.0***	**1,280,622**	***100.0***	**1,630,199**	***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*	-320,682	*-19.7*
General expenses	-119,844	*-23.9*	-129,966	*-22.6*	-151,970	*-21.1*	-187,796	*-18.5*	-221,232	*-17.3*	-235,855	*-18.4*	-278,744	*-17.1*
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*	-131,185	*-10.2*	-147,440	*-9.0*
Depreciation and amortization	-34,053	*-6.8*	-33,428	*-5.8*	-36,388	*-5.0*	-38,590	*-3.8*	-46,336	*-3.6*	-50,018	*-3.9*	-56,003	*-3.4*
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***	**827,330**	***50.8***
Amortization of goodwill	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*
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*	-281	*0.0*
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*	10,666	*0.7*
Cumulative effect of accounting changes	11	*0.0*	0	*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***	**837,715**	***51.4***
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*	-189,953	*-11.7*
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*	-6,872	*-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***	**640,890**	***39.3***
Dividends payout	*19,104*	*3.8*	*27,807*	*4.8*	*73,931*	*10.3*	*132,967*	*13.1*	*131,741*	*10.3*	*182,227*	*14.2*	*234,001*	*14.4*

		2004		2005		2006		2007		2008		2009		2010	
		CNY m	%	*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*	247,672	*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*	12,583,842	*24.9*	13,373,014	*22.5*
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*	13,959,684	*23.5*
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*	30,386,208	*51.2*
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***	***49,393,496***	***97.7***	***57,966,578***	***97.6***
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*	52,624	*0.1*	58,928	*0.1*
Intangible assets		18,407	*0.1*	33,212	*0.1*	51,264	*0.2*	55,250	*0.2*	79,622	*0.2*	78,366	*0.2*	84,500	*0.1*
Net tangible assets		400,001	*1.9*	419,940	*1.7*	409,358	*1.4*	404,117	*1.2*	445,520	*1.1*	502,583	*1.0*	543,403	*0.9*
Other assets		367,392	*1.7*	295,785	*1.2*	301,958	*1.0*	420,476	*1.2*	528,743	*1.3*	527,176	*1.0*	692,413	*1.2*
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***	**59,345,822**	***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*	6,438,400	*10.8*
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*	47,593,939	*80.2*
Debt securities		67,395	*0.3*	134,746	*0.5*	126,202	*0.4*	164,714	*0.5*	137,090	*0.3*	123,918	*0.2*	171,410	*0.3*
Subordinated liabilities		105,693	*0.5*	177,948	*0.7*	190,836	*0.7*	222,777	*0.6*	259,719	*0.6*	418,803	*0.8*	457,924	*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***	***54,661,673***	***92.1***
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*	35,298	*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*	5,552	*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*	1,120,241	*1.9*
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***	**55,822,764**	***94.0***
Goodwill	**(c)**	0	*0.0*	0	*0.0*	3,621	*0.0*	4,996	*0.0*	18,093	*0.0*	19,554	*0.0*	20,623	*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***	**3,543,681**	***6.0***
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*	1,366,897	*2.3*
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*	2,132,752	*3.6*
Own shares		0	*0.0*	0	*0.0*	-216	*0.0*	-45	*0.0*	-17	*0.0*	-43	*0.0*	-138	*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***	**3,499,511**	***5.9***
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*	44,170	*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***	**48,223,273**	***81.2***
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***	**59,366,445**	***100.0***

(1) Includes compulsory reserve held at central bank (CNY 4,376bn as at 31-12-2008, CNY 5,523bn as at 31-12-2009 and CNY 7,812bn as at 31-12-2010).

TABLE II.3 – EMPLOYEES

CHINA

	2004		2005	2006	2007	2008	2009	2010
Average number of staff	1,390,122	(1)	1,467,814	1,446,504	1,446,917	1,490,348	1,531,614	1,583,319
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	2010
Funding from customers per employee ('000 CNY) (1)	13,381	14,662	17,094	19,114	21,964	26,954	30,457
Loans and advances to customers per employee ('000 CNY) (1)	9,033	8,924	10,311	11,826	12,720	16,714	19,191
Labour cost per employee ('000 CNY) (1)	69	87	107	133	165	173	203
Cost / income ratio (%)	51.6	50.7	47.5	41.2	40.2	43.0	40.2
Bad debts written off as % of total income (2)	20.2	11.2	13.7	9.8	12.6	10.2	9.0
Dividends payout as % of net profit	22.1	20.9	41.5	47.0	31.8	37.7	36.5
ROE (%)	12.7	14.8	13.3	17.8	22.0	22.2	22.4
ROA (%)	0.4	0.5	0.6	0.8	1.0	1.0	1.1
Doubful loans as % of loans to customers (3)	11.4	6.4	5.1	4.5	0.3	0.0	0.0
Doubful loans as % of net worth (3)	178.9	78.5	49.3	40.5	2.1	0.0	0.0
Loans, advances and cash as % of total funding	102.6	104.2	105.5	105.9	106.4	105.3	106.0
Fixed assets as % of net worth	52.8	43.1	30.4	24.8	25.1	24.1	20.0
Free capital as % of funding from customers	-5.6	-1.0	1.3	2.5	5.5	5.5	6.7
Total assets (4) / Tangible net worth (n.)	27.4	24.1	19.4	18.6	18.0	19.4	17.2

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

In cases 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 with the previous edition of this survey, the number of companies in operation at the period-end decreased by 2 units since the Japanese Joyo Bank and Sapporo Hokuyo Holdings have not reached the minimum size requirements in order to be included. Deutsche Postbank, merged into the Deutsche Bank Group in December 2010 and not included in the previous edition, has been surveyed for the entire period.

III.2 Statistics

Statistical data have been prepared on the basis of information presented in the consolidated annual and semi-annual financial statements (the latter as limited to Japanese companies for the first six months of 2010 and 2011). 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 since 2005.[94] Separate discussion is in order for insurance

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[94] It should be noted that, although international accounting standards required that at least one previous period be prepared according to the same criteria for

business, which was primarily undertaken by European banking groups and, until 2004, was treated differently in the respective consolidated financial statements: commentary on the different accounting methods and on the incidence of the business on aggregate data is presented in Appendix 3.

A company's nationality has been determined according to 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 business transacted by groups whose parent companies are based in that country or area, and accordingly include the business of subsidiaries located outside that country or area. The purpose of this survey is to identify tendencies that distinguish the performances of major international banks and to highlight related earnings and financial position issues, rather than to analyze banking activity in individual countries.

The aggregate data for all companies in the Triad regions and the aggregate data for Europe have been prepared by converting the various national currencies into euro using the exchange rates as of 31 December of each year in question; 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. It is worthy commenting on the depreciation of the dollar against the euro, the currency used by the majority of the European groups, which reached 34% from 2001 to 2010. This depreciation has contributed to the increase in the weight exercised by the European banks within the survey sample, in terms of total assets, from 59% in 2001 to 67% in 2010 and within these, 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.

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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.

TABLE III.1 - YEAR-END EXCHANGE RATES

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
							vs. EUR (x100)					
China	CNY	-	-	-	8.8889	10.5038	9.7283	9.3002	10.5312	10.1678	11.3353	12.2567
Denmark	DKK	13.4472	13.4611	13.4318	13.4430	13.4039	13.4120	13.4079	13.4217	13.4376	13.4165	13.4513
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	0.8671	0.8039	0.7405	0.7161	0.7199	0.6372	0.6063	0.7928	0.7510	0.9204	0.9980
United Kingdom	GBP	164.3385	153.7279	141.8842	141.8440	145.9215	148.9203	136.3605	104.9869	112.5999	116.1778	119.7175
United States	USD	113.4687	95.3562	79.1766	73.4160	84.7673	75.9301	67.9302	71.8546	69.4155	74.8391	77.2857
Switzerland	CHF	67.4354	68.8516	64.1890	64.8130	64.3045	62.2316	60.4339	67.3401	67.4036	79.9744	82.2639

TABLE III.2 - LIST OF COMPANIES

	BANKS	2010		
		TOTAL ASSETS	TOTAL INCOME	EMPLOYEES
	EUROPE	*EUR m*	*EUR m*	*Average no.*
1	BNP PARIBAS (FR) # 1	1,995,663	44,126	183,229
2	DEUTSCHE BANK (DE) # 2	1,905,630	30,319	82,434
3	HSBC HOLDINGS (GB) #	1,835,671	51,556	302,327
4	BARCLAYS (GB) #	1,730,636	35,400	151,300
5	CREDIT AGRICOLE (FR) #	1,728,351	30,924	162,474
6	THE ROYAL BANK OF SCOTLAND GROUP - RBS (GB) # * 3	1,688,372	32,182	154,700
7	ING GROEP (NL) #	1,241,321	16,870	106,139
8	BANCO SANTANDER (ES) #	1,216,954	41,293	172,909
9	LLOYDS BANKING GROUP (GB) # * 4	1,149,495	27,432	122,979
10	SOCIÉTÉ GÉNÉRALE (FR) #	1,130,633	26,504	160,704
11	UBS (CH) #	1,053,460	25,202	64,925
12	GROUPE BPCE (FR) 5	1,046,510	23,874	125,976
13	UNICREDIT (IT) #	929,487	26,463	153,592
14	CREDIT SUISSE GROUP (CH) #	825,340	23,396	48,850
15	COMMERZBANK (DE) # 6	754,299	12,611	60,292
16	INTESA SANPAOLO (IT) # 7	658,730	16,585	98,796
17	RABOBANK NEDERLAND (NL)	652,536	12,693	59,012
18	CREDIT MUTUEL (FR)	591,256	14,700	75,805
19	NORDEA BANK (SE) # 8	580,835	9,072	33,791
20	DEXIA (BE) # * 9	566,657	4,970	27,148
21	BANCO BILBAO VIZCAYA ARGENTARIA - BBVA (ES) #	552,710	20,581	104,755
22	KREDITANSTALT FUER WIEDERAUFBAU - KfW (DE) *	441,757	2,982	4,531
23	DANSKE BANK (DK) #	430,918	5,921	21,798
24	STANDARD CHARTERED (GB) #	386,576	11,755	82,659
25	DZ BANK (DE)	383,464	5,184	26,800
26	ABN AMRO GROUP (NL) * 10	379,599	7,376	27,856
27	LANDESBANK BADEN-WUERTTEMBERG (DE) *	374,413	2,074	13,906
28	HYPO REAL ESTATE HOLDING (DE) *	328,119	188	1,387
29	KBC GROUP (BE) # 11	320,543	8,124	54,710
30	BAYERISCHE LANDESBANK (DE) *	316,354	3,389	10,383
31	CAJA DE AHORROS Y PENSIONES DE BARCELONA – "LA CAIXA" *	285,701	6,700	28,210
32	DEUTSCHE POSTBANK (DE) 12	-	3,942	18,949
33	ABBEY NATIONAL (GB) 13	-	-	-
34	ABN AMRO HOLDING (NL) 14	-	-	-
35	BAYERISCHE HYPO- UND VEREINSBANK (HVB) (DE) 15	-	-	-
36	CAPITALIA (IT) 16	-	-	-
37	CREDIT INDUSTRIEL ET COMMERCIAL-CIC (FR) 17	-	-	-

cont.

Table III.2 (cont.)

	BANKS	2010 TOTAL ASSETS	TOTAL INCOME	EMPLOYEES
		EUR m	*EUR m*	*Average no.*
38	CREDIT LYONNAIS (FR) [18]	-	-	-
39	DEPFA BANK (IE) [19]	-	-	-
40	DEPFA DEUTSCHE PFANDBRIEFBANK (DE) [20]	-	-	-
41	DRESDNER BANK (DE) [21]	-	-	-
42	EUROHYPO (DE) [22]	-	-	-
43	FORTIS BANK (BE) * [23]	-	-	-
44	FORTIS BANK (NEDERLAND) (NL) * [24]	-	-	-
45	FORTIS (BE / NL) [25]	-	-	-
46	GROUPE BANQUE POPULAIRE (FR) [26]	-	-	-
47	GROUPE CAISSE D'EPARGNE (FR) [27]	-	-	-
48	HBOS (GB) # * [28]	-	-	-
49	SANPAOLO IMI (IT) [29]	-	-	-
	TOTAL	**27,481,990**	**584,388**	**2,743,326**
	JAPAN	*EUR m*	*EUR m*	*Average no.*
1	MITSUBISHI UFJ FINANCIAL GROUP - MUFG # [30]	1,867,108	28,164	79,700
2	MIZUHO FINANCIAL GROUP #	1,446,283	17,326	30,959 °
3	SUMITOMO MITSUI FINANCIAL GROUP - SMFG #	1,223,024	21,517	59,722
4	NORINCHUKIN BANK	637,612	1,065	3,182 °
5	RESONA HOLDINGS #	386,823	5,858	16,849
6	SHINKIN CENTRAL BANK	289,196	873	1,116 °
7	SUMITOMO TRUST & BANKING # [31]	189,265	3,471	6,107 °
8	CHUO MITSUI TRUST HOLDINGS # [32]	128,062	1,959	7,403 °
9	FUKUOKA FINANCIAL GROUP # [33]	115,279	1,777	6,990
10	BANK OF YOKOHAMA #	112,183	2,081	4,631 °
11	SHOKO CHUKIN BANK * [34]	110,994	1,369	4,242
12	HOKUHOKU FINANCIAL GROUP #	96,482	1,517	4,771
13	CHIBA BANK #	96,195	1,563	4,257 °
14	SHINSEI BANK #	88,871	2,277	5,917
15	SHIZUOKA BANK #	86,273	1,421	3,143 °
16	HOKKAIDO BANK [35]	-	-	-
17	UFJ HOLDINGS [36]	-	-	-
	TOTAL	**6,873,650**	**92,238**	**238,989**
	UNITED STATES	*EUR m*	*EUR m*	*Average no.*
1	BANK OF AMERICA # [37]	1,695,037	82,076	286,000
2	JPMORGAN CHASE & CO. # [38]	1,584,796	74,636	231,074
3	CITIGROUP #	1,432,347	63,395	262,650

cont.

Table III.2 (cont.)

	BANKS	2010 TOTAL ASSETS	2010 TOTAL INCOME	2010 EMPLOYEES
		EUR m	*EUR m*	*Average no.*
4	WELLS FARGO & CO. # 39	941,572	60,888	269,750
5	U.S. BANCORP (ex- Firstar) #	230,344	13,407	59,407
6	THE PNC FINANCIAL SERVICES GROUP # 40	197,788	11,216	50,292
7	THE BANK OF NEW YORK MELLON # 41	185,046	10,354	45,100
8	CAPITAL ONE FINANCIAL #	147,809	12,197	25,800
9	SUNTRUST BANKS #	129,377	6,280	28,529
10	BB&T #	117,558	6,528	31,900
11	REGIONS FINANCIAL #	99,050	4,858	28,169
12	FIFTH THIRD BANCORP #	83,077	4,645	20,918
13	KEYCORP #	68,734	3,250	15,610
14	AMSOUTH BANCORPORATION [42]	-	-	-
15	BANK ONE [43]	-	-	-
16	COUNTRYWIDE FINANCIAL [44]	-	-	-
17	FLEETBOSTON FINANCIAL [45]	-	-	-
18	GOLDEN STATE BANCORP [46]	-	-	-
19	GOLDEN WEST FINANCIAL [47]	-	-	-
20	GREENPOINT FINANCIAL [48]	-	-	-
21	HIBERNIA [49]	-	-	-
22	MBNA [50]	-	-	-
23	MERRILL LYNCH & CO. [51]	-	-	-
24	NATIONAL CITY [52]	-	-	-
25	NORTH FORK BANCORPORATION [53]	-	-	-
26	SOUTHTRUST [54]	-	-	-
27	THE BEAR STEARNS COMPANIES [55]	-	-	-
28	UNION PLANTERS [56]	-	-	-
29	WACHOVIA (ex- First Union) [57]	-	-	-
30	WACHOVIA [58]	-	-	-
31	WASHINGTON MUTUAL [59]	-	-	-
	TOTAL	**6,912,535**	**353,730**	**1,355,199**
	CHINA	*EUR m*	*EUR m*	*Average no.*
1	INDUSTRIAL AND COMMERCIAL BANK OF CHINA # *	1,525,575	43,208	393,583
2	CHINA CONSTRUCTION BANK # *	1,225,382	36,649	307,702
3	BANK OF CHINA # *	1,185,657	29,329	211,513
4	AGRICULTURAL BANK OF CHINA # *	1,171,776	33,098	442,796
5	BANK OF COMMUNICATIONS # 60	447,925	11,462	82,206
6	CHINA MERCHANTS BANK # 61	272,331	8,016	41,715
7	SHANGHAI PUDONG DEVELOPMENT BANK # 62	248,403	5,668	24,979

cont.

Table III.2 (cont.)

	BANKS	2010 *TOTAL ASSETS*	2010 *TOTAL INCOME*	2010 *EMPLOYEES*
		EUR m	*EUR m*	*Average no.*
8	CHINA CITIC BANK [#] [*]	235.923	6.305	24.208
9	INDUSTRIAL BANK [#] [63]	209.666	4.881	25.609
10	CHINA MINSHENG BANKING [#]	206.726	6.172	29.008
	TOTAL	**6.729.364**	**184.788**	**1.583.317**

\# 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 The Belgian and Luxembourg states own 10.7% and 1.1% of the company's share capital respectively, stakes acquired in May 2009 against the disposal of Fortis's former banking activities in the respective countries.
2 In December 2010 acquired control of Deutsche Postbank A.G.
3 As at year-end 2011, the UK government owned about 82% of the share capital (approx. 67% of the ordinary shares).
4 Formerly Lloyds TSB Group. On 16 January 2009 it acquired and merged with HBOS, taking on its current name. As at year-end 2011 the UK government owned 40.2% of the company's share capital.
5 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. 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.
6 In January 2009 acquired Dresdner Bank; the German state owned 25% plus one share stake in the company.
7 Formerly Banca Intesa. With effect from 1 January 2007 Banca Intesa merged with Sanpaolo IMI and took on the name of Intesa Sanpaolo.
8 The Swedish state owned 13.5% of the share capital in January 2012.
9 In October 2011 Dexia sold 100% of its subsidiary Dexia Bank Belgium to the Belgian state. In December 2011 agreements were reached in respect of the disposal of 99.9% of its subsidiary Dexia Banque Internationale à Luxembourg to the Precision Capital fund and the Grand Duchy of Luxembourg (90% and 10% respectively). In February 2012 an agreement was reached to secure local public sector financing in France, which involved the establishment of a new bank (with the French state, Caisse des Dépôts and Dexia Credit Local each owning 31.7% and La Banque Postale 4.9%), to which the Dexia group will transfer control of Dexia Municipal Agency S.A.
10 In April 2010 the Dutch state conferred on the newly-incorporated company control of both ABN AMRO Bank N.V. (the former ABN AMRO Holding group's Dutch activities) and Fortis Bank (Nederland) N.V. (the former Fortis group's Dutch activities); the following July Fortis Bank (Nederland) was merged into ABN AMRO Bank. Data refer to the full calendar year. ABN AMRO Group is controlled by the Dutch state.
11 Formerly KBC Bank and Insurance Holding Company; in March 2005, the bank merged with its parent company Almanij and took on its current name.
12 Acquired by Deutsche Bank with effect from 3 December 2010. The data shown in the table refer to the period prior to the acquisition.
13 Acquired by Banco Santander in November 2004.
14 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 spun off to ABN AMRO Bank N.V., control of which was acquired by the Dutch state.
15 Acquired by UniCredito Italiano (now UniCredit) in November 2005.
16 Merged into UniCredit with effect from 1 October 2007.

Table III.2 (cont.)

[17] Acquired by Crédit Mutuel in 1998 and consolidated for the first time in 2002.
[18] Acquired by Crédit Agricole in 2003.
[19] Acquired by Hypo Real Estate Holding in October 2007.
[20] Acquired by DEPFA Holding (subsequently DEPFA Bank) in 2002.
[21] Acquired by Commerzbank in January 2009.
[22] 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.
[23] 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 10.7% on 31 December 2011).
[24] 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.
[25] 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.
[26] 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.
[27] 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.
[28] The company was acquired by and merged into the Lloyds Banking Group on 16 January 2009.
[29] Merged into Banca Intesa (now Intesa Sanpaolo) with effect from 1 January 2007.
[30] Formerly Mitsubishi Tokyo Financial Group. Effective from 1 October 2005, the company merged with UFJ Holdings and took on its current name.
[31] The company was merged into Chuo Mitsui Trust Holdings with effect from 1 April 2011, which took on the name Sumitomo Mitsui Trust Holdings.
[32] Formerly Mitsui Trust Holdings. Now Sumitomo Mitsui Trust Holdings.
[33] 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.
[34] As at 31 March 2011 Japanese state owned 46,5% of the share capital.
[35] Acquired in 2004 by Hokugin Financial Group, which took on the name Hokuhoku Financial Group.
[36] Merged into Mitsubishi Tokyo Financial Group (now Mitsubishi UFJ Financial Group), with effect from 1 October 2005.
[37] Merged with Countrywide Financial with effect from 1 July 2008, and acquired investment bank Merrill Lynch & Co. with effect from 1 January 2009.
[38] Acquired investment bank The Bear Stearns Companies with effect from 30 May 2008, and the banking activities of Washington Mutual on 25 September 2008.
[39] Acquired Wachovia (formerly First Union) with effect from 31 December 2008.
[40] Acquired National City with effect from 31 December 2008.
[41] With effect from 1 July 2007 the Bank of New York and Mellon Financial merged to form The Bank of New York Mellon.
[42] Acquired by Regions Financials with effect from 1 November 2006.
[43] Acquired by JPMorgan Chase & Co. with effect from 1 July 2004.
[44] Merged into the Bank of America with effect from 1 July 2008.
[45] Acquired by Bank of America with effect from 1 April 2004.
[46] Acquired by Citigroup in 2002.
[47] Acquired by Wachovia (formerly First Union) with effect from 1 October 2006.
[48] Merged into North Fork Bancorporation with effect from 1 October 2004.
[49] Acquired by Capital One Financial with effect from 16 November 2005.
[50] Acquired by Bank of America with effect from 1 January 2006.
[51] Acquired by Bank of America with effect from 1 January 2009.

Table III.2 (cont.)

[52] Acquired by The PNC Financial Services Group with effect from 31 December 2008.
[53] Acquired by Capital One Financial with effect from 1 December 2006.
[54] Acquired by Wachovia (formerly First Union) with effect from 1 November 2004.
[55] Acquired by JPMorgan Chase with effect from 30 May 2008.
[56] Acquired by Regions Financial with effect from 1 July 2004.
[57] Acquired by Wells Fargo & Co. with effect from 31 December 2008.
[58] The company was merged into First Union in 2001, with the latter taking on the name of Wachovia.
[59] Went bankrupt in September 2008. Its banking activities were acquired by JPMorgan Chase & Co with effect from 25 September 2008.
[60] 43.7% owned directly and indirectly by the Chinese state; 19.1% owned by the HSBC group.
[61] 36.2% owned by various companies controlled by the Chinese state, 2.5% by JPMorgan Chase.
[62] 26.6% owned by various companies controlled by the Chinese state, 20% by China Mobile Group Guandong, 2.7% by Citigroup.
[63] 28.9% owned directly and indirectly by the Chinese state; 12.8% by the HSBC group.

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Ricerche e Studi S.p.A. (R&S)
Foro Buonaparte 10, 20121 Milan, Italy
Tel. no.: +39-02-8646.2348 - 8646.2394 – Fax no.: +39-02-8622.67 - E-mail res@mbres.it
Website: http://www.mbres.it