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Glossary

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

cont.

Glossary (*cont.*)

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

I. SUMMARY OF RESULTS

I.1 Summary

The twelfth edition of the report on the largest international banks (Europe, United States and Japan) includes a detailed analysis of the evolution of their aggregate financial statements in the ten-year period 2004-2013. In order to obtain a fully representative sample of European and U.S. banks, we prepared some preliminary data for 2014; for Japanese banks, which close their financial year at March 31 of the following year, we used data for the first half of the year. This report also includes a section devoted to the largest Chinese banks, focusing for these too over the ten-year period 2004-2013. We also included an in-depth analysis of the German "Landesbanken" (2007-2013) and the Spanish savings banks (2009-2013).

* * *

From 2003 to 2012, the banks included in our report have significantly increased their size: average "total assets", denominated in local currency and net of recognised goodwill, were in 2012 equal to 2.4, 1.8, and 1.5 times their levels at the beginning of the period, for U.S., European and Japanese banks respectively. This growth occurred as a result of both internal growth and mergers and acquisitions between the banks included in the report; as a result of the latter, the number of major banks considered fell from 83 in 2004 to 60 in 2013, with a "loss" of 11 units in the United States, 10 in Europe and 2 in Japan.[1] In 2013, Japanese banks continued to grow (+5.4% on average), while the size of U.S. banks remained basically unchanged (+0.7%), and the average assets of European banks fell by 10%.

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

With regard to the mergers between the banks of the report (mega-mergers*),* the strong process of concentration observed at the end of the '90s and at the beginning of the '00s seems to have come to a halt in recent years: the last "mega-mergers" were in 2009 in the United States and in 2011 in Europe and Japan. We also found that the mega-mergers were carried out mostly by share swaps, that is, “paper against paper”. Cash payments were, in fact, equal to 36% of the total value in Europe, only 7% in the United States and zero in Japan.

The increase in revenues lagged behind the growth of the assets: the ratio between total revenues and total assets fell between 2004 and 2013, from 5.1% to 4.5% in the United States, from 2.4% to 2.1% in Europe and from 1.6% to 1.3% in Japan. This shows that an increase in size is not always accompanied by an increase in revenues in the income statement.

Job creation was also outpaced by the increase in assets. European and Japanese banks generated one percentage point of new employment respectively for every 4.6 and 1.2 points of increase in assets, while the banks of the United States recorded a slight drop in the workforce.

Labour productivity, calculated as revenues per employee, grew slightly more at US banks than at the European ones: +15% and +12%, respectively, over the ten-year period. However, when we take into account the increase in per-capita staff costs, which was much more contained for European banks (+12% against +27%), the ratio between the two indicators is more favourable to the latter, with unit revenues up by one percentage point for every point of increase in unit costs, against a value well below one (0.6%) for US banks.

The degree of internationalisation was greater, and getting more so in the ten-year period, for European banks with respect to those of the other two regions; US and Japanese banks mostly concentrated on their domestic markets, with the exception of the largest banks. The percentage of the workforce outside the country of origin of European banks in fact went from 45% to 51%, while their assets abroad, at the end of 2013, were about 49% of the total, of which 19% outside Europe. Moreover, the branches of four European banks ranked among the first twelve banks of the United States in terms of total assets.

European banks have on average carried out lower loan impairment losses with respect to those of the United States. The annual average impairment losses recognised in the income statement over the ten-year period 2004-13 was in Europe equal to 15.2% of revenues, 0.7% of loans to clients and 6.9% of net worth; these ratios were, respectively, 16.7%, 1.7% and 8.3% for US banks. Loan impairment losses were even lower for Japanese banks, which last year recognised a net write-back of positions written-off in the previous years, benefiting from an improved loan quality.

Outstanding non-performing loans at the end of 2013 were therefore higher in Europe, both as a percentage of loans to clients (3.6%, against 0.9% for Japan and 1.4% for the United States), and of net worth (30.6% against 7.3% and 5.7% of the other two regions). European banks also had the lowest cover ratio of gross non-performing loans to loan-loss reserves: 45% at the end of 2013, against 53% for Japanese banks and 59% for US banks. Note that there is no common definition of non-performing loans in Europe: the main differences concern the practice of forbearance, with more restrictive criteria applied in Italy throughout the period considered, in Spain and United Kingdom since 2012 and by some banks in France and the Netherlands since 2013.

Another issue related to the quality of assets, in respect of which European and Japanese banks appear to be better positioned, was the quality of securities portfolio. US banks in fact have riskier portfolios, 49% of which structured securities, that is, originated from securitisations, mostly mortgage-related: this share fell to 7% for Japanese and 6% for European banks.

Over the ten-year period considered, European banks always had a higher ratio of total assets to net worth, both net of intangible assets ("leverage"). Average European leverage over the period was 29 (with a peak of 41 in 2008), against 23 for Japanese banks and 19 for US banks. This is mainly due to the concurrent presence of two factors: i) less offsetting of credit and debit positions on derivatives, as a result of the different accounting treatment of netting agreements, which represent 45% of gross value for European banks, but 94% for US banks; ii) their lower capitalisation, which results, even fully offsetting derivative positions, in a lower ratio of net worth to total assets, in comparison with the United States, by more than 4 percentage points on average over the ten-year period.

On the latter point, we recall the substantial capital injections carried out, mainly in 2008-09, by European central governments and by the government of the United States to support struggling banks. For the banks included in the report, these were equal, respectively, to 32% and to 35% of all capital increases carried out for cash in the ten-year period 2004-13; in the United States, however, the percentage of funds later repaid to the government was 80%, against 26% in Europe.

European banks also had the lowest cover ratio of the credit risk exposure (that includes risky assets both on and off-balance sheet) by tangible net worth: at the end of 2013, this ratio was only 4.6%, against 5.3% for major Japanese banks and 6.3% for US banks. These ratios are much lower than those calculated with the criteria specified by the Basel agreements, which require weighting of risky assets and include subordinated liabilities in "regulatory" capital.

* * *

Of the ten Chinese banks included in the report (2004-2013), almost all are under the control or dominant influence of the central government; only one is entirely owned by private capital. In some cases, we found significant equity holdings by European banks, even if foreign investors cannot hold more than 20% of the capital; their annual accounts can now be compared with those of the banks of the other three regions, as they have adopted IAS/IFRS international accounting standards (as only two of them did back in 2004).

The composition of revenues is different, since they come for 84% from net interest income and only for 15% from net fees, leaving a totally marginal role to the net income from trading activity. Even in their relatively non-diversified composition, revenues have recorded an annual average rate of growth of 20% from 2004 to 2013: in comparison, Europe, United States and Japan recorded much more modest rates, +2.2%, +1.7% and +0.8% respectively.

Strong revenue growth has made it possible to keep the cost-income ratio on levels significantly lower with respect to the average of the three regions, with a difference that in 2013 was 28 percentage points. This divergence was especially evident in the labour cost component, which represents 18% of revenues, against 34% and 37% respectively for the banks of the United States and Europe. Per-capita labour cost was however up sharply: +16% annual average from 2004 to 2013, well above the domestic inflation rate, with the workforce also increasing by about 25% with respect to the beginning of the period. Productivity per employee, even if still increasing, was low by international standards, around 89% and 77% of that recorded by European and US banks.

Loan impairment losses were on average, over the five-year period 2009-13, 9.3% of revenues, far from the values of United States (17.6%) and European (19.8%) banks, and only greater than that of Japanese banks (6.5%). However, the cover ratio of non-performing loans to loan loss provisions has remained well above 100%, indicating a very cautious policy. We must recall, however, how, at the beginning of the '00s, the largest Chinese banks carried out significant transfers of problem assets to the central government: the last one took place in 2008, when the Agricultural Bank of China (the third Chinese bank by total assets) transferred 94% of its bad debt.

Net income of Chinese banks increased steadily, from 17.3% of revenues in 2004 to 40.7% in 2013; since 2008, it has also benefited from a decrease in income taxes, with the tax rate down to 25% from 33%.

Over 50% of assets consist of loans to clients, with 13.5% of assets having to be held at the central bank as statutory reserves. Loans to households are still modest, representing 28% of loans to clients; of these, about 17% were home loans, with a structure similar to that observed in Japan.

The securities portfolio was valued at cost in 67% of cases, resulting in lower value adjustments both in the income statement and in the balance sheet in the case of instability of the financial markets. Overall, assets valued at fair value were only 7% of the balance-sheet total, against 38% and 29% for European and US banks.

The level of capitalisation at the end of 2013 (6.5%) is greater than that of European and Japanese banks (5.4% and 5.5%, respectively) and only lower than the level observed for U.S. banks (10.7%). On the contrary, the "leverage", at 15.6, was lower than Europe and Japan and only higher than that of US banks.

* * *

This report also looked at the six largest German *Landesbanken* over the 2007-2013 period. In 2013, their net aggregated losses were 84 million euros, equal to 0.7% of revenues, against a net profit of 1.5 billion in the previous year. In the two-year period 2008-09, these banks had recorded losses of 14 billion euros in total, destroying over a third of the capital available at the beginning of the year. Among the main reasons for this negative outcome is the low quality of loans and securities portfolios, which required heavy impairment losses in the income statement; to this we must add strongly negative net income from trading activity in 2008, which "burned" little less than half of the operating revenues of the year.

In 2013, net income from continuing operations was instead positive, equal to 1.5% of revenues, although well down from the previous year (8.6%), mainly as a result of larger loan impairment losses, the negative incidence of which went from 25% to 34% of revenues. Despite their increase in 2013, the impairment losses recognised by the *Landesbanken* in the income statements of the last four years, equal to little more than half the European average, seem insufficient to offset the increase in non-performing loans. These were, in fact, at the end of 2013, 45% of net worth, 14 percentage points more than the European average; therefore the cover ratio of gross non-performing loans was only 35% (against 51% in 2007), 10 percentage points less than the European average.

Indicators also confirm the lower level of capitalisation of the *Landesbanken*, the net worth of which represented 4.5% of balance sheet assets in 2013, against 5.4% average for the major European banks, with "leverage" equal to 23, one unit greater than the European multiplier, already in itself the highest by international comparison. It must also be remembered that, in the seven years considered, the *Landesbanken* have received from their public sector shareholders contributions equal to 65% of own funds at the beginning of the period and also have benefited from public guarantees for 98 billion euros (in some cases the object of EU proceedings for violation of state aid rules), provided as part of financial stabilisation plans carried out by the German government to deal with the liquidity crisis in the system.

* * *

We also looked at the aggregate financial statements of the major Spanish savings banks for the 2009-2013 period. The sector underwent strong consolidation in this period: of 45 savings banks operating in 2009, only ten were left at the end of 2014.

In 2013, Spanish savings banks reported net income for 3.5 billion euros, equal to 19.3% of revenues, after recording a 42.7 billion euros loss in the year before (more than twice their revenues). Net income benefited from extraordinary net revenues and tax credits totalling 11.2 billion euros, but it was negatively affected by 2.8 billion impairment losses, mostly related to properties. Net income from continuing operations was once again negative for 4.6 billion (25.8% of revenues), this was however a substantial improvement from the 39.7 billion loss recorded in 2012; this improvement is fundamentally due to the lower loan impairment losses, which still were over half of the revenues.

With regard to the balance-sheet position, loans to clients represented 53% of assets, against a 45% European average; they were strongly concentrated in the property sector, and 61% of them consisted of mortgages. We also note a high share of fixed assets, the balance-sheet value of which exceeds own funds and represents 6.2% of total assets (against 2.1% European average), consisting mostly of properties acquired in exchange for bad loans.

Loans to clients include a high share of non-performing loans: together with restructured loans, these were 15% of the total, 1.4 times net worth. This despite the fact that in 2012 and 2013 these banks transferred to a bad bank non-performing loans equal to 5% of the original amount of the loans.

Net aggregate capital at the end of 2013 was equal to 5.7% of assets, just above the average for the European banks. Over the year, capital increases for about 7 billion euros were carried out, mainly by converting subordinated securities; the public share was 2.17 billion, to which we must add 1.14 billion for the underwriting of convertible contingent bonds.

Despite these measures, solvency ratios were still substantially below the average for European banks: the total capital ratio by over 5 percentage points and the Tier 1 capital ratio by over three percentage points.

* * *

As for trends in 2014, we note:

- net income for European banks increased by 145% with respect to the previous year, going from 4% to 9.8% of revenues, while that of US banks decreased by 9%, although, at 18.2% of revenues, it was still almost two times that of European banks. Income from continuing operations also increased by 53% for European banks, while remaining basically unchanged for US banks;

- the improvement of income from continuing operations of European banks was mainly due to the lower loan impairment losses (-42%), while there was an increase in both staff costs (+1.6%) and general expenses (+2.9%), partly offset by an increase in revenues (+1.1%). The banks of the United States, instead, reported a decrease in operating costs (-1.2%), as well as lower loan impairment losses (-5.2%), but this was offset by a decrease in revenues of a similar amount. The 37% increase in the six-month income from continuing operations of the Japanese banks was mostly due to an increase in revenues (+17%, mainly from trading) and to the write-back of loan loss provisions made in previous years. This was made possible by the improved quality of the loans;

- the workforce decreased both in Europe (-3.9%) and in the United States (-3.1%), with staff costs increasing for the first Group and falling for the second due to different increases in unit costs (+5.7% and +1.8% respectively);

- the net income of European banks was penalised by a negative balance on extraordinary items, equal to 3.3% of revenues. These included charges for fines, penalties and legal disputes of 10 billion euros; those for compensation due to clients, of a similar amount; and impairment losses of 8.1 billion, mainly related to goodwill and other fixed assets. For US banks, the negative balance on extraordinary items doubled, from 2.2% to 4.4% of revenues: also in this case, the main extraordinary items were charges for disputes, penalties and settlements, totalling 23.1 billion dollars (on top of the 17.2 billion recognised in 2013);

– total assets increased by 7% in Europe and 4% in the United States. For European banks, the increase was mainly due to the positive fair value of derivative products (+31%), while securities portfolios grew by 5% and loans to clients only 4%. Also for US banks, loans to clients increased by a modest 1.4%, while the highest rates of growth were recorded by securities portfolios (+7.7%) and by loans to other credit institutions, which include assets held at the Federal Reserve (+6.8%);

– also in 2014 the fair value of the derivative products for European banks had a greater weight, with credit positions (credit risk) equal to 16.7% of the total assets, against 2.5% for US banks, mainly as a result of the different accounting treatment (netting);

– an improvement in the quality of loans in all three regions, with a decrease in gross non-performing loans more marked in the United States (-18%) and in Japan (-9%) than in Europe (-5%), as a result of the different trends of the real economy. US banks increased coverage of loan loss provisions, which was up by almost 3 percentage points to 63%; coverage was unchanged for European banks, at around 46%, despite their lower provisions. European banks still had higher outstanding net non-performing loans at the end of the year: as a ratio to tangible net worth, these were 30%, against 5% for US banks and 7% for Japanese banks;

– there was a 21% decrease in illiquid assets (so-called "Class 3 assets") for US banks and a 16.5% increase for European banks; as a percentage of fair-value assets, however, illiquid assets held by US banks were still higher than those held at European banks (5% against 2.8%). Assets valued at fair value were still a minority of total assets: higher in Europe (42%) than in the United States (30%), also in this case due to the greater incidence of derivatives;

– there was an increase in capitalisation of 11% in Europe, 6% in the United States and 5% in Japan (for the latter this refers to the 1st half of the year), as a result of an improvement in operating results. For European banks, a significant source of funding is also represented by the funds obtained on the market, which have exceeded those given back to the shareholders. Leverage was slightly down in all three regions, as a result of the larger ratio of net worth to total assets: from 22 to 20.8 in Europe, from 19.8 to 19.6 in Japan and from 12.8 to 12.1 in the United States.

I.2 Overview of the sample

TABLE I.1 provides 2013 summary data for the major banks of Europe, Japan and United States. We have looked at 60 banking Groups, of which 32 based in Europe, 15 in Japan and 13 in the United States.[2] As for China, to which we have dedicated the "Focus" section, we looked at the ten largest banks by assets. The full list of the banks included in the report is provided in TABLE III.2 Section III; selection was made on the basis of total assets, according to the criteria also described in Section III.

TABLE I.1 – BANKS COVERED IN THE SURVEY

	No. of banks	Total assets as at 31-12-2013		Total income in 2013		No. of employees in 2013		
		EUR bn	*%*	*EUR bn*	*%*	*'000*		*%*
France	5	6,512	*16.7*	127.6	*13.7*	684		*16.4*
United Kingdom	5	6,247	*16.0*	136.3	*14.6*	716		*17.1*
Germany	6	3,541	*9.1*	53.8	*5.8*	207		*5.0*
Spain	4	2,317	*6.0*	70.1	*7.5*	351		*8.4*
Netherlands	3	2,122	*5.5*	35.0	*3.8*	165		*3.9*
Scandinavia	5	1,910	*4.9*	29.4	*3.2*	89		*2.1*
Switzerland	2	1,534	*3.9*	41.8	*4.5*	108		*2.6*
Italy	2	1,472	*3.8*	38.9	*4.2*	232		*5.6*
Europe	**32**	**25,655**	***65.9***	**532.9**	***57.3***	**2,552**		***61.1***
Japan	**15**	**6,012**	***15.4***	**75.9**	***8.2***	**265**	*	***6.4***
United States	**13**	**7,279**	***18.7***	**321.2**	***34.5***	**1,357**		***32.5***
Total	**60**	**38,946**	***100.0***	**930.0**	***100.0***	**4,174**		***100.0***
China	**10**	**10,411**		**317.4**		**1,833**		

* 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 2013, there were 14,509 subsidiaries consolidated in the European banking Groups, not including those of the United Kingdom and the Netherlands, for which we do not have complete data. 1,101 subsidiaries were consolidated in Japan while for the United States we have data only for the main subsidiaries, 3,868 in total.

Within the sample of the three largest economic regions of the world, European banks represent 66% of total assets, 57% of revenues and 61% of the workforce. The banks of the United States account for only 19% of assets, but for about a third of revenues and workforce. In Europe, Germany is the country with the greater number of large banks in the report, but it is only in third place for total assets after France and the United Kingdom; the banks of the latter country are instead in first position for revenues and workforce.

When assessing the greater weight of the banks based in Europe, we must consider their higher degree of internationalisation, achieved mainly through acquisitions outside their country of origin, as described in the following sections. On the basis of the data of a significant subset of European banks, representing 82% of the assets of the region, those outside the country of origin represented, at the end of 2013, 49% of the total, of which 30% were operating in other European countries and 11% in North America. The banks of United States and Japan, with the exception of those at the top of the ranking, were instead entirely focused on the domestic market.[3]

With regard to US financial markets, banks seem also to have a less important role due to the significant and widespread presence of non-banks, which are especially active in the mortgage, retail lending and leasing areas.

Another factor, of an accounting nature, contributes to inflate the total assets of European banks compared to U.S. and Japanese banks, and it is the lower use of the practice of offsetting credit and debit positions with the same counterparty when trading in financial derivatives.[4] At the end of 2013, the positive fair value of derivatives

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[3] For Japanese banks, overseas assets were about 27% of the total at the end of the 2013-14 financial year, of which only 5% were located in Europe. It was not possible to calculate the 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 US GAAP.

recognised in the balance sheet was, in fact, equal to 12% of total assets for European banks: it was just below 3% for Japanese banks and only 2% for those of the United States (TABLE II.2, different sections).

Last, but not least, the weight of the different regions is affected by the exchange rate between the currencies, keeping into account also the effects that these have on the consolidated financial statements, drafted in the local currency of the parent company. For a analysis of the trend of exchange rates over the ten-year period considered, see Section III.

A country-by-country analysis of the composition of the sample also reveals structural differences in some European and Japanese Groups, which will be commented upon in Appendix 1.

I.3 Size of the groups

From 2004 to 2013, the banking Groups included in this report considerably increased their average size, both through internal growth and through mergers and acquisitions. In terms of "total assets" (excluding goodwill), the average by Group in 2013 was 643.5 billion euros, with an 88% increase with respect to 2004; this was the result of a 36% increase in assets, while the number of Groups fell from 83 to 60. The increase in size, calculated in local currency, took place in all three geographic regions considered, but it was more significant in the United States than in Europe and Japan (TABLE I.2).

Excluding instead the effect of the maxi-mergers between the Groups in the sample, which we will comment upon in the next section, the increase in average size in the period considered was 38.7% for European banks, 34.4% for Japanese banks and 32.6% for those of the United States.[5] The percentage of increase in size "explained" by the

[5] The EU, with the Regulation (EC) no. 1606/2002, decreed, beginning January 1 2005, the accounting harmonisation of listed companies through the adoption of IAS/IFRS international accounting standards, as approved by the European

large Groups was therefore equal to 77% of the total for the banks of the United States, 53% for European banks and only 34% for Japanese banks.

TABLE I.2 – SIZE OF BANKS COVERED BY SURVEY

	Average size measured by total assets [1]			
	2004	2013	2013 / 2004	2013 / 2004 [2]
	EUR bn		*% increase* [3]	
Europe [4]	437.9	797.0	+ 82.0	+ 38.7
Japan	272.2	400.1	+ 52.3	+ 34.4
United States	226.1	546.6	+ 144.8	+ 32.6
All banks [5]	**342.7**	**643.5**	**+ 87.8**	**+ 35.7**

[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] 42 Groups in 2004, 32 in 2013.
[5] 83 Groups in 2004, 60 in 2012. The size of changes is impacted by exchange rates between local currencies and the Euro.

On the basis of 2013 assets, European banks were on average larger than U.S. banks (1.5 times, against 1.9 in 2004) and Japanese banks (2 times against 1.6 in 2004).[6] These two regions, as we can see

Commission, when preparing consolidated financial statements. Out of 41 banks in the European sample in 2005, 33 have adopted the new accounting standards, two have continued to apply US GAAP and six (unlisted) national accounting standards. The change in accounting standards boosted total assets at January 1st 2005 by 7.7% with respect to the closing balances of 2004. In 2007, Deutsche Bank abandoned US GAAP to adopt the IAS/IFRS standards, which were also applied for the first time by four other German banks; these changes produced a 1.6% increase in aggregate assets for European banks in 2006, according to the new accounting standards. Excluding these effects, the increase in the average size of European banks in the period considered was 29%.

[6] This fact is confirmed by the ratio between total revenues and the gross domestic product of the countries of origin, which was 4.5% for European banks, 2.5% for those of the United States and 2.1 % for those of Japan.

in Table III.2 in Section III, had, however, a greater industry concentration than Europe: the first three banks held 64% and 67% of assets of the U.S. and Japanese samples respectively, while the first three European banks represented only 21% of assets within their region. A comparison with 2004 shows that the weight of the first five Groups on the total of the respective region increased moderately in Europe, from 26% to 34%, while in the United States it grew from 64% to 83% and in Japan, where concentration was already high at 75%, increased further, to 81% in 2013. When considering the lower concentration in Europe, we must remember the still prevailing fragmentation of the banking activity in domestic markets.

With HSBC Holdings, Europe has the bank with the highest total assets in euro among those of the three regions; this is followed by the French BNP Paribas, the Japanese Mitsubishi UFJ Financial Group, JPMorgan Chase & Co. for the United States and then the European Crédit Agricole and Deutsche Bank. The largest bank in the world in terms of assets is however the Industrial and Commercial Bank of China, with China Construction Bank in third place.

I.4 The role of mergers

External growth has been, as we have said, a crucial factor for the increase in size of the banking Groups of the three largest economic regions in the world. In 2004-2013, there were 32 "mega-mergers", of which 13 involving European banks, 16 U.S. banks and three Japanese banks. The full chronology of the mergers is provided in Table I.47.

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 large cross-country acquisitions in Europe were those of the British Abbey National by the Spanish Group Santander in 2004; of HVB, then the third German bank by asset size, by the Italian UniCredit in 2005; of the Dutch ABN AMRO Holding by a syndicate set up by RBS (GB), Fortis (BE/NL) and Banco Santander (ES), which took place in 2007 in a transaction that involved four EU countries; and of the Belgian Fortis Bank by the French BNP Paribas in 2009. A description by country of origin of the transactions involving the banks included in the report can be found in Appendix 2.

TABLE I.3 – VALUE OF THE "MEGA-MERGERS" IN EUROPE AND UNITED STATES FROM 2004 TO 2013

	Number of operations	Value in	*of which*: settled in cash	
		EUR bn	EUR bn	%
Europe	13	219.1	78.5	*35.8*
		USD bn	USD bn	
United States	16	283.6	21.0	*7.4*

The "mega-mergers" were carried out mostly through share swaps. The total amount of the M&A activity involving European banks from 2004 to 2013 was about 219 billion euros, of which only 36% was paid in cash. The acquisition of ABN AMRO Holding in 2007, mentioned above, was the transaction with the largest cash payment over the ten-year period, about 65.7 billion euros, equal to 84% of all cash outflows for the year. In the United States, in these years, the dollar amount of the mergers between large banks was a little lower, 284 billion dollars (209 billion euros calculated at historical exchange rates). Cash payments were much smaller, however, just 7.4% of the total. All mergers between Japanese banks took place through share swaps.

I.5 Shareholding structure

As for ownership structure, most of the banks of the sample have dispersed ownership and are listed on one or more stock exchanges: 22 out of 32 European banks were listed, 12 out of 15 Japanese banks and all US banks. At the end of 2013, there were ten banks where control or a majority holding lay with the public sector, of which eight in Europe and one each in Japan and the United States; the U.S. bank Ally Financial was fully privatised in 2014. Among European banks, three were German, two each from the United Kingdom and Spain and one from the Netherlands (TABLE I.4). The banks of the United Kingdom included in the report have the highest public presence, with a 39% share calculated on the balance-sheet assets of the country of origin.

TABLE I.4 – PUBLICLY CONTROLLED BANKS IN THE SAMPLE

	No.	Total assets	Total income	No. of employees
		EUR m	*EUR m*	
Publicly controlled banks	10	4,429,238	73,521	332,589
% of total	*16.7*	*11.4*	*7.9*	*8.0*
of which: Europe	8	4,233,830	69,471	319,739
% on total Europe	*25.0*	*16.5*	*13.0*	*12.5*

In 2004, the first year considered in this report, seven banks of the European sample were under public control, of which four were German and three Spanish. They represented however only 7.5% of total assets for the region. There was also a public presence in Japan.

Significant nationalisations took place between the fourth quarter of 2008 and the first months of 2009: i) the Treasury of the United Kingdom, by underwriting capital increases which were not subscribed, acquired 70.3% of the RBS and 43.4% of the Lloyds Banking Group (resulting from the merger, in January 2009, of the Lloyds TSB Group and HBOS);[7] ii) the Dutch government bought all banking and insurance activities in the Netherlands of the Fortis Group, the former represented by the Fortis Bank Nederland (Holding) – later Fortis Bank (Nederland) - following the break-up of this and, as part of this last transaction, iii) Belgium and Luxembourg have taken over the banking assets held by Fortis Bank in the respective countries. In May 2009, Fortis Bank was re-privatised and the majority of its shares sold to BNP Paribas, in exchange for newly issued shares of the latter; the governments of Belgium and Luxembourg as a result hold 11.6% and 1.2% respectively of the share capital of the French bank, holdings which were later diluted to 10.3% and 1%.[8]

In April 2010, the Dutch government gathered under the control of the new holding ABN AMRO Group, its equity holdings in Fortis Bank (Nederland) and ABN AMRO Bank, the latter having been transferred the Dutch banking assets of the former Group ABN AMRO Holding, bought, as we have said, by the consortium RBS-Fortis-Banco Santander in 2007.

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[7] In 2008, the Treasury of the United Kingdom had nationalised two other smaller banks that were struggling: Northern Rock and Bradford & Bingley, the latter later bought by Banco Santander. In December 2009, the Treasury underwrote other shares, without voting rights but convertible into ordinary shares, of RBS taking to 84.4% the share of total capital held (diluted to 80% at the end of 2013; the equity holding in the Lloyds Banking Group was also diluted to 33% at the same time).

[8] Other initiatives with public capital have involved the Dexia Group, no longer considered in this edition of the report, having failed to achieve the minimal size requirements (see Section III). In October 2008, the governments of Belgium and France, Belgian regional agencies and the Caisse de Dépôt et Consignations (French public agency) underwrote a capital increase in Dexia for 5 billion euros, bringing the existing public sector stake to over half of the share capital. In October 2011, Dexia transferred to the government of Belgium 100% of the subsidiary Dexia Bank Belgium (currently Belfius Bank), for an amount of 4 billion euros. In December 2012, the governments of Belgium and France carried out a new recapitalisation of Dexia for 5.5 billion euros (2.9 billion euros from Belgium and 2.6 billion euros from France), bringing their respective stakes in the bank to 50.02% and 44.4%. In January 2013, Dexia then transferred to the French government, for the symbolic amount of 1 euros, the control of the funding of the public local sector in France of which Dexia Municipal Agency (now Caisse Française de Financement Local) was in charge.

In January 2011, seven Spanish savings banks, including Caja Madrid and Bancaja, placed their banking activities under the control of the newly established Banco Financiero y de Ahorros.[9] The Spanish government took part in this transaction through FROB-*Fondo de Reestructuración Ordenada Bancaria,* which underwrote convertible preference shares for Euro 4.465 million. These were converted into ordinary shares in June 2012, allowing FROB, after writing off the previous capital to cover losses, to become the sole shareholder of the bank.[10]

In the United States, in 2009 the Treasury bought 56.3% of the capital of Ally Financial, raising its stake to 73.8% in December 2010.[11] In 2014, all shares were sold on the market; the profit for the Treasury was USD 2.4 billion, on a total investment of USD 17.2 billion.

I.6 Workforce

The workforce of the banks included in this report increased, from 2004 to 2013, by 8.5% in Europe (almost 200 thousand units) and 28% in Japan (58 thousand units); it was basically unchanged in the United States (TABLE I.5). In 2013 there was a generalised contraction of the

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[9] These assets were then transferred to the subsidiary Bankia S.A.; 47.6% of the share capital of this was placed on the market in July 2011, realising 3.1 billion euros. The equity holding of Banco Financiero y de Ahorros in Bankia was increased to 68.4% in May 2013.

[10] In the second half of 2012, the Spanish government, again through FROB, carried out other injections of capital in Banco Financiero y de Ahorros for 17,959 million euros.

[11] The acquisition of control on Ally Financial (at the time called GMAC) in 2009 was carried out in two stages: in May, the Treasury bought 35.36% in exchange for a loan of USD 884 million granted in January to General Motors; in December, it increased its equity holding to 56.3%, converting a part of the preference shares underwritten previously totalling USD 13,750 million. In December 2010, the Treasury converted a further *tranche* of preference shares, increasing its stake to 73.8%.

workforce in Europe (-4.1% on average), with the highest losses in the United Kingdom (-7.1%) and in the Netherlands (-6.4%). We also noted a direct correspondence between change in balance sheet assets and change in the workforce in Europe and Japan, while in the United States the growth of the assets in the long term did not produce new employment.

TABLE I.5 – CHANGE IN HEADCOUNT

	Average number of employees [1]			Change 2004 -2013		Change 2012-2013
	2004	2012	2013	*No.*	*%*	*%*
United Kingdom	714,939	771,072	716,021	1,082	+0.2	-7.1
France	512,875	698,331	683,894	171,019	+33.3	-2.1
Spain	255,286	354,604	351,193	95,907	+37.6	-1.0
Italy	256,998	242,760	232,429	- 24,569	-9.6	-4.3
Germany	196,683	212,001	206,743	10,060	+5.1	-2.5
Netherlands	205,203	175,863	164,613	- 40,590	-19.8	-6.4
Switzerland	127,182	112,274	108,117	- 19,065	-15.0 [2]	-3.7
Scandinavia	83,404	94,747	89,122	5,718	+6.9	-5.9
Europe	**2,352,570**	**2,661,652**	**2,552,132**	**199,562**	**+8.5**	**-4.1**
Total assets (EUR bn) [3]	*18,393*	*28,358*	*25,503*		*+38.7*	*-10.1*
Japan	**207,258**	**246,391**	**265,098**	**57,840**	**+27.9**	**+7.6**
Total assets (JPY bn) [3]	*646,220*	*824,082*	*868,591*		*+34.4*	*+5.4*
United States	**1,357,991**	**1,383,198**	**1,356,653**	**- 1,338**	**-0.1**	**-1.9**
Total assets (USD bn) [3]	*7,390*	*9,730*	*9,799*		*+32.6*	*+0.7*

[1] The detail by country refers to the parent company's registered office in 2013 and therefore also includes the group's employees working abroad. The figures for 2004 and 2012 have been restated in uniform terms.
[2] Up 1.0% excluding, in 2004, the employees of the Winterthur insurance group, which was sold to third parties in 2006.
[3] Net of goodwill.

We must remember that the "mega-mergers" listed in Appendix 2 have not affected the changes described, as these transactions were carried out between Groups already included in the sample. The increase in the workforce of the large banking Groups, those considered in this report, was also due to their external growth, carried out through acquisitions and consolidation of smaller banks from the same country, or from other countries; these smaller financial institutions did not have the minimum size to be included in this report from the beginning of the year (see Principles and Methods in Section III).

Cross-border acquisitions has been carried out above all by European banks, which have significantly expanded abroad from 2004 to 2013, as it can be seen from the 6 percentage point increase in the workforce outside the country of origin, to 51% of the total in 2013 (see TABLE II.3 for Europe).[12, 13]

TABLE I.6 lists, in particular, the main presences in the United States of European banking Groups. The top three banks by total assets and UBS Americas mainly carry out investment banking and capital market activities, while RBS Citizens and BancWest focus on commercial banking activities; HSBC North America and Santander instead operate both as commercial banks and in retail lending. On the basis of data at the end of 2013, the top four banking Groups listed in the Table ranked between 7th and 12th place among US banks in terms of total assets.

[12] Among the main acquisitions those of Banco Santander, which bought Banco Real (BR), Alliance & Leicester (GB) and Bradford & Bingley (GB) in 2008 (with a total of 39,000 employees) and Sovereign Bancorp (US) in January 2009 (about 9,000 employees). In France, the Crédit Mutuel Group has increased its workforce by 7 thousand units with the acquisition of Citibank Deutschland (currently Targobank) at the end of 2008. Noteworthy also the Italian acquisitions by French banks: Banca Nazionale del Lavoro (16,820 employees and 88.2 billion euros in assets) was bought by BNP Paribas in 2006; two smaller banks, the Cassa di Risparmio di Parma and Piacenza and the Banca Popolare FiulAdria, were sold by Intesa Sanpaolo to Crédit Agricole in 2007.

[13] It was not possible to calculate the corresponding ratio for Japanese and US banks for lack of information. For Japan, the only data available for 2013 was provided by MUFG, the top bank by total assets: 44% of the total workforce of MUFG was employed abroad, with an increase of 12 percentage points on the previous year, as result of the acquisition of the Thai Bank of Ayudhya with about 19,000 employees. We must however remember, as we have said, that the smaller banks tend to operate almost exclusively within their respective domestic markets.

For Japanese banks, the main presence in the United States is that of the Mitsubishi UFJ Financial Group, which controls Union Bank: USD 105.9 billion of total assets and 10,800 employees at the end of 2013.

TABLE I.6 – MAIN SUBSIDIARIES OF EUROPEAN BANKS IN THE UNITED STATES AS AT YEAR-END 2013

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)	336.5	8.2	8,500
Barclays	Barclays Capital, Inc. and Barclays Delaware Holdings	322.7	11.6	11,100
Deutsche Bank	Deutsche Bank Securities Inc. and Deutsche Bank Trust Corp.	294.4	7.6	9,752
HSBC Holdings	HSBC North America Holdings, Inc. [1]	290.0	6.7	14,907
UBS	UBS Americas, Inc. (formerly Paine Webber Group)	179.3	10.0	20,037
RBS	RBS Citizens Financial Group	122.2	4.6	19,000
BNP Paribas	BancWest Corp.	83.5	2.9	11,700
Banco Santander	Santander Holdings USA, Inc. [2]	77.1	2.6	8,675
BBVA	BBVA Compass Bancshares, Inc.	72.0	2.9	10,853

[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 the changes over the ten-year period 2004-2013 for revenue and labour cost per employee.[14] Revenues do not include net income from trading activities, which is by nature more erratic and dependent on elements external to the bank, such as financial market trends.

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

	Total income per employee [2]		Cost of labour per employee		
	In 2013	% change over 2004 in local currency	In 2013	% change over 2004 in local currency	
	'000 EUR	(a)	'000 EUR	(b)	a/b
Switzerland	327.8	- 14.6	198.9	- 13.3	0.91
Scandinavia	322.5	+ 51.3	102.7	+ 43.9	1.17
Germany	250.2	+ 17.9	103.8	- 2.3	n.c.
Netherlands	233.3	+ 17.2	87.7	+ 17.1	1.01
Spain	189.3	+ 35.3	59.0	+ 29.3	1.20
France	170.6	+ 19.0	74.4	+ 9.3	2.04
United Kingdom	164.4	+ 13.1	66.2	+ 49.2	0.27
Italy	156.7	+ 2.1	58.2	+ 3.1	0.68
Europe	**191.8**	**+ 12.3**	**77.8**	**+ 12.0**	**1.03**
Japan [3]	**270.7**	**- 12.5**	...	...	...
United States	**222.7**	**+ 14.8**	**80.9**	**+ 26.6**	**0.56**
China	**171.4**	**+ 308.4**	**31.8**	**+ 283.5**	**1.09**

[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.

It must be noted that the ratio of the difference between the two indicators – the first an indication of productivity – is favourable to European banks in comparison with US banks, being just above 1 for

[14] For Japanese banks, the labour cost indicator could not be provided as complete information was not available.

the first against 0.56 for the latter. This results from substantially slower growth of per capita labour cost in Europe, while the increase in productivity was slightly higher for US banks.[15] Revenues per employee of Japanese banks fell over the ten-year period; complete data on labour costs are not available. Chinese banks show instead high increases both in productivity and unit labour cost; the ratio between the two indicators was however just above that of European banks.

The most significant increases in productivity recorded in Europe were those of Scandinavian and Spanish banks (+51.3% and +35.3% respectively in the ten-year period); Swiss banks' productivity instead decreased. The United Kingdom recorded the highest increase in per-capita labour costs (+49.2%), just above the increase in Scandinavian countries. The best ratios between the changes in revenues and in unit staff costs were achieved by German banks (with a decrease in labour costs per capita) and by French banks: in both countries, the increase in productivity was greater than the European average. The ratios of the two Italian banks included in this report were less than one, with a modest increase in unit labour costs (+3.1%) and an ever lower increase in productivity (+2.1%).

Swiss banks had the highest cost per employee in 2013, despite a 13% decrease over the year. In particular, both the per-capita cost of investment banking activities and the percentage of total workforce employed in this activity were high. The investment banking division of Crédit Suisse employed, in 2013, 42% of the employees of the Group, with a unit cost of 224 thousand euro (CHF 275 thousand); that of UBS employed 21% of the workforce, with a unit cost of 257 thousand euro (CHF 316 thousand). If we exclude these activities, labour costs per employee of the two Swiss banks in 2013, even if still the highest, fell to 183 thousand euro.

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[15] The higher rate of growth in labour cost per employee in the United States with respect to Europe is only minimally explained by the different inflation trends in the two regions: over the ten-year period 2004-2013 retail prices in fact grew by 23.4% in the United States and 19.8% in the Euro zone.

Comparing 2013 income statement data across regions, we see that the best results were obtained by Japanese banks, with net income from continuing operation equal to 40.5% of revenues, against 30.6% for US banks and only 15.4% for European banks (TABLE I.8).[16]

Europe was the only region where revenues fell, mainly in the net interest income component, which will be dealt with in the following section, while in the other two regions revenues increased by over one percentage point. The higher income from continuing operations of the Japanese banks is however mostly due to the lack of loan impairment losses; there was, instead, a net write-back of positions written-down in previous years. Similarly, the worst results obtained by European banks were mainly due to the higher incidence of the same item, with a negative differential of 12.7 and 19.6 percentage points against, respectively, United States and Japan. Japanese bank also had the lowest cost-income ratio and European banks the highest.

European banks had the worst ratio of net income to revenues, having carried out the largest loan impairment losses, equal to 5.5% of revenues, of which 3.8%, as explained below, was for intangible assets.

We must also keep into account that European banks have a relatively more favourable average tax rate, 25%, against 29.9% for banks in the United States and 27.4% in Japan.[17]

Looking at long-term indicators, we can see how only the Japanese banks were able to increase income from continuing

[16] Any comparison among the indicators of the different regions must be carried out with caution, keeping into account that there are differences among the accounting standards adopted in different countries (see Section III. Principles and Methods).

[17] Tax rates were calculated considering only banks with positive net income before taxes. For Japanese banks, corporate income tax rates fell by about 5 percentage points from 2012-13, from 40.69% to 35.6%, rising however to about 38% as a result of the two-year temporary surcharge introduced to pay for the expenses of reconstruction after the earthquake.

operations (+9.2 %) since 2004; income from continuing operations was down in the United States and Europe (5.3% and 16.8% respectively). However, the growth in revenues was still substantially weaker in Japan than in the other two regions (7%, against 16.7% in the United States and 21.5% in Europe). Again, the improvement in income from continuing operations in Japan was entirely due to the significant decrease in the loan impairment losses (over 20%), against an increase in Europe (10.6%) and a decrease in the United States (less than 1%).[18]

TABLE I.8 – INCOME STATEMENT INDICATORS BY REGION IN 2013

	Europe			Japan			United States		
	as % of total income	*change vs. 2012 (p.p.)*	*change vs. 2004 (p.p.)*	*as % of total income*	*change vs. 2012 (p.p.)*	*change vs. 2004 (p.p.)*	*as % of total income*	*change vs. 2012 (p.p.)*	*change vs. 2004 (p.p.)*
Cost/income ratio	67.0	*- 0.6*	*+ 6.2*	61.5	*+ 1.0*	*+ 11.2*	64.5	*- 2.5*	*+ 5,9*
Bad debt writeoffs [1]	17.6	*- 4.2*	*+ 10.6*	- 2.0	*- 6.8*	*- 20.4*	4.9	*- 4.4*	*- 0,6*
Current pre-tax profit	15.4	*+ 4.8*	*- 16.8*	40.5	*+ 5.8*	*+ 9.2*	30.6	*+ 6.9*	*- 5,3*
Net profit	6.8	*+ 1.8*	*- 14.1*	30.8	*+ 0.6*	*+ 18.4*	19.8	*+ 2.8*	*- 3,3*
Total income (in %) [2]		*- 1.7*	*+ 21.5*		*+ 1.1*	*+ 7.0*		*+ 1.4*	*+ 16.7*

[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.

[18] We must remember that, in 2008, the income statements of the banks of the three regions benefited, to a different extent, from changes in the valuation of financial assets, due to changes in accounting and regulatory standards. The effects of these changes are discussed in Appendix 4.

I.9 Total income

The overall income increased between 2004 and 2013 in all three surveyed areas but, as we have said in the previous section, with significant geographical differences. We note, first of all, that in 2004-2011 the trend for Japanese banks was the opposite with respect to the other two regions: in Japan there was a modest annual average rate of growth, 0.4% against an annual rate of growth of 4.3% in Europe and 2.2% in the United States, in both cases mainly due to the increase in net interest income and also, in Europe, in net fees. In the two-year period 2012-13, instead, against a 3.8% increase in revenues in Japan, there was a 10% decrease for European banks, equally due to the net interest income and net fees components; revenues of US banks were basically unchanged (TABLE I.9).

TABLE I.9 – CHANGE IN INCOME, 2004-2013: BREAKDOWN BY GEOGRAPHICAL AREA

	Europe			Japan			United States		
	2004/2011 [1]	2012 [2]	2013 [2]	2004/2011 [1]	2012 [2]	2013 [2]	2004/2011 [1]	2012 [2]	2013 [2]
					%				
Net interest income	6.3	- 4.1	- 6.0	- 0.2	0.9	6.4	3.5	- 0.7	- 0,1
Net fee and commission income [3]	2.5	- 7.8	- 2.3	0.8	7.1	10.2	0.2	2.2	- 0,9
Gains (losses) on financial transactions	1.0	- 32.0	38.9	3.1	- 0.4	-51.3	6.4	- 26.9	43,6
Total income	**4,3**	**- 8.0**	**- 1.7**	**0.4**	**2.6**	**1.1**	**2.2**	**- 1.0**	**1.4**

[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.

In 2013, there was once again significant positive net income from trading activity in Europe and the United States, which mitigated the effect of the decrease in other components; once again, Japanese banks went against trend and saw halving against increases in other sources of revenue.

The growth in revenues was not, however, constant over the period considered, with a significant drop in all regions in 2007-08, the result of significant losses from trading (FIGURE I.1). These losses were caused by increased volatility on the financial markets beginning in the summer of 2007, as a result of the financial crisis set off by the increase in the rate of defaults on mortgages in the United States.

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

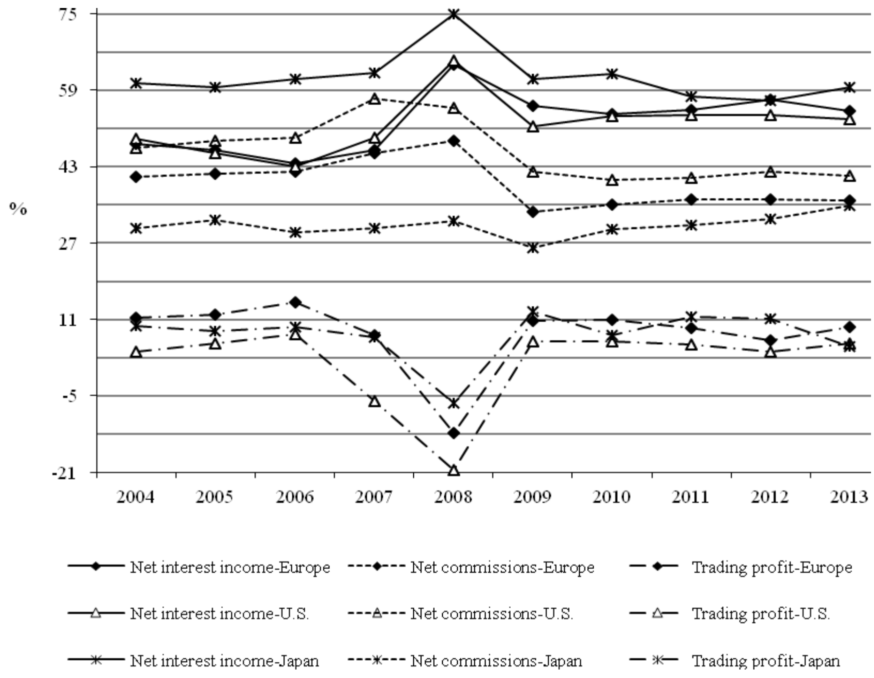
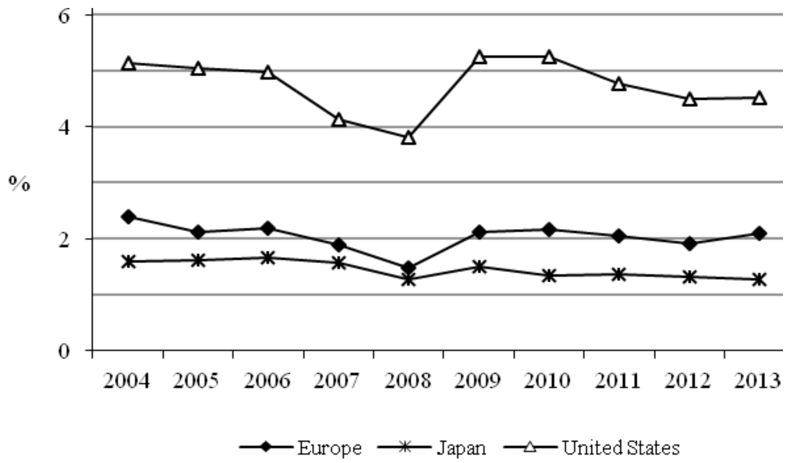


FIGURE I.1 shows the historical evolution of the different revenue components by region. We see, first of all, that the contribution of net interest income was higher for Japanese banks than for the other two Groups and, on the contrary, the contribution of fees was lower, although it was up in the last two-year period; also, throughout the period, fees generated a greater percentage share of revenues for US banks. There was also a marked decrease in trading profit over the two-year period 2007-08, with significant negative balances, for the reasons already described.

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



[1] Not including goodwill.

We then looked at the ratios of the revenues of the different regions to their total balance sheet activities (FIGURE I.2). US banks reported higher values for this ratio, indicating a greater weight of the revenue component: on average 4.7% in the ten-year period, against 2% for European banks and 1.4 % for Japanese banks. The ratio of revenues to total assets fell in all three regions, showing that, in the long term, assets grew more than revenues; in other words, the increase in size, already mentioned, was not necessarily accompanied by a growth in the revenues recognised in the income statement. The rise of the ratio for European banks in 2013 was entirely due to a 10% decrease in aggregate assets, as will be explained in the following sections.

I.10 Efficiency and profitability

TABLE I.10 shows the contribution of the main components of the income statement to the generation of income from continuing operations in 2013, with their changes on the previous year in the three regions considered.

TABLE I.10 – CONTRIBUTION OF THE MAIN PROFIT AND LOSS ACCOUNT ITEMS TO THE CURRENT RESULTS OF THE YEAR 2013: BY GEOGRAPHICAL AREA

	Europe		Japan		United States	
	Change vs. 2012		Change vs. 2012		Change vs. 2012	
	(EURbn)	*%*	(JPYbn)	*%*	(USDbn)	*%*
Total income	- 9.1	*- 37.3*	+ 123	*18.0*	+ 6.1	*19.1*
Bad debt writeoffs [1]	+ 24.2	*99.2*	+ 736	*107.9*	+ 19.0	*59.6*
Operating costs [2]	+ 9.3	*38.1*	- 177	*- 25.9*	+ 6.8	*21.3*
Current pre-tax result	+ 24.4	*100.0*	+ 682	*100.0*	+ 31.9	*100.0*

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

[1] Net of bad debts recovered.

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

Current pre-tax results grew in all regions, by 24 billion euros (+42%) in Europe, 32 billion dollars in the United States (+31%) and

682 billion yen in Japan (+18%). For European and Japanese banks, the increase is entirely due to lower loan impairment losses. For European banks, the decrease in operating costs offsets the fall in total income; for Japanese banks, against the increase in revenues, there was a larger increase in operating costs. For US banks, instead, the lower loan losses "explain" only 60% of the improvement in income from continuing operations, the rest being split almost equally between the increase in revenues and the decrease in operating costs.

TABLE I.11 – CHANGE IN OPERATING COSTS, 2004-2013: BY GEOGRAPHICAL AREA

	Europe			Japan			United States		
	2004 2011 [1]	2012 [2]	2013 [2]	2004 2011 [1]	2012 [2]	2013 [2]	2004 2011 [1]	2012 [2]	2013 [2]
		%			%			%	
Labour costs	4.1	- 1.0	- 4.0	…	…	…	3.1	2.1	0.0
General expenses [3]	5.6	- 0.4	- 0.7	…	…	…	4.7	- 0.6	- 4.9
Total operating costs	**4.7**	**- 0.8**	**- 2.5**	**3.2**	**1.9**	**2.7**	**3.9**	**0.7**	**- 2.3**

[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 2004-11, operating costs increased more in Europe (4.7% annual average rate) than in the United States (3.9%) and Japan (3.2%). In 2012-13, the trend reversed for European and US banks, and operating costs decreased, respectively, by 3.3% and 1.6% over the two-year period; the operating costs of Japanese banks continued to grow, even if at a more modest rate (TABLE I.11).[19]

More specifically, staff costs in Europe decreased by 4% in 2013, mainly as a result of the loss of approximately 110 thousand jobs (-4.1%); there was also a slight drop in per capita costs (-0.9%); for U.S. banks, instead, the growth in unit costs (+2%) was fully offset by a loss of approximately 26 thousand jobs (-1.9%).

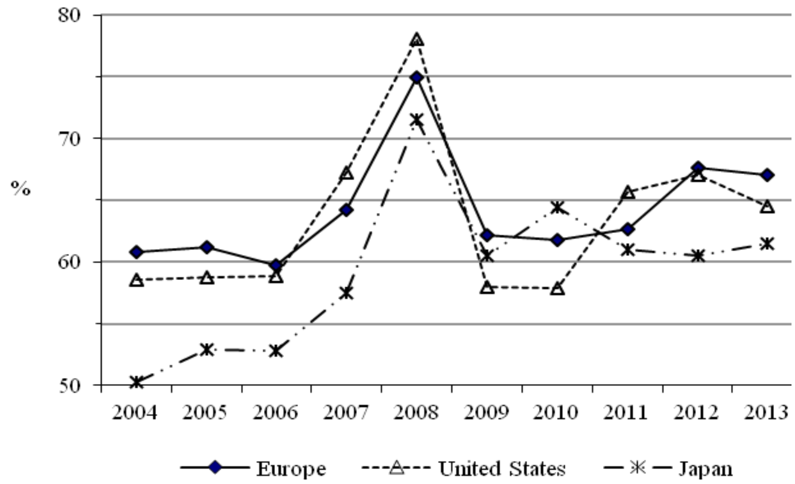
As for general expenses, in 2013 there was a 4.9% decrease in the United States, due in part to the decrease in the charges for disputes with clients, while for European banks the decrease was only 0.7%. If we exclude, however, the effect of the increase in the tax rate on banking activity in the United Kingdom, the decrease would exceed one percentage point (-1.1%).[20]

In 2013, there was a sharp fall of the cost-income ratio for U.S. banks (Figure I.3) resulting from a simultaneous increase in revenues and decrease in operating costs; the Japanese ratio also fell as costs increased more than revenues; the marginal improvement of the European ratio was due to costs decreasing more than revenues (see previous TABLES I.9 and I.11). In that year, the value of cost-income ratio was above its ten-year average for all three regions, with a positive differential of 2.8 percentage points in Europe, 2.2 in Japan and 1 in the United States (for a full analysis by individual institution and year, see TABLES I.37 and II.4, various areas).

[19] These differences are not explained by the different inflation trends of the three regions: from 2004 to 2011, in fact, retail prices on average increased by 2.5% a year in the United States, 2.1% in Europe and were basically unchanged in Japan. In 2013, instead, prices increased by 1.5% in the United States, 1% in the Europe and 0.4% in Japan.

[20] The tax was introduced in 2011 and is proportional to the balance-sheet liabilities and equity, with different rates depending on their duration. Deduction of Tier 1 capital, the part of deposits guaranteed by the Deposit Protection Fund and some insurance liabilities is allowed; the tax does not apply to the first 20 million pounds in equity and liabilities. The rate for short-term liabilities, initially equal to 0.075%, was raised to 0.088% in 2012, 0.13% in 2013 and 0.156% in 2014; it is reduced by half for equity and long-term liabilities. The charge for the banks included in this report was 1.54 billion euros in 2011, down to 1.35 billion in 2012, for the adjustment carried out by the companies on the sources of funding, and up again to 1.96 billion euros in 2013.

FIGURE I.3 – COST/INCOME RATIO



Extraordinary items provided an overall negative contribution to net income in 2013 for US banks (-2.2% with respect to revenues) and European ones (-3%), and a positive contribution for Japanese banks (6%): a breakdown by region and components is provided in TABLE I.12.

With regard to impairment losses, these had a negative incidence equal to 5.5% of revenues for European banks and only 1.3% and 0.3% respectively for the banks of Japan and the United States. The impairment losses at European banks were mainly related to goodwill and other multi-year charges (20.3 billion euro or 3.8% of revenues) and, to a lesser extent, to securities and equity holdings (2.9 billion euro or 0.6% of revenues) and other assets (5.9 billion euro or 1.1% of revenues), the latter mainly properties and other tangible assets.[21]

[21] The most substantial impairment losses of goodwill and other multi-year charges were reported by UniCredit (8 and 2 billion euros respectively), Intesa Sanpaolo (4.7 and 2.1 billion) and RBS (1.3 and 0.4 billion); the largest adjustments to the value of property investments were instead made by Spanish banks and totalled 2.8 billion euros.

TABLE I.12 – EXTRAORDINARY COMPONENTS OF THE INCOME STATEMENT IN 2013: BY GEOGRAPHICAL AREA

	Europe		Japan		United States	
	EURbn	*as % of total income*	JPYbn	*as % of total income*	USDbn	*as % of total income*
Write-downs:						
securities[1] and interests in subsidiaries and associated	- 2.9	*- 0.6*	- 37	*- 0.3*	- 1.1	*- 0.2*
goodwill and intangibile assets	- 20.3	*- 3.8*	- 68	*- 0.6*	-	-
other	- 5.9	*- 1.1*	- 44	*- 0.4*	- 0.3	*- 0.1*
Total write-downs [2] (*a*)	- 29.1	*- 5.5*	- 149	*- 1.3*	- 1.4	*- 0.3*
Gains/losses on sales:						
securities [1]	14.7	*2.8*	707	*6.4*	5.2	*1.2*
interests in subsidiaries and associated and other fixed assets	9.9	*1.8*	- 17	*- 0.1*	5.5	*1.2*
Other extraordinary items	- 11.0	*- 2.1*	111	*1.0*	- 19.1	*- 4.3*
Total extraordinary items (*b*)	13.6	*2.5*	801	*7.3*	- 8.4	*- 1.9*
Total (a+b)	**- 15.5**	***- 3.0***	**652**	***6.0***	**- 9.8**	***- 2.2***

[1] Available for sale and held to maturity.

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

Extraordinary revenue includes capital gains on the sale of securities, equal to EUR 14.7 billion for European banks (2.8% of revenues), JPY 707 billion for Japanese banks (6.4%) and USD 5.2 billion for US banks (1.2%). For the European banks and those of the United States, it also includes other capital gains on the sale of equity holdings and other fixed assets, for EUR 9.9 billion (1.8% of revenues) and USD 5.5 billion (1.2%) respectively.[22] Against these items, there

[22] The largest capital gains on the sale of equity holdings among European banks were realised by Banco Santander for EUR 2.1 billion (mainly concerning insurance and pension activities), by Rabobank Nederland for EUR 1.6 billion (related to the disposal of Robeco, an asset management company) and by HSBC for EUR 1.2

were net extraordinary charges for EUR 11 billion for European banks (-2.1% of revenues) and USD 19.1 billion for US banks (-4.3%), with Japanese banks recognising net extraordinary revenues equal to 1% of the revenues.

Other net extraordinary charges of European banks were recognised first of all by British banks, which made provisions for EUR 8.8 billion against the compensation due to clients for the sale of insurance policies linked to the disbursement of mortgages (EUR 7 billion) and for the sale of hedging derivatives to SMEs (EUR 1.8 billion). Provisions for disputes with clients and for settlements with supervisory authorities were also included totalling EUR 8.1 billion.[23] These charges were partly offset by the positive effects of the write-back of the equity holdings in Bank of Italy by Italian banks (EUR 3.9 billion) and the negative goodwill recognised by La Caixa after the acquisition of the Banco de Valencia by the Spanish government (EUR 2.3 billion).

US banks reported other net extraordinary charges for USD 17.4 billion, representing provisions for disputes, penalties and settlements with plaintiffs and supervisory authorities, mainly related to mortgage approval procedures.[24]

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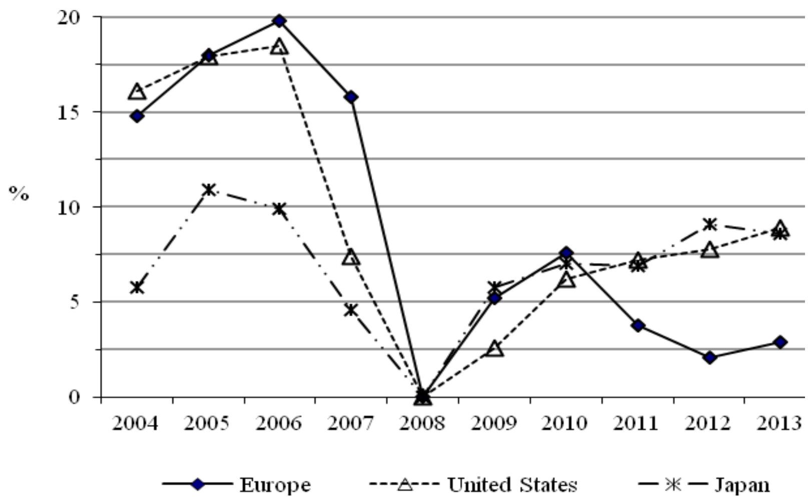
billion (mainly from the dilution of its holding in the Chinese Industrial Bank and from the disposal of assets in Panama). For the banks of the United States, the largest amounts went to JPMorgan Chase (USD 1.8 billion, of which USD 1.3 billion on sale of VISA class B shares and USD 0.5 billion from sale of properties) and to the Bank of America (USD 753 million on the sale of China Construction Bank shares).

[23] The largest charges were recorded by RBS (EUR 4.6 billion, of which 2.9 for disputes concerning the sale of mortgage-backed securities and other securitised products), the Lloyds Banking Group (EUR 3.9 billion) and Barclays (EUR 2.4 billion). EUR 3 billion were set aside by Deutsche Bank for lawsuits and EUR 798 million by BNP Paribas for a dispute with the authorities of the United States regarding dollar transactions carried out with countries subject to economic sanctions. In 2014, after pleading guilty, the bank paid a fine of USD 8.97 billion, about EUR 6.55 billion. Charges related to the settlement with the supervisory authorities concerning irregularities in the LIBOR and EURIBOR rate fixing were instead recognised by Rabobank (EUR 774 million) and Société Générale (EUR 446 million).

[24] The highest charges were recognised by JPMorgan Chase (USD 11.1 billion) and Bank of America (USD 6.1 billion).

In regard to profitability as measured by ROE, in 2013, the highest values were reported by US and Japanese banks (8.9 and 8.6 respectively); the ROE of US banks was up by more than one percentage point on the previous year. European banks' ROE was also up, from 2.1% to 2.9% (Figure I.4). However, for both the United States and, above all, Europe, the ROE values for the more recent years remain well below those achieved before the 2007-08 crisis. ROE data by institution for the last five years are provided in Table I.37.

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



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

In 2013, only four European banks recorded negative net income, the Italian Unicredit (-13.96 billion euro) and Intesa Sanpaolo (-4.55 billion) and the British RBS (-10.31 billion) and Lloyds Banking Group (-1.01 billion). No bank of Japan and the United States, among those included in the report, recorded a loss (TABLE III.2).

I.11 Bad debts written off

Table I.35 provides a breakdown, by institution and region, of bad debts write-downs recognised in the income statement in the last five years, as a percentage of total income, customer loans and net worth.

In 2013, the impairment losses of European banks were on average down from the previous year: from 21.8% to 17.6% of revenues, from 1% to 0.8% of loans to clients and from 8.4% to 6.8% of net worth. The two Italian banks included in the report, the four Spanish banks and the British RBS had the highest values for all three indicators, with the highest values recorded by Unicredit.

Among the Japanese banks considered, 7 out of 15 reported a net write-back of positions written down in previous years, with an average positive balance for the region representing 2% of revenues, 0.1% of loans to clients and 0.5% of net worth. These improvements are the direct consequence of the improved quality of the loans, due to the growth of the Japanese economy, which has derived substantial benefit from the devaluation of the yen with respect to the main currencies. Shoko Chukin Bank went the opposite way, with a strongly negative balance, equal to 30.3% of revenues and 5.2% of net worth, while the most significant improvement was that of the Mizuho Financial Group, with a balance equal, respectively, to +5.6% and +1.4%.

In 2013, impairment losses fell significantly also at US banks, with respect to the previous year, from 9.3% to 4.9% of revenues, from 0.9% to 0.5% of loans to clients and from 3.9% to 2% of net worth. Capital One had the highest values for all three ratios (16.8%, 1.9% and 9% respectively), followed by Ally Financial for the total revenues ratio (12.1%), by Citigroup for the loans to clients ratio (1.2%) and by BB&T for the net worth ratio (3.9%).

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

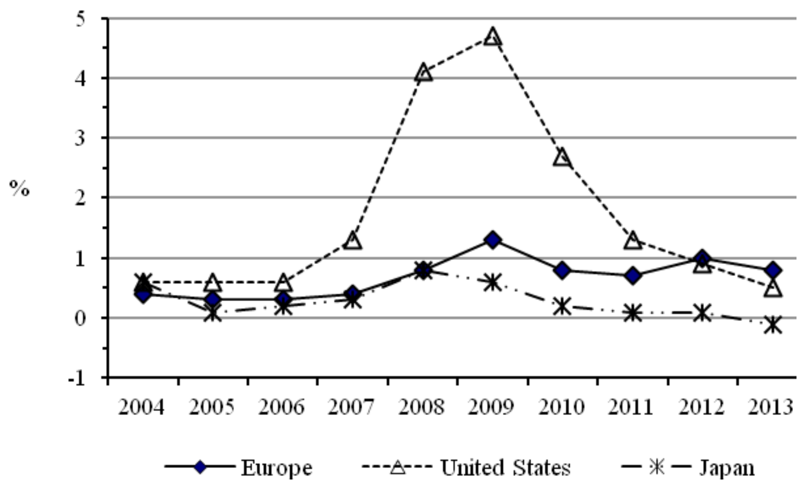
	Annual bad debt write-offs			Net doubtful loans	
	as % of total income	as % of customer loans	as % of net worth	as % of customer loans	as % of net worth
	avg. 2004-2013 levels			*as at 31-12-2013*	
Europe	15.2	0.7	6.9	3.6	30.6
Japan	9.7	0.3	2.8	0.9	7.3
United States	16.7	1.7	8.3	1.4	5.7

Data for the ten-year period 2004-13 show that European and, above all, Japanese banks had annual impairment loss ratios, to revenues, loans to clients, and net worth, that were on average lower that those of US banks (TABLE I.13). This despite the fact that US banks have higher revenues, as we have seen earlier in Figure I.2, and a net worth that was, on average in the ten-year period, much higher as a percentage of total assets than in the other two regions: 9.1% against 5% and 4.4% for Japanese and European banks.

Figure I.5 provides a graphic representation of the evolution of the ratio between the annual loss provisions for loans to clients and the corresponding outstanding amounts at the end of the year over the ten-year period. We see that US banks had much higher values in the years from 2007 to 2010, indicating a more decisive "clean-up" of bad debt positions.

The lower annual impairment losses of European banks inevitably affects the value of net non-performing loans at the end of the year, producing much higher values than banks of the other two regions, both for the ratio to loans to clients and for that to net worth. The lower values for Japanese banks are instead explained by the positive effect of the substantial impairment losses recognised in the years before those covered in this report, and also by the improved quality of the loans in recent years.

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



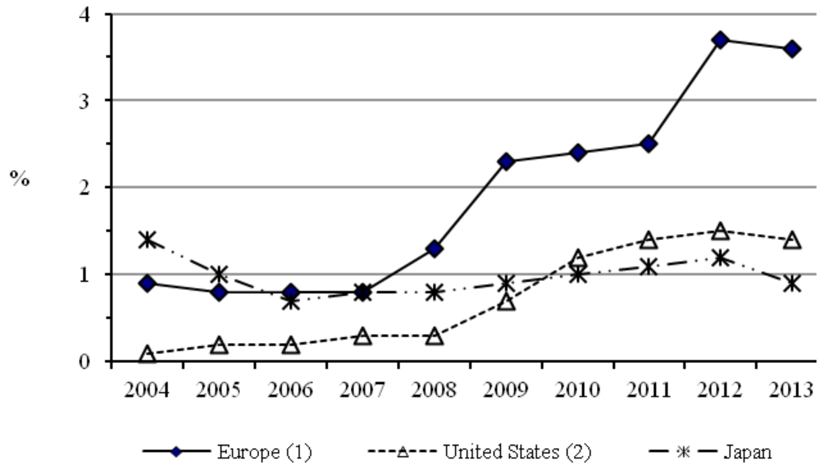
I.12 Doubtful loans and coverage ratio

The ratio of net non-performing loans to loans to clients, calculated on the amounts in the portfolio at the end of the year (the so-called non-performing loans ratio), increased in Europe from 0.8% in the 2005-07 period to 3.6% in 2013 (on data partly reclassified in 2012, as described below); in 2013 it was 0.9% for Japanese banks and 1.4% for those of the United States (Figure I.6 and Table I.36 for a breakdown by individual bank and region). In 2013, the ratios fell slightly in all three regions, due mainly to the decrease in gross positions.

Similarly, the ratio to net worth has increased significantly in Europe, since 2008, to reach 30.6% at the end of 2013, against an 8.8% average value in the 2004-2007 period (Figure I.7). The same indicator was up, from 2008 to 2012, by almost 5 percentage points for US banks, to then fall by half a point, to 5.7% in 2013. The ratio for Japanese banks, instead, was down, from 16% in 2004 to 7.3% in 2013.[25]

Both ratios show that European banks had a substantially higher amount, in relative terms, of non-performing loans with respect to the other two regions, with diverging trends from the years since the 2007-08 crisis. This suggests that the provisions made to the income statement were not adequate to the increase in bad loans, as already noted in the previous section.

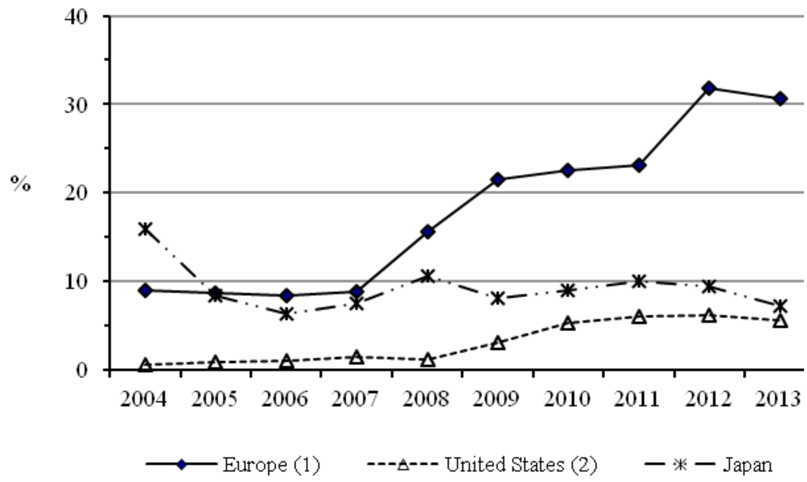
FIGURE I.6 – NET DOUBTFUL LOANS AS A PERCENTAGE OF LOANS TO CUSTOMERS



(1) Data reclassified in 2012. (2) Data reclassified in 2010.

[25] The ratios were calculated setting equal to zero the cases in which loan loss provisions exceed gross non-performing loans, as it is the case if the bank makes flat-rate prudential provisions against potential defaults, identified on the basis of historical data and not yet occurred. Since 2010, non-performing loans for U.S. banks included also restructured performing loans (all payments regularly made), the amounts of which were not always available in previous years. A greater uniformity of the data presented in the annual accounts was made possible by the issue in April 2011, by the FASB-*Financial Accounting Standards Board*, of a clarification to the national accounting standards, aimed at overcoming the discrepancies in their recognition (*Accounting Standards Update 2011-02, Receivables: A Creditor's Determination of Whether a Restructuring Is a Troubled Debt Restructuring*).

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



(1) Data reclassified in 2012. (2) Data reclassified in 2010.

In comparing the data for European banks, we must keep into account that there is no agreed definition of impaired loans in Europe. In European countries, with the exception of Italy and Spain, the accounting criteria adopted for the consolidated financial statements - usually IFRS criteria - and the regulations of the national supervisory authorities are independent from each other. The first, being based on general principles, refer, in their practical application, to the internal accounting policies of the individual banks, which can lead to different approaches, even among banks of the same country. The main differences concern the practices of forbearance (that is, those measures that delay the recognition of the losses), the evaluation of guarantees and the ways in which restructured loans are allowed to be again included among performing loans. For Italian banks, restructured loans have to be included among non-performing loans and they can be treated as performing loans only after two years of regular payments on all loans made to the same borrower. Since 2012, following the provisions of the Banco de España in September 2012 that have mandated their disclosure, restructured loans classified as standard and substandard are included among non-performing loans also by Spanish banks.[26] Similarly, following greater disclosure in the financial statements, it has been possible to include the restructured loans of UK banks, even they are not impaired, among the non-performing loans. In compliance with work at the EU level, aimed at promoting the uniform application of accounting practices in this field, other four banks (two French and two from the Netherlands) have begun to provide in their 2013 financial statements a fuller disclosure in this regard, providing consistent data for the previous year.[27]

TABLE I.14 shows the effects of the reclassifications carried out, which are especially significant for Spanish banks. These changes have also produced an increase in average European ratios, by 1.2 percentage points in the ratio to loans to clients and over 10 points in the ratio to net worth.

Among European banks, the Spanish banks, the two Italian ones and the Lloyds Banking Group had the highest values in 2013 for the ratio to loans to clients, all above 6%; these banks, together with ABN Amro Group, had also the highest values for the ratio of non-performing loans to net worth, in this case all greater than 50%, with a totally abnormal figure for the Spanish Banco, which is strongly undercapitalised. In Japan, no institution had non-performing loans exceeding 30% of net worth; among US banks, the highest ratio in 2013 was Wells Fargo's (12%).

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[26] *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.*

[27] In particular, ESMA-European Security and Markets Authority, *Treatment of Forbearance practices in IFRS Financial Statements of Financial Institutions* (December 2012) and EBA-European Banking Authority, *Risk Assessment of European Banking Systems* (January 2013).

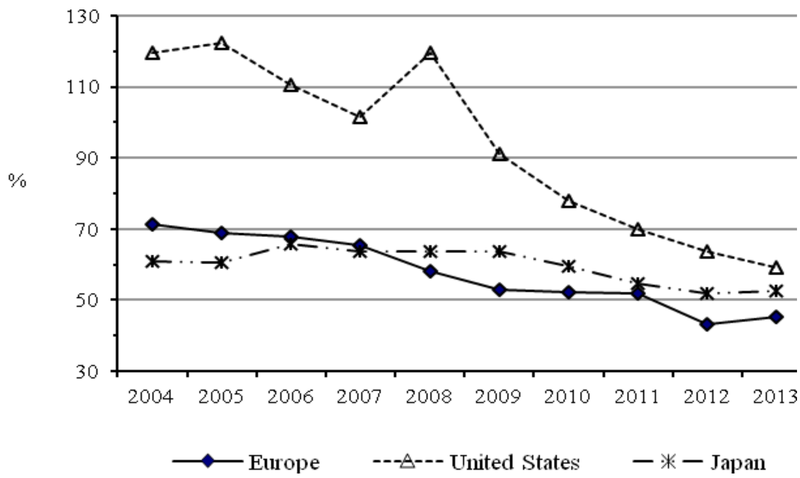
TABLE I.14 – IMPACT OF THE RECLASSIFICATION, AMONG THE DOUBTFUL LOANS, OF THE RESTRUCTURED EXPOSURES FOR SOME EUROPEAN BANKS COMPARED WITH THE ITALIAN BANKS

Bank	Net doubtful loans					
	2012	2012 restated[1]	2013[1]	2012	2012 restated[1]	2013[1]
	as % of loans to customers			as % of net worth		
Banco Santander	1.4	6.6	6.8	11.7	56.1	56.8
BBVA	1.6	7.4	8.2	13.1	59.0	59.3
La “Caixa”	3.8	10.5	12.3	32.3	89.4	88.7
Banco Fin. y de Ahorros	5.3	13.1	17.7	230.6	567.7	171.3
Standard Chartered	1.0	1.7	2.7	6.1	11.0	17.4
HSBC	2.0	3.2	2.7	12.4	19.4	16.2
Barclays	2.1	3.5	2.9	18.5	30.8	26.0
RBS	4.2	5.8	5.2	29.5	41.3	38.7
Lloyds Banking Group	5.1	8.2	6.3	60.9	97.3	83.4
Crédit Agricole	0.7	1.1	1.3	6.9	11.1	11.1
Groupe BPCE	2.0	2.5	2.5	20.3	25.7	24.3
ING Groep	1.6	1.9	2.0	16.4	19.1	21.8
ABN AMRO Group	1.4	2.8	3.3	28.3	55.8	66.0
Unicredit	7.6	7.6	7.3	62.0	62.0	72.2
Intesa Sanpaolo	7.2	7.2	8.7	51.6	51.6	63.5
Average European banks	**2.5**	**3.7**	**3.6**	**21.6**	**31.9**	**30.6**

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

In comparing the indicators, we must also keep into account the different cover ratio of gross non-performing loans to loan loss provisions (Figure I.8). This ratio, which keeps into account also the general credit risk reserve, set up against the loans still classified as performing, has fallen sharply for the United States since 2009 to 59% at the end of 2013; the rates of coverage for Japanese and European banks were, however, lower on average and equal to 53% and to 45% respectively. These indicators were affected, since 2010 for the United States and 2012 for Europe, by the reclassifications already mentioned before.

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



[1] Ratio of loan loss provisions and gross doubtful loans. Calculated on data reclassified in 2010 for the United States and in 2012 for Europe.

When we evaluate the ratios, we must consider the different impairment policies adopted, which can be measured by the ratio between the losses recognised in the income statement and the amount of the non-performing loans in the balance sheet. This ratio was, in average over the last five years, equal to 19.6% for Japanese banks and 31.7% for European banks, which means that problem loans have a different "accounting life": over five years for the first Group and over three years for the second one. For US banks, instead, the impairment losses to the income statement in the five-year period were, in aggregate terms, greater than the outstanding non-performing loans. We must also remember that these indicators have become less meaningful over time as a result of the increasing and substantial use of loan securitisation in the period considered.[28]

[28] According to data from AFME-*Association for Financial Markets in Europe*, the volume of securitisations carried out in Europe in the years considered by this report increased from 244 billion euros in 2004 to 819 billion euros in 2008, then

The comparison, across regions, of balance sheet data shows that, at the end of 2013, assets were growing at similar rates with respect to 2004, between 32.1% for US banks and 38.5% for European banks (29% if we exclude the effect of the first application of the IAS/IFRS accounting standards, already mentioned in note **Errore. Il segnalibro non è definito.**). European banks were the only ones to record a significant decrease in aggregate assets in 2013: -10%, against a 5.4% increase for Japanese banks, with assets for US banks basically unchanged (TABLE I.15). The decrease in assets for European banks was due for 62% to the strong decrease in the fair value of derivatives, mainly interest rate contracts, as result of changes in the yield curve; the banks also carried out initiatives to reduce their exposure, also through netting agreements with the counterparties.

For Japanese banks, the securities portfolio had a higher relative incidence: about seven percentage points more than US banks and almost ten points more than European banks; the same could be said for funding from clients, especially in comparison with Europe. US banks, instead, had the largest share of fixed assets, in particular goodwill, but also the highest ratio of net worth to total assets, almost two times higher than European and Japanese banks. Even when we exclude intangible assets, the net worth ratio, although down to 1.7 and 1.6 respectively, was still favourable to US banks.

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fell to 180 billion euros in 2013, with an average 408 billion euros of new issues per year. In the United States, according to data from SIFMA-*Securities Industry and Financial Markets Association,* for the banking sector alone, after a peak of 1,633 billion dollars in 2005, securitisations fell to just 174 billion dollars in 2011, then going back up to 296 billion dollars in 2013, with an annual average of 708 billion dollars for the ten-year period. At the end of 2013, outstanding securitised loans were equal to 1,504 billion euros in Europe and 2,933 billion dollars in the United States; these amounts, just to give an idea, represent 13% and 68% of loans to clients for the European and U.S. banks included in the report.

TABLE I.15 – BALANCE-SHEET INDICATORS BY GEOGRAPHICAL AREA AS AT 31 DECEMBER 2013

	Europe			Japan			United States		
	as % of total assets	*change vs. 2012 (p.p.)*	*change vs. 2004 (p.p.)*	*as % of total assets*	*change vs. 2012 (p.p.)*	*change vs. 2004 (p.p.)*	*as % of total assets*	*change vs. 2012 (p.p.)*	*change vs. 2004 (p.p.)*
Securities	21.8	*+ 1.7*	*- 1.7*	31.5	*- 5.8*	*- 2.7*	24.4	*- 1.2*	*+ 0.7*
Loans and advances to banks [1]	4.5	*+ 1.4*	*+ 7.2*	3.2	*+ 6.2*	*+ 7.3*	10.6	*+ 3.7*	*+ 15.9*
Loans and advances to customers	45.4	*+ 2.7*	*+ 2.2*	43.9	*+ 0.2*	*- 4.6*	43.1	*- 0.1*	*- 3.4*
Fixed assets	2.1	*+ 0.2*	*- 0.4*	1.7	*+ 0.2*	*+ 0.5*	4.6	*- 0.1*	*- 1.1*
of which: goodwill	*0.6*	*-*	*- 0.1*	*0.2*	*+ 0.1*	*+ 0.1*	*2.4*	*-*	*- 0.3*
Other assets	16.1	*- 4.9*	*+ 2.8*	4.8	*- 1.0*	*+ 0.4*	8.4	*- 1.0*	*- 1.5*
of which: derivatives	*12.3*	*-5.0*	*...*	*2.9*	*- 0.9*	*...*	*2.0*	*- 0.4*	*- 1.2*
Funding from customers	60.1	*+ 4.2*	*+ 2.5*	73.5	*+ 0.5*	*- 2.3*	70.6	*+ 1.6*	*+ 9.8*
Deposits by banks [1]	-	-	-	-	-	-	-	-	-
Other liabilities [2]	24.4	*- 3.6*	*+ 6.5*	6.1	*- 0.8*	*+ 2.0*	9.8	*- 0.5*	*- 1.5*
of which: derivatives	*12.2*	*- 4.8*	*...*	*2.9*	*- 1.0*	*...*	*1.7*	*- 0.4*	*- 1.3*
Net worth	5.4	*+ 0.5*	*+ 1.1*	5.5	*+ 0.1*	*+ 1.2*	10.7	*+ 0.2*	*+ 2.3*
Total assets (%)	100.0	*- 10.1*	*+ 38.5*	100.0	*+ 5.4*	*+ 34.5*	100.0	*+ 0.7*	*+ 32.1*

[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.

In all three regions, there was a net credit position with respect to other credit institutions, up to 10.6% of assets in the case of the United States. These balances, which include cash and free reserves held at the central banks, represent a surplus of available funds; at the beginning of the period in question, instead, there was a net debit position, which indicated net funding by the smaller banks not included in the report.[29]

[29] European banks held at central banks at the end of 2013 deposits of about 1,100 billion euros (4.3% of assets), against 1,242 billion at the end of the previous year

European banks had the highest ratio of fair value of derivative products to assets, over 12%, against 2.9% and 2% for Japan and the United States. The higher ratios for European banks are due, as we have said, to less recourse to offsetting of credit and debit positions with the same counterparty, due to the more restrictive European accounting standards.[30] For an assessment of the effects of the different accounting methods of the two regions, see TABLE I.19.

Also note that the item "Other liabilities" of European banks includes the technical reserves of those Groups that also carry out insurance activities, with an incidence equal to 6% of total assets; these provisions are offset by the investments of the securities portfolio and, to a lesser extent, by fixed assets (for a comment, see Appendix 3).

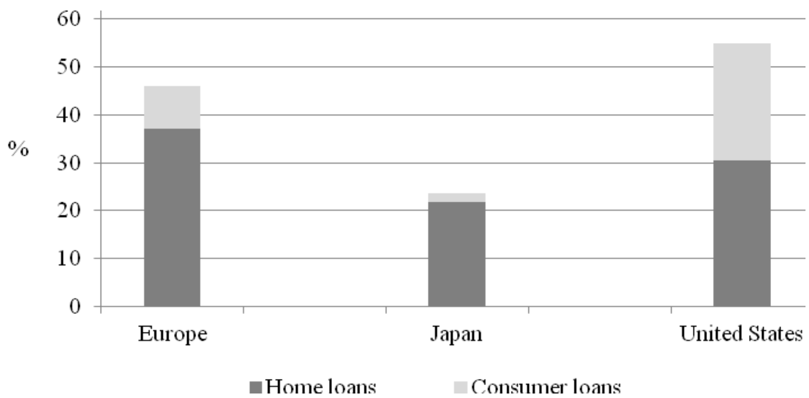
In 2013, the share of assets represented by loans to clients was between 43% and 45% in the three regions: in Europe there was a substantial decrease, in absolute value, with respect to the previous year (-4.4%) against strong growth in Japan (+5.9%) and more modest growth in the United States (+0.6%).

These loans had a different composition in the different regions, in terms of type of clients (Figure I.9): at the end of 2013, loans to households were 55% of the total for US banks (30.4% for house purchases), 46.1% for European banks (37% for house purchases) and only 23.6% for Japanese banks (21.8% for house purchases). The share of loans to clients has also been affected by the widespread use of securitisation, as said in the previous section.

(4.4% of assets). The corresponding data for the banks of the United States and Japan is not available.

[30] Note that about 63% of credit positions in derivatives of European banks at the end of 2013 were held by six banks alone, in the order: Deutsche Bank (16.1%), Barclays (12.3%), RBS (10.9%), BNP Paribas (9.8%), UBS (7.1%) and HSBC (6.5%).

FIGURE I.9 – LOANS TO HOUSEHOLDS

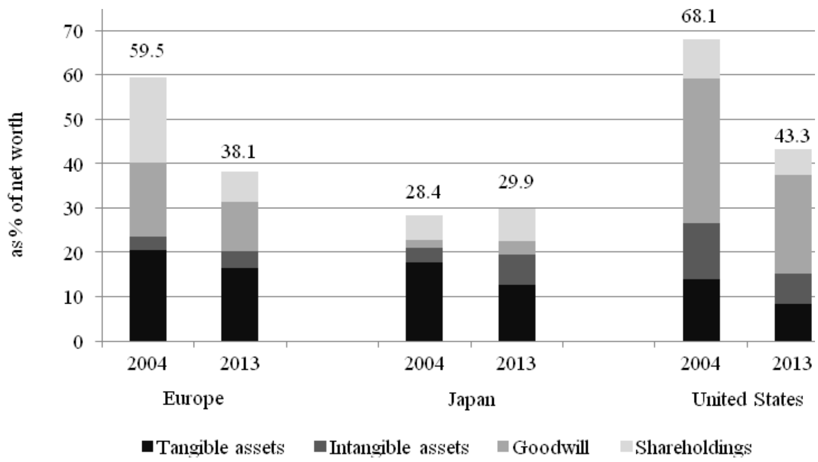


I.14 Leverage and other indicators of financial structure

The extent to which net worth is locked up, calculated as the ratio of fixed assets to net worth, decreased, in the ten-year period 2004-13, by over 20 percentage points to 38.1% for European banks and by almost 25 percentage points to 43.3% for those of the United States, while it has increased marginally, to 29.9%, for Japanese banks (FIGURE I.10 and TABLE II.4, different sections).

The decrease for European banks is due, to a small extent, to tangible fixed assets and goodwill; but it is mainly due to equity holdings, as a result of the reclassification of significant items in the portfolio under "Securities", carried out in 2005 in compliance with IAS/IFRS accounting standards. Intangible fixed assets, mainly goodwill, are instead the main reason for the decrease in the ratio for US banks, while, for Japanese banks, the increase in goodwill, occurred mostly in 2005-06, as result of the merger between Mitsubishi Tokyo Financial Group and UFJ Holdings, was offset by the significant sale of properties.

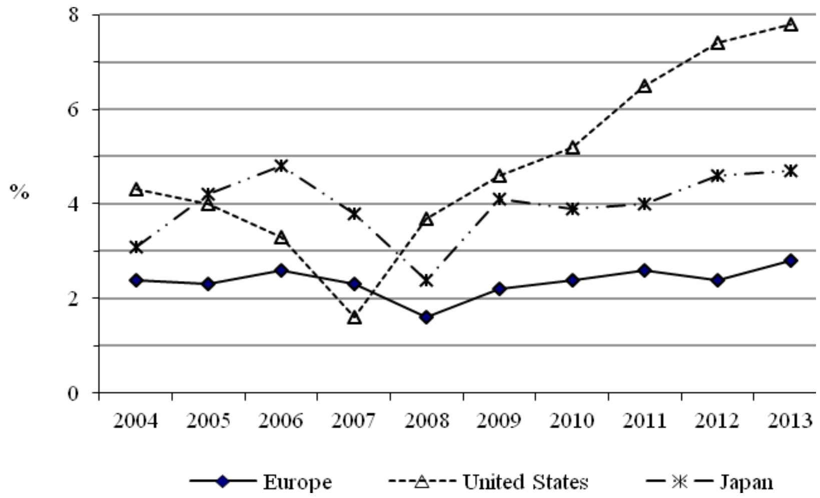
FIGURE I.10 – FIXED ASSETS AS A PERCENTAGE OF NET WORTH



Free capital, which is affected not only by fixed assets, but also by non-performing loans, as a ratio to clients' deposits, was, in 2013, equal to 7.8% for US banks, 4.7% for Japan banks and only 2.8% for European banks (FIGURE I.11 and TABLE II.4).

With respect to the year 2008, a year marked by the financial crisis, which has caused heavy losses to banks in all three regions, the indicator for the United States improved by about four percentage points, benefiting, in almost equal parts, from the growth in own funds and the decrease in fixed assets, only marginally offset by an increase in non-performing loans. The improvement for Japan, just above two percentage points, is instead entirely due to the strengthening of the capital base. For European banks, the increase in free capital was more modest, equal to 1.2 percentage points, as the increase in own funds and the small decrease in fixed assets were largely offset by the increase in non-performing loans, also as a result of the reclassifications made in 2012, already mentioned in the previous section.

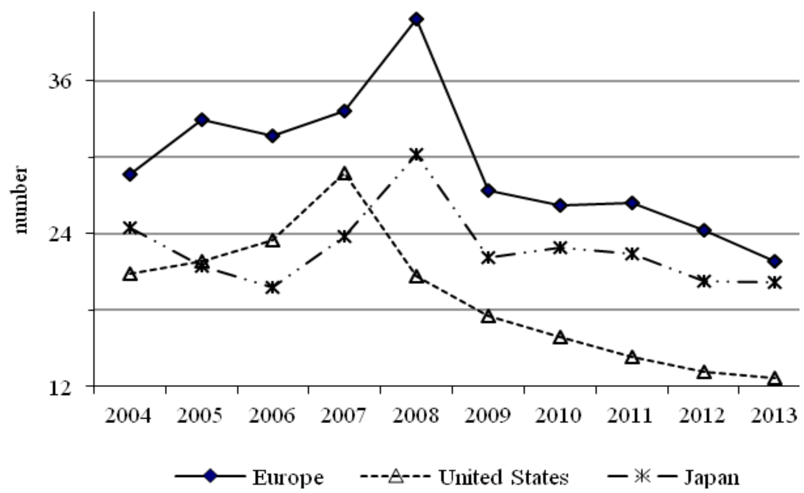
FIGURE I.11 – FREE CAPITAL AS A PERCENTAGE OF FUNDING FROM CUSTOMERS



Details of free capital for each individual institution over the last five years are provided in Table I.37. The European banks with the highest values at the end of 2013 were Bayerische Landesbank (8.2%) and UBS (6%); six banks had instead a negative ratio, with the lowest values at the Spanish La Caixa (-15.3%) and Banco Financiero y de Ahorros (-11.1%). In Japan, the highest values were those of Norinchukin Bank (10%), Shinsei Bank (7.6%) and Shizuoka Bank (7.1%); in the United States, the highest value was that of Citigroup (11.9%), followed by Bank of America (9.1%). Among the banks of Japan and United States, only Ally Financial (US) had a negative value.[31]

[31] It should be remembered that banks with negative or basically zero free capital, such as Countrywide Financial (-12.3%), Washington Mutual (-0.7%) and National City (zero) in 2007, HBOS (-3.4%) and Dresdner Bank (0.3%) in 2008, were the object of acquisitions in the following year; others, such as Lloyds Banking Group and Hypo Real Estate Holding (-1.4% and -2.1%, respectively, in 2008), were

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



(1) Excluding intangibile assets.

At the end of 2013, looking at the ratio of total assets to net worth, both excluding intangible assets, we see that U.S. banks had the lowest value (12.7), followed by Japanese banks (20.2) and then by European banks (21.8) (FIGURE I.12). In comparing the ratios of the different regions, we must also remember that the historically higher value of European banks depends on the lower use of the offsetting of the credit and debit positions of the derivative instruments, already mentioned. US banks have instead been able to rely, not only on the larger offsetting, but also on a net worth on average more significant in relative terms.

The decrease in the ratios in Europe and the United States in 2013 is mainly due, in the first case, to the significant decrease of assets (-10%)

nationalised by the respective governments. Dexia and Banco Financiero y de Ahorros were also nationalised in 2012.

and, in the second, to the increase in net worth (+4.4%); in Japan the "leverage" has remained basically unchanged.[32]

The European bank with the highest multiplier at the end of 2013 is Deutsche Bank with 38.9, followed by DZ Bank and ABN AMRO Group with values around 28%; at the bottom, with the lowest "leverage", BBVA (15.1), Standard Chartered and HSBC (both with 16.4). In Japan, the Shinkin Central Bank had the highest multiplier (24.6), Shizuoka Bank (13.2) and Shinsei Bank (13.4) the lowest. In the United States, the highest "leverage" is found at the Bank of New York Mellon (23.8), followed by JPMorgan Chase (15.5), the lowest that of PNC Financial Services Group (9.4). Details by bank for the last five years considered by the report can be found in Table I.38, various areas.

I.15 Indirect funding

This term refers to services involving portfolio management on behalf of clients, both individuals and institutions, as well as collective management of savings provided by mutual funds and other collective investment undertakings that belong to the banking Groups included in the report (the "asset management" sector). It must be remembered, however, that the definitions adopted by the banks included in this report do not always agree.

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32 The minimum solvency ratio required by the Basel interbank agreements – calculated as ratio between net worth, minus some intangible assets (such as goodwill) and assets weighted according to their degree of risk (the so-called Tier 1 capital ratio) – is equal to 4%. The overall coefficient (the so-called Total capital ratio), which includes also subordinate liabilities, must instead have a minimum value of 8%. Core Tier 1 capital is instead defined as net worth excluding innovative or "hybrid" instruments, which are anyway already limited to 15% of the total.

On the basis of data for representative subsets of the European and US samples, indirect funding has acquired, in the five-year period 2009-13, an increasing importance with respect to clients' deposits: from 64% to 66% for European banks and from 61% to 68% for those of the United States (TABLE I.16).[33] After a drop in 2011, the ratio has increased in the last two years considered. The balances at the end of the year could not instead be compared, as they were affected, sometimes substantially, by purchases and sales of assets carried out with operators not included in the report.[34]

TABLE I.16 – INDIRECT FUNDING

	2009	2010	2011	2012	2013
Europe (EUR bn) [1]	8,882	9,455	9,109	9,428	9,346
as % of funding from customers	*63.7*	*64.9*	*62.7*	*65.5*	*66.4*
United States (USD bn) [2]	3,804	3,815	3,909	4,186	4,784
as % of funding from customers	*61.4*	*60.2*	*58.9*	*60.9*	*67.5*

[1] Data relating to 27 groups representing 91% of the funding from customers in the sample at the end of 2013. The different European currencies have been converted using the fixed exchange rate as at the 2013 year end.

[2] Data relating to 6 groups for which a complete set of values is available for the five-year period and which represent 68% of the funding from customers in the sample at the end of 2013.

[33] It was not possible to calculate comparable data for Japanese banks for lack of homogeneous historical data for a significant number of companies. The main Japanese operators of the sector are MUFG and Nippon Life Insurance.

[34] In 2009, Citigroup and Barclays deconsolidated their assets in the sector, equal to about 300 billion dollars (mainly by the Smith Barney unit) and about 1,180 billion euros, selling them respectively to Morgan Stanley and BlackRock, in exchange for equity holdings in these companies, later sold. The other European banks carried out a high number of transactions over the five-year period, even if assets under management involved in each individual transaction were smaller. Among these: in 2010 Deutsche Bank bought the assets of Sal. Oppenheim (115 billion euros); in 2012 Société Générale sold assets in the United States and Asia (91 billion euros) and Rabobank sold the Swiss Sarasin (79 billion); in 2013 Rabobank sold the subsidiary Robeco to the Japanese Group Orix (189 billion euros), the ING Groep disposed of assets in Asia (137 billion euros) and BBVA in Latin America (63 billion).

TABLE I.17 shows the European and US banks with the highest amount of assets under management at the end of 2013: the largest increases with respect to the previous year were recorded by the Swiss and French banks and by all the major US banks. Besides the changes deriving from acquisitions and disposals, the changes reflect the balance of new funding and redemptions and the adjustment of portfolio assets to market values.[35]

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

Bank	Balance as at 31-12-2013	Change vs. 2012 [1]	Bank	Balance as at 31-12-2013	Change vs. 2012 [1]
	EUR bn			EUR bn	
Europe			BNP Paribas (FR)	650	- 20
UBS (CH)	1,820	+ 143		USD bn	
Deutsche Bank (DE)	1,205	- 32	**United States**		
Crédit Suisse (CH)	1,006	+ 39	JPMorgan Chase &Co	1,598	+ 172
Crédit Agricole (FR)	909	+ 50	Bank of NY Mellon	1,583	+ 197
HSBC Holdings (GB)	668	- 7	Bank of America	821	+ 123
Groupe BPCE	652	+ 40	Wells Fargo	628	+ 91

[1] The different European currencies have been converted using the fixed exchange rate as at the 2013 year end.

I.16 Securities portfolio

Another issue to consider is the valuation of the securities portfolio, an item that, at the end of 2013, represented overall 32%, 24% and 22% of total assets, for, respectively, the banks of Japan,

[35] The top asset managers are, in order: Black Rock (of which PNC Financial Group holds 22% at the end of 2013), Vanguard Group, State Street Global and Fidelity Investments in the United States; the insurance Groups Allianz and Axa in Europe.

United States and Europe. International accounting standards require securities to be valued at fair value, but those securities that, on the basis of an independent decision by management, are expected to be held until their maturity may be valued at cost.[36]

The attribution to the latter category involves an overvaluation of the corresponding balance sheet assets and lower impairment losses when market values fall. At the end of 2013, the share of securities valued at cost at Japanese banks was equal to 13.5% of the total, substantially higher than for European and US banks, equal to 8% and to 8.7% respectively (TABLE I.18).[37] In these two regions, there was an increase in incidence of almost four percentage points with respect to 2012, due to the greater use of valuation at cost in the expectation of an increase in interest rates.[38]

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[36] International accounting standards classify securities (and financial assets in general) in three categories: "held for trading", when held for a short period, with changes in value recognised in the income statement; "available for sale", when held for a medium period, with changes in value recognised to an equity reserve; "held to maturity", with valuation at cost and recognition in the income statement of the sole changes in value considered permanent. The cost criteria most used is that of "amortized cost": the difference between the purchase price of the security and its redemption value is recognised, with a positive or negative sign, to the income statement according to the residual duration of the security. The accounting standards approved by the European Commission for European banks also provide the option to value financial assets not included in the above classification at fair value and to recognise the changes of value in the income statement (so-called fair value option). This option was used by the banks of the European sample, mainly for the investments of the premiums of insurance policies with performance risk borne by the insured and for financial instruments that have a substantial derivative component. The fair value valuation option was introduced also by the US GAAP in 2008, with early adoption made available in 2007; a separate category for trading securities is however not always available.

[37] Until 2008, Japanese banks typically also valued at cost unlisted securities available for sale; in 2009, more restrictive valuation criteria were introduced, which allow valuation at cost only if the fair value was "extremely difficult to calculate".

[38] The change in absolute value was USD 86 billion, including both securities purchased on the market and around USD 36 billion of reclassified securities available for sale, mostly securitised assets corresponding to residential mortgages issued by government agencies.

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

	Europe		Japan		United States	
	2012	2013	2012	2013	2012	2013
	EUR bn		JPY bn		USD bn	
Total	**5,731**	**5,603**	**307,484**	**274,122**	**2,556**	**2,446**
as % of total assets	*20.1*	*21.8*	*37.3*	*31.5*	*25.6*	*24.4*
	%		%		%	
Held for trading	33.9	33.9	7.9	8.1	35.1	32.1
Designated at fair value [1]	15.0	14.9	5.3	6.7	-	-
Available for sale	42.0	43.2	75.1	72.4	60.0	59.2
of which: stated at cost	-	-	*0.6*	*0.7*	-	-
Held to maturity	9.1	8.0	11.7	12.8	4.9	8.7
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
of which: structured securities [2]	*8.9*	*6.1*	*6.7*	*7.4*	*48.1*	*48.8*

1 In Japan, it refers to Mitsubishi UFJ Financial Group which adopts the U.S. GAAP; in the United States, 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*.

We must also mention the effects produced in 2008 by the change of IAS 39 on the balance sheets of European banks and by other changes made to the valuation criteria, which have benefited Japanese and US banks. These changes have resulted in the recognition at cost of securities previously valued at market prices, which boosted their share of the total portfolio from 3.4% in 2007 to 12.5% in 2008 for European banks, from 5.5% to 12.2% for Japanese banks and from 0.2% to 4% for those of the United States. For a more in-depth analysis of the effects of these changes in accounting standards, refer to Appendix 4.[39]

[39] We also should point out that the securities portfolio was object of substantial transfers in the years 2008 and 2009: UBS transferred to a special purpose vehicle, which is controlled by the Swiss National Bank, and therefore not consolidated, illiquid securities for 11.8 and 15.4 billion euros respectively; a similar transaction was carried out in 2009 by ING Groep, which transferred to the Dutch government

To go back to the portfolios at the end of 2013, European banks had a higher share of securities for trading and "designated" at fair value (little less than half of the total) than US banks (about a third) and Japanese banks (around 15%); this has resulted, first of all, in greater volatility for operating results, as changes in the market values of the securities have an immediate impact on the income statement.

Moving on to consider the quality of the portfolio, we note that US banks hold a riskier portfolio, consisting, for 49%, of structured securities, which are originated from securitisation transactions, largely on mortgages. This percentage was only 6% for European banks and 7.4% for Japanese banks.[40]

I.17 Derivative contracts

TABlE I.40 shows the activity in derivative contracts by the banks included in this report for the three-year period 2011-13; the data refer, in most cases, both to trading and hedging derivatives.[41]

15.2 billion euros of illiquid securities from its available-for-sale portfolio, turning them into credit positions on the government.

[40] We should however keep in mind that the structured product portfolio consists of credit positions with different degrees of risk, as the probability of default of the borrowers differs.

[41] Derivatives are financial contracts in which the obligations of the parties depend on the changes in the price of the underlying asset, usually consisting of interest rates, currencies, credit risk, equities, commodities and market indexes. Such instruments enable the contracting parties to reduce or modify their exposure to risks. Banks use derivative contracts both to hedge their own risks and as part of their trading activity, in this case mainly to meet customer demand for risk management. The nominal (or notional) value of the contracts is never actually exchanged by the parties, but merely provides the basis for the calculation of the amounts to be settled. The market value (or fair value) can be positive or negative, and 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 agree to offset positions with the same counterparty (netting agreements); also for this reason, Table I.40 only shows the balance of the credit and debit positions. Credit risk represents instead the possible loss for the bank in the case of default of the counterparty; for derivative contracts, this is basically equal to the amount of the positions with a positive fair

In 2013, the nominal value of outstanding contracts decreased, with respect to the previous year, by 2% for European banks and increased by 8.2% for Japanese banks and 2.4% for US banks. The value of the contracts is always a multiple of total on-balance sheet assets, and in 2013 it was more than 19 times for US banks, more than 16 times for European banks and 4 times for Japanese banks. For most contracts, more than 80% of the total in all regions, changes in interest rates were the underlying risk.[42]

The fair value of the contracts at the end of 2013 had a net positive balance (potential profits) for the banks of all three regions. This balance was 2.9% and 2.4% of net worth for US and European banks, respectively; the value for Japanese banks was insignificant. The change, on January 1st 2013, of the IFRS 7 accounting standard *Disclosure-Offsetting Financial Assets and Financial Liabilities*, which requires an increased disclosure of the amounts offset and on the netting agreements that are not eligible to be in the balance sheet, now makes it possible to compare the fair values reported in the balance sheet by the banks of the two regions. TABLE I.19 shows the effects of the different accounting methods used on the calculation of the fair value of the assets: note how, for US banks, the amounts eligible for netting in the balance sheet, together with the guarantees for cash, represent 93.5% of the gross fair value of the contracts, against less than half for European banks. The offsetting of liabilities is not significantly different.

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value, excluding those offset within netting agreements, and after deducting the guarantees received.

[42] The figures shown here are highly representative of this aspect of the banks' activity, being very similar to those reported by the BIS-*Bank for International Settlements* for the largest banks of the G10 countries. It must be noted that less than 10% of the contracts is negotiated on regulated markets.

TABLE I.19 – GROSS POSITIVE FAIR VALUE AND BALANCE-SHEET VALUE OF FINANCIAL DERIVATIVE INSTRUMENTS IN EUROPE AND UNITED STATES AT 31-12-2013

	Europe		United States	
	EUR m	%	USD m	%
Gross positive fair value	5,714,078	*100.0*	3,010,563	*100.0*
Amounts eligible for netting in the	- 2,563,726	*- 44.9*	- 2,664,618	*- 88.5*
Guarantees received for cash	---	---	- 150,094	*- 5.0*
Positive fair value in the balance sheet	3,150,352	*55.1*	195,851	*6.5*
Amounts not eligible for netting in the balance sheet ([1])	- 2,361,702	*- 41.3*	- 835	*0.0*
Guarantees received for cash and in financial instruments	- 376,636	*- 6.6*	- 21,258	*- 0.7*
Net amount (counterparty risk)	412,014	*7.2*	173,758	*5.8*

[1] These are financial instruments regulated by netting agreements that do not comply with the criteria set by IAS accounting standards. For European banks, in some cases, the amounts also include the guarantees received in financial instruments.

The counterparty credit risk was down in absolute value in the three regions considered with respect to the amounts of the previous two years. More specifically, in 2013 there was a decrease in positive fair values, mainly due to changes in the yield curve and to initiatives aimed at reducing gross exposure. As a ratio to net worth, European banks had the highest level of counterparty risk, 34% at the end of 2013, against 24% for Japanese banks and 16% for US banks.

TABLE I.20 lists the ten banks included in the report most active in financial derivatives, selected on the basis of the nominal value of outstanding contracts at the end of 2013. Of these, seven are European and three from the United States, with Deutsche Bank in first position followed by JPMorgan Chase and Barclays. The highest percentage increases on the previous year were reported by HSBC Holdings and Citigroup; four banks recorded a decrease in nominal values. The balance of fair values, positive and negative, is generally positive (potential profits), with the highest value reported by Deutsche Bank; the single negative balance (potential losses) was reported by Crédit Suisse. Deutsche Bank also had the highest credit risk to net worth ratio (74%); Crédit Suisse (71.4%) and UBS (54.6%) were also substantially above the European average.

TABLE I.20 – BANKS OF THE SAMPLE WITH THE HIGHEST AMOUNT OF OUTSTANDING DERIVATIVE CONTRACTS AT 31-12-2013

Bank	Notional value as of 31-12-2013		Fair value (balance)	Credit risk	
	EUR bn	*% change vs. 2012* [1]	EUR m	EUR m	*as a % of net worth*
Deutsche Bank (DE)	54,652	*- 1.7*	21,555	40,701	*74.0*
JPMorgan Chase & Co. (US)	51,070	*+ 1.3*	6,124	47,683	*31.1*
Barclays (GB)	50,136	*+ 3.2*	4,439	29,279	*38.2*
Royal Bank of Scotland (GB)	48,552	*+ 4.2*	3,014	17,902	*25.2*
Citigroup (US)	44,781	*+ 16.9*	3,609	33,397	*22.3*
Credit Suisse Group (CH)	42,714	*+ 3.8*	- 2,601	27,423	*71.4*
BNP Paribas (FR)	42,162	*- 12.7*	465	24,857	*27.3*
Bank of America (US)	40,556	*- 10.0*	7,315	27,116	*16.1*
UBS (CH)	25,526	*- 17.5*	4,791	22,217	*54.6*
HSBC Holdings (GB)	24,643	*+ 23.4*	5,787	21,696	*15.7*

[1] Calculated in local currency.

I.18 Rights issues, dividends and share buybacks

In the ten-year period 2004-13, the European banks included in the report carried out capital increases for cash for 535.5 billion euros: this amount excludes new shares issued during mergers.[43] 53% of the capital increases took place in the two-year period 2008-09: of these, half was underwritten by central governments and other public sector agencies. The banks distributed 332 billion euros as dividends and carried out net share buybacks totalling 139 billion, including buybacks of shares held by governments (TABLE I.41). Dividends paid to shareholders were therefore equal to 84% of what shareholders paid for capital increases, net of what they received for the own shares

[43] With respect to the latter, those due to "mega-mergers", discussed in Section I.4, were equal to 140.6 billion euros, 18.6% of total capital increases.

purchased by the banks. Over the ten-year period, net income for European banks was equal to 696 billion in total, against an increase in own funds of 643 billion; in other words, net income was the main component of the growth in net worth.

For US banks, net share buy-backs have always exceeded cash capital increases, with the exception of 2008, 2009 and 2012. In the two-year period 2008-09, U.S. banks raised 433 billion dollars in capital increases, 76% of the amount for the full period, of which 196.5 billion received from the Treasury and other public sector agencies. The balance of movements on the ten-year period shows net outflows to the shareholders for 92.4 billion dollars, an amount that includes the 157.2 billion paid back to the Treasury.[44] In the same period, own funds increased by 571 billion dollars. Net income was equal to 560 billion, representing also in this case the main source of capital growth.

For Japanese banks, the recourse to the market produced an inflow of 9,813 billion yen, against 5,565 billion of dividends distributed and net share buybacks for 8,884 billion. The latter were, mostly, carried out as repayment of public funds, by buying back preferential shares held by public sector agencies. The dividends distributed were therefore greater than the amounts received from the shareholders, net of share buy-backs, resulting in net financial outflows for 4,636 billion yen over the ten-year period. The net income of the Japanese banks in the same period was positive for 18,096 billion yen, which represents 86% of the increase in own funds from the beginning of the 2004-05 financial year.

[44] In the ten-year period 2004-13, industrial multinationals based in North America have returned to their investors 2.280 billion dollars (both as dividends and by purchasing treasury shares), against a mere USD 294 billion raised through share issues.

TABLE I.21 – RIGHTS ISSUES FUNDED BY GOVERNMENTS AND OTHER PUBLIC ENTITIES IN 2008-2012 AND AMOUNTS REPAID: BREAKDOWN BY COMPANY

Bank	Amounts issued	Amounts repaid	Bank	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	14.2	Wells Fargo & Co.	25.0	25.5
Bayerische Landesbank (DE)	10.5	-	Ally Financial	13.8	5.9
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)	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) [3]	3.3	-	The Bank of N.Y. Mellon	3,0	3.1
Total [4]	**179.6**	**46.0**	**Total** [4]	**196.5**	**157.2**

[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 1,3 billion related to Fortis Bank (Nederland), incorporated in 2010.
[4] 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.

TABLE I.21 shows in detail, for the main European and US banks, the capital increases carried out with public funds from 2008 to 2012 and the amounts later repaid.[45] The most significant public interventions in Europe took place in the U.K. (78 billion euros), Germany (33.7 billion) and France (27.9 billion, including funds treated as subordinate liabilities and 5.6 billion paid to the Belgian Dexia). The government of the United States instead subscribed share issues for 196.5 billion dollars; 80% of the amounts paid out were paid

[45] The Belgian Dexia is no longer included in this report for the reasons indicated in Section III.1.

back. The amounts paid back by European banks were instead only one fourth of the total.

I.19 Capital adequacy ratios

At the end of 2013, the solvency ratio, measured based on the regulatory capital to risk-weighted assets (*total capital ratio*), calculated as established in the Basel Interbank Accords, was on average higher for European banks (17.4%) than for Japanese banks (16.2%, reduced to 14.7% if we exclude the abnormal data of Shinkin Central Bank) and US banks (14.7%). Similarly, the average *Tier 1* capital ratio was higher for European banks (14.6%) than for Japan (12.6%) and US banks (12.2%) (Table I.38). With respect to 2012, the solvency ratio increased by 1.2 percentage points on average for European banks, while remaining basically unchanged in the other two regions.

When we compare these ratios across different countries and years, we must remember that they are affected by the different progress made by the different national jurisdictions in implementing the Basel rules. [46]

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[46] In 2008, the so-called Basel II, the "new" Basel agreement, came into force, introducing a new system to calculate capital requirements: lower capital requirements apply to those institutions that adopt risk measurement systems based on internal models or, if these are missing, on the ratings provided by rating agencies. The provisions agreed in July 2009, to be implemented by 2011 (the so-called Basel 2.5), have improved the measurement of the risks related to securitisations and to the exposures related to trading portfolios. On 1st January 2013, the higher capital requirements of Basel 3 came into force: the minimum *Tier 1* capital ratio was set at 4.5%, to be raised to 5.5% and 6% from 1st January 2014 and 2015, respectively. A minimum quantitative requirement for liquidity (*Liquidity Coverage Ratio*-LCR) was also been introduced beginning in 2015. The Basel 3 provisions will be implemented in stages, with the transitory period ending on 1st January 2019.

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

	Risk-weighted assets (RWAs)			Regulatory capital			RWAs / Total tangible assets	
	2012	2013	Change	2012	2013	Change	2012	2013
	EUR bn		%	EUR bn		%	%	
Europe	8,777	8,369	*- 4.6*	1,368	1,410	*+ 3.1*	*32.6*	*33.5*
	USD bn			USD bn				
United States	6,030	6,455	*+ 7.1*	929	978	*+ 5.3*	*72.2*	*75.0*
	JPY bn			JPY bn				
Japan	321,211	331,388	*+ 3.2*	51,303	53,124	*+ 3.5*	*43.4*	*41.8*

In 2013, risk-weighted assets (the denominator of the solvency ratio) decreased by about 5% for European banks with respect to the previous year, while regulatory capital increased by 3%. Both components therefore gave a positive contribution to the improvement of the average ratio for the region. For the banks of the United States and Japan, instead, both regulatory capital and risk-weighted assets increased, leaving, as we have said, the ratio basically unchanged (TABLE I.22).

We note the different incidence of risk-weighted assets on the total of the balance sheet assets: for European banks, on average, only one third of tangible assets must be covered by the minimal 8% capital requirements set by the Basel agreements. This ratio was 42% for the Japanese banks, reaching 75% for the US banks, more than twice the European level.

These solvency ratios have proved over the years to be of limited effectiveness as safeguards: in Europe, the banks that required significant injections of public capital in 2008-09, such as RBS, Lloyds Banking Group, Commerzbank and ING Groep (TABLE I.21), had, at the end of the previous year, ratios above the minimum required by the Basel agreements and, in some cases, even greater than the average for the region. In the United States, no bank had a ratio below 10% at the end of

2007, but all made use of public funds the following year; all the banks that merged or were rescued in the second half of 2008 had ratios well above the minimum requirement at the end of the quarter before the transaction.[47]

In Table I.39 we compared, for the two-year period 2012-13, and by individual bank, the risk weighted assets and the regulatory capital calculated according to the Basel criteria, respectively with tangible assets and the tangible net worth. We can see, besides the already mentioned low incidence of weighted assets on total assets, that the capital considered for regulatory purposes (the numerator of the solvency ratio) is a multiple of the tangible net worth for almost all banks of the report, and equal on average, in 2013, to 1.33 for US banks, 1.21 for European banks and 1.14 for Japanese banks. This ratio was near to one for European banks, and lower for Japanese banks, when we consider only Tier 1capital.

The same table also shows the ratio of tangible net worth to the maximum exposure to credit risk, which includes both risky assets recognised on the balance sheet and “off-balance sheet items", such as guarantees and commitments. No weighting was applied. These coefficients are much lower than those calculated according to the Basel rules, and were equal on average, in 2013, to 4.6% for European banks, 5.3% for Japanese banks (on incomplete data) and 6.3% for US banks.[48]

Table I.39 also shows the ratio of off-balance sheet assets to total tangible assets recognised in the balance sheet. The ratio was highest for

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[47] The most glaring example is Washington Mutual, which collapsed in September 2008: at June 30 of the same year, the banks had a 13.9% total capital ratio and a 9.4% Tier 1 capital ratio. The Basel I and II interbank agreements did not pay adequate attention to the risks arising from the interconnection between large financial institutions (“systemic risk”), the excesses of financial leverage, on and off the balance sheet, and the liquidity risks.

[48] These ratios are not fully comparable across different regions: for example, European banks include among off-balance sheet items only non-cancellable credit lines, while in the United States credit lines that can be cancelled without notice are also included (mostly granted to credit cards holders). Nevertheless, they can give us some idea in this respect. Note that, if European bank were able to also include in the ratio cancellable credit lines (data currently not available), their average ratios, already the lowest of the three regions, would decrease further. Equally, the ratio of off-balance sheet assets to tangible assets would be higher.

US banks where, at the end of 2013, it was equal to 44%, of which 21% was represented by the revocable credit lines to credit card holders. The ratio for the European banks was lower (15%), due to the inclusion of irrevocable credit lines alone; we should, however, remember the lower importance that retail lending has in Europe with respect to the United States, as shown in Figure I.9. Japanese banks occupy the middle ground, with the off-balance sheet asset ratio equal on average to 26%.

The total capital ratios, at 30th September 2014 for Japanese banks and at the end of 2014 for European and US banks, revised for consistency with the data of the previous year, were basically unchanged in Europe (17.4%) and in Japan (14.8%), and marginally higher in the United States (from 14.7% to 15.1%). Similarly, *Tier 1* capital was up by 0.6 percentage points in the United States to 12.8%, stable at 12.5% in Japan and marginally down to 14.3% for European banks, which therefore continue to show the highest values for both ratios.

With regard to their components, risk-weighted assets (RWA) increased by 7% in Europe, against an increase in regulatory capital of little more than 3%; in the United States, instead, the RWA increased by about 3% with respect to 2013, while regulatory capital increasing by 8% and *Tier 1* capital by 9.6%.

I.20 Preliminary results for 2014

TABLE I.45 and TABLE I.46 show the 2014 income statements and balance sheets of the major European and US banks prepared on the basis of the data available at the closing date of this report. They refer to banks that at the end of 2013 represented 83% and 92% of total assets in the respective regions; TABLE I.44 instead provides data for Japanese banks, for the first half of 2014, closing on 30th September. A summary of the annual results for European and United States bank is provided in TABLE I.23.

TABLE I.23 – PRELIMINARY RESULTS FOR THE 2014 FINANCIAL YEAR

	Europe				United States			
	2013		2014		2013		2014	
	EUR bn	*% of total income*	EUR bn	*% of total income*	USD bn	*% of total income*	USD bn	*% of total income*
Current pre-tax profit	62.2	*13.6*	95.4	*20.6*	126.4	*30.9*	126.6	*31.2*
Profit before tax	44.3	*9.7*	80.0	*17.3*	117.3	*28.7*	108.8	*26.8*
Net profit	18.5	*4.0*	45.2	*9.8*	81.2	*19.8*	74.0	*18.2*

Both European and US banks had positive net income in aggregate terms; net income for the latter was however down by 9% on the previous year, while for European banks it was up by 145%. However, as a ratio to revenues, net income at US banks was almost two times net income at European banks: 18.2% and 9.8% respectively.

Similarly, income from continuing operations before taxes increased by 53% at European banks, while at US banks it was basically unchanged. The improvement in Europe was mainly due to the lower impairment losses on loans (-42%), against increases in staff costs (+1.6%) and general expenses (+2.9%), only partly offset by revenue increases (+1.1%); with regard to the latter, only the net interest income component improved (+5.3%).[49]

For US banks there was a slight decrease in operating costs (-1.2%), in addition to a lower loan impairment loss (-5.2%). With revenues also decreasing (-0.9%), by a similar amount in absolute value, the income from continuing operations was, as we have said before, basically unchanged.[50]

The net income of Japanese banks in the first half of 2014 also increased with respect to the first half of the previous year by 27% in absolute value and almost 3 percentage points in the ratio to revenues. Income from continuing operations increased by 37%, mainly as a

[49] The increase in staff costs in Europe was entirely due to unit costs (+5.7%), while the number of employees decreased by 3.9% with respect to the previous year.

[50] The decrease in staff costs in the United States was due to a decrease in the workforce (-3.1%), while unit costs were up by 1.8%.

result of the growth in revenues (+17%) and, specifically, of the strongly positive balance on trading activity. The write-back of loan impairment provisions made in previous years continued also in the first half of 2014 (+55.7%), thanks to an improved loan quality, as the Japanese economy recovered, with the help of the devaluation of the yen with respect to the other major currencies.

TABLE I.24 provides a summary by region of the amount of loan impairment losses and write-backs recognised in the income statement; income from continuing operations in all regions benefited, to a different extent, from the lower provisions made.

TABLE I.24 – BAD LOAN WRITEOFFS BY GEOGRAPHICAL AREA IN 2014

	Bad debt writeoffs booked during financial year [1]					
	2013	2014	Change	2013 (a)	2014 (b)	Change
	EUR bn		%	*as a % of total income*		*b - a*
Europe	- 82.7	- 47.8	*- 42.2*	- 18.0	- 10.3	*+ 7.7*
	JPY bn					
Japan [2]	+ 183	+ 285	*+ 55.7*	+ 3.5	+ 4.7	*+ 1.2*
	USD bn					
United States	- 19.5	- 18.5	*- 5.2*	- 4.7	- 4.6	*+ 0.1*

[1] Net of bad debts recovered. The 2013 data has been restated in homogenous terms.
[2] The data refers to the first half years of 2013 and 2014, respectively.

Net result at European banks was penalised by the negative balance on extraordinary items, not far below the balance of 2013, with a negative impact equal to -3.3% of revenues. Among the main negative components: i) provisions for fines, penalties and disputes for 10 billion euros; ii) provisions for compensation due to clients for the sale of insurance policies linked to mortgages and of derivative hedging products to SMEs by the banks of the United Kingdom for 9.9 billion euros; iii) impairment losses for 8.1 billion euros, of which 2.9 billion for goodwill, 1.4 billion for securities portfolio (excluding trading portfolios) and 3.8 billion for other fixed assets.[51] These charges were partly offset by net capital gains on sales for about 14 billion.

For the banks of the United States, extraordinary items went from -9 billion dollars in 2013 to -17.8 billion in 2014, with a negative impact equal to 4.4 % of revenues. In both years, the main negative items were the provisions for disputes, penalties and settlements related to the sale, through securitisation, of residential mortgages later found to be low grade (17.2 billion dollars in 2013 and 23.1 billion in 2014), partly offset by capital gains on the sale of securities, equity holdings and other fixed assets.[52]

With regard to the balance-sheet position, there was an increase in total assets in all regions, more marked in Europe (+7.2%) than in the United States (+4%) and Japan (+4.7%, H1 data). The increase in assets of European banks was, however, due for about two thirds to the residual item "Other assets" (+26.5%), which includes the positive fair value of derivative products. These grew, in turn, by 31%, from 2.914 billion euros in 2013 to 3.820 billion in 2014.[53] Therefore, also in 2014, the positive balance on derivatives had a greater incidence on total on-balance-sheet asset for European banks (16.7%) than for US banks (2.5%), also due to the lower offsetting allowed by European accounting standards.

Loans to clients, which were little more than 40% of assets in all three regions, increased more substantially in Europe (+4.1%) than in

[51] In 2014, provisions for fines, penalties and disputes were recognised by BNP Paribas (6 bn), Deutsche Bank (1.6 bn), HSBC (1.4 bn) and RBS (1 bn); charges for compensation due to clients were paid by Lloyds Banking Group (4 bn), Barclays (3 bn), RBS (1.8 bn) and HSBC (1.1 bn). In 2013, impairment losses for 23.5 bn euros were recognised, of which 14.9 bn for goodwill (mainly by the Italian Unicredit for 8 bn and Intesa Sanpaolo for 4.7 bn).

[52] The main costs for disputes were recognised by Bank of America (6.1 billion dollars in 2013 and 16.4 billion in 2014), JPMorgan Chase & Co. (11.1 billion and 2.9 billion respectively) and Citigroup (3.8 billion in 2014).

[53] The positions with negative fair value also increased by 31%, from 2.906 billion in 2013 to 3.808 billion in 2014. For US banks, the credit positions increased, in the same period, from 194 to 239 billion dollars (+23%), while the debit positions went from 165 to 219 billion (+33%).

Japan (+2.1%, H1 data) and the United States (+1.4%); in any case, their rate of growth remained substantially below that of total assets.

Investments in securities increased in all regions, mainly in the United States (+7.7%) and in Europe (+5.2%), while the net balance of interbank positions continues to be on the side of the uses and includes, for European banks, the free deposits with the central banks and the ECB and, for US banks, the assets at the Federal Reserve system. For the latter, the balance of interbank positions had a net balance of 1.187 billion dollars at the end of 2014, with an 11% increase on the previous year; for European banks, instead, the balance fell from 825 to 700 billion euros (-15%).

On the funding side, funding from non-banking clients was up by 3.4% in Europe, thanks to the recovery of deposits after the fall of the previous year, by 2.9% in the United States, mainly because of new bond issues, and 3% in Japan (H1 data).

TABLE I.25 – NET DOUBTFUL LOANS BY GEOGRAPHICAL AREA AS AT 31-12-2014

	Gross doubtful loans as at 31-12-2014	Net doubtful loans [1]				Coverage ratio [1]	
		Year-end 2013	Year-end 2014	Year-end 2013	Year-end 2014	Year-end 2013	Year-end 2014
	change vs. 2013 (%)	*as a % of loans to customers*		*as a % of tangible net worth*		*%*	
Europe	- 5.3	3.61	3.27	35.9	29.8	46.2	46.5
Japan [2]	- 9.0	0.85	0.80	7.5	6.8	52.9	50.3
United States	- 17.8	1.39	1.06	7.5	5.3	60.6	63.3

[1] The period-end data has been reclassified in homogeneous terms. For methodology notes, see TABLE I.36.
[2] Data relating to 31-3-2014 and 30-9-2014 respectively.

In regard to the quality of loans to clients, the indicators improved in all three regions (TABLE I.25); however, European banks still had the highest ratios, with net non-performing loans representing 3.27% of total loans and 29.8% of tangible net worth. The European net worth ratio was over 4 times the ratio of Japanese banks and over 5 times that of US banks.

Doubtful loans, gross of adjustment provisions, decreased in absolute value by 18% in the United States and 9% in Japan, due to the improved conditions of their domestic economies, but only by little more than 5% in Europe.[54]

The cover ratio of gross loans increased by almost 3 percentage points for the banks of the United States, and decreased by a similar magnitude for the Japanese banks, which reversed the surplus provisions to the income statement. The cover ratio was instead basically unchanged for European banks, despite a 42% decrease in provisions recognised in the income statement.

Another aspect to consider is that of the assets measured at fair value that are included in the so-called "Level 3".[55] First of all, we note that the assets measured at fair value are a minority of total assets: in 2014 they were 42% for European banks and less than 30% for US banks (TABLE I.26).

[54] These changes were however affected by the changes in the areas of consolidation of the individual financial statements, resulting from sales and acquisitions, as well as by securitisation activity during the year. For the banks of the United States, the overall decrease in gross non-performing loans was the result of a decrease in non-performing loans to the retail sector (-16% with respect to 2013), which represent 89% of the total, and a decrease in non-performing loans of the corporate sector (-30%), which represent the remaining 11%.

[55] "Level 3" is a sub-class of the financial assets valued at fair value, introduced in 2008 by FAS 157 in the United States and by IFRS 7 in Europe. "Level 1" includes assets listed in regulated markets and "Level 2" those valued on the basis of listed prices of comparable assets. "Level 3" includes those assets the valuation of which is carried out using parameters that cannot be directly observed on the market, in the absence of both a reference market of any kind and the variables needed for their valuation (so-called mark-to-model approach). The value of this last category of assets is calculated in a discretionary manner by the bank on the basis of internal models and there is no guarantee that the bank will be able to sell them.

TABLE I.26 – "LEVEL 3" FINANCIAL ASSETS BY GEOGRAPHICAL AREA IN 2014

	"Level 3" financial assets [1]			Assets at fair value / Total assets		"Level 3" financial assets as a % of:			
						assets at fair value		tangible net worth	
	2013	2014	Change	2013	2014	2013	2014	2013	2014
	EUR bn		%	%		%		%	
Europe	225	270	*+ 16.5*	*39.4*	*42.2*	*2.7*	*2.8*	*23.5*	*24.8*
	USD bn								
United States	181	143	*- 21.0*	*29.9*	*29.6*	*6.5*	*5.0*	*25.8*	*18.5*

[1] For Europe, like-for-like data referring to companies which represent 83% of total assets at end-2013; the change has been calculated assuming constant exchange rates. No data available for Japanese banks.

On the basis of preliminary data, representative of 83% of the sample of European banks, "Level 3" assets were, in 2014, 270 billion euros, with a 16.5% increase on the previous year, at constant exchange rates and in consistent terms. These assets represent a minor share of financial assets at fair value, nevertheless they were almost one fourth of tangible net worth.

There was instead a 21% decrease in "Level 3" assets for United States banks but these assets were still a significantly higher percentage of financial assets at fair value (5%), while the ratio to tangible net worth has fallen significantly, to 18.5%, below the European level.

Aggregate net worth increased on 2013, in absolute terms, by 11% in Europe, 6% in the United States and 5% in Japan (for Japan with respect to the first half of the year). In the first two regions, there was also a slight increase in the ratio of own funds to total assets, but US banks still had the highest capitalisation level, almost two times that of the other two regions.

TABLE I.27 shows the main movements in 2014, excluding minority interests.

TABLE I.27 – PRIMARY CHANGES IN SHAREHOLDERS' EQUITY IN 2014

	Europe	Japan [1]	United States
	EUR bn	JPY bn	USD bn
Balance at the beginning of the year	**1,076.5**	**40,130**	**981.1**
Net profit	+ 45.2	+ 2,261	+ 74.0
Dividends distributed	- 24.8	- 502	- 21.6
Paid share capital increase	+ 49.1	+ 2	+ 23.0
Capital reimbursements and share buybacks	- 6.0	- 655	- 21.7
Changes in the securities valuation reserve [2]	+ 19.6	+ 1,319	+ 12.1
Other movements [3]	+ 38.8	+ 259	- 5.9
Balance at the end of the year	**1,198.4**	**42,814**	**1,041.0**

[1] Movements relative to the first half-year of 2014 which closed on 30 September.
[2] Changes in the valuation reserve for securities in the available-for-sale portfolio include both unrealized gains and losses arising from changes in fair value and the transfer to the income statement of accumulated gains and losses on securities sold during the year and of impairment losses that have become "permanent"; all changes are recognized net of the associated tax effect.
[3] For Europe, these were mainly conversion differences and change in the cash-flow coverage reserve.

For US banks, the main source of increase in own funds was the positive net income, while the funds returned to shareholders (dividends, capital paid back and share buybacks) were almost two times those obtained from the market; similar the movements for Japanese banks in the first half of the year, for which funding from shareholders was basically zero. The net income of Japanese banks was positively affected by the greater recovery of excess loan impairment losses.

For European banks, besides positive net income, a significant source of funds were the funds obtained from the market (through share issues and hybrid securities), which exceeded those returned to shareholders.[56]

[56] The main capital increases in Europe were those of Deutsche Bank (EUR 13.1 bn), HSBC (EUR 7.1 bn), Lloyds Banking Group (EUR 6.8 bn), Barclays (EUR 5 bn) and Crédit Agricole (EUR 4.6 bn). In the United States, JPMorgan Chase (USD 8.8 bn), Bank of America (USD 6 bn) and Citigroup (3.7 bn), mainly by issuing preference shares.

In all regions, a positive contribution also came from the increase in the securities valuation reserve, as a result of the growth of the market values of equity and fixed income securities in the portfolio.

The dividends distributed in 2014 were greater than the net income of the previous year for European banks and only equal to 27% and 15% respectively for US and Japanese banks (the latter with respect to the first half of the year).

The higher ratio of net worth to total assets resulted in decreased leverage in all three regions: to a larger extent in Europe (from 22 to 20.8) and marginally in the United States (from 12.8 to 12.1) and in Japan (from 19.8 to 19.6).

FOCUS

1. *The major Chinese banks*

The statistical section (TABLE II) shows the aggregate income statements and balance sheets for the years from 2004 to 2013 of the top ten Chinese banks in terms of total balance-sheet assets; these banks represent 58% of the Chinese banking system in terms of balance sheet assets and loans to non-banking clients and 62% in terms of deposits. The banks included are listed in TABLE III.2.

In recent years, the Chinese government has opened up the capital of local banks to investors, first by directly selling minority interests to foreign investors, usually with multi-year lock-up clauses and, more recently, by placing shares on the market aimed at listing on the Shanghai and Hong Kong Stock Exchanges.[57] The Chinese government holds the absolute majority of five out of ten banks considered (the largest ones), while in other four it holds, directly and indirectly, a percentage between 24% and 46%; only China Minsheng Banking is owned by private capital. All the banks in the sample are listed on one or both the stock exchanges mentioned.

TABLE I.28 lists the IPOs (Initial Public Offerings) and the public auctions carried out by Chinese banks since 2005, the year in which the process of opening to the market began.

[57] The European and US banks that had the largest percentage equity holdings in the capital of Chinese banks at the end of 2013 were HSBC with 19% of Bank of Communications and 10.9% of Industrial Bank and BBVA with 9.9% of China Citic Bank. With smaller holdings, 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 can hold up to 20% of the capital of a Chinese bank.

TABLE I.28 – IPOS AND PUBLIC OFFERS FOR CHINESE BANKS

Date	Company [1]	Stock market on which listed	Share placed	Amount generated
			%	EUR bn
June 2005	Bank of Communications	Hong Kong	14.70	1.8
October 2005	China Construction Bank	Hong Kong	13.56	7.8
June 2006	Bank of China	Hong Kong 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 preparation for the listing, Chinese banks have gradually been granted juridical independence, as joint-stock companies, and, under the guidance of the central government, have adopted accounting standards increasingly aligned with international standards.[58] In particular, the accounting standards for financial institutions adopted in 2001 have set rules for the valuation of non-performing loans and the recognition of future liabilities which were stricter than the previous set of rules introduced in 1993.[59] Since 2010, all the banks included in the sample have adopted international accounting standards.

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 to improving asset quality and strengthening the

[58] In 2004, only two of the banks included in the report prepared the accounts according to the IAS/IFRS accounting standards. Both in 2004 and in 200, six banks prepared their accounts according to the national accounting standards in their 2001 version; the Agricultural Bank of China continued to use the 1993 version of the national accounting standards until 2007.

[59] According to the 1993 accounting standards, banks were required to make only a generic 1% provision on the amount of risky assets on the balance sheet, including loans to clients and securities portfolio; no provision was required for potential liabilities and future losses. In the 2001 version, the banks must make a provision that keeps into account the likelihood of recovering the loan.

capital base of the major national banks, in particular, by setting up public companies for the management of financial assets, to which the largest banks transferred substantial amounts of non-performing loans and assets.[60] With regard to public capital contributions, in 2003 the Bank of China and China Construction Bank received, respectively, 186.4 and 186.2 billion yuan for capital increases; in the years covered in the report, the Industrial and Commercial Bank of China and the Agricultural Bank of China received 124.1 and 130 billion yuan in 2005 and in 2008, respectively.

Looking at the income statements of the ten-year period 2004-13, we firstly note the high incidence of net interest income on total revenues, on average 84% against 53% for the banks of the other three regions and, therefore, the more modest contribution of net fees, which however grew strongly, from 8% of revenues in 2004 to 21% in 2013; the incidence of trading activity, however, remained modest.

We also note the lower productivity of Chinese banks, measured in terms of revenues per employee: it was equal in 2013 to 171 thousand euro, 11% less than European banks and 23% less than US banks (TABLE I.7). It is also clear that performance improves as the size of the bank decreases: productivity for the bottom five banks in the ranking by total assets was in fact well above average.[61] There was however a four-fold increase in productivity from 2004 to 2013; in comparison, European and US banks have recorded increases of 12% and 15%, respectively.

[60] There were two main transactions in the years covered in the report: i) in 2005 the Industrial and Commercial Bank of China transferred bad loans to clients for 705 billion yuan, in exchange for loans to government agencies and bonds of the Chinese central bank, five-year maturity, bearing interest at the fixed rate of 1.89%; ii) in 2008, the Agricultural Bank of China transferred bad assets for 815.7 billion yuan (of which 766.8 billion in loans) in exchange for a government bond of 665.1 billion, at an annual 3.3% rate and a non-interest bearing loan to the central bank of 150.6 billion.

[61] If we exclude the lower productivity at the Agricultural Bank of China, the third bank of the country by size (118 thousand euros in 2013), the average indicator for the other banks would be equal to 190 thousand euros, just below that of European banks (excluding net income from trading).

TABLE I.29 – CHINESE BANKS: INCOME STATEMENT INDICATORS IN 2013

	China			Triad banks		
	as a % of total income	*change from 2012 (p.p.)*	*change from 2004 (p.p.)*	*as a % of total income*	*change from 2012 (p.p.)*	*change from 2004 (p.p.)*
Cost/income ratio	38.0	*- 0.9*	*- 13.6*	65.7	*- 1.1*	*+ 6.6*
Bad debt writeoffs [1]	9.0	*+ 0.2*	*- 11.2*	11.6	*- 4.6*	*+ 4.1*
Current pre-tax profit	53.0	*+ 0.7*	*+ 24.8*	22.7	*+ 5.7*	*- 10.7*
Net profit	40.7	*+ 0.2*	*+ 23.4*	13.2	*+ 2.1*	*- 7.7*
Average annual rate of growth in income		*+ 12.1%*	*+ 20.3%*		*- 0.4%*	*+1.9%*

[1] Net of bad debts recovered.

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

Current pre-tax profit of the Chinese banks in 2013 was 53% of revenues, against an average of 22.7% for the banks of the three regions. The high profitability of Chinese banks was first of all due to the strong revenue growth, which increased by 12% on the previous year, with a 20% annual average growth rate from 2004 to 2013. In comparison, Europe and the United States, the most dynamic regions, recorded annual average growth rates of 2.2% and 1.7% respectively in the same period.

The low incidence of operating costs also played a key role, with a 38% cost-income ratio in 2013, almost 28 percentage points less than the average value for the banks of the three regions. The difference was especially clear in the staff costs component, which was equal to 18.4% of revenues, against 34.2% and 36.7% respectively for United States and European banks. The cost per employee of Chinese banks has however been growing fast: +16% on average for the years from 2004 to 2013, with the workforce increasing by about 25%.[62]

The loan impairment losses in 2013 increased by 15% on the previous year in absolute value, although in the ratio to revenues they

[62] According to IMF data, retail prices in mainland China increased on average, in the same period, by 3% a year.

grew only from 8.8% to 9%. It should be remembered that, as we said before, in 2013, European and US banks reduced the loan losses provisions by 21%, and 47% respectively, while Japanese banks recorded a positive balance. However, with respect to outstanding loans to clients at the end of the year, Chinese loan loss provisions were relatively modest, being on average for the five-year period 0.5%, against 0.9% for European banks and 2% for US banks (Table I.35).

Net aggregate income in 2013 was equal to 40.7% of revenues, a ratio more than three times the average for the banks of the three regions and in constant growth in the ten-year period (from 17.3% in 2004). There was also a positive effect from lower income taxes since 2008, with a 23% tax rate in 2013.[63]

With regard to the balance-sheet, loans to clients remained the main item on the asset side, with 51% of the total assets at the end of 2013, even if its relative weight fell by almost 8 percentage points with respect to 2004.[64] In comparison, the corresponding ratio for the banks of the three regions was 45%, and remained stable throughout the period. Against the relative decrease of the loans to clients of the Chinese banks, net loans to other credit institutions increased by 6.5 percentage points. This item also includes the reserves held at the central bank, 13.5% of balance sheet assets at the end of 2013, which have been gradually increased by the government to prevent the excessive creation of liquidity of the system.[65]

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63 On 1st January 2008, the corporate income tax in China was cut to 25%, from 33% the previous year.

64 The already mentioned sales of non-performing loans, for an amount equal to 3.3% of the loans to clients at the end of 2013, contributed to the decrease in loans to clients.

65 The Chinese central bank has increased the reserve requirement for the largest banks, from 9% of 2006 to 14.5% in 2007, 15.5% in 2008 and 18.5% in 2010 for the deposits of clients in local currency and from 4% in 2006 to 5% in 2007 for those in foreign currency; the rate on the deposits in local currency was raised six more times in 2011 to reach a peak of 21.5%, then brought back down to 21% at the end of the year and 20% at the end of 2012, at which level it remained in 2013.

TABLE I.30 – CHINESE BANKS: BALANCE SHEET INDICATORS AS AT 31 DECEMBER 2013

	China			Triad banks		
	as a % of total assets	*change from 2012 (p.p.)*	*change from 2004 (p.p.)*	*as a % of total assets*	*change from 2012 (p.p.)*	*change from 2004 (p.p.)*
Securities	20.2	*+ 1.2*	*- 3.6*	23.8	*+ 0.4*	*+ 0.6*
Loans and advances to banks[1]	13,4	*- 1.6*	*+ 6.5*	5.4	*+ 2.5*	*+ 8.8*
Loans and advances to customers	51.1	*+ 1.0*	*- 7.8*	44.8	*+ 1.9*	*+ 0.1*
Other assets	2.8	*+ 0.2*	*- 0.9*	15.4	*- 3.9*	*- 0.8*
Funding from customers	78.4	*+ 0.4*	*- 8.8*	64.1	*+ 3.5*	*+ 3.0*
Other liabilities	2.6	*+ 0.2*	*+ 0.2*	18.9	*- 3.1*	*+ 4.4*
Net worth	6.5	*+ 0.2*	*+ 2.8*	6.4	*+ 0.5*	*+ 1.3*
Average annual rate of growth in total assets		*+ 10.5%*	*+ 16.9%*		*- 6.1%*	*+ 3.5%*

[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.

Looking at the loan portfolio, loans to households at the end of 2013 were 28% of the total (15.8% in 2004); of this, 17.3% were loans for house purchases. These percentages were substantially lower than those of European and, above all, US banks, although not very different from those of Japanese banks (FIGURE I.9).

The securities portfolio represented 20% of total assets, almost 4 percentage points below the average for the banks of the three regions; of this, 67% was valued at cost, while the portfolio of the banks of the three regions was mostly valued at current prices (TABLE I.18). Therefore, in 2013, only 6.8% of the balance-sheet assets of the Chinese banks included in the report were valued at fair value, against 37.5% for European banks and 28.8% for US banks. Of the assets valued at fair value, 8.3% was identified as "Level 3", that is, measured in a discretionary fashion (2.8% and 6.6% for Europe and United States, respectively).

As for quality of loans, after the "clean-up" of bad loans by the Industrial and Commercial Bank and the Agricultural Bank, already mentioned, all Chinese banks included in the report had loan loss provisions greater than non-performing loans, with an average cover ratio of gross non-performing loans equal to 2.7 in 2013 (Table I.36).[66]

On the liability side, funding consisted almost entirely in deposits of clients, with bond issues and subordinated loans in a marginal role.

Net worth, in aggregate terms, was up from 3.7% of total assets in 2004 to 6.5% in 2013: the ratio was greater than those observed at European and Japanese banks (5.4% and 5.5% respectively), lower only to that of US banks (10.7%). Similarly, the ratio of total assets (excluding intangibles) and tangible net worth shows, for Chinese banks, a 15.6 multiplier in other words a leverage effect substantially below that of European (21.8) and Japanese (20.2) banks and only higher than that of US banks (12.7) (Table I.38).

The solvency ratio for 2013 was on average 11.8%, down by more than one percentage point on the previous year, lower than those of the other three regions considered. Similarly, the Tier1 capital ratio, on average equal to 9.4%, was well below those of the banks in Europe, Japan and United States (14.6%, 12.6% and 12.2% respectively).

When assessing the significance of these ratios, we note that risk weighted assets were on average only 67% of tangible assets and that, for Chinese banks too, regulatory capital was a multiple of tangible net worth (1.3); more representative instead the Tier1 capital ratio, equal to one (Table I.39). The ratio of tangible net worth to the maximum

[66] According to the provisions of Chinese supervisory authorities, Chinese banks must divide their loans into five categories, "normal", "special mention", "substandard", "doubtful" and "loss", with a decreasing likelihood to be recovered. They also must make a generic provision of no less than 1% of the total loan portfolio, in addition to increasing specific provisions, equal respectively to 2%, 25%, 50% and 100% of the loans classified from the second to the fifth category. The last three categories are considered "not performing" and are therefore included in the data of Table I.36.

exposure to credit risk had a value of 5.3%, which places Chinese banks betweens the banks of Europe and United States; also in this case Chinese banks had values substantially below those calculated according to the Basel criteria.

2. *The major German "Landesbanken" (2007-2013)*

Table I.42 provides the aggregate financial statements of the six largest *Landesbanken* in Germany for the 2007-2013 period; the special characteristics of these banks are described in Appendix 1.[67] At the end of 2013, their total assets were 69% of those of the Deutsche Bank, the largest bank German by size, approximately 15% of the assets of the banking system of the country and 51% of those of their category.

In 2013, the *Landesbanken* recorded net aggregate losses for 84 million euros, against a net profit of 1,539 million in 2012. Net income before taxes was instead positive for 686 million, even if down from 14% in 2012 to 6% as percentage of total revenues. This decrease was the result of an increase in taxes (including deferred and prepaid taxes and provisions related to previous years): the (negative) incidence of these on revenues increased by almost 6 percentage points. For

[67] In decreasing order of total assets, the banks in question were 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 report. In the 2013 edition of this report, we also included WestLB (167,9 billion euros of total assets at the end of 2011), to which the European Commission has imposed, following the violation of the rules on the central government aid, a restructuring plan, approved in December 2011. The plan has involved the transfer, on June 30 2012, of the banking activities of deposit collection and lending to the public sector and to SMEs- with overall assets of about 43 billion euros - to a new institution (Verbundbank), sold in July to Helaba; at the same time, WestLB transferred its residual assets to the public sector agency Erste Abwicklungsanstalt (EAA), changed its name to Portigon AG and now operates only as a "service and portfolio management bank".

comparison, in 2013, net income before taxes of the sample of European banks was equal to 12.5% of revenues, and had increased substantially with respect to 2012 (7.6%).[68]

Current pre-tax result of the *Landesbanken* in 2013 was only 1.5% of total income, down sharply from 8.6% in 2102. This deterioration was almost entirely due to larger loan impairment losses, with a negative incidence on revenues increasing from 25% to 34%.

Revenues increased by 1.9% with respect to 2012: this increase was however entirely due to trading activity, while both net interest income and net operating revenues fell. Revenues were low, however, in all years included in the report, as percentage of total assets, only 1% in 2013, against 2.1% average for European banks.

The cost-income ratio of the *Landesbanken* improved by 2 percentage points in 2013, reaching 64.6%, as a result of an increase in revenues, already mentioned, and a 3% decrease in staff costs, with general expenses basically unchanged. Per-capita staff cost were however still rather high, at 87 thousand euro, 12% more than the average for European banks (TABLE I.7).

[68] In the two-year period, 2008-09, the *Landesbanken* recognised aggregate losses of 14 billion euros, equal to 36% of own funds at the beginning of the year. The largest sources of these losses were: i) negative net income from trading, 6.3 billion euros in 2008 (after -2.1 billion of 2007), which has "burnt" almost half of the operating revenues of the year; ii) the staggering increase in loan losses, from 179 million to 9.6 billion euros and from 1.8% to 56.6% of the revenues from 2007 to 2009; iii) the impairment of assets - mainly securities available for sale and fixed assets - for 4.8 billion in 2008 and 2.7 billion in 2009, which had a negative incidence on revenues of 65.9% and 15.6%, respectively. In 2009, the balance on the residual item "Extraordinary Income and Charges" was also negative, mainly as result of the 841 million euros loss recognised by BayernLB on the sale of its controlling interest in Group Hypo Alpe-Adria-Bank International to the Austrian government for the symbolic amount of one euro. The controlling interest in the Group Hypo Alpe-Adria was bought in 2007 with an investment of 2.2 billion euros and in 2009 a 900 million recapitalisation was carried out.

TABLE I.31 – BAD DEBT WRITEOFFS AND NET DOUBTFUL LOANS OF GERMAN *LANDESBANKEN*

	Annual bad debt writeoffs		Net doubtful loans		
	as a % of customer loans	as a % of net worth	as a % of customer loans	as a % of net worth	Coverage ratio %
				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]
2013	0.7	7.8	4.2	44.6	35.0 [1]

(1) The indicator does not keep into account public guarantees on losses exceeding 3.2 billion euros issued to HSH Nordbank and used, for 318 million in 2010, for 1,043 million in 2011, for 567 million in 2012 and for 744 million in 2013; including these guarantees, the cover ratio would be equal to 39.4%, 40.4,%, 36.9% and 37.2% respectively.

With regard to the quality of balance sheet assets, we firstly note the high incidence of non-performing loans, net of the corresponding provisions, both with respect to loans to clients and to net worth (TABLE I.31). In particular, non-performing loans in 2013 were equal to 45% of net worth, a value that was 14 percentage points above the average for European banks. On the other hand, the cover ratio of gross non-performing loans, equal to 35% in 2013, was below the European average by over 10 percentage points, and had, additionally, been falling since 2010.

On the basis of these indicators, the impairment losses recognised by the *Landesbanken* in the income statements since 2010, equal to an annual 0.48% of loans to clients, against a 0.83% average for European banks, do not seem sufficient to prevent the growth of non-performing loans, which went, as a percentage of total loans to clients, from 3.5% to 4.2% over the year.

Another issue related to the quality of assets is that of the financial assets valued at fair value, which were for the *Landesbank*, at the end of 2013, 29% of total assets, mostly credit positions on derivatives and securities portfolio; of the latter, 80% of the total were valued at fair value. For European banks, these percentages were instead higher, with measurement at fair value applying to 38% of assets and 92% of the securities portfolio.

TABLE I.32 – FINANCIAL SOLIDITY INDICATORS FOR GERMAN *LANDESBANKEN* AS AT YEAR-END 2013

	"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	3.3	22.5	22.8	18.8	*14.5*
Total Europe	2.8	23.1	21.8	17.4	*14.6*

[1] Not including intangibile assets.

[2] Simple average of individual banks' ratios.

Among these assets, the so-called "Level 3" assets, that is, those assets most difficult to measure and sell, were 11 billion euros, 3.3% of assets valued at fair value and 22.5% of tangible net worth (against 2.7% and 24.2% respectively in 2012). The 2013 values were aligned with the European banks' average, after the higher risk ratios reported in the years 2009-10.

The analysis of the balance sheets also reveals the lower level of capitalisation of the *Landesbanken* as a Group with respect to European banks. Net capital of the *Landesbanken* at the end of 2013 was only 4.5% of total assets, against 5.4% for European banks, even if there was an improvement with respect to 2012, due to the conversion into capital of 2.23 billion euros of subordinate liabilities by the shareholders of LB-BW. There was, therefore, a greater "leverage" effect for the *Landesbanken*, measured as the ratio between assets, net of intangible fixed assets, and tangible net worth, which in 2013 was equal to 22.8, against the 21.8 average for European banks, in itself already the highest value in the international comparison.

The total solvency ratio of the *Landesbanken* at the end of 2013 was on average equal to 18.8% of risk-weighted assets (RWA); Tier 1 capital ratio was 14.5%, a value in line with the European average. With respect to 2012, both ratios have improved by about 2 percentage points for the *Landesbanken* , as a result of RWA falling (-17.4%) more than regulatory capital (-8%).

The lower capitalisation of the *Landesbanken* is clear despite the fact that in the seven years considered these banks have received 25.3 billion euros from shareholders through share issues and other contributions (mostly in 2008-09), an amount that was equal to 65% of own funds at the beginning of the year, against only 2.7 billion of distributed dividends. Moreover, in the context of the plans of financial stabilisation promoted by the German government to address the liquidity crisis of the banking system, the German banks have been able to benefit from guarantees, granted by the central government and by the *Land* shareholders for 98.25 billion euros, of which 25.9 billion outstanding at the end of 2013.[69]

[69] These guarantees were provided in the form of commitment to take on losses on some securities portfolios and non-performing loans and for new bond issues. The banks that have benefited from these measures were HSH Nordbank (40 billion euros, plus three billion obtained in February 2013, of which ten still outstanding at the end of the year), NordLB (20 billion, of which 19.3 paid back), BayernLB (19.8 billion, of which 15 paid back), the LB-BW (15.45 billion, of which 10.4 billion still outstanding at the end of 2013). In July 2012, the European Commission closed the proceedings against Bayern LB, which was ordered to return, by 2019, 5 billion euros to the Bavarian government, corresponding to the aid received from this in 2008-09.

3. *The main Spanish saving banks (2009-2013)*

TABLE I.43 provides the aggregate financial statements of the major savings banks in Spain for the 2009-2013 period. At the end of 2013, these ten Groups represented little less than one third of assets of the financial institutions of the country and about 99% of those in their category. In the period considered the sector has undergone a strong consolidation: of 45 savings banks operating in 2009, only twelve were left at the end of 2013 and two more were object of acquisitions in 2014.[70]

The consolidation of savings banks, which are not incorporated, was usually carried out in two stages. First, the savings banks agree on a contractual basis to establish a business group that could be consolidated for accounting and regulatory purposes, creating a "central" company in charge of consolidated operational management; the savings banks take on obligations of reciprocal guarantee with regard to solvency and liquidity, set up a common treasury system and share operating results.[71] In a second stage, the savings banks holding shares in the "central" company transfer to the latter the assets and liabilities related to their banking activity, while keeping those related to their social and welfare activity.

[70] To allow the comparison over time of aggregate financial statements, the 2009 data in TABLE I.42 include the consolidated financial statements of 24 savings banks, among which all those of largest size were the object of acquisitions. With respect to the last edition of this report, we have added the Banco de Valencia, bought by La Caixa in February 2013 and Ibercaja Banco (including Banco Grupo Cajatres, bought by Ibercaja Banco in July 2013); we excluded Banco CAM, bought by the Banco Sabadell (not in the savings bank category) in December 2012. In 2014, Banco CEISS and Catalunya Banc were bought respectively by Unicaja Banco and BBVA, while control of NCG Banco (currently ABANCA Corporación Bancaria) went to the Venezuelan Banesco Group.

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

In 2012, the savings banks that had received public aid had to comply with the legal obligation to sell, at market values, to SAREB the doubtful loans made to the property sector and the property acquired as payment for the loans.[72] The savings banks included in the report have transferred to SAREB, in December 2012 and February 2013, assets for a gross balance-sheet value of 106,129 million euros (of which 74,035 million loans and 32.094 million property), for a price of 50,172 million, paid in SAREB securities guaranteed by the central government. The loss incurred was therefore equal to 55,957 million euros (52.7% of the total), in part already covered with provisions made in previous years and, for the rest, recognised in the income statement of 2012.[73]

In 2013, the Spanish savings banks recorded a positive net result of 3.5 billion euros (19.3% of revenues), after a loss of 42.7 billion in 2012 (more than two times their revenues). Net income benefited from net extraordinary revenues (mainly sales) and positive income taxes totalling 11.2 billion euros, while impairment losses (mostly on properties) had a negative effect for 2.8 billion.[74]

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[72] SAREB-*Sociedad de Gestión de Activos Procedentes de the Reestructuración Bancaria* was established in November 2012 following the agreement reached in July of that year between the Spanish Government and the European Commission, to allow financial support of the local banking sector. The capital of 4,800 million euros is held for 55% by 27 private investors (16 banks, ten insurance companies and the power company Iberdrola); the remaining 45% is held by FROB-*Fondo de Reestructuración Ordenada Bancaria*, a public entity established on July 14 2009. SAREB bought from nine banks (seven savings banks, plus Banco de Valencia and Banco Galliego) assets totalling 50,781 million euros, of which 36,695 million in December 2012 and 14,086 million in February 2013, issuing in exchange *senior* debt guaranteed by the central government for an equal amount. Of the assets acquired, 77% were loans to the property sector, the remaining 23% property. The difference with the data displayed in the text is due to Banco Galliego, which is not aggregated.

[73] The largest losses before taxes in 2012 were those of Banco Financiero y de Ahorros (-25 bn euros), Catalunya Banc (-11.3 bn) and NCG Banco (-8.1 bn).

[74] Properties include both those acquired for direct use and investment and those acquired as a result of the default of the borrower. The latter includes building already completed, work in progress and building plots. In TABLE I.43 properties are included under “Tangible fixed assets”.

Current pre-tax result was therefore negative, with a 4.6 billion loss (25.8% of revenues), even if it was a considerable improvement with respect to the 39.7 billion loss of the previous year. This improvement is mainly due to lower loan impairment losses, already mentioned, which were still over half of revenues; revenues, on the other hand, decreased by 11.5%, mainly in the net interest income component.

TABLE I.33 – BAD DEBT WRITEOFFS AND NET DOUBTFUL LOANS OF SPANISH SAVINGS BANKS

	Annual bad debt write-offs		Net doubtful loans		Coverage ratio %
	as % of customer loans	as % of net worth	as % of customer loans	as % of net worth	
				as at 31 December	
2009	1.1	11.9	2.5	26.7	53.6
2010	0.7	9.3	2.2	31.7	67.3
2011	1.1	15.2	3.7	52.7	58.9
2012	7.3	111.7	5.2	80.3	61.5
2012 *			14.4	220.5	36.8
2013 *	1.7	15.6	14.9	138.4	36.1

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

With reference to the balance-sheet position at the end of 2013, loans to clients were 53% of total assets, against 45% on average for European banks; there was a strong concentration in the property sector, with 61% of loans to clients consisting of mortgages. Analysing the quality of the credit positions, net of loan loss provisions, we note the high incidence of non-performing loans, both in the ratio to total loans (6.4%, 14.9% including restructured loans, against 3.6% average for European banks) and, above all, to net worth (59% and 138% including restructured loans, against a 31% average for European banks) (TABLE I.33). This despite the transfer of non-performing loans to SAREB in 2012 and 2013, for a net amount of 38,868 million euros, equal to 5% of the loans to clients before said transfer. At the end of 2013, loan loss provisions still covered only 36% of non-performing loans, against a 45% average for European banks, with relatively much higher gross positions: 21% against 6% for European banks.

We also note the low percentage of assets valued at fair value, 19% against a 38% average for European banks (TABLE I.34). This aspect was especially noticeable for the securities portfolios, of which, at the end of 2013, 48% were valued at cost (8% average for European banks). To this, we must add the low level of activity in derivative products, the fair value of which represented only 4% of assets, against a 12% average for European banks. Also the "Class 3" assets at fair value, those assets more difficult to evaluate and sell, were below the European average, although these data had limited significance.

TABLE I.34 – FINANCIAL SOLIDITY INDICATORS FOR SPANISH SAVINGS BANKS AS AT YEAR-END 2013

	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	18.5	2.2	8.2	107.3	20.1	12.1	*11.4*
Total Europe	37.5	2.8	23.1	38.1	21.8	17.4	*14.6*

[1] Excluding intangible assets.

[2] Simple average of the single bank ratios.

Another distinctive aspect is the high percentage of fixed assets that, at the end of 2013, were equal to 107% of net worth; among these, about 60% were tangible assets, mainly property, the latter with an incidence of 3.7% on total assets, against 0.9% average for European banks. Note that in 2012-13, savings banks completed the disposal to SAREB of properties for 11.3 billion euros at current prices.

Clients' deposits decreased by a further 9% on the previous year, after a 16% decrease in 2012 and the decrease involved all components, including, subordinate liabilities, which fell following the conversion, mandated by law, of hybrid and subordinated securities into share capital.[75] Borrowing from central banks (Banco de España and ECB, included among funding from credit institutions) remained high, at 116.3 billion euros, 13.5% of overall funding, even if down with respect to the 167.9 billion of 2012 (17.3% of funding).

Aggregate net worth at the end of 2013 was 5.7% of assets, up by over two percentage points on the previous year, just above the average for European banks (5.4%). During the year, capital increases for about 7 billion euros were carried out, following the already mentioned conversion of subordinated securities: the portion underwritten by FROB was equal to 2.17 billion (1.440 million by converting bonds previously underwritten and 730 million by conferring securities of the ESM-European Stability Mechanism).[76] Another 1,135 million were provided by FROB by underwriting convertible contingent bonds, which were included among subordinated liabilities.

We note that in 2012, FROB had underwritten capital increases for 44.8 billion euros (1 billion cash, 6.9 billion through conversion into shares of bonds previously underwritten and 36.9 billion through a contribution of securities from the ESM-European Stability Mechanism).

It must be noted that as in 2010, the aggregate net worth fell to 4.7% of assets from 6.3% in the previous year, with a decrease around

[75] Act 9/2012 has decreed that the owners of *partecipaciones preferentes* and subordinated securities must contribute to the recapitalisation of the savings banks through their mandatory conversion into shares, setting different criteria for securities with maturity before or after July 2018.

[76] FROB-*Fondo de Reestructuración Ordenada Bancaria* held at the end of 2013 100% of BFA-Banco Financiero y de Ahorros, 66.01% of Catalunya Banc and 62.75% of NCG Banco; FGD-*Fondo de Garantía de Depósitos* held, in turn, 32.39% of Catalunya Banc and 25.58% of NCG Banco.

16 billion euros. In this respect, it should be noted that the consolidation of savings banks described before occurred at current or market prices, which has involved a 23.7 billion euros adjustment of the values of the conferred assets, with a negative effect on net worth of 17.6 billion, net of tax effects and of adjustments of items on the liability side.[77]

The average solvency ratios at the end of 2013 were substantially below those of the European banks, despite the capital increases described above: over five percentage points the total capital ratio and over three percentage points the Tier 1 capital ratio. No savings bank had a solvency ratio below the 8% minimum set by the Basel agreements, as four of these did at the end of 2012.

[77] The main adjustment to the values of assets were carried out on loans to clients (-15.1 billion euros), properties (-5.9 billion) and equity holdings (-2 billion).

TABLE I.35 – BAD DEBTS WRITTEN OFF

EUROPE

BANKS	COUNTRY	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013
		BAD DEBTS WRITTEN OFF (1)														
		as % of total income					as % of loans to customers					as % of net worth				
UNICREDIT	IT	-30.0	-25.9	-23.3	-39.9	-58.8	-1.5	-1.3	-1.1	-1.8	-2.7	-13.2	-10.1	-11.0	-14.4	-27.1
LA CAIXA	ES	-25.7	-31.6	-34.7	-51.3	-55.9	-1.1	-1.2	-1.2	-1.8	-2.0	-8.6	-9.6	-9.6	-15.5	-14.6
RBS	GB	-48.4	-33.2	-29.1	-30.4	-43.9	-1.9	-1.7	-1.4	-1.1	-1.9	-14.9	-12.0	-9.5	-7.6	-14.2
INTESA SANPAOLO	IT	-19.7	-17.0	-26.0	-26.2	-42.6	-1.0	-0.8	-1.2	-1.2	-2.0	-6.4	-5.2	-8.9	-8.7	-14.9
BANCO FINANCIERO Y DE AHORROS (2)	ES	-	-9.3	-91.7	-447.1	-34.9	-	-0.2	-1.9	-13.5	-1.1	-	-7.3	-125.8	-581.1	-10.8
BANCO SANTANDER	ES	-28.8	-25.0	-25.1	-43.4	-28.8	-1.6	-1.4	-1.5	-2.6	-1.6	-15.1	-12.8	-13.1	-22.0	-13.8
BBVA	ES	-24.5	-22.3	-20.0	-34.8	-26.8	-1.6	-1.4	-1.2	-2.3	-1.7	-16.2	-12.1	-10.3	-18.0	-12.5
BAYERISCHE LANDESBANK	DE	-78.5	-20.5	-19.8	-17.0	-25.1	-2.3	-0.5	-0.4	-0.3	-0.5	-25.4	-5.0	-3.9	-3.0	-4.4
RABOBANK NEDERLAND	NL	-16.6	-9.6	-11.6	-16.8	-21.0	-0.5	-0.3	-0.3	-0.5	-0.6	-5.0	-3.0	-3.5	-5.1	-6.4
COMMERZBANK	DE	-39.8	-19.8	-11.1	-16.9	-18.9	-1.2	-0.8	-0.5	-0.6	-0.7	-15.9	-8.7	-5.6	-6.1	-6.5
LLOYDS BANKING GROUP	GB	-86.2	-45.9	-39.9	-29.8	-15.8	-2.5	-1.8	-1.4	-1.0	-0.5	-36.4	-23.1	-17.1	-11.4	-6.9
SOCIETE GENERALE	FR	-26.8	-15.7	-13.4	-16.0	-15.4	-1.6	-1.1	-0.9	-1.0	-1.0	-12.5	-8.2	-6.7	-6.7	-6.4
ING GROEP	NL	-19.4	-10.4	-9.3	-18.3	-15.1	-0.5	-0.3	-0.3	-0.5	-0.4	-7.5	-3.7	-3.3	-4.8	-4.3
CREDIT AGRICOLE	FR	-20.6	-16.7	-14.0	-20.4	-14.0	-0.9	-0.7	-0.7	-0.9	-0.6	-8.5	-6.7	-7.0	-8.3	-5.0
ABN AMRO GROUP (3)	NL	-	-11.3	-23.1	-17.0	-13.5	-	-0.3	-0.6	-0.4	-0.4	-	-6.9	-15.4	-8.7	-7.2
DANSKE BANK	DK	-44.3	-31.3	-31.4	-26.5	-13.1	-1.4	-0.7	-0.7	-0.7	-0.3	-25.5	-13.2	-10.5	-9.1	-3.7
LANDESBANK BADEN-WUERTTEMBERG	DE	-37.0	-22.7	-5.9	-6.3	-12.8	-1.0	-0.4	-0.1	-0.1	-0.3	-14.5	-4.7	-1.6	-1.4	-2.3
KfW	DE	-32.2	14.2	6.4	-4.5	-11.9	-1.0	0.4	0.2	-0.1	-0.3	-7.4	2.7	1.0	-0.7	-1.5
BARCLAYS	GB	-25.1	-18.4	-12.7	-14.7	-11.6	-1.4	-1.0	-0.7	-0.6	-0.6	-12.7	-9.0	-5.7	-5.6	-5.0
BNP PARIBAS	FR	-20.7	-10.9	-8.3	-10.1	-10.7	-1.2	-0.7	-0.5	-0.6	-0.7	-10.4	-5.6	-4.2	-4.1	-4.4
HSBC HOLDINGS	GB	-37.6	-19.7	-15.5	-13.1	-9.6	-2.6	-1.3	-1.1	-0.7	-0.5	-18.3	-8.7	-6.9	-4.5	-3.2
DZ BANK	DE	-14.5	-5.0	-10.4	-10.2	-9.2	-0.6	-0.2	-0.3	-0.4	-0.4	-6.7	-2.4	-3.7	-4.2	-3.8
GROUPE BPCE	FR	-18.8	-5.9	-5.5	-7.6	-8.9	-0.9	-0.3	-0.2	-0.3	-0.4	-8.7	-2.7	-2.6	-3.2	-3.5
CREDIT MUTUEL	FR	-17.2	-9.9	-8.2	-8.1	-8.7	-0.8	-0.4	-0.3	-0.3	-0.4	-7.7	-4.3	-3.4	-3.0	-3.2
STANDARD CHARTERED	GB	-14.0	-5.6	-5.2	-6.6	-8.7	-1.0	-0.4	-0.3	-0.4	-0.5	-7.2	-2.3	-2.2	-2.6	-3.5
NORDEA	SE	-16.7	-9.7	-7.9	-9.3	-7.7	-0.5	-0.3	-0.2	-0.3	-0.2	-6.6	-3.6	-2.8	-3.3	-2.6
DEUTSCHE BANK (4)	DE	-9.3	-4.2	-5.5	-5.2	-6.6	-0.9	-0.3	-0.4	-0.4	-0.5	-6.9	-2.5	-3.4	-3.2	-3.8
DNB	NO	-21.3	-7.9	-8.5	-7.8	-4.8	-0.7	-0.3	-0.3	-0.2	-0.2	-7.6	-2.7	-2.9	-2.5	-1.5
SVENSKA HANDELSBANKEN	SE	-10.2	-4.8	-2.5	-3.6	-3.3	-0.2	-0.1	-0.1	-0.1	-0.1	-4.1	-1.7	-0.9	-1.2	-1.1
SEB	SE	-30.8	-5.9	2.7	-3.0	-3.0	-1.1	-0.2	0.1	-0.1	-0.1	-12.5	-2.2	0.9	-1.0	-1.0
CREDIT SUISSE GROUP	CH	-1.6	0.3	-0.8	-0.8	-0.7	-0.2	0.0	-0.1	-0.1	-0.1	-1.0	0.2	-0.5	-0.4	-0.4
UBS	CH	-7.5	-0.2	-0.3	-0.5	-0.5	-0.5	0.0	0.0	0.0	0.0	-3.8	-0.1	-0.1	-0.2	-0.3
Average		**-27.6**	**-16.5**	**-15.4**	**-21.8**	**-17.6**	**-1.3**	**-0.8**	**-0.7**	**-1.0**	**-0.8**	**-12.5**	**-7.4**	**-6.8**	**-8.4**	**-6.8**

(1) Net of bad debts recovered. Companies no longer existing in their previous form as at 31 December 2013 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) Company operative since 2010 following the combination of the former ABN AMRO and Fortis groups' activities in the Netherlands.
(4) In 2010 includes Deutsche Postbank.

TABLE I.35 – BAD DEBTS WRITTEN OFF

JAPAN

BANKS	BAD DEBTS WRITTEN OFF (1)														
	2009-10	2010-11	2011-12	2012-13	2013-14	2009-10	2010-11	2011-12	2012-13	2013-14	2009-10	2010-11	2011-12	2012-13	2013-14
	as % of total income					as % of loans to customers					as % of net worth				
SHOKO CHUKIN BANK	-39.0	-26.5	-30.8	-28.9	-30.3	-0.6	-0.4	-0.5	-0.5	-0.5	-6.5	-4.6	-5.5	-5.1	-5.2
SHINKIN CENTRAL BANK	-12.1	+18.1	-4.3	-1.3	-10.6	-0.2	+0.3	-0.1	-0.0	-0.2	-1.2	+1.6	-0.4	-0.1	-0.9
SHINSEI BANK	-38.6	-25.7	-21.9	-2.9	-7.9	-1.8	-1.4	-1.0	-0.1	-0.3	-16.0	-10.4	-7.2	-0.8	-2.2
BANK OF YOKOHAMA	-26.5	-13.2	-6.3	-7.6	-5.8	-0.7	-0.3	-0.2	-0.2	-0.1	-8.1	-3.8	-1.8	-2.0	-1.5
FUKUOKA FINANCIAL GROUP	-13.6	-9.5	-13.4	-4.8	-4.9	-0.3	-0.2	-0.3	-0.1	-0.1	-4.2	-2.8	-3.7	-1.2	-1.2
JOYO BANK	-15.0	-18.8	-8.4	-8.2	-4.8	-0.4	-0.5	-0.2	-0.2	-0.1	-4.1	-5.1	-2.1	-1.8	-1.0
CHIBA BANK	-12.4	-7.4	-3.4	-7.6	-1.9	-0.3	-0.2	-0.1	-0.2	0.0	-3.6	-2.0	-0.8	-1.7	-0.4
SHIZUOKA BANK	-14.0	-4.6	-0.1	-0.2	-0.2	-0.4	-0.1	0.0	0.0	0.0	-3.0	-1.0	0.0	0.0	0.0
NORINCHUKIN BANK	-516.5	+21.8	+166.7	-22.6	+0.7	-1.2	+0.2	+0.1	-0.1	0.0	-3.8	+0.6	+0.2	-0.2	0.0
SUMITOMO MITSUI TRUST HOLDINGS	-3.7	+2.1	-1.0	+1.1	+1.4	-0.1	+0.1	0.0	0.0	0.0	-1.0	+0.5	-0.3	+0.3	+0.4
HOKUHOKU FINANCIAL GROUP	-16.0	-8.7	-6.7	-10.9	+1.5	-0.4	-0.2	-0.2	-0.2	0.0	-6.6	-3.4	-2.4	-3.5	+0.4
SUMITOMO MITSUI FINANCIAL GROUP	-17.4	-9.3	-3.7	-6.0	+2.1	-0.6	-0.3	-0.1	-0.2	+0.1	-5.4	-3.0	-1.2	-1.9	+0.7
MITSUBISHI UFJ FINANCIAL GROUP	-17.0	-9.5	-6.2	-4.1	+3.4	-0.7	-0.3	-0.2	-0.1	+0.1	-7.1	-3.4	-2.5	-1.3	+0.8
RESONA HOLDINGS	-16.5	-8.9	-1.4	+2.7	+4.3	-0.4	-0.2	0.0	+0.1	+0.1	-4.8	-3.5	-0.5	+0.8	+1.3
MIZUHO FINANCIAL GROUP	-15.7	-0.9	+1.5	-5.8	+5.6	-0.5	0.0	0.0	-0.2	+0.2	-5.3	-0.3	+0.4	-1.4	+1.4
Average	**-18.0**	**-7.6**	**-4.3**	**-4.8**	**+2.0**	**-0.6**	**-0.2**	**-0.1**	**-0.1**	**+0.1**	**-5.3**	**-2.1**	**-1.2**	**-1.2**	**+0.5**

(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 2014 are not included.

TABLE I.35 – BAD DEBTS WRITTEN OFF

UNITED STATES

BANKS	BAD DEBTS WRITTEN OFF (1)														
	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013
	as % of total income					as % of loans to customers					as % of net worth				
CAPITAL ONE FINANCIAL	-33.1	-27.9	-16.0	-23.0	-16.8	-4.9	-3.8	-2.0	-2.4	-1.9	-15.9	-17.1	-8.7	-11.8	-9.0
ALLY FINANCIAL	-115.8	-6.6	-4.5	-6.5	-12.1	-6.5	-0.4	-0.2	-0.3	-0.5	-30.0	-2.2	-1.1	-1.7	-3.5
CITIGROUP	-50.7	-29.6	-15.2	-14.9	-10.2	-7.0	-4.1	-1.9	-1.7	-1.2	-25.2	-15.1	-6.6	-5.7	-3.7
BB&T	-32.9	-31.8	-18.1	-13.7	-9.1	-2.7	-2.7	-1.5	-1.2	-0.8	-17.3	-17.2	-9.3	-6.5	-3.9
U.S. BANCORP	-33.0	-24.3	-12.6	-9.3	-6.9	-2.8	-2.2	-1.1	-0.8	-0.6	-20.8	-14.4	-6.7	-4.7	-3.2
SUNTRUST BANKS	-52.3	-31.6	-18.1	-16.4	-6.8	-3.5	-2.3	-1.2	-1.1	-0.4	-18.0	-11.5	-7.5	-6.6	-2.6
BANK OF AMERICA	-48.4	-25.9	-14.7	-10.1	-4.2	-5.9	-3.0	-1.5	-0.9	-0.4	-23.0	-12.4	-5.8	-3.4	-1.5
THE PNC FINANCIAL SERVICES GROUP	-25.7	-16.7	-8.1	-6.5	-4.1	-2.5	-1.7	-0.7	-0.5	-0.3	-12.1	-7.6	-3.1	-2.4	-1.5
FIFTH THIRD BANCORP	-59.1	-24.8	-7.0	-4.8	-3.4	-4.8	-2.0	-0.5	-0.3	-0.2	-27.0	-10.9	-3.2	-2.2	-1.5
WELLS FARGO & COMPANY	-26.1	-19.4	-10.0	-8.6	-2.8	-2.7	-2.0	-1.0	-0.9	-0.3	-18.9	-12.3	-5.6	-4.5	-1.4
REGIONS FINANCIAL	-56.3	-44.1	-23.5	-3.8	-2.6	-4.0	-3.5	-2.0	-0.3	-0.2	-19.8	-17.1	-9.3	-1.4	-0.9
JPMORGAN CHASE & CO.	-32.2	-16.7	-7.9	-3.6	-0.2	-5.1	-2.4	-1.0	-0.4	0.0	-19.3	-9.4	-4.1	-1.7	-0.1
THE BANK OF NEW YORK MELLON	-4.0	-0.8	0.0	+0.6	+0.2	-1.4	-0.3	0.0	+0.2	+0.1	-1.8	-0.4	0.0	+0.2	+0.1
Average	**-39.1**	**-22.7**	**-11.8**	**-9.3**	**-4.9**	**-4.7**	**-2.7**	**-1.3**	**-0.9**	**-0.5**	**-20.7**	**-11.8**	**-5.4**	**-3.9**	**-2.0**

(1) Net of bad debts recovered. Companies no longer existing in their previous form as at 31 December 2013 are not included.

TABLE I.35 – BAD DEBTS WRITTEN OFF

CHINA

BANKS	BAD DEBTS WRITTEN OFF (1)														
	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013
	as % of total income					as % of loans to customers					as % of net worth				
INDUSTRIAL BANK	-1.8	-5.4	-4.7	-13.9	-15.5	-0.1	-0.3	-0.3	-1.0	-1.2	-0.9	-2.5	-2.4	-7.1	-8.4
BANK OF COMMUNICATIONS	-14.2	-12.3	-10.5	-10.6	-12.3	-0.6	-0.6	-0.5	-0.5	-0.6	-6.9	-5.6	-4.6	-3.9	-4.5
CHINA MINSHENG BANKING	-13.4	-10.1	-10.4	-9.3	-12.0	-0.6	-0.5	-0.7	-0.6	-0.8	-5.6	-5.2	-6.2	-5.4	-6.7
CHINA CITIC BANK	-6.0	-8.2	-9.2	-14.6	-11.4	-0.2	-0.4	-0.5	-0.8	-0.6	-2.3	-3.7	-4.0	-6.5	-5.2
AGRICULTURAL BANK OF CHINA	-19.9	-14.9	-16.6	-12.9	-11.3	-1.1	-0.9	-1.2	-0.9	-0.8	-12.9	-8.0	-9.6	-7.3	-6.2
SHANGHAI PUDONG DEVELOPMENT BANK	-8.4	-9.1	-10.5	-9.7	-10.9	-0.3	-0.4	-0.5	-0.5	-0.6	-4.5	-3.7	-4.8	-4.5	-5.2
CHINA CONSTRUCTION BANK	-9.2	-7.9	-8.2	-8.4	-8.4	-0.5	-0.5	-0.5	-0.5	-0.5	-4.3	-3.7	-4.0	-4.0	-4.0
CHINA MERCHANTS BANK	-6.0	-7.9	-8.7	-5.0	-7.8	-0.3	-0.4	-0.5	-0.3	-0.5	-3.3	-4.2	-5.0	-2.7	-3.8
INDUSTRIAL AND COMMERCIAL BANK OF CHINA	-7.2	-7.3	-6.8	-6.2	-6.6	-0.4	-0.4	-0.4	-0.4	-0.4	-3.2	-3.4	-3.3	-2.9	-3.0
BANK OF CHINA	-7.2	-6.0	-6.3	-5.6	-5.9	-0.3	-0.3	-0.3	-0.3	-0.3	-2.9	-2.3	-2.5	-2.2	-2.4
Average	**-10.2**	**-9.1**	**-9.4**	**-8.8**	**-9.0**	**-0.5**	**-0.5**	**-0.6**	**-0.5**	**-0.5**	**-4.9**	**-4.2**	**-4.6**	**-4.2**	**-4.2**

(1) Net of bad debts recovered.

TABLE I.36 – DOUBTFUL LOANS

EUROPE

BANKS (3)	COUNTRY	DOUBTFUL LOANS (1) as % of loans to customers					DOUBTFUL LOANS (1) as % of net worth					COVERAGE RATIO (2) %				
		2009	2010	2011	2012	2013	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013
CREDIT SUISSE GROUP	CH	0.4	0.3	0.3	0.3	0.2	1.9	2.0	2.0	1.9	1.3	60.7	54.6	53.0	53.3	58.4
SEB	SE	0.9	0.8	0.6	0.4	0.2	10.4	8.6	6.2	4.5	2.4	63.4	64.0	61.9	64.1	69.0
SVENSKA HANDELSBANKEN	SE	0.3	0.3	0.3	0.3	0.3	5.2	5.7	4.5	4.9	4.3	55.4	52.5	49.3	44.0	44.7
UBS	CH	1.3	1.1	0.5	0.4	0.3	9.9	7.3	3.4	3.3	2.4	35.5	22.4	29.4	30.1	36.0
KfW	DE	0.9	0.9	1.5	1.6	1.0	6.4	5.6	9.6	9.0	5.8	88.5	85.5	73.7	49.2	60.0
BAYERISCHE LANDESBANK	DE	1.5	2.1	1.6	1.6	1.1	17.0	22.9	17.6	15.3	10.4	45.4	40.9	48.0	49.4	57.9
NORDEA	SE	0.9	0.9	1.0	1.3	1.2	11.7	11.6	13.4	16.1	13.8	44.7	46.8	41.1	38.3	40.9
CREDIT AGRICOLE (4)	FR	0.5	1.0	1.1	1.1	1.3	4.9	9.2	11.2	11.1	11.1	85.8	77.6	76.2	73.5	71.6
LANDESBANK BADEN-WUERTTEMBERG	DE	1.3	2.3	1.9	1.9	1.3	18.5	30.0	24.4	21.3	9.8	63.1	52.3	54.3	53.0	62.3
DNB	NO	1.4	1.4	1.3	1.3	1.4	15.8	14.5	14.3	13.3	13.3	41.5	42.2	42.5	42.2	40.6
CREDIT MUTUEL	FR	1.7	1.6	1.4	1.5	1.6	16.8	15.3	14.1	13.9	13.6	61.6	64.0	65.1	63.4	65.4
DEUTSCHE BANK	DE	2.1	1.3	1.8	1.7	1.6	16.3	11.6	14.4	13.3	11.5	35.1	36.1	34.6	39.3	47.0
DANSKE BANK	DK	1.2	1.4	1.2	1.5	1.9	21.0	24.4	17.5	21.1	24.2	61.9	60.8	68.4	61.1	56.4
RABOBANK NEDERLAND	NL	1.3	1.3	1.5	1.7	2.0	14.0	14.3	15.9	17.9	22.4	44.7	39.3	29.7	31.3	31.2
ING GROEP (4)	NL	1.1	1.5	1.3	1.9	2.0	17.0	20.0	16.7	19.1	21.8	39.4	35.5	37.0	33.2	34.7
DZ BANK	DE	2.0	2.2	1.5	1.8	2.2	23.3	24.0	16.3	17.7	19.1	50.8	44.3	56.5	52.9	48.5
GROUPE BPCE (4)	FR	1.8	2.0	2.1	2.5	2.5	18.1	20.6	22.7	25.7	24.3	55.7	51.5	50.2	45.4	46.5
STANDARD CHARTERED (4)	GB	0.5	0.7	0.7	1.7	2.7	3.6	4.5	4.5	11.0	17.4	73.2	59.9	58.8	38.1	29.7
HSBC HOLDINGS (4)	GB	1.9	2.0	2.3	3.2	2.7	13.5	13.3	14.6	19.4	16.2	58.0	49.2	41.7	31.2	33.0
BARCLAYS (4)	GB	2.3	3.6	3.7	3.5	2.9	19.8	31.3	30.8	30.8	26.0	48.1	38.9	34.5	33.2	30.4
BNP PARIBAS	FR	2.0	2.4	2.5	2.7	3.1	17.1	19.0	19.3	17.6	21.1	64.8	62.1	62.8	61.4	58.1
SOCIETE GENERALE	FR	3.3	3.0	3.0	3.1	3.2	24.8	22.9	22.6	21.4	21.2	52.1	56.7	59.2	57.7	59.3
ABN AMRO GROUP (5)	NL	-	1.6	1.2	2.8	3.3	-	36.2	27.7	55.8	66.0	-	49.4	63.6	41.3	35.7
COMMERZBANK	DE	3.6	3.9	4.0	4.1	3.6	48.4	44.4	47.7	42.2	33.2	41.9	41.7	40.1	40.1	42.6
RBS (4)	GB	3.0	3.8	4.2	5.8	5.2	23.2	27.6	28.7	41.3	38.7	43.9	46.0	47.5	42.1	52.3
LLOYDS BANKING GROUP (4)	GB	5.7	6.4	6.2	8.2	6.3	82.3	81.9	76.1	97.3	83.4	41.7	43.5	43.9	33.4	32.4
BANCO SANTANDER (4)	ES	0.9	1.1	1.6	6.6	6.8	8.4	10.1	14.9	56.1	56.8	74.3	70.6	60.5	35.0	35.4
UNICREDIT	IT	5.0	6.3	6.7	7.6	7.3	44.4	50.7	68.0	62.0	72.2	51.5	49.0	48.6	48.3	56.0
BBVA (4)	ES	2.0	1.8	1.8	7.4	8.2	20.8	15.7	15.4	59.0	59.3	57.4	61.2	60.1	35.6	36.0
INTESA SANPAOLO	IT	5.1	5.2	5.5	7.2	8.7	33.5	34.3	40.9	51.6	63.5	47.7	49.8	53.2	47.9	50.3
LA CAIXA (4)	ES	1.4	1.2	2.2	10.5	12.3	11.3	9.9	16.6	89.4	88.7	61.1	69.4	59.5	35.1	38.3
BANCO FINANCIERO Y DE AHORROS (6)	ES	-	2.4	2.9	13.1	17.7	-	74.6	198.3	567.7	171.3	-	67.8	70.1	40.1	34.5
Average		**2.3**	**2.4**	**2.5**	**3.7**	**3.6**	**21.6**	**22.5**	**23.1**	**31.9**	**30.6**	**53.0**	**52.1**	**51.8**	**43.2**	**45.4**

(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 2013.
(4) Data restated in 2012, including restructured debts among bad debts even if they do not constituted impaired exposures.
(5) Company operative since 2010 following the combination of the former ABN AMRO and Fortis groups' activities in the Netherlands. Data restated in 2012 (cf. note 4 above).
(6) 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 4 above).

TABLE I.36 - DOUBTFUL LOANS

JAPAN

BANKS (3)	DOUBTFUL LOANS (1)										COVERAGE RATIO (2)				
	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
	as % of loans to customers					as % of net worth					%				
SHINKIN CENTRAL BANK (4)	-	-	0.2	0.2	-	-	-	0.8	0.7	-	102.4	123.9	76.7	76.0	106.1
NORINCHUKIN BANK	o	0.3	0.3	0.3	0.2	0.1	1.0	0.8	0.9	0.5	98.5	86.6	85.0	77.0	85.1
SUMITOMO MITSUI TRUST HOLDINGS	0.6	0.6	0.4	0.8	0.5	6.8	5.9	3.7	7.7	5.4	48.2	48.9	63.7	42.6	45.7
MIZUHO FINANCIAL GROUP	0.7	0.8	0.9	0.9	0.6	7.1	7.1	7.9	8.1	5.0	68.1	61.9	56.1	54.0	59.9
SUMITOMO MITSUI FINANCIAL GROUP	0.7	0.9	1.3	1.1	0.8	6.6	8.2	11.4	9.0	6.4	69.8	64.3	54.2	55.1	56.6
MITSUBISHI UFJ FINANCIAL GROUP	0.8	1.0	1.0	1.0	0.9	7.6	9.5	10.1	9.0	7.4	65.5	60.1	59.0	57.5	53.8
FUKUOKA FINANCIAL GROUP	0.9	1.0	1.3	1.2	0.9	11.0	12.3	16.2	13.9	11.5	67.1	64.4	57.7	59.9	64.7
BANK OF YOKOHAMA	1.7	1.4	1.5	1.5	1.5	19.0	15.4	16.3	16.1	14.9	39.4	42.1	36.3	32.3	34.5
CHIBA BANK	1.2	1.2	1.5	1.6	1.5	14.1	13.9	16.4	17.3	15.2	40.6	40.2	31.5	30.6	30.1
RESONA HOLDINGS	1.0	1.3	1.5	1.6	1.5	11.6	20.4	20.1	19.5	20.0	62.4	56.7	50.6	41.8	39.6
JOYO BANK	1.7	2.1	2.2	2.0	1.5	19.4	23.8	24.5	20.6	15.5	32.0	33.4	31.7	33.0	37.0
SHIZUOKA BANK	2.3	2.4	2.3	2.0	1.5	19.6	22.1	20.5	17.3	13.4	39.2	35.5	33.1	31.7	34.5
SHINSEI BANK	4.4	4.4	4.5	3.4	1.9	38.6	33.2	32.5	23.7	13.0	44.5	49.5	47.0	50.0	59.4
HOKUHOKU FINANCIAL GROUP	1.9	2.0	2.2	2.3	2.0	31.7	33.5	35.6	34.3	28.7	40.3	36.2	33.1	30.9	29.0
SHOKO CHUKIN BANK	0.8	0.9	1.3	1.9	2.4	8.6	9.2	14.0	19.6	25.4	77.3	74.0	64.9	56.6	51.2
Average	**0.9**	**1.0**	**1.1**	**1.2**	**0.9**	**8.1**	**9.0**	**10.1**	**9.4**	**7.3**	**63.8**	**59.5**	**54.5**	**52.0**	**52.6**

(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 2014.

(4) In 2010 and 2011 and 2014 provisions exceed doubtful loans.

TABLE I.36 - DOUBTFUL LOANS

UNITED STATES

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					%				
CAPITAL ONE FINANCIAL	-	-	-	-	-	-	-	-	-	-	121.0	153.3	115.0	128.9	126.6
THE BANK OF NEW YORK MELLON	1.3	-	-	0.2	-	1.6	-	-	0.2	-	51.5	116.9	112.3	76.2	101.9
THE PNC FINANCIAL SERVICES GROUP	1.0	0.7	0.6	0.4	0.4	4.7	3.2	2.3	1.7	1.9	76.8	82.5	83.3	85.0	81.2
BB&T	0.4	1.6	0.8	0.7	0.4	2.3	10.3	5.1	3.9	2.1	87.4	61.5	71.8	70.9	78.0
ALLY FINANCIAL	4.4	3.6	2.8	0.4	0.5	20.1	19.5	17.7	2.5	3.6	36.9	31.9	30.4	70.3	70.1
U.S. BANCORP	1.0	1.6	1.7	1.2	0.8	7.6	10.4	10.5	6.9	4.6	71.6	62.8	56.3	61.4	68.7
JPMORGAN CHASE & CO.	-	0.2	o	0.7	1.0	-	0.9	0.1	2.5	3.4	134.0	95.2	99.2	81.3	69.4
SUNTRUST BANKS	2.1	3.3	2.7	1.6	1.3	10.8	16.6	16.6	9.4	8.1	56.1	43.7	42.5	52.4	54.0
BANK OF AMERICA	1.0	0.6	0.9	1.3	1.4	3.9	2.3	3.4	5.1	5.4	80.5	88.9	81.2	66.5	58.0
FIFTH THIRD BANCORP	-	1.2	1.8	1.4	1.7	-	6.8	10.8	9.0	10.4	101.2	75.9	61.1	59.9	51.0
CITIGROUP	-	1.5	2.3	2.4	1.9	-	5.6	7.8	7.9	6.1	108.3	81.4	68.2	62.8	61.2
REGIONS FINANCIAL	1.5	2.9	4.3	4.1	2.4	7.7	14.0	19.7	19.4	11.1	69.3	57.6	45.8	39.0	43.3
WELLS FARGO & CO.	0.7	2.1	2.5	2.6	2.5	5.0	12.9	14.0	13.6	12.0	81.0	58.3	49.4	44.1	41.4
Average	**0.7**	**1.2**	**1.4**	**1.5**	**1.4**	**3.1**	**5.4**	**6.1**	**6.2**	**5.7**	**91.1**	**77.9**	**70.0**	**63.6**	**59.2**

(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 2013.

TABLE I.36 - DOUBTFUL LOANS

CHINA

BANKS	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					%				
AGRICULTURAL BANK OF CHINA	-	-	-	-	-	-	-	-	-	-	105.4	168.1	258.7	316.5	357.2
INDUSTRIAL BANK	-	-	-	-	-	-	-	-	-	-	242.8	328.3	358.4	438.3	337.9
CHINA CONSTRUCTION BANK	-	-	-	-	-	-	-	-	-	-	170.4	221.1	241.4	271.3	266.7
CHINA MERCHANTS BANK	-	-	-	-	-	-	-	-	-	-	245.8	303.7	401.3	355.7	263.1
INDUSTRIAL AND COMMERCIAL BANK OF CHINA	-	-	-	-	-	-	-	-	-	-	163.1	226.9	266.8	295.5	257.2
CHINA MINSHENG BANKING	-	-	-	-	-	-	-	-	-	-	190.3	267.6	355.6	301.0	250.1
BANK OF CHINA	-	-	-	-	-	-	-	-	-	-	148.1	192.0	220.4	235.5	229.0
BANK OF COMMUNICATIONS	-	-	-	-	-	-	-	-	-	-	136.8	183.0	256.4	250.7	213.7
SHANGHAI PUDONG DEVELOPMENT BANK	-	-	-	-	-	-	-	-	-	-	245.6	371.5	478.9	297.6	212.7
CHINA CITIC BANK	-	-	-	-	-	-	-	-	-	-	145.0	208.9	264.1	273.1	195.8
Average (3)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**147.9**	**206.2**	**260.8**	**285.6**	**268.0**

(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.37 – PROFITABILITY AND FREE CAPITAL RATIOS

EUROPE

BANKS (1)	COUNTRY	COST / INCOME RATIO 2009	2010	2011	2012	2013	ROE 2009	2010	2011	2012	2013	FREE CAPITAL 2009	2010	2011	2012	2013
		%					%					as % of funding from customers				
KfW	DE	24.6	24.2	26.2	26.5	37.8	9.4	20.0	13.1	13.0	6.6	2.9	3.2	3.1	3.7	4.0
DNB	NO	45.6	43.0	45.0	47.1	43.6	9.5	15.4	12.4	11.9	14.1	3.2	3.4	3.0	3.3	4.1
SVENSKA HANDELSBANKEN	SE	48.0	47.8	47.3	46.3	47.0	14.1	14.3	15.0	15.8	14.7	4.2	4.5	4.1	4.8	4.7
NORDEA	SE	48.6	50.7	53.9	49.3	49.9	11.6	12.2	11.2	12.4	11.9	4.2	4.0	3.8	3.9	4.2
DZ BANK	DE	52.9	49.9	72.1	56.2	50.3	2.3	15.6	6.4	9.5	14.3	2.1	2.2	2.4	3.3	4.4
SEB	SE	57.0	63.6	61.8	56.8	52.0	1.1	7.3	11.4	11.9	13.7	4.2	4.2	4.3	4.3	5.0
STANDARD CHARTERED	GB	55.7	57.4	57.1	55.0	54.5	14.1	12.8	13.5	12.1	9.7	5.1	6.7	6.3	5.5 [2]	4.9 [2]
ING GROEP	NL	64.0	57.9	58.5	64.7	57.4	n.c.	7.4	13.1	7.4	7.3	-0.1	1.1	2.7	4.1 [2]	4.1 [2]
BANCO SANTANDER	ES	46.9	46.7	52.3	50.8	57.8	15.0	12.2	7.5	3.0	6.6	3.6	3.2	2.2	-1.6 [2]	-2.0 [2]
BBVA	ES	45.4	47.7	52.1	53.5	58.5	16.6	14.5	8.4	4.2	5.5	1.3	2.2	1.7	-3.1 [2]	-2.2 [2]
BAYERISCHE LANDESBANK	DE	47.2	45.1	56.6	61.3	58.8	n.c.	4.9	0.7	5.3	0.8	3.6	3.4	4.8	6.0	8.2
HSBC HOLDINGS	GB	51.5	54.6	55.2	61.2	59.3	4.7	9.7	11.8	8.7	9.8	3.8	4.5	4.8	5.0 [2]	5.6 [2]
BANCO FINANCIERO Y DE AHORROS (3)	ES	-	64.8	75.7	69.2	61.6	-	10.7	n.c.	n.c.	29.8	-	-6.8	-8.5	-14.3 [2]	-11.1 [2]
INTESA SANPAOLO	IT	62.8	65.4	64.0	61.6	62.5	5.6	5.3	n.c.	3.3	n.c.	0.4	0.4	1.3	0.3	0.5
DANSKE BANK	DK	44.4	56.3	59.1	52.9	62.5	1.7	3.6	1.4	3.6	5.1	1.1	1.1	2.5	2.7	2.9
CREDIT MUTUEL	FR	60.9	60.9	64.1	67.8	64.6	6.6	9.9	6.8	6.1	7.0	3.2	3.5	3.7	4.2	4.4
ABN AMRO GROUP (4)	NL	-	82.8	69.8	68.3	65.3	-	n.c.	6.2	7.3	9.4	-	1.4	1.7	1.1 [2]	0.6 [2]
CREDIT AGRICOLE	FR	60.9	63.9	53.2	65.3	65.6	4.2	5.3	1.2	n.c.	7.2	3.7	3.8	3.7	4.1 [2]	4.8 [2]
LLOYDS BANKING GROUP	GB	71.0	57.1	65.0	70.2	68.4	7.0	n.c.	n.c.	n.c.	n.c.	-1.8	-1.7	-1.3	-2.7 [2]	-1.7 [2]
BNP PARIBAS	FR	57.7	60.1	61.2	69.1	68.7	9.2	11.7	8.7	8.3	5.8	2.2	2.5	2.7	5.1	4.5
GROUPE BPCE	FR	74.1	67.3	67.8	70.5	70.6	1.2	8.3	6.3	4.4	5.5	3.4	3.5	3.5	3.7 [2]	4.2 [2]
BARCLAYS	GB	60.4	64.3	64.8	76.8	70.7	24.8	7.5	5.7	n.c.	1.0	4.8	3.7	4.0	4.0 [2]	4.8 [2]
UNICREDIT	IT	59.8	64.1	66.1	66.4	71.0	2.9	2.1	n.c.	1.4	n.c.	-1.1	-1.5	-2.5	-1.1	-1.1
RABOBANK NEDERLAND	NL	68.3	63.6	62.6	67.9	71.6	6.6	7.5	6.3	4.8	5.1	3.0	3.5	3.9	3.5	2.8
SOCIETE GENERALE	FR	72.3	62.4	66.2	74.0	72.8	1.6	9.2	5.3	1.6	4.5	2.3	2.7	2.7	3.4	3.3
LANDESBANK BADEN-WUERTTEMBERG	DE	45.5	85.3	67.2	81.9	73.4	n.c.	n.c.	0.9	4.0	2.6	0.3	0.2	1.4	2.1	5.7
COMMERZBANK	DE	84.8	69.3	63.7	71.4	73.4	n.c.	5.4	2.7	0.0	0.3	1.1	1.9	1.7	2.4	3.0
RBS	GB	77.6	68.9	68.7	94.3	75.6	n.c.	n.c.	n.c.	n.c.	n.c.	3.9	3.3	4.0	2.6 [2]	2.7 [2]
LA CAIXA	ES	50.2	53.9	56.7	53.4	76.0	9.0	7.5	5.8	0.8	4.6	-1.7	-2.4	-5.2	-15.3 [2]	-15.3 [2]
DEUTSCHE BANK	DE	69.0	75.1	76.9	78.4	78.4	15.7	5.0	8.4	0.4	1.2	2.1	2.7	2.6	3.1	3.8
CREDIT SUISSE GROUP	CH	72.3	74.3	86.0	94.4	83.0	21.8	18.1	6.2	3.9	5.8	1.6	1.8	2.2	3.2	4.9
UBS	CH	98.9	77.9	78.1	93.9	88.6	n.c.	19.2	8.4	n.c.	7.1	3.5	4.9	5.6	5.6	6.0
Average		**62.2**	**61.8**	**62.7**	**67.6**	**67.0**	**5.2**	**7.6**	**3.8**	**2.1**	**2.9**	**2.2**	**2.4**	**2.6**	**2.4**	**2.8**

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 2013.
(2) Data restated in 2012, including restructured debts among bad debts even if they do not constituted impaired exposures.
(3) 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.
(4) Company operative since 2010 following the combination of the former ABN AMRO and Fortis groups' activities in the Netherlands.

TABLE I.37 – PROFITABILITY AND FREE CAPITAL RATIOS

JAPAN

BANKS (1)	COST / INCOME RATIO					ROE					FREE CAPITAL				
	2009-10	2010-11	2011-12	2012-13	2013-14	2009-10	2010-11	2011-12	2012-13	2013-14	2009-10	2010-11	2011-12	2012-13	2013-14
	%					%					as % of funding from customers				
SHINKIN CENTRAL BANK	43.0	48.1	47.2	48.2	43.7	3.0	2.8	2.8	2.7	3.1	2.7	2.6	2.8	3.4	3.4
BANK OF YOKOHAMA	48.2	49.1	47.3	47.2	47.5	4.5	6.8	7.0	7.1	7.6	4.4	4.7	5.0	5.3	5.4
NORINCHUKIN BANK	395.4	95.1	2472.9	249.1	52.4	0.8	3.1	1.5	2.1	2.7	8.0	8.3	8.9	10.0	10.0
SHOKO CHUKIN BANK	54.9	51.9	50.5	53.5	52.4	0.8	1.9	1.3	1.7	1.5	7.7	8.0	7.5	6.9	6.2
SUMITOMO MITSUI FINANCIAL GROUP	53.5	57.0	58.2	54.9	53.0	5.8	10.3	11.1	14.3	13.0	4.3	3.6	3.3	3.4	3.3
CHIBA BANK	49.5	51.8	53.3	54.7	54.3	6.8	7.1	6.6	6.5	6.5	4.6	4.6	4.6	4.9	5.1
SHIZUOKA BANK	56.2	57.8	59.0	58.9	56.7	4.9	5.5	5.4	7.6	6.1	6.5	6.2	6.4	7.1	7.1
RESONA HOLDINGS	58.8	58.0	57.4	59.6	57.9	6.6	12.1	17.1	15.4	13.8	4.6	2.4	3.0	3.7	3.1
FUKUOKA FINANCIAL GROUP	61.9	61.3	61.0	61.7	61.9	5.3	4.7	4.8	5.0	5.5	1.9	1.9	2.1	2.7	2.7
SUMITOMO MITSUI TRUST HOLDINGS	64.7	66.2	61.8	66.0	62.3	7.7	7.8	9.9	7.8	7.0	5.0	4.8	6.2	5.5	5.7
MIZUHO FINANCIAL GROUP	66.7	68.4	69.4	64.2	63.0	7.3	10.5	10.9	10.4	11.9	4.3	4.7	4.8	5.1	5.7
JOYO BANK	62.9	63.1	64.0	63.1	65.2	3.4	3.4	4.3	4.7	5.1	3.6	3.2	3.2	4.1	4.4
SHINSEI BANK	68.8	61.0	65.4	69.5	68.5	n.c.	8.5	1.1	9.0	6.7	2.6	3.5	4.1	5.9	7.6
HOKUHOKU FINANCIAL GROUP	61.1	65.1	66.6	68.2	68.9	4.9	4.5	3.2	3.9	5.7	1.4	1.4	1.4	1.7	2.2
MITSUBISHI UFJ FINANCIAL GROUP	60.3	71.7	57.3	60.2	71.2	10.7	5.9	5.1	11.2	9.1	2.4	2.1	2.4	3.3	3.5
Average	**60.5**	**64.4**	**61.0**	**60.5**	**61.4**	**5.8**	**7.0**	**6.9**	**9.1**	**8.6**	**4.1**	**3.9**	**4.0**	**4.6**	**4.7**

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

(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 2014

TABLE I.37 – PROFITABILITY AND FREE CAPITAL RATIOS

UNITED STATES

BANKS (2)	COST / INCOME RATIO					ROE					FREE CAPITAL (1)				
	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013
	%					%					as % of funding from customers				
U.S. BANCORP	49.2	52.4	53.3	51.9	53.0	9.3	12.7	16.7	16.9	16.5	4.2	4.6	5.8	7.8	8.0
CAPITAL ONE FINANCIAL	58.7	48.9	58.0	57.9	56.0	3.4	11.5	11.9	9.5	11.1	6.3	4.9	7.0	7.4	8.4
BB&T	54.3	56.3	57.0	55.6	59.0	5.6	5.2	8.0	10.3	8.0	3.9	3.4	4.7	6.8	8.2
WELLS FARGO & CO.	51.3	55.5	59.9	57.6	59.3	12.3	10.8	12.8	13.6	14.8	2.3	2.7	4.0	5.3	5.5
FIFTH THIRD BANCORP	60.4	60.1	61.1	60.7	61.8	5.8	5.7	10.9	13.0	14.4	4.9	4.1	2.6	3.0	3.0
THE PNC FINANCIAL SERVICES GROUP	56.6	54.9	62.6	67.6	61.8	8.9	12.7	9.9	8.4	11.1	1.5	3.3	5.1	5.4	6.1
JPMORGAN CHASE & CO.	52.2	53.9	60.7	64.3	63.1	7.6	10.9	11.5	11.6	9.3	6.1	6.4	6.8	7.7	7.5
CITIGROUP	62.3	55.9	65.6	69.6	64.4	n.c.	6.9	6.6	4.2	7.2	7.7	7.8	9.0	10.5	11.9
REGIONS FINANCIAL	74.3	72.0	69.6	69.0	65.6	n.c.	n.c.	n.c.	7.8	7.7	5.4	4.1	4.4	4.1	5.9
ALLY FINANCIAL	163.8	75.4	94.1	65.1	72.4	n.c.	5.5	n.c.	6.4	2.6	-6.4	-0.3	0.5	1.4	-4.8
SUNTRUST BANKS	74.5	70.3	74.4	73.0	72.6	n.c.	0.8	3.4	10.4	6.7	6.6	6.1	4.6	6.4	6.7
BANK OF AMERICA	57.9	62.8	77.7	82.3	73.8	2.8	n.c.	0.6	1.8	5.2	3.7	5.2	8.1	8.8	9.1
THE BANK OF NEW YORK MELLON	70.8	72.6	75.6	78.4	76.5	n.c.	8.4	8.1	7.2	6.0	1.1	2.5	2.4	3.4	3.6
Average	**58.0**	**57.9**	**65.7**	**67.0**	**64.5**	**2.6**	**6.2**	**7.2**	**7.8**	**8.9**	**4.6**	**5.2**	**6.5**	**7.4**	**7.8**

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

(1) 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 2013.

TABLE I.37 – PROFITABILITY AND FREE CAPITAL RATIOS

CHINA

BANKS	COST / INCOME RATIO 2009	2010	2011	2012	2013	ROE 2009	2010	2011	2012	2013	FREE CAPITAL 2009	2010	2011	2012	2013
			%					%					as % of funding from customers		
SHANGHAI PUDONG DEVELOPMENT BANK	45.2	40.4	36.3	36.4	33.0	24.1	18.5	22.4	23.9	25.0	5.3	7.8	8.4	8.4	8.4
INDUSTRIAL BANK	45.2	39.3	38.9	33.4	33.9	28.7	25.2	28.4	25.7	26.0	5.9	7.6	8.2	9.4	9.5
INDUSTRIAL AND COMMERCIAL BANK OF CHINA	38.5	36.6	36.0	35.8	35.2	23.6	25.2	27.8	26.9	26.0	5.8	6.6	7.1	7.5	7.7
BANK OF COMMUNICATIONS	39.3	38.9	35.8	35.8	35.9	22.5	21.2	23.0	18.2	17.4	5.9	7.1	7.9	9.8	9.4
CHINA CONSTRUCTION BANK	39.8	37.5	36.4	37.3	36.9	23.8	24.0	26.4	25.8	25.2	6.3	7.3	7.9	8.1	8.2
CHINA CITIC BANK	46.5	40.7	36.8	39.0	38.5	16.0	21.8	21.5	18.5	21.0	7.1	6.7	8.9	9.1	8.5
BANK OF CHINA	43.0	42.2	41.4	41.1	39.5	18.8	19.3	20.7	20.3	20.5	6.3	7.3	7.2	8.0	8.1
CHINA MINSHENG BANKING	56.8	48.1	45.6	43.6	40.5	15.9	20.3	27.5	29.9	27.2	7.5	7.3	8.1	8.4	8.5
CHINA MERCHANTS BANK	51.6	46.1	43.1	43.7	41.6	24.5	23.8	28.0	29.2	24.2	4.8	6.3	7.1	7.5	9.0
AGRICULTURAL BANK OF CHINA	48.7	43.7	41.5	43.3	42.7	23.4	21.2	23.1	24.0	24.6	2.7	5.1	6.4	6.9	7.2
Average	**43.1**	**40.2**	**38.7**	**38.9**	**38.0**	**22.2**	**22.4**	**24.7**	**24.1**	**23.7**	**5.5**	**6.7**	**7.3**	**7.9**	**8.1**

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.38 – 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)							
		2009	2010	2011	2012	2013	2009	2010	2011	2012	2013	*of which:* tier 1	2014	*of which:* tier 1
		number					%							
DEUTSCHE BANK	DE	53.6	54.3	55.3	49.7	38.9	13.9	14.1	14.5	17.1	18.5	*16.9*	17.1	*16.0*
DZ BANK	DE	39.2	37.0	40.0	33.8	28.4	12.4	12.7	11.5	13.8	17.9	*16.4*	16.8	*13.7*
ABN AMRO GROUP (4)	NL	-	32.4	36.3	28.5	27.8	-	16.6	16.8	18.4	20.2	*15.3*	19.7	*14.6*
SOCIETE GENERALE	FR	26.2	26.7	27.6	26.4	25.9	13.0	12.1	11.9	12.7	14.7	*13.4*	15.0	*13.4*
CREDIT AGRICOLE	FR	31.8	30.6	32.9	33.4	25.8	10.9	11.7	11.7	14.0	16.3	*13.1*	18.4	*14.8*
DANSKE BANK	DK	39.6	39.0	32.8	29.6	25.6	17.8	17.7	17.9	21.3	21.4	*19.0*	19.3	*16.7*
NORDEA	SE	25.9	27.1	31.3	27.2	24.2	11.9	11.5	11.1	12.7	13.4	*11.7*	13.6	*11.5*
LLOYDS BANKING GROUP	GB	27.2	24.1	23.6	23.4	24.1	12.4	15.2	15.6	17.3	20.8	*14.5*	22.0	*16.5*
ING GROEP	NL	51.0	39.1	34.5	25.5	24.1	13.5	15.3	14.3	16.9	16.5	*13.5*	14.6	*13.5*
SVENSKA HANDELSBANKEN	SE	27.9	26.3	28.0	23.9	24.0	20.2	20.9	20.9	20.9	21.6	*21.5*	25.6	*22.1*
SEB	SE	27.8	26.2	25.7	26.4	23.4	13.5	12.4	12.5	11.5	11.7	*11.8*	22.2	*19.5*
BARCLAYS	GB	27.6	27.6	27.1	26.9	23.2	16.6	16.9	16.4	17.1	19.9	*15.7*	16.5	*13.0*
COMMERZBANK	DE	36.0	29.4	30.3	26.4	23.0	14.8	15.3	15.5	17.8	19.2	*13.5*	14.6	*11.7*
UBS	CH	35.3	31.1	29.3	28.6	23.0	19.8	20.4	21.6	25.2	22.2	*18.5*	25.5	*19.4*
KfW	DE	30.6	28.1	27.8	24.8	22.8	11.7	14.7	17.8	20.6	22.3	*20.6*		
BNP PARIBAS	FR	30.4	27.6	27.1	23.3	22.7	14.2	14.5	14.0	15.6	14.3	*12.8*	12.6	*11.5*
CREDIT SUISSE GROUP	CH	26.4	30.0	32.3	27.2	22.2	20.6	21.9	24.2	22.3	20.6	*16.8*	20.8	*17.1*
BANCO FINANCIERO Y DE AHORROS (5)	ES	-	54.7	144.9	101.5	22.0	-	11.9	9.5	9.0	12.0	*11.8*		
RBS	GB	21.9	23.1	24.4	23.1	21.7	16.1	14.0	13.8	14.5	16.5	*13.1*	17.1	*13.2*
LANDESBANK BADEN-WUERTTEMBERG	DE	41.6	40.0	41.6	34.2	21.2	13.2	15.3	17.2	19.7	22.5	*18.5*		
GROUPE BPCE	FR	25.4	23.5	26.2	23.3	21.1	10.9	11.6	11.1	12.5	14.4	*12.8*	15.4	*12.7*
BANCO SANTANDER	ES	22.5	22.5	22.3	22.1	20.3	14.2	13.1	13.6	13.1	14.6	*12.6*	13.3	*12.2*
UNICREDIT	IT	24.4	21.5	23.3	17.9	18.8	12.0	12.7	12.4	14.5	13.6	*10.1*	13.4	*11.1*
CREDIT MUTUEL	FR	23.0	21.5	21.3	19.8	18.7	10.9	11.5	11.2	14.5	15.9	*14.5*		
DNB	NO	19.4	17.8	19.1	18.6	17.6	12.1	12.4	11.4	12.6	14.0	*12.1*	15.2	*13.0*
BAYERISCHE LANDESBANK	DE	24.5	23.1	22.0	19.1	17.3	17.0	15.5	15.6	18.0	19.4	*15.8*		
RABOBANK NEDERLAND	NL	17.2	17.1	16.9	17.3	17.2	14.1	16.3	17.5	19.0	19.8	*16.6*	21.3	*16.0*
LA CAIXA	ES	15.9	16.9	15.5	19.9	17.1	11.0	11.8	16.6	14.5	17.9	*12.7*	16.1	*13.0*
INTESA SANPAOLO	IT	21.4	22.1	19.1	18.6	16.5	11.8	13.2	14.3	13.6	14.8	*12.2*	17.2	*14.2*
HSBC HOLDINGS	GB	21.8	19.2	18.3	17.4	16.4	13.7	15.2	14.1	16.1	17.8	*14.5*	15.6	*12.5*
STANDARD CHARTERED	GB	20.2	16.0	17.3	16.2	16.4	16.5	18.4	17.6	17.4	18.0	*13.1*	16.7	*11.4*
BBVA	ES	22.1	18.2	18.5	17.7	15.1	13.6	13.7	12.9	13.0	14.9	*12.2*	15.1	*12.0*
Average (6)		**27.4**	**26.2**	**26.4**	**24.3**	**21.8**	**14.1**	**14.7**	**14.9**	**16.2**	**17.4**	***14.6***	**17.4**	***14.3***

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 2013.
(4) Company operative since 2010 following the combination of the former ABN AMRO and Fortis groups' activities in the Netherlands.
(5) 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.
(6) Simple average for solvency margins.

Table I.38 – 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)							
	2010	2011	2012	2013	2014	31/03/10	31/03/11	31/03/12	31/03/13	31/03/14	*of which:* tier 1	30/09/14	*of which:* tier 1
			number						%				
SHINKIN CENTRAL BANK	28.3	30.5	28.0	24.6	24.6	25.6	29.8	30.4	33.6	37.9	...	...	...
HOKUHOKU FINANCIAL GROUP	26.6	26.8	25.8	24.5	23.3	10.8	11.3	11.7	11.9	12.3	...	11.4	...
MITSUBISHI UFJ FINANCIAL GROUP	26.1	27.5	28.1	23.7	23.1	14.9	14.9	14.9	16.7	15.5	*12.5*	15.4	*12.2*
RESONA HOLDINGS	18.0	27.3	23.7	19.8	23.1	13.8	11.2	13.2	14.7	13.7	*9.4*	13.3	*8.8*
FUKUOKA FINANCIAL GROUP	25.0	25.4	23.7	21.4	22.7	10.3	10.8	11.0	12.3	10.3	...	9.8	...
MIZUHO FINANCIAL GROUP	28.1	25.4	25.2	23.8	22.0	13.5	15.3	15.5	14.2	14.4	*11.4*	15.1	*11.9*
SUMITOMO MITSUI FINANCIAL GROUP	20.1	23.3	24.0	20.6	21.1	15.0	16.6	16.9	14.7	15.5	*12.2*	16.0	*12.3*
SUMITOMO MITSUI TRUST HOLDINGS	18.5	17.6	15.7	17.4	18.5	13.8	16.5	16.7	14.1	14.8	*10.8*	14.0	*10.2*
JOYO BANK	17.6	17.8	18.2	16.6	16.8	12.7	12.8	12.8	12.8	12.6	*12.2*	...	...
CHIBA BANK	17.0	16.9	16.5	15.7	15.8	12.8	13.4	14.4	14.1	13.7	*12.9*	13.9	*12.5*
BANK OF YOKOHAMA	15.7	15.8	15.3	15.0	14.9	12.2	12.3	13.7	14.0	13.4	*12.3*	13.2	*12.4*
SHOKO CHUKIN BANK	14.3	14.1	14.2	14.1	14.3	11.4	12.4	13.1	13.5	13.7	*12.2*	...	...
NORINCHUKIN BANK	17.5	16.5	14.9	14.1	13.8	19.2	22.7	24.7	23.6	25.2	*17.6*	24.5	*17.0*
SHINSEI BANK	20.3	18.6	14.6	13.7	13.4	8.4	9.8	10.3	12.2	13.8	*12.2*	13.8	...
SHIZUOKA BANK	12.8	13.4	13.0	12.8	13.2	15.3	15.3	17.5	17.5	16.9	*15.5*	16.6	*15.0*
Average (4)	**22.1**	**22.9**	**22.4**	**20.3**	**20.2**	**14.0**	**15.0**	**15.8**	**16.0**	**16.2**			
Average (escluding Shinkin Central Bank) (4)						**13.2**	**14.0**	**14.7**	**14.7**	**14.7**	***12.6***	**14.8**	***12.5***

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.38 – 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)							
	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013	*of which:* tier 1	2014	*of which:* tier 1
	number					%							
THE BANK OF NEW YORK MELLON	28.9	26.1	29.7	24.9	23.8	16.0	16.3	17.0	16.3	17.0	*16.2*	16.9	*16.3*
JPMORGAN CHASE & CO.	20.2	18.7	17.6	15.7	15.5	14.8	15.5	15.4	15.3	14.4	*11.9*	15.0	*12.7*
BANK OF AMERICA	18.5	16.7	14.1	13.8	13.3	14.7	15.8	16.8	16.3	15.4	*12.4*	16.5	*13.4*
SUNTRUST BANKS	11.5	10.8	13.3	12.2	12.2	16.4	16.5	13.7	13.5	12.8	*10.8*	12.5	*10.8*
BB&T	18.2	16.4	16.1	13.4	12.1	15.8	15.5	15.7	13.9	14.3	*11.8*	14.9	*12.4*
U.S. BANCORP	18.9	16.3	14.1	12.0	12.1	12.9	13.3	13.3	13.1	13.2	*11.2*	13.6	*11.3*
WELLS FARGO & CO.	20.0	15.8	13.5	12.2	12.0	13.3	15.0	14.8	14.6	15.4	*12.3*	15.5	*12.5*
ALLY FINANCIAL	11.2	11.4	12.1	10.5	11.6	15.6	16.4	14.7	14.1	12.8	*11.8*	13.2	*12.6*
FIFTH THIRD BANCORP	10.7	10.0	11.3	11.2	11.3	17.5	18.1	16.1	14.4	14.1	*10.4*	14.3	*10.8*
CAPITAL ONE FINANCIAL	13.1	15.2	12.5	12.4	10.9	17.7	16.8	14.9	13.6	14.7	*12.6*	15.1	*13.2*
REGIONS FINANCIAL	11.8	12.0	11.0	11.4	10.8	15.8	16.4	17.0	15.4	14.7	*11.7*	15.3	*12.5*
CITIGROUP	15.9	14.7	12.7	11.6	10.7	15.2	16.6	17.0	17.3	16.7	*13.7*	18.2	*15.5*
THE PNC FINANCIAL SERVICES GROUP	13.1	11.5	9.6	9.5	9.4	15.0	15.6	15.8	14.7	15.8	*12.4*	15.8	*12.6*
Average (4)	**17.5**	**15.9**	**14.3**	**13.2**	**12.7**	**15.4**	**16.0**	**15.6**	**14.8**	**14.7**	***12.2***	**15.1**	***12.8***

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

(1) Excluding intangible assets.
(2) Ratio between regulatory capital and risk-weighted assets. According to the Basel Bank for International Settlements (BIS) guidelines, the minimum requirement is 4% (tier 1 capital ratio), while the total capital ratio, which includes subordinated liabilities, has to be a minimum of 8%.
(3) The table does not include companies no longer existing in their previous form as at 31 December 2013.
(4) Simple average for solvency margins.

TABLE I.38 – 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)						
	2009	2010	2011	2012	2013	2009	2010	2011	2012	*of which:* tier 1	2013	*of which:* tier 1
			number						%			
INDUSTRIAL BANK	22.5	20.2	20.9	19.1	18.4	10.8	11.2	11.0	12.1	*9.3*	10.8	*8.7*
SHANGHAI PUDONG DEVELOPMENT BANK	23.8	17.8	18.1	17.7	17.9	10.3	12.0	12.7	12.5	*9.0*	11.0	*8.6*
AGRICULTURAL BANK OF CHINA	28.0	20.0	18.7	18.3	17.8	10.1	11.6	11.9	12.6	*9.7*	11.9	*9.2*
CHINA MINSHENG BANKING	16.1	17.6	17.2	19.6	16.2	10.8	10.4	10.9	10.8	*8.1*	10.7	*8.7*
CHINA CITIC BANK	16.6	16.9	15.6	14.7	15.9	10.1	11.3	12.3	13.4	*9.9*	11.2	*8.8*
CHINA MERCHANTS BANK	25.5	19.6	18.2	18.1	15.8	10.4	11.5	11.5	12.1	*8.5*	11.1	*9.3*
INDUSTRIAL AND COMMERCIAL BANK OF CHINA	18.1	16.9	16.6	15.9	15.1	12.4	12.3	13.2	13.7	*10.6*	13.1	*10.6*
BANK OF CHINA	16.4	15.8	15.9	14.9	14.6	11.1	12.6	13.0	13.6	*10.5*	12.5	*9.7*
CHINA CONSTRUCTION BANK	17.8	15.8	15.4	15.0	14.5	11.7	12.7	13.7	14.3	*11.3*	13.3	*10.8*
BANK OF COMMUNICATIONS	20.3	17.8	17.0	13.9	14.2	12.0	12.4	12.4	14.1	*11.2*	12.1	*9.8*
Average (3)	**19.4**	**17.2**	**16.8**	**16.1**	**15.6**	**11.0**	**11.8**	**12.3**	**12.9**	***9.8***	**11.8**	***9.4***

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

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

TABLE I.39 – 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	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
			%			%			%			%			%	
SVENSKA HANDELSBANKEN	SE	20.8	20.5	18.8	121.4	102.2	97.0	107.0	102.7	96.7	3.39	4.03	4.31	20.9	19.9	18.2
DEUTSCHE BANK	DE	17.7	16.7	18.8	142.1	141.9	135.2	126.2	125.6	123.6	1.78	1.95	2.49	9.4	9.9	12.0
KfW	DE	22.9	21.4	20.7	113.6	109.1	105.2	97.8	96.2	96.9	3.24	3.71	3.93	12.5	11.2	13.3
DZ BANK	DE	24.6	22.0	22.1	113.3	102.5	112.4	99.3	101.4	102.9	3.22	3.90	4.48	6.5	6.4	6.5
UBS	CH	14.1	15.4	22.8	88.8	110.8	116.4	80.9	93.6	96.6	3.43	3.55	4.47	5.6	6.4	7.4
SOCIETE GENERALE	FR	29.9	26.1	25.7	97.6	87.7	97.6	88.2	85.9	89.1	3.58	4.01	4.22	17.2	15.3	15.7
ING GROEP	NL	26.2	24.2	26.5	129.1	104.2	104.9	105.8	88.4	86.3	2.92	3.98	4.02	10.4	11.0	11.6
DANSKE BANK	DK	26.6	23.7	26.6	156.4	149.0	145.6	140.0	132.4	129.2	2.87	3.20	3.68	7.5	7.0	7.3
BARCLAYS	GB	25.1	26.1	27.2	111.5	120.0	125.6	88.0	93.8	99.2	3.24	3.24	3.69	18.8	18.3	21.2
CREDIT AGRICOLE	FR	32.6	24.1	28.2	125.3	112.2	119.0	115.2	103.4	95.6	2.93	2.94	3.74	16.9	14.5	17.1
LANDESBANK BADEN-WUERTTEMBERG	DE	28.9	28.5	29.1	207.2	191.7	138.3	154.5	149.4	114.0	1.97	2.30	3.45	7.8	8.7	10.3
ABN AMRO GROUP	NL	29.2	30.8	29.3	178.2	162.2	164.5	137.7	113.6	124.9	2.67	3.31	3.44	8.0	8.7	8.0
LLOYDS BANKING GROUP	GB	36.6	33.9	31.3	135.2	137.1	156.9	108.1	109.3	109.3	5.06	5.35	4.87	7.5	7.4	8.0
BNP PARIBAS	FR	31.5	29.2	31.4	119.8	105.7	101.9	98.9	92.6	91.5	3.88	4.61	4.71	18.5	18.8	17.0
RABOBANK NEDERLAND	NL	30.7	29.7	31.4	90.5	97.6	106.6	87.9	88.5	89.8	5.96	5.73	5.75	6.9	7.1	7.4
CREDIT SUISSE GROUP	CH	20.2	24.5	31.7	158.4	148.4	144.5	118.1	129.4	118.2	3.16 (4)	3.70 (4)	4.57 (4)	11.0	14.6	14.3
CREDIT MUTUEL	FR	41.3	30.3	32.2	98.7	87.1	95.5	98.7	87.1	87.2	4.59	5.12	5.41	14.3	12.3	12.8
GROUPE BPCE	FR	36.5	33.6	33.2	105.6	97.9	100.9	96.1	95.4	89.7	3.52	4.13	4.73	18.8	18.2	15.8
NORDEA	SE	31.4	31.8	33.4	108.9	110.0	108.0	99.3	96.6	94.1	3.54	4.01	4.24	15.6	15.9	16.0
BAYERISCHE LANDESBANK	DE	38.3	35.0	34.3	131.0	120.3	115.3	96.0	92.4	93.8	4.11	4.77	5.15	13.3	12.2	13.5
COMMERZBANK	DE	35.9	32.9	34.9	168.0	154.8	154.5	120.3	113.6	108.3	2.99	3.53	4.03	13.8	13.5	16.0
BANCO FINANCIERO Y DE AHORROS	ES	52.5	36.3	35.2	723.2	331.6	93.1	520.7	192.6	91.3	0.69	1.00	4.70	13.6	9.6	10.7
SEB	SE	35.3	36.1	37.2	113.3	109.4	101.4	118.0	111.0	102.4	4.51	4.44	4.97	17.2	17.6	19.8
RBS	GB	29.4	35.4	38.0	99.2	119.0	136.0	93.1	101.7	108.1	3.59	3.72	3.81	18.7	19.1	23.8
LA CAIXA	ES	54.5	48.8	40.5	140.9	141.6	124.2	113.8	100.8	88.2	5.92 (4)	4.87 (4)	5.63 (4)	21.2	17.7	18.4
HSBC HOLDINGS	GB	47.9	42.2	41.4	123.5	118.0	120.8	101.2	98.5	98.5	4.44	4.88	5.16	28.9	24.8	25.5
INTESA SANPAOLO	IT	52.1	45.3	44.6	141.7	114.8	108.9	114.0	101.5	90.0	5.65	5.85	6.76	17.3	16.0	15.5
BANCO SANTANDER	ES	46.3	44.9	45.0	140.2	129.6	133.2	113.7	110.6	115.0	4.51	4.57	4.84	18.8	18.8	18.0
DNB	NO	52.5	47.6	45.7	114.5	111.3	112.5	99.6	97.9	96.9	4.68	4.47	4.63	29.2	26.2	28.7
STANDARD CHARTERED	GB	45.7	48.0	48.2	138.4	136.0	142.3	107.9	104.8	103.8	5.64	6.14	6.02	17.7	17.4	17.4
UNICREDIT	IT	50.5	46.9	50.4	145.7	122.1	128.7	109.7	96.2	95.4	3.80	5.21	4.85	16.8	17.2	19.9
BBVA	ES	56.2	52.3	56.3	134.2	120.9	126.8	107.2	100.0	104.0	4.78	5.10	5.99	22.7	21.1	22.2
Average (5)		**35.1**	**32.6**	**33.5**	**147.4**	**128.3**	**121.0**	**120.7**	**106.5**	**101.0**	**3.76**	**4.10**	**4.59**	**15.1**	**14.5**	**15.3**

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 2013.
(4) Balance-sheet data processed by R&S.
(5) Simple average of values shown in the table.

TABLE I.39 – 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	2014	2012	2013	2014	2012	2013	2014	2012	2013	2014	2012	2013	2014
		%			%			%			%			%	
SHINKIN CENTRAL BANK	14.1	14.0	14.4	128.1	115.5	134.1	…	…	…	…	…	…	57.9	58.4	58.2
NORINCHUKIN BANK	33.8	34.7	33.6	124.7	115.1	117.3	92.2	78.8	81.6	7.69	7.04	6.95	4.6	4.1	4.2
MIZUHO FINANCIAL GROUP	31.2	34.1	35.3	121.8	115.0	111.4	100.2	89.4	88.1	4.04	4.41	4.60	39.7	41.8	43.2
RESONA HOLDINGS	41.0	40.9	36.0	128.5	119.0	118.9	90.8	87.2	…	3.72	4.54	3.71	20.3	20.2	19.3
JOYO BANK	37.4	38.3	37.2	87.1	81.4	78.8	82.5	77.4	76.3	…	…	…	19.1	18.3	18.4
MITSUBISHI UFJ FINANCIAL GROUP	39.9	38.4	39.4	167.5	151.9	141.4	138.3	116.1	113.3	3.22	3.89	4.01	32.3	32.1	31.6
SUMITOMO MITSUI FINANCIAL GROUP	37.5	44.2	40.2	152.3	134.4	131.6	110.5	99.9	103.4	3.81	4.30	4.34	38.7	39.5	36.4
SHIZUOKA BANK	42.9	43.0	43.9	97.6	96.2	97.8	89.7	85.7	89.6	…	…	…	17.6	16.5	16.2
CHIBA BANK	44.3	44.4	44.4	105.0	97.7	96.0	95.1	89.8	90.1	…	…	…	19.9	18.6	17.7
HOKUHOKU FINANCIAL GROUP	46.4	43.7	44.7	140.1	127.2	128.2	93.6	87.8	…	…	…	…	22.9	21.5	21.1
FUKUOKA FINANCIAL GROUP	52.3	45.6	45.6	135.9	119.6	106.7	85.6	81.6	…	…	…	…	26.8	27.3	26.7
SUMITOMO MITSUI TRUST HOLDINGS	53.3	52.6	45.8	140.1	128.9	125.2	99.7	91.0	91.7	6.45	6.10	5.80	34.6	29.8	27.0
BANK OF YOKOHAMA	52.8	50.7	48.6	110.2	106.0	97.1	91.6	87.7	89.3	…	…	…	15.9	15.4	15.0
SHOKO CHUKIN BANK	60.0	57.8	57.0	111.8	110.2	111.4	99.0	98.3	99.3	…	…	…	7.9	7.8	8.4
SHINSEI BANK	76.6	69.2	61.1	114.7	116.4	113.0	98.3	99.0	100.0	6.94	7.60	7.68	57.6	51.0	46.1
Average (4)	**44.2**	**43.4**	**41.8**	**124.4**	**115.6**	**113.9**	**97.7**	**90.7**	**93.0**	**5.12**	**5.41**	**5.30**	**27.7**	**26.8**	**26.0**

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) 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 2014.
(4) Simple average of values shown in the table.

TABLE I.39 – 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	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
		%			%			%			%			%	
THE BANK OF NEW YORK MELLON	33.9	33.2	32.3	171.6	135.0	130.3	151.5	124.2	124.2	3.16	3.76	3.93	11.9	11.6	11.8
JPMORGAN CHASE & CO.	55.3	55.2	58.9	150.3	132.4	130.9	120.2	109.2	108.8	4.22	4.71	4.82	45.0	45.4	44.4
CITIGROUP	52.9	53.0	59.1	114.1	106.3	105.0	91.0	86.6	86.2	5.62	6.25	6.72	55.0	54.5	55.5
BANK OF AMERICA	62.8	56.7	64.2	148.4	127.3	131.6	109.9	100.7	106.1	5.20	5.53	5.73	44.2	40.5	40.4
WELLS FARGO & CO.	79.4	78.2	77.2	158.6	139.1	143.5	121.7	111.7	114.6	5.81	6.47	6.55	35.0	34.2	33.5
BB&T	74.3	74.6	78.2	180.8	138.9	135.7	143.4	109.6	111.8	5.19	6.20	6.82	31.4	31.5	31.8
CAPITAL ONE FINANCIAL	81.2	75.4	79.9	150.5	126.5	128.7	121.6	105.8	110.2	3.78	3.98	4.54	116.2	107.4	106.6
U.S. BANCORP	82.6	84.1	84.8	154.7	132.9	135.6	125.2	109.8	114.8	4.50	5.22	5.10	68.6	69.3	71.5
ALLY FINANCIAL	86.1	85.9	85.9	153.6	127.4	127.7	142.8	118.9	118.0	8.75	10.76	10.32	15.5	8.0	1.2
REGIONS FINANCIAL	75.2	80.0	86.1	140.6	140.6	137.1	109.8	109.7	108.7	7.13	6.74	6.94	32.9	34.5	38.9
THE PNC FINANCIAL SERVICES GROUP	88.4	88.7	88.1	134.9	123.7	130.9	107.3	97.8	102.5	7.61	7.64	7.73	46.4	45.2	45.8
SUNTRUST BANKS	78.4	81.0	88.7	143.1	132.7	138.9	114.1	109.6	117.2	5.55	5.99	5.99	39.7	40.7	40.2
FIFTH THIRD BANCORP	92.2	92.4	91.9	167.0	148.9	146.5	123.6	110.0	107.8	6.34	6.27	6.04	46.2	48.7	52.2
Average (4)	**72.5**	**72.2**	**75.0**	**151.4**	**131.7**	**132.5**	**121.7**	**108.0**	**110.1**	**5.60**	**6.12**	**6.25**	**45.2**	**44.0**	**44.1**

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% and 24% respectively.
(3) The table does not include companies no longer existing in their previous form as at 31 December 2013.
(4) Simple average of values shown in the table.

TABLE I.39 – 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	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
		%			%			%			%			%	
AGRICULTURAL BANK OF CHINA	54.8	54.6	62.4	122.3	125.8	131.6	97.1	96.5	102.7	4.78	5.03	5.22	14.5	11.3	10.2
INDUSTRIAL BANK	55.8	53.5	62.8	128.9	124.1	125.0	95.6	95.0	100.5	4.05	4.51	4.63	19.0	16.7	18.4
INDUSTRIAL AND COMMERCIAL BANK OF CHINA	54.7	54.3	63.4	119.6	118.2	125.9	91.4	92.0	101.4	5.43	5.71	5.96	12.8	11.9	12.9
CHINA CONSTRUCTION BANK	55.1	54.7	64.3	116.0	117.6	124.8	93.1	93.0	100.6	5.68	5.92	6.08	16.2	14.5	15.1
SHANGHAI PUDONG DEVELOPMENT BANK	58.6	59.6	65.7	135.1	131.3	129.3	97.9	94.5	101.1	4.42	4.56	4.57	25.6	25.2	22.9
BANK OF CHINA	56.3	57.3	68.0	116.3	116.7	123.9	90.3	90.2	96.5	5.40	5.84	5.99	19.6	18.3	18.0
CHINA MERCHANTS BANK	63.3	61.2	68.6	132.8	134.1	120.8	94.7	93.8	100.5	2.86	4.62	5.17	31.6	21.4	24.1
CHINA CITIC BANK	61.6	66.3	71.5	118.5	130.9	127.8	95.7	96.4	99.9	4.78	4.98	4.72	35.0	37.8	34.2
BANK OF COMMUNICATIONS	60.6	59.7	71.7	128.2	116.6	123.1	95.5	93.2	99.3	4.84	5.80	5.67	23.0	25.9	26.0
CHINA MINSHENG BANKING	72.0	63.0	72.2	134.6	132.8	125.0	97.4	100.4	102.0	4.52	4.06	4.98	30.1	26.7	25.6
Average (2)	**59.3**	**58.4**	**67.1**	**125.2**	**124.8**	**125.7**	**94.9**	**94.5**	**100.5**	**4.68**	**5.10**	**5.30**	**22.7**	**21.0**	**20.7**

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

TABLE I.40 – DERIVATIVE CONTRACTS

	2011						2012						2013					
	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	340,055	*82.2*	2,658,923	*87.5*	157,352	*80.2*	321,567	*81.7*	2,681,322	*85.5*	151,549	*79.5*	318,962	*82.6*	2,918,127	*86.0*	157,174	*80.5*
foreign exchange	45,935	*11.1*	336,690	*11.1*	20,797	*10.6*	47,834	*12.1*	410,745	*13.1*	22,134	*11.6*	46,705	*12.1*	432,806	*12.8*	22,778	*11.7*
credit	17,831	*4.3*	16,469	*0.5*	12,632	*6.4*	14,771	*3.8*	14,683	*0.5*	12,032	*6.3*	11,378	*2.9*	14,280	*0.4*	10,472	*5.4*
equity	6,555	*1.6*	9,571	*0.3*	3,141	*1.6*	6,988	*1.8*	9,782	*0.3*	2,645	*1.4*	7,034	*1.8*	9,533	*0.3*	2,768	*1.4*
other	3,275	*0.8*	18,197	*0.6*	2,318	*1.2*	2,658	*0.7*	19,773	*0.6*	2,308	*1.2*	1,948	*0.5*	17,286	*0.5*	2,041	*1.0*
Total [1]	**413,651**	***100.0***	**3,039,850**	***100.0***	**196,240**	***100.0***	**393,818**	***100.0***	**3,136,305**	***100.0***	**190,668**	***100.0***	**386,027**	***100.0***	**3,392,032**	***100.0***	**195,233**	***100.0***
Index number	*100.0*		*100.0*		*100.0*		*95.2*		*103.2*		*97.2*		*93.3*		*111.6*		*99.5*	
Notional amount / total assets	15.5		4.0		20.6		14.9		3.9		19.1		16.3		4.0		19.4	
Fair value (balance) (millions) [2]	76,162		76,673		55,277		80,181		-265,639		29,958		33,166		11,764		31,639	
as % of net worth	*5.7*		*0.2*		*5.8*		*5.7*		*-0.6*		*2.9*		*2.4*		*o*		*2.9*	
Credit risk (bn) [3]	882		14,946		280		775		16,047		200		412		11,376		174	
as % of net worth	*72.2*		*38.9*		*29.3*		*55.1*		*36.1*		*19.2*		*34.4*		*23.9*		*16.1*	

(1) Data refers to companies representing 92.2% of 2013 total assets for Europe and 98.6% 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 91% in 2011, 99% in 2012 and the whole 2013 total assets for Europe; refers to the whole survey for the Japan and US banks.

TABLE I.41 – RIGHTS ISSUES, SHARE BUYBACKS AND DIVIDENDS

	Rights issues [1]	Share buybacks [2]	Dividends paid [3]	Balance	
			Europe		
	EUR bn	EUR bn	EUR bn	EUR bn	
	a	*b*	*c*	*d = b+c-a*	*c / (a-b)*
2004	17.5	15.1	31.0	28.6	12.9
2005	21.5	10.4	40.3	29.2	3.6
2006	26.8	17.5	48.2	38.9	5.2
2007	48.9	23.9	56.4	31.4	2.3
2008	120.7 [4]	- 2.7	50.0	- 73.4	0.4
2009	164.9 [4]	23.8	17.6	- 123.5	0.1
2010	36.5	11.3	21.5	- 3.7	0.9
2011	26.9	23.4	24.1	20.6	6.9
2012	45.2 [4]	3.9	20.3	- 21.0	0.5
2013	26.6	12.4	22.3	8.1	1.6
Total	**535.5**	**139.0**	**331.7**	**- 64.8**	**0.8**
			Japan		
	JPY bn	JPY bn	JPY bn	JPY bn	
	a	*b*	*c*	*d = b+c-a*	*c / (a-b)*
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.
2013	-	371	760	1,131	n.c.
Total	**9,813**	**8,884**	**5,565**	**4,636**	**6.0**
			United States		
	USD bn	USD bn	USD bn	USD bn	
	a	*b*	*c*	*d = b+c-a*	*c / (a-b)*
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
2013	17.3	32.4	21.7	36.8	n.c.
Total	**568.0**	**355.0**	**305.4**	**92.4**	**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 52.3bn in 2008, EUR 92.4bn in 2009 and 24.4bn in 2012 subscribed for by states and other European public entities.
5 Of which USD 150.7bn in 2008 and USD 45.8bn in 2009 subscribed for by the US Treasury.

TABLE I.42 – AGGREGATE ACCOUNTS OF GERMANY'S LARGEST LANDESBANKEN

Profit and loss account

	2007		2008		2009		2010		2011		2012		2013	
	EUR m	%	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*	8,485	*73.3*
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*	1,461	*12.6*
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*	1,625	*14.1*
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***	**11,571**	***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*	-3,831	*-33.1*
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*	-3,646	*-31.5*
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*	-3,923	*-33.9*
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***	**171**	***1.5***
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*	-556	*-4.8*
Other extraordinary items	680	*6.7*	247	*3.4*	- 1,152	*- 6.8*	660	*5.8*	1,393	*12.5*	1,259	*11.1*	1,071	*9.3*
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***	**686**	***6.0***
Income tax	- 305	*- 3.0*	223	*3.0*	- 373	*- 2.2*	-445	*-3.9*	-767	*-6.9*	-69	*-0.6*	-713	*-6.2*
Minority interest	- 115	*- 1.2*	319	*4.3*	457	*2.7*	-22	*-0.2*	23	*0.2*	13	*0.1*	-57	*-0.5*
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***	**-84**	***-0.7***

cont.

TABLE I.42 *(cont.)*

Balance sheet

	31-12-2007		31-12-2008		31-12-2009		31-12-2010		31-12-2011		31-12-2012		31-12-2013	
	EUR m	%	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*	12,969	*1.2*
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*	295,076	*26.4*
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*	159,940	*14.3*
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*	541,938	*48.4*
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*	2,889	*0.3*
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*	6,608	*0.6*
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*	1,359	*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*	98,732	*8.7*
of which: derivatives assets	*63,296*	*4.0*	*139,781*	*8.5*	*119,349*	*8.1*	*125,233*	*9.2*	*165,142*	*12.3*	*164,746*	*12.7*	*87,331*	*7.8*
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***	**1,119,511**	***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*	348,550	*31.1*
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*	267,681	*23.9*
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*	29,797	*2.7*
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*	*646,028*	*57.7*
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*	266,853	*23.8*
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*	156,206	*14.0*
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*	*88,815*	*7.9*
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***	**1,069,807**	***95.5***
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***	**50,424**	***4.5***
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*	49,493	*4.4*
minority interests	2,921	*0.2*	2,810	*0.2*	669	*0.0*	242	*0.0*	76	*0.0*	691	*0.1*	931	*0,1*

1 Includes goodwill.

TABLE I.43 – AGGREGATE ACCOUNTS OF THE MAIN SPANISH SAVING BANKS

Profit and loss account

	2009		2010		2011		2012		2013	
	EUR m	%	EUR m	%	EUR m	%	EUR m	%	EUR m	%
Net interest income	16,580	*67.2*	13,434	*58.9*	10,904	*55.6*	12,449	*61.3*	10,781	*60.0*
Commissions receivable and other operating income	8,851	*35.8*	9,931	*43.6*	9,779	*49.9*	9,075	*44.7*	8,267	*46.0*
Commissions payable and other operating expenses	- 1,134	*- 4.6*	- 1,530	*- 6.7*	- 1,466	*- 7.5*	- 1,569	*- 7.7*	- 1,368	*- 7.6*
Gains (losses) on financial transactions	394	*1.6*	951	*4.2*	395	*2.0*	350	*1.7*	295	*1.6*
Total income	**24,691**	***100.0***	**22,786**	***100.0***	**19,612**	***100.0***	**20,305**	***100.0***	**17,975**	***100.0***
Labour costs	- 8,259	*- 33.5*	- 8,319	*- 36.5*	- 8,448	*- 43.1*	- 7,799	*- 38.4*	- 7,590	*- 42.2*
General expenses	- 4,032	*- 16.3*	- 5,509	*- 24.2*	- 4,287	*- 21.9*	- 5,023	*- 24.7*	- 4,800	*- 26.7*
Bad debts recovered (written off)	- 8,340	*- 33.8*	- 5,027	*- 22.1*	- 8,068	*- 41.1*	- 46,061	*- 226.9*	- 9,154	*- 50.9*
Depreciation and amortization	- 1,506	*- 6.1*	- 1,461	*- 6.4*	- 1,244	*- 6.3*	- 1,158	*- 5.7*	- 1,076	*- 6.0*
Current pre-tax profit (loss)	**2,554**	***10.3***	**2,470**	***10.8***	**- 2,435**	***- 12.4***	**- 39,736**	***- 195.7***	**- 4,645**	***- 25.8***
Fixed asset writedowns	- 3,237	*- 13.1*	- 2,231	*- 9.8*	- 6,432	*- 32.8*	- 15,731	*- 77.5*	- 2,821	*- 15.7*
of which: tangible assets	*- 1,864*	*- 7.6*	*- 1,049*	*- 4.6*	*- 4,312*	*- 22.0*	*- 9,960*	*- 49.1*	*- 1,956*	*- 10.9*
Other extraordinary items	3,705	*15.0*	1,737	*7.7*	3,620	*18.4*	- 5,473	*- 26.9*	6,385	*35.5*
Profit (loss) before tax	**3,022**	***12.2***	**1,976**	***8.7***	**- 5,247**	***- 26.8***	**- 60,940**	***- 300.1***	**- 1,081**	***- 6.0***
Income tax	55	*0.3*	393	*1.7*	967	*5.0*	7,502	*36.9*	4,860	*27.0*
Minority interest	- 443	*- 1.8*	- 469	*- 2.1*	1,431	*7.3*	10,775	*53.1*	- 312	*- 1.7*
Net profit (loss)	**2,634**	***10.7***	**1,900**	***8.3***	**- 2,849**	***- 14.5***	**- 42,663**	***- 210.1***	**3,467**	***19.3***

cont.

TABLE I.43 *(cont.)*

Balance sheet

	31-12-2009		31-12-2010		31-12-2011		31-12-2012		31-12-2013	
	EUR m	%	EUR m	%	EUR m	%	EUR m	%	EUR m	%
Cash and deposits at central banks	20,255	*1.8*	17,751	*1.5*	16,188	*1.4*	17,055	*1.5*	16,012	*1.6*
Securities	188,600	*16.9*	188,721	*16.4*	196,653	*16.9*	286,514	*25.1*	290,279	*28.2*
Loans and advances to banks	42,563	*3.8*	32,235	*2.8*	29,669	*2.5*	26,789	*2.3*	22,923	*2.2*
Loans and advances to customers	745,315	*67.0*	769,457	*66.9*	754,785	*64.8*	633,149	*55.4*	545,243	*53.0*
Interests in subsidiaries and associated	15,013	*1.4*	20,763	*1.8*	22,796	*1.9*	20,154	*1.8*	17,524	*1.7*
Net tangible assets	49,389	*4.4*	53,347	*4.7*	55,651	*4.8*	40,167	*3.5*	37,476	*3.7*
Intangible assets [1]	7,331	*0.7*	6,887	*0.6*	6,922	*0.6*	7,918	*0.7*	7,996	*0.8*
Other assets	44,793	*4.0*	61,405	*5.3*	82,641	*7.1*	110,748	*9.7*	90,917	*8.8*
of which: derivatives assets	*31,914*	2.9	*38,344*	3.3	*55,107*	4.7	*67,373*	5.9	*40,226*	3.9
Total assets	**1,113,259**	***100.0***	**1,150,566**	***100.0***	**1,165,305**	***100.0***	**1,142,494**	***100.0***	**1,028,370**	***100.0***
Customer deposits	625,658	*56.2*	678,441	*59.0*	667,297	*57.3*	581,312	*50.9*	557,573	*54.2*
Debt securities	191,305	*17.2*	176,021	*15.3*	162,277	*13.9*	123,629	*10.8*	97,528	*9.5*
Subordinated liabilities	36,182	*3.2*	46,399	*4.0*	46,190	*4.0*	30,536	*2.7*	14,099	*1.4*
Total funding from customers	*853,145*	76.6	*900,861*	78.3	*875,764*	75.2	*735,477*	64.4	*669,200*	65.1
Deposits by banks [2]	106,363	*9.6*	107,504	*9.3*	131,260	*11.2*	232,895	*20.4*	189,221	*18.4*
Other liabilities	83,895	*7.5*	88,081	*7.7*	105,079	*9.0*	132,894	*11.6*	111,229	*10.8*
of which: derivatives liabilities	*24,137*	2.2	*27,607*	2.4	*43,498*	3.7	*56,072*	4.9	*31,422*	3.1
Total liabilities	**1,043,403**	***93.7***	**1,096,446**	***95.3***	**1,112,103**	***95.4***	**1,101,266**	***96.4***	**969,650**	***94.3***
Net worth	**69,856**	***6.3***	**54,120**	***4.7***	**53,202**	***4.6***	**41,228**	***3.6***	**58,720**	***5.7***
of which:										
shareholders' equity	64,485	*5.8*	48,466	*4.2*	40,222	*3.5*	36,233	*3.2*	44,663	*4.3*
minority interests	5,371	*0.5*	5,654	*0.5*	12,980	*1.1*	4,995	*0.4*	14,057	*1.4*

1 Includes goodwill.
2 Of which EUR 167.9bn in 2012 and EUR 116.3 in 2013 vs central banks.

TABLE I.44 – PROFIT AND LOSS ACCOUNT AND BALANCE SHEET FOR 1H 2014: JAPAN

Conto economico

	1H 2013		1H 2014		Change
	JPY bn	%	JPY bn	%	%
Net interest income	3,203	*61.1*	3,365	*54.8*	5.1
Other operating income	2,021	*38.5*	2,031	*33.0*	0.5
Gains (losses) on financial transactions	21	*0.4*	747	*12.2*	n.c.
Total income	**5,245**	***100.0***	**6,143**	***100.0***	**17.1**
Labour costs	…	…	…	…	…
General expenses [1]	- 2,847	*- 54.3*	- 3,024	*- 49.2*	6.2
Bad debts recovered (written off)	+ 183	*+ 3.5*	+ 285	*+ 4.7*	55.7
Depreciation and amortisation	- 396	*- 7.5*	- 415	*- 6.8*	4.8
Current pre-tax profit	**2,185**	***41.7***	**2,989**	***48.7***	**36.8**
Extraordinary items	+ 413	*+ 7.9*	+ 396	*+ 6.4*	- 4.1
Profit (loss) before tax	**2,598**	***49.6***	**3,385**	***55.1***	**30.3**
Income tax	- 639	*- 12.2*	- 991	*- 16.1*	55.1
Minority interest	- 178	*- 3.4*	- 133	*- 2.2*	- 25.3
Net profit	**1,781**	***34.0***	**2,261**	***36.8***	**27.0**

Balance sheet

	31-3-2014		30-9-2014		Change
	JPY bn	%	JPY bn	%	%
Cash and deposits at central banks	…	…	…	…	…
Securities [2]	273,215	*33.4*	277,664	*32.5*	1.6
Loans and advances to banks [3]	150,610	*18.4*	172,426	*20.1*	14.5
Loans and advances to customers	361,301	*44.2*	368,991	*43.1*	2.1
Interests in subsidiaries and associated	…	…	…	…	…
Net tangible assets	5,793	*0.7*	5,940	*0.7*	2.5
Intangible assets [4]	3,751	*0.4*	3,690	*0.4*	- 1.6
Other assets	23,391	*2.9*	27,460	*3.2*	17.4
Total assets	**818,061**	***100.0***	**856,171**	***100.0***	**4.7**
Customer deposits	551,155	*67.4*	563,873	*65.9*	2.3
Debt securities [5]	36,948	*4.5*	41,856	*4.9*	13.3
Subordinated liabilities	…	…	…	…	…
Total funding from customers	*588,103*	*71.9*	*605,729*	*70.8*	*3.0*
Deposits by banks	132,324	*16.2*	141,215	*16.5*	6.7
Other liabilities	52,721	*6.4*	61,939	*7.2*	17.5
Total liabilities	**773,148**	***94.5***	**808,883**	***94.5***	**4.6**
Net worth	**44,913**	***5.5***	**47,288**	***5.5***	**5.3**
of which:					
shareholders' equity	40,130	*4.9*	42,814	*5.0*	6.7
minority interests	4,783	*0.6*	4,474	*0.5*	- 6.5

[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.45 – PROFIT AND LOSS ACCOUNT AND BALANCE SHEET FOR FY 2014: EUROPE *

Profit and loss account

	Years ended December 31				
	2013		2014		Change
	EUR m	%	EUR m	%	%
Net interest income	245,750	*53.6*	258,724	*55.8*	5.3
Other operating income	167,508	*36.5*	167,329	*36.1*	- 0.1
Gains (losses) on financial transactions	45,437	*9.9*	37,844	*8.1*	- 16.7
Total income	**458,695**	***100.0***	**463,897**	***100.0***	**1.1**
Labour costs	- 170,301	*- 37.1*	- 172,988	*- 37.3*	1.6
General expenses [1]	- 143,527	*- 31.3*	- 147,737	*- 31.8*	2.9
Bad debts recovered (written off)	- 82,657	*- 18.0*	- 47,777	*-10.3*	- 42.2
Current pre-tax profit	**62,210**	***13.6***	**95,395**	***20.6***	**53.3**
Extraordinary items	- 17,890	*- 3.9*	- 15,367	*- 3.3*	- 14.1
Profit (loss) before tax	**44,320**	***9.7***	**80,028**	***17.3***	**80.6**
Income tax	- 18,629	*- 4.1*	- 28,371	*- 6.1*	52.3
Minority interest	- 7,230	*- 1.6*	- 6,413	*- 1.4*	- 11.3
Net profit	**18,461**	***4.0***	**45,244**	***9.8***	**145.1**

Balance sheet

	31-12-2013		31-12-2014		Change
	EUR m	%	EUR m	%	%
Cash and deposits at central banks	929,908	*4.4*	941,443	*4.1*	1.2
Securities	4,717,097	*22.2*	4,960,868	*21.7*	5.2
Loans and advances to banks	1,978,256	*9.3*	1,877,688	*8.2*	- 5.1
Loans and advances to customers	9,526,972	*44.7*	9,912,846	*43.4*	4.1
Interests in subsidiaries and associated	63,442	*0.3*	71,541	*0.3*	12.8
Net tangible assets	179,673	*0.8*	190,636	*0.9*	6.1
Intangible assets [2]	183,393	*0.9*	180,618	*0.8*	- 1.5
Other assets	3,709,331	*17.4*	4,692,446	*20.6*	26.5
Total assets	**21,288,072**	***100.0***	**22,828,086**	***100.0***	**7.2**
Customer deposits	9,213,965	*43.3*	9,534,015	*41.8*	3.5
Debt securities	2,900,697	*13.6*	2,990,493	*13.1*	3.1
Subordinated liabilities	349,479	*1.6*	369,277	*1.6*	5.7
Total funding from customers	*12,464,141*	*58.5*	*12,893,785*	*56.5*	*3.4*
Deposits by banks	2,082,803	*9.8*	2,119,166	*9.3*	1.7
Other liabilities	5,599,367	*26.3*	6,546,807	*28.6*	16.9
Total liabilities	**20,146,311**	***94.6***	**21,559,758**	***94.4***	**7.0**
Net worth	**1,141,761**	***5.4***	**1,268,328**	***5.6***	**11.1**
of which:					
shareholders' equity	1,076,539	*5.1*	1,198,399	*5.3*	11.3
minority interests	65,222	*0.3*	69,929	*0.3*	7.2

* Data refers to companies which accounted for 83% of the total assets of European banks included in the survey as at end-2013.
1 Includes depreciation and amortization.
2 Includes goodwill.

TABLE I.46 – PROFIT AND LOSS ACCOUNT AND BALANCE SHEET FOR FY 2014: UNITED STATES *

Profit and loss account

	Years ended December 31				
	2013		2014		Change
	USD m	%	USD m	%	%
Net interest income	216,043	*52.8*	215,104	*53.0*	- 0.4
Other operating income	167,255	*40.8*	166,598	*41.1*	- 0.4
Gains (losses) on financial transactions	26,099	*6.4*	23,909	*5.9*	- 8.4
Total income	**409,397**	***100.0***	**405,611**	***100.0***	**- 0.9**
Labour costs	- 140,337	*- 34.3*	- 138,461	*- 34.1*	- 1.3
General expenses [1]	- 123,217	*- 30.1*	- 122,047	*- 30.1*	- 0.9
Bad debts recovered (written off)	- 19,484	*- 4.7*	- 18,470	*- 4.6*	- 5.2
Current pre-tax profit	**126,359**	***30.9***	**126,633**	***31.2***	**0.2**
Extraordinary items	- 9,031	*- 2.2*	- 17,798	*- 4.4*	n.c.
Profit (loss) before tax	**117,328**	***28.7***	**108,835**	***26.8***	**- 7.2**
Income tax	- 35,540	*- 8.7*	- 33,940	*- 8.4*	- 4.5
Minority interest	- 557	*- 0.2*	- 900	*- 0.2*	n.c.
Net profit	**81,231**	***19.8***	**73,995**	***18.2***	**- 8.9**

Balance sheet

	31-12-2013		31-12-2014		Change
	USD m	%	USD m	%	%
Cash and deposits at central banks	...	...	...	...	...
Securities	2,322,502	*25.0*	2,501,558	*25.9*	7.7
Loans and advances to banks [2]	1,926,444	*20.7*	2,056,571	*21.3*	6.8
Loans and advances to customers	3,822,185	*41.2*	3,874,309	*40.2*	1.4
Interests in subsidiaries and associated	57,928	*0.6*	55,229	*0.6*	- 4.7
Net tangible assets	63,848	*0.7*	59,603	*0.6*	- 6.6
Intangible assets [3]	284,602	*3.1*	270,620	*2.8*	- 4.9
Other assets	803,525	*8.7*	831,213	*8.6*	3.4
Total assets	**9,281,034**	***100.0***	**9,649,103**	***100.0***	**4.0**
Customer deposits	5,403,192	*58.2*	5,536,389	*57.4*	2.5
Debt securities	904,919	*9.8*	959,221	*10.0*	6.0
Subordinated liabilities	166,757	*1.8*	166,210	*1.7*	- 0.3
Total funding from customers	*6,474,868*	*69.8*	*6,661,820*	*69.1*	*2.9*
Deposits by banks	861,024	*9.3*	869,436	*9.0*	1.0
Other liabilities	957,524	*10.3*	1,071,006	*11.1*	11.9
Total liabilities	**8,293,416**	***89.4***	**8,602,262**	***89.2***	**3.7**
Net worth	**987,618**	***10.6***	**1,046,841**	***10.8***	**6.0**
of which:					
shareholders' equity	981,130	*10.6*	1,040,988	*10.8*	6.1
minority interests	6,488	*0.0*	5,853	*0.0*	- 9.8

* Data refers to companies which accounted for 92.5% of the total assets of US banks included in the survey as at end-2013.

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.[78]

[78] 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 *Lande* and the savings bank associations whereby following a transitional phase ending July 18 2005, the public guarantee would be abolished. The *Landesbanken* duly began to arrange transactions with the same purpose of separating public mission activities 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,

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 project finance and making use of securitisations. It promotes and finances investment projects in developing countries, and supports German enterprises abroad.[79]

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 mainly through bond issuance, term deposits and the interbank market; and (with the exception of KfW), providing services on behalf of associated small-medium size banks.[80]

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.

[79] 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 2014, the KfW Group owned 21% of Deutsche Post A.G. and 17.4% of Deutsche Telekom A.G., deriving from privatization operations.

[80] Bayerische Landesbank acts as a central bank for the 71 savings banks of Bavaria (2,354 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 (2,489 at the end of 2014) with approximately 8.2 million shareholders, which control the 39 regional banks, or Caisses Régionales de Crédit Agricole, which in turn control Crédit Agricole S.A. (formerly Caisse Nationale de Crédit Agricole) through SAS Rue la Boétie. Crédit Agricole S.A. acts as a 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 through 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 3,205 consolidated entities in 2013. Alongside there is the Fédération Nationale du Crédit Agricole, which represents and coordinates regional banks and the group as a whole, but is not consolidated. In November 2001, the regional banks transferred their holdings in jointly-owned service companies, chiefly in the areas of life insurance, *asset management* and consumer credit, to Caisse Nationale de Crédit Agricole, which thereupon changed its name to Crédit Agricole S.A., in exchange for newly-issued shares. Thereafter, a new *holding* company was established 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.[81] 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.

[81] That interest had been diluted to 56.5% as of 31 December 2014, 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 2,129 local savings banks, which are co-operative institutions with variable share capital and 7.5 million shareholders. These are grouped into 18 Fédérations Régionales, which are made up of one federation body and one Caisse Fédérale, as well as of 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 2,450 consolidated companies in 2013.[82] 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 led 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 230 *société locales d'épargne* with 4.7 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

[82] 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.

(BFBP), controlled by the cooperative banks. There are currently 18 cooperative banks with 4.2 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.[83] 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).[84] 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 2,782 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 co-operative 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

[83] 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.

[84] In 2010, CNCE (renamed CE Participations) and BFBP (renamed BP Participations) were absorbed by BPCE S.A. The merger between savings banks and cooperative banks involved also the acquisition by BPCE of an approximately 72% interest in Natixis, a company listed on the Paris stock exchange with corporate e investment banking assets, previously controlled equally by the two groups. Natixis, on its part, held 20% interest in each of the 18 co-operative banks and of the 17 savings banks, through *certificats coopératifs d'investissement* (CCI) with no voting rights. In 2013, the co-operative banks and savings banks repurchased and then cancelled the CCIs held by Natixis.

shareholding structures, Norinchukin Bank had 3,790 cooperative shareholders as of 31 March 2014, 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 267 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 2014 they had a network of 7,451 branch offices with 112,525 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 2004, the first year covered in the survey. A detailed list in chronological order is presented in TABLE I.47.

In November 2005, in **Germany**, at the conclusion of a stock swap, UniCredito Italiano (now UniCredit) acquired control of Bayerische Hypo- und Vereinsbank (HVB).[85] 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 **France**, in July 2009, savings banks and cooperative banks unified their central oversight and coordination entity by creating Groupe BPCE.

Other major same-country transactions were: in **Italy**, Banca Intesa acquired Sanpaolo IMI in 2007, taking the name Intesa Sanpaolo; also in 2007, UniCredit acquired Capitalia. In **Great Britain,** Lloyds TSB Group acquired HBOS in January 2009, under the name of Lloyds Banking Group.[86] 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 since the first months of 2010 (in ABN AMRO Bank), into the public *holding* ABN

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85 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 revenues 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.

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

AMRO Group. In **Spain**, effective 1 January 2011, Banco Financiero y de Ahorros acquired the bank assets of 7 local savings banks, the main ones of which are Caja Madrid and Bancaja.

There were four major European cross-border 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, for 38.3% by RBS, 33.8% by Fortis and 27.9% by Banco Santander, acquired control of the Dutch ABN AMRO Holding, on the basis of agreements that set forth the division and pro-quota acquisition of the assets of the acquired group; [87] iv) in 2009, BNP Paribas acquired from the Belgium government about 75% of the local Fortis Bank SA/NV.[88]

In **Japan**, in the early 2000s, important mergers took place with the involvement of the major institutions belonging to groups of different companies.[89] In December 2001, Daiwa Bank, Kinki Osaka Bank (from

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[87] 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.

[88] 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.

[89] The fiscal year in Japan runs from 1 April to 31 March of the following calendar year. One distinguishing feature of the Japanese economy is the presence of groupings of business known as *keiretsu*. Such groupings do not have independent legal status, and companies belong to them on a subjective and voluntary basis. The chairmen of the companies included in the same group meet on a regular basis, but there are no controlling shareholder links between the companies in the *keiretsu*, which therefore remain formally independent despite there being priority relationships between them. In general the main companies are widely owned and their shares are traded on stock exchanges. The *keiretsu* can be either “horizontal” or “vertical” depending on the type of links between the companies in the grouping: in the former case the businesses are linked by relations with a large bank which is

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).[90] In March 2003, the Mizuho Financial group, established the previous January, acquired control of Mizuho Holdings.[91] 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 first Japanese bank by assets value.[92] In April 2011, Chuo Trust Holdings acquired Sumitomo Trust & Banking, taking the name Sumitomo Mitsui Trust Holdings.[93]

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, Wachovia acquired SouthTrust. The concentration of U.S. banks continued in the following years, with Capital One Financial acquiring first Hibernia (2005) and then North Fork Bancorporation (2006).[94] Also in 2006, Bank of America acquired MBNA, whereas Golden West

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" groups: 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.

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

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

[92] 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.

[93] 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.

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

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 banking assets of Washington Mutual, following its bankruptcy in September 2008. At the end of the same year, Wells Fargo and PNC Financial Services Group acquired respectively Wachovia and National City. Bank of America then acquired the investment bank Merrill Lynch & Co. effective 1 January 2009.

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A 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 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 First Boston in 1988, acquired BZW from Barclays and Donaldson, Lufkin & Jenrette in 2000. In 1995 Deutsche Bank and Dresdner Bank acquired Morgan Grenfell and Kleinwort Benson, respectively. In 1995 Deutsche Bank and Dresdner Bank acquired, respectively, Morgan Grenfell and Kleinwort Benson; 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, expanded 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 was then sold in 2004).

In France, Crédit Agricole acquired Banque Indosuez in 1996 and Banque Nationale de Paris (now BNP Paribas) acquired Paribas in 1999. In Italy, Istituto Bancario San Paolo di Torino (now Intesa Sanpaolo) acquired IMI-Istituto Mobiliare Italiano in 1998. In 2000, Crédit Agricole, which had operated a joint-venture with Banque Lazard since 1995 through Crédit Agricole Lazard Financial Products of London, acquired a 30.9% stake (20.5% of voting rights) in Rue Impériale de Lyon, which at the time was controlled by the Lazard Group (this equity investment was then transformed into Eurazeo in 2004).[95]

[95] 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.47 – 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)
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)
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)

cont.

Table I.47 (cont.)

Combined entity	Total assets of combined entity (EURm)	Companies involved in the transaction (total assets, EURm)
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)
2010		
Deutsche Bank (DE)	1,727,273	Deutsche Bank (1,500,664); Deutsche Postbank (226,609)

cont.

Table I.47 (cont.)

Combined entity	Total assets of combined entity (EURm)	Companies involved in the transaction (total assets, EURm)
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 2004 to 31 January 2015.
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. UK banks value long-term life insurance businesses on the basis of in-force business. This involves a prudent valuation of discounted future earnings expected to derive from active policies, taking into account factors such as recent experience and general economic conditions. The calculation is repeated yearly, with the resulting value being treated as an asset and any differences being booked to the income statement.

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

It should be noted that in 2006, Crédit Suisse sold its interest in the insurance group Winterthur and from 2008 the insurance assets of Fortis Group 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 81.3bn.

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").

The following is a summary of the banking and insurance operations of European banks in the past three years.[96] 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 increased slightly from 5% to 6%.

	Current pre-tax profit			Total assets [1]		
	2011	2012	2013	2011	2012	2013
		EUR bn			*EUR bn*	
Banking	114.8	42.8	70.1	27,435.9	26,980.6	24,114.8
Insurance	14.4	14.7	11.8	1,436.4	1,552.7	1,540.1
Total	**129.2**	**57.5**	**81.9**	**28,872.3**	**28,533.3**	**25,654.9**
		as a % of total income			*as a % of total assets*	
Banking	*19.5*	*7.9*	*13.2*	*95.0*	*94.6*	*94.0*
Insurance	*2.4*	*2.7*	*2.2*	*5.0*	*5.4*	*6.0*
Total	***21.9***	***10.6***	***15.4***	***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 201.9bn in 2013).

[96] Of the US banks, only Citigroup included an insurance group in its consolidated accounts, as a result of its 1998 merger with the Travelers Group; in 2002 it sold the non-life segment and in July 2005 the life segment as well. No insurance activities were presented in the financial statements of Japanese banks.

4. *The effects of modifications in the valuation of financial assets in the 2008 financial year*

In 2008 the banks of the three regions 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 granted by the amendment of the accounting principle by excluding EUR 243.1 billion in securities from the trading portfolio, yielding a benefit of EUR 22.1 billion to earnings before taxes due to the decrease in impairment losses (TABLE I.48).[97] An additional EUR

[97] 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 two German banks, WestLB and Hypo Real Estate Holding, and the Belgian Dexia, not included in this survey as they did not meet the minimum size requirements, had reclassified to cost their securities for 11.4 billion from the held-for-trading portfolio and for 170.8 billion from the available-for-sale portfolio.

285.6 billion was then transferred from available for sale to loans to banks and customers and to other financial assets measured at cost, yielding a benefit of EUR 13.7 billion, in this case to shareholders' equity reserves, and a consequent improvement in capital ratios.

TABLE I.48 – 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 profit before tax	Effect on net worth reserves
available for sale	loans (at cost)	held to maturity	loans (at cost)	held to maturity		
	EUR bn		EUR bn		EUR bn	
73.4	64.5 [2]	105.2	31.5	254.1	22.1	13.7
Total transferred assets		**243.1**		**285.6**		

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

In Japan, some banks utilized the option offered by the new provisions of local authorities to reclassify financial assets from fair value to cost, transferring securities totalling JPY 15,398 billion from available for sale to held to maturity, resulting in a failure devaluation in shareholders' equity reserves of JPY 124 billion.[98] 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.49).

[98] This option was made possible by the issue on 5 December 2008, by ASBJ-PITF- *Accounting Standards Board of Japan-Practical Issue Task Force,* of Regulation n. 26, *Tentative Solution on Reclassification of Debt Securities.* The amounts specified in the text mostly refer to Norinchukin Bank.

TABLE I.49 – 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.[99] 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.50 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 55.4 billion to EUR 77.5 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

[99] 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.50 – 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	- 55.4	*- 12.7*	22.1	- 77.5	*- 18.7*
Total income	437.1	*100.0*	22.1	415.0	*100.0*
Change vs. 2007 (%)	*- 16.9*			*- 21.1*	
Current pre-tax profit	10.0	*2.3*	22.1	- 12.1	*- 2.9*
Profit before tax	- 74.5	*- 17.0*	22.1	- 96.6	*- 23.3*
	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 been 5.2 and more than 6.3 percentage point lower 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.[100] 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.[101]

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[100] 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).

[101] 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 — EUROPE

	2004		2005		2006		2007		2008		2009		2010		2011		2012		2013	
	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	628,798		810,921		970,950		1,163,645		1,206,139		807,992		712,611		778,905		739,690		636,069	
Interest payable and similar expenses	-418,917		-584,633		-732,147		-918,978		-925,180		-503,320		-394,378		-456,202		-430,234		-345,296	
Net interest income	**209,881**	***47.8***	**226,288**	***46.4***	**238,803**	***43.6***	**244,667**	***46.5***	**280,959**	***64.3***	**304,672**	***55.7***	**318,233**	***54.0***	**322,703**	***54.8***	**309,456**	***57.1***	**290,773**	***54.6***
Commissions receivable and other operating income	217,466	*49.6*	244,789	*50.1*	274,887	*50.2*	290,920	*55.3*	262,049	*59.9*	235,182	*43.0*	257,178	*43.7*	264,342	*44.9*	245,859	*45.4*	241,773	*45.4*
Commissions payable and other operating expenses	-38,445	*-8.8*	-41,389	*-8.5*	-45,730	*-8.4*	-50,263	*-9.6*	-50,421	*-11.5*	-51,688	*-9.5*	-51,355	*-8.7*	-51,459	*-8.7*	-49,618	*-9.2*	-50,094	*-9.4*
Gains (losses) on financial transactions	49,764	*11.3*	58,520	*12.0*	79,468	*14.5*	40,670	*7.7*	-55,446	*-12.7*	58,663	*10.7*	65,079	*11.0*	53,402	*9.1*	36,328	*6.7*	50,455	*9.5*
Total income	**438,666**	***100.0***	**488,208**	***100.0***	**547,428**	***100.0***	**525,994**	***100.0***	**437,141**	***100.0***	**546,829**	***100.0***	**589,135**	***100.0***	**588,988**	***100.0***	**542,025**	***100.0***	**532,907**	***100.0***
Labour costs	-155,226	*-35.4*	-173,588	*-35.6*	-193,563	*-35.4*	-197,142	*-37.5*	-180,848	*-41.4*	-192,789	*-35.3*	-205,104	*-34.8*	-206,005	*-35.0*	-203,856	*-37.6*	-195,657	*-36.7*
General expenses	-93,609	*-21.3*	-105,782	*-21.7*	-113,445	*-20.7*	-119,726	*-22.8*	-124,423	*-28.5*	-122,509	*-22.4*	-132,098	*-22.4*	-137,584	*-23.4*	-136,948	*-25.3*	-136,429	*-25.6*
Bad debts recovered (written off)	-30,525	*-7.0*	-28,428	*-5.8*	-35,561	*-6.5*	-52,453	*-10.0*	-99,452	*-22.8*	-150,746	*-27.6*	-97,499	*-16.5*	-90,438	*-15.4*	-117,995	*-21.8*	-93,762	*-17.6*
Depreciation and amortization	-18,115	*-4.1*	-19,292	*-4.0*	-19,869	*-3.6*	-20,776	*-3.9*	-22,378	*-5.1*	-25,175	*-4.6*	-26,700	*-4.5*	-25,789	*-4.4*	-25,740	*-4.7*	-25,155	*-4.7*
Current pre-tax profit	**141,191**	***32.2***	**161,118**	***33.0***	**184,990**	***33.8***	**135,897**	***25.8***	**10,040**	***2.3***	**55,610**	***10.2***	**127,734**	***21.7***	**129,172**	***21.9***	**57,486**	***10.6***	**81,904**	***15.4***
Amortization of goodwill	-8,260	*-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*	0	*0.0*
Transfer from (to) reserves	-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*	0	*0.0*
Fixed asset revaluations (writedowns)	-863	*-0.2*	-448	*-0.1*	-160	*0.0*	-9,508	*-1.8*	-89,807	*-20.5*	-29,461	*-5.4*	-16,190	*-2.7*	-65,847	*-11.2*	-28,428	*-5.2*	-29,089	*-5.5*
Extraordinary items	5,205	*1.2*	20,188	*4.1*	31,059	*5.7*	56,929	*10.8*	5,242	*1.2*	45,780	*8.4*	14,994	*2.5*	13,764	*2.3*	12,052	*2.2*	13,580	*2.5*
Cumulative effect of accounting changes	-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*	0	*0.0*
Profit (loss) before tax	**136,095**	***31.0***	**179,538**	***36.8***	**214,653**	***39.2***	**183,318**	***34.9***	**-74,525**	***-17.0***	**71,929**	***13.2***	**126,538**	***21.5***	**77,089**	***13.1***	**41,110**	***7.6***	**66,395**	***12.5***
Income tax	-37,079	*-8.5*	-45,437	*-9.3*	-52,702	*-9.6*	-38,044	*-7.2*	4,109	*0.9*	-12,921	*-2.4*	-32,627	*-5.5*	-25,175	*-4.3*	-18,064	*-3.3*	-22,138	*-4.2*
Profit attributable to minorities	-7,504	*-1.7*	-6,445	*-1.3*	-7,528	*-1.4*	-7,872	*-1.5*	5,556	*1.3*	-4,884	*-0.9*	-7,445	*-1.3*	-6,068	*-1.0*	3,851	*0.7*	-7,994	*-1.5*
Net profit attributable to parent company	**91,512**	***20.9***	**127,656**	***26.1***	**154,423**	***28.2***	**137,402**	***26.1***	**-64,860**	***-14.8***	**54,124**	***9.9***	**86,466**	***14.7***	**45,846**	***7.8***	**26,897**	***5.0***	**36,263**	***6.8***
Dividends payout	*41,726*	*9.5*	*52,312*	*10.7*	*61,683*	*11.3*	*58,513*	*11.1*	*22,688*	*5.2*	*24,043*	*4.4*	*27,029*	*4.6*	*24,479*	*4.2*	*29,232*	*5.4*	*32,014*	*6.0*

	2004		2005		2006		2007		2008		2009		2010		2011		2012		2013	
	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	184,267	*1.0*	175,233	*0.8*	173,391	*0.7*	273,667	*1.0*	422,439	*1.4*	548,980	*2.1*	609,728	*2.2*	965,915	*3.3*	1,241,962	*4.4*	1,097,447	*4.3*
Securities	4,361,485	*23.5*	6,549,583	*28.3*	7,047,507	*28.0*	7,114,774	*25.2*	5,542,305	*18.5*	5,654,977	*21.8*	5,987,832	*21.9*	5,492,335	*19.0*	5,730,985	*20.1*	5,602,555	*21.8*
Loans and advances to banks	3,058,200	*16.5*	3,475,910	*15.0*	3,678,667	*14.6*	3,981,205	*14.1*	3,246,407	*10.8*	2,712,409	*10.5*	2,922,388	*10.7*	3,029,354	*10.5*	2,817,103	*9.9*	2,638,413	*10.3*
Loans and advances to customers	8,001,549	*43.2*	9,812,028	*42.4*	11,100,278	*44.1*	11,969,017	*42.5*	12,001,529	*40.0*	11,526,123	*44.4*	12,103,918	*44.3*	12,304,792	*42.6*	12,187,379	*42.7*	11,656,993	*45.4*
Loans, advances and cash	***15,605,501***	***84.2***	***20,012,754***	***86.5***	***21,999,843***	***87.3***	***23,338,663***	***82.8***	***21,212,680***	***70.7***	***20,442,489***	***78.8***	***21,623,866***	***79.2***	***21,792,396***	***75.5***	***21,977,429***	***77.0***	***20,995,408***	***81.8***
Interests in subsidiares and associated	153,402	*0.8*	82,155	*0.4*	84,105	*0.3*	127,179	*0.5*	87,604	*0.3*	94,380	*0.4*	93,183	*0.3*	98,723	*0.3*	99,320	*0.3*	91,934	*0.4*
Intangible assets	25,460	*0.1*	48,096	*0.2*	47,267	*0.2*	66,180	*0.2*	64,325	*0.2*	66,580	*0.3*	67,133	*0.2*	65,473	*0.2*	66,066	*0.2*	54,115	*0.2*
Net tangible assets	163,096	*0.9*	232,172	*1.0*	240,788	*1.0*	238,788	*0.8*	238,219	*0.8*	249,155	*1.0*	260,648	*1.0*	254,713	*0.9*	236,579	*0.8*	226,474	*0.9*
Other assets	2,445,171	*13.2*	2,592,693	*11.2*	2,637,686	*10.5*	4,180,468	*14.8*	8,205,647	*27.3*	4,894,445	*18.9*	5,056,373	*18.5*	6,473,287	*22.4*	5,978,342	*21.0*	4,134,599	*16.1*
of which: derivatives assets	…	…	*1,839,163*	*8.0*	*1,805,017*	*7.2*	*3,309,275*	*11.7*	*7,334,475*	*24.4*	*3,949,470*	*15.2*	*4,059,957*	*14.9*	*5,388,788*	*18.7*	*4,929,838*	*17.3*	*3,150,352*	*12.3*
Total (a)	**18,392,630**	***99.3***	**22,967,870**	***99.3***	**25,009,689**	***99.3***	**27,951,278**	***99.1***	**29,808,475**	***99.3***	**25,747,049**	***99.2***	**27,101,203**	***99.2***	**28,684,592**	***99.3***	**28,357,736**	***99.4***	**25,502,530**	***99.4***
Deposits by banks	3,738,184	*20.2*	4,275,885	*18.5*	4,697,541	*18.6*	4,936,532	*17.5*	4,236,147	*14.1*	3,179,347	*12.3*	3,041,540	*11.1*	3,132,143	*10.8*	3,171,834	*11.1*	2,598,675	*10.1*
Customer deposits	7,055,099	*38.1*	8,452,182	*36.5*	9,277,575	*36.8*	9,827,391	*34.9*	9,485,678	*31.6*	9,466,110	*36.5*	10,293,155	*37.7*	10,764,977	*37.3*	10,928,747	*38.3*	10,909,070	*42.5*
Debt securities	3,226,996	*17.4*	4,113,154	*17.8*	4,719,805	*18.7*	5,162,580	*18.3*	4,873,685	*16.2*	4,819,012	*18.6*	4,932,155	*18.1*	4,694,193	*16.3*	4,581,363	*16.1*	4,095,258	*16.0*
Subordinated liabilities	386,499	*2.1*	479,823	*2.1*	504,036	*2.0*	533,154	*1.9*	593,469	*2.0*	547,293	*2.1*	542,270	*2.0*	501,547	*1.7*	453,186	*1.6*	417,216	*1.6*
Total funding	***14,406,778***	***77.8***	***17,321,044***	***74.9***	***19,198,957***	***76.2***	***20,459,657***	***72.6***	***19,188,979***	***63.9***	***18,011,762***	***69.4***	***18,809,120***	***68.9***	***19,092,860***	***66.1***	***19,135,130***	***67.1***	***18,020,219***	***70.2***
Provision for employee benefits	48,574	*0.3*	75,502	*0.3*	70,657	*0.3*	57,785	*0.2*	55,565	*0.2*	58,633	*0.2*	53,908	*0.2*	52,337	*0.2*	54,279	*0.2*	60,907	*0.2*
Deferred taxation	40,179	*0.2*	56,576	*0.2*	52,527	*0.2*	59,761	*0.2*	49,249	*0.2*	40,034	*0.2*	38,366	*0.1*	38,890	*0.1*	35,451	*0.1*	25,860	*0.1*
Other liabilities	3,230,930	*17.4*	4,769,524	*20.6*	4,852,861	*19.3*	6,479,035	*23.0*	9,720,884	*32.4*	6,634,057	*25.6*	7,100,038	*26.0*	8,351,552	*28.9*	7,901,960	*27.7*	6,171,428	*24.1*
of which: derivatives liabilities	…	…	*1,883,086*	*8.1*	*1,879,182*	*7.5*	*3,353,677*	*11.9*	*7,202,018*	*24.0*	*3,890,829*	*15.0*	*4,032,556*	*14.8*	*5,312,626*	*18.4*	*4,849,657*	*17.0*	*3,117,187*	*12.2*
Total liabilities (b)	**17,726,461**	***95.7***	**22,222,646**	***96.1***	**24,175,002**	***96.0***	**27,056,238**	***96.0***	**29,014,677**	***96.7***	**24,744,486**	***95.3***	**26,001,432**	***95.2***	**27,535,639**	***95.4***	**27,126,820**	***95.1***	**24,278,414**	***94.6***
Goodwill (c)	134,080	*0.7*	162,449	*0.7*	182,782	*0.7*	243,840	*0.9*	209,948	*0.7*	205,414	*0.8*	210,977	*0.8*	187,706	*0.7*	175,547	*0.6*	152,326	*0.6*
Net worth (a-b+c)	**800,249**	***4.3***	**907,673**	***3.9***	**1,017,469**	***4.0***	**1,138,880**	***4.0***	**1,003,746**	***3.3***	**1,207,977**	***4.7***	**1,310,748**	***4.8***	**1,336,659**	***4.6***	**1,406,463**	***4.9***	**1,376,442**	***5.4***
represented by:																				
Issued share capital	94,700	*0.5*	98,428	*0.4*	99,042	*0.4*	95,568	*0.3*	95,725	*0.3*	129,959	*0.5*	134,198	*0.5*	144,128	*0.5*	165,203	*0.6*	161,256	*0.6*
Reserves	634,528	*3.4*	764,300	*3.3*	858,334	*3.4*	936,439	*3.3*	810,174	*2.7*	978,455	*3.8*	1,093,132	*4.0*	1,108,496	*3.8*	1,161,203	*4.1*	1,131,869	*4.4*
Own shares	-18,421	*-0.1*	-26,417	*-0.1*	-22,466	*-0.1*	-27,080	*-0.1*	-7,676	*0.0*	-4,350	*0.0*	-5,323	*0.0*	-5,822	*0.0*	-3,551	*0.0*	-2,080	*0.0*
Total	**710,807**	***3.8***	**836,311**	***3.6***	**934,910**	***3.7***	**1,004,927**	***3.6***	**898,223**	***3.0***	**1,104,064**	***4.3***	**1,222,007**	***4.5***	**1,246,802**	***4.3***	**1,322,855**	***4.6***	**1,291,045**	***5.0***
Minority interests	89,442	*0.5*	71,362	*0.3*	82,559	*0.3*	133,953	*0.5*	105,523	*0.4*	103,913	*0.4*	88,741	*0.3*	89,857	*0.3*	83,608	*0.3*	85,397	*0.3*
Funding from customers	**10,668,594**	***57.6***	**13,045,159**	***56.4***	**14,501,416**	***57.6***	**15,523,125**	***55.1***	**14,952,832**	***49.8***	**14,832,415**	***57.2***	**15,767,580**	***57.7***	**15,960,717**	***55.3***	**15,963,296**	***55.9***	**15,421,544**	***60.1***
Total assets (a+c)	**18,526,710**	***100.0***	**23,130,319**	***100.0***	**25,192,471**	***100.0***	**28,195,118**	***100.0***	**30,018,423**	***100.0***	**25,952,463**	***100.0***	**27,312,180**	***100.0***	**28,872,298**	***100.0***	**28,533,283**	***100.0***	**25,654,856**	***100.0***

TABLE II.3 – EMPLOYEES EUROPE

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Average number of staff	2,352,570	2,434,287	2,585,268	2,697,792	2,822,379	2,795,717	2,730,346	2,725,984	2,661,652	2,552,132
of which: from country of origin (%) (1)	*55.0*	*53.7*	*51.2*	*48.7*	*46.1*	*46.6*	*46.7*	*46.4*	*49.1*	*48.9*
from elsewhere (%) (1)	*45.0*	*46.3*	*48.8*	*51.3*	*53.9*	*53.4*	*53.3*	*53.6*	*50.9*	*51.1*

(1) Figures for companies which cover 86% of total number of staff in 2004, 88% in 2005, 91% in 2006 and 2008, 90% in 2007 and 2009, 89% in 2010 and 2011, 94% in 2012 and 93% in 2013.

TABLE II.4 - FINANCIAL RATIOS EUROPE

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Funding from customers per employee ('000 EUR) (1)	4,783	5,640	5,833	5,978	5,460	5,438	5,919	6,000	6,132	6,131
Loans and advances to customers per employee ('000 EUR) (1)	3,587	4,242	4,465	4,610	4,383	4,226	4,544	4,626	4,682	4,634
Labour cost per employee ('000 EUR) (1)	69.4	74.6	77.7	75.6	65.9	70.6	76.8	77.3	78.1	77.8
Cost / income ratio (%)	60.8	61.2	59.7	64.2	74.9	62.2	61.8	62.7	67.6	67.0
Bad debts written off as % of total income (2)	7.0	5.8	6.5	10.0	22.8	27.6	16.5	15.4	21.8	17.6
Dividends payout as % of net profit	45.6	41.0	39.9	42.6	n.c.	44.4	31.3	53.4	108.7	88.3
ROE (%)	14.8	18.0	19.8	15.8	n.c.	5.2	7.6	3.8	2.1	2.9
ROA (%)	0.5	0.6	0.6	0.5	n.c.	0.2	0.3	0.2	0.1	0.1
Doubtful loans as % of loans to customers (3)	0.9	0.8	0.8	0.8	1.3	2.3	2.4	2.5	3.7	3.6
Doubtful loans as % of net worth (3)	9.0	8.8	8.5	8.9	15.6	21.6	22.5	23.1	31.9	30.6
Loans, advances and cash as % of total funding	108.3	115.5	114.6	114.1	110.5	113.5	115.0	114.1	114.9	116.5
Fixed assets as % of net worth	59.5	57.8	54.5	59.4	59.8	51.0	48.2	45.4	41.1	38.1
Free capital as % of funding from customers	2.4	2.3	2.6	2.3	1.6	2.2	2.4	2.6	2.4	2.8
Total assets (4) / Tangible net worth (n.)	28.7	32.9	31.7	33.6	40.8	27.4	26.2	26.4	24.3	21.8

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 95.8% in 2004, 96.4% in 2005, 97.8% in 2006 and 100% in 2007, 2008, 2009, 2010, 2011, 2012 and 2013 of loans to customers of the sample.
(4) Excluding intangibile assets.

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

	2004-05		2005-06		2006-07		2007-08		2008-09		2009-10		2010-11		2011-12		2012-13		2013-14	
	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	8,897		10,754		13,354		14,526		12,365		9,529		8,819		8,501		8,440		8,751	
Interest payable and similar expenses	-2,694		-4,253		-6,525		-7,764		-5,624		-2,903		-2,500		-2,394		-2,281		-2,197	
Net interest income	**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***	**6,554**	***59.7***
Commissions receivable and other operating income	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*	5,055	*46.0*
Commissions payable and other operating expenses	-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*	-1,224	*-11.1*
Gains (losses) on financial transactions	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*	594	*5.4*
Total income	**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***	**10,979**	***100.0***
Labour costs	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…
General expenses (2)	-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*	-5,927	*-54.0*
Bad debts recovered (written off)	-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*	+214	*2.0*
Depreciation and amortization	-462	*-4.5*	-666	*-6.1*	-729	*-6.5*	-772	*-7.1*	-823	*-9.1*	-791	*-7.3*	-796	*-7.9*	-809	*-7.6*	-814	*-7.5*	-818	*-7.5*
Current pre-tax profit	**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***	**4,448**	***40.5***
Amortization of goodwill	-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*	-67	*-0.6*
Fixed asset revaluations (writedowns)	-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*	-82	*-0.7*
Extraordinary items	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*	801	*7.3*
Cumulative effect of accounting changes	-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	*0.0*	0	*0.0*
Profit (loss) before tax	**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***	**5,100**	***46.5***
Income tax	-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*	-1,397	*-12.7*
Profit attributable to minorities	-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*	-316	*-2.9*
Net profit attributable to parent company	**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***	**3,387**	***30.8***
Dividends payout	*321*	*3.1*	*392*	*3.6*	*512*	*4.6*	*634*	*5.9*	*482*	*5.4*	*593*	*5.5*	*659*	*6.5*	*661*	*6.2*	*756*	*7.0*	*850*	*7.7*

(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	2005		2006		2007		2008		2009		2010		2011		2012		2013		2014	
	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	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*	274,122	*31.5*
Loans and advances to banks (1)	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*	157,883	*18.1*
Loans and advances to customers	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*	381,826	*43.9*
Loans, advances and cash	***610,105***	***94.4***	***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***	***813,831***	***93.5***
Interests in subsidiares and associated	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*	3,512	*0.4*
Intangible assets	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*	3,275	*0.4*
Net tangible assets	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*	6,006	*0.7*
Other assets	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*	41,967	*4.8*
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*	*25,218*	*2.9*
Total (a)	**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***	**868,591**	***99.8***
Deposits by banks	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	*14.9*	121,290	*14.7*	128,976	*14.8*
Customer deposits	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*	587,252	*67.5*
Debt securities	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*	39,159	*4.5*
Subordinated liabilities	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*	13,378	*1.5*
Total funding	***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***	***87.8***	***723,664***	***87.7***	***768,765***	***88.4***
Provision for employee benefits	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*	338	*0.0*
Deferred taxation	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*	1,267	*0.1*
Other liabilities	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*	52,065	*6.0*
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*	*25,206*	*2.9*
Total liabilities (b)	**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***	**822,435**	***94.5***
Goodwill (c)	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*	1,435	*0.2*
Net worth (a-b+c)	**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***	**47,591**	***5.5***
represented by:																				
Issued share capital	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*	12,374	*1.4*
Reserves	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*	30,842	*3.5*
Own shares	-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*	-424	*0.0*
Total	**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***	**42,792**	***4.9***
Minority interests	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*	4,799	*0.6*
Funding from customers	**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***	**639,789**	***73.5***
Total assets (a+c)	**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***	**870,026**	***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

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Average number of staff (1)	207,258	207,792	208,731	214,679	225,930	234,670	242,390	245,610	246,391	265,098
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

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Funding from customers per employee (JPYm) (1)	2,365	2,420	2,452	2,412	2,317	2,300	2,280	2,306	2,445	2,413
Loans and advances to customers per employee (JPYm) (1)	1,513	1,572	1,589	1,587	1,570	1,439	1,371	1,391	1,463	1,440
Labour cost per employee (JPYm)	...	...	...	...	...	...	...	...	...	...
Cost / income ratio (%)	50.3	52.9	52.8	57.5	71.5	60.5	64.4	61.0	60.5	61.5
Bad debts written off as % of total income (2)	18.4	4.3	7.3	8.4	30.0	18.0	7.6	4.3	4.8	-2.0
Dividends payout as % of net profit	25.3	12.4	16.9	49.2	n.c.	35.0	32.3	30.8	23.0	25.1
ROE (%)	5.8	10.9	9.9	4.6	n.c.	5.8	7.0	6.9	9.1	8.6
ROA (%)	0.2	0.5	0.5	0.2	n.c.	0.2	0.3	0.3	0.4	0.4
Doubtful loans as % of loans to customers	1.4	1.0	0.7	0.8	0.8	0.9	1.0	1.1	1.2	0.9
Doubtful loans as % of net worth	16.0	8.5	6.4	7.6	10.6	8.1	9.0	10.1	9.4	7.3
Loans, advances and cash as % of total funding	103.1	105.1	106.1	104.3	102.6	104.6	103.2	105.5	105.7	105.9
Fixed assets as % of net worth	28.4	32.9	29.9	34.6	42.3	31.8	32.9	30.4	28.5	29.9
Free capital as % of funding from customers	3.1	4.2	4.8	3.8	2.4	4.1	3.9	4.0	4.6	4.7
Total assets (3) / Tangible net worth (n.)	24.5	21.4	19.8	23.8	30.2	22.1	22.9	22.4	20.3	20.2

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) 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

	2004		2005		2006		2007		2008		2009		2010		2011		2012		2013	
	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	293,665		370,669		474,839		554,171		466,650		346,353		344,097		320,041		301,971		288,015	
Interest payable and similar expenses	-107,931		-186,901		-285,242		-350,204		-233,168		-108,515		-89,924		-83,193		-66,875		-53,115	
Net interest income	**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***	**234,900**	***53.0***
Commissions receivable and other operating income (1)	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*	183,412	*42.0*	181,738	*41.0*
Commissions payable and other operating expenses	…	...	…	...	…	...	…	...	…	...	…	...	…	...	…	...	…	...	…	...
Gains (losses) on financial transactions	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*	26,281	*5.9*
Total income	**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***	**436,810**	***100.0***	**442,919**	***100.0***
Labour costs	-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*	-151,306	*-34.2*
General expenses	-88,239	*-23.2*	-90,207	*-22.5*	-95,676	*-21.8*	-106,688	*-22.3*	-114,961	*-21.5*	-112,962	*-24.3*	-113,869	*-24.0*	-123,237	*-27.9*	-122,398	*-28.0*	-114,978	*-26.0*
Bad debts recovered (written off)	-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*	-21,773	*-4.9*
Depreciation and amortization	-14,549	*-3.8*	-15,343	*-3.8*	-16,672	*-3.9*	-17,767	*-4.3*	-18,532	*-5.2*	-19,002	*-4.1*	-19,100	*-4.0*	-18,736	*-4.2*	-18,700	*-4.3*	-19,222	*-4.3*
Current pre-tax profit	**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***	**103,697**	***23.7***	**135,640**	***30.6***
Fixed asset revaluations (writedowns)	-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*	-1,359	*-0.3*
Extraordinary items	-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*	279	*0.1*	-8,439	*-1.9*
Cumulative effect of accounting changes	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*	0	*0.0*
Profit (loss) before tax	**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***	**125,842**	***28.4***
Income tax	-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*	-37,655	*-8.5*
Profit attributable to minorities	-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*	-614	*-0.1*
Net profit attributable to parent company	**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***	**87,573**	***19.8***
Dividends payout	*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*	*22,279*	*5.0*

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

	2004		2005		2006		2007		2008		2009		2010		2011		2012		2013	
	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	1,799,939	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	2,445,550	24.4
Loans and advances to banks (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	1,953,392	19.5
Loans and advances to customers	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	4,328,466	43.1
Loans, advances and cash	***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***	***8,727,408***	***87.0***
Interests in subsidiares and associated	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	63,294	0.6
Intangible assets	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	71,590	0.7
Net tangible assets	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	91,620	0.9
Other assets	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	10.3	938,565	9.4	844,975	8.4
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	*195,851*	2.0
Total (a)	**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**	**9,798,887**	**97.6**
Deposits by banks	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	895,411	8.9
Customer deposits	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	5,905,504	58.8
Debt securities	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	997,513	9.9
Subordinated liabilities	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	2.1	181,165	1.8
Total funding	***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***	***7,979,593***	***79.5***
Deferred taxation	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	3,613	0.1
Other liabilities	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	978,546	9.7
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	*164,212*	1.6
Total liabilities (b)	**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**	**8,961,752**	**89.3**
Goodwill (c)	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	239,316	2.4
Net worth (a-b+c)	**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**	**1,076,451**	**10.7**
represented by:																				
Issued share capital	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	252,755	2.5	257,035	2.6
Reserves	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	816,832	8.2	858,081	8.5
Own shares	-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	-45,359	-0.5
Total	**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**	**1,069,757**	**10.7**
Minority interests	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	6,694	0.1
Funding from customers	**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**	**7,084,182**	**70.6**
Total assets (a+c)	**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**	**10,038,203**	**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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Average number of staff	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	1,356,653
of which: from country of origin (%)	...	...	...	...	...	...	...	...	...	...
from elsewhere (%)	...	...	...	...	...	...	...	...	...	...

TABLE II.4 - FINANCIAL RATIOS — UNITED STATES

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Funding from customers per employee ('000 USD)	3,403	3,530	3,827	4,260	4,194	4,449	4,675	4,820	4,973	5,222
Loans and advances to customers per employee ('000 USD)	2,601	2,749	2,887	3,050	2,864	2,766	2,966	2,987	3,111	3,191
Labour cost per employee ('000 USD)	88.1	93.0	101.1	102.5	97.3	97.5	104.9	107.7	109.3	111.5
Cost / income ratio (%)	58.6	58.8	58.9	67.2	78.1	58.0	57.9	65.7	67.0	64.5
Bad debts written off as % of total income (1)	5.5	6.2	5.6	14.4	48.9	39.1	22.7	11.8	9.3	4.9
Dividends payout as % of net profit	43.4	42.3	42.4	92.6	n.c.	95.3	16.8	22.3	24.8	25.4
ROE (%)	16.1	17.9	18.5	7.4	n.c.	2.6	6.2	7.2	7.8	8.9
ROA (%)	1.2	1.2	1.3	0.5	n.c.	0.2	0.6	0.7	0.7	0.9
Doubtful loans as % of loans to customers (2)	0.1	0.2	0.2	0.3	0.3	0.7	1.2	1.4	1.5	1.4
Doubtful loans as % of net worth (2)	0.6	0.9	1.1	1.6	1.3	3.1	5.4	6.1	6.2	5.7
Loans, advances and cash as % of total funding	105.0	104.1	106.2	102.9	101.5	103.3	105.6	107.2	108.4	109.4
Fixed assets as % of net worth	68.1	69.6	74.3	85.0	69.8	64.5	58.2	49.0	44.6	43.3
Free capital as % of funding from customers	4.3	4.0	3.3	1.6	3.7	4.6	5.2	6.5	7.4	7.8
Total assets (3) / Tangible net worth (n.)	20.9	21.8	23.5	28.8	20.7	17.5	15.9	14.3	13.2	12.7

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		2013	
	CNY m	%	*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		3,691,425	
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		-1,629,445	
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***	**2,061,980**	***77.8***
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*	597,368	*22.5*
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*	-41,040	*-1.5*
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*	5,126	*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*	26,708	*1.0*
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***	**2,650,142**	***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*	-487,302	*-18.4*
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*	-440,896	*-16.6*
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*	-147,539	*-9.1*	-192,578	*-9.4*	-207,337	*-8.8*	-238,574	*-9.0*
Depreciation and amortization	-34,053	*-6.8*	-33,428	*-5.8*	-36,388	*-5.0*	-38,590	*-3.8*	-46,336	*-3.6*	-50,018	*-3.9*	-56,003	*-3.4*	-62,657	*-3.0*	-71,273	*-3.0*	-80,053	*-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***	**827,231**	***50.7***	**1,067,271**	***51.9***	**1,236,459**	***52.3***	**1,403,317**	***53.0***
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*	0	*0.0*
Transfer from (to) reserves	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*
Fixed asset revaluations (writedowns)	-4,266	*-0.9*	-1,473	*-0.3*	-2,153	*-0.3*	-22,925	*-2.3*	-78,480	*-6.1*	3,468	*0.3*	-182	*0.0*	-2,956	*-0.1*	-2,558	*-0.1*	-4,288	*-0.2*
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*	12,409	*0.5*
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*	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***	**1,411,438**	***53.3***
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*	-323,486	*-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*	-9,796	*-0.4*
Net profit attributable to parent company	**86,452**	***17.3***	**133,248**	***23.2***	**178,057**	***24.7***	**282,949**	***27.8***	**413,884**	***32.4***	**482,736**	***37.7***	**640,890**	***39.3***	**822,026**	***40.0***	**957,382**	***40.5***	**1,078,156**	***40.7***
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	*314,913*	13.3	*355,524*	13.4

TABLE II.2 – FINANCIAL STATEMENTS CHINA

	2004		2005		2006		2007		2008		2009		2010		2011		2012		2013	
	CNY m	%	*CNY m*	%	*CNY m*	%	*CNY m*	%	*CNY m*	%	*CNY m*	%	*CNY m*	%	*CNY m*	%	*CNY m*	%	*CNY m*	%
Cash and deposits at central banks (1)	131,233	*0.6*	137,307	*0.6*	152,844	*0.5*	183,707	*0.5*	184,428	*0.5*	202,259	*0.4*	1,176,962	*2.0*	1,408,494	*2.0*	1,736,395	*2.2*	1,266,063	*1.5*
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*	17,582,593	*20.2*
Loans and advances to banks (2)	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*	13,030,394	*21.9*	17,509,561	*25.5*	20,561,642	*26.1*	21,182,273	*24.4*
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	*50.1*	44,446,341	*51.1*
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***	***84,477,270***	***97.2***
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*	50,628	*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*	88,562	*0.1*	90,457	*0.1*	92,091	*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*	687,128	*0.9*	788,427	*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*	886,355	*1.3*	1,220,746	*1.5*	1,486,232	*1.7*
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***	**86,894,648**	***100.0***
Deposits by banks	1,416,579	*6.7*	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*	10,884,081	*12.5*
Customer deposits	18,428,076	*86.4*	21,208,301	*85.1*	24,409,945	*84.1*	27,268,377	*79.2*	32,341,033	*80.6*	40,747,084	*80.6*	47,603,167	*80.2*	53,561,737	*77.9*	60,170,716	*76.4*	66,824,892	*76.9*
Debt securities	67,395	*0.3*	134,746	*0.5*	126,202	*0.4*	164,714	*0.5*	132,763	*0.3*	117,563	*0.2*	162,182	*0.3*	201,646	*0.3*	318,695	*0.4*	427,885	*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	*1.0*	889,362	*1.1*	860,222	*1.0*
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***	***78,997,080***	***90.9***
Provision for employee benefits	7,591	*0.0*	8,701	*0.0*	14,972	*0.1*	27,828	*0.1*	79,365	*0.2*	48,185	*0.1*	42,063	*0.1*	42,465	*0.1*	31,678	*0.0*	24,849	*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*	4,739	*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*	927,194	*1.8*	1,113,476	*1.9*	1,376,572	*2.0*	1,845,876	*2.4*	2,203,338	*2.5*
Total liabilitie (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***	**81,230,006**	***93.5***
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*	25,014	*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***	**5,689,656**	***6.5***
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*	1,417,901	*1.6*
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*	4,201,719	*4.8*
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*	-28	*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***	**5,619,592**	***6.5***
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*	70,064	*0.1*
Funding from customers	**18,601,164**	***87.2***	**21,520,995**	***86.4***	**24,726,983**	***85.2***	**27,655,868**	***80.3***	**32,733,515**	***81.6***	**41,283,450**	***81.6***	**48,223,273**	***81.2***	**54,490,826**	***79.2***	**61,378,773**	***78.0***	**68,112,999**	***78.4***
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***	**86,919,662**	***100.0***

(1) Since 2010 this amount has also included free deposits at the central bank (CNY 867bn in 2013), previously accounted for as amounts due from banks.

(2) 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, CNY 10,728bn as at 31-12-2012 and CNY 11,709bn as at 31-12-2013).

TABLE II.3 – EMPLOYEES CHINA

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Average number of staff	1,390,122 (1)	1,467,814	1,446,504	1,446,917	1,490,348	1,531,614	1,583,317	1,646,990	1,734,107	1,833,281
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	2013
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	37,154
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	24,244
Labour cost per employee ('000 CNY) (1)	69.3	87.3	106.7	133.4	165.4	173.0	202.5	237.7	255.9	265.8
Cost / income ratio (%)	51.6	50.7	47.5	41.2	40.2	43.1	40.2	38.7	38.9	38.0
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	9.0
Dividends payout as % of net profit	22.1	20.9	41.5	47.0	31.8	37.7	36.9	31.7	32.9	33.0
ROE (%)	12.7	14.8	13.3	17.8	22.0	22.2	22.4	24.7	24.1	23.7
ROA (%)	0.4	0.5	0.6	0.8	1.0	1.0	1.1	1.2	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	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	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	106.9
Fixed assets as % of net worth	52.8	43.1	30.4	24.8	25.1	24.1	20.0	18.2	17.0	16.8
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	8.1
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	15.6

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) 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 decreased by one compared to the previous edition of this survey, as a result of the following changes in Europe: i) Scandinavian bank Svenska Handelsbanken of Sweden has been included, having reached the minimum size requisites; ii) Belgian bank Dexia, meanwhile, has been excluded as it no longer meets the same size requirements, as is also the case with Belfius Bank (previously Dexia Bank Belgium, which until 3Q 2011 was part of the Dexia group), which was still included in the previous survey to ensure improved historical comparison of 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 201 and 2014). 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.[102] 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 should be noted in particular that from 2004 to 2014, the euro – the currency of account for the majority of the European groups – has lost value against the US dollar (around 12%), the Swiss franc (28%) and the renminbi (49%), whereas the Japanese yen has lost something like 4% in the same period.

[102] 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

		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
							vs. EUR (x100)					
China	CNY	8.8889	10.5038	9.7283	9.3002	10.5312	10.1678	11.3353	12.2567	12.1644	11.9773	13.2700
Denmark	DKK	13.4430	13.4039	13.4120	13.4079	13.4217	13.4376	13.4165	13.4513	13.4030	13.4061	13.4313
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	0.7161	0.7199	0.6372	0.6063	0.7928	0.7510	0.9204	0.9980	0.8802	0.6910	0.6886
Norway	NOK	12.1411	12.5235	12.1389	12.5660	10.2564	12.0482	12.8205	12.8966	13.6086	11.9574	11.0595
United Kingdom	GBP	141.8440	145.9215	148.9203	136.3605	104.9869	112.5999	116.1778	119.7175	122.5340	119.9472	128.3862
United States	USD	73.4160	84.7673	75.9301	67.9302	71.8546	69.4155	74.8391	77.2857	75.7920	72.5111	82.3655
Sweden	SEK	11.0857	10.6513	11.0615	10.5915	9.1996	9.7542	11.1539	11.2208	11.6523	11.2878	10.6462
Switzerland	CHF	64.8130	64.3045	62.2316	60.4339	67.3401	67.4036	79.9744	82.2639	82.8363	81.4598	83.1670

TABLE III.2 - LIST OF COMPANIES

	BANKS	2013 TOTAL ASSETS	TOTAL INCOME	NET RESULT	EM-PLOYEES
	EUROPE	*EUR m*	*EUR m*	*EUR m*	*Average number*
1	HSBC HOLDINGS (GB) #	1,935,980	45,829	11,750	268,795
2	BNP PARIBAS (FR) # 1	1,797,427	38,049	4,832	186,548
3	CREDIT AGRICOLE (FR) #	1,705,105	29,026	5,136	151,621
4	DEUTSCHE BANK (DE) #	1,611,333	31,060	666	97,991
5	BARCLAYS (GB) #	1,574,028	33,266	648	140,300
6	SOCIÉTÉ GÉNÉRALE (FR) #	1,234,761	22,702	2,175	151,167
7	THE ROYAL BANK OF SCOTLAND GROUP-RBS (GB) # * 2	1.232.911	22,985	- 10,312	120,800
8	GROUPE BPCE (FR) 3	1,115,900	22,842	2,669	116,076
9	BANCO SANTANDER (ES) #	1,115,282	38,161	4,370	186,373
10	ING GROEP (NL) #	1,075,984	15,126	3,232	83,690
11	LLOYDS BANKING GROUP (GB) # * 4	1,015,111	20,636	- 1,005	97,869
12	UNICREDIT (IT) #	845,838	23,163	- 13,965	142,135
13	UBS (CH) #	822,630	22,341	2,584	61,417
14	CREDIT SUISSE GROUP (CH) #	710,986	19,517	1,895	46,700
15	RABOBANK NEDERLAND (NL)	674,139	12,602	1,960	58,249
16	CREDIT MUTUEL (FR)	658,271	14,968	2,651	78,482
17	NORDEA BANK (SE) #	630,434	9,875	3,116	29,483
18	INTESA SANPAOLO (IT) #	626,269	15,756	- 4,550	90,294
19	BANCO BILBAO VIZCAYA ARGENTARIA - BBVA (ES) #	581,956	20,975	2,228	112,589
20	COMMERZBANK (DE) # 5	549,661	9,235	78	53,625
21	STANDARD CHARTERED (GB) #	489,000	13,558	2,966	88,257
22	KREDITANSTALT FUER WIEDERAUFBAU - KfW (DE) *	464,755	2,615	1,273	5,374
23	DANSKE BANK (DK) #	432,337	5,549	954	19,624
24	DZ BANK (DE)	386,509	5,869	1,169	28,962
25	ABN AMRO GROUP (NL) * 6	372,022	7,290	1,162	22,674
26	CAJA DE AHORROS Y PENSIONES DE BARCELONA – "LA CAIXA" *	350,749	7,105	745	33,921
27	DNB (NO) #	285,716	5,419	2,096	12,642
28	SVENSKA HANDELSBANKEN (SE) #	281,045	4,097	1,613	11,503
29	SKANDINAVISKA ENSKILDA BANKEN - SEB (SE) #	280,435	4,451	1,667	15,870
30	LANDESBANK BADEN-WUERTTEMBERG (DE) *	273,523	2,418	343	11,906
31	BANCO FINANCIERO Y DE AHORROS (ES) * 7	269,158	3,817	1,997	18,310
32	BAYERISCHE LANDESBANK (DE) *	255,601	2,605	120	8,885
33	ABBEY NATIONAL (GB) 8	-	-	-	-
34	ABN AMRO HOLDING (NL) 9	-	-	-	-
35	BAYERISCHE HYPO- UND VEREINSBANK (HVB) (DE) 10	-	-	-	-
36	CAJA DE AHORROS DE VALENCIA, CASTELLÓN Y ALICANTE – BANCAJA 11	-	-	-	-

cont.

Table III.2 (cont.)

	BANKS	2013 TOTAL ASSETS	TOTAL INCOME	NET RESULT	EM-PLOYEES
		EUR m	*EUR m*	*EUR m*	*Average number*
37	CAJA DE AHORROS Y MONTE DE PIEDAD DE MADRID – "CAJA MADRID" [13]	-	-	-	-
38	CAPITALIA (IT) [12]	-	-	-	-
39	DEUTSCHE POSTBANK (DE) [13]	-	-	-	-
40	DRESDNER BANK (DE) [14]	-	-	-	-
41	EUROHYPO (DE) [15]	-	-	-	-
42	FORTIS (BE / NL) [16]	-	-	-	-
43	FORTIS BANK (BE) [17]	-	-	-	-
44	FORTIS BANK (NEDERLAND) (NL) [18]	-	-	-	-
45	GROUPE BANQUE POPULAIRE (FR) [19]	-	-	-	-
46	GROUPE CAISSE D'EPARGNE (FR) [20]	-	-	-	-
47	HBOS (GB) [21]	-	-	-	-
48	SANPAOLO IMI (IT) [22]	-	-	-	-
	TOTAL	**25,654,856**	**532,907**	**36,263**	**2,552,132**
	JAPAN	*EUR m*	*EUR m*	*EUR m*	*Average number*
1	MITSUBISHI UFJ FINANCIAL GROUP - MUFG # [23]	1,752,771	21,586	7,016	90,700
2	MIZUHO FINANCIAL GROUP #	1,183,211	13,807	4,757	37,838 °
3	SUMITOMO MITSUI FINANCIAL GROUP - SMFG #	1,070,810	20,081	5,772	65,555
4	NORINCHUKIN BANK	568,940	1,692	1,076	3,306 °
5	RESONA HOLDINGS #	305,617	4,156	1,525	16,681
6	SUMITOMO MITSUI TRUST HOLDINGS # [24]	286,097	4,470	951	13,242 °
7	SHINKIN CENTRAL BANK	214,260	709	260	1,177 °
8	FUKUOKA FINANCIAL GROUP # [25]	97,209	1,293	250	6,794
9	BANK OF YOKOHAMA #	94,042	1,597	419	4,603 °
10	SHOKO CHUKIN BANK * [26]	85,927	1,056	89	4,000
11	CHIBA BANK #	82,516	1,131	321	4,265 °
12	HOKUHOKU FINANCIAL GROUP #	76,293	1,033	189	5,204
13	SHIZUOKA BANK #	73,281	1,081	323	3,072 °
14	SHINSEI BANK #	61,931	1,396	286	4,964
15	JOYO BANK #	58,886	772	173	3,697 °
16	HOKKAIDO BANK [27]	-	-	-	-
17	SUMITOMO TRUST & BANKING [28]	-	-	-	-
18	UFJ HOLDINGS [29]	-	-	-	-
	TOTAL	**6,011,791**	**75,860**	**23,407**	**265,098**

cont.

Table III.2 (cont.)

	BANKS	2013 TOTAL ASSETS	TOTAL INCOME	NET RESULT	EM-PLOYEES
	UNITED STATES	*EUR m*	*EUR m*	*EUR m*	*Average number*
1	JPMORGAN CHASE & CO. # [30]	1,751,642	68,266	12,996	254,975
2	BANK OF AMERICA # [31]	1,524,380	62,025	8,289	254,500
3	CITIGROUP #	1,363,485	54,442	9,914	255,000
4	WELLS FARGO & CO. # [32]	1,107,255	59,703	15,864	267,500
5	THE BANK OF NEW YORK MELLON # [33]	271,416	10,711	1,531	50,300
6	U.S. BANCORP (ex- Firstar) #	263,955	14,045	4,232	65,026
7	THE PNC FINANCIAL SERVICES GROUP # [34]	232,250	11,428	3,060	55,359
8	CAPITAL ONE FINANCIAL #	215,393	16,238	3,016	40,800
9	BB&T #	132,702	7,080	1,217	33,850
10	SUNTRUST BANKS #	127,137	5,872	975	26,530
11	ALLY FINANCIAL # [35]	109,481	2,994	262	8,850
12	FIFTH THIRD BANCORP #	94,586	4,533	1,331	20,122
13	REGIONS FINANCIAL #	85,125	3,829	814	23,841
14	AMSOUTH BANCORPORATION [36]	-	-	-	-
15	BANK ONE [37]	-	-	-	-
16	COUNTRYWIDE FINANCIAL [38]	-	-	-	-
17	FLEETBOSTON FINANCIAL [39]	-	-	-	-
18	GOLDEN WEST FINANCIAL [40]	-	-	-	-
19	GREENPOINT FINANCIAL [41]	-	-	-	-
20	HIBERNIA [42]	-	-	-	-
21	MBNA [43]	-	-	-	-
22	MERRILL LYNCH & CO. [44]	-	-	-	-
23	NATIONAL CITY [45]	-	-	-	-
24	NORTH FORK BANCORPORATION [46]	-	-	-	-
25	SOUTHTRUST [47]	-	-	-	-
26	THE BEAR STEARNS COMPANIES [48]	-	-	-	-
27	UNION PLANTERS [49]	-	-	-	-
28	WACHOVIA (ex- First Union) [50]	-	-	-	-
29	WASHINGTON MUTUAL [51]	-	-	-	-
	TOTAL	**7,278,807**	**321,166**	**63,501**	**1,356,653**
	CHINA	*EUR m*	*EUR m*	*EUR m*	*Average number*
1	INDUSTRIAL AND COMMERCIAL BANK OF CHINA # *	2.265.843	69,404	31,458	434,629
2	CHINA CONSTRUCTION BANK # *	1,840,104	61,022	25,710	361,850
3	AGRICULTURAL BANK OF CHINA # *	1,744,152	55,540	19,920	470,040
4	BANK OF CHINA # *	1,661,772	46,305	18,794	247,030
5	BANK OF COMMUNICATIONS # [52]	713,962	18,448	7,461	98,089

cont.

Table III.2 (cont.)

	BANKS	2013			
		TOTAL ASSETS	*TOTAL INCOME*	*NET RESULT*	*EM-PLOYEES*
		EUR m	*EUR m*	*EUR m*	*Average number*
6	CHINA MERCHANTS BANK # 53	481,058	15,596	6,198	52,822
7	SHANGHAI PUDONG DEVELOPMENT BANK # 54	440,781	11,839	4,901	36,549
8	INDUSTRIAL BANK # 55	440,459	13,066	4,936	44,745
9	CHINA CITIC BANK # * 56	436,118	12,591	4,692	35,450
10	CHINA MINSHENG BANKING #	386,414	13,606	5,064	52,077
	TOTAL	**10,410,663**	**317,417**	**129,134**	**1,833,281**

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 l% of the company's share capital respectively as at 30 December 2013. Stakes acquired in May 2009 against the disposal of Fortis's former banking activities in the respective countries.
[2] As at year-end 2013, the UK government owned about 80% of the share capital (approx. 63.9% 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 2013 the UK government owned 32.7% of the company's share capital.
[5] In December 2014 the German state (via SoFFin) owned about 17% of the share capital.
[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] 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*.
[8] Acquired by Banco Santander in November 2004.
[9] 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.
[10] Acquired by UniCredito Italiano (now UniCredit) in November 2005.

cont.

Table III.2 (cont.)

[11] Control of the banking operations was transferred to Banco Financiero y de Ahorros with effect from 31 December 2010.
[12] Merged into UniCredit with effect from 1 October 2007.
[13] Acquired by Deutsche Bank with effect from 3 December 2010.
[14] Acquired by Commerzbank in January 2009.
[15] 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.
[16] 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.
[17] 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).
[18] 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.
[19] 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.
[20] 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.
[21] The company was acquired by and merged into the Lloyds Banking Group on 16 January 2009.
[22] Merged into Banca Intesa (now Intesa Sanpaolo) with effect from 1 January 2007.
[23] Formerly Mitsubishi Tokyo Financial Group. Effective from 1 October 2005, the company merged with UFJ Holdings and took on its current name.
[24] Formerly Chuo Mitsui Trust Holdings. Effective from 1 April 2011, the company merged with Sumitomo Trust & Banking and took on its current name.
[25] 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.
[26] As at 31 March 2014 Japanese state owned 46.5% of the share capital.
[27] Acquired in 2004 by Hokugin Financial Group, which took on the name Hokuhoku Financial Group.
[28] The company was merged into Chuo Mitsui Trust Holdings with effect from 1 April 2011, which took on the name Sumitomo Mitsui Trust Holdings.
[29] Merged into Mitsubishi Tokyo Financial Group (now Mitsubishi UFJ Financial Group), with effect from 1 October 2005.
[30] Acquired investment bank The Bear Stearns Companies with effect from 30 May 2008, and the banking activities of Washington Mutual on 25 September 2008.
[31] Merged with Countrywide Financial with effect from 1 July 2008, and acquired investment bank Merrill Lynch & Co. with effect from 1 January 2009.
[32] Acquired Wachovia (formerly First Union) with effect from 31 December 2008.
[33] With effect from 1 July 2007 the Bank of New York and Mellon Financial merged to form The Bank of New York Mellon.
[34] Acquired National City with effect from 31 December 2008.
[35] 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). In December 2009 the United States Treasury took a majority stake in the company; during 2014 the entire stake was sold on the market.
[36] Acquired by Regions Financials with effect from 1 November 2006.
[37] Acquired by JPMorgan Chase & Co. with effect from 1 July 2004.
[38] Merged into the Bank of America with effect from 1 July 2008.
[39] Acquired by Bank of America with effect from 1 April 2004.

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Table III.2 (cont.)

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[40] Acquired by Wachovia (formerly First Union) with effect from 1 October 2006.
[41] Merged into North Fork Bancorporation with effect from 1 October 2004.
[42] Acquired by Capital One Financial with effect from 16 November 2005.
[43] Acquired by Bank of America with effect from 1 January 2006.
[44] Acquired by Bank of America with effect from 1 January 2009.
[45] Acquired by The PNC Financial Services Group with effect from 31 December 2008.
[46] Acquired by Capital One Financial with effect from 1 December 2006.
[47] Acquired by Wachovia (formerly First Union) with effect from 1 November 2004.
[48] Acquired by JPMorgan Chase with effect from 30 May 2008.
[49] Acquired by Regions Financial with effect from 1 July 2004.
[50] Formerly First Union. Acquired by Wells Fargo & Co. with effect from 31 December 2008.
[51] Went bankrupt in September 2008. Its banking activities were acquired by JPMorgan Chase & Co with effect from 25 September 2008.
[52] 45.7% owned directly and indirectly by the Chinese state; 19% owned by the HSBC group.
[53] 30.2% owned by various companies controlled by the Chinese state, 1.65% by JPMorgan Chase.
[54] 24,3% owned by Shanghai International Group (Chinese state), 20% by China Mobile Group Guandong.
[55] 36.6% owned directly and indirectly by the Chinese state; 10.87% owned by the HSBC group.
[56] 66,95% owned by Citic Group (Chinese state); 9.9% owned by BBVA.

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