MAJOR INTERNATIONAL BANKS:
FINANCIAL AGGREGATES

(2014)

an R & S publication

www.mbres.it

RICERCHE E STUDI
INFORMATION REQUIRED UNDER ITALIAN LEGISLATIVE DECREE 196/03
(DATA PROTECTION ACT)

Pursuant to Article 13 of Italian Legislative Decree issued on 30 June 2003 establishing regulations in respect of “Protection of persons and entities with reference to treatment of personal data”, notice is hereby given that personal data collected by us may be subject, in compliance with the regulations referred to above, and in conformity with the obligations to maintain confidentiality on which our company’s activity is based, to treatment consisting of data being collected, recorded, organized, stored, processed, altered, selected, extracted, used, restricted, communicated, disclosed, deleted, or in some combination of any of the foregoing operations. Such data are treated for purposes of economic and statistical research and in particular for production of the volume “Major International Banks: Financial Aggregates” and works in digital format published on CD and on the internet, for publication in Italy and elsewhere, and other publications containing data for individual companies or aggregates. Data may also be treated using electronic instruments employed in order to memorize, manage and transmit them, which instruments are kept in environments with controlled access; data may be treated on behalf of our company in the ways described above and based on equivalent criteria in terms of security and confidentiality, by companies, entities (public or private) or consortia which provide us with specific processing services, as well as by companies, entities (public or private) or consortia which provide related, core or support services to those provided by our company. The names of such companies, entities or consortia are contained in a list which is available at our premises, which is updated regularly.

Pursuant to Article 7 of the Legislative Decree, the interested party may exercise his/her rights and in particular may obtain confirmation from the holder that his/her personal data exist and that such data be made available in intelligible form. The interested party may also request to know the origin of such data and the reasons and purposes for which it is being treated; to have the data deleted, converted to anonymous format or block treatment thereof which is in breach of the law, have the data updated, amended, or, if there is an interest in so doing, supplemented; or to oppose the treatment of the data on legitimate grounds.

This information is being provided bearing in mind the rules established under Article 6, paras. 4 and 5, of the Code of good conduct for treatment of personal data for statistical and scientific purposes published in the *Gazzetta ufficiale*, no. 190 issued on 14 August 2004, and in pursuance of the authorizational measure issued by the Italian Data Protection Authority on 9 November 2007.

Further information may be requested from the person responsible for the data treatment (currently Mr Gabriele Barbaresco, Ricerche e Studi S.p.A., Foro Buonaparte 10, 20121 Milan, Italy)

TABLE OF CONTENTS

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. SUMMARY OF RESULTS

I.1 Summary

The eleventh edition of the survey of the major international banks (Europe, Unites States and Japan) includes a thorough analysis of the evolution of their aggregate accounts during the decade 2003-2012. Some preliminary figures for 2013 have been prepared in order to obtain a representative sample of European and U.S. institutions; for Japanese banks, which end their financial year on 31 March of the following year, the data of the first six months was used. The study also includes a section dedicated to the major Chinese banks, focusing on the nine-year period 2004-2012. Some detailed analyses of the German *Landesbanken* (2007-2012) and of the Spanish savings banks (2009-2012) were included.

* * *

The banks being surveyed increased considerably in size from 2003 to 2012: in terms of total assets calculated in local currency and net of the goodwill recognised in the financial statements, it was, in 2012, 3.3, 2.2 and 1.6 times the figures at the beginning of the period, respectively for the United States, European and Japanese banks. The increase in size was due both to internal growth and to mergers and acquisitions among the banks included in the survey. As a result of such mergers and acquisitions, the number of major banks being considered decreased from 90 in 2003 to 61 in 2012, with a "loss" of 16 units in the United States, 10 in Europe and 3 in Japan.[1] In 2012, the average size of the Japanese (+6.2%) and United States banks (+4.9%) continued to grow, while the total assets of European banks declined by 1.4%.

---

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

It may be observed that most of the surveyed 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, in fact, to 38% of the total value in Europe, a mere 7% in the United States and nil in Japan.

The growth in income has followed, only partially, the increase in asset levels: in fact, from 2003 to 2012, the ratio of total income to total assets declined from 5.5% to 4.5% in the United States, from 2.5% to 1.9% in Europe and from 1.7% to 1.3% in Japan. This shows how a growth in size is not always accompanied by an increase in earnings under the income statement.

Workforce growth was also outpaced by assets. European and Japanese banks created one percentage point in new employment per each 5.8 and 2 points of increased assets respectively. This ratio rose to 1:11.5 for the US banks.

Labour productivity, calculated as income per employee, shows a slightly better growth for the United States banks compared with the European banks: +19% and +17% respectively during the last 10 years. However, keeping in mind also the dynamics of the per-capita labour cost, which is significantly more contained for the European banks (+14% versus +31%), the ratio between the two indicators is more favourable toward the latter, with 1.2 percentage points in higher unit income for each point of increase in unit costs compared with a percentage point that is well below 1 (0.6) for the US Banks.

It must be noted 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 45% to 53% while their activities abroad, at the end of 2012, accounted for about 47% of the total. In addition, the subsidiaries of 4 European institutions ranked among the top 10 US banks in terms of total assets.

On average, European banks recognized lesser impairment losses on loans than their counterparts in the United States. The annual average of impairment losses through the income statement in the decade 2003-12 stood, for Europe, at 14.6% of the income, 0.7% of loans to customers and 6.9% of net worth; these ratios stood at 17.1%, 1.8% and 9% respectively for the banks in the U.S. Even lower are the impairment losses of the Japanese banks which carried out "cleaning" activities in the years before those of the survey.

Doubtful loans at the end of 2012 are higher in Europe, as regards both loans to customers (3.6% versus 1.2% in Japan and 1.5% in the U.S.) and net worth (31.3% versus 9.4% and 6.3% respectively). European banks also showed the lowest level of coverage of doubtful loans through provisions for impairment: 44% at the end of 2012, with Japanese banks at 52% and US banks at 64%. It must be noted that there isn't a common definition for non-performing loans in Europe: the main divergences refer to the forbearance practice, with the application of more restrictive criteria in Italy for the entire surveyed period, as well as in Spain and the United Kingdom since 2012.

Another aspect of the quality of assets, which in this case shows a better position held by the European and Japanese banks, concerns the securities portfolio: the portfolio of the United States banks was in fact characterised by higher risk, as it is represented by structured securities (48%) deriving from securitization operations and consisting, for the most part, of mortgages, while this percentage declined to 9% for the European banks and to only 7% for the Japanese banks.

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. The European leverage multiplier was, on average, 30x in the last ten years (with 42x peak in 2008), versus the 23x of the Japanese banks and 20x of the US banks. This is most likely due to the concomitant presence of two factors: the lesser offsetting of in-the-money and out-of-the-money derivatives positions due to the different accounting treatment of netting agreements, resulting in larger item totals, and their lower capitalization levels.

In regards to the latter issue, it should be noted that significant amounts of capital were contributed primarily 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 34% and 35% of all share issues in the ten years from 2003-12; in the U.S., however, the percentage of funds repaid subsequently to the Government was 77% while only 25% in Europe.

European banks also showed the lowest level of coverage of the maximum exposure for doubtful loans risk (which includes risk assets on the balance sheet and "out of the balance sheet") in reference to tangible net worth: at the end of 2012, this ratio was only 4% versus 5.4% of the main Japanese banks and 6.1% of the United States banks. It must be noted that these ratios were significantly lower than those calculated according to criteria set forth in the Basel Accords, which apply a weight factor to risk assets and include subordinated liabilities in the statutory capital.

* * *

The ten Chinese banks examined in this survey (2004-2012) are almost all subject to dominant control or influence by the state (only one is entirely private). In some cases, 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 is peculiar in that, on average, 84% derives from net interest income and just 14% from net commissions, with only a marginal role played by trading. Even within their barely diversified composition, the income accounted for a 21.4% growth rate on average, from 2004 to 2012: in comparison, Europe, Unites States and Japan show a more modest percentages standing at +2.6%, 1.8% and +0.7%, 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 2012 reached 28 percentage points. The gap was particularly evident in the labour costs component, which impacted the income by 19% versus 35% for U.S. banks and 38% for European banks. However, per-capita labour costs were up sharply: an average of +18% per year during the eight year of the survey, well outpacing the internal inflation rate, while the number of employees also increased by 18% approximately. The productivity per employee, although consistently growing, remains low on an international level at approximately 85% in Europe and 71% in the United States.

Impairment losses on loans amounted to an average of 10% of the income in the five years from 2008 to 2012, quite lower than the 26.4% and 20.9% reported in the U.S. and Europe, but also lower than the 12.9% reported in Japan. However, the level of coverage of doubtful loans through adjustment provisions significantly exceeded 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-third 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 17.3% in 2004 to 40.5% of 2012, due in part to the benefits resulting from lower income tax rates, from 33% to 25% implemented in 2008.

The structure of the assets is represented by loans to customers (50%), keeping also into account that 13.6% is held by a central bank in a mandatory reserve. Loans to households are still limited, amounting to 26% of loans to customers, of which approximately 17% are allocated to home mortgages, with a structure similar to that seen in Japan.

It should be noted that 67% of the securities portfolios is valued at cost, with the ensuing lesser adjustments through both income statement and equity in the event of financial market instability, and that, on the whole, assets at fair value account for a mere 6% of total assets compared to 40% for European banks and 33% for US banks.

The increase in equity rate at the end of 2012 (6.3%) exceeds the rate shown by the European and Japanese banks (4.9% and 5.4% respectively) and is below the rate shown by the United States banks (10.5%). Conversely, the leverage multiplier (16x) is lower compared with Europe and Japan and higher only compared with the United States.

* * *

In 2012, the six main German *Landesbanken*, for the 2007 to 2012 financial periods, generated earnings, in 2012, of 13.5% of the income, after posting losses (-€14 billion) in 2008-09, dissolving more than one third of the assets recognized at the beginning of the period. Among the main causes of those losses was the poor quality of loans and securities portfolios, which had resulted in heavy impairment through the income statement, in addition to severe trading losses in 2008, which had absorbed slightly less than one-half of the operating income for the year.

Conversely, current earnings in 2012 amounted to only 8.6% of the income, almost half of the same figure of the previous year, due to higher impairment losses on loans, up from 17% to 25% of the income. Despite the increase in 2012, the impairment losses recognised by the *Landesbanken* in their income statements of the last three financial periods, amounting to less than half of the European average, seem to be insufficient to halt the increase in doubtful loans. These doubtful loans, in fact, despite the impairment losses through the income statement, account for 47% of the net worth at the end of 2012, i.e. 15 percentage points above the European average, with the level of coverage of gross doubtful positions standing only at 35% (it was 51% in 2007), almost 9 points less than the average for the European banks.

These indicators also signal the inadequate capitalization levels reported by *Landesbanken*, whose net worth came to a mere 3.7% of total assets in 2012 compared to an average of 4.9% for the major

European banks, with a leverage multiplier of 28x, more than 3 points above the European level, which is already high from an international standpoint. It should also be noted that during the surveyed six-years, the *Landesbanken* received contributions amounting to 55% of their equity at the beginning of the period from public shareholders, in addition to benefiting from public guarantees of EUR 95 billion (in some cases under UE procedure for government subsidies) as part of the financial stabilization plans implemented by the German government in response to the systemic liquidity crisis.

* * *

The accounts of the main Spanish saving institutions were analysed in aggregate terms for the year period 2009-2012. During this period, the sector was subject to a major concentration process: out of the existing 45 saving banks in 2009, only 13 were left at the end of 2012.

In the last financial period, the Spanish savings banks showed a loss, before taxes, equal to 2.9x the income, mainly due, in addition to heavy losses on loans (218% of income) and assets impairments (73% of income), the latter concerning mostly real estate properties.

As regards the balance sheet, loans to customers account for 56% of the total assets, compared with 43% on average for Europe, with a much higher concentration in the real estate sector where the mortgages represent more than 60%. The non-current assets show a high rate of 6% of all assets (versus a 2% European average) with property, plant and equipment which that, as mentioned above, are comprised mainly of real estate properties and exceed by themselves the total assets.

Loans to customers include a high number of doubtful loans which, with the inclusion of the restructured positions, reach 14% of the total, but, more importantly, are equal to 2.2 times the net worth. This is despite the transfer, during the period, to a bad bank of non-performing positions accounting for 3.8% of the total amount of receivables before the transfer.

The aggregate net worth, at the end of 2012, stands at 3.6% of the assets, only 1.3 percentage points below the average of the European banks. It should be noted that, during the year, public entities intervened to reconstitute the share capitals that were completely written-off because of losses, by subscribing non-monetary increases for EUR 41.8 billion (additional recapitalisations for EUR 3 billion were carried out in the first few months of 2013). Despite these interventions, the capital ratios are considerably lower than the European ones, with a saving bank showing a negative net worth and another three with ratios below the minimum level set forth in the Basel accords.

* * *

The following should be noted in regards to trends involving the major European and US institutions in 2013:

– the European banks' net earnings show a 16% decline compared with the previous year, from 4.2% to 3.6% of the income, while the net earnings of the US banks rose by 22%, standing at 19.8% of the income. Current earnings show an increase for both: 15% for the European banks and 34% for the U.S. banks;

– the improvement in current earnings for the European banks is due to lower impairment losses on loans (-9.1%), to contained labour costs (-4.1%) and general expenses (-1.7%), while the income show a 2.2% decline primarily due to a contraction in interest income. The lower impairment losses on loans (-47.6%), the decline in general expenses (-5%) and the increased income (2%) have all contributed to the growth in current earnings for the

United States banks. The 14% increase in current earnings for the Japanese banks in the first six months of 2013, is to be attributed primarily to a recovery of accruals for impairment losses on loans that were carried out in the previous years, and that was made possible because of the improved local economies;

- the decline in the number of employees both in Europe (-4.7%) and in the United States (-3.3%), produced lower labour costs in the first case but stable costs in the second case due to an increase in unit costs;
- the earnings reported by the European banks is penalised by a negative balance of extraordinary postings which more than doubled from the previous year. Among these, to be noted is the write-down of goodwill and other non-current assets for a total amount of EUR 23.5 billion, charges for indemnifications to customers (EUR 9.2 billion) and for fines, penalties and legal disputes for an additional EUR 7.9 billion. For the United States banks, the negative balance of extraordinary postings shows a 35% increase and also in this case, the main items refer to costs related to legal disputes, penalties and out-of-court settlement agreements with the plaintiffs, for a total amount of USD 17.2 billion;
- total assets show a significant 11% decline in Europe, while remaining substantially unchanged in the United States (+1%). For the European banks, both loans to customers and funding raised from customers declined (-4.6% and -3.6% respectively), highlighting a phase of disintermediation of the banking system. Loans to customers, issued by the United States banks, are up, even though by only a small amount (1.2%), while the funding raised from customers through bonds declined although offset by an increase in deposits, less costly;
- in 2013, for the European banks, and despite a 31% contraction compared with the previous year, the higher weight of the fair value of derivatives is confirmed, with assets positions (credit risks) accounting for 14% of the total assets, compared with 2%

of the United States banks, mainly due to the effect of a different accounting treatment (netting);

- an improvement in the credit quality in all the three areas, with a decline in gross doubtful loans, sharper in the United States (-15%) and in Japan (-11%) than in Europe (-3%), a consequence of the different economic dynamics. However, the European banks increased their level of coverage with provisions for adjustments which is up by almost 3 percentage points, standing at 46%, while the same drops by 5 percentage points for the United States banks due to lower accruals through the income statement. Still present, as the year-end, are the increased net doubtful loans of the European banks which, measured in relation to tangible net worth, stand at 37% versus 8% in the United States;
- a decline in illiquid assets (the so-called "class 3"), greater in the United States (-24%) than Europe (-3%), with those of the United States that continue, however, to present a more significant impact on the total assets designated at fair value, while, although remaining high, the difference in the ratio to tangible equity is down to 25.8% compared to 24.4% in Europe. Furthermore, there is a stronger tendency toward a decline in the portion of assets designated at fair value in the financial statements, already lower, to the advantage of those valued at cost;
- about a 4% increase in the capitalisation in the United States and in Japan (the latter referring to the first half year) due to greater earnings for the period; conversely, a 4.3% decline for the European banks which were negatively impacted by a change in the valuation reserve and by the introduction of new accounting standards concerning adjustments to the defined-benefits pension plans. The leverage multiplier declined in all three areas as a consequence of a higher net worth measured against total assets: from 25 to 22.7 in Europe, from 19.9 to 19.5 in Japan and from 13.3 to 12.8 in the United States.

I.2 Overview of the sample

TABLE I.1 shows some of the main summary data for 2012 regarding the most important banks in Europe, Japan and United States. This data is from a total of 61 banking groups, 33 of which are based in Europe, 15 in Japan and 13 in the United States.[2] For China, as noted in the "Focus" section, the 10 largest banks in terms of assets were selected. The complete list of banks included in the survey is shown in Section III. The selection was based on the total assets, according to the criteria described in the same Section III.

TABLE I.1 – BANKS COVERED IN THE SURVEY

	No. of banks	Total assets as at 31-12-2012		Total income in 2012		No. of employees in 2012		
		EUR bn	*%*	*EUR bn*	*%*	*'000*		*%*
United Kingdom	5	7,086	*16.2*	133.9	*13.8*	771		*18.0*
France	5	6,947	*15.9*	129.0	*13.3*	698		*16.3*
Germany	6	4,190	*9.6*	56.6	*5.9*	212		*4.9*
Benelux	5	2,880	*6.6*	38.9	*4.0*	185		*4.3*
Spain	4	2,575	*5.9*	77.3	*8.0*	355		*8.3*
Switzerland	2	1,809	*4.2*	38.2	*4.0*	112		*2.6*
Scandinavia	4	1,738	*4.0*	26.1	*2.7*	84		*1.9*
Italy	2	1,600	*3.7*	40.7	*4.2*	243		*5.7*
Europe	**33**	**28,825**	***66.1***	**540.7**	***55.9***	**2,660**		***62.0***
Japan	**15**	**7,263**	***16.6***	**95.6**	***9.9***	**246**	*	***5.7***
United States	**13**	**7,557**	***17.3***	**331.1**	***34.2***	**1,383**		***32.3***
Total	**61**	**43,645**	***100.0***	**967.4**	***100.0***	**4,289**		***100.0***
China	**10**	**9,572**		**287.6**		**1,734**		

* 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 2012, the European banks consolidated 14,767 subsidiaries; this number does not include the United Kingdom and Benelux groups for which complete data is not available. The Japanese banks consolidated 1,056 companies while for the United States the data refers only to the main subsidiaries totalling 4,116 companies.

Within the world's three main economic areas (the Triad), the European banks account for 66% of total assets, 56% of income and 62% of employees. US banks account only for 17% of the total assets, but weigh for about one third in terms of total income and number of employees. In Europe, Germany is the country with the largest number of surveyed banks, while UK institutions ranked first in terms of total assets, income and number of employees, followed by their French counterparts.

In assessing the more substantial contribution by European banks, it should be noted that they are also more globalised 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 86% of total assets in the area, those outside the country of origin represent 47% of the total at the end of 2012, of which 24% in other European countries and 10% in North America. 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 due 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 statements' figures of European banks with respect to the US and Japanese figures due to a lesser use of the same offsetting item for assets and liabilities positions with respect to financial derivatives operations.[4] At the end of 2012, the positive fair value of

---

[3] For the Japanese banks, assets abroad accounted for about 26% of the total, at the 2012-13 year-end, of which only 6% in Europe. It was not possible to calculate a corresponding ratio for US banks.

[4] International accounting principles allow for offsetting assets and liabilities positions using the same item in the case of netting agreements that require, in the presence of default by one of the parties, the settlement of the payable/receivable amount 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.

the derivatives posted in the financial statements amounted, in fact, to 17% of total assets, while it was slightly lower than 4% for the Japanese banks and stood at about 2.4% for the US banks (TABLE II.2, several areas).

Last, but not least, the weight of the various areas is affected by the exchange ratios among the different currencies, considering also the impact of these ratios on the consolidated financial statements, prepared in the currency of the parent company. For an in-depth analysis of the exchange rates during the relevant ten years, see Section III.

An analysis of the composition of the sample by individual country reveals some specifically structural elements in some of the European and Japanese groups. For additional details, see Appendix 1.

I.3 Size of the groups

The average size of the banking groups considered in this survey increased considerably between 2003 and 2012, due to both organic growth and mergers and acquisitions. In terms of total assets, excluding the goodwill, the average size per group in 2012 stood at EUR 709.5 billion, a 140% increase versus the same figure of 2003; this was the result of a 63% increase in assets, while the number of groups fell from 90 to 61. Based on calculations in local currency, banks grew in all three areas considered, but to a much more significant extent in the U.S. than in Europe and Japan (TABLE I.2).

Conversely, 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 71.1% for the European banks, 49.5% for the United States banks and only 29.3% for the Japanese banks.[5] The growth in size attributable to large-scale

[5] By virtue of (EC) Regulation No. 1606/2002, the EU established, effective from 01/01/2005, the accounting harmonization of listed companies by means of the

aggregation, is 53% of the total for the US banks, 36% for the Japanese banks and 25% only for the European banks.

TABLE I.2 – SIZE OF BANKS COVERED BY SURVEY

	Average size measured by total assets [1]			
	2003	2012	2012 / 2003	2012 / 2003 [2]
	EUR bn		*% increase* [3]	
Europe [4]	389.4	868.2	+123.0	+71.1
Japan	262.1	483.6	+55.2	+29.3
United States	177.7	567.3	+233.4	+49.5
All banks [5]	**295.7**	**709.5**	**+139.9**	**+62.6**

[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] 43 Groups in 2003, 33 in 2012.
[5] 90 Groups in 2003, 61 in 2012. The size of changes is impacted by exchange rates between local currencies and the Euro.

Based on their assets in 2012, European banks are, on average, 1.5 times larger in size than US banks (2.2 times in 2003) and 1.8 times larger in size than Japanese banks (1.5 in 2003).[6] As shown in Section III, the two latter countries show a greater concentration than Europe:

---

adoption of IASs/IFRSs, as endorsed by the European Commission, in the preparation of consolidated financial statements. Of the 41 banks forming the European sample in 2005, 33 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 changes in the accounting principles have increased the total assets, as at 01/01/2005 by 7.7%, compared with the balance at the end of the 2004 financial year. 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 have led to a 1.5% increase of the aggregated assets within the European area for 2006, recalculated on the basis of the new accounting principles. By excluding these effects, the increase in the average size of the European banks in the period in question is about 60%.

[6] This figure is substantially confirmed by the ratio of total revenue to the gross domestic product of the respective geographical areas, which stands at 4.6% for the European banks, 2.6% for the US banks, and 2.1 % for the Japanese banks.

the top three banks accounted, in fact, for 65% and 66% respectively of total assets of the US and Japanese samples, whereas the top three European banks accounted for just 21% within their area. A comparison with 2003 shows the weight of the top 5 groups on the total of the respective area which slightly increased in Europe, from 25% to 34%, while in the U.S. was up from 55% to 82% and the already high concentration of 75% in Japan rose to 81% in 2012. In interpreting the lower degree of aggregation in Europe, the still prevailing fragmented nature of banking activities within the domestic markets should be noted.

HSBC Holdings represents, in Europe, the bank with the highest total assets, expressed in Euros, among the Triad, slightly above the same figure of the Japanese Mitsubishi UFJ Financial Group, followed by Deutsche Bank and Crédit Agricole. The main U.S. banks, JPMorgan Chase & Co and Bank of America, rank only in the 7th and 8th 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. Between 2003 and 2012, there were a total of 33 mega-mergers, 14 of which involved European banks, 16 US banks and 3 Japanese banks. The complete chronological detail of the mergers is included in Table I.46.

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. The only major European acquisitions were those of British Abbey National by the Spanish Santander Group in 2004, of HVB, at the time the third top German bank in size of assets by the Italian UniCredit in 2005, of Dutch ABN AMRO Holding by a consortium comprised of RBS (GB), Fortis (BE/NL) and Banco Santander (ES), finalised in 2007 with an operation that involved four EU countries, and of the Belgian Fortis Bank by the French BNP Paribas in 2009. Appendix 2 includes a description, by country, of the operations involving the surveyed banks.

TABLE I.3 – VALUE OF MEGA-MERGERS IN EUROPE AND THE UNITED STATES FROM 2003 TO 2012

	Number of operations	Value in	*of which*: settled in cash	
		EUR bn	EUR bn	%
Europe	14	235.5	89.4	*38.0*
		USD bn	USD bn	
United States	16	283.6	21.0	*7.4*

Most of the mega-mergers took the form of share exchanges. The overall value of the operations, approximately EUR 236 billion, of which only 38% of the total involved monetary consideration, is to be attributed to deals involving European banks between 2003 and 2012. The aforementioned acquisition of ABN AMRO Holding in 2007 was the operation involving the largest cash outlay of the decade, approximately EUR 65.7 billion, accounting for 73% of total cash outlays during the period. In the U.S., the aggregate value of mergers of large banks in the same period was slightly lower, standing at USD 284 bn (EUR 209 billion calculated at historical exchange rates), but the cash outlay was significantly lower, only 7.4% of the total. Mergers between Japanese banks took place exclusively via share exchanges.

I.5 Shareholding structure

In terms of ownership structure, the surveyed banks are for the most part widely-owned and listed on one or more stock exchanges: 22 of the 33 European banks, 12 of the 15 Japanese banks, and 12 of the 13 U.S. banks are listed. At the end of 2012, there were on the whole 12 banks in which a government held a controlling or majority interest, 10 of which were European and Japanese and one in the U.S. Of the European banks, 3 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 in the country, at 39% of total assets, followed by the Benelux banks, at 33%.

TABLE I.4 – PUBLICLY CONTROLLED BANKS IN THE SAMPLE

	No.	Total assets	Total income	No. of employees
		EUR m	*EUR m*	
Publicly controlled banks	12	5,751,577	77,664	384,836
% of total	*19,7*	*13.2*	*8.0*	*9.0*
of which: Europe	10	5,505,000	72,470	368,062
% of European total	*30,3*	*19.1*	*13.4*	*13.8*

In 2003, the first year considered in this survey, the banks of the European sample that were publicly owned were only 7, of which 4 were German and 3 Spanish, accounting approximately for 7.8% of the total assets of the area, with the addition of a public presence in Japan.

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 in January 2009);[7] ii) the governments of Belgium and France, along with regional Belgian entities, each acquired 5.7% interests in Dexia, while Caisse de Dépôts et Consignations (a French public entity) increased its interest to 17.6%, thereby leading the public sector, which had previously been a shareholder, to increase its interest to more than half; [8] iii) the Dutch government acquired all of the banking and insurance assets of the Fortis Group in Holland, created by breaking up Fortis Bank Netherlands (Holding), now Fortis Bank (Netherlands); as part of that transaction, iv) Belgium and Luxembourg each acquired Fortis Bank's banking assets in the respective countries. In May 2009, Fortis Bank was privatised again with the sale of the majority of its equity to BNP Paribas, against newly issued shared by the latter; the Belgium and Luxembourg countries have therefore acquire equities in the French bank with 11.6% and 1.2% shares respectively, later diluted to 10.3% and 1%.

In April 2010 the Dutch government incorporated under the new holding ABN AMRO Group, the interests held in Fortis Bank (Netherlands) 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.

In January 2011, seven Spanish savings banks, including Caja Madrid and Bancaja, consolidated their bank assets under the newly-

[7] In 2008, the U.K. Tresury nationalized two other smaller institutions in difficulty: Northern Rock and Bradford & Bingley, the latter was subsequently 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 held to 84.4% (diluted to approximately 81% at the end of 2012; the interest in the Lloyds Banking Group was also diluted to about 39%).

[8] In October 2011, Dexia transferred to the Belgian government 100% of the subsidiary Dexia Bank Belgium (now Belfius Bank) for a total of EUR 4 billion. In December 2012, the Belgian and French governments carried out a new recapitalisation of Dexia amounting to EUR 5.5 billion (EUR 2,915 billion carried out by Belgium and EUR 2,585 million carried out by France), raising their interest in the company's equity to 50.02% and 44.4% respectively. In January 2013, Dexia sold to the French Government, for a symbolic EUR 1, the control of financing activities of the French local public sector that were carried out by Dexia Municipal Agency (now Caisse Française de Financement Local).

incorporated Banco Financiero y de Ahorros.[9] The Spanish government participated also in the incorporation through its FROB-*Fondo de Reestructuración Ordenada Bancaria*, with the subscription of preferred convertible shares amounting to EUR 4,465 million. These shares were converted into ordinary shares in June 2012, enabling FROB, following the resetting of the previous equity in order to cover losses, to become the sole shareholder of the company.[10]

In the United States, in 2009, the Treasury acquired 56.3% of the equity of Ally Financial, raising its interest to 73.8% in December 2010.[11]

I.6 Workforce

From 2003 to 2012, employment in the banks being surveyed increased by 12% in Europe (+291,000 units), 15% in the Japan (+32,000 units) and 4% in the United States (+57,000 units) (TABLE I.5). In 2012, employment in Europe declined globally, with the exception of Spain, due to acquisitions. In addition, a positive ratio of the growth in total assets to the increase in employment must be noted at least in the long run.

[9] These activities were transferred to the subsidiary Bankia S.A., part of the stocks of which, i.e. 47.6% of its equity, were offered on the market in July 2011, generating EUR 3.1 billion in revenue. In May 2013, the interest in Banco Financiero y de Ahorros in Bankia was up again to 68.4%.

[10] In the second half of 2012, the Spanish government, still through FROB, injected new capital into the Banco Financiero y de Ahorros, in the amount of EUR 17,959 million.

[11] The acquisition of the interest in Ally Financial in 2009 (called, at the time, GMAC) took place with two operations: in May, the Treasury acquired 35.36% against a USD 884 million financing granted in the previous January to General Motors; in December, it increased its interest to 56.3%, by converting some of the preferred stocks, previously subscribed, for a total amount of USD 13,750 million. In December 2010, the Treasury converted an additional tranche of preferred stocks, for a total interest of 73.8%.

TABLE I.5 – CHANGE IN HEADCOUNT

	Average number of employees [1]			Change 2003 -2012		Change 2011-2012
	2003	2011	2012	*No.*	*%*	*%*
United Kingdom	674,267	809,019	771,072	96,805	+14.4	-4.7
France	496,335	703,533	698,331	201,996	+40.7	-0.7
Spain	260,651	348,810	354,604	93,953	+36.0	+1.7
Italy	268,265	248,752	242,760	- 25,505	-9.5	-2.4
Germany	211,309	215,910	212,001	692	+0.3	-1.8
Benelux	241,812	210,413	185,467	- 56,345	-23.3	-11.9
Switzerland	137,142	114,619	112,274	- 24,868	-18.1 [2]	-2.0
Scandinavia	78,900	85,353	83,555	4,655	+5.9	-2.1
Europe	**2,368,681**	**2,736,409**	**2,660,064**	**291,383**	**+12.3**	**-2.8**
Total assets (EUR bn)[3]	*16,742*	*29,054*	*28,650*		*+71.1*	*-1.4*
Japan	**214,461**	**245,610**	**246,391**	**31,930**	**+14.9**	**+0.3**
Total assets (JPY bn)[3]	*637,149*	*775,937*	*824,082*		*+29.3*	*+6.2*
United States	**1,326,131**	**1,376,246**	**1,383,198**	**57,067**	**+4.3**	**+0.5**
Total assets (USD bn)[3]	*6,509*	*9,267*	*9,730*		*+49.5*	*+5.0*

[1] The detail by country refers to the parent company's registered office in 2012 and therefore also includes the group's employees working abroad. The figures for 2003 and 2011 have been restated in uniform terms.
[2] Up 1.5% excluding, in 2002, the employees of the Winterthur insurance group, which was sold to third parties in 2006.
[3] Net of goodwill.

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, subject matter of this survey, 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 refers to the United States where national acquisitions are mostly the reasons for the increase in employment, while the second one refers mainly to European banks.[12] The significant expansion abroad of the European banks from 2003 to 2012, is demonstrated by an almost 9 percentage point increase in employment outside of the country of origin, which stands at 53.4% of the total in 2012 (see TABLE II.3 for Europe).[13]

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 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 of the end of 2012, the top four groups listed in the table rank among the top 7 to 10 banks in the country by total assets.

The main presence of Japanese banks in the United States is represented by Mitsubishi UFJ Financial Group which controls the Union Bank of California: USD 97 billion in total assets and 11,476 employees as at the end of 2012.

[12] Among the main transactions, noteworthy are the acquisitions by Banco Santander of Banco Real (BR), Alliance & Leicester (GB) and Bradford & Bingley (GB) in 2008 (about 39,000 total employees) and Sovereign Bancorp (U.S.) in January 2009 (about 9,000 employees). In France, Crédit Mutuel Group increased employment by 7,000 units following the acquisition of Citibank Deutschland (now Targobank) at the end of 2008. Also important are the acquisitions by the French banks in Italy: Banca Nazionale del Lavoro (16,820 employees and EUR 88.2 billion in assets) acquired by BNP Paribas in 2006 and two smaller banks, Cassa di Risparmio di Parma e Piacenza and Banca Popolare FiulAdria, sold by Intesa Sanpaolo to Crédit Agricole in 2007.

[13] The corresponding ratio cannot be calculated for Japanese and US banks due to the absence of figures. For Japan, the only figure available for 2012 is for MUFG, number-one by total assets, whose abroad employees accounted for 32% of the total. Moreover, as mentioned above, the banks in these areas focus primarily on their respective domestic markets.

TABLE I.6 – MAIN SUBSIDIARIES OF EUROPEAN BANKS IN THE UNITED STATES AS AT YEAR-END 2012

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)	348.6	10.4	8,700
Barclays	Barclays Capital, Inc. and Barclays Delaware Holdings	328.0	7.6	11,100
HSBC Holdings	HSBC North America Holdings, Inc. [1]	318.8	6.5	15,792
Deutsche Bank	Deutsche Bank Securities Inc. and Deutsche Bank Trust Corp.	314.2	8.6	9,787
UBS	UBS Americas, Inc. (formerly Paine Webber Group)	235.0	9.7	20,833
RBS	RBS Citizens Financial Group	127.1	4.7	18,947
Banco Santander	Santander Holdings USA, Inc. [2]	85.8	2.7	8,416
BNP Paribas	BancWest Corp.	79.9	2.9	11,766
BBVA	BBVA USA Bancshares, Inc.	69.1	3.0	11,106

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

[2] Consolidates Sovereign Bank and Santander Consumer USA.

I.7 Productivity and cost of labor

TABLE I.7 shows income and labour costs per employee in the European and United States banks.[14] Income was considered without trading revenue, which is more erratic by nature and more dependent on factors external to the bank, such as the performance of the financial markets.

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

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

	Total income per employee [2]		Cost of labour per employee		
	In 2012	% change over 2003 in local currency	In 2012	% change over 2003 in local currency	
	'000 EUR	(a)	'000 EUR	(b)	a/b
Switzerland	305.8	- 17.7	207.2	- 4.5	0.86
Scandinavia	296.3	+ 48.1	98.6	+ 34.4	1.40
Germany	246.7	+ 26.9	107.7	+ 6.5	4.14
Benelux	229.5	+ 21.4	87.3	+ 22.9	0.93
Spain	211.2	+ 62.1	57.6	+ 32.3	1.92
France	173.3	+ 19.8	74.0	+ 8.5	2.33
United Kingdom	168.5	+ 17.3	66.4	+ 52.2	0.33
Italy	154.8	+ 6.6	59.0	+ 6.1	1.08
Europe	**193.9**	**+ 16.8**	**78.0**	**+ 14.2**	**1.18**
Japan [3]	**344.2**	**- 7.2**	...	...	...
United States	**229.4**	**+ 19.2**	**82.9**	**+ 31.4**	**0.61**
China	**163.9**	**+ 321.1 [4]**	**31.1**	**+ 269.3 [4]**	**1.19**

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, see asterisk note to Table I.1.
4 Change referring to 2004, the first surveyed year.

It must be noted that the ratio of the difference between the two indicators in the period 2003-2012 - the first a proxy of productivity - is favourable for the European banks standing at 1.18, against a value below 1 for the U.S. banks. This is because of a significantly lower increase in Europe of the per-capita labour costs, while the increase in productivity is favourable, although to a small extent, for the US banks.[15] The revenue per employee declined in the ten year period for the Japanese banks for which data on labour costs is not available. By contrast, the Chinese banks show, although with changes measured against the figures of 2004, extremely high increases in productivity

[15] The higher growth rate in labour costs per employee in the United States compared with Europe is only marginally explained by the different inflation rates in the two areas: in the ten years between 2003 and 2012, consumer prices have in fact risen by 24.8% in the Unites States and 20.8 % in the Euro zone.

and in unit labour costs; the ratio between the two indicators for the period is however similar to the ratio for the European banks.

The highest increases in productivity in Europe are to be attributed to the Spanish and Scandinavian banks, while the United Kingdom banks show the highest increase in per-capita labour cost. The best ratio of changes in unit revenue to unit labour costs are those of the German and French banks: both show an increase in productivity above the European average against a very contained increase in labour costs. The data from the two surveyed Italian banks, near 1, is the result of a contained increase in unit labour costs, offset by an equally low increase in productivity.

The Swiss banks show the highest cost per employee in the year 2012, despite a 5% decline approximately, compared with the figures reported at the beginning of the period. Noteworthy is also the high per-capita cost of investment banking activities, to which the high impact of employees in these activities versus the overall labour force must be included in the calculation. The corresponding investment division of Crédit Suisse employed, in 2012, 42% of the employees of the group, with a unit cost of EUR 248,000 (CHF 300,000); the same division in USB accounted for 26% of its workforce, with a per-capita cost of EUR 259,000 (CHF 313,000). Outside of these figures, the labour cost per-capita of the two Swiss banks in 2012, although ranking at the highest level, declined to EUR 185,000.

I.8 Summary of earnings results

The geographical comparison of the income statement data of the year 2012 shows higher earnings achieved by the Japanese banks, with a profit of 34.7% of all revenue, while for the United States banks, the same figure stands at 23.8% and only at 10% for the European banks (TABLE I.8).[16]

The Japanese area is also the only one to show a growth in income, while the European banks show an 8% decline which impacted all the income components, as explained in details in the next paragraph. The best current earnings of the Japanese banks is to be primarily attributed to the low impact of impairment losses on loans amounting respectively to 17.1 and 4.5 points less than the European and United States banks. The Japanese banks also show a lower figure for the cost-income ratio.

The European banks generated the lowest yearly earnings ratio to income, this being the area where the most significant impairment losses on assets were concentrated, representing 4.8% of income of which 2%, as explained later, referred to intangible assets.

In addition, it must be noted that the European banks were affected by a less favourable tax rate, on average, equal to 26.2% compared with 22.9% for the United States banks and only 16.5% for the Japanese banks.[17]

An analysis of long-term indicators highlights how only the Japanese banks have improved current earnings by +15.6 points in comparison with 2003, and also in comparison with the United States and European figures which stand at -12.1 and -17.9 points respectively, even though showing a stable income for the period, whereas the other two areas showed significant increases: +29.9 points in Europe and +21.1 points in the United States. Also in this case, the improvement in current earnings is to be attributed, almost entirely, to a substantial decrease in impairment

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

[17] Rates calculated keeping into account only the companies with pre-tax earnings. For the Japanese banks, the decrease in the corporate income tax rate by approximately 2.7 percentage points, starting with the 2012-13 period, should be noted: while at first falling from 40.69% to 35.6%, it later went up to 38.01% due to the temporary three-year increase which was introduced to fund post-earthquake reconstruction expenses.

losses on loans, contrary to what happened in Europe and in the United States.[18]

TABLE I.8 – PERFORMANCE INDICATORS BY GEOGRAPHICAL AREA IN 2012

	Europe			Japan			United States		
	as % of total income	*change vs. 2011 (p.p.)*	*change vs. 2003 (p.p.)*	*as % of total income*	*change vs. 2011 (p.p.)*	*change vs. 2003 (p.p.)*	*as % of total income*	*change vs. 2011 (p.p.)*	*change vs. 2003 (p.p.)*
Cost/income ratio	68.1	*+ 5.1*	*+ 5.6*	60.5	*- 0.5*	*+ 9.7*	66.9	*+ 1.2*	*+ 10.2*
Bad debt writeoffs [1]	21.9	*+ 6.4*	*+ 12.3*	4.8	*+ 0.5*	*- 25.3*	9.3	*- 2.5*	*+ 1.9*
Current pre-tax profit	10.0	*- 11.5*	*- 17.9*	34.7	*0.0*	*+ 15.6*	23.8	*+ 1.3*	*- 12.1*
Net profit	4.2	*- 1.3*	*- 11.9*	30.2	*+ 9.9*	*+ 29.8*	17.0	*+ 2.5*	*- 7.0*
Total income (change vs. previous year) % [2]		*- 8.3*	*+ 29.9*		*+ 2.6*	*+ 0.5*		*- 1.0*	*+ 21.1*

[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

The overall income increased between 2003 and 2012 in all three surveyed areas, but, as explained in the previous paragraph, with significant geographical differences: the significant increase registered in Europe and United States is contrasted by the substantial stagnation of income for the Japanese banks. It should also be noted how the latter present an opposing trend compared with the other two areas: the

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

average yearly growth rate in the period from 2003 to 2010 is in fact positive for Europe and United States (+5.1% and 4% respectively, mainly due, in both cases, to the increased interest income), while it is negative (-0.9%) for Japan. Conversely, in the two year period from 2011 to 2012, a major contraction (an overall 8%) in the income for the first two areas is noted, while the Japanese banks reported an increase (TABLE I.9).

TABLE I.9 – CHANGE IN INCOME, 2003-2012: BREAKDOWN BY GEOGRAPHICAL AREA

	Europe			Japan			United States		
	2003 2010 [1]	2011 [2]	2012 [2]	2003 2010 [1]	2011 [2]	2012 [2]	2003 2010 [1]	2011 [2]	2012 [2]
					%				
Net interest income	6.3	0.9	- 4.6	- 0.1	- 3.4	0.9	5.7	- 6.8	- 0.7
Net fee and commission income [3]	3.3	3.6	- 7.8	1.8	7.2	7.1	2.1	- 6.1	2.2
Gains (losses) on financial transactions	5.7	- 17.6	- 32.3	- 10.8	54.7	- 0.4	3.6	- 15.8	- 26.9
Total income	**5.1**	**- 0.2**	**- 8.3**	**- 0.9**	**4.3**	**2.6**	**4.0**	**- 7.1**	**- 1.0**

[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.

However, such development was not consistent in the period of time in question showing instead a major decline in all areas during the 2007-2008 period due to significant losses from trading (Figure I.1). These losses were caused by the increased volatility of the financial markets, starting in the summer of 2007, as a consequence of the financial crisis resulting from an increased rate of non-performing mortgages in the United States.

The data for the year 2012 shows a 1% decline in the income of the United States banks and an even sharper decline in income for the European banks: -8.3%. While for the former the main cause is to be attributed to a significant contraction in trading revenue, for the European banks the decline in trading revenue is accompanied by an equally large decrease in net income from commissions, and to the major tightening of net interest income. The Japanese banks are the only ones to achieve an increase in revenue, as already mentioned, almost entirely due to a 7% growth in revenue from commissions, for the second consecutive year.

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

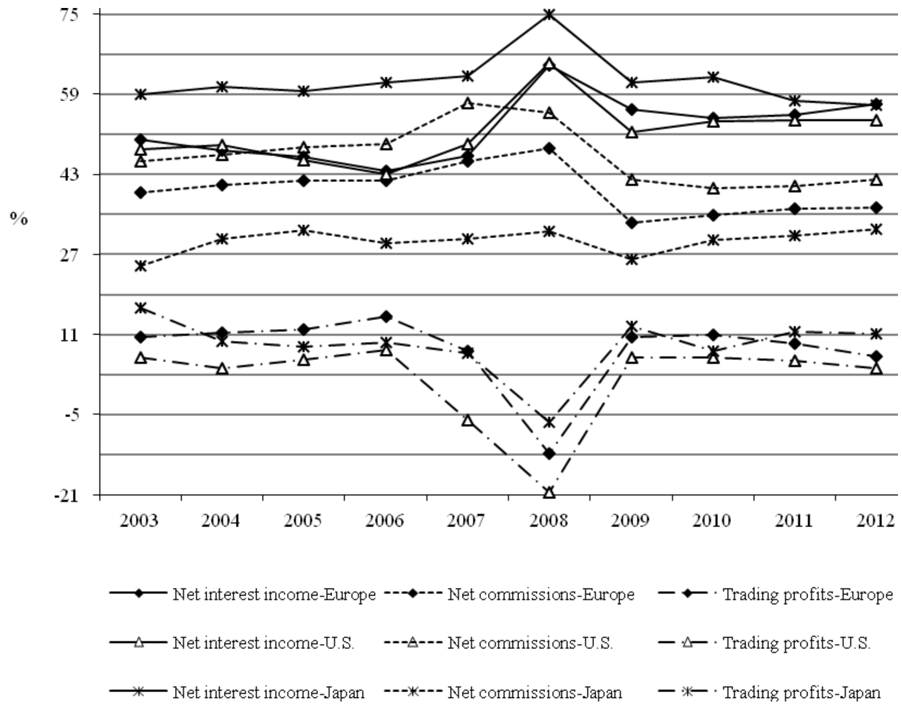
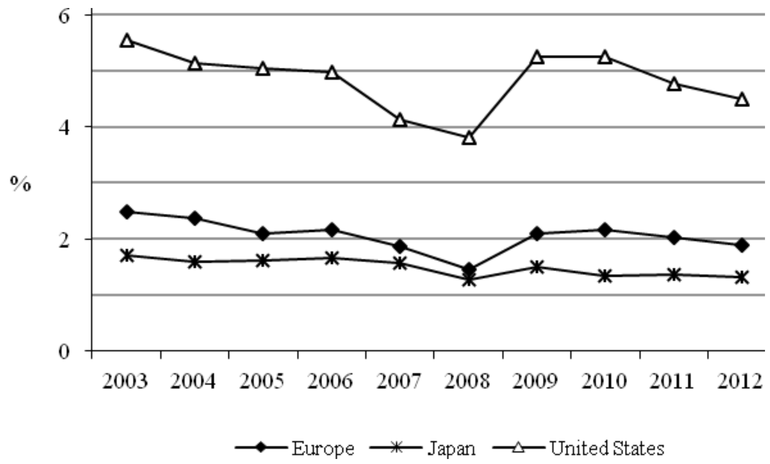


Figure I.1 depicts the historical evolution of the components of revenue, broken down by geographical area. It should be noted, first of all, the highest weight that the interest income represents for the Japanese banks compared with the other two areas and, conversely, the lower contribution of the commissions component which normally accounts, for the entire period, for a higher income rate for the U.S. banks. Noteworthy also is the significant decline in trading revenue including a significant negative balance in the two year period 2007-2008, as mentioned above.

FIGURE I.2 – TOTAL INCOME AS A % OF TOTAL ASSETS [1]



[1] Not including goodwill.

Total income 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, standing at an average of 4.8% for the decade, compared to 2% for European banks and 1.5% for their Japanese counterparts. 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 been accompanied by a parallel growth in revenue as recognised in the income statement.

I.10 Efficiency and profitability

TABLE I.10 shows a breakdown of the contribution of the main components of the income statement to the current earnings, for the year 2012, highlighting the different performance in the various geographical areas compared with the previous year.

TABLE I.10 – CONTRIBUTION OF THE MAIN PROFIT AND LOSS ACCOUNT ITEMS TO THE CURRENT RESULTS OF THE YEAR 2012: BY GEOGRAPHICAL AREA

	Europe		Japan		United States	
	Change vs. 2011		Change vs. 2011		Change vs. 2011	
	(EUR bn)	*%*	(JPY bn)	*%*	(USD bn)	*%*
Total income	- 48.8	*- 8.3*	+ 279	*+ 2.6*	- 4.5	*- 1.0*
Bad debt writeoffs [1]	- 27.1	*- 29.6*	- 65	*- 14.2*	+ 11.3	*+ 21.7*
Operating costs [2]	+ 3.2	*+ 0.9*	- 120	*- 1.9*	- 2.2	*- 0.7*
Current pre-tax result	- 72.7	*- 57.4*	+ 94	*+ 2.6*	+ 4.6	*+ 4.6*

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.

Noteworthy is, first of all, the major worsening shown by the European banks, related to decreased current earnings by EUR 73 billion (-57.4%), due, for about two thirds of this amount, to lower income and for the rest to higher impairment losses on loans which, only to a small extent, are offset by lower operating costs. The Japanese and United States banks show, instead an improvement in current earnings by 2.6% and 4.6% respectively, due entirely, in the first case, to a growth in income and in the second, to lower impairment losses on loans.

TABLE I.11 – CHANGE IN OPERATING COSTS, 2003-2012: BY GEOGRAPHICAL AREA

	Europe			Japan			United States		
	2003 2010 [1]	2011 [2]	2012 [2]	2003 2010 [1]	2011 [2]	2012 [2]	2003 2010 [1]	2011 [2]	2012 [2]
		%			%			%	
Labour costs	4.5	0.2	- 1.3	…	…	…	3.7	4.2	2,1
General expenses [3]	5.6	3.1	- 0.3	…	…	…	5.0	6.8	- 0,6
Total operating costs	**5.0**	**1.5**	**- 0.9**	**2.5**	**- 1.2**	**1.9**	**4.3**	**5.4**	**0.7**

[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 2003-10 period, operating costs were higher in Europe, with a yearly growth rate, on average, of 5% compared with the U.S. (+4.3% a year) and Japan (+2.5% a year). In the period 2011-12, Europe and Japan show a cost increase rate significantly lower than the average of the previous period and in some cases a negative rate, while in the United States a cost containment is shown in the last surveyed period. (TABLE I.11).[19]

[19] The differences are not to be attributed to different inflation rates in the three areas: from 2003 to 2010, in fact, consumer prices increased, on average, by 2.4% a year in the U.S., 2% in the Euro zone and remained substantially unchanged in Japan. In 2012, the prices rose by 2.1% in the U.S., 2.5% in the Euro zone while remaining unchanged in Japan.

In detail, the labour cost in Europe in 2012 was down by 1.3%, primarily as a result of a decline in employment by about 76 thousand units (-2.8%), against a slight increase in the per-capita cost (+0.9%); by contrast, for the United States banks, there was a rise in the unit cost (+1.5%) as well as an increase of 7 thousand employment units (+0.5%).

General expenses declined in the United States in 2012 after an above average increase reported in the previous period.[20] Along the same line is the performance of the European banks for which noteworthy is the introduction in the United Kingdom, starting in 2011, of a new yearly tax on banking activities, for the surveyed banks, which involved higher costs amounting to EUR 1.54 billion (down to EUR 1.35 billion in 2012 after adjustments made by companies on the sources of funding) and standing at slightly less than one percentage point from the increase in the European yearly operating expenses.[21]

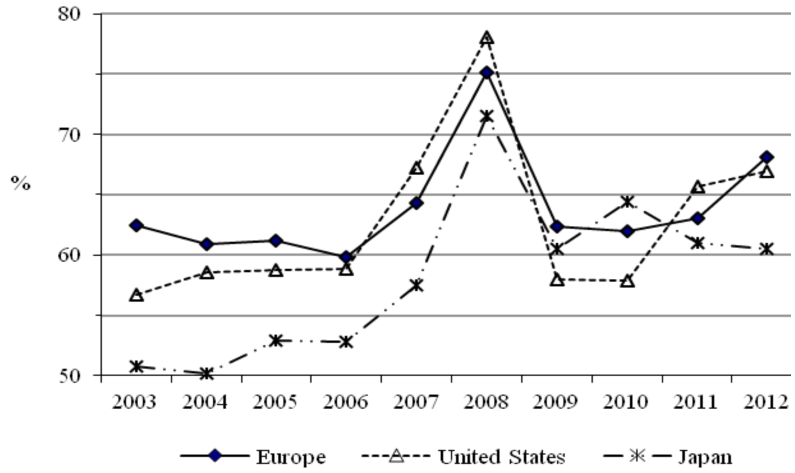
The decrease in income is the main cause that has determined, in all areas, an increase in the cost-income ratio for the two year period 2007-08 (Figure I.3). For the same reasons, the indicators of European and United States banks date back to the two year period 2011-12 standing, for the last surveyed year, above the average of the ten year period figures; the divergent performance of the Japanese indicator is the result of the increase in revenue which is offset by the contained increase in operating costs (see previous Tables I.9 and I.11).

---

[20] The increase in 2011 includes USD 5 billion, equal to 3.8 percentage points, for higher legal fees, expert report fees and executions concerning securitised home mortgages. The main changes refer to Bank of America (+1.6 billion USD), Citigroup (+1.5 billion USD) and JPMorgan Chase (+1.35 billion USD).

[21] The new tax is commensurate to the financial statement liabilities and equity, with different rates based on duration. A deduction of Tier 1 equity, of the deposits guaranteed by a protection provision and some insurance liabilities are permitted. It is not applicable to the first GPB 20 millions of equity and liabilities. The rate, equal initially at 0.075%, was gradually increased to 0.088% in 2012 and to 0.13% beginning on 1 January 2013; reduced by half for long term assets and liabilities.

FIGURE I.3 – COST/INCOME RATIO



On a whole, extraordinary items negatively contributed to the earnings in the 2012 period for the United States banks and most of all for the European banks, while positive results, at 5 percentage points, were shown by the Japanese banks: the details per geographical areas and per main components is shown in TABLE I.12.

Impairment losses had a negative impact, by 4.8% of the income, for the European banks, by 4% for the Japanese banks and by only 1.5% for the U.S. banks. While for the Japanese banks, the securities of the available-for-sale portfolio and of the portfolio valued at cost have represented the main component (of which no details are available), the European banks have written-down goodwill and other multi-year charges for EUR 11.2 billion (2.1% of the income), securities and shareholdings for EUR 4.9 billion (0.9% of the income) and other assets for EUR 10.1 billion (1.8% of the income); of the latter, EUR 6.1 billion referred to real estate properties and EUR 2.5 billion to assets being sold.[22]

[22] The largest write-downs of goodwill were carried out by the French banks (an overall EUR 5.1 billion, of which EUR 3.5 billion by Crédit Agricole, EUR 0.8

TABLE I.12 – EXTRAORDINARY COMPONENTS OF THE INCOME STATEMENT IN 2012: 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	- 4.9	*- 0.9*	- 331	*- 3.1*	- 6.0	*- 1.4*
goodwill and intangibile assets	- 11.2	*- 2.1*	- 59	*- 0.5*	o	*- 0.0*
other	- 10.1	*- 1.8*	- 41	*- 0.4*	- 0.6	*- 0.1*
Total write-downs [2] (*a*)	- 26.2	*- 4.8*	- 431	*- 4.0*	- 6.6	*- 1.5*
Gains/losses on sales:						
securities [1]	12.5	*2.3*	1.024	*9.4*	11.7	*2.7*
interests in subsidiaries and associated and other fixed assets	14.9	*2.7*	- 14	*- 0.1*	0.5	*0.1*
Other extraordinary items	- 18.6	*- 3.4*	- 41	*- 0.4*	- 12.0	*- 2.8*
Total extraordinary items (*b*)	8.8	*1.6*	969	*8.9*	0.2	*0.0*
Total (a+b)	**- 17.4**	***- 3.2***	**538**	***4.9***	**- 6.4**	***- 1.5***

[1] Available for sale and held to maturity.

[2] Net of revaluations. For the Japanese banks, goodwill amortisation is included.

Extraordinary items include, first of all, the earned income from the sale of securities, totalling EUR 12.5 billion for the European banks, JPY 1,024 billion for the Japanese banks and USD 11.7 billion for the US banks. For the European banks, additional earned income from the sale of securities and other non-current assets for EUR 14.9 billion, more than

billion by Société Générale and EUR 0.5 billion by BNP Paribas), by UBS (EUR 2.5 billion) and by Deutsche Bank (EUR 1.6 billion); the write-downs of shareholdings referred primarily to Banco Financiero y de Ahorros (EUR 2.3 billion) and again to Crédit Agricole (about EUR 1 billion); the largest adjustments in values for real estate properties were carried out by the Spanish banks for a total of EUR 5.2 billion (of which, EUR 2.4 billion by Banco Financiero y de Ahorros, EUR 1.6 billion by BBVA and EUR 0.8 billion by La Caixa). In the United States, the largest write-downs were carried out by Citigroup (about USD 5 billion, of which USD 3.34 billion concerning the 35% shareholding in Morgan Stanley Smith Barney and USD 1.18 billion referred to the Turkish bank Akbank), and by Ally Financial (USD 0.6 billion).

offset by net extraordinary charges for EUR 18.6 billion, were also included.[23] The latter refer primarily to the UK banks which have recognised a total of EUR 14.5 billion in expenses related to accruals for indemnifications owed to customers from the sale of insurance policies linked to the issuing of home mortgages (EUR 9.2 billion) and the sale of derivatives for small/medium enterprise hedging (EUR 2.8 billion) as well as the payment of fines and penalties, primarily in the United States (EUR 2.4 billion).[24]

For the United States banks, the other net extraordinary expenses amounted to USD 12 billion, of which USD 14.5 billion in charges for legal disputes, penalties and out-of-court settlement agreements with plaintiffs and with auditing authorities, mainly concerning the methods for granting mortgages.[25]

The highest profitability ROE-based in 2012, was that of the Japanese banks, standing at 9.1%, an improvement by more than 2 percentage points compared with the previous year. The indicator of U.S. banks shows also an improvement from 7.2% to 7.8% while the indicator of European banks shows a sharp decline from 7.6% in 2010 to 1.8% in 2012 (Figure I.4). Details, by institution, about the ROE of the last five years are included in TABlE I.36.

---

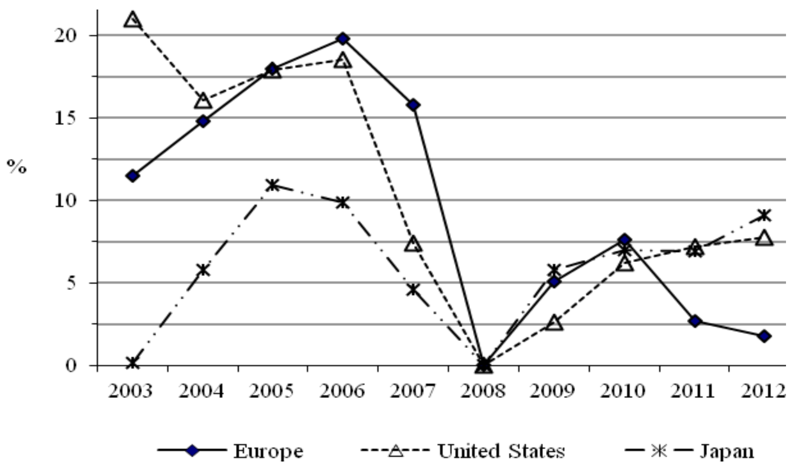
[23] The main capital gains from the transfer of investments were reported by HSBC for EUR 5.8 billion (of which about EUR 3 billion from the sale of subsidiaries, transactions inherent to credit cards and other retail services in the United States, and EUR 2.3 billion from the sale of 15.57% of the shareholding in the Chinese insurance Ping An), by ING Groep for EUR 2.4 billion (of which EUR 1.6 billion from "ING Direct" activities in Canada, USA and the United Kingdom, and EUR 0.8 billion from insurance activities carried out in Malaysia) and by BNP Paribas for EUR 1.8 billion (mostly referring to 28.7% of the real estate development firm, Klépierre).

[24] The main amounts refer to Lloyds Banking Group (EUR 5.1 billion), HSBC (EUR 3.2 billion, of which 1.5 billion for non-compliance with the anti-money laundering in effect in the United States), to Barclays (EUR 3 billion) and to RBS (EUR 2.7 billion, of which 0.5 billion in sanctions for the manipulation of the LIBOR rate). Due to irregularities in setting the LIBOR rate, UBS was sanctioned for EUR 1.16 billion.

[25] These latter charges were, for the most part, recognised by Bank of America (USD 8.3 billion), JPMorgan Chase (USD 5 billion) and Wells Fargo (USD 1.1 billion).

In 2012, 7 European banks posted a loss for a total of EUR 29.5 billion, 5.5% of income. No Japanese and United States banks, among those included in the survey, have closed the period with a loss (TABLE III.2).

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.

I.11 Bad debts written off

TABLE I.34 provides a breakdown of bad debts write-downs, through the income statement, in the last five years, by bank and geographical area, as a percentage of total income, loans to customers and net worth.

In 2012, the impairments losses from European banks have increased, on average, and compared with the previous year, from 15.5% to 21.9% of the income, from 0.7% to 1% of the loans to customers and from 6.9% to 8.5% of the net worth. The four Spanish banks included in the survey show the highest ratios for all three indicators, with the highest figures reported by Banco Financiero y de Ahorros. The Belgian Dexia and the Italian Unicredit account for write-downs above one third of the income (48.9% and 39.9% respectively). The Italian Unicredit and Intesa SanPaolo show the highest figures in loans to customers after the Spanish banks (1.8% and 1.2% respectively) while, compared with the net worth, the highest ratios, again after the Spanish banks, are those of Unicredit (14.4%) and Dexia (13.5%), followed by the British Lloyds Banking Group (11.4%).

The Japanese banks also show an increase in write-downs measured against income (from 4.3% in 2011-12 to 4.8% in 2012-13) although in the presence, as noted above, of a growth in income, while the other two indicators remain unchanged. To be noted are also the write-downs of the Japanese banks which, in the last three surveyed years, had ratios significantly below those of Europe and the United States.

In constant decline, for the third consecutive year, were the indicators of the US banks, which carried out fewer write-downs, on average in 2012 compared with the previous year, i.e. from 11.8% to 9.3% of the income, from 1.3% to 0.9% of loans to customers and from 5.4% to 3.9% of the net worth. Capital One showed the highest ratios in all three indicators (23%, 2.4% and 11.8% respectively), followed by Citigroup as regards loans to customers (1.7%), and by Suntrust Banks for the other two indicators (16.4% and 6.6% respectively).

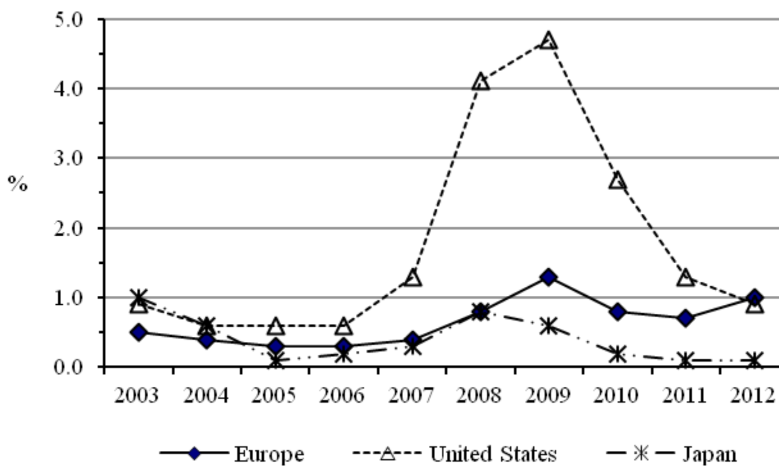
TABLE I.13 – BAD DEBT WRITEOFFS AND NET DOUBTFUL LOANS BY GEOGRAPHICAL AREA

	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. 2003-2012 levels			*as at 31-12-2012*	
Europe	14.6	0.7	6.9	3.6	31.3
Japan	13.0	0.4	4.0	1.2	9.4
United States	17.1	1.8	9.0	1.5	6.3

During the ten-year period 2003-2012, European, and especially Japanese banks, reported an impact of annual impairment losses, on average, lower than the Japanese and US banks, as a ratio to revenue, loans to customers and net worth (TABLE I.13). This is occurring despite the higher income figures of the latter, in relative terms, as shown earlier in Figure I.2 and a net worth which, on average for the ten years in question, and still in relative terms, is significantly exceeding the one of the other two areas: 8.8% of the total assets compared with 4.9% and 4.3% posted by the Japanese and European banks, respectively.

Figure I.5 shows the graphic trend, for 10 years, of the ratio between the annual adjustments of loans to customers and the related figures at the end of the year. The figures of U.S. banks are much higher in the years from 2007 to 2010, an indicator of a more decisive "cleaning" operation of all non-performing positions to offset their increase.

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



The lower number of write-offs posted by the European banks inevitably affects the size of the net doubtful loans at the end of the period, showing much higher ratios, compared with those of the other two areas, as regards the loans to customers and the net worth. The lower figures of the Japanese banks, on the other hand, are still due to the positive impact of the significant write-downs performed in the years prior to this survey.

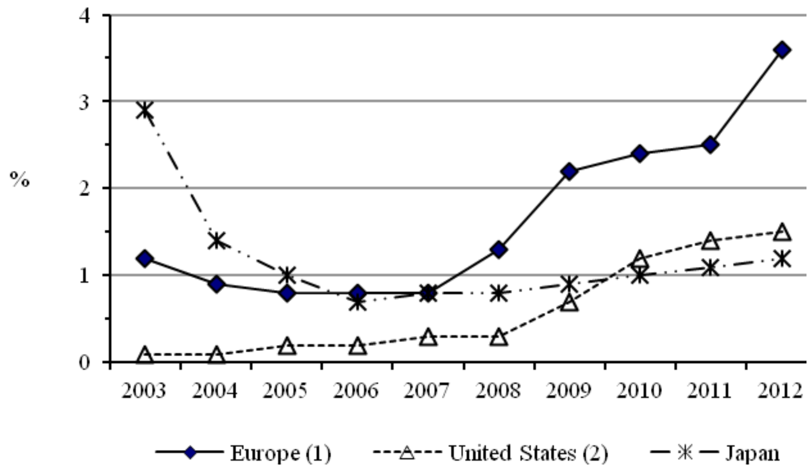
I.12 Doubtful loans and coverage ratio

The non-performing loans ratio, calculated according to portfolio amounts at the end of the period, shows an increase from 0.8% for the 2005-07 period to 3.6% in 2012 (on partially reclassified data), while it stands, in this last period, at 1.2%, for the Japanese banks, and 1.5%, for the United States banks (see Figure I.6 and TABLE I.35 for a breakdown by bank and geographic area).

Similarly, the ratio to net worth increased more significantly in Europe, starting in 2008, standing at 31.3% at the end of 2012 (based again on reclassified data) compared with an average 9% in the 2004-2007 period (Figure I.7). The same indicator was up, from 2008 to 2012, by 5 percentage points standing at 6.3% for the US banks and by 2.5 points at 9.4% for the Japanese banks.[26]

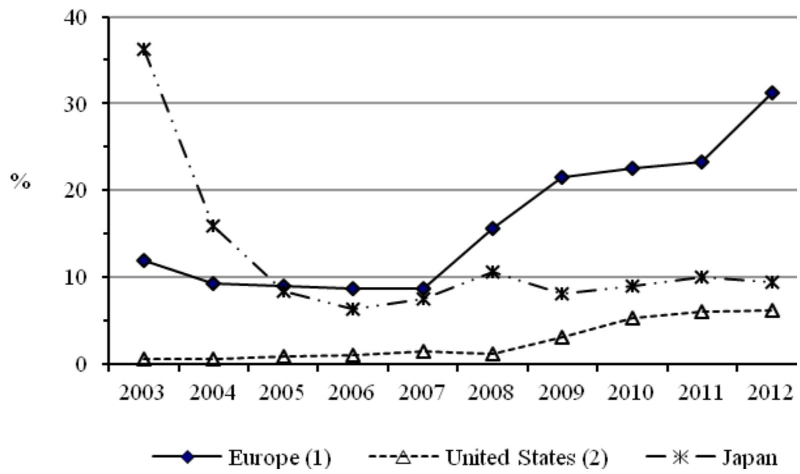
[26] For the United States, the indicators have been calculated writing-off the cases where the adjusted funds exceeded the gross doubtful debts (this case occurs because of the posting of prudential lump-sum provisions for possible insolvencies estimated on the basis of historical experience and not yet occurred). Since 2010, the doubtful loans reported by United States banks included also restructured performing loans (with payments being made), the amounts of which were not always available in the previous periods. A better consistency in the data presented in the yearly financial statements was possible because of the issuing in April 2011 by FASB-*Financial Accounting Standards Board*, of a clarification about the national accounting standards for resolving differences existing in their recognition (*Accounting Standards Update 2011-02, Receivables: A Creditor's Determination of Whether a Restructuring Is a Troubled Debt Restructuring*).

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



(1) Data reclassified in 2012 for the Spanish and UK banks. (2) Data reclassified in 2010.

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



(1) Data reclassified in 2012 for the Spanish and UK banks. (2) Data reclassified in 2010.

Both indicators show how the amounts of accruals in the income statements is not adequate, in particular for the European banks, because of the increase in doubtful loans, as already noted in the previous paragraph.

In comparing the European banks data, it must be noted that there is no common definition for impaired losses on loans in Europe. In all the countries, except for Italy and Spain, the accounting criteria adopted for the consolidated financial statements, normally the IFRS standards, and the supervisory standards are independent from one another. The former, based on general accounting principles, cross-reference, in their practical application, with accounting policies internal to each bank, which may lead to different approaches, even among banks within the same country. The main differences consist of the forbearance practices, i.e. those provisions that delay the recognition of losses, the measurements of guarantees and the method to be applied to the re-establishment of a solvency position of restructured loans. For the Italian banks, the restructured loans have always been mandatorily included with the impaired ones and their position of solvency can only be re-established after two years of regular payments on all exposures by the same borrower. In 2012, also for the Spanish banks, following provisions issued by Banco de España in September 2012, which have made mandatory their publication, the restructured positions, classified as standard and sub-standard, have been, in this survey, included among the impaired ones.[27] Similarly, for the banks of the United Kingdom, following a more detailed financial report, the restructured unimpaired loans were included.

The following table shows the effects of the reclassifications that were carried out and that were particularly significant for the Spanish banks. These changes have also involved an increase in the European average indicators of 1 percentage point in their ratio to the loans to customers and of 9 percentage points in the ratio to net worth.

---

[27] *Circular n.º 6/2012, de 28 de septiembre, del Banco de España, a entidades de crédito, de modificación de la Circular 4/2004, de 22 de diciembre, sobre normas de información financiera pública y reservada, y modelos de estados financieros.*

TABLE I.14 – IMPACT OF THE RECLASSIFICATION, AMONG THE DOUBTFUL LOANS, OF THE RESTRUCTURED EXPOSURES OF THE SPANISH AND UK BANKS COMPARED WITH THE ITALIAN BANKS

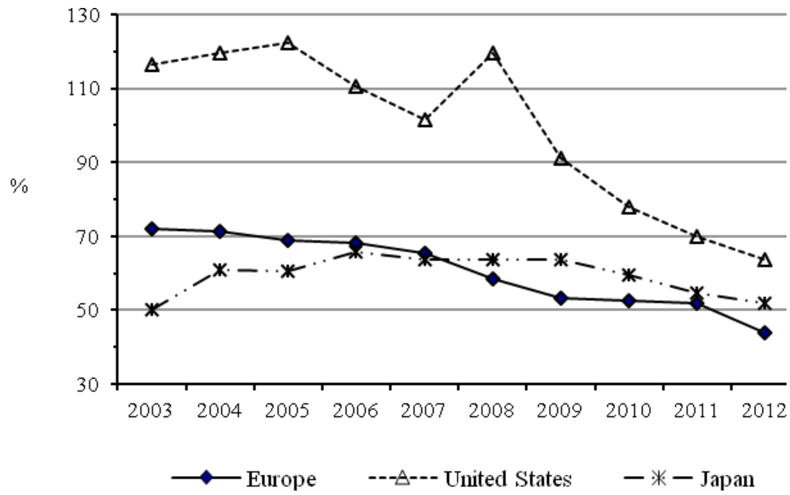
	Net doubtful loans					
Bank	2011	2012	2012 restated[1]	2011	2012	2012 restated[1]
	as % of loans to customers			as % of net worth		
Banco Santander	1.6	1.4	6.6	14.9	11.7	56.1
BBVA	1.8	1.6	7.4	15.4	13.1	59.0
La “Caixa”	2.2	3.8	10.5	16.6	32.3	89.4
Banco Fin. y de Ahorros	2.9	5.3	13.1	198.3	230.1	567.2
Standard Chartered	0.7	1.0	1.7	4.5	6.1	11.0
HSBC	2.3	2.0	3.2	14.6	12.4	19.4
Barclays	3.7	3.5	3.5	30.8	30.6	30.8
RBS	4.2	4.2	5.8	28.7	29.5	41.3
Lloyds Banking Group	6.2	5.1	8.2	76.1	60.9	97.3
Intesa Sanpaolo	5.5	7.2	7.2	40.9	51.6	51.6
Unicredit	6.7	7.6	7.6	68.0	62.0	62.0
Average European banks	**2.5**	**2.6**	**3.6**	**23.3**	**22.3**	**31.3**

(1) The data takes into account the restructured loans even if not considered as impaired.

Among the European banks, the Spanish ones, the two Italian institutes and Lloyds Banking Group show in 2012 the highest figures in the ratio to the loans to customers, all exceeding 6%; the same figures show also the highest impaired positions in the ratio to the net worth, in this case all exceeding 50%, with the completely abnormal data of Banco de España which is remarkably undercapitalised. In Japan, only Hokuhoku Financial Group has doubtful loans exceeding one third of the net worth, while among the U.S. banks, Regions Financial has the highest ratio, around 20%.

In comparing the indicators, should also be taken into account the different rates for covering gross doubtful loans through adjustment provisions (Figure I.8). This ratio, obtained considering also the generic risk provision, which covers the loans still classified as solvent, declines suddenly for the United States, beginning in 2009 and standing at 63% in 2012. The coverage rates of the Japanese and European banks are, however, lower on average, standing, in 2012, at 52% and 44% respectively. These indicators are also impacted, starting in 2010 for the United States and in 2012 for Europe, by the reclassifications mentioned above.

FIGURE I.8 – DOUBTFUL LOAN COVERAGE RATIO [1]



[1] Ratios of provisions to gross doubtful loans.

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 37% for Japanese banks and 38% for European banks, meaning that non-performing loans had a similar “accounting life” of 2 years and 8 months for the former and approximately 2 years and 7 months for the latter. By contrast, in the last five years the impairment losses through the income statement for the US banks 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 of the survey.[28]

I.13 Summary of financial structure

The comparison, among the different geographical areas, of the balance sheet figures as at the end of 2012, highlights, first of all, the different growth rate of the assets compared with 2003: while the increase stood at 71% for the European banks (+60%, with the exclusion of the impact of the first application of IAS/IFRS accounting standards, as described in note **Errore. Il segnalibro non è definito.**), and at 51% for the United States, the assets of the Japanese banks grew only by 29.5%. The European banks are the only ones to report a decrease in the aggregated assets in 2012 (-1.4%), compared to the increases of 4.9% and 6.2% of the United States and Japanese banks respectively (TABLE I.15).

It should therefore be noted, for the Japanese banks, on the one hand, the higher weight of the securities portfolio, (about 12 percentage

[28] According to figures prepared by AFME – *Association for Financial Markets* in Europe, the annual amount of securitized assets in Europe increased from EUR 217 billion in 2003 to EUR 711 billion in 2008, to then fall to EUR 251 billion in 2012, with an average of EUR 386 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 877 billion in 2003 to USD 1,630 billion in 2005-06, with an annual average of 1,420 billion in the 2004-07 period, and later collapsed to 244 billion in 2012. The amount of outstanding securities at the end of 2012 amounted to EUR 1,711 billion in Europe and to EUR 3,112 billion in the U.S.; these amounts represent, as an indication, 14% and 72% of the loans to customers reported by the surveyed European and US banks.

points higher than the US banks and 17 percentage points higher than the European banks) and, on the other hand, the non-bank funding raised from customers, especially in the case of Europe. By contrast, the US banks reported a greater share of non-current assets, and goodwill in particular, but also a higher impact of the net worth on total assets, with a figure that is double the postings by European and Japanese banks. Also considering the tangible net worth, this ratio, although adjusted to 1.9 and 1.5 times respectively, is still favourable to the US banks.

TABLE I.15 – BALANCE-SHEET INDICATORS BY GEOGRAPHICAL AREA AS AT 31 DECEMBER 2012

	Europe			Japan			United States		
	as % of total assets	*change vs. 2011 (p.p.)*	*change vs. 2003 (p.p.)*	*as % of total assets*	*change vs. 2011 (p.p.)*	*change vs. 2003 (p.p.)*	*as % of total assets*	*change vs. 2011 (p.p.)*	*change vs. 2003 (p.p.)*
Securities	20.3	*+ 1.1*	*- 2.3*	37.3	*- 1.6*	*+ 4.7*	25.6	*+ 1.0*	*+ 1.7*
Loans and advances to banks [1]	2.8	*+ 0.2*	*+ 5.4*	-	-	-	6.9	*- 0.7*	*+ 11.6*
Loans and advances to customers	42.5	-	*- 1.5*	43.7	*- 0.3*	*- 6.7*	43.2	*- 0.1*	*- 3.0*
Fixed assets	2.0	-	*- 0.7*	1.5	-	*+ 0.4*	4.7	*- 0.2*	*+ 0.1*
of which: goodwill	*0.6*	-	*- 0.1*	*0.1*	-	*+ 0.1*	*2.4*	*- 0.1*	*+ 0.7*
Other assets	21.0	*- 1.4*	*+ 8.0*	5.8	*- 0.1*	*+ 0.9*	9.4	*- 1.0*	*- 1.8*
of which: derivatives	*17.3*	*- 1.3*	...	*3.8*	*+ 0.3*	...	*2.4*	*- 0.8*	...
Funding from customers	55.6	*+ 0.6*	*- 2.8*	73.0	*+ 0.1*	*- 3.4*	69.0	*- 0.8*	*+ 6.9*
Deposits by banks [1]	-	-	-	3.0	*- 2.3*	*- 1.2*	-	-	-
Other liabilities [2]	28.1	*- 1.1*	*+ 11.2*	6.9	*- 0.3*	*+ 2.5*	10.3	*- 0.6*	*- 1.2*
of which: derivatives	*17.2*	*- 1.3*	...	*3.9*	*+ 0.4*	...	*2.1*	*- 0.5*	...
Net worth	4.9	*+ 0.4*	*+ 0.5*	5.4	*+ 0.5*	*+ 1.4*	10.5	*+ 0.4*	*+ 2.9*
Total assets	100.0	*- 1.4*	*+ 71.0*	100.0	*+ 6.2*	*+ 29.5*	100.0	*+ 4.9*	*+ 50.6*

[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, various areas.

The European and United States banks show a credit balance with the other credit institutions, of 3 and 7 percentage points respectively, a balance that includes cash and cash equivalents and free deposits at the central banks, with a sign flip compared with the first few years of the surveyed period.[29] Conversely, for the Japanese banks, the balance is still negative thus highlighting net funding raised by smaller credit institutions not included in the survey.

The European banks show the highest impact on assets by the fair value of derivative products, exceeding 17%, compared with 3.8% and 2.4% for Japan and United States respectively. The higher financial statements amounts, reported by the European banks are due, as previously mentioned, to the reduced use of offsetting the assets and liabilities positions with the same counterpart because of the more restrictive European accounting standards.[30] For the European banks, it must be noted that the item "other liabilities" includes the technical insurance reserves for the groups that carry out such activity, with a 5.4% impact on the total in the financial statements; these reserves are set-off by security portfolio investments and to a lesser extent, by non-current assets (for comments, see Appendix 3).

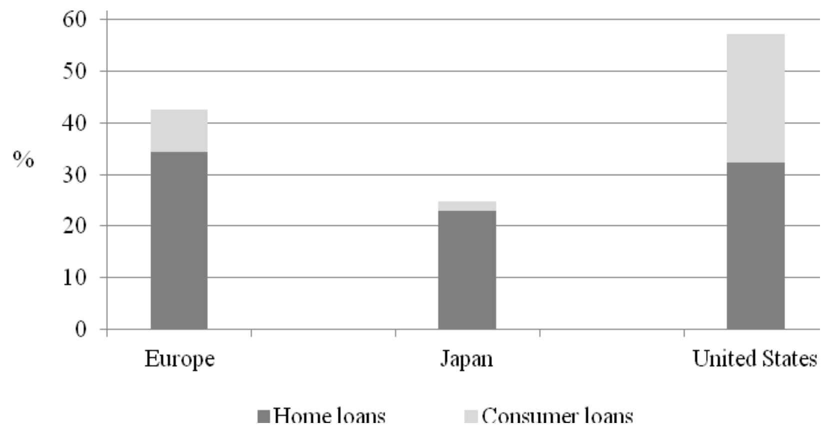
As for the loans to customers, a similar weight, measured against the assets, should be noted in 2012 in all three areas, standing at 43%, and at the same time, a general decline must be noted compared with the figures at the beginning of the period, more accentuated for the Japanese banks. Noteworthy is the different composition of this item in the different geographical areas divided among households and companies (Figure I.9): at the end of 2012 loans to households represented 57% of the total for the US banks (of which 32% for home purchases), 43% for the European banks (of which 34% for homes) and only 25% for the Japanese banks (of which 23% for homes). In

[29] European banks deposits at the central banks, as at the end of 2012, stood at approximately EUR 1,178 billion (4.1% of the assets) compared with about EUR 963 billion of the previous year (3.3% of the assets). This data is not available from the United States banks.

[30] About 63% of both European banks' assets positions in derivatives, at the end of 2012, are to be attributed to only six banks, in the following order: Deutsche Bank (15.7%), Barclays (11.5%), RBS (10.8%), Crédit Agricole (9.2%), BNP Paribas (8.5%) and UBS (6.9%).

evaluating the size of loans to customers, it must be noted that it is certainly affected by the frequent securitization operations, as explained in the previous paragraph.

FIGURE I.9 – LOANS TO HOUSEHOLDS

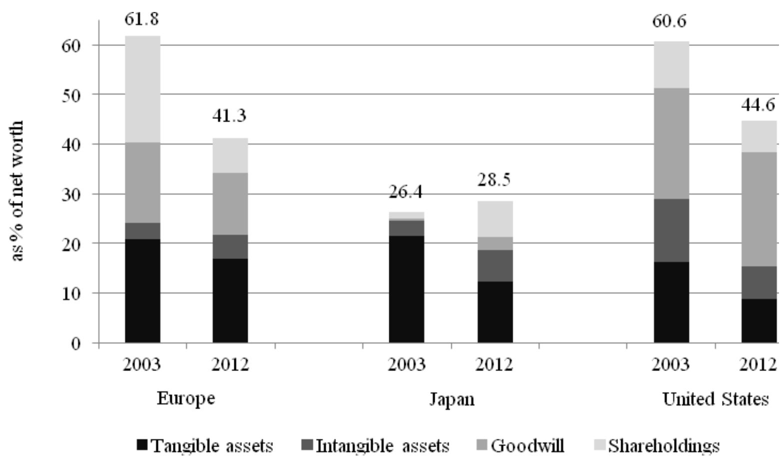


I.14 Leverage and other indicators of financial structure

The net worth lock-up rate, calculated as the ratio of non-current assets to assets, declined in the ten years between 2003-12 by more than 20 points, to 41.3% for the European banks, and 16 points at 44.6% for the US banks, while it increased by almost 2 points, to 28.5%, for the Japanese banks (Figure I.10 and TABLE II.4, various areas).

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 and goodwill. Conversely, tangible assets were the main item for a decrease in the coefficient for the US banks and especially, for the Japanese banks. For the Japanese banks, in fact, the increase in goodwill and other intangible assets, occurring mostly in 2005-06, following the merger of Mitsubishi Tokyo Financial Group and UFJ Holdings, was primarily offset by the significant sales of real estate properties.

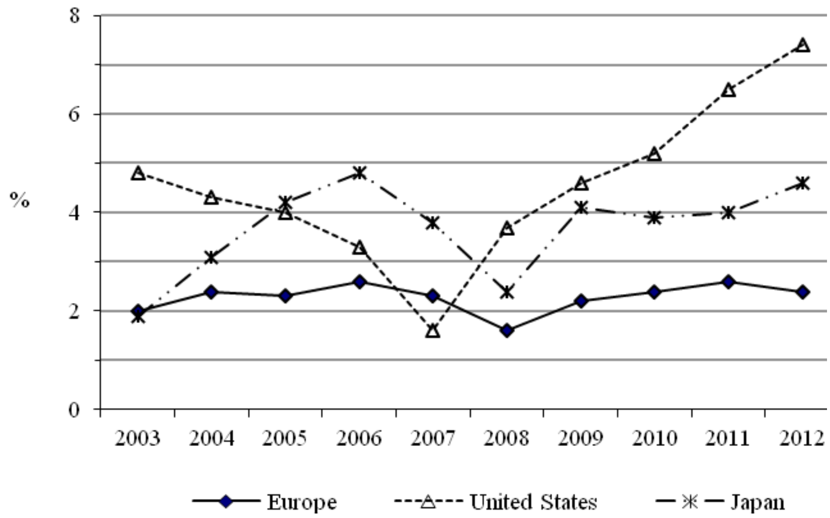
FIGURE I.10 – FIXED ASSETS AS A PERCENTAGE OF NET WORTH



In 2012, the free capital – which includes not only non-current assets but also doubtful loans, calculated in proportion to funding from customers – averaged 7.4% for US banks, 4.6% for Japanese banks and 2.4% for European banks (Figure I.11 and TABLE II.4).

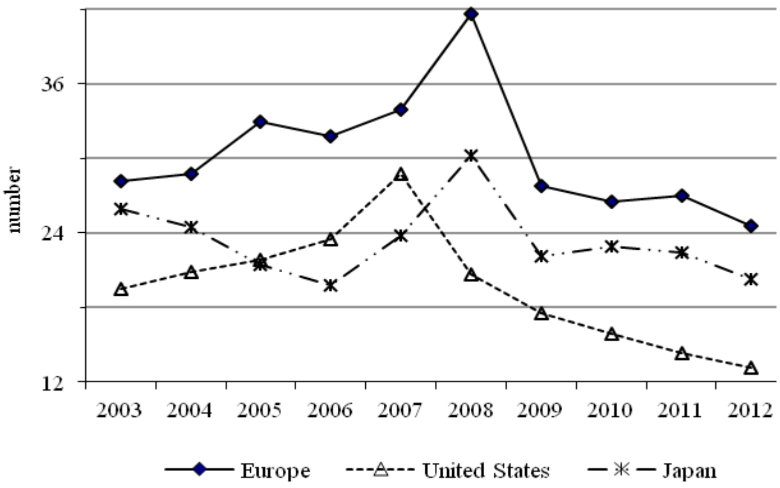
The improvement in the indicators for the United States and Japan in 2012 is essentially due to a capital increase, combined, for the U.S. banks, with a decline in non-current assets. Conversely, for the European banks, the increase in equity is largely offset by higher doubtful loans also because of the reclassifications carried out of the impaired positions of the Spanish and UK banks, as described in the previous paragraph. By excluding the latter, the indicator for the European banks would rise from 2.6% in 2011 to 3.2% in 2012.

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



Details on the free capital in the last five years are shown in TABlE I.36. The European banks with the highest figures, as at the end of 2012, are Bayerische Landesbank (6%), UBS (5.6%) and Standard Chartered (5.5%); several banks show negative figures; among them, with particularly low ratios, are the Spanish La Caixa and Banco Financiero y de Ahorros (both with -15.3%). In Japan, the highest indicators were reported by Norinchukin Bank and Shoko Chukin Bank (10% and 6.9%, respectively) and Shizuoka Bank (7.1%); the US bank with the highest indicator was Citigroup (10.5%), followed by Bank of America (8.8%) and U.S. Bancorp (7.8%). No bank in Japan and Unites States shows negative figures.[31]

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



[1] Excluding intangibile assets.

If total assets are compared with net worth, excluding intangible assets from both items, the lowest value reported at the end of 2012 was that of US banks, which had assets equal to 13.2 times their tangible net worth. Japanese banks were in the middle, with a ratio of

[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. Also Dexia and Banco Financiero y de Ahorros were nationalised in 2012.

20.3 times, while the highest ratio is attributed to the European banks standing at 24.6 (FIGURE I.12). In comparing the indicators of the different areas, it should be remembered that the historically highest 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 on higher off-sets, also on a net worth that was, on average, and in relative terms, more sizeable.

The decrease in the multipliers of all areas, in 2012, is primarily due to the growth in net tangible assets (+17.3% in Japan, +13.9% in the United States and +8% in Europe), whereas the tangible assets increased to a lesser extent in Japan and the United States (+6.2% and +5.1% respectively) and decreased in the European banks (-1.4%).[32]

The European banks that show a higher leverage multiplier at the end of 2012 are Dexia and Banco Financiero y de Ahorros, with more than 100x, followed by Deutsche Bank and Belfius Bank, both with a multiplier higher than 40; ranking last, i.e. with the lowest leverage multiplier, are Standard Chartered (16.2), Rabobank (17.3) and HSBC (17.4). In Japan, Shinkin Central Bank and Hokuhoku Financial Group are the banks with the highest multipliers (higher than 24), whereas ranking last are Shizuoka Bank (12.8) and Shinsei Bank (13.7). In the United States, the Bank of New York Mellon has the highest leverage multiplier (24.9), followed by JPMorgan Chase (15.7); ranking lower are PNC Financial Services Group and Ally Financial (9.5 and 10.5 respectively). The details for each bank in the various areas, covering the last five years of the survey are shown in TABLE I.37.

[32] Under the Basel Interbank Accords, the minimum solvency coefficient, i.e. the ratio of net worth, minus certain intangible assets, including goodwill, to risk weighted assets (Tier 1 capital ratio) – stands at 4%. The total capital ratio, which also includes subordinated liabilities, must be at a minimum of 8%. The term "core" Tier 1 refers to the net worth after deducting innovative or hybrid instruments, which are, anyway, already limited to 15% of the total amount.

I.15 Indirect funding

This term refers to services involving portfolio management on behalf of clients, both individuals and institutions, as well as collective asset management in the form of mutual funds and other collective investment undertakings belonging to the banking groups included in the survey (the “asset management” sector). It should be noted that the definition adopted by these banks is not unique.

On the basis of data concerning significant sub-sets of the European and US surveyed banks, the volume of indirect funding in the five years from 2008-2012 shows a slight growth in funding from customers: from 65% to 66% for the European banks and from 70% to 72% for the United States banks (TABLE I.16).[33] These increases refer to the last year of the survey, right after the decline reported in 2011. The balances at the end of the year are not comparable to each other since they are affected, at time by significant amounts, by acquisition operations and transfer of assets negotiated with operators not included in the survey.[34]

TABLE I.17 shows the European and US banks with the highest amount of managed assets at the end of 2012: they all show an increase compared with the previous year. The changes include, in addition to those deriving from acquisitions and sales, the balance between the new

[33] It was not possible to process comparative figures for Japanese banks due to the lack of consistent historical data from a meaningful number of companies. The main Japanese operator in the sector is Nippon Life Insurance.

[34] In 2009, in the United States, Citigroup has deconsolidated the assets within the sector, amounting to about USD 300 billion (attributable for the most part to the Smith Barney division) by selling them to a joint venture of which Morgan Stanley holds the majority shares. For their part, the European banks carried out a greater number of extraordinary transactions, although they involved smaller amounts per deal. Noteworthy are: 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.

funding and the redemptions and adjustments to the market values of the portfolio assets.[35]

TABLE I.16 – INDIRECT FUNDING

	2008	2009	2010	2011	2012
Europe (EUR bn) [1]	9,397	9,025	9,600	9,244	9,562
as % of funding from customers	*64.7*	*63.3*	*64.5*	*63.0*	*65.9*
United States (USD bn) [2]	3,910	3,874	3,892	3,985	4,259
as % of funding from customers	*69.5*	*70.9*	*70.1*	*68.8*	*71.8*

[1] Data relating to 27 groups representing 90% of the funding from customers in the sample at the end of 2012. The different European currencies have been converted using the fixed exchange rate as at the 2012 year end.

[2] Data relating to 8 groups for which a complete set of values is available for the five-year period and which represent 86% of the funding from customers in the sample at the end of 2012.

TABLE I.17 – PRIMARY BANKS OF THE SURVEY BY INDIRECT FUNDING

Company	Balance as at 31-12-2012	Change vs. 2011 [1]	Company	Balance as at 31-12-2012	Change vs. 2011 [1]
	EUR bn			EUR bn	
Europe			Groupe BPCE (FR)	612	+ 49
UBS (CH)	1,705	+ 89	ING Groep (NL)	322	+ 28
Deutsche Bank (DE)	1,237	+ 29		USD bn	
Crédit Suisse (CH)	983	+ 58	**United States**		
Crédit Agricole (FR)	859	+ 74	JPMorgan Chase &Co	1,426	+ 90
HSBC Holdings (GB)	690	+ 20	Bank of NY Mellon	1,386	+ 126
BNP Paribas (FR)	670	+ 23	Bank of America	698	+ 51

[1] Currencies other than the Euro have been converted by utilizing the fixed exchange rates at the end of 2012. Change calculated on a homogeneous basis for ING Groep.

[35] The main operators in the sector are: Black Rock (of which PNC Financial Group holds 22%, as at the end of 2012), Vanguard Group, State Street Global and Fidelity Investments for the United States; the insurance groups Allianz and Axa for Europe.

I.16 Securities portfolios

Another issue to consider is the valuation of securities portfolios, which, at the 2012 year-end, in aggregate terms, accounted for 37%, 26% and 20% of the total assets of Japanese, US and European banks, respectively. According to international accounting standards, securities must be measured at their fair value, with the exception of securities that, on the basis of an independent decision by directors, are to be held to maturity: in this case, they may be valued at cost.[36]

The attribution to the latter category involves an "over-valuation" of the corresponding item in the balance sheet assets and lower write-off during the period of decline in market values.[37] At the end of 2012, the European and Japanese banks show securities stated at cost

[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 the surveyed European banks 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.

[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 US 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.

standing at 10.1% and 12.3% of the total, respectively, significantly higher figures than the 4.9% of the US banks (TABLE I.18).[38]

TABLE I.18 – SECURITIES PORTFOLIOS: DETAILS BY CATEGORY AND GEOGRAPHICAL AREA

	Europe		Japan		United States	
	2011	2012	2011	2012	2011	2012
	EUR bn		JPY bn		USD bn	
Total	**5,627**	**5,854**	**302,560**	**307,484**	**2,339**	**2,556**
as % of total assets	*19.2*	*20.3*	*38.9*	*37.3*	*24.6*	*25.6*
	%		%		%	
Held for trading	33.6	33.1	7.8	7.9	33.9	35.1
Designated at fair value [1]	13.5	14.5	5.2	5.3	-	-
Available for sale	41.5	42.3	76.0	75.1	62.0	60.0
of which: stated at cost	-	-	*0.7*	*0.6*	-	-
Held to maturity	11.4	10.1	11.0	11.7	4.1	4.9
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
of which: structured securities [2]	*11.0*	*8.8*	*6.5*	*6.7*	*49.6*	*48.1*

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*.

It is also important to remember the effects deriving, in 2008, from the changes made to IAS 39 to be applied to the financial statements of European banks, as well as other changes made to evaluation criteria from which the Japanese and US banks benefited. These changes have substantially entailed the recognition at cost of securities that in the past were stated at market price, thus raising their

[38] Until 2008, the Japanese banks stated at cost also the unlisted available-for-sale securities; since 2009, stricter measurement criteria were introduced, only allowing statement at cost where fair value is "extremely difficult to determine".

impact on the total portfolio from 3.2% in 2007 to 13.9% in 2008 for the European banks, from 5.5% to 12.3% for the Japanese banks and from 0.2% to 3.9% for the United States banks. For a more in-depth analysis of the effects of these changes in the accounting principles, please see Appendix 4.[39]

Also with regards to the 2011-2012 figures, it should be noted that there is a higher percent of held-for-trading securities designated at fair value by European banks compared with the US banks - slightly more than one third - and especially by Japanese banks (about 13%); this led to an 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.

An analysis of the portfolio shows how the portfolio of the US banks is characterised by a higher risk. Almost 48% of the total is in fact represented by structured securities, deriving from securitization operations and consisting, for the most part, of mortgages, while this percentage declines to 8.8% for the European banks and to only 6.7% for the Japanese banks.[40]

I.17 Derivative contracts

TABLE I.39 shows the transactions in derivative contracts undertaken by the banks in the three areas considered in the survey

[39] It must also be noted how the securities portfolios were subject to reversal of some main items in the 2008 and 2009 periods: UBS transferred, to a vehicle company, illiquid securities in the amounts of EUR 11.8 billion and EUR 15.4 billion, respectively, to a special-purpose vehicle owned by the Swiss National Bank, and therefore not consolidated. A similar transaction was undertaken in 2009 by ING Groep, which transferred to the Dutch government EUR 15.2 billion of available-for-sale illiquid securities, reclassifying them as loans.

[40] 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.

from 2010 to 2012. Where available, the figures refer both to trading and hedging derivatives.[41]

In 2012, the nominal value of outstanding agreements decreases compared with the previous year, by 4.7% for the European banks and by 2.8% for the United States banks, while it increases by 2.9% for the Japanese banks. The value of the contracts represents a multiple of total on-balance sheet assets; in 2012 this multiple was 19 for US banks, almost 14 for European banks and almost 4 for Japanese banks. The main type of risk, to which such contracts refer across all areas, is the change in interest rates, accounting for more than 80% of the total.[42]

The fair values of the contracts at the end of 2012 show a positive net balance (potential profit) for the European and the US banks, and a negative balance (potential loss) for the Japanese banks. In relative terms, these balances represent 3.2% and 2.9% of the net worth of the banks, respectively the European and US banks, while they have a 0.6% negative impact on the net worth of the Japanese banks.

In 2012, the credit risk, in amounts, declined in Europe and in the United States below the levels of the 2010 year end, while it was up for

---

[41] 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 value (or fair value) represents, respectively, the potential profit or loss of the banks on outstanding contracts. It must be noted that it is normal practice for banks to enter into netting agreements; also for this reason, Table I.39 shows the balance of assets and liabilities positions. Credit risk is the possible loss for the bank deriving from a counterparty becoming insolvent, which in the case of derivatives is largely equal to the amount of positions with positive fair value net of the offset positions through netting agreements and after deducting the received guarantees. Due to a lack of homogeneous data, it was not possible to present a breakdown into trading and hedging derivatives in the table.

[42] 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. It must be noted that less than 10% of the contracts are negotiated on regulated markets.

the Japanese banks. By contrast, in relation to the net worth, the European banks show a higher level of risk in the three year period, with a ratio standing, at the end of 2012, at 59% compared with 36% for the Japanese banks and at 22% for the United States banks. It should be noted, once more, that the lesser use by the European banks of offset agreements with other operators has as a consequence the recognition in the financial statement of higher positive fair values.

TABLE I.19 – BANKS IN THE SURVEY WITH THE LARGEST AMOUNTS IN DERIVATIVE CONTRACTS OUTSTANDING AT 31-12-2012

Company	Notional value as of 31-12-2012		Fair value (balance)	Credit risk	
	EUR bn	*% change vs. 2011* [1]	EUR m	EUR m	*as a % of net worth*
Deutsche Bank (DE)	55,605	*- 6.1*	25,003	70,054	*128.8*
JPMorgan Chase & Co. (US)	52,713	*- 2.3*	3,280	56,831	*36.7*
Barclays (GB)	49,620	*- 6.6*	8,183	34,666	*44.9*
BNP Paribas (FR)	48,296	*+ 1.4*	3,018	71,981	*76.2*
Royal Bank of Scotland (GB)	47,597	*- 12.5*	9,276	41,556	*48.1*
Bank of America (US)	47,120	*- 9.6*	5,670	40,546	*22.6*
Credit Suisse Group (CH)	41,850	*+ 1.0*	- 5,671	30,764	*87.8*
Citigroup (US)	40,032	*+ 6.0*	1,376	42,805	*29.6*
UBS (CH)	31,468	*- 17.5*	19,018	34,211	*82.2*
HSBC Holdings (GB)	20,876	*+ 8.3*	- 1,088	35,312	*25.4*

[1] Calculated in local currency.

TABLE I.19 lists the 10 surveyed banks that are most active in the derivatives segment, chosen on the basis of the nominal value of contracts still outstanding at the end of 2012. Of these, seven are European banks and three are US banks, with the Deutsche Bank ranking first, followed by JPMorgan Chase & Co. The highest growth rates compared with the previous year are those of HSBC Holdings and Citigroup, while six banks show a decline in nominal amounts. The balance of the assets and liabilities fair value is generally represented by a profit (potential profits) with the highest amount reported by Deutsche Bank, while the highest potential loss is posted by Crédit Suisse. Deutsche Bank is exposed to the greatest credit risk in terms of net worth, with a rate well in excess of 1, while Crédit Suisse and UBS are above 80%.

I.18 Rights issues, dividends and share buybacks

In the ten year period from 2003 to 2012, the surveyed European banks have completed a share issue for a total of EUR 530 billion. This figure does not include new shares issued in acquisitions.[43] 55% of the increases occurred in the two year period 2008-2009, of which more than half were subscribed by government and public entities. In the same period, the distributed dividends amounted to EUR 338 billion and net share paybacks (including the repurchase of shares in the portfolio of the Governments) amounting to a total of 134 billion (Table I.40). The dividends paid to the shareholders amounted to 85% of the contributions given by the shareholders themselves for capital increase, net of the amounts received for the purchase of own shares by the banks. In the ten year period, the profits of the European institutions, amounting to a total of EUR 708 billion due to an increase in equity of 712 billion, predominately represented the main component of the net worth increase.

For the United States banks, the repurchase of shares has generally exceeded the share issue, except for the two years 2008-09 and for 2012. In the 2008-09 period, the share issues amounted to USD 433 billion accounting for 77% of the amount for the entire period, with 196.5 billion of such amount contributed by the Treasury and other government entities. The balance of the changes occurring during the ten year period shows net

[43] As regards the latter, those due to the mega-mergers, as discussed in Paragraph I-4, amounted to EUR 146.1 billion, 22% of the share issues carried out.

payments to the shareholders for USD 96 billion, an amount that includes the 151 billion repaid to the Treasury.[44] In the same period, the equity increased by USD 577 billion, while net profits amounted to a total of USD 559 billion, representing, also in this case, the main source of equity growth.

For the Japanese banks, the recourse to the market amounted to JPY 11,786 billion, compared to JPY 4,995 billion in distributed dividends, while share buybacks amounted to JPY 8,471 billion. The latter represented, for the most part, the repayment of public funding, carried out through the buyback of preferred stock owned by government entities. Also in this case, the dividends that were distributed exceeded the amounts that were asked from the shareholders, net of the amounts contributed for the repurchase of own shares, thus generating a net outflow of JPY 1,680 billion during the ten year period. To be noted is the aggregate net profit of the Japanese banks in the same period for JPY 14,755 billion, thus contributing by 66% to the equity increase in the ten year period.

TABLE I.20 shows, in detail, for the European and the US banks included in the survey, the capital increase carried out with public funding from 2008 to 2012, as well as the amounts that were later repaid. The major interventions in Europe took place in Great Britain (EUR 78 billion), Germany (EUR 33.7 billion) and France (EUR 27.9 billion, including the contributions considered as subordinated liabilities and the 5.6 billion in favour of the Belgian Dexia). The United States government subscribed share issues for USD 196.5 billion, while receiving pay-backs equal to 77% of the paid amounts; the repurchases by the European banks stood instead at only one fourth of the total.

[44] In the ten-year period 2003-2012, industrial multinationals based in North America, repaid USD 1,975 billion to investors (both in the form of dividends and share buybacks), against a mere USD 274 billion raised through share issues.

TABLE I.20 – RIGHTS ISSUES FUNDED BY GOVERNMENTS AND OTHER PUBLIC ENTITIES IN 2008-2012 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
Banco Fin. y de Ahorros (ES)	22.4	-	JPMorgan Chase & Co.	25.0	25.0
Commerzbank (DE)	18.2	12.6	Wells Fargo & Co.	25.0	25.5
Bayerische Landesbank (DE)	10.5	-	Ally Financial	13.8	-
Dexia (BE)	10.5 [2]	-	PNC Fin. Services Group	7.6	7.6
ING Groep (NL)	10.0	8.3	U.S. Bancorp	6.6	6.7
BNP Paribas (FR)	7.6	7.8	SunTrust Banks	4.9	4.9
Groupe BPCE (FR) [3]	6.0	6.2	Capital One Financial	3.5	3.6
Landesbank Baden-Wuertt. (DE)	5.0	-	Regions Financial	3,5	3.5
Fortis Bank (BE)	4.7	-	Fifth Third Bancorp	3.4	3.7
Société Générale (FR)	3.4	3.5	BB&T	3.1	3.2
ABN AMRO Group (NL) [4]	3.3	-	The Bank of N.Y. Mellon	3,0	3.1
Total [5]	**179.6**	**44.4**	**Total**	**196.5**	**151.3**

[1] Including HBOS, incorporated in January 2009.
[2] Over 1 billion subscribed by Belgian institutional investors and 0.4 billion by the Luxembourg government for convertible bonds.
[3] Including Groupe Banque Populaire and Groupe Caisse d'Epargne.
[4] Including 1,3 billion related to Fortis Bank (Nederland), incorporated in 2010.
[5] 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 statements (all repaid); the Swiss Government has subscribed UBS convertible bonds for approximately EUR 4 billion. The repaid amount includes premiums and other repurchase charges.

I.19 Capital adequacy ratios

The solvency coefficients, measured based on the regulatory capital to risk-adjusted assets (*total capital ratio*), calculated as established in the Basel Interbank Accords is, at the end of the 2012 period, higher on average for the European (16.1%) and Japanese banks (16%) compared with the United States banks (14.8%). The average *Tier*

1 of the Japanese banks (11.6%) ranks at the lowest level compared with the same European and United States figures (13.7% and 12.2%, respectively) (TABLE I.37).

Compared with 2011, the capital ratio rose, on average, by 1.5 percentage points for the European banks and by 0.2 points for the Japanese banks, while the United States banks show an average decrease by 0.8 points. However, all the areas have shown significant improvements compared with the minimum levels of 2007, to which the strengthening of the banks' financial positions of the 2008-09 period have certainly contributed, first of all through the recapitalisations which were partially carried out with public funds as already discussed in the previous paragraph.[45]

TABLE I.21 – RISK-WEIGHTED ASSETS (RWAS) AND REGULATORY CAPITAL FOR THE PURPOSES OF THE BASEL ACCORDS

	Risk-weighted assets (RWAs)			Regulatory capital			RWAs / Total tangible assets	
	2011	2012	Change	2011	2012	Change	2011	2012
	EUR bn		%	EUR bn		%	%	
Europe	9,567	8,907	*- 6.9*	1,353	1,387	*+ 2.5*	*33.0*	*31.2*
	USD bn			USD bn				
United States	5,852	6,030	*+ 3.0*	922	929	*+ 0.8*	*63.7*	*62.4*
	JPY bn			JPY bn				
Japan	293,937	321,211	*+ 9.3*	47,389	51,303	*+ 8.3*	*38.0*	*39.1*

[45] In 2008, the calculation system for equity requirements became effective, as provided for in the "new" Basel Accord (known as Basel II), and required smaller investments of capital for institutions that adopted risk assessment systems based on internally developed estimation processes or, subordinately, based on the assessments of rating agencies. The arrangements agreed upon in July 2009, to be implemented in 2011 (the so-called Basel 2.5) have improved the measurement of the risks related to the securitisation and exposure transactions connected to the held-for-trading portfolio. Starting on 1 January 2013, the highest equity coefficients have been in effect, as provided for in Basil 3, which sets the minimum coefficient, Tier 1, at 4.5% and 5.5%, starting on 1 January 2014; minimum requirements were also introduced as regards liquidity, starting in January 2015.

In 2012, the risk weighted assets (the denominator of the capital ratio) decreased by about 7% for the European banks compared with the previous year, while the statutory equity increased by 2.5% with both ratio components providing a positive contribution to the improvement of the average coefficient for the area. Conversely, for the United States and Japanese banks, the increase in risk weighted assets coincide with a lower increase in equity, which involves, as explained earlier, a worsening of the coefficient for the US banks and no change for the Japanese banks (TABLE I.21).

The different impact of the assets that are weighted according to the risk and the total assets recognised in the financial statements must be noted: for the European banks, an average of just 31% of tangible assets was covered by the capital in the minimum amount of 8% as established by the Basel Accords. This ratio is slightly higher (39%) for the Japanese banks, while significantly higher is the indicator of the US banks standing at 62%, double that of the European banks.

It should also be noted that capital ratios were not very effective as safeguards: in 2008-2009 European banks such as RBS, Lloyds Banking Group, Commerzbank and ING Groep (TABLE I.20) 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.[46]

TABLE I.38 compares, for the two year period 2011-12 and detailed per each bank, the risk weighted assets and the statutory capital, respectively with the total of tangible assets and the tangible net worth. It must be noted that, in addition to the already mentioned light impact of

[46] 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 1 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”).

the weighted assets on the total assets, the net worth considered for regulatory purposes (the numerator of the capital ratio) represents a multiple of the tangible net worth for almost all the surveyed banks and equal, on average, in 2012, to 1.36 times for the European banks, 1.32 times for the US banks and 1.16 times for the Japanese banks. This ratio is closer to 1 and below 1 for the Japanese banks, when only the capital Tier 1 is being considered.

In the same table, the tangible net worth of the surveyed banks was compared with the relative maximum exposure to credit risk, which involves both the risk assets stated in the financial statements and the out of the financial statements guarantees and obligations. No weighting factor has been applied. It should be noted that in 2012, these ratios were significantly lower than those calculated according to the Basel Accords, standing, on average, at 4% for the European banks, 5.4% for the Japanese banks (partial data) and 6.1% for the US banks.[47]

TABLE I.38 shows the "out of the financial statements" assets and compares them with the tangible assets stated in the financial statements. To be noted is the greater importance that they represent for the US banks where, at the end of 2012, they were equal to about 44% of the tangible assets, of which 20% was represented by the revocable credit lines granted to credit cards holders. The lowest figure of the European banks, i.e. 14%, is instead 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, as shown in Figure I.9. The Japanese banks are in a middle position, with "out of the financial statements" assets representing 27% on average.

[47] 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. At the same time, the portion of assets "out of the financial statements", measured against tangible assets, would be higher.

The overall capital ratios, as at 30 September 2013, for the Japanese banks and at the end of 2013 for the European and United States banks, compared in consistent terms with those at the end of the previous year, rose from 15.8% to 17% in Europe and from 14.8% to 15.5% in Japan, while they declined from 14.8% to 14.7% in the United States, which show, therefore, the lowest figures. Similarly, Tier 1 is up by 0.4 percentage points in Europe standing at 14%, and by 0.7 percentage points in Japan standing at 12.3%, while it is stable, standing at 12.2%, in the United States. This is following a decrease in risk weighted assets (RWA) by 5% in Europe, due to a slightly less than 2% increase in the statutory capital; in the U.S. on the other hand, the RWAs increased by about 8% compared with 2012 while the capital of reference was up by 6%.

I.20 Preliminary results for 2013

TABLE I.44 and TABLE I.45 show the income statements and balance sheets of major European and US banks for 2012, drawn from the financial statements available at the reporting date. They refer to institutions representing 83% and 92% of the total assets at the end of 2012 in their respective areas; TABLE I.43 shows instead the earnings of the first six months of 2013 reported by the Japanese banks, closed as 30 September. A summary of annual results for Europe and the United States is shown in TABLE I.22.

Both the European and the United States area reported strong earnings for the year, in aggregated terms; however, for the latter, the net profit was up by 22% compared with the previous year while the European banks showed a 16% decline in absolute amount and from 4.2% to 3.6% proportionally to the income. The earnings stated in the first six months of 2013 by the Japanese banks show also a growth compared with the first six months of the previous year, i.e. 11% in total amounts and 3 percentage points proportionally to the income.

TABLE I.22 – PRELIMINARY RESULTS FOR THE 2013 FINANCIAL YEAR

	Europe				United States			
	2012		2013		2012		2013	
	EUR bn	*% of total income*	EUR bn	*% of total income*	USD bn	*% of total income*	USD bn	*% of total income*
Current pre-tax profit	49.7	*10.9*	57.3	*12.9*	94.6	*23.6*	126.4	*30.9*
Profit before tax	41.3	*9.1*	39.6	*8.9*	87.8	*21.9*	117.3	*28.7*
Net profit	18.9	*4.2*	15.8	*3.6*	66.5	*16.6*	81.2	*19.8*

Conversely, current profits before taxes show a similar performance for the European and United States areas, with a 15% increase for the former and 34% for the latter. The improvement in current earnings of the European banks is due to impairment losses on loans (-9.1%) on loans, to labour cost (-4.1%) and general expenses (-1.7%) containment; by contrast, the income shows a 2.2% decline primarily in the interest income component (-7.6%), partially offset by an improvement in earnings from trading.[48]

By contrast, the US banks show a 2% increase in income, due essentially to higher earnings from trading; lower impairment losses on loans, in addition to a decrease in general expenses (-5%), contribute to the growth in earnings (-47.6%).[49]

In the first six months of the year 2013, the Japanese banks show a 14% increase in current earnings, to be primarily attributed to the

[48] The reduction in labour costs in Europe is to be attributed entirely to a drop in the number of employment units (-4.7%), while the per-capita cost increased by 0.6% compared with the previous year.

[49] Labour costs in the United States remain fairly unchanged and reflect a lower number of employees (-3.3%) but an increase in unit costs (+3.8%).

recovery of accruals for impairment losses on loans carried out in the previous periods. The drawback of surplus funds was made possible by an improvement in credit quality, following the better conditions of the Japanese economy, supported by a depreciation of the yen against the other major currencies.

TABLE I.23 contains a summary, by geographical area, of the amount of impairment losses and revaluations of loans through the income statement; current earnings in all areas have benefited, although to different extents, from some minor adjustments.

TABLE I.23 – BAD LOAN WRITEOFFS BY GEOGRAPHICAL AREA IN 2013

	Bad debt writeoffs booked during financial year [1]					
	2012	2013	Change	2012 (a)	2013 (b)	Change
	EUR bn		%	*as a % of total income*		*b - a*
Europe	- 89.9	- 81.7	*- 9.1*	- 19.7	- 18.3	*+ 1.4*
	JPY bn					
Japan [2]	- 138	+ 179	*n.c.*	- 2.6	+ 3.4	*+ 6.0*
	USD bn					
United States	- 37.2	- 19.5	*- 47.6*	- 9.3	- 4.7	*+ 4.6*

[1] Net of bad debts recovered. The 2012 data has been restated in homogenous terms.
[2] The data refers to the first half years of 2012 and 2013, respectively.

The earnings of the European banks were penalised by the negative balance of extraordinary items which more than doubled compared with the previous period, with an impact on revenue of -4 percentage points. Some of the negative postings include: i) write-downs of goodwill for EUR 14.9 billion, of other non-current assets for EUR 7 billion and of securities portfolio (excluding the held-for-trading portfolio) for EUR 1.6 billion; ii) accruals for indemnifications owed to customers for the sale of insurance policies linked to the issuing of mortgages and hedging derivative products owed to small/medium size enterprises by the UK banks for EUR 9.2 billion; iii) accruals for fines, penalties and legal disputes for EUR 7.9 billion.[50] These charges were partially offset by capital gains from sales, for about EUR 18.9 billion, and by a revaluation of the shares held in the Bank of Italy by two Italian banks, for a total of EUR 3.9 billion.

For the United States, the extraordinary items had a negative impact equal to 2.2% of the income, a 35% increase compared with 2012. The main negative postings of 2012 and 2013 consisted of the accruals for legal disputes, penalties and out-of-court settlements concerning the sale (carried out in previous periods through securitisation operations) of home mortgages that later turned out to be of a low solvency level (USD 14.2 billion in 2012 and 17.2 billion in 2013) partially offset by capital gains on the sale of investments and other assets.[51]

As regards the balance-sheet situation, it should be noted that total assets declined significantly for the European banks (-11%) while it slightly increased for the US banks (+1%) and Japan (+2.2%, in the first six months). Similarly, loans to customers, which represent slightly more than 40% of the assets, in all three areas, show a major decline in Europe (-4.6%) and a slight increase in the other two areas (+1.2% in the United States and +1.6% in Japan).

A decisive decline in cash and loans to central banks - including free deposits - is posted in Europe (-11.9%) after reaching the highest figures for the period at the end of 2012. Loan positions with other credit institutions also declined by 7%, while the balance of debts

[50] In 2013, the highest write-downs of goodwill were posted by Unicredit (EUR 8 billion), Intesa Sanpaolo (4.7 billion) and RBS (1.3 billion). Charges for indemnifications to customers refer to Lloyds Banking Group (4.2 billion), Barclays (2.4 billion), RBS (1.7 billion) and HSBC (0.9 billion). Accruals for fines, penalties and legal disputes, including those related to the manipulation of the LIBOR rate, were posted primarily by Deutsche Bank (3 billion), RBS (2.9 billion), Rabobank and BNP Paribas (0.8 billion each).

[51] The main costs for controversies were posted by JPMorgan Chase & Co. (USD 5 billion in 2012 and 11.1 billion in 2013) and by Bank of America (4.2 and 6.1 billion respectively). The latter, in 2012, incurred a charge of 3 billion for a settlement out-of-court with FNMA ("Fannie Mae"), to end a dispute concerning guarantees granted by the former Countrywide Financial (incorporated in July 2007) on securitised home mortgages, and it was required to pay 1.1 billion to remedy irregularities related to home mortgages.

declines even further (-19%). Also for the banks in the U.S., the balance in interbank positions, which includes assets in the Federal Reserve system, shows, at the end of 2013, a net balance on loans amounting to USD 1,065 billion, a 55% increase compared with the previous year.

Funding from customers of the European banks is down by 3.6% compared with 2012, thus confirming a phase of disintermediation of the banking system, while in the U.S. the major decline in bonds and subordinate funding is more than offset by the growth of the less costly customers' deposits.

Residual items "Other assets" and "Other liabilities", which include mainly the positive and negative fair values of derivative financial instruments, declined in Europe by 31% and 22% respectively, and for the banks of the United States, by 10% and 4%. It is therefore confirmed, also in 2013, the greater weight on the financial statements totals of the asset positions in derivatives for the European banks, equal to 13.9% compared to the United States (2.1%), also due to lower offset possibilities in compliance to the European accounting principles.[52]

As regards the quality of loans to customers, an improvement in the indicators for all three areas is noted (

Table I.24); however, when comparing doubtful loans with the total of customers loans and tangible net worth, the European banks show the highest percentages standing at 3.6% of loans and 36.6% of tangible net worth. The latter represents a 4 times greater impact than the impact on the Japanese and the United States banks.

---

[52] In Europe, the positions with a positive fair value declined from EUR 4,513 billion at the end of 2012 to 2,940 billion at the end of 2012 (-34.9%) and those with a negative fair value from 4,494 billion to 2,930 billion (-34.8%). For the banks in the United States, the asset positions declined in the same period from USD 223 billion to 193 billion (-13.5%) while the liabilities positions declined from 194 billion to 163 billion (-16%).

TABLE I.24 – NET DOUBTFUL LOANS BY GEOGRAPHICAL AREA AS AT 31-12-2013

	Gross doubtful loans as at 31-12-2013	Net doubtful loans [1]				Coverage ratio [1]	
		Year-end 2012	Year-end 2013	Year-end 2012	Year-end 2013	Year-end 2012	Year-end 2013
	change vs. 2012 (%)	*as a % of loans to customers*		*as a % of tangible net worth*		*%*	
Europe	- 3.4	3.75	3.60	39.2	36.6	42.7	45.6
Japan [2]	- 10.6	1.12	0.99	9.9	8.5	51.7	51.7
United States	- 15.1	1.52	1.45	8.6	7.9	64.5	59.5

[1] The period-end data has been reclassified in homogeneous terms. For methodology notes, see TABLE I.35.
[2] Data relating to 31-3-2013 and 30-9-2013 respectively.

Doubtful loans, gross of adjustment provisions, declined in amounts by 15% in the United States and 11% in Japan following improved conditions in the respective national economies, while the European banks showed a small decline, slightly more than 3%.[53]

The degree of coverage of gross positions increased by approximately 3 points for the European banks, despite the lesser accruals under the income statements of the period, while it decreased by 5 points for the United States banks, although with lower impairment losses through the income statement. It remained unchanged for the Japanese banks which, as noted earlier, reversed the surplus accruals to the income statements.

Another aspect refers to the assets being designated at fair value and reclassified into the so-called "level 3".[54] It must be noted, first of

[53] These changes were impacted by the changes in the consolidation area of the individual financial statements, following transfers and acquisitions, as well as by the securitisation transactions carried out during the period. The decline posted by the US banks in doubtful loans is, for about two thirds, to be attributed to consumer credit, which represents 88% of the gross non-performing positions (-12% compared with 2012) while the doubtful loans for companies are down by 31%.

[54] The designation is part of a hierarchical classification of the financial assets designated at fair value, introduced in 2008 through accounting principles, FAS 157 for the U.S. and IFRS 7 for Europe. "Level 1" includes assets listed on regulated

all, how the assets designated at fair value represent a minor portion of the overall assets, standing, in 2013, respectively at 40% and 30% of the total assets, for the European and the United States banks (TABLE I.25); on the other hand, the tendency of such portion to decline is gaining strength, to the advantage of the assets valued at cost.

TABLE I.25 – "LEVEL 3" FINANCIAL ASSETS BY GEOGRAPHICAL AREA IN 2013

	"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	
	2012	2013	Change	2012	2013	2012	2013	2012	2013
	EUR bn		%	%		%		%	
Europe	233	225	*- 3.4*	*42.4*	*39.6*	*2.3*	*2.7*	*24.7*	*24.4*
	USD bn								
United States	237	181	*- 23.6*	*33.9*	*29.8*	*7.6*	*6.6*	*35.5*	*25.8*

[1] For Europe, like-for-like data referring to companies which represent 83% of total assets at end-2012; the change has been calculated assuming constant exchange rates. No data available for Japanese banks.

In Europe, according to preliminary data, for companies representing (as mentioned above) 83% of the sample, "level 3" assets totalled EUR 225 billion in 2013, down by 3.4% compared to the previous year at constant exchange rates and in homogeneous terms. These assets, although representing a non-relevant portion of the financial assets designated at fair value, represent slightly less than one fourth of the tangible net worth.

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, insomuch 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.

US banks reported a more significant decrease in "level 3" assets (-23.6%), 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 higher than the European one, standing at about 26%.

TABLE I.26 – PRIMARY CHANGES IN SHAREHOLDERS' EQUITY IN 2013

	Europe	Japan [1]	United States
	EUR bn	JPY bn	USD bn
Balance at the beginning of the year	**1,086.1**	**37,203**	**942.6**
Net profit	+ 15.8	+ 1,795	+ 81.2
Dividends distributed	- 16.7	- 432	- 19.3
Paid share capital increase	+ 21.8	+ 2	+ 16.6
Capital reimbursements and share buybacks	- 10.9	- 12	- 26.9
Changes in the securities valuation reserve [2]	- 30.1	+ 252	- 22.5
Other movements [3]	- 24.5	+ 321	+ 9.4
Balance at the end of the year	**1,041.5**	**39,129**	**981.1**

[1] Movements relative to the first half-year of 2012 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 Japan, it is mainly about differences in exchange rates; for Europe, about translation differences and the effects produced by the adoption of the new accounting standards IAS/IFRS (EUR -17.7 billion).

The aggregated net worth of the three areas increased, in amounts, by 4% compared to 2012 for the United States and Japan, the latter in reference to the first six months, while it decreased by 4.3% for the European banks. However, all areas show an increase in the impact of equity on total assets, thus confirming the higher level of capitalisation of the banks in the United States. TABLE I.26 shows the main changes occurring in 2013, except for minority interests.

As for the US banks, it should be noted that the main source of the increase in equity was represented by the earnings for the year, whereas the resources repaid to the shareholders, represented by dividends, share paybacks and repurchase of shares, exceeded the share issues. The same can be said for the changes reported by the Japanese banks in the first six months of the period. In both cases, it should be noted how the earnings for the period were positively affected by lower impairment losses on loans through the income statement.

For the European banks, the main negative contribution comes from the valuation reserves, particularly in its exchange rate differences and cash flow hedging components (EUR -25.5 billion, overall); the adoption of new accounting standards in reference to adjustments to the definite benefits pension plans, also had a negative impact (-17.7 billion).[55] Also in this case, the resources intended for the shareholders exceed, although to a small extent, the share issues.[56]

In particular, the dividends distributed amounted to 88% of the previous year's profits for European banks and 29% and 13% for Japanese and US banks, respectively.

The higher figures of net worth measured against total assets has determined a reduction in the leverage multiplier in all three areas: to a larger extent in Europe (from 25 to 22.7) and fractionally in the United States (from 13.3 to 12.8) and in Japan (from 19.9 to 19.5).

[55] These refer to changes made to the IAS 19 standard, which became effective as at 1 January 2013.

[56] The main capital increases in Europe were those of Barclays (EUR 10.4 bn), Deutsche Bank (EUR 2.96 bn) and Groupe BPCE (EUR 2.2 bn). In the United States, Wells Fargo (USD 5.4 bn), Citigroup (4.3 bn) and JPMorgan Chase (USD 3.9 bn), mainly by issuing preferred shares.

FOCUS

1. *The major Chinese banks*

The statistical section (TABLE II) shows the income statements and balance sheets figures of the top 10 Chinese banks, selected on the basis of their total assets; they represent 59% of the Chinese banking system both in terms of total assets and loans to non-bank customers, and 64% in terms of deposits. The years considered were 2004 to 2012, for which a full series of annual financial statements was available. The banks included are listed in TABLE III.2.

First, it should be noted 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 and more recently through the offering of shares for listing on the Shanghai and Hong Kong stock exchanges.[57] The Chinese government holds the absolute majority in 5 out of the 10 surveyed banks (all the major ones), whereas in 4 others it owns, directly and indirectly, an interest between 24% and 46%; an exception is China Minsheng Banking which is entirely private. All of the surveyed banks are listed on one or both of the cited securities exchanges. TABLE I.27 lists the IPO-Initial Public Offerings, undertaken by Chinese banks since 2005, the year in which the opening to the market process was initiated.

TABLE I.27 – IPOS AND PUBLIC OFFERS FOR CHINESE BANKS

[57] Among the European and United States banks with the largest interest in the Chinese banks, at 2012 year-end, are: HSBC with 19% of Bank of Communications and 10.9% of Industrial Bank and BBVA with 15% of China Citic Bank. With lower investments are Citigroup (3.3% of China Minsheng Banking Corp. and 2% of Shanghai Pudong Development Bank) and JPMorgan Chase (2.6% of Bank of China and 1.9% of China Merchants Bank). Foreign groups may invest up to a maximum of 20% in a Chinese bank.

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 e 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 e Shanghai	16.66	16.9
February 2007	Industrial Bank	Shanghai	20.02	1.6
April 2007	China Citic Bank	Hong Kong e Shanghai	20.23	4.5
May 2007	Bank of Communications	Shanghai	6.96	2.4
September 2007	China Construction Bank	Hong Kong e Shanghai	3.85	5.6
July 2010	Agricultural Bank of China	Hong Kong e 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.

In anticipation of the listing, the Chinese banks acquired an independent legal status through incorporation, and adopted, as recommended by the government, accounting principles that are increasingly aligned with international standards.[58] In particular, the accounting principles for the financial institutions established in 2001, imposed strict rules on the measurement of doubtful loans and in the posting of future liabilities compared with those in effect in 1993.[59] Since 2010, all banks included in the survey, adopted the international accounting principles.

As a further measure to pursue the objective of a stock market listing, beginning in the late 1990s, the Chinese government launched several initiatives aimed at improving asset quality and strengthening the

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

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

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.[60] With regard to public capital contributions, in 2003 the Bank of China and China Construction Bank received CNY 186.4 and 186.2 billion, respectively, through share issues and, during the years considered in the survey, the Industrial and Commercial Bank of China and the Agricultural Bank of China received CNY 124.1 and CNY 130 billion in 2005 and 2008, respectively.

An analysis of the 2004-2012 income statement figures reveals, first, the high incidence of the net interest income on total revenue, with an average for the period of 84% compared to an average of 52% of all banks in the Triad regions; therefore, there was a more limited incidence of net commissions, which, however, increased from 8% of the income in 2004 and 19% in 2012. The impact 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 2012 at EUR 164.000, 85% of the corresponding figure of the European banks and 71% of the U.S. figures (TABLE I.7). An increasing trend towards a reduction in the size of the banks is worthy of note: the bottom five banks in the ranking by total assets, in fact, are all significantly above average.[61] However, the productivity indicator is significantly higher, more than tripled (4.2x) from 2004 to 2012; by comparison, in the same period the European banks showed a modest +11% increase, while in the U.S. the increase amounted to 13%.

---

[60] Two operations were carried out 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.

[61] If one excludes the lower productivity index of the Agricultural Bank of China, the third bank in the country by size, standing at EUR 112 thousand in 2012, the average indicator for the other banks still stands at EUR 182 thousand, slightly lower the European one (indicators calculated by excluding trading activity).

TABLE I.28 – CHINESE BANKS: PERFORMANCE INDICATORS IN 2012

	China			Triad banks		
	as a % of total income	*change from 2011 (p.p.)*	*change from 2004 (p.p.)*	*as a % of total income*	*change from 2011 (p.p.)*	*change from 2004 (p.p.)*
Cost/income ratio	38.9	*+ 0.2*	*- 12.7*	66.9	*+ 3.2*	*+ 7.8*
Bad debt writeoffs [1]	8.8	*- 0.6*	*- 11.4*	15.9	*+ 2.8*	*+ 8.4*
Current pre-tax profit	52.3	*+ 0.4*	*+ 24.1*	17.2	*- 6.0*	*- 16.2*
Net profit	40.5	*+ 0.5*	*+ 23.2*	11.2	*+ 1.3*	*- 9.7*
Average annual rate of growth in income		*+ 15.0%*	*+ 21.4%*		*- 6.6%*	*+ 2.5%*

[1] Net of bad debts recovered.

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

Earnings before taxes posted by the Chinese banks in 2012, stood at 52.3% of the income compared with 17.2%, on average, of the Triad banks. The high profitability of Chinese banks is primarily driven by a strong growth in revenue which is up by 15% compared with the previous period, at an annual average growth rate of 21.4% from 2004 to 2012. By comparison, Europe and the United States, the most dynamic areas, reported, in the same period, an annual growth rate, on average, of 2.6% and 1.8%, respectively.

The low impact of operating costs contributed significantly showing a cost-income ratio of 38.9% in 2012, 28 percentage points less than the average figures from the Triad banks. The gap was particularly evident in the labour costs component, which represented 18.8% of income versus 34.6% for US banks and 37.7% for European banks. The labour cost per employee of Chinese banks also rose rapidly: +17.7% on average in the years from 2004 to 2012, while employment increased by approximately 18%.[62]

[62] According to data collected by the International Monetary Fund, consumer prices rose by 27% in mainland China between 2004 and 2012.

By contrast, impairment losses on loans in 2012 increased, in amounts, by 7.5% compared with the previous year, but their impact on income declined from 9.4% to 8.8%. From a comparison with the Triad banks, it should be noted, as commented on earlier, that in 2012 the European banks increased their adjustments on loans by 29.6%, the Japanese banks by 14.2%, while, on the contrary, the United States banks reduced them by 21.7%. However, in relation to the size of loans to customers at year-end, the Chinese annual impairment losses on loans show a relatively contained level, standing, based on the average of the last five years, at 0.6% versus 0.9% for the European banks and significantly far from the 2.7% for the US banks (TABLE I.34).

Net aggregated profit in 2012 was 40.5% of the income, a ratio 3.6 times higher than the average of the Triad banks and in constant growth. The positive impact of lower income taxes since 2008, with a tax rate of 23% in 2012, should also be noted.[63]

As regards the balance sheet, loans to customers represent the main item in the assets category, standing at 50% of the total at the end of 2012, although with a relative weight lower by about 9 percentage points compared with 2004.[64] By comparison, the corresponding item of the Triad banks stands at 43%, showing also a 2 percentage points decline. The decrease in loans to customers coincides with a 8.2 percentage point increase in loan net position toward other financial 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 13.6% of the assets recognized in the financial statements at the end of 2012.[65]

---

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

[64] When assessing such a decline, it should also be noted the sale of non-performing loans discussed above, amounting to 3.7% of the total volume of loans to customers at the end of 2012.

[65] 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, six different times, during

TABLE I.29 – CHINESE BANKS: BALANCE SHEET INDICATORS AS AT 31 DECEMBER 2012

	China			Triad banks		
	as a % of total assets	*change from 2011 (p.p.)*	*change from 2004 (p.p.)*	*as a % of total assets*	*change from 2011 (p.p.)*	*change from 2004 (p.p.)*
Securities	19.0	*- 0.8*	*- 4.8*	24.1	*+ 0.5*	*- 1.4*
Loans and advances to banks[1]	15.1	*+ 0.2*	*+ 8.2*	2.6	*+ 0.5*	*+ 6.2*
Loans and advances to customers	50.0	*- 0.3*	*- 8.9*	42.8	*- 0.1*	*- 1.8*
Other assets	2.6	*+ 0.2*	*- 1.1*	18.8	*- 1.1*	*+ 4.7*
Funding from customers	78.0	*- 1.2*	*- 9.2*	60.8	*+ 0.3*	*- 0.4*
Other liabilities	2.4	*+ 0.3*	-	21.6	*- 0.9*	*+ 7.3*
Net worth	6.3	*+ 0.2*	*+ 2.6*	5.9	*+ 0.4*	*+ 0.8*
Average annual rate of growth in total assets		*+ 14.4%*	*+ 17.7%*		*- 1.6%*	*+ 5.3%*

[1] Loan net position with credit institutions. Including cash and mandatory reserves at the central banks.

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

In 2012, still as regards loans portfolio, loans to households represented, at the end of 2012, 26.3% of the total (they were 15.8% in 2004), of which 16.5% consisted of home mortgage loans. Those percentages were considerably lower than those of the European banks and, most significantly, of US banks, but were not very different from the Japanese banks (Figure I.9).

The securities portfolio, accounting for 19% of total assets, a slightly lower percentage, by 5 points, than the average of the Triad banks, was 67% of the total, valued at cost, whereas the portfolio of the latter was, for the most part, recognised at current values (TABLE I.18). Consequently only 6.3% of the 2012 financial statements assets of the surveyed Chinese banks were designated at fair value, against 40.5% of

2011, up to a maximum of 21.5% and then down again to 21% at the end of the year and to 20% at the end of 2012.

the European banks and 32.8% of the United States banks. Within the scope of assets designated at fair value, 4.8% was defined as "level 3", i.e. valued according to discretionary criteria.

With reference to the quality of credit, after the "cleaning" operations of non-performing loans carried out by the Industrial and Commercial Bank and by the Agricultural Bank, 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 equal to 2.9 times on average (TABLE I.35).[66]

On the liabilities side, it should be noted that the 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 6.3% in 2012, higher than the net worth of European (4.9%) and Japanese banks (5.4%) and only lower than the US banks (10.5%). Similarly, the ratio of the total assets (net of intangible assets) to the tangible net worth of the Chinese Banks shows a 16.1 multiplier which underlines the much lower leverage effects compared to the European (24.6) and Japanese banks (20.3), while exceeding only the US banks (13.2) (TABLE I.37).

The total capital ratio in 2012 stands, on average, at 12.9%, a ratio that, despite the strengthening of total assets occurring during the period and the 0.6 point increase compared with the previous year, is the lowest of the three surveyed areas. Similarly, Tier 1, equal on average to 9.8% is significantly lower than those in Europe, United States and Japan (in respective order: 13.7%, 12.2% and 11.6%).

In evaluating the significance of these capital ratios, it must be noted that the weighted risk assets represent, on average, only 58.4% of

[66] Based on the provisions set forth by local supervisory authorities, the Chinese banks must divide the receivables in five categories: normal, special-mention, substandard, doubtful and loss, characterized by a decreasing degree of likelihood of recovery. They are then required to recognize a generic accrual of no less than 1% of their total loan portfolios, in addition to increasing specific accruals of 2%, 25%, 50% and 100% of loans classified into categories two through five. The last three categories are considered "non-performing" and consequently are included in the data of TABLE I.35.

the tangible assets and that, even for the Chinese banks, the statutory capital is a multiple of the tangible net worth; conversely, more representative is Tier 1, slightly below 1 (TABLE I.38). When the tangible net worth is related to the maximum exposure to credit risk, the ratio is equal to 5.1% 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.

2. *The major German Landesbanken (2007-2012)*

TABLE I.41 shows the aggregate accounts of Germany's six largest *Landesbanken* for 2007-2012. The specific characteristics of such institutions are described in Appendix 1.[67] At the end of 2012, their total assets amounted to 64% of Deutsche Bank, Germany's largest bank by size, and accounted for approximately 16% of the assets in the country's banking system and slightly less than 55% of those within their class.

In 2012, *Landesbanken* showed a combined net profit of EUR 1,539 million, 13.5% of the income, more than double the figure of

[67] The following were considered (in decreasing order by total assets): Landesbank Baden-Württemberg (LB-BW), Bayerische Landesbank (BayernLB), Norddeutsche Landesbank (NordLB), Landesbank Hessen-Thüringen (Helaba), HSH Nordbank and Landesbank Berlin Holding. The first two were also included in the European sample of this survey. Until the previous edition of this survey, WestLB was also taken into consideration (at EUR 167.9 billion in total assets at the end of 2011). However, the European Commission imposed on this bank, following a violation of the laws on state aid, a plan for the restructuring of its activities which was approved in December 2011. This plan provided 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 – with total assets amounting to about EUR 43 billion – to a new institution (Verbundbank) which will be transferred to Helaba next July; on the same date, WestLB transferred to the public entity Erste Abwicklungsanstalt (EAA) residual assets, and changed at the same time its name to Portigon AG while continuing to operate solely as a "service and portfolio management bank".

2011 (766 million, 6.8% of the total earnings). By contrast, pre-tax earnings increased by only 5.6% in total amounts and from 13.5% to 14% of total income, due to lower income taxes. In comparison, total earnings before tax for the surveyed European banks stood at 6.8% of total income, a sharp decline compared with the 10.6% in 2011.[68]

Conversely, current earnings from the *Landesbanken* in 2012 stood at only 8.6% of the income, almost half of the 16.7% of 2011. This decline is almost entirely due to higher impairment losses on loans that had a negative impact from 16.7% to 24.8% of the total income. The latter shows a 1.7% increase versus 2011 – primarily in the components of the net operating income and held-for-trade assets, while interest income declined by 3.7% – but were almost entirely offset by an increase in labour costs (+2.5%) and general expenses (+1%). In all the years considered in the survey, a low volume of income emerges, measured on the basis of the ratio to the total assets, which in 2012 stood only at 0.9% compared to the 1.9% average of the European banks.

By contrast, earnings before taxes benefited from positive extraordinary components standing at 5.4% of total income, while in 2011 earnings had a 3.2% negative impact, following mainly adjustments made to sovereign securities in Greece and other countries of Southern Europe for a total amount of EUR 1.4 billion.

[68] It should be noted that in the 2008-09 period, the *Landesbanken* recognised losses for a total amount of EUR 14 billion, 36% of its total assets as at the beginning of the period. The main source of losses were: i) trading activities earnings posted a negative EUR 6.3 billion in 2008 (after -2.1 billion in 2007), which “burned” slightly less than half of the operating income for the period; ii) an enormous increase in impairment losses on loans, from EUR 179 million to EUR 9.6 billion, from 1.8% to 56.6% of the total income from 2007 to 2009; iii) write-downs of assets – primarily the held-for-sale and non-current securities portfolio – for 4.8 billion in 2008 and 2.7 billion in 2009, which had a negative impact, by 65.9% and by 15.6%, on the total income, respectively. In 2009, the residual item “extraordinary income and expenses” posted a negative balance due mainly to a loss of EUR 841 million reported by BayernLB from 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. Control over the Hypo Alpe-Adria Group was acquired in 2007 with an investment of EUR 2.2 billion and a further recapitalization of EUR 900 million had been undertaken in 2009.

TABLE I.30 – 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	o	0.4	1.4	21.4	51.3
2008	0.7	15.2	1.8	39.9	46.2
2009	1.5	22.6	2.3	34.9	47.7
2010	0.4	6.2	3.5	51.4	38.5 [1]
2011	0.3	4.4	3.4	48.7	37.2 [1]
2012	0.5	5.9	3.8	46.7	35.3 [1]

[1] The indicator does not keep into account the public guarantees on losses exceeding EUR 3.2 billion issued to HSH Nordbank and used, for 318 million in 2010, for 1,043 million in 2011and for 567 million in 2012; considering these guarantees, the coverage rate stands at 39.4%, 40,4% and 36.9% respectively.

As regards the quality of the assets stated in the balance sheet, worthy of note, is first of all the strong impact of doubtful loans, net of provisions for adjustments, proportionally to both loans to customers and the net worth (TABLE I.30). This latter ratio, in particular, shows how the doubtful loans, in 2012, stood at 47% of the net worth, exceeding by 15 percentage points the European banks. In contrast, the level of coverage of gross doubtful positions, which came to 35.3% in 2012, was almost 9 percentage points lower than the European average and in continuous decline in the five years considered in the survey.

Based on these indicators, the impairment losses recognised by the *Landesbanken* in their income statements from 2010 to 2012, equal, on average, to a yearly 0.4% of loans to customers and to less than half of the European average impairment losses, seem to be insufficient to offset the growth in doubtful debts as at the end of the period.

Other aspects of asset quality pertain to the financial assets designated at fair value, which for *Landesbanken* represented, at the end of 2012, one third of total assets and consisted primarily of asset positions in financial derivatives and of securities in portfolios, designated at fair value, for 79% of the total. For the European banks, these figures are higher, with amounts designated at fair value representing 41% of the assets and 90% of the securities portfolio.

TABLE I.31 – FINANCIAL SOLIDITY INDICATORS FOR LANDESBANKEN AS AT YEAR-END 2012

	"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	%	
Landesbank	2.7	24.2	28.0	16.6	*12.5*
Total Europe	2.6	26.3	24.6	16.1	*13.7*

[1] Not including intangibile assets.

[2] Simple average of individual banks' ratios.

Within this context, the assets that are categorised as "level 3", i.e. those that are more difficult to measure and of a lesser liquidity, amounted to EUR 11.2 billion (they were 14.8 billion in 2011 and 23.7 billion in 2010), equal to 2.7% of the assets designated at fair value and 24.2% of the tangible net worth (declined, respectively, from 3.5% and 36% in 2011). The figures of 2012 are aligned with the European Banks average, after the higher risk ratios reported in the previous years.

A review of the balance-sheets also shows that the *Landesbanken* had a lower collective level of capitalization than the European banks. Although improving, in comparison with the postings of the three years 2007-09, the net worth of the former at the end of 2012 represents only 3.7% of total assets, versus 4.9% of the latter. 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 28x at the end of 2012, compared to the average 24.6x for the European banks, a multiplier that is already high at an international level.

The overall capital ratio for the *Landesbanken* at the end of 2012, came to an average of 16.6% of risk weighted assets (RWA), with a Tier 1 ratio standing at 12.5%, approximately 1.2 percentage points lower than the European average. Compared with 2011, the *Landesbanken* ratios improved from 0.8 to 1.2 percentage points respectively, due primarily to the decrease in RWA.

The lowest capitalisation levels of the *Landesbanken* is noted despite the fact that in the surveyed six year period they had received from their shareholders EUR 23 billion through share issues and other contributions (mostly concentrated in the two years 2008-09), an amount which accounts for 55% of the assets as at the beginning of the period, versus only 2.5 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 *Land* shareholders, for a total amount of EUR 95.25 billion, of which 24.5 billion were still existing at the end of 2012.[69]

[69] 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 referred to HSH Nordbank (EUR 40 billion, of which 7 billion still posted in 2012; in February 2013 the institution asked its shareholders to increase the guaranteed amounts to EUR 10 billion), NordLB (20 billion, extinguished), BayernLB (19.8 billion, of which 15 extinguished), LB-BW (15.45 billion, of which 12.7 billion still posted in 2012, decreased to 10.4 billion in December 2013). In July 2012, the European Commission completed the procedure for government subsidies to Bayern LB, imposing the restitution, by 2019, of EUR 5 billion to the Bavarian government for the subsidies it granted in the 2008-09 period.

TABLE I.42 shows the aggregate accounts from 2009 to 2012 of the main saving banks in Spain. These include 10 institutions representing slightly less than one third of the assets of the financial institutions of the country and about 95% of the assets in their category. The years under this survey have seen a strong concentration process in the sector: out of the 45 existing savings banks in 2009, only 13 remained at the end of 2012.[70]

This consolidation among the savings institutions, since they were not incorporated, took place in two phases. In the first phase, the savings institutions agreed to the establishment of a financial group, under contract, to be consolidated for accounting and regulatory purposes, thus creating a “central” company which was assigned centralised management tasks; the savings institutions, on their part, assumed obligations of mutual guarantees as regards solvency and liquidity, instituted a shared treasury system and mutualised the year’s earnings.[71] In the second phase, the shareholders institutions transferred to the “central” company the assets and liabilities inherent to the banking activities, keeping mainly those of a social and welfare nature.

In 2012, the Spanish savings banks reported a net combined loss, before taxes, of EUR 57.9 billion, equal to 2.9% of the income for the

[70] In order to obtain a time comparison of the aggregate accounts, the data of the year 2009 shown in TABLE I.42 includes the consolidated financial statements of 24 savings banks among which are the major savings banks that were consolidated. In 2012, Banca Cívica was acquired, in a merger operation, by La Caixa effective 1 July, Banco CAM was acquired, in a merger operation, by Banco Sabadell in December, while Unnim Banc was acquired by BBVA (the last two acquiring banks are not in the savings bank category). In 2012, as regards Banco CAM, only the data referring to the first six months was considered since it was the last available data before the merger with Banco Sabadell.

[71] These consolidation agreements, regulated by Spanish laws, are called SIP-*Sistema Institucional de Protección*.

period.[72] The main items that caused this significant loss, were the losses on loans, with a 218% impact on the income, as well as the write-down of the non-current available-for-sale assets which contributed for a negative 73% of the income. Among the latter, to be noted are tangible fixed assets concerning mostly real estate properties, equal to about 48% of the income posted for the year.[73]

Part of the losses on loans and impairments is due to the requirements, for the companies that have received government aid, to transfer, at market value, to SAREB the doubtful loans in the real estate sector and the real estate properties acquired as a loan repayment.[74]

The surveyed savings banks transferred to SAREB, in December 2012 and in February 2013, assets for a gross value of EUR 96,740 million (of which 66,986 million in loans and 29,754 million in real estate properties) at the sale price of 45,946 million, in pluri-annual SAREB securities, guaranteed by the Government. The recognised loss amounts was EUR 50,794 million (52.5% of the total), partially already covered through value adjustments carried out in the previous years.

---

[72] The main losses before taxes were those of Banco Financiero y de Ahorros (EUR -25 billion), Catalunya Banc (-11.3 billion) and NCG Banco (-8.1 billion).

[73] Real estate properties include those for direct use and those for investment, in addition to those acquired because of the buyers' non-solvency. The latter include properties already completed, constructions under way and buildable sites. In TABLE I.42, real estate properties are under the item "Tangible assets".

[74] SAREB-*Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria* was established in November 2012 following agreements entered into, in the prior month of July, by the Spanish government and the European Commission in order to approve financial aid to the local banking sector. 55% of the equity which amounts to EUR 4,800 million, is held by 27 private investors (16 banks, 10 insurance companies and the Electricity Group Iberdrola), while the remaining 45% is held by FROB-*Fondo de Reestructuración Ordenada Bancaria*, a government-owned institution. SAREB purchased from 8 institutions (7 savings banks, in addition to the Banco de Valencia) assets amounting to a total of EUR 50,781 million, of which 36,695 million in December 2012 and 14,086 million in February 2013, thus issuing in return senior securities of equal amount, guaranteed by the Government. 77% of the acquired assets is represented by loans to the real estate sector, while the remaining 23% refers to real estate properties.

TABLE I.32 – BAD DEBT WRITEOFFS AND NET DOUBTFUL LOANS OF SPANISH SAVINGS BANKS

	Annual bad debt write-offs		Net doubtful loans		
	as % of customer loans	as % of net worth	as % of customer loans	as % of net worth	Coverage ratio %
				as at 31 December	
2009	1.2	12.6	2.5	27.9	53.7
2010	0.6	9.3	2.4	37.1	65.9
2011	1.3	18.7	4.5	66.0	55.3
2012	6.7	102.6	5.5	85.8	59.5
2012 *			14.3	225.0	35.9

* Calculated with the inclusion of the restructured positions classified as *standard* and *substandard*.

In reference to the balance sheet, the loans to customers represented 56% of total assets, compared with a 43%, on average, of the European banks. It must also be noted the strong concentration in the real estate sector, of above 60% of the loans to customers represented by mortgages. In the analysis of the quality of loan positions, net of adjustment funds, the high impact of doubtful loans must be noted, in the ratio to both the total loans (5.5%, which is up to 14.3%, if the restructured loans are included, compared with the 3.6% European average), and especially to the net worth (86% and 225% if the restructured loans are included, compared with the 31%, on average, of the European banks) (TABLE I.32). This is regardless of the transfer during the period of non-performing positions to SAREB for EUR 26,087 million, i.e. 3.8% of the loans to customers before the transfer, as discussed earlier.

It should also be noted that impairment losses on loans (equal to 6.7% of the amounts at the end of the year and exceeding the assets at the same date) have been debited through the income statements. As at the end of the period, adjustment provisions cover only 36% of the non-performing positions, compared with the 44% European average, given the gross positions that are relatively higher.

To be noted is also the low percentage of assets designated at fair value, equal to about 19% of total assets, compared with 41%, on average, of the European banks (TABLE I.33). This aspect is particularly obvious in reference to the securities portfolio, standing at the end of 2012, at 46% stated at cost (10% for the European average). To this, reduced operations in derivative products, whose fair value represented only 6% of the assets, compared with 17% for the European banks, must also be taken into consideration. Below the European average are the assets of "Level 3" designated at fair value in addition to those of a more uncertain valuation and less liquidibility; however in interpreting this data, its modest significance should be noted.

TABLE I.33 – FINANCIAL SOLIDITY INDICATORS FOR SPANISH SAVINGS BANKS AS AT YEAR-END 2012

	Assets at fair value / Total assets	"Level 3" financial assets as a % of:		Fixed assets / Net worth	Total assets[1] / Tangible net worth	Capital adequacy ratios[2]	
		assets at fair value	tangible net worth			Overall	*of which*: tier 1
	%	%		%	number	%	
Spanish savings banks	19.3	1.8	11.5	167.4	33.6	9.3	*7.6*
Total Europe	40.5	2.6	26.3	41.3	24.6	16.1	*13.7*

1 Excluding intangible assets.

2 Simple average of the single bank ratios. The average related to Spanish savings banks refers to 9 Groups; the remaining shows assets that are negative for supervisory purposes.

Another distinctive aspect is represented by the high portion of non-current assets, which, at the end of 2012, represented 168% of the net worth; among these, the tangible assets alone, represented primarily by real estate properties, exceeded the assets and stood at 3.7% thereof.

It must be noted that during the period, the transfer to SAREB of real estate properties, for about EUR 8 billion, was completed.

As regards the funding from customers, noteworthy is the decrease by more than 10 percentage points in the funding from non-banking customers, mostly offset by the increase in borrowing from other credit institutions. The latter includes debts toward the central banks (Banco de España and BCE) for EUR 174.2 billion, standing at 17.6% of the total funding.

Combined net worth, as at the end of 2012, stands at 3.6% of the total assets, a decline by about 1 percentage point compared with the previous year and 1.3 points compared with the average of the European banks. It must be noted that, in 2012, FROB and FGD subscribed non-monetary share capital increases for EUR 41.8 billion (6.9 billion through a conversion into stocks of debt securities, subscribed in the previous years, and 32.5 billion through a contribution of securities from ESM-European Stability Mechanism), thus reconstituting share capitals that were written-off because of losses occurring during the period.[75]

In 2013, FROB carried out additional recapitalisations in the surveyed banks for a total amount of EUR 2,898 million, of which 1,440 million through a conversion of bonds that were previously subscribed, 730 million in contributions of ESM securities and 728 million through the subscription of contingent convertible bonds.

It must be noted that as in 2010, the aggregated net worth was reduced by 4.6% of all assets, from 6.2% in the previous year, showing a decline of about EUR 18 billion. To this purpose, it should be noted that the consolidations of the savings institutions, as described earlier, occurred at current or market values, which entailed adjustments to the capital value of EUR 25.5 billion, with a negative

[75] At end of 2012, FROB-*Fondo de Reestructuración Ordenada Bancaria* fully owned BFA-Banco Financiero y de Ahorros, NCG Banco and Catalunya Banc, in addition to 98.9% of Banco de Valencia (the latter sold to CaixaBank in February 2013). FGD-*Fondo de Garantía de Depósitos* which held 100% of Banco CAM at the end of 2011, sold it to Banco Sabadell in December 2012 for 1 euro, after recapitalising it for EUR 2,449 million in June.

impact on the net worth of 18.7 billion, net of the fiscal effect and adjustments for liabilities postings.[76]

The average capital ratios at the end of 2012 were considerably below the European capital ratios, despite the capital increases discussed earlier, and excluding Grupo Banco C.E.I.S.S. with a negative net worth; another three banks – NCG Banco, Banco Mare Nostrum and Liberbank – had a capital ratio below the minimum 8% set forth in the Basel Accords.

[76] The main adjustments in assets concerned the customers loans (EUR -16.2 billion), properties (-6.2 billion) and investments (-2 billion).

TABLE I.34 – BAD DEBTS WRITTEN OFF

EUROPE

BANKS	COUNTRY	BAD DEBTS WRITTEN OFF (1)														
		2008	2009	2010	2011	2012	2008	2009	2010	2011	2012	2008	2009	2010	2011	2012
		as % of total income					as % of loans to customers					as % of net worth				
BANCO FINANCIERO Y DE AHORROS (2)	ES	-	-	-9.3	-91.7	-447.1	-	-	-0.2	-1.9	-13.5	-	-	-7.3	-125.8	-581.1
LA CAIXA	ES	-11.4	-25.7	-31.6	-34.7	-51.3	-0.5	-1.1	-1.2	-1.2	-1.8	-4.2	-8.6	-9.6	-9.6	-15.5
DEXIA (3)	BE	-31.7	-10.8	-12.9	-28.1	-48.9	-0.6	-0.2	-0.2	-0.3	-0.3	-28.3	-4.8	-6.0	n.c.	-13.5
BANCO SANTANDER	ES	-19.9	-28.8	-25.0	-25.1	-43.4	-1.0	-1.6	-1.4	-1.5	-2.6	-9.9	-15.1	-12.8	-13.1	-22.0
UNICREDIT	IT	-13.6	-30.0	-25.9	-23.3	-39.9	-0.6	-1.5	-1.3	-1.1	-1.8	-6.3	-13.2	-10.1	-11.0	-14.4
BBVA	ES	-14.8	-24.5	-22.3	-20.0	-34.8	-0.8	-1.6	-1.4	-1.2	-2.3	-9.8	-16.2	-12.1	-10.3	-18.0
RBS	GB	-33.7	-48.4	-33.2	-29.1	-30.4	-0.9	-1.9	-1.7	-1.4	-1.1	-9.5	-14.9	-12.0	-9.5	-7.6
LLOYDS BANKING GROUP	GB	-26.4	-86.2	-45.9	-39.9	-29.8	-1.2	-2.5	-1.8	-1.4	-1.0	-29.7	-36.4	-23.1	-17.1	-11.4
DANSKE BANK	DK	-29.5	-44.3	-31.3	-31.4	-26.5	-0.6	-1.4	-0.7	-0.7	-0.7	-12.3	-25.5	-13.2	-10.5	-9.1
INTESA SANPAOLO	IT	-13.0	-19.7	-17.0	-26.0	-26.2	-0.6	-1.0	-0.8	-1.2	-1.2	-4.6	-6.4	-5.2	-8.9	-8.7
CREDIT AGRICOLE	FR	-15.3	-20.6	-16.7	-14.0	-20.4	-0.6	-0.9	-0.7	-0.7	-0.9	-6.5	-8.5	-6.7	-7.0	-8.3
ING GROEP	NL	-8.6	-19.4	-10.4	-9.3	-18.3	-0.2	-0.5	-0.3	-0.3	-0.5	-4.4	-7.5	-3.7	-3.3	-4.8
BAYERISCHE LANDESBANK	DE	-141.5	-78.5	-20.5	-19.8	-17.0	-0.8	-2.3	-0.5	-0.4	-0.3	-14.7	-25.4	-5.0	-3.9	-3.0
ABN AMRO GROUP (4)	NL	-	-	-11.3	-23.1	-17.0	-	-	-0.3	-0.6	-0.4	-	-	-6.9	-15.4	-8.7
COMMERZBANK	DE	-26.3	-39.8	-19.8	-11.1	-16.9	-0.6	-1.2	-0.8	-0.5	-0.6	-9.3	-15.9	-8.7	-5.6	-6.1
RABOBANK NEDERLAND	NL	-9.9	-16.6	-9.6	-11.6	-16.8	-0.3	-0.5	-0.3	-0.3	-0.5	-3.5	-5.0	-3.0	-3.5	-5.1
SOCIETE GENERALE	FR	-12.2	-26.8	-15.7	-13.4	-16.0	-0.7	-1.6	-1.1	-0.9	-1.0	-6.5	-12.5	-8.2	-6.7	-6.7
BARCLAYS	GB	-22.0	-25.1	-18.4	-12.7	-14.7	-0.9	-1.4	-1.0	-0.7	-0.6	-10.6	-12.7	-9.0	-5.7	-5.6
BELFIUS BANK (ex-Dexia Bank Belgium) (5)	BE	-	-	-	-26.8	-14.3	-	-	-	-0.6	-0.3	-	-	-	-15.6	-5.0
HSBC HOLDINGS	GB	-30.2	-37.6	-19.7	-15.5	-13.1	-2.4	-2.6	-1.3	-1.1	-0.7	-23.7	-18.3	-8.7	-6.9	-4.5
DZ BANK	DE	-24.6	-14.5	-5.0	-10.4	-10.2	-0.5	-0.6	-0.2	-0.3	-0.4	-6.3	-6.7	-2.4	-3.7	-4.2
BNP PARIBAS	FR	-20.7	-20.7	-10.9	-8.3	-10.1	-1.2	-1.2	-0.7	-0.5	-0.6	-9.8	-10.4	-5.6	-4.2	-4.1
NORDEA	SE	-5.9	-16.7	-9.7	-7.9	-9.3	-0.2	-0.5	-0.3	-0.2	-0.3	-2.6	-6.6	-3.6	-2.8	-3.3
CREDIT MUTUEL	FR	-11.7	-17.2	-9.9	-8.2	-8.1	-0.4	-0.8	-0.4	-0.3	-0.3	-4.2	-7.7	-4.3	-3.4	-3.0
DNB	NO	-10.7	-21.3	-7.9	-8.5	-7.8	-0.3	-0.7	-0.3	-0.3	-0.2	-4.3	-7.6	-2.7	-2.9	-2.5
GROUPE BPCE (6)	FR	-	-18.8	-5.9	-5.5	-7.6	-	-0.9	-0.3	-0.2	-0.3	-	-8.7	-2.7	-2.6	-3.2
STANDARD CHARTERED	GB	-10.1	-14.0	-5.6	-5.2	-6.6	-0.7	-1.0	-0.4	-0.3	-0.4	-5.8	-7.2	-2.3	-2.2	-2.6
LANDESBANK BADEN-WUERTTEMBERG	DE	-85.3	-37.0	-22.7	-5.9	-6.3	-0.6	-1.0	-0.4	-0.1	-0.1	-14.8	-14.5	-4.7	-1.6	-1.4
DEUTSCHE BANK (7)	DE	-8.3	-9.3	-4.2	-5.5	-5.2	-0.3	-0.9	-0.3	-0.4	-0.4	-3.4	-6.9	-2.5	-3.4	-3.2
KfW	DE	-414.5	-32.2	14.2	6.4	-4.5	-2.2	-1.0	0.4	0.2	-0.1	-18.1	-7.4	2.7	1.0	-0.7
SEB	SE	-8.5	-30.8	-5.9	2.7	-3.0	-0.3	-1.1	-0.2	0.1	-0.1	-3.9	-12.5	-2.2	0.9	-1.0
CREDIT SUISSE GROUP	CH	-7.5	-1.6	0.3	-0.8	-0.8	-0.3	-0.2	0.0	-0.1	-0.1	-1.7	-1.0	0.2	-0.5	-0.4
UBS	CH	-144.0	-7.5	-0.2	-0.3	-0.5	-0.6	-0.5	0.0	0.0	0.0	-7.4	-3.8	-0.1	-0.1	-0.2
Average		**-23.0**	**-27.5**	**-16.6**	**-15.5**	**-21.9**	**-0.8**	**-1.3**	**-0.8**	**-0.7**	**-1.0**	**-10.1**	**-12.5**	**-7.5**	**-6.9**	**-8.5**

(1) Net of bad debts recovered. Companies no longer existing in their previous form as at 31 December 2012 are not included.
(2) Company operative since 1 January 2011, following the merger of seven local savings banks. The 2010 indicators have been calculated on the basis of pro forma data.
(3) Net worth showed a negative balance in 2011.
(4) Company operative since 2010 following the combination of the former ABN AMRO and Fortis groups' activities in the Netherlands.
(5) Company which previously formed part of the Dexia group, and was acquired by the Belgian state in October 2011. The figures refer to a twelve-month period.
(6) Company in operation since 2009 following the merger between Groupe Banque Populaire and Groupe Caisse d'Epargne.
(7) In 2010 includes Deutsche Postbank.

TABLE I.34 – BAD DEBTS WRITTEN OFF

JAPAN

BANKS	BAD DEBTS WRITTEN OFF (1)														
	2008-09	2009-10	2010-11	2011-12	2011-13	2008-09	2009-10	2010-11	2011-12	2011-13	2008-09	2009-10	2010-11	2011-12	2011-13
	as % of total income					as % of loans to customers					as % of net worth				
SHOKO CHUKIN BANK	-49.3	-39.0	-26.5	-30.8	-28.9	-0.7	-0.6	-0.4	-0.5	-0.5	-9.7	-6.5	-4.6	-5.5	-5.1
NORINCHUKIN BANK (2)	n.c.	-516.5	21.8	166.7	-22.6	-0.7	-1.2	0.2	0.1	-0.1	-2.9	-3.8	0.6	0.2	-0.2
HOKUHOKU FINANCIAL GROUP	-20.0	-16.0	-8.7	-6.7	-10.9	-0.5	-0.4	-0.2	-0.2	-0.2	-7.9	-6.6	-3.4	-2.4	-3.5
JOYO BANK	-10.7	-15.0	-18.8	-8.4	-8.2	-0.3	-0.4	-0.5	-0.2	-0.2	-3.6	-4.1	-5.1	-2.1	-1.8
CHIBA BANK	-22.5	-12.4	-7.4	-3.4	-7.6	-0.6	-0.3	-0.2	-0.1	-0.2	-7.7	-3.6	-2.0	-0.8	-1.7
BANK OF YOKOHAMA	-37.9	-26.5	-13.2	-6.3	-7.6	-1.0	-0.7	-0.3	-0.2	-0.2	-13.1	-8.1	-3.8	-1.8	-2.0
SUMITOMO MITSUI FINANCIAL GROUP	-34.4	-17.4	-9.3	-3.7	-6.0	-1.1	-0.6	-0.3	-0.1	-0.2	-15.3	-5.4	-3.0	-1.2	-1.9
MIZUHO FINANCIAL GROUP	-29.0	-15.7	-0.9	1.5	-5.8	-0.8	-0.5	0.0	0.0	-0.2	-12.8	-5.3	-0.3	0.4	-1.4
FUKUOKA FINANCIAL GROUP	-25.1	-13.6	-9.5	-13.4	-4.8	-0.6	-0.3	-0.2	-0.3	-0.1	-8.5	-4.2	-2.8	-3.7	-1.2
MITSUBISHI UFJ FINANCIAL GROUP	-27.4	-17.0	-9.5	-6.2	-4.1	-0.6	-0.7	-0.3	-0.2	-0.1	-9.7	-7.1	-3.4	-2.5	-1.3
SHINSEI BANK	-42.5	-38.6	-25.7	-21.9	-2.9	-1.9	-1.8	-1.4	-1.0	-0.1	-16.1	-16.0	-10.4	-7.2	-0.8
SHINKIN CENTRAL BANK	-12.7	-12.1	18.1	-4.3	-1.3	-0.3	-0.2	0.3	-0.1	0.0	-3.8	-1.2	1.6	-0.4	-0.1
SHIZUOKA BANK	-20.1	-14.0	-4.6	-0.1	-0.2	-0.5	-0.4	-0.1	0.0	0.0	-4.8	-3.0	-1.0	0.0	0.0
SUMITOMO MITSUI TRUST HOLDINGS	-6.8	-3.7	2.1	-1.0	1.1	-0.2	-0.1	0.1	0.0	0.0	-2.4	-1.0	0.5	-0.3	0.3
RESONA HOLDINGS	-24.4	-16.5	-8.9	-1.4	2.7	-0.7	-0.4	-0.2	0.0	0.1	-8.2	-4.8	-3.5	-0.5	0.8
Average	**-30.0**	**-18.0**	**-7.6**	**-4.3**	**-4.8**	**-0.8**	**-0.6**	**-0.2**	**-0.1**	**-0.1**	**-10.0**	**-5.3**	**-2.1**	**-1.2**	**-1.2**

(1) Net of bad debts recovered. Financial year from 1 April to 31 March; companies no longer existing in their previous form as at 31 March 2013 are not included.

(2) Total income showed a negative balance in 2008-09.

TABLE I.34 – BAD DEBTS WRITTEN OFF

UNITED STATES

BANKS	BAD DEBTS WRITTEN OFF (1)														
	2008	2009	2010	2011	2012	2008	2009	2010	2011	2012	2008	2009	2010	2011	2012
	as % of total income					as % of loans to customers					as % of net worth				
CAPITAL ONE FINANCIAL	-37.3	-33.1	-27.9	-16.0	-23.0	-5.3	-4.9	-3.8	-2.0	-2.4	-19.2	-15.9	-17.1	-8.7	-11.8
SUNTRUST BANKS	-30.7	-52.3	-31.6	-18.1	-16.4	-1.9	-3.5	-2.3	-1.2	-1.1	-11.1	-18.0	-11.5	-7.5	-6.6
CITIGROUP	-65.5	-50.7	-29.6	-15.2	-14.9	-5.7	-7.0	-4.1	-1.9	-1.7	-26.7	-25.2	-15.1	-6.6	-5.7
BB&T	-19.9	-32.9	-31.8	-18.1	-13.7	-1.5	-2.7	-2.7	-1.5	-1.2	-9.0	-17.3	-17.2	-9.3	-6.5
BANK OF AMERICA	-38.5	-48.4	-25.9	-14.7	-10.1	-3.2	-5.9	-3.0	-1.5	-0.9	-16.7	-23.0	-12.4	-5.8	-3.4
U.S. BANCORP	-20.6	-33.0	-24.3	-12.6	-9.3	-1.7	-2.8	-2.2	-1.1	-0.8	-11.5	-20.8	-14.4	-6.7	-4.7
WELLS FARGO & COMPANY	-39.5	-26.1	-19.4	-10.0	-8.6	-1.8	-2.7	-2.0	-1.0	-0.9	-15.6	-18.9	-12.3	-5.6	-4.5
THE PNC FINANCIAL SERVICES GROUP	-21.2	-25.7	-16.7	-8.1	-6.5	-0.9	-2.5	-1.7	-0.7	-0.5	-5.5	-12.1	-7.6	-3.1	-2.4
ALLY FINANCIAL	-119.8	-115.8	-6.6	-4.5	-6.5	-3.7	-6.5	-0.4	-0.2	-0.3	-17.9	-30.0	-2.2	-1.1	-1.7
FIFTH THIRD BANCORP	-73.4	-59.1	-24.8	-7.0	-4.8	-5.6	-4.8	-2.0	-0.5	-0.3	-38.6	-27.0	-10.9	-3.2	-2.2
REGIONS FINANCIAL	-30.4	-56.3	-44.1	-23.5	-3.8	-2.1	-4.0	-3.5	-2.0	-0.3	-12.2	-19.8	-17.1	-9.3	-1.4
JPMORGAN CHASE & CO.	-33.3	-32.2	-16.7	-7.9	-3.6	-2.8	-5.1	-2.4	-1.0	-0.4	-12.6	-19.3	-9.4	-4.1	-1.7
THE BANK OF NEW YORK MELLON	-0.9	-4.0	-0.8	0.0	0.6	-0.3	-1.4	-0.3	0.0	0.2	-0.5	-1.8	-0.4	0.0	0.2
Average	**-48.9**	**-39.1**	**-22.7**	**-11.8**	**-9.3**	**-4.1**	**-4.7**	**-2.7**	**-1.3**	**-0.9**	**-21.7**	**-20.7**	**-11.8**	**-5.4**	**-3.9**

(1) Net of bad debts recovered. Companies no longer existing in their previous form as at 31 December 2012 are not included.

TABLE I.34 – BAD DEBTS WRITTEN OFF

CHINA

BANKS	BAD DEBTS WRITTEN OFF (1)														
	2008	2009	2010	2011	2012	2008	2009	2010	2011	2012	2008	2009	2010	2011	2012
	as % of total income					as % of loans to customers					as % of net worth				
CHINA CITIC BANK	-13.4	-6.0	-8.2	-9.0	-14.4	-0.8	-0.2	-0.4	-0.5	-0.8	-5.7	-2.3	-3.7	-3.9	-6.4
INDUSTRIAL BANK	-10.9	-1.8	-5.4	-4.7	-13.9	-0.7	-0.1	-0.3	-0.3	-1.0	-6.6	-0.9	-2.5	-2.4	-7.1
AGRICULTURAL BANK OF CHINA	-18.9	-19.9	-14.9	-16.6	-12.9	-1.3	-1.1	-0.9	-1.2	-0.9	-13.7	-12.9	-8.0	-9.6	-7.3
BANK OF COMMUNICATIONS	-14.0	-14.2	-12.3	-10.5	-10.6	-0.8	-0.6	-0.6	-0.5	-0.5	-7.2	-6.9	-5.6	-4.6	-3.9
SHANGHAI PUDONG DEVELOPMENT BANK	-10.1	-8.4	-9.1	-10.5	-9.5	-0.5	-0.3	-0.4	-0.5	-0.5	-8.3	-4.5	-3.7	-4.8	-4.4
CHINA MINSHENG BANKING	-16.4	-13.4	-10.1	-10.4	-9.3	-0.9	-0.6	-0.5	-0.7	-0.6	-10.5	-5.6	-5.2	-6.2	-5.4
CHINA CONSTRUCTION BANK	-13.3	-9.2	-7.9	-8.2	-8.4	-1.0	-0.5	-0.5	-0.5	-0.5	-7.8	-4.3	-3.7	-4.0	-4.0
INDUSTRIAL AND COMMERCIAL BANK OF CHINA	-11.7	-7.2	-7.3	-6.8	-6.2	-0.8	-0.4	-0.4	-0.4	-0.4	-6.0	-3.2	-3.4	-3.3	-2.9
BANK OF CHINA	-7.9	-7.2	-6.0	-6.3	-5.6	-0.5	-0.3	-0.3	-0.3	-0.3	-3.4	-2.9	-2.3	-2.5	-2.2
CHINA MERCHANTS BANK	-6.1	-6.0	-7.9	-8.7	-5.0	-0.4	-0.3	-0.4	-0.5	-0.3	-4.3	-3.3	-4.2	-5.0	-2.7
Average	**-12.6**	**-10.2**	**-9.1**	**-9.4**	**-8.8**	**-0.9**	**-0.5**	**-0.5**	**-0.6**	**-0.5**	**-6.9**	**-4.9**	**-4.2**	**-4.6**	**-4.1**

(1) Net of bad debts recovered.

TABLE I.35 – DOUBTFUL LOANS

EUROPE

BANKS (3)	COUNTRY	DOUBTFUL LOANS (1)										COVERAGE RATIO (2)				
		2008	2009	2010	2011	2012	2008	2009	2010	2011	2012	2008	2009	2010	2011	2012
		as % of loans to customers					as % of net worth					(%)				
CREDIT SUISSE GROUP	CH	0.4	0.4	0.3	0.3	0.3	2.3	1.9	2.0	2.0	1.9	60.1	60.7	54.6	53.0	53.3
SEB	SE	0.4	0.9	0.8	0.6	0.4	5.4	10.4	8.6	6.2	4.5	66.7	63.4	64.0	61.9	64.1
UBS	CH	1.3	1.3	1.1	0.5	0.4	16.7	9.9	7.3	3.4	3.3	30.2	35.5	22.4	29.4	30.1
DEXIA (4)	BE	0.3	0.7	0.6	0.4	0.7	14.1	15.9	15.5	n.c.	34.2	81.7	68.2	73.0	73.3	42.1
CREDIT AGRICOLE	FR	0.5	0.5	1.0	1.1	0.7	5.3	4.9	9.2	11.2	6.9	83.4	85.8	77.6	76.2	81.7
ABN AMRO GROUP (5)	NL	-	-	1.6	1.2	1.1	-	-	36.2	27.7	22.3	-	-	49.4	63.6	63.8
BELFIUS BANK (ex-Dexia Bank Belgium) (6)	BE	-	-	-	1.4	1.2	-	-	-	36.5	17.7	-	-	-	54.6	63.8
NORDEA	SE	0.6	0.9	0.9	1.0	1.3	8.4	11.7	11.6	13.4	16.1	43.5	44.7	46.8	41.1	38.3
DNB	NO	0.9	1.4	1.4	1.3	1.3	12.5	15.8	14.5	14.3	13.3	38.9	41.5	42.2	42.5	42.2
CREDIT MUTUEL	FR	1.0	1.7	1.6	1.4	1.5	11.5	16.8	15.3	14.1	13.9	68.3	61.6	64.0	65.1	63.4
DANSKE BANK	DK	1.4	1.2	1.4	1.2	1.5	28.4	21.0	24.4	17.5	21.1	36.2	61.9	60.8	68.4	61.1
BAYERISCHE LANDESBANK	DE	1.9	1.5	2.1	1.6	1.6	34.0	17.0	22.9	17.6	15.3	42.3	45.4	40.9	48.0	49.4
KfW	DE	0.9	0.9	0.9	1.5	1.6	7.0	6.4	5.6	9.6	9.0	89.5	88.5	85.5	73.7	49.2
ING GROEP	NL	0.7	1.1	1.5	1.3	1.6	16.9	17.0	20.0	16.7	16.4	34.9	39.4	35.5	37.0	36.7
DEUTSCHE BANK	DE	0.9	2.1	1.3	1.7	1.7	8.9	16.3	11.6	14.4	13.3	40.7	35.1	36.1	34.6	39.3
RABOBANK NEDERLAND	NL	1.0	1.3	1.3	1.5	1.7	12.3	14.0	14.3	15.9	17.9	42.8	44.7	39.3	29.7	31.3
STANDARD CHARTERED (7)	GB	0.6	0.5	0.7	0.7	1.7	4.4	3.6	4.5	4.5	11.0	66.1	73.2	59.9	58.8	38.1
DZ BANK	DE	1.8	2.0	2.2	1.5	1.8	24.9	23.3	24.0	16.3	17.7	49.7	50.8	44.3	56.5	52.9
LANDESBANK BADEN-WUERTTEMBERG	DE	1.4	1.3	2.3	1.9	1.9	34.9	18.5	30.0	24.4	21.3	51.6	63.1	52.3	54.3	53.0
GROUPE BPCE (8)	FR	-	1.8	2.0	2.1	2.0	-	18.1	20.6	22.7	20.3	-	55.7	51.5	50.2	51.3
BNP PARIBAS	FR	0.6	1.9	2.3	2.4	2.5	4.9	16.2	18.0	18.4	16.9	83.2	66.1	63.4	64.0	62.5
SOCIETE GENERALE	FR	1.6	3.3	3.0	3.0	3.1	14.5	24.8	22.9	22.6	21.4	60.8	52.1	56.7	59.2	57.7
HSBC HOLDINGS (7)	GB	1.0	1.9	2.0	2.3	3.2	10.3	13.5	13.3	14.6	19.4	69.5	58.0	49.2	41.7	31.2
BARCLAYS (7)	GB	1.7	2.3	3.6	3.7	3.5	20.0	19.8	31.3	30.8	30.8	40.8	48.1	38.9	34.5	33.2
COMMERZBANK	DE	2.7	3.6	3.9	4.0	4.1	39.2	48.4	44.4	47.7	42.2	40.6	41.9	41.7	40.1	40.1
RBS (7)	GB	1.2	3.0	3.8	4.2	5.8	13.0	23.2	27.6	28.7	41.3	51.0	43.9	46.0	47.5	42.1
BANCO SANTANDER (7)	ES	0.2	0.9	1.1	1.6	6.6	2.5	8.4	10.1	14.9	56.1	89.1	74.3	70.6	60.5	35.0
INTESA SANPAOLO	IT	2.4	5.1	5.2	5.5	7.2	18.1	33.5	34.3	40.9	51.6	59.9	47.7	49.8	53.2	47.9
BBVA (7)	ES	0.3	2.0	1.8	1.8	7.4	3.7	20.8	15.7	15.4	59.0	88.1	57.4	61.2	60.1	35.6
UNICREDIT	IT	2.8	5.0	6.3	6.7	7.6	29.5	44.4	50.7	68.0	62.0	58.9	51.5	49.0	48.6	48.3
LLOYDS BANKING GROUP (7)	GB	2.3	5.7	6.4	6.2	8.2	58.1	82.3	81.9	76.1	97.3	38.8	41.7	43.5	43.9	33.4
LA CAIXA (7)	ES	0.9	1.4	1.2	2.2	10.5	8.3	11.3	9.9	16.6	89.4	65.1	61.1	69.4	59.5	35.1
BANCO FINANCIERO Y DE AHORROS (9)	ES	-	-	2.4	2.9	13.1	-	-	74.6	198.3	567.2	-	-	67.8	70.1	40.2
Average		**1.3**	**2.2**	**2.4**	**2.5**	**3.6**	**15.7**	**21.6**	**22.5**	**23.3**	**31.3**	**58.3**	**53.2**	**52.4**	**52.0**	**44.0**

(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 2012.
(4) Net worth showed a negative balance in 2011.
(5) Company operative since 2010 following the combination of the former ABN AMRO and Fortis groups' activities in the Netherlands.
(6) Company which previously formed part of the Dexia group, and was acquired by the Belgian state in October 2011.
(7) Data restated in 2012, including restructured debts among bad debts even if they do not constituted impaired exposures.
(8) Company in operation since 2009 following the merger between Groupe Banque Populaire and Groupe Caisse d'Epargne.
(9) Company operative since 1 January 2011, following the merger of seven local savings banks. The 2010 indicators have been calculated on the basis of pro forma data. Data restated in 2012 (cf. note 7 above).

TABLE I.35 – DOUBTFUL LOANS

JAPAN

BANKS (3)	DOUBTFUL LOANS (1)										COVERAGE RATIO (2)				
	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013
	as % of loans to customers					as % of net worth					(%)				
SHINKIN CENTRAL BANK (4)	o	-	-	0.2	0.2	0.5	-	-	0.8	0.7	92.7	102.4	123.9	76.7	76.0
NORINCHUKIN BANK	0.2	o	0.3	0.3	0.3	0.9	0.1	1.0	0.8	0.9	90.0	98.5	86.6	85.0	77.0
SUMITOMO MITSUI TRUST HOLDINGS	0.7	0.6	0.6	0.4	0.8	8.2	6.8	5.9	3.7	7.7	52.2	48.2	48.9	63.7	42.6
MIZUHO FINANCIAL GROUP	0.6	0.7	0.8	0.9	0.9	10.1	7.1	7.1	7.9	8.1	67.8	68.1	61.9	56.1	54.0
MITSUBISHI UFJ FINANCIAL GROUP	0.6	0.8	1.0	1.0	1.0	9.8	7.6	9.5	10.1	9.0	64.5	65.5	60.1	59.0	57.5
SUMITOMO MITSUI FINANCIAL GROUP	0.8	0.7	0.9	1.3	1.1	11.0	6.6	8.2	11.4	9.0	67.9	69.8	64.3	54.2	55.1
FUKUOKA FINANCIAL GROUP	1.7	0.9	1.0	1.3	1.2	23.0	11.0	12.3	16.2	13.9	55.7	67.1	64.4	57.7	59.9
BANK OF YOKOHAMA	2.1	1.7	1.4	1.5	1.5	25.7	19.0	15.4	16.3	16.1	37.5	39.4	42.1	36.3	32.3
CHIBA BANK	1.3	1.2	1.2	1.5	1.6	17.0	14.1	13.9	16.4	17.3	40.0	40.6	40.2	31.5	30.6
RESONA HOLDINGS	1.0	1.0	1.3	1.5	1.6	11.4	11.6	20.4	20.1	19.5	63.9	62.4	56.7	50.6	41.8
SHOKO CHUKIN BANK	1.1	0.8	0.9	1.3	1.9	14.8	8.6	9.2	14.0	19.6	70.0	77.3	74.0	64.9	56.6
JOYO BANK	1.8	1.7	2.1	2.2	2.0	23.5	19.4	23.8	24.5	20.6	29.3	32.0	33.4	31.7	33.0
SHIZUOKA BANK	2.1	2.3	2.4	2.3	2.0	19.9	19.6	22.1	20.5	17.2	38.5	39.2	35.5	33.1	31.7
HOKUHOKU FINANCIAL GROUP	1.9	1.9	2.0	2.2	2.3	30.6	31.7	33.5	35.6	34.3	41.4	40.3	36.2	33.1	30.9
SHINSEI BANK	1.7	4.4	4.4	4.5	3.4	13.9	38.6	33.3	32.5	23.7	64.3	44.5	49.5	47.0	50.0
Average	**0.8**	**0.9**	**1.0**	**1.1**	**1.2**	**10.6**	**8.1**	**9.0**	**10.1**	**9.4**	**63.5**	**63.8**	**59.5**	**54.5**	**52.0**

(1) Net of provision. Financial years end 31 March. 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. Financial years end 31 March.
(3) The table does not include companies no longer existing in their previous form as at 31 March 2013.
(4) In 2010 and 2011 provisions exceed doubtful loans.

TABLE I.35 – DOUBTFUL LOANS

UNITED STATES

BANKS (3)	DOUBTFUL LOANS (1)										COVERAGE RATIO (2)				
	2008	2009	2010	2011	2012	2008	2009	2010	2011	2012	2008	2009	2010	2011	2012
	as % of loans to customers					as % of net worth					(%)				
CAPITAL ONE FINANCIAL	-	-	-	-	-	-	-	-	-	-	169.7	121.0	153.3	115.0	128.9
THE BANK OF NEW YORK MELLON	0.5	1.3	-	-	0.2	0.8	1.6	-	-	0.2	66.3	51.5	116.9	112.3	76.2
THE PNC FINANCIAL SERVICES GROUP	-	1.0	0.7	0.6	0.4	-	4.7	3.2	2.3	1.7	186.8	76.8	82.5	83.3	85.0
ALLY FINANCIAL	5.1	4.4	3.6	2.8	0.4	24.4	20.1	19.5	17.7	2.5	39.2	36.9	31.9	30.4	70.3
JPMORGAN CHASE & CO.	-	-	0.2	o	0.7	-	-	0.9	0.1	2.5	174.8	134.0	95.2	99.2	81.3
BB&T	0.3	0.4	1.6	0.8	0.7	1.5	2.3	10.3	5.1	3.9	86.5	87.4	61.5	71.8	70.9
U.S. BANCORP	0.1	1.0	1.6	1.7	1.2	0.7	7.6	10.4	10.5	6.9	95.2	71.6	62.8	56.3	61.4
BANK OF AMERICA	0.3	1.0	0.6	0.9	1.3	1.3	3.9	2.3	3.4	5.1	90.5	80.5	88.9	81.2	66.5
SUNTRUST BANKS	1.4	2.1	3.3	2.7	1.6	7.9	10.8	16.6	16.6	9.4	57.2	56.1	43.7	42.5	52.4
FIFTH THIRD BANCORP	0.1	-	1.2	1.8	1.6	0.8	-	6.8	10.8	10.0	96.7	101.2	75.9	61.1	57.4
CITIGROUP	-	-	1.5	2.3	2.4	-	-	5.6	7.8	7.9	126.2	108.3	81.4	68.2	62.8
WELLS FARGO & CO.	-	0.7	2.1	2.5	2.6	-	5.0	12.9	14.0	13.6	217.1	81.0	58.3	49.4	44.1
REGIONS FINANCIAL	0.2	1.5	2.9	4.3	4.2	1.2	7.7	14.0	19.7	19.9	90.0	69.3	57.6	45.8	38.3
Average	**0.3**	**0.7**	**1.2**	**1.4**	**1.5**	**1.3**	**3.1**	**5.4**	**6.1**	**6.3**	**119.6**	**91.1**	**77.9**	**70.0**	**63.5**

(1) Net of provision. Since 2010 this item has also included performing restructured loans, for which amounts in the previous years are not always available. In cases 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. Data restated in 2010 (cf. note 1 above).
(3) The table does not include companies no longer existing in their previous form as at 31 December 2012.

TABLE I.35 – DOUBTFUL LOANS

CHINA

BANKS	DOUBTFUL LOANS (1)										COVERAGE RATIO (2)				
	2008	2009	2010	2011	2012	2008	2009	2010	2011	2012	2008	2009	2010	2011	2012
	as % of loans to customers					as % of net worth					(%)				
INDUSTRIAL BANK	-	-	-	-	-	-	-	-	-	-	200.9	242.8	328.3	358.4	450.9
CHINA MERCHANTS BANK	-	-	-	-	-	-	-	-	-	-	217.8	245.8	303.7	401.3	355.7
AGRICULTURAL BANK OF CHINA	1.6	-	-	-	-	16.8	-	-	-	-	63.5	105.4	168.1	258.7	316.5
CHINA MINSHENG BANKING	-	-	-	-	-	-	-	-	-	-	121.2	190.3	267.6	355.6	301.0
SHANGHAI PUDONG DEVELOPMENT BANK	-	-	-	-	-	-	-	-	-	-	192.0	245.6	371.5	478.9	297.6
INDUSTRIAL AND COMMERCIAL BANK OF CHINA	-	-	-	-	-	-	-	-	-	-	129.7	163.1	226.9	266.8	295.5
CHINA CITIC BANK	-	-	-	-	-	-	-	-	-	-	142.4	145.0	208.9	264.1	273.1
CHINA CONSTRUCTION BANK	-	-	-	-	-	-	-	-	-	-	127.2	170.4	221.1	241.4	271.3
BANK OF COMMUNICATIONS	-	-	-	-	-	-	-	-	-	-	103.1	136.8	183.0	256.4	250.7
BANK OF CHINA	-	-	-	-	-	-	-	-	-	-	116.4	148.1	192.0	220.4	235.5
Average (3)	**0.3**	**-**	**-**	**-**	**-**	**2.1**	**-**	**-**	**-**	**-**	**110.7**	**147.9**	**206.2**	**260.8**	**285.8**

(1) Net of provision. In case where there are no figures, provisions exceed doubtful loans. The latter also include loans more than 90 days overdue even if they do not yet qualify as impaired.
(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.36 – PROFITABILITY AND FREE CAPITAL RATIOS

EUROPE

BANKS (1)	COUNTRY	COST / INCOME RATIO 2008	2009	2010	2011	2012	ROE 2008	2009	2010	2011	2012	FREE CAPITAL 2008	2009	2010	2011	2012
		%					%					as % of funding from customers				
KfW	DE	125.0	24.6	24.2	26.2	26.5	n.c.	9.4	20.0	13.1	13.0	2.6	2.9	3.2	3.1	3.7
DNB	NO	49.3	45.6	43.0	45.0	47.1	13.6	9.5	15.4	12.4	11.9	1.7	3.2	3.4	3.0	3.3
NORDEA	SE	52.2	48.6	50.7	53.9	49.3	17.7	11.6	12.2	11.2	12.4	3.6	4.2	4.0	3.8	3.9
BANCO SANTANDER	ES	50.0	46.9	46.7	52.3	50.8	18.2	15.0	12.2	7.5	3.0	2.6	3.6	3.2	2.2	-1.6 (2)
DANSKE BANK	DK	59.0	44.4	56.3	59.1	52.9	1.0	1.7	3.6	1.4	3.6	0.6	1.1	1.1	2.5	2.7
LA CAIXA	ES	56.6	50.2	53.9	56.7	53.4	12.5	9.0	7.5	5.8	0.8	0.6	-1.7	-2.4	-5.2	-15.3 (2)
BBVA	ES	56.5	45.4	47.7	52.1	53.5	23.6	16.6	14.5	8.4	4.2	2.1	1.3	2.2	1.7	-3.1 (2)
STANDARD CHARTERED	GB	58.2	55.7	57.4	57.1	55.0	18.2	14.1	12.8	13.5	12.1	3.9	5.1	6.7	6.3	5.5 (2)
DZ BANK	DE	112.4	52.9	49.9	72.1	56.2	n.c.	2.3	15.6	6.4	9.5	1.1	2.1	2.2	2.4	3.3
SEB	SE	61.2	57.0	63.6	61.8	56.8	13.7	1.1	7.3	11.4	11.9	3.1	4.2	4.2	4.3	4.3
HSBC HOLDINGS	GB	48.1	51.5	54.6	55.2	61.2	6.4	4.7	9.7	11.8	8.7	2.4	3.8	4.5	4.8	5.0 (2)
BAYERISCHE LANDESBANK	DE	201.5	47.2	45.1	56.6	61.3	n.c.	n.c.	4.9	0.7	5.3	-0.5	3.6	3.4	4.8	6.0
INTESA SANPAOLO	IT	63.5	62.8	65.4	64.0	61.6	5.5	5.6	5.3	n.c.	3.3	1.2	0.4	0.4	1.3	0.3
ING GROEP	NL	69.5	64.0	57.9	58.5	64.7	n.c.	n.c.	7.4	13.1	7.4	-1.9	-0.1	1.1	2.7	4.3
CREDIT AGRICOLE	FR	68.4	60.9	63.9	53.2	65.3	4.0	4.2	5.3	1.2	n.c.	3.7	3.7	3.8	3.7	4.5
UNICREDIT	IT	65.5	59.8	64.1	66.1	66.4	7.9	2.9	2.1	n.c.	1.4	-0.2	-1.1	-1.5	-2.5	-1.1
CREDIT MUTUEL	FR	75.0	60.9	60.9	64.1	67.8	1.8	6.6	9.9	6.8	6.1	2.9	3.2	3.5	3.7	4.2
RABOBANK NEDERLAND	NL	64	68	64	62.6	67.9	9.4	6.6	7.5	6.3	4.8	2.7	3.0	3.5	3.9	3.5
ABN AMRO GROUP (3)	NL	-	-	82.8	69.8	68.3	-	-	n.c.	6.2	7.3	-	-	1.4	1.7	2.5
BNP PARIBAS	FR	66.2	57.7	60.1	61.2	69.1	6.0	9.2	11.7	8.7	8.3	2.5	2.3	2.6	2.9	5.2
BANCO FINANCIERO Y DE AHORROS (4)	ES	-	-	64.8	75.7	69.2	-	-	10.7	n.c.	n.c.	-	-	-6.8	-8.5	-15.3 (2)
LLOYDS BANKING GROUP	GB	54.6	71.0	57.1	65.0	70.2	9.6	7.0	n.c.	n.c.	n.c.	-1.4	-1.8	-1.7	-1.3	-2.7 (2)
GROUPE BPCE (5)	FR	-	74.1	67.3	67.8	70.5	-	1.2	8.3	6.3	4.4	-	3.4	3.5	3.5	4.2
COMMERZBANK	DE	70.2	84.8	69.3	63.7	71.4	0.0	n.c.	5.4	2.7	0.0	1.9	1.1	1.9	1.7	2.4
SOCIETE GENERALE	FR	71.3	72.3	62.4	66.2	74.0	5.9	1.6	9.2	5.3	1.6	2.8	2.3	2.7	2.7	3.4
BARCLAYS	GB	63	60	64.3	64.8	76.8	13.6	24.8	7.5	5.7	n.c.	3.0	4.8	3.7	4.0	4.0 (2)
DEUTSCHE BANK	DE	137.5	69.0	75.1	76.9	78.4	n.c.	15.7	5.0	8.4	0.4	2.2	2.1	2.7	2.6	3.1
LANDESBANK BADEN-WUERTTEMBERG	DE	170.0	45.5	85.3	67.2	81.9	n.c.	n.c.	n.c.	0.9	4.0	-2.0	0.3	0.2	1.4	2.1
BELFIUS BANK (ex-Dexia Bank Belgium) (6)	BE	-	-	-	76.3	85.1	-	-	-	n.c.	8.4	-	-	-	0.3	2.5
UBS	CH	1.247.7	98.9	77.9	78.1	93.9	n.c.	n.c.	19.2	8.4	n.c.	1.4	3.5	4.9	5.6	5.6
RBS	GB	97.6	77.6	68.9	68.7	94.3	n.c.	n.c.	n.c.	n.c.	n.c.	3.1	3.9	3.3	4.0	2.6 (2)
CREDIT SUISSE GROUP	CH	189.5	72.3	74.3	86.0	94.4	n.c.	21.8	18.1	6.2	3.9	0.6	1.6	1.8	2.2	3.2
DEXIA (3)	BE	74.0	62.1	75.3	96.0	203.3	n.c.	11.0	8.8	n.c.	n.c.	-0.1	1.5	1.2	-1.3	0.8
Average		**75.1**	**62.4**	**62.0**	**63.0**	**68.1**	**n.c.**	**5.1**	**7.6**	**2.7**	**1.8**	**1.6**	**2.2**	**2.4**	**2.6**	**2.4**

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 2012.
(2) Data restated in 2012, including restructured debts among bad debts even if they do not constituted impaired exposures.
(3) Company operative since 2010 following the combination of the former ABN AMRO and Fortis groups' activities in the Netherlands.
(4) Company operative since 1 January 2011, following the merger of seven local savings banks. The 2010 indicators have been calculated on the basis of pro forma data.
(5) Company in operation since 2009 following the merger between Groupe Banque Populaire and Groupe Caisse d'Epargne.
(6) Company which previously formed part of the Dexia group, and was acquired by the Belgian state in October 2011. The figures refer to a twelve-month period.

TABLE I.36 – PROFITABILITY AND FREE CAPITAL RATIOS

JAPAN

BANKS (1)	COST / INCOME RATIO 2008-09	2009-10	2010-11	2011-12	2011-13	ROE 2008-09	2009-10	2010-11	2011-12	2011-13	FREE CAPITAL 2008-09	2009-10	2010-11	2011-12	2011-13
			%					%					as % of funding from customers		
BANK OF YOKOHAMA	45.2	48.2	49.1	47.3	47.2	1.1	4.5	6.8	7.0	7.1	3.6	4.4	4.7	5.0	5.3
SHINKIN CENTRAL BANK	33.7	43.0	48.1	47.2	48.2	n.c.	3.0	2.8	2.8	2.7	0.6	2.7	2.6	2.8	3.4
SHOKO CHUKIN BANK	57.5	54.9	51.9	50.5	53.5	n.c.	0.8	1.9	1.3	1.7	5.5	7.7	8.0	7.5	6.9
CHIBA BANK	47.1	49.5	51.8	53.3	54.7	2.4	6.8	7.1	6.6	6.5	3.9	4.6	4.6	4.6	4.9
SUMITOMO MITSUI FINANCIAL GROUP	52.0	53.5	57.0	58.2	54.9	n.c.	5.8	10.3	11.1	14.3	1.6	4.3	3.6	3.3	3.4
SHIZUOKA BANK	55.3	56.2	57.8	59.0	58.9	2.1	4.9	5.5	5.4	7.6	5.7	6.5	6.2	6.4	7.1
RESONA HOLDINGS	52.7	58.8	58.0	57.4	59.6	6.4	6.6	12.1	17.1	15.4	4.5	4.6	2.4	3.0	3.7
MITSUBISHI UFJ FINANCIAL GROUP	105.9	60.3	71.7	57.3	60.2	n.c.	10.7	5.9	5.1	11.2	0.9	2.4	2.1	2.4	3.3
FUKUOKA FINANCIAL GROUP	61.8	61.9	61.3	61.0	61.7	4.5	5.3	4.7	4.8	5.0	0.7	1.9	1.9	2.1	2.7
JOYO BANK	59.2	62.9	63.1	64.0	63.1	1.4	3.4	3.4	4.3	4.7	2.7	3.6	3.2	3.2	4.1
MIZUHO FINANCIAL GROUP	64.3	66.7	68.4	69.4	64.2	n.c.	7.3	10.5	10.9	10.4	2.7	4.3	4.7	4.8	5.1
SUMITOMO MITSUI TRUST HOLDINGS	60.7	64.7	66.2	61.8	66.0	n.c.	7.7	7.8	9.9	7.8	3.1	5.0	4.8	6.2	5.5
HOKUHOKU FINANCIAL GROUP	56.0	61.1	65.1	66.6	68.2	9.2	4.9	4.5	3.2	3.9	1.8	1.4	1.4	1.4	1.7
SHINSEI BANK	66.8	68.8	61.0	65.4	69.5	n.c.	n.c.	8.5	1.1	9.0	4.9	2.6	3.5	4.1	5.9
NORINCHUKIN BANK	n.c.	395.4	95.1	2.472.9	249.1	n.c.	0.8	3.1	1.5	2.1	5.1	8.0	8.3	8.9	10.0
Average	**71.5**	**60.5**	**64.4**	**61.0**	**60.5**	**n.c.**	**5.8**	**7.0**	**6.9**	**9.1**	**2.4**	**4.1**	**3.9**	**4.0**	**4.6**

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

(1) Financial year from 1 April to 31 March; the table does not include companies no longer existing in their previous form as at 31 March 2013

TABLE I.36 – PROFITABILITY AND FREE CAPITAL RATIOS

UNITED STATES

BANKS (2)	COST / INCOME RATIO					ROE					FREE CAPITAL (1)				
	2008	2009	2010	2011	2012	2008	2009	2010	2011	2012	2008	2009	2010	2011	2012
	%					%					as % of funding from customers				
U.S. BANCORP	49.3	49.2	52.4	53.3	51.9	12.6	9.3	12.7	16.7	16.9	6.9	4.2	4.6	5.8	7.8
BB&T	53.2	54.3	56.3	57.0	55.6	10.5	5.6	5.2	8.0	10.3	6.5	3.9	3.4	4.7	6.8
WELLS FARGO & CO.	53.6	51.3	55.5	59.9	57.6	2.8	12.3	10.8	12.8	13.6	1.6	2.3	2.7	4.0	5.3
CAPITAL ONE FINANCIAL	55.3	58.7	48.9	58.0	57.9	n.c.	3.4	11.5	11.9	9.5	8.6	6.3	4.9	7.0	7.4
FIFTH THIRD BANCORP	56.2	60.4	60.1	61.1	60.0	n.c.	5.8	5.7	10.9	13.0	4.0	4.9	4.1	2.6	2.8
JPMORGAN CHASE & CO.	68.4	52.2	53.9	60.7	64.3	3.5	7.6	10.9	11.5	11.6	6.4	6.1	6.4	6.8	7.7
ALLY FINANCIAL	238.6	163.8	75.4	94.1	65.1	9.3	n.c.	5.5	n.c.	6.4	-13.8	-6.4	-0.3	0.5	1.4
THE PNC FINANCIAL SERVICES GROUP	62.5	56.6	54.9	62.6	67.6	3.6	8.9	12.7	9.9	8.4	1.7	1.5	3.3	5.1	5.4
REGIONS FINANCIAL	68.4	74.3	72.0	69.6	69.0	n.c.	n.c.	n.c.	n.c.	7.8	7.2	5.4	4.1	4.4	4.1
CITIGROUP	100.8	62.3	55.9	65.6	69.6	n.c.	n.c.	6.9	6.6	4.2	6.3	7.7	7.8	9.0	10.5
SUNTRUST BANKS	72.3	74.5	70.3	74.4	73.0	3.7	n.c.	0.8	3.4	10.4	7.4	6.6	6.1	4.6	6.4
THE BANK OF NEW YORK MELLON	70.3	70.8	72.6	75.6	78.4	5.3	n.c.	8.4	8.1	7.2	0.8	1.1	2.5	2.4	3.4
BANK OF AMERICA	52.4	57.9	62.8	77.7	82.3	2.3	2.8	n.c.	0.6	1.8	2.9	3.7	5.2	8.1	8.8
Average	**78.1**	**58.0**	**57.9**	**65.7**	**66.9**	**n.c.**	**2.6**	**6.2**	**7.2**	**7.8**	**3.7**	**4.6**	**5.2**	**6.5**	**7.4**

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) Data restated in 2010, including performing restructured loans under bad loans.
(2) The table does not include companies no longer existing in their previous form as at 31 December 2012.

TABLE I.36 – PROFITABILITY AND FREE CAPITAL RATIOS

CHINA

BANKS (1)	COST / INCOME RATIO					ROE					FREE CAPITAL				
	2008	2009	2010	2011	2012	2008	2009	2010	2011	2012	2008	2009	2010	2011	2012
	%					%					as % of funding from customers				
INDUSTRIAL BANK	41.6	45.2	39.3	38.9	33.4	30.2	28.7	25.2	28.4	25.7	6.7	5.9	7.6	8.2	9.5
BANK OF COMMUNICATIONS	38.6	39.3	38.9	35.8	35.8	23.4	22.5	21.2	23.0	18.2	6.0	5.9	7.1	7.9	9.8
INDUSTRIAL AND COMMERCIAL BANK OF CHINA	35.1	38.5	36.6	36.0	35.8	22.5	23.6	25.2	27.8	26.9	6.0	5.8	6.6	7.1	7.5
SHANGHAI PUDONG DEVELOPMENT BANK	45.1	45.2	40.4	36.3	36.4	42.9	24.1	18.5	22.4	23.9	4.2	5.3	7.8	8.5	8.5
CHINA CONSTRUCTION BANK	36.5	39.8	37.5	36.4	37.3	24.8	23.8	24.0	26.4	25.8	6.3	6.3	7.3	7.9	8.1
CHINA CITIC BANK	39.7	46.5	40.7	36.8	39.0	16.2	16.0	21.8	21.5	18.5	9.3	7.1	6.7	8.9	9.1
BANK OF CHINA	39.0	43.0	42.2	41.4	41.1	16.1	18.8	19.3	20.7	20.3	7.3	6.3	7.3	7.2	8.0
AGRICULTURAL BANK OF CHINA	51.1	48.7	43.7	41.5	43.3	21.5	23.4	21.2	23.1	24.0	1.8	2.7	5.1	6.4	6.9
CHINA MINSHENG BANKING	50.7	56.8	48.1	45.6	43.6	17.1	15.9	20.3	27.5	29.9	6.0	7.5	7.3	8.1	8.4
CHINA MERCHANTS BANK	42.2	51.6	46.1	43.1	43.7	36.1	24.5	23.8	28.0	29.2	4.9	4.8	6.3	7.1	7.5
Average	**40.2**	**43.1**	**40.2**	**38.7**	**38.9**	**22.0**	**22.2**	**22.4**	**24.7**	**24.1**	**5.5**	**5.5**	**6.7**	**7.3**	**7.9**

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.

TABLE I.37 – 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)							
		2008	2009	2010	2011	2012	2008	2009	2010	2011	2012	*of which: tier 1*	2013	*of which: tier 1*
		number					%							
DEXIA	BE	189.4	58.6	66.8	n.c.	111.3	11.8	14.1	14.7	10.3	20.9	*19.9*		
BANCO FINANCIERO Y DE AHORROS (4)	ES	-	-	54.7	144.9	101.5	-	-	11.9	9.5	9.0	*5.2*		
DEUTSCHE BANK	DE	99.5	53.6	54.3	55.3	49.7	12.2	13.9	14.1	14.5	17.1	*15.1*	18.5	*16.9*
BELFIUS BANK (ex-Dexia Bank Belgium) (5)	BE	-	-	-	76.1	41.3	-	-	-	15.1	13.8	*13.3*	16.5	*15.4*
LANDESBANK BADEN-WUERTTEMBERG	DE	90.4	41.6	40.0	41.6	34.2	10.1	13.2	15.3	17.2	19.7	*15.3*		
DZ BANK	DE	50.7	39.2	37.0	40.0	33.8	9.7	12.4	12.7	11.5	13.8	*13.6*	17.9	*16.4*
CREDIT AGRICOLE (6)	FR	37.6	31.8	30.6	32.9	33.4	9.9	10.9	11.7	11.7	14.0	*12.9*	15.8	*10.9*
DANSKE BANK	DK	48.1	39.6	39.0	32.8	29.6	13.0	17.8	17.7	17.9	21.3	*18.9*	21.4	*19.0*
UBS	CH	72.5	35.3	31.1	29.3	28.6	15.1	19.8	20.4	21.6	25.2	*21.3*	22.2	*18.5*
ABN AMRO GROUP (7)	NL	-	-	32.4	36.3	28.5	-	-	16.6	16.8	18.4	*12.9*	20.2	*15.3*
CREDIT SUISSE GROUP	CH	31.0	26.4	30.0	32.3	27.2	17.9	20.6	21.9	24.2	22.3	*19.4*	20.6	*16.8*
NORDEA	SE	30.9	25.9	27.1	31.3	27.2	9.5	11.9	11.5	11.1	12.7	*11.2*	13.4	*11.7*
BARCLAYS	GB	55.2	27.6	27.6	27.1	26.9	13.6	16.6	16.9	16.4	17.1	*13.3*	19.9	*15.7*
SEB	SE	38.7	27.8	26.2	25.7	26.4	10.6	13.5	12.4	12.5	11.5	*11.6*	11.7	*11.8*
COMMERZBANK	DE	33.6	36.0	29.4	30.3	26.4	13.9	14.8	15.3	15.5	17.8	*13.1*	19.2	*13.5*
SOCIETE GENERALE	FR	34.2	26.2	26.7	27.6	26.4	11.6	13.0	12.1	11.9	12.7	*12.5*	14.7	*13.4*
ING GROEP	NL	128.5	51.0	39.1	34.5	25.5	12.8	13.5	15.3	14.3	16.9	*14.3*	16.5	*13.5*
KfW	DE	33.6	30.6	28.1	27.8	24.8	10.1	11.7	14.7	17.8	20.6	*18.2*		
LLOYDS BANKING GROUP	GB	61.4	27.2	24.1	23.6	23.4	11.2	12.4	15.2	15.6	17.3	*13.8*	20.8	*14.5*
BNP PARIBAS	FR	44.6	30.4	27.6	27.1	23.3	11.1	14.2	14.5	14.0	15.6	*13.6*	14.3	*12.8*
GROUPE BPCE (8)	FR	-	25.4	23.5	26.2	23.3	-	10.9	11.6	11.1	12.5	*12.2*	14.4	*12.8*
RBS	GB	39.4	21.9	23.1	24.4	23.1	14.1	16.1	14.0	13.8	14.5	*12.4*	16.5	*13.1*
BANCO SANTANDER	ES	26.1	22.5	22.5	22.3	22.1	12.2	14.2	13.1	13.6	13.1	*11.2*	14.6	*12.6*
LA CAIXA	ES	17.4	15.9	16.9	15.5	19.9	11.0	11.0	11.8	16.6	14.5	*10.4*	17.9	*12.7*
CREDIT MUTUEL	FR	28.3	23.0	21.5	21.3	19.8	11.7	10.9	11.5	11.2	14.5	*14.5*	15.9	*14.5*
BAYERISCHE LANDESBANK	DE	46.3	24.5	23.1	22.0	19.1	12.3	17.0	15.5	15.6	18.0	*13.8*		
DNB	NO	25.0	19.4	17.8	19.1	18.6	9.5	12.1	12.4	11.4	12.6	*11.0*	14.0	*12.1*
INTESA SANPAOLO	IT	26.6	21.4	22.1	19.1	18.6	10.2	11.8	13.2	14.3	13.6	*12.1*	14.8	*12.2*
UNICREDIT	IT	32.1	24.4	21.5	23.3	17.9	10.7	12.0	12.7	12.4	14.5	*11.4*	13.6	*10.1*
BBVA	ES	28.3	22.1	18.2	18.5	17.7	12.2	13.6	13.7	12.9	13.0	*10.8*	14.9	*12.2*
HSBC HOLDINGS	GB	33.5	21.8	19.2	18.3	17.4	11.4	13.7	15.2	14.1	16.1	*13.4*	17.8	*14.5*
RABOBANK NEDERLAND	NL	20.1	17.2	17.1	16.9	17.3	13.0	14.1	16.3	17.5	19.0	*17.2*	19.8	*16.6*
STANDARD CHARTERED	GB	26.2	20.2	16.0	17.3	16.2	15.6	16.5	18.4	17.6	17.4	*13.4*	18.0	*13.1*
Average (9)		**41.6**	**27.8**	**26.5**	**27.0**	**24.6**	**12.0**	**13.9**	**14.5**	**14.6**	**16.1**	***13.7***	**17.0**	***14.0***

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 2012.
(4) Company operative since 1 January 2011, following the merger of seven local savings banks. The 2010 indicators have been calculated on the basis of pro forma data.
(5) Company which previously formed part of the Dexia group, and was acquired by the Belgian state in October 2011.
(6) In 2013 ratios refer to Crédit Agricole S.A.
(7) Company operative since 2010 following the combination of the former ABN AMRO and Fortis groups' activities in the Netherlands.
(8) Company in operation since 2009 following the merger between Groupe Banque Populaire and Groupe Caisse d'Epargne.
(9) Simple average for solvency margins.

TABLE I.37 – TOTAL ASSETS AS A PERCENTAGE OF TANGIBLE NET EQUITY AND CAPITAL ADEQUACY RATIOS

JAPAN

BANKS (3)	TOTAL ASSETS (1) / TANGIBLE NET WORTH					TOTAL CAPITAL RATIO (2)							
	2009	2010	2011	2012	2013	31/03/09	31/03/10	31/03/11	31/03/12	31/03/13	*of which:* tier 1	30/09/13	*of which:* tier 1
	number					%							
SHINKIN CENTRAL BANK	63.6	28.3	30.5	28.0	24.6	11.3	25.6	29.8	30.4	33.6	...	...	...
HOKUHOKU FINANCIAL GROUP	24.3	26.6	26.8	25.8	24.5	10.8	10.8	11.3	11.7	11.9	*8.2*	12.0	*8.5*
MIZUHO FINANCIAL GROUP	38.2	28.1	25.4	25.2	23.8	10.6	13.5	15.3	15.5	14.2	*11.0*	15.0	*11.7*
MITSUBISHI UFJ FINANCIAL GROUP	39.2	26.1	27.5	28.1	23.7	11.8	14.9	14.9	14.9	16.7	*12.7*	16.8	*13.1*
FUKUOKA FINANCIAL GROUP	28.5	25.0	25.4	23.7	21.4	9.3	10.3	10.8	11.0	12.3	*8.4*	12.7	*8.8*
SUMITOMO MITSUI FINANCIAL GROUP	33.9	20.1	23.3	24.0	20.6	11.5	15.0	16.6	16.9	14.7	*10.9*	16.0	*12.1*
RESONA HOLDINGS	18.4	18.0	27.3	23.7	19.8	13.5	13.8	11.2	13.2	14.7	*10.7*	15.2	*11.2*
SUMITOMO MITSUI TRUST HOLDINGS	23.1	18.5	17.6	15.7	17.4	12.1	13.8	16.5	16.7	14.1	*10.0*	15.8	*11.2*
JOYO BANK	20.1	17.6	17.8	18.2	16.6	12.9	12.7	12.8	12.8	12.8	*12.2*	13.6	*12.9*
CHIBA BANK	18.8	17.0	16.9	16.5	15.7	11.7	12.8	13.4	14.4	14.1	*12.9*	14.3	*13.0*
BANK OF YOKOHAMA	16.7	15.7	15.8	15.3	15.0	10.9	12.2	12.3	13.7	14.0	*11.6*	14.4	*12.3*
NORINCHUKIN BANK	25.3	17.5	16.5	14.9	14.1	15.6	19.2	22.7	24.7	23.6	*16.1*	24.4	*17.3*
SHOKO CHUKIN BANK	16.0	14.3	14.1	14.2	14.1	8.9	11.4	12.4	13.1	13.5	*12.1*	...	...
SHINSEI BANK	19.8	20.3	18.6	14.6	13.7	8.4	8.4	9.8	10.3	12.2	*10.4*	14.1	*12.0*
SHIZUOKA BANK	14.2	12.8	13.4	13.0	12.8	14.1	15.3	15.3	17.5	17.5	*15.5*	17.2	*15.4*
Average (4)	**30.2**	**22.1**	**22.9**	**22.4**	**20.3**	**11.6**	**14.0**	**15.0**	**15.8**	**16.0**	***11.6***	**15.5**	***12.3***

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) Financial years end 31 March. The table does not include companies no longer existing in their previous form as at 31 March 2013.
(4) Simple average for solvency margins.

TABLE I.37 – 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)							
	2008	2009	2010	2011	2012	2008	2009	2010	2011	2012	*of which:* tier 1	2013	*of which:* tier 1
	number					%							
THE BANK OF NEW YORK MELLON	37.8	28.9	26.1	29.7	24.9	17.1	16.0	16.3	17.0	16.3	*15.0*	17.0	*16.2*
JPMORGAN CHASE & CO.	20.3	20.2	18.7	17.6	15.7	14.8	14.8	15.5	15.4	15.3	*12.6*	14.4	*11.9*
BANK OF AMERICA	22.8	18.5	16.7	14.1	13.8	13.0	14.7	15.8	16.8	16.3	*12.9*	15.4	*12.4*
BB&T	15.1	18.2	16.4	16.1	13.4	17.4	15.8	15.5	15.7	13.9	*11.0*	14.3	*11.8*
CAPITAL ONE FINANCIAL	11.2	13.1	15.2	12.5	12.4	16.6	17.7	16.8	14.9	13.6	*11.3*	14.7	*12.6*
SUNTRUST BANKS	12.7	11.5	10.8	13.3	12.2	14.0	16.4	16.5	13.7	13.5	*11.1*	12.8	*10.8*
WELLS FARGO & CO.	26.1	20.0	15.8	13.5	12.2	11.8	13.3	15.0	14.8	14.6	*11.8*	15.4	*12.3*
U.S. BANCORP	16.3	18.9	16.3	14.1	12.0	14.3	12.9	13.3	13.3	13.1	*10.8*	13.2	*11.2*
CITIGROUP	19.7	15.9	14.7	12.7	11.6	15.7	15.2	16.6	17.0	17.3	*14.1*	16.7	*13.7*
REGIONS FINANCIAL	13.3	11.8	12.0	11.0	11.4	14.6	15.8	16.4	17.0	15.4	*12.0*	14.7	*11.7*
FIFTH THIRD BANCORP	13.3	10.7	10.0	11.3	11.2	14.8	17.5	18.1	16.1	14.4	*10.7*	14.1	*10.4*
ALLY FINANCIAL (4)	11.9	11.2	11.4	12.1	10.5	-	15.6	16.4	14.7	14.1	*13.1*	12.8	*11.8*
THE PNC FINANCIAL SERVICES GROUP	17.5	13.1	11.5	9.6	9.5	13.2	15.0	15.6	15.8	14.7	*11.6*	15.8	*12.3*
Average (5)	**20.7**	**17.5**	**15.9**	**14.3**	**13.2**	**14.8**	**15.4**	**16.0**	**15.6**	**14.8**	***12.2***	**14.7**	***12.2***

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) The table does not include companies no longer existing in their previous form as at 31 December 2012.
(4) Company subject to banking regulations since 24 December 2008.
(5) Simple average for solvency margins.

TABLE I.37 – 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)						
	2008	2009	2010	2011	2012	2008	2009	2010	2011	*of which:* tier 1	2012	*of which:* tier 1
	number					%						
CHINA MINSHENG BANKING	19.4	16.1	17.6	17.2	19.6	9.2	10.8	10.4	10.9	*7.9*	10.8	*8.1*
INDUSTRIAL BANK	21.0	22.5	20.2	20.9	19.1	11.2	10.8	11.2	11.0	*8.2*	12.1	*9.3*
AGRICULTURAL BANK OF CHINA	26.5	28.0	20.0	18.7	18.3	9.4	10.1	11.6	11.9	*9.5*	12.6	*9.7*
CHINA MERCHANTS BANK	23.0	25.5	19.6	18.2	18.1	11.3	10.4	11.5	11.5	*8.2*	12.1	*8.5*
SHANGHAI PUDONG DEVELOPMENT BANK	31.4	23.8	17.8	18.0	17.6	9.1	10.3	12.0	12.7	*9.2*	12.5	*9.0*
INDUSTRIAL AND COMMERCIAL BANK OF CHINA	16.8	18.1	16.9	16.6	15.9	13.1	12.4	12.3	13.2	*10.1*	13.7	*10.6*
CHINA CONSTRUCTION BANK	16.9	17.8	15.8	15.4	15.0	12.2	11.7	12.7	13.7	*11.0*	14.3	*11.3*
BANK OF CHINA	14.4	16.4	15.8	15.9	14.9	13.4	11.1	12.6	13.0	*10.1*	13.6	*10.5*
CHINA CITIC BANK	12.5	16.6	16.9	15.6	14.7	14.3	10.1	11.3	12.3	*9.9*	13.4	*9.9*
BANK OF COMMUNICATIONS	18.0	20.3	17.8	17.0	13.9	13.5	12.0	12.4	12.4	*9.3*	14.1	*11.2*
Average (3)	**18.0**	**19.4**	**17.2**	**16.8**	**16.1**	**11.7**	**11.0**	**11.8**	**12.3**	***9.3***	**12.9**	***9.8***

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) Simple average for solvency margins.

TABLE I.38 – 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	
		2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
		%		%		%		%		%	
UBS	CH	14.1	15.4	88.8	110.8	80.9	93.6	3.43	3.55	5.6	6.4
DEXIA (4)	BE	20.3	15.5	n.c.	359.6	n.c.	342.5	n.c.	1.15	15.1	6.5
DEUTSCHE BANK	DE	17.7	16.7	142.1	141.9	126.2	125.6	1.78	1.95	9.4	9.9
KfW	DE	22.9	21.4	113.6	109.1	97.8	96.2	3.24	3.71	12.5	11.2
DZ BANK	DE	24.6	22.0	113.3	102.5	99.3	101.4	3.22	3.90	6.5	6.4
BELFIUS BANK (ex-Dexia Bank Belgium) (5)	BE	22.8	23.6	261.9	135.0	220.7	130.3	1.38	2.80	22.0	17.8
DANSKE BANK	DK	26.6	23.7	156.4	149.0	140.0	132.4	2.87	3.20	7.5	7.0
CREDIT AGRICOLE	FR	32.6	24.1	125.3	112.3	115.2	103.4	2.93	2.94	16.9	14.5
ING GROEP	NL	26.2	24.2	129.1	104.2	105.8	88.4	2.92	3.98	10.4	11.0
CREDIT SUISSE GROUP	CH	20.2	24.5	158.4	148.4	118.1	129.4	3.16(6)	3.70(6)	11.0	14.6
SOCIETE GENERALE	FR	29.9	26.1	97.6	87.7	88.2	85.9	3.58	4.01	17.2	15.3
BARCLAYS	GB	25.1	26.1	111.5	120.0	88.0	93.8	3.24	3.24	18.8	18.3
LANDESBANK BADEN-WUERTTEMBERG	DE	28.9	28.5	207.2	191.7	154.5	149.4	1.97	2.30	7.8	8.7
BNP PARIBAS	FR	31.5	29.2	119.8	105.7	98.9	92.6	3.88	4.61	18.5	18.8
RABOBANK NEDERLAND	NL	30.7	29.7	90.5	97.6	87.9	88.5	5.96	5.73	6.9	7.1
CREDIT MUTUEL	FR	41.3	30.3	98.7	87.1	98.7	87.1	4.59	5.12	14.3	12.3
ABN AMRO GROUP	NL	29.2	30.8	178.2	162.2	137.7	113.6	2.67	3.31	8.0	8.7
NORDEA	SE	31.4	31.8	108.9	110.0	99.3	96.6	3.54	4.01	15.6	15.9
COMMERZBANK	DE	35.9	32.9	168.0	154.8	120.3	113.6	2.99	3.53	13.8	13.5
GROUPE BPCE	FR	36.5	33.6	105.6	97.9	96.1	95.4	3.52	4.13	18.8	18.2
LLOYDS BANKING GROUP	GB	36.6	33.9	135.2	137.1	108.1	109.3	5.06	5.35	7.5	7.4
BAYERISCHE LANDESBANK	DE	38.3	35.0	131.0	120.3	96.0	92.4	4.11	4.77	13.3	12.2
RBS	GB	29.4	35.4	99.2	119.0	93.1	101.7	3.59	3.72	18.7	19.1
SEB	SE	35.3	36.1	113.3	109.4	118.0	111.0	4.51	4.44	17.2	17.6
BANCO FINANCIERO Y DE AHORROS	ES	52.5	36.3	723.2	331.6	520.7	192.6	0.69	1.00	13.6	9.6
HSBC HOLDINGS	GB	47.9	42.2	123.5	118.0	101.2	98.5	4.44	4.88	28.9	24.8
BANCO SANTANDER	ES	46.3	44.9	140.2	129.6	113.7	110.6	4.51	4.57	18.8	18.8
INTESA SANPAOLO	IT	52.1	45.3	141.7	114.8	114.0	101.5	5.65	5.85	17.3	16.0
UNICREDIT	IT	50.5	46.9	145.7	122.1	109.7	96.2	3.80	5.21	16.8	17.2
DNB	NO	52.5	47.6	114.5	111.3	99.6	97.9	4.68	4.47	29.2	26.2
STANDARD CHARTERED	GB	45.7	48.0	138.4	136.0	107.9	104.8	5.64	6.14	17.7	17.4
LA CAIXA	ES	54.5	48.8	140.9	141.6	113.8	100.8	5.92(6)	4.87(6)	21.2	17.7
BBVA	ES	56.2	52.3	134.2	120.9	107.2	100.0	4.78	5.10	22.7	21.1
Average (7)		**34.7**	**32.2**	**151.7**	**136.3**	**124.3**	**114.5**	**3.70**	**3.98**	**15.1**	**14.2**

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 2012.
(4) Net worth showed a negative balance in 2011.
(5) Company which previously formed part of the Dexia group, and was acquired by the Belgian state in October 2011.
(6) Balance-sheet data processed by R&S.
(7) Simple average of values shown in the table.

TABLE I.38 – 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	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
	%		%		%		%		%	
SHINKIN CENTRAL BANK	14.1	14.0	128.1	115.5	…	…	…	…	57.9	58.4
MIZUHO FINANCIAL GROUP	31.2	34.1	121.8	115.0	100.2	89.4	4.04	4.41	39.7	41.8
NORINCHUKIN BANK	33.8	34.7	124.7	115.1	92.2	78.8	7.69	7.04	4.6	4.1
JOYO BANK	37.4	38.3	87.1	81.4	82.5	77.4	…	…	19.1	18.3
MITSUBISHI UFJ FINANCIAL GROUP	39.9	38.4	167.5	151.9	138.3	116.1	3.22	3.89	32.3	32.1
RESONA HOLDINGS	41.0	40.9	128.5	119.0	90.8	87.2	3.72	4.54	20.3	20.2
SHIZUOKA BANK	42.9	42.0	97.6	96.2	89.7	85.7	…	…	17.6	16.5
HOKUHOKU FINANCIAL GROUP	46.4	43.7	140.1	127.2	93.6	87.8	…	…	22.9	21.5
SUMITOMO MITSUI FINANCIAL GROUP	37.5	44.2	152.3	134.4	110.5	99.9	3.81	4.30	38.7	39.5
CHIBA BANK	44.3	44.4	105.0	97.7	95.1	89.8	…	…	19.9	18.6
FUKUOKA FINANCIAL GROUP	52.3	45.6	135.9	119.6	85.6	81.6	…	…	26.8	27.3
BANK OF YOKOHAMA	52.8	50.7	110.2	106.0	91.6	87.7	…	…	15.9	15.4
SUMITOMO MITSUI TRUST HOLDINGS (4)	53.3	52.6	140.1	128.9	99.7	91.0	6.45	6.10	34.6	29.8
SHOKO CHUKIN BANK	60.0	57.8	111.8	110.2	99.0	98.3	…	…	7.9	7.8
SHINSEI BANK	76.6	69.2	114.7	116.4	98.3	99.0	6.94	7.60	57.6	51.0
Average (4)	**44.2**	**43.4**	**124.4**	**115.6**	**97.7**	**90.7**	**5.12**	**5.41**	**27.7**	**26.8**

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) Includes irrevocable and revocable lending-related commitments, plus also acceptances and guarantees.
(3) Financial year from 1 April to 31 March. The table does not include companies no longer existing in their previous form as at 31 March 2013.
(4) Simple average of values shown in the table.

TABLE I.38 – 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	
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
	%		%		%		%		%	
THE BANK OF NEW YORK MELLON	33.9	33.2	171.6	135.0	151.5	124.2	3.16	3.76	11.9	11.6
CITIGROUP	52.9	53.0	114.1	106.3	91.0	86.6	5.62	6.25	55.0	54.5
JPMORGAN CHASE & CO.	55.3	55.2	150.3	132.4	120.2	109.2	4.22	4.71	45.0	45.4
BANK OF AMERICA	62.8	56.7	148.4	127.3	109.9	100.7	5.20	5.53	44.2	40.5
BB&T	74.3	74.6	180.8	138.9	143.4	109.6	5.19	6.20	31.4	28.1
CAPITAL ONE FINANCIAL	81.2	75.4	150.5	126.5	121.6	105.8	3.78	3.98	116.2	107.4
WELLS FARGO & CO.	79.4	78.2	158.6	139.1	121.7	111.7	5.81	6.47	35.0	34.2
REGIONS FINANCIAL	75.2	80.0	140.6	140.6	109.8	109.7	7.13	6.74	32.9	34.5
SUNTRUST BANKS	78.4	81.0	143.1	132.7	114.1	109.6	5.55	5.98	39.7	40.7
U.S. BANCORP	82.6	84.1	154.7	132.9	125.2	109.8	4.50	5.22	68.6	69.3
ALLY FINANCIAL	86.1	85.9	153.6	127.4	143.4	118.9	8.75	10.76	15.5	8.0
THE PNC FINANCIAL SERVICES GROUP	88.4	88.7	134.9	123.7	107.3	97.8	7.61	7.64	46.4	45.2
FIFTH THIRD BANCORP	92.2	92.4	167.0	148.9	123.6	110.0	6.34	6.27	46.2	48.7
Average (4)	**72.5**	**72.2**	**151.4**	**131.7**	**121.7**	**108.0**	**5.60**	**6.12**	**45.2**	**43.7**

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 23.8% and 23.7% respectively.
(3) The table does not include companies no longer existing in their previous form as at 31 December 2012.
(4) Simple average of values shown in the table.

TABLE I.38 – 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 (2) / TANGIBLE ASSETS	
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
	%		%		%		%		%	
INDUSTRIAL BANK	55.8	53.5	128.9	124.1	95.6	95.0	4.05	4.51	19.0	16.7
INDUSTRIAL AND COMMERCIAL BANK OF CHINA	54.7	54.3	119.6	118.2	91.4	92.0	5.43	5.71	12.8	11.9
AGRICULTURAL BANK OF CHINA	54.8	54.6	122.3	125.8	97.1	96.5	4.78	5.03	14.5	11.3
CHINA CONSTRUCTION BANK	55.1	54.7	116.0	117.6	93.1	93.0	5.68	5.92	16.2	14.5
BANK OF CHINA	56.3	57.3	116.3	116.7	90.3	90.2	5.40	5.84	19.6	18.3
SHANGHAI PUDONG DEVELOPMENT BANK	58.6	59.6	134.0	130.3	97.1	93.8	4.46	4.59	25.5	25.2
BANK OF COMMUNICATIONS	60.6	59.7	128.2	116.6	95.5	93.2	4.84	5.80	23.0	25.9
CHINA MERCHANTS BANK	63.3	61.2	132.8	134.1	94.7	93.8	2.86	4.62	31.6	21.4
CHINA MINSHENG BANKING	72.0	63.0	134.6	132.8	97.4	100.4	4.52	4.06	30.1	26.7
CHINA CITIC BANK	61.6	66.3	118.5	130.9	95.7	96.4	4.78	4.98	35.0	37.8
Average (2)	**59.3**	**58.4**	**125.1**	**124.7**	**94.8**	**94.4**	**4.68**	**5.11**	**22.7**	**21.0**

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.
(2) Simple average of values shown in the table.

TABLE I.39 – DERIVATIVE CONTRACTS

	2010						2011						2012					
	Europe		Japan		United States		Europe		Japan		United States		Europe		Japan		United States	
	EUR bn	%	JPY bn	%	USD bn	%	EUR bn	%	JPY bn	%	USD bn	%	EUR bn	%	JPY bn	%	USD bn	%
Notional amounts by risk category:																		
interest rate	329,247	*82.0*	2,774,631	*87.8*	167,130	*82.7*	341,332	*82.3*	2,658,923	*87.5*	157,372	*80.2*	323,047	*81.7*	2,681,322	*85.7*	151,549	*79.5*
foreign exchange	43,489	*10.8*	346,674	*11.0*	17,653	*8.7*	45,911	*11.1*	336,690	*11.1*	20,797	*10.6*	47,794	*12.1*	410,745	*13.1*	22,134	*11.6*
credit	18,001	*4.5*	19,930	*0.6*	12,486	*6.2*	17,860	*4.3*	16,469	*0.5*	12,632	*6.4*	14,795	*3.7*	14,683	*0.5*	12,032	*6.3*
equity	6,910	*1.7*	7,274	*0.2*	2,680	*1.3*	6,558	*1.6*	9,571	*0.3*	3,141	*1.6*	6,858	*1.7*	9,781	*0.3*	2,645	*1.4*
other	3,670	*0.9*	12,245	*0.4*	2,064	*1.0*	3,270	*0.8*	18,197	*0.6*	2,318	*1.2*	2,784	*0.7*	11,383	*0.4*	2,308	*1.2*
Total [1]	**401,317**	***100.0***	**3,160,754**	***100.0***	**202,013**	***100.0***	**414,931**	***100.0***	**3,039,850**	***100.0***	**196,260**	***100.0***	**395,278**	***100.0***	**3,127,914**	***100.0***	**190,668**	***100.0***
Index number	*100.0*		*100.0*		*100.0*		*103.4*		*96.2*		*97.2*		*98.5*		*99.0*		*94.4*	
Notional amount / total assets	14.5		4.2		21.7		14.2		3.9		20.6		13.7		3.8		19.1	
Fair value (balance) (millions) [2]	2,072		1,794,792		33,256		40,246		76,673		55,277		45,296		-265,639		29,958	
as % of net worth	*0.2*		*4.9*		*3.6*		*3.0*		*0.2*		*5.8*		*3.2*		*-0.6*		*2.9*	
Credit risk (bn) [3]	797		14,125		238		871		14,946		280		748		16,047		228	
Index number	*100.0*		*100.0*		*100.0*		*109.3*		*105.8*		*117.6*		*93.9*		*113.6*		*95.8*	
as % of net worth	*66.7*		*38.4*		*26.1*		*71.8*		*38.9*		*29.2*		*58.6*		*36.1*		*21.9*	

(1) For Japan data refers only to trading derivatives. Data refers to companies representing 92.5% of 2012 total assets for Europe and 98.5% 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 90.6% of 2012 total assets for Europe and to the whole survey for the Japan and US banks.

TABLE I.40 – RIGHTS ISSUES, SHARE BUYBACKS AND DIVIDENDS

	Rights issues [1]	Share buybacks [2]	Dividends paid [3]	Balance	
Europe					
	EURbn	EURbn	EURbn	EURbn	
	a	*b*	*c*	*d = b+c-a*	*c / (a-b)*
2003	7.4	7.2	29.2	29.0	146.0
2004	17.6	15.4	31.2	29.0	14.2
2005	21.7	10.7	40.6	29.6	3.7
2006	28.2	17.1	48.5	37.4	4.4
2007	49.1	23.8	56.8	31.5	2.2
2008	126.7 [4]	- 2.5	50.3	- 78.9	0.4
2009	164.9 [4]	23.8	17.2	- 123.9	0.1
2010	36.5	11.3	20.9	- 4.3	0.8
2011	26.9	23.5	23.5	20.1	6.9
2012	50.6 [4]	3.7	19.6	- 27.3	0.4
Total	**529.6**	**134.0**	**337.8**	**- 57.8**	**0.9**
Japan					
	JPYbn	JPYbn	JPYbn	JPYbn	
	a	*b*	*c*	*d = b+c-a*	*c / (a-b)*
2003	1,973	- 42	190	- 1,825	0.1
2004	515	984	296	765	n.c.
2005	554	1,156	355	957	n.c.
2006	147	3,028	432	3,313	n.c.
2007	1,107	373	577	- 157	0.8
2008	2,074	403	651	- 1,020	0.4
2009	4,038	346	472	- 3,220	0.1
2010	1,378	1,628	635	885	n.c.
2011	o	351	729	1,080	n.c.
2012	-	244	658	902	n.c.
Total	**11,786**	**8,471**	**4,995**	**1,680**	**1.5**
United States					
	USDbn	USDbn	USDbn	USDbn	
	a	*b*	*c*	*d = b+c-a*	*c / (a-b)*
2003	12.9	23.7	29.9	40.7	n.c.
2004	11.9	23.1	36.8	48.0	n.c.
2005	13.8	39.8	42.7	68.7	n.c.
2006	21.8	51.4	48.7	78.3	n.c.
2007	24.2	36.1	49.0	60.9	n.c.
2008	293.5 [5]	- 1.0	44.4	- 250.1	0.2
2009	139.3 [5]	129.4	22.2	12.3	2.2
2010	8.1	10.3	8.8	11.0	n.c.
2011	17.1	21.0	13.2	17.1	n.c.
2012	21.0	12.5	17.9	9.4	2.1
Total	**563.6**	**346.3**	**313.6**	**96.3**	**1.4**

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 Of which EUR 57.3bn in 2008, EUR 92.4bn in 2009 and 29.9bn in 2012 subscribed for by states and other European public entities.
5 USD 150.7bn of which in 2008 and USD 45.8bn of which in 2009 subscribed for by the US Treasury.

TABLE I.41 – AGGREGATE ACCOUNTS OF GERMANY'S LARGEST LANDESBANKEN

Profit and loss account

	2007		2008		2009		2010		2011		2012	
	EUR m	%	EUR m	%	EUR m	%	EUR m	%	EUR m	%	EUR m	%
Net interest income	8,434	*83.3*	10,041	*136.7*	10,086	*59.4*	8,876	*77.7*	9,025	*80.8*	8,688	*76.5*
Other operating income	3,792	*37.5*	3,620	*49.3*	3,480	*20.5*	1,972	*17.3*	1,865	*16.7*	2,084	*18.3*
Gains (losses) on financial transactions	- 2,104	*- 20.8*	- 6,318	*- 86.0*	3,406	*20.1*	572	*5.0*	282	*2.5*	587	*5.2*
Total income	**10,122**	***100.0***	**7,343**	***100.0***	**16,972**	***100.0***	**11,420**	***100.0***	**11,172**	***100.0***	**11,359**	***100.0***
Labour costs	- 3,752	*- 37.1*	- 4,058	*- 55.3*	- 3,951	*- 23.3*	-3,752	*-32.9*	-3,860	*-34.6*	-3,955	*-34.8*
General expenses	- 3,362	*- 33.1*	- 4,054	*- 55.2*	- 4,030	*- 23.7*	-3,565	*-31.2*	-3,574	*-32.0*	-3,610	*-31.8*
Bad debts recovered (written off)	- 179	*- 1.8*	- 4,842	*- 65.9*	- 9,612	*- 56.6*	-2,661	*-23.3*	-1,867	*-16.7*	-2,817	*-24.8*
Current pre-tax profit (loss)	**2,829**	***28.0***	**- 5,611**	***- 76.4***	**- 621**	***- 3.7***	**1,442**	***12.6***	**1,871**	***16.7***	**977**	***8.6***
Fixed asset writedowns	- 1,560	*- 15.5*	- 4,840	*- 65.9*	- 2,654	*- 15.6*	-566	*-5.0*	-1,754	*-15.7*	-641	*-5.7*
Other extraordinary items	680	*6.7*	247	*3.4*	- 1,152	*- 6.8*	660	*5.8*	1,393	*12.5*	1,259	*11.1*
Profit (loss) before tax	**1,949**	***19.3***	**- 10,204**	***- 139.0***	**- 4,427**	***- 26.1***	**1,536**	***13.5***	**1,510**	***13.5***	**1,595**	***14.0***
Income tax	- 305	*- 3.0*	223	*3.0*	- 373	*- 2.2*	-445	*-3.9*	-767	*-6.9*	-69	*-0.6*
Minority interest	- 115	*- 1.2*	319	*4.3*	457	*2.7*	-22	*-0.2*	23	*0.2*	13	*0.1*
Net profit (loss)	**1,529**	***15.1***	**- 9,662**	***- 131.6***	**- 4,343**	***- 25.6***	**1,069**	***9.4***	**766**	***6.8***	**1,539**	***13.5***

cont.

TABLE I.41 *(cont.)*

Balance sheet

	31-12-2007		31-12-2008		31-12-2009		31-12-2010		31-12-2011		31-12-2012	
	EUR m	%	EUR m	%	EUR m	%	EUR m	%	EUR m	%	EUR m	%
Cash and deposits at central banks	6,899	*0.4*	10,864	*0.7*	9,760	*0.7*	5,800	*0.4*	11,280	*0.8*	21,090	*1.6*
Securities	453,484	*28.7*	423,427	*25.6*	400,268	*27.1*	374,525	*27.4*	343,111	*25.6*	319,913	*24.7*
Loans and advances to banks	384,101	*24.3*	322,177	*19.5*	256,471	*17.4*	205,029	*15.0*	181,310	*13.5*	175,048	*13.5*
Loans and advances to customers	634,464	*40.1*	710,179	*43.0*	654,506	*44.3*	624,302	*45.6*	607,908	*45.3*	586,421	*45.2*
Interests in subsidiaries and associated	6,761	*0.4*	6,161	*0.4*	5,388	*0.4*	3,945	*0.3*	3,417	*0.3*	3,084	*0.2*
Net tangible assets	12,640	*0.8*	13,862	*0.8*	12,002	*0.8*	11,661	*0.9*	9,586	*0.7*	9,342	*0.7*
Intangible assets [1]	3,973	*0.3*	4,594	*0.3*	2,083	*0.1*	1,942	*0.1*	1,807	*0.1*	1,765	*0.1*
Other assets	79,078	*5.0*	160,943	*9.7*	136,991	*9.2*	140,800	*10.3*	182,480	*13.7*	180,241	*13.9*
of which: derivatives assets	*63,296*	4.0	*139,781*	8.5	*119,349*	8.1	*125,233*	9.2	*165,142*	12.3	*163,580*	12.6
Total assets	**1,581,400**	***100.0***	**1,652,207**	***100.0***	**1,477,469**	***100.0***	**1,368,004**	***100.0***	**1,340,899**	***100.0***	**1,296,904**	***100.0***
Customer deposits	345,259	*21.8*	390,044	*23.6*	391,020	*26.5*	372,703	*27.2*	360,252	*26.9*	362,471	*27.9*
Debt securities	501,546	*31.7*	475,470	*28.8*	426,168	*28.8*	373,467	*27.3*	334,586	*25.0*	315,456	*24.3*
Subordinated liabilities	46,090	*2.9*	47,435	*2.9*	41,398	*2.8*	41,077	*3.0*	40,416	*3.0*	33,367	*2.6*
Total funding from customers	*892,895*	*56.5*	*912,949*	*55.3*	*858,586*	*58.1*	*787,247*	*57.5*	*735,254*	*54.9*	*711,294*	*54.8*
Deposits by banks	504,545	*31.9*	495,846	*30.0*	399,992	*27.1*	319,773	*23.4*	304,713	*22.7*	298,804	*23.0*
Other liabilities	142,025	*8.9*	211,633	*12.7*	176,381	*12.0*	218,204	*16.0*	258,020	*19.2*	238,844	*18.5*
of which: derivatives liabilities	*63,511*	4.0	*137,409*	8.3	*117,801*	8.0	*124,565*	9.1	*165,695*	12.4	*159,815*	12.3
Total liabilities	**1,539,465**	***97.3***	**1,620,428**	***98.0***	**1,434,959**	***97.2***	**1,325,224**	***96.9***	**1,297,987**	***96.8***	**1,248,942**	***96.3***
Net worth	**41,935**	***2.7***	**31,779**	***2.0***	**42,510**	***2.8***	**42,780**	***3.1***	**42,912**	***3.2***	**47,962**	***3.7***
of which: shareholders' equity	39,014	*2.5*	28,9690	*1.8*	41,841	*2.8*	42,538	*3.1*	42,836	*3.2*	47,271	*3.6*
minority interests	2,921	*0.2*	2,810	*0.2*	669	*0.0*	242	*0.0*	76	*0.0*	691	*0.1*

1 Includes goodwill.

TABLE I.42 – AGGREGATE ACCOUNTS OF THE MAIN SPANISH SAVING BANKS

Profit and loss account

	2009		2010		2011		2012	
	EUR m	%	EUR m	%	EUR m	%	EUR m	%
Net interest income	17,955	*67.5*	13,636	*58.2*	11,011	*55.9*	12,213	*61.1*
Commissions receivable and other operating income	9,338	*35.1*	10,435	*44.5*	9,929	*50.5*	9,244	*46.2*
Commissions payable and other operating expenses	- 1,266	*- 4.8*	- 1,573	*- 6.7*	- 1,615	*- 8.2*	- 1,805	*- 9.0*
Gains (losses) on financial transactions	585	*2.2*	945	*4.0*	355	*1.8*	335	*1.7*
Total income	**26,612**	***100.0***	**23,443**	***100.0***	**19,680**	***100.0***	**19,987**	***100.0***
Labour costs	- 8,651	*- 32.5*	- 8,718	*- 37.2*	- 8,803	*- 44.7*	- 7,669	*- 38.4*
General expenses	- 5,806	*- 21.9*	- 7,140	*- 30.4*	- 5,865	*- 29.8*	- 6,125	*- 30.7*
Bad debts recovered (written off)	- 9,175	*- 34.4*	- 5,081	*- 21.7*	- 10,133	*- 51.5*	- 43,548	*- 217.9*
Current pre-tax profit (loss)	**2,980**	***11.2***	**2,504**	***10.7***	**- 5,121**	***- 26.0***	**- 37,355**	***- 186.9***
Fixed asset writedowns	- 3,424	*- 12.9*	- 2,381	*- 10.2*	- 7,151	*- 36.3*	- 14,663	*- 73.4*
of which: tangible assets	*- 2,043*	*- 7.7*	*- 1,169*	*- 5.0*	*- 4,837*	*- 24.6*	*- 9,613*	*- 48.1*
Other extraordinary items	3,790	*14.3*	2,020	*8.6*	3,544	*18.0*	- 5,841	*- 29.2*
Profit (loss) before tax	**3,346**	***12.6***	**2,143**	***9.1***	**- 8,728**	***- 44.3***	**- 57,859**	***- 289.5***
Income tax	- 14	*- 0.1*	442	*1.9*	1,797	*9.1*	7,949	*39.8*
Minority interest	- 505	*- 1.9*	- 469	*- 2.0*	1,365	*6.9*	10,657	*53.3*
Net profit (loss)	**2,827**	***10.6***	**2,116**	***9.0***	**- 5,566**	***- 28.3***	**- 39,253**	***- 196.4***

cont.

TABLE I.42 *(cont.)*

Balance sheet

	31-12-2009		31-12-2010		31-12-2011		31-12-2012	
	EUR m	%	EUR m	%	EUR m	%	EUR m	%
Cash and deposits at central banks	20,780	*1.8*	18,168	*1.5*	16,243	*1.4*	17,099	*1.5*
Securities	198,722	*16.9*	195,342	*16.3*	203,891	*17.1*	283,765	*24.3*
Loans and advances to banks	45,024	*3.8*	33,566	*2.8*	30,528	*2.5*	27,327	*2.3*
Loans and advances to customers	790,073	*67.1*	806,800	*67.2*	770,144	*64.6*	651,647	*55.8*
Interests in subsidiaries and associated	15,151	*1.3*	20,802	*1.7*	22,772	*1.9*	20,101	*1.7*
Net tangible assets	52,856	*4.5*	55,953	*4.7*	57,897	*4.8*	43,090	*3.7*
Intangible assets [1]	7,634	*0.6*	7,090	*0.6*	7,123	*0.6*	7,904	*0.7*
Other assets	46,613	*4.0*	62,749	*5.2*	84,319	*7.1*	117,296	*10.0*
of which: derivatives assets	*32,739*	*2.8*	*38,778*	*3.2*	*55,152*	*4.6*	*71,406*	*6.1*
Total assets	**1,176,853**	***100.0***	**1,200,470**	***100.0***	**1,192,917**	***100.0***	**1,168,229**	***100.0***
Customer deposits	657,964	*55.9*	706,570	*58.9*	677,461	*56.8*	588,539	*50.4*
Debt securities	204,696	*17.4*	184,299	*15.3*	168,045	*14.1*	127,254	*10.9*
Subordinated liabilities	38,342	*3.3*	48,014	*4.0*	47,445	*4.0*	31,975	*2.7*
Total funding from customers	*901,002*	*76.6*	*938,883*	*78.2*	*892,951*	*74.9*	*747,768*	*64.0*
Deposits by banks [2]	115,744	*9.8*	118,168	*9.8*	138,549	*11.6*	242,268	*20.7*
Other liabilities	87,258	*7.4*	88,523	*7.4*	107,315	*9.0*	135,729	*11.7*
of which: derivatives liabilities	*24,486*	*2.1*	*27,974*	*2.3*	*43,863*	*3.7*	*56,101*	*4.8*
Total liabilities	**1,104,004**	***93.8***	**1,145,574**	***95.4***	**1,138,815**	***95.5***	**1,125,765**	***96.4***
Net worth	**72,849**	***6.2***	**54,896**	***4.6***	**54,102**	***4.5***	**42,464**	***3.6***
of which:								
shareholders' equity	66,884	*5.7*	49,243	*4.1*	40,518	*3.4*	36,767	*3.1*
minority interests	5,965	*0.5*	5,653	*0.5*	13,584	*1.1*	5,697	*0.5*

1 Includes goodwill.
2 EUR 174.2bn of which vs central banks as at end-2012.

TABLE I.43 – PROFIT AND LOSS ACCOUNT AND BALANCE SHEET FOR 1H 2013: JAPAN

Profit and loss account

	1H 2012		1H 2013		Change
	JPY bn	%	JPY bn	%	%
Net interest income	3,002	*56.9*	3,249	*61.3*	8.2
Other operating income	1,624	*30.8*	2,030	*38.3*	25.0
Gains (losses) on financial transactions	651	*12.3*	22	*0.4*	- 96.6
Total income	**5,277**	***100.0***	**5,301**	***100.0***	**0.5**
Labour costs	…	…	…	…	…
General expenses [1]	- 2,810	*- 53.3*	- 2,882	*- 54.4*	2.6
Bad debts recovered (written off)	- 138	*- 2.6*	+ 179	*+ 3.4*	n.c.
Depreciation and amortisation	- 395	*- 7.5*	- 398	*- 7.5*	0.8
Current pre-tax profit	**1,934**	***36.6***	**2,200**	***41.5***	**13.8**
Extraordinary items	+ 84	*+ 1.6*	+ 420	*+ 7.9*	n.c.
Profit (loss) before tax	**2,018**	***38.2***	**2,620**	***49.4***	**29.8**
Income tax	- 254	*- 4.8*	- 647	*- 12.2*	154.7
Minority interest	- 139	*- 2.6*	- 178	*-3.3*	28.1
Net profit	**1,625**	***30.8***	**1,795**	***33.9***	**10.5**

Balance sheet

	31-3-2013		30-9-2013		Change
	JPY bn	%	JPY bn	%	%
Cash and deposits at central banks	…	…	…	…	…
Securities [2]	312,063	*39.9*	280,215	*35.0*	- 10.2
Loans and advances to banks [3]	91,783	*11.7*	132,542	*16.6*	44.4
Loans and advances to customers	345,710	*44.2*	351,348	*43.9*	1.6
Interests in subsidiaries and associated	…	…	…	…	…
Net tangible assets	5,311	*0.7*	5,463	*0.7*	2.9
Intangible assets [4]	3,129	*0.4*	3,215	*0.4*	2.7
Other assets	24,563	*3.1*	27,217	*3.4*	10.8
Total assets	**782,559**	***100.0***	**800,000**	***100.0***	**2.2**
Customer deposits	526,625	*67.3*	538,472	*67.3*	2.2
Debt securities [5]	33,801	*4.3*	35,272	*4.4*	4.4
Subordinated liabilities	…	…	…	…	…
Total funding from customers	*560,426*	71.6	*573,744*	71.7	*2.4*
Deposits by banks	123,558	*15.8*	126,546	*15.8*	2.4
Other liabilities	56,305	*7.2*	55,690	*7.0*	- 1.1
Total liabilities	**740,289**	***94.6***	**755,980**	***94.5***	**2.1**
Net worth	**42,270**	***5.4***	**44,020**	***5.5***	**4.1**
of which:					
shareholders' equity	37,203	*4.8*	39,129	*4.9*	5.2
minority interests	5,067	*0.6*	4,891	*0.6*	- 3.5

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.44 – PROFIT AND LOSS ACCOUNT AND BALANCE SHEET FOR FY 2013: EUROPE *

Profit and loss account

	Years ended December 31				
	2012		2013		Change
	EUR m	%	EUR m	%	%
Net interest income	264,386	*58.1*	244,406	*54.9*	- 7.6
Other operating income	153,673	*33.7*	153,487	*34.5*	- 0.1
Gains (losses) on financial transactions	37,388	*8.2*	47,408	*10.6*	26.8
Total income	**455,447**	***100.0***	**445,301**	***100.0***	**- 2.2**
Labour costs	- 174,004	*- 38.2*	- 166,796	*- 37.5*	- 4.1
General expenses [1]	- 141,938	*- 31.2*	- 139,554	*- 31.3*	- 1.7
Bad debts recovered (written off)	- 89,853	*- 19.7*	- 81,673	*-18.3*	-9.1
Current pre-tax profit	**49,652**	***10.9***	**57,278**	***12.9***	**15.4**
Extraordinary items	- 8,372	*- 1.8*	- 17,700	*- 4.0*	111.4
Profit (loss) before tax	**41,280**	***9.1***	**39,578**	***8.9***	**- 4.1**
Income tax	- 16,328	*- 3.6*	- 16,506	*- 3.7*	1.1
Minority interest	- 6,007	*- 1.3*	- 7,242	*- 1.6*	20.6
Net profit	**18,942**	***4.2***	**15,830**	***3.6***	**- 16.4**

Balance sheet

	31-12-2012		31-12-2013		Change
	EUR m	%	EUR m	%	%
Cash and deposits at central banks	1,050,963	*4.4*	926,392	*4.4*	- 11.9
Securities	4,823,952	*20.3*	4,660,915	*22.0*	- 3.4
Loans and advances to banks	2,132,669	*9.0*	1,981,069	*9.4*	- 7.1
Loans and advances to customers	9,859,577	*41.5*	9,406,575	*44.5*	- 4.6
Interests in subsidiaries and associated	84,020	*0.3*	79,479	*0.4*	- 5.4
Net tangible assets	184,642	*0.8*	176,513	*0.8*	- 4.4
Intangible assets [2]	216,375	*0.9*	182,553	*0.9*	- 15.6
Other assets	5,417,831	*22.8*	3,725,057	*17.6*	- 31.2
Total assets	**23,770,029**	***100.0***	**21,138,553**	***100.0***	**- 11.1**
Customer deposits	9,149,914	*38.5*	9,097,722	*43.0*	- 0.6
Debt securities	3,280,467	*13.8*	2,886,816	*13.7*	- 12.0
Subordinated liabilities	371,209	*1.5*	351,200	*1.7*	- 5.4
Total funding from customers	*12,801,590*	53.8	*12,335,738*	58.4	*- 3.6*
Deposits by banks	2,583,253	*10.9*	2,089,981	*9.9*	- 19.1
Other liabilities	7,226,464	*30.4*	5,605,891	*26.5*	- 22.4
Total liabilities	**22,611,307**	***95.1***	**20,031,610**	***94.8***	**- 11.4**
Net worth	**1,158,722**	***4.9***	**1,106,943**	***5.2***	**- 4.3**
of which:					
shareholders' equity	1,086,136	*4.6*	1,041,510	*4.9*	- 4.0
minority interests	72,586	*0.3*	65,433	*0.3*	- 9.9

* Data refers to companies which accounted for 83% of the total assets of European banks included in the survey as at end-2012.

1 Includes depreciation and amortization.

2 Includes goodwill.

TABLE I.45 – PROFIT AND LOSS ACCOUNT AND BALANCE SHEET FOR FY 2013: UNITED STATES *

Conto economico

	Years ended December 31				
	2012		2013		Change
	USD m	%	USD m	%	%
Net interest income	216,346	*53.9*	216,043	*52.8*	- 0.1
Other operating income	166,764	*41.6*	167,255	*40.8*	0.3
Gains (losses) on financial transactions	18,087	*4.5*	26,099	*6.4*	44.3
Total income	**401,197**	***100.0***	**409,397**	***100.0***	**2.0**
Labour costs	- 139,760	*- 34.8*	- 140,337	*- 34.3*	0.4
General expenses [1]	- 129,729	*- 32.3*	- 123,217	*- 30.1*	- 5.0
Bad debts recovered (written off)	- 37,156	*- 9.3*	- 19,484	*- 4.7*	- 47.6
Current pre-tax profit	**94,552**	***23.6***	**126,359**	***30.9***	**33.6**
Extraordinary items	- 6,713	*- 1.7*	- 9,031	*- 2.2*	34.5
Profit (loss) before tax	**87,839**	***21.9***	**117,328**	***28.7***	**33.6**
Income tax	- 20,708	*- 5.2*	- 35,540	*- 8.7*	71.6
Minority interest	- 599	*- 0.1*	- 557	*- 0.2*	n.c.
Net profit	**66,532**	***16.6***	**81,231**	***19.8***	**22.1**

Balance sheet

	31-12-2012		31-12-2013		Change
	USD m	%	USD m	%	%
Cash and deposits at central banks	...	...	...	...	...
Securities	2,436,640	*26.5*	2,321,138	*25.0*	- 4.7
Loans and advances to banks [2]	1,674,608	*18.2*	1,926,444	*20.7*	15.0
Loans and advances to customers	3,775,927	*41.1*	3,822,185	*41.2*	1.2
Interests in subsidiaries and associated	60,531	*0.7*	58,528	*0.6*	- 3.3
Net tangible assets	66,279	*0.7*	63,848	*0.7*	- 3.7
Intangible assets [3]	282,698	*3.1*	284,602	*3.1*	0.7
Other assets	890,930	*9.7*	804,289	*8.7*	- 9.7
Total assets	**9,187,613**	***100.0***	**9,281,034**	***100.0***	**1.0**
Customer deposits	5,153,154	*56.1*	5,403,192	*58.2*	4.9
Debt securities	913,577	*10.0*	904,919	*9.8*	- 0.9
Subordinated liabilities	186,836	*2.0*	166,757	*1.8*	- 10.7
Total funding from customers	*6,253,567*	*68.1*	*6,474,868*	*69.8*	*3.5*
Deposits by banks	986,230	*10.7*	861,024	*9.3*	- 12.7
Other liabilities	996,426	*10.8*	957,524	*10.3*	- 3.9
Total liabilities	**8,236,223**	***89.6***	**8,293,416**	***89.4***	**0.7**
Net worth	**951,390**	***10.4***	**987,618**	***10.6***	**3.8**
of which:					
shareholders' equity	942,559	*10.3*	981,130	*10.6*	4.1
minority interests	8,831	*0.1*	6,488	*0.0*	- 26.5

* Data refers to companies which accounted for 92% of the total assets of US banks included in the survey as at end-2012.
1 Includes depreciation and amortization.
2 Includes cash and deposits at central banks.
3 Includes goodwill.

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 absorbed 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.[77]

[77] 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 Landesbanken 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 with the same purpose of separating public mission activities

DZ Bank functions as a central bank to about 84% of the Volksbanken and Raiffeisenbanken (local German co-operative banks) which own 96% of its share capital. Like the *Landesbanken*, it provides services such as real estate loans and customer's loans, leasing, insurance and asset management, both directly and via its subsidiaries. It carries out international operations, with several branches outside Germany.

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 securitisations. It promotes and finances investment projects in developing countries, and supports German enterprises abroad.[78]

Features which all of these banks have in common and which distinguish them from the other banks in this survey are: no or limited agency network; relatively low headcount; 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.[79]

---

from competitive business activities in compliance with the EC directives. In addition, upon a decision by the EU Commission of 20/10/2004, Norddeustsche Landesbank, Bayerische Landesbank and WestLB, had to repay their controlling government of the subsidies considered non-admissible, for a total of EUR 2.4 bn, equal to the interest accrued at market rate on the contributions received in the past. Following contributions to the capital and guarantees received by the participants in 2008 and 2009, considered again as government subsidies, Landesbanken started carrying our important restructuring processes with significant reductions of the capital market and real estate assets as well as the repositioning of customer-oriented operations, focused on the domestic market.

[78] 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 2013, the KfW Group owned 21% of Deutsche Post A.G. and 17.4% of Deutsche Telekom A.G., deriving from privatization operations.

[79] Bayerische Landesbank acts as a central bank for the 72 savings banks of Bavaria (2,409 branch offices) 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).

French banks include three co-op groups: 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 (2,512 at the end of 2012) with approximately 6.9 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 3,039 consolidated entities in 2012. 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 under the name SAS Rue La Boétie, to which the regional banks transferred all the Crédit Agricole S.A. shares they owned. After the public offer of the Crédit Agricole S.A shares in December 2001, the holding company was holding more than 70% of the share capital.[80] Crédit Agricole S.A. in turn acquired a 25% stake in each regional bank (except for Caisse Régionale de la Corse) following the issue or subscription of *certificats coopératifs* without voting rights

[80] That interest had been diluted to 56.3% as of 31 December 2012, 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 2,116 local savings banks, which are co-operative institutions with variable share capital and 7.4 million shareholders. These are grouped into 18 Fédérations Régionales, which are made up of one federation body and one Caisse Fédérale, alongside which is the Fédération du Crédit Mutuel Agricole et Rural (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 2,442 consolidated companies in 2012.[81] The consolidation scope included 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.

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 owned by 245 *société locales d'épargne* with 4.5 million of shareholders. By contrast, Groupe Banque Populaire was created in May 2001; its central entity at the national level was Banque Fédérale des Banques Populaires (BFBP),

[81] 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.

controlled by the cooperative banks. There are currently 19 cooperative banks with 4 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.[82] 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).[83] 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 2,822 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 interests are in commerce and industry. With regard to their shareholding structures, Norinchukin Bank had 3,829 cooperative

---

[82] 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. These shares were repurchased and cancelled in 2011.

[83] In 2010, CNCE (renamed CE Participations) and BFBP (renamed BP Participations) were absorbed by BPCE S.A. The merger between savings banks and co-op banks involved also the acquisition by BPCE of an approximately 72% interest in Natixis, a company listed on the Paris stock exchange with corporate and investment banking assets, previously controlled equally by the two groups. Natixis, on its part, held 20% interest in each of the 19 co-op banks and of the 17 savings banks, through *certificats coopératifs d'investissement (CCI)* with no voting rights. In 2013, the co-op banks and savings banks repurchased and then cancelled the CCIs held by Nataxis.

shareholders as of 31 March 2013, 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 270 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 members, both individuals and small and medium sized local companies. As of 31 March 2013 they had a network of 7,504 branch offices with 113,861 employees.

2. *Major 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 2003, the first year covered in the survey. A detailed list in chronological order is presented in Table I.46.

In November 2005, in **Germany**, at the conclusion of a stock swap, UniCredito Italiano (now UniCredit) acquired control of Bayerische Hypo- und Vereinsbank (HVB).[84] In December 2005 and in March 2006, Commerzbank acquired from Deutsche Bank and Dresdner Bank the shares they owned in Eurohypo, thus acquiring full control. In January 2009, Commerzbank acquired from Gruppo Allianz full control of Dresdner Bank and in December 2010, Deutsche Bank, following a public offer, acquired a majority interest in 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 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 **Great Britain**, Lloyds TSB Group acquired HBOS in January 2009, under the name of Lloyds

[84] 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.

Banking Group.[85] In 2010, in **Holland**, the Government merged the bank assets in the country of the former Fortis and ABN AMRO groups, of which it held control since October 2008 (in Fortis Bank-Nederland) and beginning with the first months of 2010 (in ABN AMRO Bank), into the public holding ABN AMRO Group. In **Spain**, effective 1 January 2011, Banco Financiero y de Ahorros acquired the bank assets of 7 local savings banks, the main one of which are Caja Madrid and Bancaja.

There were four major European acquisitions in the period: i) in 2004, the Spanish Santander Group acquired the British Abbey National; ii) in 2005, UniCredit, as mentioned earlier, acquired the German HVB; iii) in October 2007, a special purpose vehicle company, RFS Holdings B.V., established and owned, with 38.3% interest by RBS, with 33.8% by Fortis and with 27.9% by Banco Santander, acquired control of the Dutch ABN AMRO Holding, based on agreements that set forth the division and pro-quota acquisition of the assets of the acquired group; [86] iv) in 2009, BNP Paribas acquired from the Belgium government about 75% of the local Fortis Bank SA/NV.[87]

In **Japan**, in the early 2000s, important mergers took place with the involvement of the major institutions belonging to groups of different companies.[88] In December 2001, Daiwa Bank, Kinki Osaka Bank (from

---

[85] HBOS was incorporated in 2001 as a joint holding following the merger of the Halifax Group with the Bank of Scotland.

[86] 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. (BE) and Fortis N.V. (NL) of the Netherlands, each of which owns a 50% share in the operating companies, carries out exclusively insurance operations and has been renamed Ageas in 2010.

[87] There were major cross-border transactions in the **Scandinavian countries** 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.

[88] 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

a previous merger of the Bank of Kinki and the Bank of Osaka) and the smaller Nara Bank, were merged under Daiwa Bank Holdings (later Resona Holdings), and joined in 2002, by the Asahi Bank. In December 2002, the new holding Sumitomo Mitsui Financial Group acquired control of Sumitomo Mitsui Banking (formerly Sumitomo Bank).[89] In March 2003, the Mizuho Financial group, established the previous January, acquired control of Mizuho Holdings.[90] In September 2004, Hokugin Financial Group, which in 2003 had acquired the Hokuriku Bank, acquired the Hokkaido Bank, under the name of Hokuhoku Financial Group. Effective on 01/10/2005, the Mitsubishi Tokyo Financial Group and UFJ Holdings merged into Mitsubishi UFJ Financial Group (MUFG), creating the major Japanese bank for assets value.[91] In April 2011, Chuo Trust Holdings absorbed Sumitomo Trust & Banking, taking the name Sumitomo Mitsui Trust Holdings.[92]

In the **United States**, in April 2004, 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,

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 late 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 in the period 2000-02 significantly changed this situation.

[89] In April 2001, Sumitomo Bank had merged with Sakura Bank.

[90] In September 2000, Mizuho Holdings acquired full control of Fuji Bank, Dai-Ichi Kangyo Bank and the medium-long term lender IBJ.

[91] In April 2001, Mitsubishi Tokyo Financial Group had merged with the Bank of Tokyo-Mitsubishi, Mitsubishi Trust and Banking, while the new holding UFJ Holdings had merged with Sanwa Bank, Tokay Bank, Toyo Trust and Banking.

[92] In 2000, Mitsui Trust and Banking and Chuo Trust and Banking had merged into Chuo Mitsui Trust and Banking, which in 2001, merged into the Mitsui Trust Holdings Group, later named Chuo Mitsui Trust Holdings.

Wachovia acquired SouthTrust. The concentration of U.S. banks continued in the following years, with Capital One Financial absorbing first Hibernia (2005) and then North Fork Bancorporation (2006).[93] 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 Countrywide Financial, whereas JPMorgan Chase & Co., after acquiring the investment bank Bear Stearns Companies, acquired the bank assets of Washington Mutual, following its bankruptcy in September 2008. At the end of the same year, Wells Fargo and PNC Financial Services Group absorbed respectively Wachovia and National City. 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 1990s 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 1997, the Crédit Suisse Group, which had acquired control of The First Boston in 1988, it acquired BZW from Barclays and Donaldson, Lufkin & Jenrette in 2000. In 1995 Deutsche Bank and Dresdner Bank acquired Morgan Grenfell and Kleinwort Benson, respectively.

[93] The latter, in 2004, had absorbed GreenPoint Financial.

Deutsche Bank further strengthened 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 Italy, Crédit Agricole acquired Banque Indosuez in 1996; Banque Nationale de Paris (now BNP Paribas) acquired Paribas in 1999; in 1998, 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).[94]

[94] 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.46 – MERGERS AND ACQUISITIONS INVOLVING BANKS IN THE SURVEY [1]
(Figures in brackets show total assets as at last annual reporting date prior to transaction)

Combined entity	Total assets of combined entity (EURm)	Companies involved in the transaction (total assets, EURm)
2003		
Crédit Agricole (FR)	825,499	Crédit Agricole (580,613); Crédit Lyonnais (244,886)
2004		
JPMorgan Chase & Co. (US)	868,943	JPMorgan Chase & Co. (610,382); Bank One (258,561)
Bank of America (US)	741,631	Bank of America (583,092); FleetBoston Financial (158,539)
Banco Santander Central Hispano (ES)	597,235	Banco Santander Central Hispano (346,419); Abbey National (250,816)
Wachovia (US)	358,635	Wachovia (317,523); SouthTrust (41,112)
Hokuhoku Financial Group (JP)	66,226	Hokugin Financial Group (40,555); Hokkaido Bank (25,671)
Regions Financial (US)	63,744	Regions Financial (38,478); Union Planters (25,266)
North Fork Bancorporation (US)	34,796	North Fork Bancorporation (16,597); GreenPoint Financial (18,199)
2005		
Mitsubishi UFJ Financial Group (JP)	1.337.941	Mitsubishi Tokyo Financial Group (776,074); UFJ Holdings (561,867)
UniCredito Italiano (IT)	732,904	UniCredito Italiano (265,496); Bayerische Hypo- und Vereinsbank (HVB) (467,408)
Capital One Financial (US)	55,837	Capital One Financial (39,459); Hibernia (16,378)
2006		
Bank of America (US)	1,147,466	Bank of America (1,095,027); MBNA (52,439)
Commerzbank (DE)	679,164	Commerzbank (444,861); Eurohypo (234,303)
Wachovia (formerly First Union) (US)	547,063	Wachovia (formerly First Union) (441,430); Golden West Financial (105,633)

cont.

Table I.46 (cont.)

Combined entity	Total assets of combined entity (EURm)	Companies involved in the transaction (total assets, EURm)
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)
2008		
JPMorgan Chase & Co. (US)	1,319,143	JPMorgan Chase & Co. (1,061,169); The Bear Stearns Companies (257,974)
Bank of America (US)	1,309,338	Bank of America (1,165,509); Countrywide Financial (143,829)
JPMorgan Chase & Co. (US)	1,264,013	JPMorgan Chase & Co. (1,061,169); Washington Mutual (banking operations) (202,844) [3]
Wells Fargo & Co. (US)	922,722	Wells Fargo & Co. (390,899); Wachovia (531,823)
The PNC Financial Services Group (US)	196,518	The PNC Financial Services Group (94,369); National City (102,149)
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)

cont.

Table I.46 (cont.)

Combined entity	Total assets of combined entity (EURm)	Companies involved in the transaction (total assets, EURm)
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)
2011		
Banco Financiero y de Ahorros (ES)	324,345	Caja de Ahorros y Monte de Piedad de Madrid (186,517); Caja de Ahorros de Valencia, Castellón y Alicante, Bancaja (87,852); other 5 Spanish saving banks (49,976)
Sumitomo Mitsui Trust Holdings (JP)	317,327	Sumitomo Trust & Banking (189,265); Chuo Mitsui Trust Holdings (128,062)

1 Refers to period 1 January 2003 to 31 January 2014.
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.

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 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. U.K. 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.

It should be noted that in 2006, Crédit Suisse sold its interest in the Insurance Group Winterthur and beginning with 2008 the insurance assets of Gruppo Fortis were no longer included in the survey following the breakup of the group; in addition, in 2009, Barclays transferred to BlackRock its asset management activities, including investment contracts totalling EUR 81.3 bn.

The following is a concise account of the banking and insurance operations of European banks in the past three years. The data contained in the table show the anti-cyclic effects of insurance assets on the earnings for the period, whereas the impact of insurance liabilities on the financial statements totals remains substantially stable at slightly above 5%.

	Current pre-tax profit			Total assets [1]		
	2010	2011	2012	2010	2011	2012
		EUR bn			*EUR bn*	
Banking	116.9	112.2	40.0	26,191.0	27,792.9	27,259.5
Insurance	9.8	14.6	14.1	1,447.6	1,449.2	1,565.6
Total	**126.7**	**126.8**	**54.1**	**27,638.6**	**29,242.1**	**28,825.1**
		as a % of total income			*as a % of total assets*	
Banking	*19.7*	*19.0*	*7.4*	*94.8*	*95.0*	*94.6*
Insurance	*1.7*	*2.5*	*2.6*	*5.2*	*5.0*	*5.4*
Total	***21.4***	***21.5***	***10.0***	***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 242.9bn in 2012).

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

[95] 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 profit before taxes from insurance business are 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").

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 251.9 billion in securities from the trading portfolio, yielding a benefit of EUR 22 billion to earnings before taxes due to the decrease in impairment losses (TABLE I.47).[96] An additional EUR 374.5 billion was then transferred from available for sale to loans to banks

[96] The Spanish banks, Fortis Bank (Nederland), Nordea and Credit Suisse (which utilizes U.S. GAAP) did not utilize the amendments of IAS 39. In contrast, it should be noted that the two German banks, WestLB and Hypo Real Estate Holding, not included in this survey for not meeting the minimum size requirements, had reclassified to cost their securities for 5.8 billion from the held-for-trading portfolio and for 80 billion from the available-for-sale portfolio.

and customers and to other financial assets measured at cost, yielding a benefit of EUR 15.7 billion, in this case to shareholders' equity reserves, and a consequent improvement in asset ratios.

TABLE I.47 – 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	
75.8	64.3 [2]	111.8	29.6	344.9	22.0	15,7
Total transferred assets		**251.9**		**374.5**		

[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.[97] 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.48).

[97] 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.48 – JAPANESE BANKS: EFFECTS OF THE RECLASSIFICATION AND THE MODIFICATION OF VALUATION CRITERIA OF FINANCIAL ASSETS

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

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

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 securitisations, 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.[98] The change in criteria applied resulted in higher valuation assets in portfolio, yielding a total benefit on earnings before taxes of JPY 1,073 billion due to trading securities and of JPY 1,351 billion on shareholders' equity reserves due to available-for-sale securities.

TABLE I.49 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 56.2 billion to EUR 78.2 billion for European banks and from JPY 583 billion to JPY 1,664 billion for Japanese banks if the changes had not been applied. Total revenue in both areas would have decreased further: the decline compared to the previous year would

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

have risen from 16.9% to 21.1% for European banks and from 16.7% to 26.7% for Japanese banks.

TABLE I.49 – 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	- 56.2	*- 12.8*	22.0	- 78.2	*- 18.7*
Total income	439.4	*100.0*	22.0	417.4	*100.0*
Change vs. 2007 (%)	*- 16.9*			*- 21.1*	
Current pre-tax profit	8.4	*1.9*	22.0	- 13.6	*- 3.3*
Profit before tax	- 79.8	*- 18.2*	22.0	- 101.8	*- 24.4*
	JPY bn (a)	*as % of total income*	JPY bn (b)	JPY bn (a-b)	*as % of total income*
Japan					
Losses on financial transactions	- 583	*- 6.5*	1,081	- 1,664	*- 21.0*
Total income	9,004	*100.0*	1,081	7,923	*100.0*
Change vs. 2007 (%)	*- 16.7*			*- 26.7*	
Current pre-tax profit	- 135	*- 1.5*	1,081	- 1,216	*- 15.3*
Profit before tax	- 2,855	*- 31.7*	1,081	- 3,936	*- 49.7*

[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.

Similarly, the operating loss and loss before taxes of European banks would have 5.2 and more than 6.2 percentage point weaker with respect to revenues, respectively; Japanese banks also would have reported an operating loss and a loss before taxes of 15.3% and 49.7% of the total revenue, respectively.

In the United States, some banks in the sample also exercised the option afforded by national accounting principles to transfer financial assets from fair value to cost, resulting in the transfer of USD 69.6 billion from held-for-trading and available-for-sale to held-to-maturity, in addition to the USD 15.7 billion in loans to customers transferred from fair value to cost within the same item; an additional USD 7 billion was transferred from held-for-trading to available-for-sale.[99] The impact on the income statement for the period and on the net worth reserve has not been disclosed; however, considering that the financial assets transferred from fair value to cost had a book value, at the end of the period, of USD 85.3 billion and a fair value of 79.2 billion, it is possible to estimate the negative adjustments that were not carried out and which would have partially affected the earnings to amount to USD 6.1 billion.[100]

[99] 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).

[100] 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

	2003		2004		2005		2006		2007		2008		2009		2010		2011		2012	
	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	608,443		637,376		861,346		1,037,873		1,256,161		1,305,486		866,310		754,657		804,765		757,191	
Interest payable and similar expenses	-400,194		-426,310		-633,541		-797,386		-1,009,333		-1,021,067		-558,921		-434,359		-481,433		-448,825	
Net interest income	**208,249**	***50.0***	**211,066**	***47.8***	**227,805**	***46.4***	**240,487**	***43.7***	**246,828**	***46.7***	**284,419**	***64.7***	**307,389**	***56.0***	**320,298**	***54.2***	**323,332**	***54.8***	**308,366**	***57.0***
Commissions receivable and other operating income	199,122	*47.8*	219,091	*49.6*	246,032	*50.1*	275,932	*50.2*	292,121	*55.2*	262,142	*59.7*	236,075	*43.0*	257,667	*43.6*	265,057	*45.0*	246,838	*45.6*
Commissions payable and other operating expenses	-35,242	*-8.5*	-38,796	*-8.8*	-41,627	*-8.5*	-46,132	*-8.4*	-50,770	*-9.6*	-51,019	*-11.6*	-52,676	*-9.6*	-52,371	*-8.9*	-52,407	*-8.9*	-50,745	*-9.4*
Gains (losses) on financial transactions	44,223	*10.6*	50,192	*11.4*	58,449	*11.9*	79,469	*14.5*	40,683	*7.7*	-56,151	*-12.8*	58,141	*10.6*	65,004	*11.0*	53,575	*9.1*	36,268	*6.7*
Total income	**416,352**	***100.0***	**441,553**	***100.0***	**490,659**	***100.0***	**549,756**	***100.0***	**528,862**	***100.0***	**439,391**	***100.0***	**548,929**	***100.0***	**590,598**	***100.0***	**589,557**	***100.0***	**540,727**	***100.0***
Labour costs	-151,255	*-36.3*	-155,995	*-35.3*	-174,334	*-35.5*	-194,279	*-35.3*	-198,025	*-37.4*	-181,987	*-41.4*	-193,532	*-35.3*	-205,922	*-34.9*	-206,294	*-35.0*	-203,678	*-37.7*
General expenses	-89,699	*-21.5*	-94,553	*-21.4*	-106,583	*-21.7*	-114,298	*-20.8*	-120,650	*-22.8*	-125,516	*-28.6*	-123,300	*-22.5*	-133,099	*-22.5*	-139,035	*-23.6*	-138,609	*-25.6*
Bad debts recovered (written off)	-40,108	*-9.6*	-30,736	*-7.0*	-28,486	*-5.8*	-35,671	*-6.5*	-52,590	*-9.9*	-100,892	*-23.0*	-150,992	*-27.5*	-97,972	*-16.6*	-91,500	*-15.5*	-118,565	*-21.9*
Depreciation and amortization	-19,242	*-4.6*	-18,353	*-4.2*	-19,471	*-4.0*	-20,052	*-3.6*	-21,000	*-4.0*	-22,626	*-5.1*	-25,403	*-4.6*	-26,950	*-4.6*	-25,966	*-4.4*	-25,822	*-4.8*
Current pre-tax profit	**116,048**	***27.9***	**141,916**	***32.1***	**161,785**	***33.0***	**185,456**	***33.7***	**136,597**	***25.8***	**8,370**	***1.9***	**55,702**	***10.1***	**126,655**	***21.4***	**126,762**	***21.5***	**54,053**	***10.0***
Amortization of goodwill	-11,322	*-2.7*	-8,272	*-1.9*	-70	*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	-1,067	*-0.3*	-1,129	*-0.3*	-1,262	*-0.3*	-1,255	*-0.2*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*
Fixed asset revaluations (writedowns)	-4,696	*-1.1*	-874	*-0.2*	-399	*-0.1*	-71	*0.0*	-9,488	*-1.8*	-92,358	*-21.0*	-28,758	*-5.2*	-16,052	*-2.7*	-71,583	*-12.1*	-26,211	*-4.8*
Extraordinary items	5,211	*1.3*	5,318	*1.2*	20,499	*4.2*	32,013	*5.8*	57,048	*10.8*	4,152	*0.9*	45,045	*8.2*	15,188	*2.6*	7,400	*1.3*	8,806	*1.6*
Cumulative effect of accounting changes	-175	*0.0*	-49	*0.0*	12	*0.0*	19	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*
Profit (loss) before tax	**103,999**	***25.0***	**136,910**	***31.0***	**180,565**	***36.8***	**216,162**	***39.3***	**184,157**	***34.8***	**-79,836**	***-18.2***	**71,989**	***13.1***	**125,791**	***21.3***	**62,579**	***10.6***	**36,648**	***6.8***
Income tax	-30,384	*-7.3*	-37,089	*-8.4*	-45,581	*-9.3*	-52,824	*-9.6*	-37,890	*-7.2*	5,057	*1.2*	-12,892	*-2.3*	-32,313	*-5.5*	-24,138	*-4.1*	-17,768	*-3.3*
Profit attributable to minorities	-6,446	*-1.5*	-7,574	*-1.7*	-6,500	*-1.3*	-7,617	*-1.4*	-7,975	*-1.5*	5,477	*1.2*	-4,962	*-0.9*	-7,519	*-1.3*	-6,066	*-1.0*	3,871	*0.7*
Net profit attributable to parent company	**67,169**	***16.1***	**92,247**	***20.9***	**128,484**	***26.2***	**155,721**	***28.3***	**138,292**	***26.1***	**-69,302**	***-15.8***	**54,135**	***9.9***	**85,959**	***14.6***	**32,375**	***5.5***	**22,751**	***4.2***
Dividends payout	*37,850*	*9.1*	*41,966*	*9.5*	*52,595*	*10.7*	*62,063*	*11.3*	*58,685*	*11.1*	*22,286*	*5.1*	*23,557*	*4.3*	*26,404*	*4.5*	*23,796*	*4.0*	*27,965*	*5.2*

	2003		2004		2005		2006		2007		2008		2009		2010		2011		2012	
	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	169,764	*1.0*	185,767	*1.0*	176,667	*0.8*	174,065	*0.7*	273,501	*1.0*	417,767	*1.4*	545,945	*2.1*	604,778	*2.2*	947,108	*3.2*	1,219,027	*4.2*
Securities	3,816,421	*22.6*	4,457,334	*23.8*	6,710,075	*28.6*	7,225,159	*28.3*	7,343,456	*25.7*	5,770,443	*18.9*	5,841,047	*22.2*	6,147,038	*22.2*	5,626,810	*19.2*	5,853,629	*20.3*
Loans and advances to banks	2,814,262	*16.7*	3,089,698	*16.5*	3,533,160	*15.1*	3,739,444	*14.6*	4,023,932	*14.1*	3,288,303	*10.8*	2,739,140	*10.4*	2,950,358	*10.7*	3,098,849	*10.6*	2,877,884	*10.0*
Loans and advances to customers	7,408,184	*44.0*	8,072,272	*43.0*	9,901,311	*42.2*	11,206,138	*43.8*	12,075,704	*42.2*	12,133,131	*39.8*	11,645,850	*44.2*	12,208,303	*44.2*	12,420,159	*42.5*	12,245,200	*42.5*
Loans, advances and cash	***14,208,631***	***84.3***	***15,805,071***	***84.2***	***20,321,213***	***86.6***	***22,344,806***	***87.4***	***23,716,593***	***82.9***	***21,609,644***	***70.9***	***20,771,982***	***78.9***	***21,910,477***	***79.3***	***22,092,926***	***75.6***	***22,195,740***	***77.0***
Interests in subsidiares and associated	158,323	*0.9*	154,292	*0.8*	82,891	*0.4*	84,871	*0.3*	127,992	*0.4*	88,279	*0.3*	94,542	*0.4*	93,341	*0.3*	98,793	*0.3*	99,390	*0.4*
Intangible assets	25,133	*0.2*	25,677	*0.1*	47,968	*0.2*	47,639	*0.2*	66,864	*0.2*	64,717	*0.2*	66,963	*0.3*	67,529	*0.2*	65,654	*0.2*	66,112	*0.2*
Net tangible assets	152,835	*0.9*	164,673	*0.9*	234,003	*1.0*	242,584	*0.9*	240,688	*0.8*	240,258	*0.8*	251,231	*1.0*	262,625	*1.0*	256,456	*0.9*	238,319	*0.8*
Other assets	2,197,480	*13.0*	2,481,631	*13.2*	2,622,570	*11.2*	2,657,560	*10.4*	4,205,278	*14.7*	8,256,745	*27.1*	4,931,740	*18.7*	5,092,578	*18.4*	6,540,112	*22.4*	6,050,560	*21.0*
of which: derivatives assets	…	…	…	…	*1,860,534*	*7.9*	*1,823,109*	*7.1*	*3,332,355*	*11.7*	*7,372,003*	*24.2*	*3,979,940*	*15.1*	*4,095,626*	*14.8*	*5,447,857*	*18.6*	*4,994,175*	*17.3*
Total (a)	**16,742,402**	***99.3***	**18,631,344**	***99.3***	**23,308,645**	***99.3***	**25,377,460**	***99.3***	**28,357,415**	***99.1***	**30,259,643**	***99.3***	**26,116,458**	***99.2***	**27,426,550**	***99.2***	**29,053,941**	***99.4***	**28,650,121**	***99.4***
Deposits by banks	3,430,933	*20.3*	3,795,938	*20.2*	4,379,890	*18.7*	4,836,845	*18.9*	5,084,132	*17.8*	4,419,982	*14.5*	3,279,682	*12.5*	3,109,921	*11.3*	3,285,786	*11.2*	3,281,856	*11.4*
Customer deposits	6,505,368	*38.6*	7,117,137	*37.9*	8,506,106	*36.2*	9,326,447	*36.5*	9,900,343	*34.6*	9,551,095	*31.3*	9,532,542	*36.2*	10,356,565	*37.5*	10,788,141	*36.9*	10,923,048	*37.9*
Debt securities	2,963,422	*17.6*	3,321,780	*17.7*	4,249,917	*18.1*	4,855,115	*19.0*	5,303,773	*18.5*	4,994,538	*16.4*	4,953,364	*18.8*	5,050,748	*18.3*	4,780,619	*16.3*	4,656,287	*16.1*
Subordinated liabilities	373,166	*2.2*	388,618	*2.1*	479,824	*2.0*	502,685	*2.0*	532,435	*1.9*	592,572	*1.9*	546,002	*2.1*	541,604	*2.0*	503,078	*1.7*	452,780	*1.6*
Total funding	***13,272,889***	***78.7***	***14,623,473***	***77.9***	***17,615,737***	***75.1***	***19,521,092***	***76.4***	***20,820,683***	***72.8***	***19,558,187***	***64.2***	***18,311,590***	***69.6***	***19,058,838***	***69.0***	***19,357,624***	***66.2***	***19,313,971***	***67.0***
Provision for employee benefits	43,368	*0.3*	48,723	*0.3*	76,142	*0.3*	71,306	*0.3*	58,517	*0.2*	56,329	*0.2*	59,412	*0.2*	54,707	*0.2*	53,001	*0.2*	54,929	*0.2*
Deferred taxation	40,176	*0.2*	40,398	*0.2*	56,992	*0.2*	52,673	*0.2*	59,413	*0.2*	48,590	*0.2*	39,241	*0.1*	37,379	*0.1*	37,963	*0.1*	34,653	*0.1*
Other liabilities	2,768,673	*16.4*	3,247,253	*17.3*	4,805,344	*20.5*	4,887,488	*19.1*	6,516,668	*22.8*	9,805,169	*32.2*	6,700,849	*25.5*	7,176,097	*26.0*	8,464,486	*28.9*	8,018,871	*27.8*
of which: derivatives liabilities	…	…	…	…	*1,912,884*	*8.2*	*1,902,350*	*7.4*	*3,378,219*	*11.8*	*7,262,246*	*23.8*	*3,940,112*	*15.0*	*4,093,554*	*14.8*	*5,407,611*	*18.5*	*4,948,879*	*17.2*
Total liabilities (b)	**16,125,106**	***95.6***	**17,959,847**	***95.7***	**22,554,215**	***96.1***	**24,532,559**	***96.0***	**27,455,281**	***96.0***	**29,468,275**	***96.7***	**25,111,092**	***95.4***	**26,327,021**	***95.3***	**27,913,074**	***95.5***	**27,422,424**	***95.1***
Goodwill (c)	118,203	*0.7*	134,125	*0.7*	161,950	*0.7*	183,677	*0.7*	245,251	*0.9*	211,100	*0.7*	206,494	*0.8*	212,087	*0.8*	188,141	*0.6*	174,979	*0.6*
Net worth (a-b+c)	**735,499**	***4.4***	**805,622**	***4.3***	**916,380**	***3.9***	**1,028,578**	***4.0***	**1,147,385**	***4.0***	**1,002,468**	***3.3***	**1,211,860**	***4.6***	**1,311,616**	***4.7***	**1,329,008**	***4.5***	**1,402,676**	***4.9***
represented by:																				
Issued share capital	96,111	*0.6*	99,206	*0.5*	103,009	*0.4*	103,961	*0.4*	100,569	*0.4*	103,547	*0.3*	137,765	*0.5*	142,317	*0.5*	151,879	*0.5*	174,318	*0.6*
Reserves	570,245	*3.4*	635,504	*3.4*	767,166	*3.3*	862,390	*3.4*	938,249	*3.3*	799,395	*2.6*	972,751	*3.7*	1,084,120	*3.9*	1,091,384	*3.7*	1,147,828	*4.0*
Own shares	-13,525	*-0.1*	-19,013	*-0.1*	-26,773	*-0.1*	-22,467	*-0.1*	-27,256	*-0.1*	-7,699	*0.0*	-4,375	*0.0*	-5,344	*0.0*	-5,826	*0.0*	-3,555	*0.0*
Total	**652,831**	***3.9***	**715,697**	***3.8***	**843,402**	***3.6***	**943,884**	***3.7***	**1,011,562**	***3.5***	**895,243**	***2.9***	**1,106,141**	***4.2***	**1,221,093**	***4.4***	**1,237,437**	***4.2***	**1,318,591**	***4.6***
Minority interests	82,667	*0.5*	89,925	*0.5*	72,978	*0.3*	84,694	*0.3*	135,823	*0.5*	107,225	*0.4*	105,719	*0.4*	90,523	*0.3*	91,571	*0.3*	84,085	*0.3*
Funding from customers	**9,841,956**	***58.4***	**10,827,535**	***57.7***	**13,235,847**	***56.4***	**14,684,247**	***57.4***	**15,736,551**	***55.0***	**15,138,205**	***49.7***	**15,031,908**	***57.1***	**15,948,917**	***57.7***	**16,071,838**	***55.0***	**16,032,115**	***55.6***
Total assets (a+c)	**16,860,605**	***100.0***	**18,765,469**	***100.0***	**23,470,595**	***100.0***	**25,561,137**	***100.0***	**28,602,666**	***100.0***	**30,470,743**	***100.0***	**26,322,952**	***100.0***	**27,638,637**	***100.0***	**29,242,082**	***100.0***	**28,825,100**	***100.0***

TABLE II.3 – EMPLOYEES

EUROPE

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Average number of staff	2,368,681	2,362,928	2,444,783	2,596,595	2,714,196	2,839,645	2,812,176	2,746,644	2,736,409	2,660,064
of which: from country of origin (%) (1)	*55.2*	*54.9*	*53.6*	*48.8*	*48.4*	*45.8*	*46.3*	*46.5*	*46.2*	*46.6*
from elsewhere (%) (1)	*44.8*	*45.1*	*46.4*	*51.2*	*51.6*	*54.2*	*53.7*	*53.5*	*53.8*	*53.4*

(1) Figures for companies which cover 84% of total number of staff in 2003, 86% in 2004, 88% in 2005, 91% in 2006 and 2008, 90% in 2007 and 2009 and 89% in 2010, 2011 and 2012.

TABLE II.4 - FINANCIAL RATIOS

EUROPE

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Funding from customers per employee ('000 EUR) (1)	4,425	4,831	5,697	5,880	6,022	5,493	5,478	5,951	6,018	6,162
Loans and advances to customers per employee ('000 EUR) (1)	3,331	3,602	4,262	4,487	4,621	4,403	4,244	4,555	4,651	4,707
Labour cost per employee ('000 EUR) (1)	67.5	69.5	74.7	77.7	75.5	66.0	70.4	76.6	77.3	78.0
Cost / income ratio (%)	62.5	60.9	61.2	59.8	64.3	75.1	62.4	62.0	63.0	68.1
Bad debts written off as % of total income (2)	9.6	7.0	5.8	6.5	9.9	23.0	27.5	16.6	15.5	21.9
Dividends payout as % of net profit	56.4	45.5	40.9	39.9	42.4	n.c.	43.5	30.7	73.5	122.9
ROE (%)	11.5	14.8	18.0	19.8	15.8	n.c.	5.1	7.6	2.7	1.8
ROA (%)	0.4	0.5	0.5	0.6	0.5	n.c.	0.2	0.3	0.1	0.1
Doubtful loans as % of loans to customers (3)	1.2	0.9	0.8	0.8	0.8	1.3	2.2	2.4	2.5	3.6
Doubtful loans as % of net worth (3)	12.0	9.3	9.1	8.7	8.8	15.7	21.6	22.5	23.3	31.3
Loans, advances and cash as % of total funding	107.1	108.1	115.4	114.5	113.9	110.5	113.4	115.0	114.1	114.9
Fixed assets as % of net worth	61.8	59.4	57.5	54.3	59.3	60.3	51.1	48.5	45.8	41.3
Free capital as % of funding from customers	2.0	2.4	2.3	2.6	2.3	1.6	2.2	2.4	2.6	2.4
Total assets (4) / Tangible net worth (n.)	28.2	28.8	32.9	31.8	33.9	41.6	27.8	26.5	27.0	24.6

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

(1) Calculated excluding staff employed in insurance operations where possible based on information available.
(2) Net of recovered amounts.
(3) Figures cover Groups which accounted for 92.5% in 2003, 95.2% in 2004, 95.9% in 2005, 97.8% in 2006 and 100% in 2007, 2008, 2009, 2010, 2011 and 2012 of loans to customers of the sample.
(4) Excluding intangibile assets.

TABLE II.1 – PROFIT AND LOSS ACCOUNTS [(1)] JAPAN

	2003-04		2004-05		2005-06		2006-07		2007-08		2008-09		2009-10		2010-11		2011-12		2012-13	
	JPY bn	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%
Interest receivable and similar income	8,854		8,897		10,754		13,354		14,526		12,365		9,529		8,819		8,501		8,440	
Interest payable and similar expenses	-2,481		-2,694		-4,253		-6,525		-7,764		-5,624		-2,903		-2,500		-2,394		-2,281	
Net interest income	**6,373**	***59.0***	**6,203**	***60.4***	**6,501**	***59.7***	**6,829**	***61.3***	**6,762**	***62.6***	**6,741**	***74.9***	**6,626**	***61.3***	**6,319**	***62.3***	**6,107**	***57.7***	**6,159**	***56.7***
Commissions receivable and other operating income	3,495	*32.4*	3,922	*38.2*	4,464	*41.0*	4,243	*38.1*	4,450	*41.2*	3,773	*41.9*	3,779	*35.0*	4,005	*39.5*	4,636	*43.8*	4,762	*43.9*
Commissions payable and other operating expenses	-827	*-7.7*	-847	*-8.3*	-990	*-9.1*	-988	*-8.9*	-1,185	*-11.0*	-927	*-10.3*	-964	*-8.9*	-979	*-9.7*	-1,391	*-13.2*	-1,285	*-11.8*
Gains (losses) on financial transactions	1,762	*16.3*	987	*9.6*	921	*8.5*	1,062	*9.5*	780	*7.2*	-583	*-6.5*	1,365	*12.6*	792	*7.8*	1,225	*11.6*	1,220	*11.2*
Total income	**10,803**	***100.0***	**10,265**	***100.0***	**10,896**	***100.0***	**11,146**	***100.0***	**10,807**	***100.0***	**9,004**	***100.0***	**10,806**	***100.0***	**10,137**	***100.0***	**10,577**	***100.0***	**10,856**	***100.0***
Labour costs	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…
General expenses (2)	-5,002	*-46.3*	-4,695	*-45.7*	-5,099	*-46.8*	-5,161	*-46.3*	-5,432	*-50.3*	-5,616	*-62.4*	-5,750	*-53.2*	-5,729	*-56.5*	-5,639	*-53.3*	-5,754	*-53.0*
Bad debts recovered (written off)	-3,252	*-30.1*	-1,890	*-18.4*	-467	*-4.3*	-812	*-7.3*	-913	*-8.4*	-2,700	*-30.0*	-1,945	*-18.0*	-770	*-7.6*	-457	*-4.3*	-522	*-4.8*
Depreciation and amortization	-483	*-4.5*	-462	*-4.5*	-666	*-6.1*	-729	*-6.5*	-772	*-7.1*	-823	*-9.1*	-791	*-7.3*	-796	*-7.9*	-809	*-7.7*	-814	*-7.5*
Current pre-tax profit	**2,066**	***19.1***	**3,218**	***31.3***	**4,664**	***42.8***	**4,444**	***39.9***	**3,690**	***34.1***	**-135**	***-1.5***	**2,320**	***21.5***	**2,842**	***28.0***	**3,672**	***34.7***	**3,766**	***34.7***
Amortization of goodwill	-6	*-0.1*	-23	*-0.2*	-42	*-0.4*	-34	*-0.3*	-46	*-0.4*	-50	*-0.6*	-64	*-0.6*	-54	*-0.5*	-52	*-0.5*	-56	*-0.5*
Transfer from (to) reserves	-111	*-1.0*	-789	*-7.7*	-700	*-6.4*	-1,011	*-9.1*	-1,893	*-17.5*	-3,612	*-40.1*	-505	*-4.7*	-498	*-4.9*	-1,016	*-9.6*	-375	*-3.5*
Fixed asset revaluations (writedowns)	-203	*-1.9*	344	*3.4*	694	*6.4*	1,168	*10.5*	1,272	*11.8*	942	*10.5*	1,103	*10.2*	1,018	*10.0*	976	*9.2*	969	*8.9*
Extraordinary items	0	*0.0*	-1	*0.0*	-16	*-0.1*	258	*2.3*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*		*0.0*
Cumulative effect of accounting changes	**1,746**	***16.2***	**2,749**	***26.8***	**4,600**	***42.2***	**4,825**	***43.3***	**3,023**	***28.0***	**-2,855**	***-31.7***	**2,854**	***26.4***	**3,308**	***32.6***	**3,580**	***33.8***	**4,304**	***39.6***
Profit (loss) before tax	-1,524	*-14.1*	-1,282	*-12.5*	-1,120	*-10.3*	-1,583	*-14.2*	-1,548	*-14.3*	-240	*-2.7*	-899	*-8.3*	-1,095	*-10.8*	-1,189	*-11.2*	-711	*-6.5*
Income tax	-176	*-1.6*	-197	*-1.9*	-329	*-3.0*	-211	*-1.9*	-187	*-1.7*	-97	*-1.1*	-260	*-2.4*	-173	*-1.7*	-246	*-2.3*	-312	*-2.9*
Profit attributable to minorities	**46**	***0.4***	**1,270**	***12.4***	**3,151**	***28.9***	**3,031**	***27.2***	**1,288**	***11.9***	**-3,192**	***-35.5***	**1,695**	***15.7***	**2,040**	***20.1***	**2,145**	***20.3***	**3,281**	***30.2***
Net profit attributable to parent company																				
	296	*2.7*	*321*	*3.1*	*392*	*3.6*	*512*	*4.6*	*634*	*5.9*	*482*	*5.4*	*593*	*5.5*	*659*	*6.5*	*661*	*6.2*	*741*	*6.8*
Dividends payout																				

(1) Financial year from 1 April to 31 March

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

TABLE II.2 – FINANCIAL STATEMENTS JAPAN

years ended March 31	2004		2005		2006		2007		2008		2009		2010		2011		2012		2013	
	JPY bn	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%
Cash and deposits at central banks	…	...	…	...	…	...	…	...	…	...	…	...	…	...	…	...	…	...	…	...
Securities	207,833	*32.6*	220,910	*34.2*	233,761	*34.6*	226,717	*33.8*	213,955	*31.0*	219,360	*31.2*	261,609	*36.0*	274,279	*36.4*	302,560	*38.9*	307,484	*37.3*
Loans and advances to banks (1)	70,275	*11.0*	75,623	*11.7*	73,798	*10.9*	73,938	*11.0*	80,395	*11.7*	66,489	*9.4*	70,856	*9.8*	81,617	*10.8*	75,720	*9.7*	96,762	*11.7*
Loans and advances to customers	321,142	*50.4*	313,572	*48.5*	326,646	*48.4*	331,716	*49.5*	340,794	*49.5*	354,599	*50.4*	337,604	*46.5*	332,356	*44.1*	341,588	*44.0*	360,447	*43.7*
Loans, advances and cash	***599,250***	***94.0***	***610,105***	***94.3***	***634,205***	***93.9***	***632,371***	***94.3***	***635,144***	***92.2***	***640,448***	***91.0***	***670,069***	***92.3***	***688,252***	***91.3***	***719,868***	***92.6***	***764,693***	***92.7***
Interests in subsidiares and associated	385	*0.1*	1,571	*0.2*	2,230	*0.3*	2,103	*0.3*	2,084	*0.3*	3,057	*0.4*	3,274	*0.5*	3,491	*0.5*	3,107	*0.4*	3,241	*0.4*
Intangible assets	754	*0.1*	930	*0.1*	2,816	*0.4*	2,643	*0.4*	3,496	*0.5*	2,854	*0.4*	2,614	*0.4*	2,893	*0.4*	2,893	*0.4*	2,876	*0.3*
Net tangible assets	5,493	*0.9*	4,940	*0.8*	4,677	*0.7*	4,482	*0.7*	4,436	*0.6*	4,493	*0.6*	4,584	*0.6*	4,626	*0.6*	4,606	*0.6*	5,428	*0.7*
Other assets	31,267	*4.9*	28,674	*4.4*	29,341	*4.3*	26,709	*4.0*	42,186	*6.1*	51,873	*7.4*	44,545	*6.1*	53,875	*7.1*	45,463	*5.9*	47,844	*5.8*
of which: derivatives assets	…	…	*14,273*	*2.2*	*8,421*	*1.2*	*10,636*	*1.6*	*22,667*	*3.3*	*31,631*	*4.5*	*26,694*	*3.7*	*25,992*	*3.4*	*27,297*	*3.5*	*31,548*	*3.8*
Total (a)	**637,149**	***100.0***	**646,220**	***99.9***	**673,269**	***99.7***	**668,308**	***99.7***	**687,346**	***99.7***	**702,725**	***99.9***	**725,086**	***99.8***	**753,137**	***99.9***	**775,937**	***99.9***	**824,082**	***99.9***
Deposits by banks	96,550	*15.2*	101,842	*15.7*	100,543	*14.9*	84,110	*12.5*	91,240	*13.2*	100,817	*14.3*	100,550	*13.8*	114,315	*15.2*	116,161	*15.0*	121,290	*14.7*
Customer deposits	433,735	*68.1*	438,194	*67.8*	447,753	*66.3*	457,499	*68.2*	464,840	*67.5*	472,153	*67.1*	488,060	*67.2*	502,853	*66.7*	517,130	*66.6*	553,029	*67.0*
Debt securities	40,071	*6.3*	38,760	*6.0*	39,898	*5.9*	38,202	*5.7*	37,040	*5.4*	34,835	*4.9*	34,750	*4.8*	33,772	*4.5*	33,697	*4.3*	35,034	*4.2*
Subordinated liabilities	13,079	*2.0*	13,222	*2.0*	15,289	*2.3*	16,034	*2.4*	15,825	*2.3*	16,570	*2.4*	17,047	*2.3*	15,925	*2.1*	15,531	*2.0*	14,311	*1.7*
Total funding	***583,435***	***91.6***	***592,018***	***91.6***	***603,483***	***89.3***	***595,845***	***88.9***	***608,945***	***88.4***	***624,375***	***88.7***	***640,407***	***88.2***	***666,865***	***88.4***	***682,519***	***87.9***	***723,664***	***87.7***
Provision for employee benefits	482	*0.1*	433	*0.1*	289	*0.0*	263	*0.0*	291	*0.0*	430	*0.1*	286	*0.0*	295	*0.0*	369	*0.0*	332	*0.0*
Deferred taxation	721	*0.1*	941	*0.1*	1,469	*0.2*	1,823	*0.3*	550	*0.1*	382	*0.1*	428	*0.1*	458	*0.1*	468	*0.1*	990	*0.1*
Other liabilities	27,158	*4.2*	25,578	*4.0*	33,859	*5.0*	34,103	*5.1*	45,279	*6.6*	51,497	*7.3*	48,591	*6.7*	49,844	*6.6*	55,225	*7.1*	55,795	*6.8*
of which: derivatives liabilities	…	…	*13,458*	*2.1*	*8,636*	*1.3*	*10,815*	*1.6*	*19,384*	*2.8*	*29,768*	*4.2*	*24,827*	*3.4*	*24,197*	*3.2*	*27,220*	*3.5*	*31,814*	*3.9*
Total liabilities (b)	**611,796**	***96.0***	**618,970**	***95.7***	**639,100**	***94.6***	**632,034**	***94.2***	**655,065**	***95.1***	**676,684**	***96.1***	**689,712**	***95.0***	**717,462**	***95.1***	**738,581**	***95.1***	**780,781**	***94.6***
Goodwill (c)	88	*0.0*	433	*0.1*	2,269	*0.3*	2,310	*0.3*	1,778	*0.3*	1,055	*0.1*	1,163	*0.2*	1,102	*0.1*	1,074	*0.1*	1,103	*0.1*
Net worth (a-b+c)	**25,441**	***4.0***	**27,683**	***4.3***	**36,438**	***5.4***	**38,584**	***5.8***	**34,059**	***4.9***	**27,096**	***3.9***	**36,537**	***5.0***	**36,777**	***4.9***	**38,430**	***4.9***	**44,404**	***5.4***
represented by:																				
Issued share capital	10,001	*1.6*	9,206	*1.4*	8,553	*1.3*	8,606	*1.3*	9,208	*1.3*	10,548	*1.5*	12,504	*1.7*	12,930	*1.7*	12,662	*1.6*	12,663	*1.5*
Reserves	11,860	*1.9*	14,529	*2.2*	24,441	*3.6*	26,216	*3.9*	20,807	*3.0*	11,381	*1.6*	18,800	*2.6*	18,729	*2.5*	21,103	*2.7*	27,200	*3.3*
Own shares	-171	*0.0*	-723	*-0.1*	-866	*-0.1*	-1,274	*-0.2*	-968	*-0.1*	-346	*0.0*	-343	*0.0*	-389	*-0.1*	-477	*-0.1*	-538	*-0.1*
Total	**21,690**	***3.4***	**23,012**	***3.6***	**32,128**	***4.8***	**33,548**	***5.0***	**29,047**	***4.2***	**21,583**	***3.1***	**30,961**	***4.3***	**31,270**	***4.1***	**33,288**	***4.3***	**39,325**	***4.8***
Minority interests	3,751	*0.6*	4,671	*0.7*	4,310	*0.6*	5,036	*0.8*	5,012	*0.7*	5,513	*0.8*	5,576	*0.8*	5,507	*0.7*	5,142	*0.7*	5,079	*0.6*
Funding from customers	**486.885**	***76,4***	**490.176**	***75,8***	**502.940**	***74,5***	**511.735**	***76,3***	**517.705**	***75,1***	**523.558**	***74,4***	**539.857**	***74,3***	**552.550**	***73,3***	**566.358**	***72,9***	**602.374**	***73,0***
Total assets (a+c)	**637.237**	***100,0***	**646.653**	***100,0***	**675.538**	***100,0***	**670.618**	***100,0***	**689.124**	***100,0***	**703.780**	***100,0***	**726.249**	***100,0***	**754.239**	***100,0***	**777.011**	***100,0***	**825.185**	***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

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Average number of staff (1)	214,461	203,940	207,792	208,731	214,679	225,930	234,670	242,390	245,610	246,391
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

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Funding from customers per employee (JPYm) (1)	2,270	2,404	2,420	2,452	2,412	2,317	2,300	2,280	2,306	2,445
Loans and advances to customers per employee (JPYm) (1)	1,497	1,538	1,572	1,589	1,587	1,570	1,439	1,371	1,391	1,463
Labour cost per employee (JPYm)	...	...	...	...	...	...	...	...	...	...
Cost / income ratio (%)	50.8	50.2	52.9	52.8	57.5	71.5	60.5	64.4	61.0	60.5
Bad debts written off as % of total income (2)	30.1	18.4	4.3	7.3	8.4	30.0	18.0	7.6	4.3	4.8
Dividends payout as % of net profit	n.c.	25.3	12.4	16.9	49.2	n.c.	35.0	32.3	30.8	22.6
ROE (%)	0.2	5.8	10.9	9.9	4.6	n.c.	5.8	7.0	6.9	9.1
ROA (%)	o	0.2	0.5	0.5	0.2	n.c.	0.2	0.3	0.3	0.4
Doubtful loans as % of loans to customers	2.9	1.4	1.0	0.7	0.8	0.8	0.9	1.0	1.1	1.2
Doubtful loans as % of net worth	36.3	16.0	8.5	6.4	7.6	10.6	8.1	9.0	10.1	9.4
Loans, advances and cash as % of total funding	102.7	103.1	105.1	106.1	104.3	102.6	104.6	103.2	105.5	105.7
Fixed assets as % of net worth	26.4	28.4	32.9	29.9	34.6	42.3	31.8	32.9	30.4	28.5
Free capital as % of funding from customers	1.9	3.1	4.2	4.8	3.8	2.4	4.1	3.9	4.0	4.6
Total assets (3) / Tangible net worth (n.)	25.9	24.5	21.4	19.8	23.8	30.2	22.1	22.9	22.4	20.3

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) 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

	2003		2004		2005		2006		2007		2008		2009		2010		2011		2012	
	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	266,729		293,665		370,669		474,839		554,171		466,650		346,353		344,097		320,041		301,971	
Interest payable and similar expenses	-94,018		-107,931		-186,901		-285,242		-350,204		-233,168		-108,515		-89,924		-83,193		-66,875	
Net interest income	**172,711**	***47.9***	**185,734**	***48.9***	**183,768**	***45.8***	**189,597**	***43.1***	**203,967**	***49.0***	**233,482**	***65.1***	**237,838**	***51.5***	**254,173**	***53.5***	**236,848**	***53.7***	**235,096**	***53.8***
Commissions receivable and other operating income (1)	164,895	*45.7*	177,563	*46.8*	194,016	*48.3*	215,499	*49.0*	238,512	*57.3*	198,448	*55.4*	193,997	*42.0*	191,258	*40.2*	179,528	*40.7*	183,479	*42.0*
Commissions payable and other operating expenses	…	...	…	...	…	...	…	...	…	...	…	...	…	...	…	...	…	...	…	...
Gains (losses) on financial transactions	23,220	*6.4*	16,264	*4.3*	23,530	*5.9*	34,674	*7.9*	-26,023	*-6.2*	-73,529	*-20.5*	30,046	*6.5*	29,749	*6.3*	25,047	*5.7*	18,302	*4.2*
Total income	**360,826**	***100.0***	**379,561**	***100.0***	**401,314**	***100.0***	**439,770**	***100.0***	**416,456**	***100.0***	**358,401**	***100.0***	**461,881**	***100.0***	**475,180**	***100.0***	**441,423**	***100.0***	**436,877**	***100.0***
Labour costs	-110,380	*-30.6*	-119,598	*-31.5*	-130,625	*-32.5*	-146,624	*-33.3*	-155,196	*-37.3*	-146,260	*-40.8*	-135,797	*-29.4*	-142,228	*-29.9*	-148,191	*-33.6*	-151,239	*-34.6*
General expenses	-81,082	*-22.5*	-88,239	*-23.2*	-90,207	*-22.5*	-95,676	*-22.3*	-106,688	*-21.5*	-114,961	*-24.3*	-112,962	*-24.5*	-113,869	*-24.0*	-123,237	*-27.9*	-122,398	*-28.0*
Bad debts recovered (written off)	-26,541	*-7.4*	-20,801	*-5.5*	-24,768	*-6.2*	-24,805	*-5.6*	-60,036	*-14.4*	-175,402	*-48.9*	-180,713	*-39.1*	-107,760	*-22.7*	-52,095	*-11.8*	-40,776	*-9.3*
Depreciation and amortization	-13,186	*-3.7*	-14,549	*-3.8*	-15,343	*-3.9*	-16,672	*-3.8*	-17,767	*-4.3*	-18,532	*-5.2*	-19,002	*-4.1*	-19,100	*-4.0*	-18,736	*-4.3*	-18,700	*-4.3*
Current pre-tax profit	**129,637**	***35.9***	**136,374**	***35.9***	**140,371**	***35.0***	**155,993**	***35.5***	**76,769**	***18.4***	**-96,754**	***-27.0***	**13,407**	***2.9***	**92,223**	***19.4***	**99,164**	***22.5***	**103,764**	***23.8***
Fixed asset revaluations (writedowns)	-2,201	*-0.6*	-809	*-0.2*	2,069	*0.5*	-1,001	*-0.2*	-5,930	*-1.4*	-72,365	*-20.2*	-15,839	*-3.4*	-17,404	*-3.7*	-9,799	*-2.2*	-6,629	*-1.5*
Extraordinary items	2,358	*0.7*	-5,865	*-1.5*	9,289	*2.3*	16,805	*3.8*	3,970	*1.0*	28,352	*7.9*	24,941	*5.4*	-1,053	*-0.2*	-1,683	*-0.4*	212	*0.0*
Cumulative effect of accounting changes	-52	*0.0*	0	*0.0*	-80	*0.0*	-1,784	*-0.4*	0	*0.0*	-62	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*
Profit (loss) before tax	**129,742**	***36.0***	**129,700**	***34.2***	**151,649**	***37.8***	**170,013**	***38.7***	**74,809**	***18.0***	**-140,829**	***-39.3***	**22,509**	***4.9***	**73,766**	***15.5***	**87,682**	***19.9***	**97,347**	***22.3***
Income tax	-42,540	*-11.8*	-41,414	*-10.9*	-49,522	*-12.3*	-53,954	*-12.3*	-20,655	*-5.0*	43,379	*12.1*	-175	*0.0*	-20,753	*-4.4*	-23,341	*-5.3*	-22,314	*-5.1*
Profit attributable to minorities	-684	*-0.2*	-450	*-0.1*	-966	*-0.2*	-855	*-0.2*	-1,059	*-0.3*	198	*0.1*	-512	*-0.1*	-633	*-0.1*	-531	*-0.1*	-672	*-0.2*
Net profit attributable to parent company	**86,518**	***24.0***	**87,836**	***23.1***	**101,161**	***25.2***	**115,204**	***26.2***	**53,095**	***12.7***	**-97,252**	***-27.1***	**21,822**	***4.7***	**52,380**	***11.0***	**63,810**	***14.5***	**74,361**	***17.0***
Dividends payout	*30,191*	*8.4*	*38,101*	*10.0*	*42,756*	*10.7*	*48,870*	*11.1*	*49,179*	*11.8*	*44,389*	*12.4*	*20,804*	*4.5*	*8,801*	*1.9*	*14,229*	*3.2*	*18,462*	*4.2*

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

TABLE II.2 - FINANCIAL STATEMENTS UNITED STATES

	2003		2004		2005		2006		2007		2008		2009		2010		2011		2012	
	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	1,579,630	*23.9*	1,799,939	*23.7*	1,855,495	*22.7*	2,166,300	*23.8*	2,429,575	*23.4*	2,022,516	*20.9*	2,250,342	*24.8*	2,352,603	*25.3*	2,339,420	*24.6*	2,555,860	*25.6*
Loans and advances to banks (1)	934,604	*14.1*	1,076,949	*14.2*	1,297,437	*15.9*	1,447,658	*15.9*	1,618,936	*15.6*	1,471,479	*15.2*	1,361,269	*15.0*	1,411,861	*15.2*	1,600,212	*16.8*	1,706,663	*17.1*
Loans and advances to customers	3,059,859	*46.2*	3,531,498	*46.5*	3,859,219	*47.3*	4,186,493	*45.9*	4,619,916	*44.4*	4,307,708	*44.6*	3,850,696	*42.5*	4,022,646	*43.2*	4,111,376	*43.3*	4,303,701	*43.2*
Loans, advances and cash	***5,574,093***	***84.2***	***6,408,386***	***84.3***	***7,012,151***	***85.9***	***7,800,451***	***85.6***	***8,668,427***	***83.3***	***7,801,703***	***80.7***	***7,462,307***	***82.4***	***7,787,110***	***83.6***	***8,051,008***	***84.7***	***8,566,224***	***85.9***
Interests in subsidiares and associated	47,593	*0.7*	56,779	*0.7*	61,246	*0.8*	87,378	*1.0*	118,215	*1.1*	104,689	*1.1*	93,850	*1.0*	92,120	*1.0*	67,000	*0.7*	65,409	*0.7*
Intangible assets	64,225	*1.0*	81,007	*1.1*	94,320	*1.2*	110,356	*1.2*	125,597	*1.2*	110,421	*1.1*	121,724	*1.3*	104,703	*1.1*	77,006	*0.8*	68,927	*0.7*
Net tangible assets	82,438	*1.2*	88,774	*1.2*	94,070	*1.2*	92,544	*1.0*	110,599	*1.1*	100,839	*1.0*	92,980	*1.0*	91,107	*1.0*	88,283	*0.9*	90,578	*0.9*
Other assets	741,022	*11.2*	755,407	*9.9*	684,603	*8.4*	757,468	*8.3*	1,070,131	*10.3*	1,297,096	*13.4*	1,030,783	*11.4*	997,963	*10.7*	983,527	*10.4*	938,565	*9.4*
of which: derivatives assets	…	…	*242,323*	*3.2*	*190,049*	*2.3*	*202,942*	*2.2*	*333,097*	*3.2*	*544,164*	*5.6*	*278,042*	*3.1*	*263,986*	*2.8*	*300,192*	*3.2*	*242,191*	*2.4*
Total (a)	**6,509,371**	***98.3***	**7,390,353**	***97.3***	**7,946,390**	***97.3***	**8,848,197**	***97.1***	**10,092,969**	***97.0***	**9,414,748**	***97.4***	**8,801,644**	***97.2***	**9,073,003**	***97.4***	**9,266,824**	***97.5***	**9,729,703**	***97.6***
Deposits by banks	1,248,613	*18.8*	1,479,952	*19.5*	1,781,574	*21.8*	1,793,804	*19.7*	1,972,670	*19.0*	1,382,082	*14.3*	1,025,785	*11.3*	1,037,610	*11.1*	877,051	*9.2*	1,020,167	*10.2*
Customer deposits	3,046,569	*46.0*	3,433,881	*45.2*	3,681,772	*45.1*	3,998,860	*43.9*	4,497,963	*43.2*	4,565,742	*47.2*	4,662,492	*51.5*	4,734,467	*50.8*	5,192,272	*54.6*	5,655,358	*56.7*
Debt securities	896,979	*13.6*	1,001,486	*13.2*	1,078,642	*13.2*	1,305,693	*14.3*	1,636,145	*15.7*	1,422,903	*14.7*	1,230,392	*13.6*	1,312,916	*14.1*	1,175,667	*12.4*	1,009,435	*10.1*
Subordinated liabilities	166,020	*2.5*	185,799	*2.4*	196,144	*2.4*	245,896	*2.7*	317,566	*3.1*	318,254	*3.3*	302,261	*3.3*	292,206	*3.1*	265,099	*2.8*	213,829	*2.2*
Total funding	***5,358,181***	***80.9***	***6,101,118***	***80.3***	***6,738,132***	***82.5***	***7,344,253***	***80.6***	***8,424,344***	***81.0***	***7,688,981***	***79.6***	***7,220,930***	***79.7***	***7,377,199***	***79.2***	***7,510,089***	***79.0***	***7,898,789***	***79.2***
Deferred taxation	36,959	*0.6*	29,492	*0.4*	31,363	*0.4*	31,566	*0.3*	31,861	*0.3*	1,623	*0.0*	1,022	*0.0*	2,597	*0.0*	2,556	*0.0*	3,373	*0.0*
Other liabilities	720,259	*10.9*	829,671	*10.9*	722,899	*8.9*	989,742	*10.9*	1,164,739	*11.2*	1,163,789	*12.0*	960,811	*10.6*	1,023,910	*11.0*	1,033,568	*10.9*	1,025,360	*10.3*
of which: derivatives liabilities	…	…	*225,737*	*3.0*	*193,256*	*2.4*	*223,134*	*2.4*	*319,245*	*3.1*	*413,973*	*4.3*	*219,522*	*2.4*	*230,730*	*2.5*	*244,915*	*2.6*	*212,233*	*2.1*
Total liabilities (b)	**6,115,399**	***92.4***	**6,960,281**	***91.6***	**7,492,394**	***91.8***	**8,365,561**	***91.8***	**9,620,944**	***92.5***	**8,854,393**	***91.6***	**8,182,763**	***90.4***	**8,403,706**	***90.2***	**8,546,213**	***89.9***	**8,927,522**	***89.5***
Goodwill (c)	112,357	*1.7*	208,496	*2.7*	217,983	*2.7*	266,035	*2.9*	311,272	*3.0*	249,298	*2.6*	254,108	*2.8*	243,207	*2.6*	237,564	*2.5*	240,578	*2.4*
Net worth (a-b+c)	**506,329**	***7.6***	**638,568**	***8.4***	**671,979**	***8.2***	**748,671**	***8.2***	**783,297**	***7.5***	**809,653**	***8.4***	**872,989**	***9.6***	**912,504**	***9.8***	**958,175**	***10.1***	**1,042,759**	***10.5***
represented by:																				
Issued share capital	33,491	*0.5*	74,272	*1.0*	77,188	*0.9*	105,636	*1.2*	103,954	*1.0*	307,422	*3.2*	217,800	*2.4*	219,857	*2.4*	223,145	*2.3*	252,985	*2.5*
Reserves	503,827	*7.6*	597,598	*7.9*	648,585	*7.9*	710,637	*7.8*	751,917	*7.2*	553,238	*5.7*	672,931	*7.4*	706,457	*7.6*	756,588	*8.0*	816,602	*8.2*
Own shares	-38,240	*-0.6*	-38,766	*-0.5*	-59,609	*-0.7*	-77,142	*-0.8*	-86,545	*-0.8*	-60,567	*-0.6*	-27,134	*-0.3*	-22,717	*-0.2*	-30,450	*-0.3*	-35,886	*-0.4*
Total	**499,078**	***7.5***	**633,104**	***8.3***	**666,164**	***8.2***	**739,131**	***8.1***	**769,326**	***7.4***	**800,093**	***8.3***	**863,597**	***9.5***	**903,597**	***9.7***	**949,283**	***10.0***	**1,033,701**	***10.4***
Minority interests	7,251	*0.1*	5,464	*0.1*	5,815	*0.1*	9,540	*0.1*	13,971	*0.1*	9,560	*0.1*	9,392	*0.1*	8,907	*0.1*	8,892	*0.1*	9,058	*0.1*
Funding from customers	**4,109,568**	***62.1***	**4,621,166**	***60.8***	**4,956,558**	***60.7***	**5,550,449**	***60.9***	**6,451,674**	***62.0***	**6,306,899**	***65.3***	**6,195,145**	***68.4***	**6,339,589**	***68.0***	**6,633,038**	***69.8***	**6,878,622**	***69.0***
Total assets (a+c)	**6,621,728**	***100.0***	**7,598,849**	***100.0***	**8,164,373**	***100.0***	**9,114,232**	***100.0***	**10,404,241**	***100.0***	**9,664,046**	***100.0***	**9,055,752**	***100.0***	**9,316,210**	***100.0***	**9,504,388**	***100.0***	**9,970,281**	***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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Average number of staff	1,326,131	1,357,991	1,404,092	1,450,306	1,514,552	1,503,883	1,392,403	1,356,189	1,376,246	1,383,198
of which: from country of origin (%)	...	...	...	...	...	...	...	...	...	...
from elsewhere (%)	...	...	...	...	...	...	...	...	...	...

TABLE II.4 - FINANCIAL RATIOS

UNITED STATES

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Funding from customers per employee ('000 USD)	3,099	3,403	3,530	3,827	4,260	4,194	4,449	4,675	4,820	4,973
Loans and advances to customers per employee ('000 USD)	2,307	2,601	2,749	2,887	3,050	2,864	2,766	2,966	2,987	3,111
Labour cost per employee ('000 USD)	83.2	88.1	93.0	101.1	102.5	97.3	97.5	104.9	107.7	109.3
Cost / income ratio (%)	56.7	58.6	58.8	58.9	67.2	78.1	58.0	57.9	65.7	66.9
Bad debts written off as % of total income (1)	7.4	5.5	6.2	5.6	14.4	48.9	39.1	22.7	11.8	9.3
Dividends payout as % of net profit	34.9	43.4	42.3	42.4	92.6	n.c.	95.3	16.8	22.3	24.8
ROE (%)	21.0	16.1	17.9	18.5	7.4	n.c.	2.6	6.2	7.2	7.8
ROA (%)	1.3	1.2	1.2	1.3	0.5	n.c.	0.2	0.6	0.7	0.7
Doubtful loans as % of loans to customers (2)	0.1	0.1	0.2	0.2	0.3	0.3	0.7	1.2	1.4	1.5
Doubtful loans as % of net worth (2)	0.7	0.6	0.9	1.1	1.6	1.3	3.1	5.4	6.1	6.3
Loans, advances and cash as % of total funding	104.0	105.0	104.1	106.2	102.9	101.5	103.3	105.6	107.2	108.4
Fixed assets as % of net worth	60.6	68.1	69.6	74.3	85.0	69.8	64.5	58.2	49.0	44.6
Free capital as % of funding from customers	4.8	4.3	4.0	3.3	1.6	3.7	4.6	5.2	6.5	7.4
Total assets (3) / Tangible net worth (n.)	19.5	20.9	21.8	23.5	28.8	20.7	17.5	15.9	14.3	13.2

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) Net of recovered amounts.
(2) Calculated only on the basis of those exposures not completely covered by provisions. Data restated in 2010, including performing restructured loans under doubtful loans.
(3) Excluding intangibile assets.

TABLE II.1 - PROFIT AND LOSS ACCOUNTS CHINA

	2004		2005		2006		2007		2008		2009		2010		2011		2012	
	CNY m	*%*	*CNY m*	*%*	*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		2,723,539		3,384,663	
Interest payable and similar expenses	-250,952		-336,686		-441,235		-556,249		-731,181		-671,072		-714,657		-1,099,929		-1,508,096	
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***	**1,623,610**	***79.0***	**1,876,567**	***79.4***
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*	426,187	*20.7*	485,325	*20.5*
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*	-25,526	*-1.2*	-30,407	*-1.3*
Dividends and share of profit (loss)	2,620	*0.5*	780	*0.1*	1,836	*0.3*	2,189	*0.2*	3,463	*0.3*	3,605	*0.3*	4,253	*0.3*	3,966	*0.2*	4,419	*0.2*
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*	26,926	*1.3*	28,543	*1.2*
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***	**2,055,163**	***100.0***	**2,364,447**	***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*	-391,531	*-19.1*	-443,704	*-18.8*
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*	-341,126	*-16.6*	-405,674	*-17.2*
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*	-192,446	*-9.4*	-206,938	*-8.8*
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*	-62,657	*-3.0*	-71,273	*-3.0*
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***	**1,067,403**	***51.9***	**1,236,858**	***52.3***
Amortization of goodwill	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*
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*	-3,088	*-0.2*	-2,957	*-0.1*
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*	14,789	*0.7*	19,520	*0.8*
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*	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***	**1,079,104**	***52.5***	**1,253,421**	***53.0***
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*	-249,762	*-12.2*	-287,791	*-12.2*
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*	-7,316	*-0.4*	-8,248	*-0.3*
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***	**822,026**	***40.0***	**957,382**	***40.5***
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*	*236,575*	*14.5*	*260,357*	*12.7*	*318,941*	*13.5*

TABLE II.2 - FINANCIAL STATEMENTS CHINA

		2004		2005		2006		2007		2008		2009		2010		2011		2012	
		CNY m	%	*CNY m*	%	*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*	307,793	*0.4*	370,833	*0.5*
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*	13,588,925	*19.8*	14,936,634	*19.0*
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*	18,610,262	*27.1*	21,927,204	*27.9*
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*	34,602,904	*50.3*	39,378,527	*50.0*
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***	***67,109,884***	***97.6***	***76,613,198***	***97.4***
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*	53,100	*0.1*	53,861	*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*	87,356	*0.1*	89,078	*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*	602,310	*0.9*	683,698	*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*	887,561	*1.3*	1,225,555	*1.5*
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***	**68,740,211**	***100.0***	**78,665,390**	***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*	8,648,732	*12.6*	10,433,417	*13.3*
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*	53,561,737	*77.9*	60,170,716	*76.4*
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*	201,646	*0.3*	368,658	*0.5*
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*	727,443	*1.1*	839,399	*1.1*
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***	***63,139,558***	***91.8***	***71,812,190***	***91.3***
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*	42,465	*0.1*	31,678	*0.0*
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*	5,859	*0.0*	5,636	*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*	1,376,572	*2.0*	1,845,876	*2.4*
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***	**64,564,454**	***93.9***	**73,695,380**	***93.7***
Goodwill	**(c)**	0	*0.0*	0	*0.0*	3,621	*0.0*	4,996	*0.0*	18,093	*0.0*	19,554	*0.0*	20,623	*0.0*	20,719	*0.0*	24,832	*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***	**4,196,476**	***6.1***	**4,994,842**	***6.3***
represented by:																			
Issued share capital		618,090	*2.9*	780,128	*3.1*	922,688	*3.2*	948,113	*2.8*	1,213,765	*3.0*	1,224,785	*2.4*	1,366,897	*2.3*	1,389,440	*2.0*	1,405,920	*1.8*
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*	2,756,223	*4.0*	3,524,175	*4.5*
Own shares		0	*0.0*	0	*0.0*	-216	*0.0*	-45	*0.0*	-17	*0.0*	-43	*0.0*	-138	*0.0*	-25	*0.0*	-15	*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***	**4,145,638**	***6.0***	**4,930,080**	***6.3***
Minority interests		31,344	*0.1*	32,982	*0.1*	34,735	*0.1*	37,259	*0.1*	32,792	*0.1*	44,875	*0.1*	44,170	*0.1*	50,838	*0.1*	64,762	*0.1*
Funding from customers		**18,601,164**	***87.3***	**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***	**54,490,826**	***79.2***	**61,378,773**	***78.0***
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***	**68,760,930**	***100.0***	**78,690,222**	***100.0***

(1) Includes compulsory reserve held at central bank (CNY 5,523bn as at 31-12-2009, CNY 7,812bn as at 31-12-2010, CNY 9,931bn as at 31-12-2011 and CNY 10,728bn as at 31-12-2012).

TABLE II.3 - EMPLOYEES — CHINA

	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	1,646,990	1,734,107
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	2011	2012
Funding from customers per employee ('000 CNY) (1)	13,381	14,662	17,094	19,114	21,964	26,954	30,457	33,085	35,395
Loans and advances to customers per employee ('000 CNY) (1)	9,033	8,924	10,311	11,826	12,720	16,714	19,191	21,010	22,708
Labour cost per employee ('000 CNY) (1)	69	87	107	133	165	173	203	238	255,9
Cost / income ratio (%)	51.6	50.7	47.5	41.2	40.2	43.0	40.2	38.6	38.9
Bad debts written off as % of total income (2)	20.2	11.2	13.7	9.8	12.6	10.2	9.0	9.4	8.8
Dividends payout as % of net profit	22.1	20.9	41.5	47.0	31.8	37.7	36.9	31.1	33.3
ROE (%)	12.7	14.8	13.3	17.8	22.0	22.2	22.4	24.7	24.1
ROA (%)	0.4	0.5	0.6	0.8	1.0	1.0	1.1	1.2	1.2
Doubtful loans as % of loans to customers (3)	11.4	6.4	5.1	4.5	0.3	0.0	0.0	0.0	0.0
Doubtful loans as % of net worth (3)	178.9	78.5	49.3	40.5	2.1	0.0	0.0	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	106.3	106.7
Fixed assets as % of net worth	52.8	43.1	30.4	24.8	25.1	24.1	20.0	18.2	17.0
Free capital as % of funding from customers	-5.6	-1.0	1.3	2.5	5.5	5.5	6.7	7.3	7.9
Total assets (4) / Tangible net worth (n.)	27.4	24.1	19.4	18.6	18.0	19.4	17.2	16.8	16.1

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

(1) 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. Until 2007 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 – with data from 2004 – 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.

The number of companies in operation at the end of the period under review has increate by one compared to the previous edition of this survey, as a result of the following changes in Europe: i) two Scandinavian banks have been included, DNB of Norway and SEB-Skandinaviska Enskilda Banken of Sweden, having reached the minimum size requisites; ii) Belgian bank KBC Group, meanwhile, has been excluded as it no longer meets the same size requirements.

Belfius Bank, previously Dexia Bank Belgium and part of the Dexia group, also ceased to meet the minimum size requirements but has continued to be included in the survey to allow for improbe historical like-for-like comparison of the data.

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 2012 and 2013). 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.[101] Separate discussion is in order for insurance 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 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 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 was around 4% from 2003 to 2012, whereas the Japanese Yen appreciated by 19% over the same period.

---

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

TABLE III.1 - YEAR-END EXCHANGE RATES

		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
							vs. EUR (x100)					
China	CNY	9.5785	8.8889	10.5038	9.7283	9.3002	10.5312	10.1678	11.3353	12.2567	12.1644	11.9773
Denmark	DKK	13.4318	13.4430	13.4039	13.4120	13.4079	13.4217	13.4376	13.4165	13.4513	13.4030	13.4061
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	0.7405	0.7161	0.7199	0.6372	0.6063	0.7928	0.7510	0.9204	0.9980	0.8802	0.6910
Norway	NOK	11.8848	12.1411	12.5235	12.1389	12.5660	10.2564	12.0482	12.8205	12.8966	13.6086	11.9574
United Kingdom	GBP	141.8842	141.8440	145.9215	148.9203	136.3605	104.9869	112.5999	116.1778	119.7175	122.5340	119.9472
United States	USD	79.1766	73.4160	84.7673	75.9301	67.9302	71.8546	69.4155	74.8391	77.2857	75.7920	72.5111
Sweden	SEK	11.0132	11.0857	10.6513	11.0615	10.5915	9.1996	9.7542	11.1539	11.2208	11.6523	11.2878
Switzerland	CHF	64.1890	64.8130	64.3045	62.2316	60.4339	67.3401	67.4036	79.9744	82.2639	82.8363	81.4598

TABLE III.2 - LIST OF COMPANIES

	BANKS	2012 TOTAL ASSETS	TOTAL INCOME	NET RESULT	EM-PLOYEES
	EUROPE	*EUR m*	*EUR m*	*EUR m*	*Average number*
1	HSBC HOLDINGS (GB) #	2,039,668	47,696	10,631	284,186
2	DEUTSCHE BANK (DE) #	2,012,329	33,192	237	100,380
3	CREDIT AGRICOLE (FR) #	2,007,013	31,125	- 3,808	157,808
4	BNP PARIBAS (FR) # [1]	1,904,463	38,452	6,553	187,564
5	BARCLAYS (GB) #	1,826,150	29,558	- 1,276	143,700
6	THE ROYAL BANK OF SCOTLAND GROUP-RBS (GB) # * [2]	1.608.008	21,472	- 6,964	142,000
7	BANCO SANTANDER (ES) #	1,269,204	42,772	2,205	188,779
8	SOCIÉTÉ GÉNÉRALE (FR) #	1,250,256	22,629	774	156,813
9	ING GROEP (NL) #	1,163,244	14,963	3,894	92,572
10	GROUPE BPCE (FR) [3]	1,140,205	22,589	2,147	117,086
11	LLOYDS BANKING GROUP (GB) # * [4]	1,130,048	21,037	- 1,749	113,617
12	UBS (CH) #	1,043,101	20,848	- 2,080	63,724
13	UNICREDIT (IT) #	926,826	24,034	865	148,175
14	CREDIT SUISSE GROUP (CH) #	765,639	17,334	1,118	48,550
15	RABOBANK NEDERLAND (NL)	752,410	13,969	2,017	59,649
16	NORDEA BANK (SE) #	677,416	9,999	3,119	32,274
17	INTESA SANPAOLO (IT) #	673,459	16,650	1,605	94,585
18	CREDIT MUTUEL (FR)	644,876	14,258	2,150	79,060
19	BANCO BILBAO VIZCAYA ARGENTARIA - BBVA (ES) #	637,735	22,966	1,676	113,924
20	COMMERZBANK (DE) # [5]	635,878	9,813	6	56,096
21	KREDITANSTALT FUER WIEDERAUFBAU - KfW (DE) *	511,622	3,451	2,384	5,190
22	STANDARD CHARTERED (GB) #	482,430	14,100	3,704	87,569
23	DANSKE BANK (DK) #	466,813	6,330	636	20,814
24	DZ BANK (DE)	406,946	5,160	691	28,227
25	ABN AMRO GROUP (NL) * [6]	394,404	7,235	948	23,642
26	CAJA DE AHORROS Y PENSIONES DE BARCELONA – "LA CAIXA" *	358,526	7,471	135	31,094
27	DEXIA (BE) # * [7]	357,210	917	- 2,866	2,429
28	LANDESBANK BADEN-WUERTTEMBERG (DE) *	336,326	2,270	399	12,123
29	BANCO FINANCIERO Y DE AHORROS (ES) * [8]	309,186	4,047	- 10,791	20,807
30	DNB (NO) #	308,213	5,538	1,859	13,542
31	BAYERISCHE LANDESBANK (DE) *	286,823	2,699	762	9,985
32	SKANDINAVISKA ENSKILDA BANKEN - SEB (SE) #	285,826	4,283	1,355	16,925
33	BELFIUS BANK (BE) (ex-Dexia Bank Belgium) * [9]	212,847	1,871	415	7,175
34	ABBEY NATIONAL (GB) [10]	-	-	-	-
35	ABN AMRO HOLDING (NL) [11]	-	-	-	-
36	BAYERISCHE HYPO- UND VEREINSBANK (HVB) (DE) [12]	-	-	-	-

cont.

Table III.2 (cont.)

	BANKS	2012 *TOTAL ASSETS*	*TOTAL INCOME*	*NET RESULT*	*EM-PLOYEES*
		EUR m	*EUR m*	*EUR m*	*Average number*
37	CAJA DE AHORROS DE VALENCIA, CASTELLÓN Y ALICANTE – BANCAJA [13]	-	-	-	-
38	CAJA DE AHORROS Y MONTE DE PIEDAD DE MADRID – "CAJA MADRID" [13]	-	-	-	-
39	CAPITALIA (IT) [14]	-	-	-	-
40	DEUTSCHE POSTBANK (DE) [15]	-	-	-	-
41	DRESDNER BANK (DE) [16]	-	-	-	-
42	EUROHYPO (DE) [17]	-	-	-	-
43	FORTIS (BE / NL) [18]	-	-	-	-
44	FORTIS BANK (BE) [19]	-	-	-	-
45	FORTIS BANK (NEDERLAND) (NL) [20]	-	-	-	-
46	GROUPE BANQUE POPULAIRE (FR) [21]	-	-	-	-
47	GROUPE CAISSE D'EPARGNE (FR) [22]	-	-	-	-
48	HBOS (GB) [23]	-	-	-	-
49	SANPAOLO IMI (IT) [24]	-	-	-	-
	TOTAL	**28,825,100**	**540,727**	**22,751**	**2,660,064**
	JAPAN	*EUR m*	*EUR m*	*EUR m*	*Average number*
1	MITSUBISHI UFJ FINANCIAL GROUP - MUFG # [25]	2,029,392	31,322	9,410	79,850
2	MIZUHO FINANCIAL GROUP #	1,524,398	17,068	4,934	31,156 °
3	SUMITOMO MITSUI FINANCIAL GROUP - SMFG #	1,255,939	23,573	6,989	64,430
4	NORINCHUKIN BANK	711,279	438	1,055	3,248 °
5	RESONA HOLDINGS #	374,710	5,340	2,422	16,854
6	SUMITOMO MITSUI TRUST HOLDINGS # [26]	326,733	5,141	1,177	13,011 °
7	SHINKIN CENTRAL BANK	266,646	827	289	1,157 °
8	FUKUOKA FINANCIAL GROUP # [27]	116,451	1,656	282	6,781
9	BANK OF YOKOHAMA #	116,293	2,044	487	4,604 °
10	SHOKO CHUKIN BANK * [28]	108,550	1,365	133	4,074
11	CHIBA BANK #	99,288	1,432	389	4,295 °
12	HOKUHOKU FINANCIAL GROUP #	95,938	1,345	159	5,242
13	SHIZUOKA BANK #	90,083	1,300	501	3,108 °
14	SHINSEI BANK #	74,978	1,714	450	4,847
15	JOYO BANK #	72,637	993	200	3,734 °
16	HOKKAIDO BANK [29]	-	-	-	-
17	SUMITOMO TRUST & BANKING [30]	-	-	-	-
18	UFJ HOLDINGS [31]	-	-	-	-
	TOTAL	**7,263,315**	**95,558**	**28,877**	**246,391**

cont.

Table III.2 (cont.)

	BANKS	2012 TOTAL ASSETS	TOTAL INCOME	NET RESULT	EM-PLOYEES
	UNITED STATES	*EUR m*	*EUR m*	*EUR m*	*Average number*
1	JPMORGAN CHASE & CO. # [32]	1,788,041	70,436	16,132	259,561
2	BANK OF AMERICA # [33]	1,674,984	61,530	3,174	274,500
3	CITIGROUP #	1,413,264	54,991	5,715	262,500
4	WELLS FARGO & CO. # [34]	1,078,496	63,792	14,322	266,700
5	THE BANK OF NEW YORK MELLON # [35]	272,086	10,883	1,853	49,100
6	U.S. BANCORP (ex- Firstar) #	268,194	15,279	4,280	63,508
7	CAPITAL ONE FINANCIAL #	237,167	15,681	2,666	35,050
8	THE PNC FINANCIAL SERVICES GROUP # [36]	231,247	11,484	2,284	54,088
9	BB&T #	139,360	7,616	1,500	32,878
10	ALLY FINANCIAL * [37]	138,027	3,829	906	12,700
11	SUNTRUST BANKS #	131,455	6,443	1,484	27,980
12	FIFTH THIRD BANCORP #	92,386	4,823	1,195	21,066
13	REGIONS FINANCIAL #	91,971	4,331	849	23,567
14	AMSOUTH BANCORPORATION [38]	-	-	-	-
15	BANK ONE [39]	-	-	-	-
16	COUNTRYWIDE FINANCIAL [40]	-	-	-	-
17	FLEETBOSTON FINANCIAL [41]	-	-	-	-
18	GOLDEN WEST FINANCIAL [42]	-	-	-	-
19	GREENPOINT FINANCIAL [43]	-	-	-	-
20	HIBERNIA [44]	-	-	-	-
21	MBNA [45]	-	-	-	-
22	MERRILL LYNCH & CO. [46]	-	-	-	-
23	NATIONAL CITY [47]	-	-	-	-
24	NORTH FORK BANCORPORATION [48]	-	-	-	-
25	SOUTHTRUST [49]	-	-	-	-
26	THE BEAR STEARNS COMPANIES [50]	-	-	-	-
27	UNION PLANTERS [51]	-	-	-	-
28	WACHOVIA (ex- First Union) [52]	-	-	-	-
29	WASHINGTON MUTUAL [53]	-	-	-	-
	TOTAL	**7,556,678**	**331,118**	**56,359**	**1,383,198**
	CHINA	*EUR m*	*EUR m*	*EUR m*	*Average number*
1	INDUSTRIAL AND COMMERCIAL BANK OF CHINA # *	2.133.908	64,550	29,016	418,108
2	CHINA CONSTRUCTION BANK # *	1,699,713	55,821	23,499	342,364
3	AGRICULTURAL BANK OF CHINA # *	1,611,097	51,389	17,650	454,250
4	BANK OF CHINA # *	1,542,523	41,822	16,961	232,770
5	BANK OF COMMUNICATIONS # [54]	641,476	17,036	7,101	93,204
6	CHINA MERCHANTS BANK # [55]	414,590	13,460	5,507	46,898

cont.

Table III.2 (cont.)

	BANKS	2012 TOTAL ASSETS	TOTAL INCOME	NET RESULT	EM-PLOYEES
		EUR m	*EUR m*	*EUR m*	*Average number*
7	INDUSTRIAL BANK # 56	395,462	10,639	4,223	38,405
8	CHINA MINSHENG BANKING #	390,721	11,961	4,569	45,024
9	SHANGHAI PUDONG DEVELOPMENT BANK # 57	382,657	10,046	4,159	33,132
10	CHINA CITIC BANK # * 58	360,059	10,896	3,775	29,952
	TOTAL	**9,572,205**	**287,621**	**116,460**	**1,734,107**

\# Listed company.

* Government-controlled company.

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

1 The Belgian state (via SFPI) and the state of Luxembourg own stakes of 10.3% and 1.1% of the company's share capital respectively as at 30 September 2013. Stakes acquired in May 2009 against the disposal of Fortis's former banking activities in the respective countries.

2 As at year-end 2012, the UK government owned about 81% of the share capital (approx. 65.3% of the ordinary shares).

3 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 by the French co-operative and savings banks.

4 Formerly Lloyds TSB Group. On 16 January 2009 it acquired and merged with HBOS, taking on its current name. As at year-end 2012 the UK government owned 39.2% of the company's share capital.

5 The German state owned 25% plus one share stake in the company.

6 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. ABN AMRO Group is controlled by the Dutch state.

7 In October 2011 Dexia sold 100% of its subsidiary Dexia Bank Belgium (now Belfius Bank) to the Belgian state. In October 2012 the company disposed 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 January 2013, under the terms of agreements reached in 2012 to ensure local public sector financing in France, Dexia ceded control of Dexia Municipal Agency (now Caisse Française de Financement Local) for the token amount of EUR 1. As at 31 December 2012, the Belgian and French states held indirect stakes of 50.02% and 44.4% in the share capital of Dexia respectively.

8 Company set up in December 2010, and operative since 1 January 2011, following the merger of seven local Spanish savings banks, the main ones of which were Caja Madrid and Bancaja (see below). The banking operations thus transferred by the savings banks were for the most part spun off to subsidiary Bankia; in July 2011, 47.59% of the latter was sold on the market for EUR 3.1bn. Since June 2012 Banco Financiero y de Ahorros has been 100%-owned by the Spanish state via the FROB-*Fondo de Reestructuración Ordenada Bancaria*.

9 The company, which was already part of the Dexia group, was acquired 100% by the Belgian state with effect from 1 October 2011. The current name was taken on 1 March 2012.

10 Acquired by Banco Santander in November 2004.

11 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.

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

[13] Control of the banking operations was transferred to Banco Financiero y de Ahorros with effect from 31 December 2010.

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

[15] Acquired by Deutsche Bank with effect from 3 December 2010.

[16] Acquired by Commerzbank in January 2009.

[17] 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.

[18] 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.

[19] 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 10.3% on 30 September 2013).

[20] 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.

[21] 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.

[22] 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.

[23] The company was acquired by and merged into the Lloyds Banking Group on 16 January 2009.

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

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

[26] Formerly Chuo Mitsui Trust Holdings. Effective from 1 April 2011, the company merged with Sumitomo Trust & Banking and took on its current name.

[27] 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.

[28] As at 31 March 2013 Japanese state owned 46.5% of the share capital.

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

[30] The company was merged into Chuo Mitsui Trust Holdings with effect from 1 April 2011, which took on the name Sumitomo Mitsui Trust Holdings.

[31] Merged into Mitsubishi Tokyo Financial Group (now Mitsubishi UFJ Financial Group), with effect from 1 October 2005.

[32] Acquired investment bank The Bear Stearns Companies with effect from 30 May 2008, and the banking activities of Washington Mutual on 25 September 2008.

[33] Merged with Countrywide Financial with effect from 1 July 2008, and acquired investment bank Merrill Lynch & Co. with effect from 1 January 2009.

[34] Acquired Wachovia (formerly First Union) with effect from 31 December 2008.

[35] With effect from 1 July 2007 the Bank of New York and Mellon Financial merged to form The Bank of New York Mellon.

[36] Acquired National City with effect from 31 December 2008.

[37] Formerly GMAC Inc. (General Motors Acceptance Corp.), and took on its present name in May 2010. It acquired bank holding company status in December 2008, when it became a recipient of the TARP (Troubled Asset Relief Programme).

Table III.2 (cont.)

In December 2009 the United States Treasury took a majority stake in the company; its investment at end-2012 was equal to 73.8%.

[38] Acquired by Regions Financials with effect from 1 November 2006.
[39] Acquired by JPMorgan Chase & Co. with effect from 1 July 2004.
[40] Merged into the Bank of America with effect from 1 July 2008.
[41] Acquired by Bank of America with effect from 1 April 2004.
[42] Acquired by Wachovia (formerly First Union) with effect from 1 October 2006.
[43] Merged into North Fork Bancorporation with effect from 1 October 2004.
[44] Acquired by Capital One Financial with effect from 16 November 2005.
[45] Acquired by Bank of America with effect from 1 January 2006.
[46] Acquired by Bank of America with effect from 1 January 2009.
[47] Acquired by The PNC Financial Services Group with effect from 31 December 2008.
[48] Acquired by Capital One Financial with effect from 1 December 2006.
[49] Acquired by Wachovia (formerly First Union) with effect from 1 November 2004.
[50] Acquired by JPMorgan Chase with effect from 30 May 2008.
[51] Acquired by Regions Financial with effect from 1 July 2004.
[52] Formerly First Union. Acquired by Wells Fargo & Co. with effect from 31 December 2008.
[53] Went bankrupt in September 2008. Its banking activities were acquired by JPMorgan Chase & Co with effect from 25 September 2008.
[54] 45.7% owned directly and indirectly by the Chinese state; 19% owned by the HSBC group.
[55] 32.76% owned by various companies controlled by the Chinese state, 1.9% by JPMorgan Chase.
[56] 36.65% owned directly and indirectly by the Chinese state; 10.87% owned by the HSBC group.
[57] 24,3% owned by Shanghai International Group (Chinese state), 20% by China Mobile Group Guandong, 2% by Citigroup.
[58] 61,85% owned by Citic Group (Chinese state); 15% owned by BBVA.

Ricerche e Studi, or “R&S” for short, is a wholly-owned subsidiary of Mediobanca, which set up the company in 1970 to conduct economic and financial research on Italian enterprises and markets. Mediobanca had already been conducting this type of studies since its inception in 1946 and, that year, decided to further this effort by forming its own team of specialised researchers. R&S's analysts use exacting methods and implement the study and publishing programmes approved by the company's Advisory Committee. This Committee, which includes a number of distinguished economics professors, ensures that all R&S’s output is produced to the highest standards of accuracy and objectivity. R&S has produced major surveys on Italian companies, industrial sectors and the country’s capital markets. Its earliest survey appeared in 1970, and was the first in-depth guide available on the Italian chemical industry. The company also started publishing sets of briefs on Italian listed companies, which in 1976 were developed into the first edition of R&S Annual Directory, now covering the country’s leading businesses. The company began publishing a yearly survey of the world's leading multinationals in 1995. The first edition of R&S's survey of international banks was published in 2004.

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