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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.
Fixed assets	Interests in subsidiaries and associates, net tangible and intangible assets and goodwill.
Free capital	Net capital less fixed assets less doubtful loans.
Funding from customers	Customer deposits, debt securities and subordinate liabilities.
IAS / IFRS	International Accounting Standards / International Financial Reporting Standards
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.
Net interest income (gross margin)	Difference between interest income and interest expense.
Leverage ratio	The ratio between total liabilities and tangible net worth
Loans and available funds	Cash and available funds, securities, deposits by banks, loans and advances to 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. The net capital attributed to shareholders excludes the portion attributed to minority interests.
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 (%).
Tangible net worth	Net worth less intangible assets less goodwill
Tax rate	Ratio between income tax and pre-tax results (%).
Total capital ratio	Under the Basel Capital Accord, the ratio between net worth less certain intangible fixed assets (including goodwill) and risk-weighted assets. The total coefficient (total capital ratio) also includes subordinate liabilities.

I. INTRODUCTION

I.1 Summary

This survey report sets out aggregate economic and equity data for the leading international banks with registered offices in Europe, Japan and the United States, covering the ten-year period between 1998 and 2007. Also included is aggregate data for the biggest Chinese banks for the four-year period 2004-07.

A number of tables also sets out the results for the first six months of 2008, both in terms of aggregates and in detail by geographical area. In view of the difficulties that beset the international banking system from summer 2007 onwards, preliminary aggregates have also been produced for the 2008 financial year, for banks in Europe and the United States, representing 82% of the former and 88% of the latter. A specific table then lists the banks which have reported results for the first quarter of 2009, compared to those of the last quarter 2008.

The survey sets forth detailed data for each individual bank, including total assets, total income, and the average workforce in 2007, in addition to, for the five-year period from 2003 to 2007, several indicators, such as bad-debt write-offs, the amount of doubtful loans and the rate of coverage thereof by adjustment provisions, profitability indicators (such as ROE and the cost-income ratio), free capital, leverage and solvency ratios (the latter of which have been updated through the first six months of 2008). Further details provided for each geographical area include capital increases, purchases of treasury shares, and dividends paid. A paragraph is dedicated to derivatives transactions, including a detailed analysis by geographical area for the three-year period from 2005 to 2007.

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In summer 2007, the financial markets began to show an increase in the volatility of the prices of equities and bonds due to increasing difficulties in liquidating securities arising from the securitisation of mortgage loans. These difficulties emerged as a result of the increase in the rate of insolvency among mortgage holders in the United States, primarily those with the lowest level of reliability (so-called sub-prime customers), following the increase in interest rates and the halt in the growth of the value of residential properties.[1] This kind of finance was characterised by a high level of securitisation by the banking system, particularly US banks, with a resulting transfer of the credit to vehicle companies, which financed themselves by recourse to the bond market, putting up the loans they had granted as guarantees.[2] By means of these transactions, the banks reduced the risk of their credit portfolio, but transferred a major part of it to their securities portfolio, a significant portion of which consisted, as we have said, of securities issued by vehicle companies. Set up for the most part by the banks themselves and other operations, these served to take the risk off the balance sheets, thus benefiting the equity ratios, while maintaining the commitment of the promoting banks to intervene in the event of the vehicle companies having difficulty in raising funds on the market.

From September 2008, the situation worsened further, following, among other things, the collapse of US investment bank Lehman Brothers, forcing the governments of the United States and the main

[1] Difficulties in making repayments were also exacerbated by the practice of issuing mortgage loans not backed by adequate guarantees, high loan-to-value ratios, and technical forms of payment involving very moderate initial rates, and consequently small initial payments, subject to transformation to variable rates in subsequent years.

[2] The forms of funding commonly used by special-purpose vehicles include very short-term securities, such as commercial papers, whereas assets consist of loans with long-term maturities, with the aim of exploiting the gap between short-term and long-term interest rates.

EU countries to intervene in support of their national banking systems.[3] These interventions also involved States entering the share capital of lending establishments with new funds, buying majority stakes in the case of the United Kingdom and the Netherlands.

* * *

The survey highlights the insufficient safeguards provided by the solvency coefficients introduced by the Basel accords: as of 30 June 2008, banks which, during the second half of the year, made recourse to major public capital injections, such as RBS and Dexia in Europe, JPMorgan Chase and Bank of America in the United States, had coefficients that were far in excess of the minimum levels required and even higher than the average for their area (Table I.26). .[4] Indicators calculated on the basis of net tangible equity, such as free capital and the leverage indicator, identified in the report with the total liabilities (Tables I.23 and I.24), appear instead to have had greater predictive value (Tab. I.26). The banks that were rescued or required significant recapitalisation with public funds and State guarantees recorded the lowest (negative) values in the first case and the highest in the second.

More generally, it is worth pointing out how the significance of balance sheet indicators is strongly influenced by the valuation of the individual asset items, above all the securities portfolio and receivables, and by the resulting effect that these valuations have on the net equity. In particular, allocating a fair value to financial assets that are essentially non-liquid, using internally devised mathematical models, heavily compromised the possibility of predicting potential instabilities.

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[3] These include the German SoFFin, the British APS-*Asset Protection Scheme* and the US TARP-*Troubled Asset Relief Program*.

[4] The most striking case is that of Washington Mutual, which collapsed in September 2008 but which, as of the previous 30th June, had an overall coefficient of 13.9% and a *Tier I* of 9.4%.

As of the end of 2008, these assets, known as “class 3” assets, in fact amounted to 105% and 111% of net tangible capital for the European and US banks respectively (Par. I.12).

In the ten-year period between 1998 and 2007, the banks considered in the survey posted a significant increase in average size in terms of total assets, achieved primarily through mergers and acquisitions. Most of these were undertaken between institutions from the same country until 2003, after which significant international transactions also occurred. The industry’s concentration consequently increased, chiefly in Japan and the United States, and to a much lesser extent, in Europe, where national systems are still highly segmented. Japanese and U.S. banks (with the partial exception of the largest banks) remain primarily concentrated in their respective domestic markets, whereas European ones have acquired significant positions in the North American and Central and East European markets.

The increase in assets on the balance sheet in Europe in United States was accompanied by an increase in overall workforce levels, whereas in Japan essentially unchanged asset levels over the period were associated with a decline in employees. Productivity per employee also rose to a significant extent in Europe and the United States and less so in Japan. In Europe and in the United States, the increase in unit income was however smaller than the rise in the per-capita cost of labour, while for Japan there is no comparative data.

In 2007, the current profit before tax fell, compared to the previous financial year, by 35% for US banks, 27% for European banks and 17% for Japanese banks. The current earnings suffered primarily from the lack of development as regards income (which was down in Europe and Japan), due to the significant drop in trading profits, with the United States recording a negative balance for the first time. The generalised increase in overheads and, above all, the greater write-down of receivables, which were again higher in the United States, also had a negative impact. US banks continue however to show a smaller amount of net doubtful debts compared to customer credit and net capital, as well as a higher degree of coverage for gross doubtful positions at the end of the financial year. The profitability of European banks, measured by the ROE, was again higher in 2007 than in the

United States and Japan, but was exceeded for the year by that of Chinese banks. European Banks continue to show a lower level of capitalisation, as shown by the comparison of equity with total assets, the weaker ratio of liabilities to tangible net worth, by a lower free-capital indicator and by higher solvency coefficients on average.

The aggregate current results for the first half of 2008 fell by 75% compared to the same period of 2007, with US banks recording a negative result for the period. The fall in earnings is primarily due to the drop in income resulting from negative trading balances and the significant increase in loan losses.

TABLE I.1 – RESULTS FOR THE FIRST AND SECOND HALF OF 2008 [1]

	Europe			United States		
	1H	2H	Total	1H	2H	Total
		EUR bn			*USD bn*	
Current pre-tax profit	31.7	- 18.4	13.3	- 3.9	- 49.4	- 53.3
Net profit	27.8	- 49.0	- 21.2	- 9.0	- 54.1	- 63.1
		as % of total income			*as % of total income*	
Current pre-tax profit	*17.0*	*- 11.0*	*3.8*	*- 2.3*	*- 35.0*	*- 17.3*
Net profit	*14.9*	*- 29.4*	*- 6.0*	*- 5.4*	*- 38.3*	*- 20.5*

[1] Results for the 1st half have been recalculated in uniform terms.

During the second half of 2008, European and especially US banks recorded significant losses for the period, leading both areas to record negative earnings, in aggregate terms, of 6% and 20.5% of income respectively for the 2008 financial year. These losses are primarily due to the extremely negative balance of trading activities, the increase in write-downs and the recording of significant negative postings, mainly write-downs of securities and goodwill.

At the end of 2008, doubtful debts gross of provisions were up on the previous year, both in Europe and the United States, although in the latter area the greater amount of write-downs in the profit and loss accounts allowed the net doubtful receivables to be contained and a greater degree of coverage of gross doubtful positions to be maintained. Bank equity fell from 3.4% to 2.8% of total assets, having suffered from a negative variation in valuation reserves of 84 billion euros; capital increases during the year amounted to 115 billion euros, a little under half of which were contributed by national governments. For US banks, however, which benefited from capital increases of 235 billion dollars, equity increased from 7.7% to 8.3% of assets, with about half of these capital increases again being funded by the State through the purchase of non-voting shares, while valuation reserves fell by 52 billion dollars.

The biggest Chinese banks (Par. I.11) present a profit and loss account characterised by income structures in which net interest income is far and away the primary component, by low labour costs, and also by low per-capita productivity and high loan losses. For 2007, current earnings as a percentage of income, which countered the trend in other areas, stood at approximately twenty percentage points above the average for the Triad, due to the effect of strong income growth and an incidence of labour costs that was less than half that of Europe and the USA. At the end of 2007, the net doubtful loans, excluding the Agricultural Bank of China, in which the government is still the sole shareholder, were virtually nil, with a rate of coverage of gross positions of over 100%, resulting in particular from the transfer of a significant amount of non-performing positions to the government due to the opening of access to capital to private investors. As a percentage of assets, shareholders' equity exceeds the average figure for international banks due to recent rights issues, two-thirds of which were underwritten by new private shareholders.

I.2 Overview of the sample

The leading banks of Europe, Japan and the United States were selected on the basis of their total assets according to the criteria set forth in Section III. A specific paragraph also analyses the 10 biggest Chinese banks for the four-year period 2004-07. Coming back to the Triad establishments, these consist of 66 banking groups, 31 of which have their registered offices in Europe, 18 in Japan and 17 in the United States.[5] Table I.2 shows a some summary data: for a detailed list of the banks considered, see Tab. III.1 in Section III. Compared to the previous edition of this survey there have been 3 cancellations and 3 new entries: the cancellations are due to 2 concentration operations involving ABN AMRO Holding (NL), consolidated by RBS (GB), and Sanpaolo IMI, incorporated into Banca Intesa (now Intesa Sanpaolo), while Sovereign Bancorp (US) no longer satisfies the minimum size requirements for inclusion. The necessary minimum size was instead reached by German bank Hypo Real Estate Holding, following the acquisition of DEPFA Bank of Dublin and Japanese banks Sapporo Hokuyo Holdings and Aozora Bank.[6] The entry of these banks has naturally led to their inclusion in the aggregates for all the years covered by the survey.[7]

European banks account for 73% of the aggregate in terms of total assets, 59% of total income and 60% of total employees. US banks account for just 16% of total assets, but approximately one-third in terms of total income and total staff. In Europe, Germany is the country

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[5] In 2007, European banks consolidated a total of 12,564 subsidiaries. This total does not include the United Kingdom or Benelux, with the exception of the Belgian KBC Group, as figures are not available for these areas. The Japanese groups control 962 companies, while the only figures available for the U.S. involve 14 groups which consolidate 7,122 subsidiaries.

[6] DEPFA Bank took over DEPFA Deutsche Pfandbriefbank A.G. in 2002 by an exchange of shares.

[7] This edition also includes Capitalia (incorporated into UniCredito Italiano, now UniCredit, with effect from 1-10-2007) since 1998, so as to ensure the greater uniformity of the historical data.

with the largest number of banks in the sample, while UK institutions rank first in terms of total assets, accounting for 27% of the total, and in terms of income and staff, accounting for 33%. In assessing the more substantial contribution by European banks to the overall figures, it should be remembered that they are also more globalised than the banks in the other areas considered, primarily as a result of acquisitions outside their countries of origin, as will be described in due course. Conversely U.S.- and Japan-based banks, with the exception of those ranking top of the league tables, focus chiefly on their own domestic markets .[8] Furthermore, in the US financial market, banks appear to have a minor role, due to the significant presence of non-banking operators.

TABLE I.2 – BANKS COVERED IN THE SURVEY

	No. of Groups	Total assets at 31-12-2007	Total income in 2007	No. of employees in 2007
		EUR bn	*EUR bn*	*'000*
United Kingdom	5	7,252	163	827
Germany	9	5,468	52	206
France	4	4,857	82	487
Benelux	5	3,707	54	315
Switzerland	2	2,196	36	127
Italy	2	1,595	48	254
Spain	2	1,415	43	234
Scandinavia	2	838	13	55
Europe	**31**	**27,328**	**491**	**2,505**
Japan *	**18**	**4,267**	**67**	**217**
United States	**17**	**6,047**	**269**	**1,433**
Total	**66**	**37,642**	**827**	**4,155**

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

[8] On the basis of the figures for a sub-group of European banks representing 81% of total assets in the area, assets outside the country of origin represented 46% of the total at the end of 2007 (approximately half of which were in other European countries); this figure falls to approximately 20% for Japanese banks. It was not possible to prepare a corresponding ratio for US banks.

One also has to bear in mind the fall in the value of the dollar and yen against the euro, the accounting currency of most European groups, which over the five-year period between 2002 and 2007, based on the end-of-year exchange rates, was 29% and 25% respectively. These devaluations contributed in a significant way to the increased presence of European banks in the sample, which grew from 62% to 73% in terms of assets over the period and, within this figure, the importance of European domestic activities increased to the detriment of overseas ones, mainly in the United States, which were accounted for in depreciated currencies.

In terms of total assets, the European banks considered here account for slightly more than 60% of the Western European banking system as a whole;[9] the Japanese banks represent approximately 60% of their country's total, whereas the US banks make up around 80% of their nation's banking system.[10]

An analysis of the composition of the sample by individual country shows that certain features of some of the European and Japanese groups' structures are country-specific. These are discussed in greater detail in Appendix 1.

I.3 Size of the Groups

The average size of the banking groups considered in our survey increased considerably between 1998 and 2007, due to both organic growth and mergers and acquisitions. In terms of total assets, the average size recorded per group in 2007 was EUR 564 bn, 3.2 times the figure recorded in 1998, the result of a 91% increase in overall total assets (excluding goodwill) against a reduction in the number of groups from 112

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9 Eurozone countries plus Denmark, the UK, Sweden and Switzerland.

10 This figure falls to 65% when financial service companies not owned by banks are also considered. These are particularly strong in the U.S. in the areas of consumer credit and leasing.

to 66. Based on calculations in local currency, banks grew in all three areas considered, but more so in the United States and Europe (Table I.3).

Excluding the effect of the largest mergers between groups included in the same, which we will be examining further on, the increase in average size for the period 1998-2007 was 143% for European banks, 113% for US banks and just 6% for Japanese banks.[11] It is therefore clear that, while the latter grew almost entirely as a result of major aggregations, these account for almost two thirds of the increase in the size of US banks and just under 50% of the growth of European banks.

TABLE I.3 – SIZE OF BANKS COVERED BY SURVEY

	Average size measured by total assets [1]					
	1998	2006	2007	2007 / 2006	2007 / 1998	2007 / 1998 [2]
		EUR bn			*% increase* [3]	
Europe [4]	236.9	695.8	874.0	+ 25.6	+ 268.9	+ 143.3
Japan	163.8	241.4	236.4	+ 3.0	+ 76.8	+ 6.1
United States	98.4	336.0	343.5	+ 14.3	+ 338.9	+ 113.2
All banks [5]	**174.0**	**491.6**	**563.5**	**+ 14.6**	**+ 223.9**	**+ 90.8**

[1] Not including goodwill.
[2] Calculated excluding the effect of mergers between groups included in the sample.
[3] Calculated in euros for European banks and in local currency for Japanese and US banks.
[4] 47 groups in 1998, 35 in 2006 and 31 in 2007.
[5] 112 groups in 1998, 70 in 2006 and 66 in 2007. The size of changes is impacted by exchange rates between local currencies and the euro.

[11] By virtue of (EC) Regulation No. 1606/2002, the EU established, effective from 1.1.2005, the accounting harmonisation of listed companies by means of the adoption of IAS/IFRS, as approved by the European Commission, in the preparation of consolidated financial statements. Of the 36 banks forming the European sample in 2005, 29 have adopted the new accounting standards, whereas 2 have continued to apply U.S. GAAP and 5 unlisted banks have continued to apply national accounting standards. The change in the accounting principles led to an increase in the total assets as of 1-1-2005 of 8% approximately compared to the closing balances for 2004. In 2007, Deutsche Bank pulled out of the US GAAP and adopted the IAS/IFRS principles, which were also applied for the first time by a futher 4 Germany banks. These changes resulted in a 1.6% increase in total assets for the financial year 2006, restated according to the new accounting principles. Excluding these effects as well, the increase in the average size of European banks during the period in question would be 128%.

In 2007, the average size in Europe was up 26% on the previous year, an increase that was markedly higher than that of US banks, which only grew by 14%, whereas the size of Japanese banks was up slightly. The European figure is the result of an 11% growth in assets, while the number of banks fell by 4. In the United States, the increase relates to an unchanged number of companies.

Based on their assets in 2007, European banks are on average 2.5 times bigger than US banks and 3.7 times bigger than Japanese banks.[12] As shown by Table III.1 in Section III, the two latter countries present a greater concentration than Europe: the top three Japanese and U.S. banks accounted for 64% and 61% of total assets, respectively, whereas the top three European banks represented just 23% of their area. A comparison between 1998 and 2007 shows that the percentage of total assets accounted for by the top five groups in their respective areas rose from 43% to 78% in Japan, from 53% to 77% in the United States, and from 23% to 35% in Europe. In interpreting the lower degree of aggregation in Europe, however, the more fragmented nature of the area in terms of various national markets should be considered.

European banks have the highest total assets expressed in euros:: the biggest in terms of size until 2007 was RBS (GB), followed by Deutsche Bank (DE), BNP Paribas (FR) and Barclays (GB). The main banks of the United States, Citigroup and Bank of America, are only in 7th and 10th in the overall ranking. Mitsubishi UFJ Financial Group, Japan's biggest bank, follows in 11th place.

As mentioned above, acquisitions were a crucial factor in the growth of banks in all three of the world's main economic areas. Between 1998 and 2007, there were a total of 58 mega-mergers, 27 of which involved European banks, 22 involved US banks and 9 involved Japanese banks. During 2008, and at the beginning of 2009, there were a further 6 mega-mergers, 4 of them in the United States and 2 in Europe, both in national contexts. With regard to the former area, at the beginning of July, Bank of America incorporated Countrywide Financial, in September JPMorgan Chase & Co. took over the banking

[12] This figure is substantially confirmed by the ratio of total revenue to the gross domestic product of the respective geographical areas, which stands at 4.2% for the European banks, 2.7% for the U.S. banks, and 2.1% for the Japanese banks.

assets of Washington Mutual, while, at the end of the year, Wells Fargo & Co. and The PNC Financial Services Group respectively incorporated Wachovia and National City.[13] In Europe, in January 2009, Commerzbank took over the entire capital of Dresdner Bank from the Allianz Group and Lloyds TSB Group acquired HBOS, changing its name to Lloyds Banking Group. A list of these mergers is provided in Table III.2 in Section III.

We can see first of all that the large deals involved banking groups from the same geographical area, and, within Europe, up to 2003, with the sole significant exception of Scandinavian countries, banking groups from the same country. Three cross-border concentrations subsequently took place: i) the Spanish group Santander acquired British bank Abbey National in 2004, ii) UniCredito Italiano (now UniCredit) acquired HVB, which was then the third biggest German bank in terms of asset size, in 2005 and, iii) a consortium made up RBS, Fortis and Banco Santander acquired Dutch bank ABN AMRO Holding in 2007, with a transaction involving four EU countries. The only significant operation that involved two geographical areas was the Deutsche Bank one in 1999, with the acquisition of the US Bankers Trust. A description of transactions involving the banks included in our survey is provided in Appendix 2 by country of origin.

[13] All four mergers involved institutions in trouble. Countrywide Financial had ended the first half of 2008 with a negative result of USD 3,223 million, which came after an equally negative result of USD 704 million for the 2007 financial year. Washington Mutual, after having recorded a loss of USD 4,466 million in the first six months of 2008, suffered a steady and significant withdrawal of deposits during the days preceding the acquisition which led the control bodies to intervene, placing the bank's business under administration and then selling them overnight to JPMorgan Chase & Co. for USD 1.9 billion. The following day, the Washington Mutual, Inc. holding company filed for bankruptcy ("Chapter 11"). During the first 9 months of 2008, prior to the merger agreement with Wells Fargo, which took place at the beginning of October, Wachovia had reported a negative result of USD 33,277 million (including a USD 24,846 million goodwill writedown, resulting from the significant fall in the company's stock exchange capitalisation). During the fourth quarter, Wachovia recorded further losses for the period of USD 11.2 billion. The National City result for the first 9 months of the year was negative by USD 4,001 million.

Most of the mega-mergers were paid for by means of share exchanges. Of the aggregate EUR 324 bn in deals involving European banks between 1998 and 2007, approximately EUR 217 bn, or 67% of the total, had no monetary consideration. The aforementioned acquisition of ABN AMRO in 2007 was also the one that involved the biggest disbursement of cash in the decade, approximately 66 billion euros, equal to 62% of all cash disbursements made during the period. The aggregate value of mergers between large U.S. banks in the same period was much higher, at USD 541 bn, but the cash outlay was only USD 20.8 bn, or 3.8% of the total. The mergers between Japanese banks took place exclusively via share exchanges.

In terms of ownership structure, the banks covered in the survey are for the most part widely-owned, being listed on one or more stock exchanges worldwide: 23 of the 31 European banks, 15 of the 18 Japanese banks, and all the US are listed. At the end of 2007, there were only five state-owned banks, four of them German (see Appendix 1) and one Japanese. In terms of assets, German public institutions represented 27% of German banks included in the survey, while public banks accounted for 5% of the total sample in terms of assets.

Between the final months of 2008 and the first few months of 2009, a number of European countries bought controlling stakes in the banks included in the survey: the United Kingdom, by underwriting non-underwritten rights issues, acquired 70,3% of RBS and 43.4% of Lloyds Banking Group (resulting, as stated above, from the merger of Lloyds TSB Group and HBOS);[14] Belgium, France and regional Belgian authorities each bought a 5.7% stake in the capital of Dexia, while Caisse de Dépôts et Consignations (a French public entity) increased its share to 17.6%, raising the public stake, which was already part of the shareholding structure, to over half of the share capital. The Dutch State acquired all the banking and insurance business of the Fortis Group in the Netherlands following its dismemberment. As part of the latter operation, Belgium and Luxembourg took over the banking business in their respective countries, subsequently selling majority shares in these

[14] During 2008, the UK government nationalised a further two smaller institutions in difficulty: Northern Rock and Bradford & Bingley.

businesses to BNP Paribas in exchange for newly issued shares in it. Belgium and Luxembourg therefore became shareholders in the French bank, with stakes of 11.6% and 1.1% respectively.

In May 2009, the French State converted the subordinated loan granted in December 2008 to BNP Paribas into non-voting shares not convertible into ordinary shares, acquiring a stake of approximately 15% in the total paid-in share capital. In January 2009, the German State announced its purchase of a 25% plus 1 share stake in the capital of Commerzbank, which had in the meantime completed its acquisition of Dresdner Bank from the Allianz Group. In February, it acquired a stake of approximately 8% in the capital of Deutsche Bank and in the following May, after a public purchase offer, it acquired a 47.3% stake in Hypo Real Estate Holding, announcing its intention to acquire 90% of its capital.[15] The Swedish State still owns a share of Nordea Bank with a historical stake of approximately 20%.

In the United States, in the second half of 2008, the Treasury underwrote non-voting preference shares, not convertible into ordinary shares, issued by banks included in the sample for a total of 119.6 billion dollars, also acquiring ten-year warrants with the right to obtain ordinary shares.[16] In May 2009, Citigroup announced a public offer to convert preference shares into ordinary shares, in which the US Treasury is allowed to participate up to a maximum of a nominal 25 billion dollars. As a result of this conversion, the Treasury may acquire up to a maximum of 34% of the bank's ordinary capital.

As of the final months of 2007, a number of sovereign funds made significant investments in the companies covered by the survey, both by underwriting new share issues and above all by buying mandatory convertible notes. Abu Dhabi Investment Authority invested USD 7.5 billion in Citigroup; Government of Singapore Investment Corp. USD 6.8 billion in Citigroup and CHF 11 billion in UBS; Qatar

[15] Deutsche Bank's stake was acquired by Deutsche Post A.G. following the transfer of 22.9% of the subsidiary Deutsche Postbank A.G. Deutsche Post is 30% owned by KfW, which is in turn controlled by the German State.

[16] Based on the shares issued at the end of 2008, exercising all the warrants would allow the US Treasury to acquire stakes of between 2% and 6.5% in the ordinary capital of banks included in the survey which have had recourse to public funds.

Investment Authority entered the capital of both Crédit Suisse, with an investment of around CHF 4 billion, and that of Barclays, investing approximately GBP 3.8 billion in two successive fund-raising operations by the company.[17] In October 2008, the Central Bank of Lybia acquired 4.6% of UniCredit by making purchases on the market.

TABLE I.4 – PUBLICLY CONTROLLED BANKS IN THE SAMPLE

	No. of groups	No. of employees in 2007	Total assets as 31.12.07	Total income in 2007
			EUR m	*EUR m*
Ownership structure at the end of 2007				
Publicly controlled banks	5	40,899	1,564,191	5,537
as % of total	*7.6*	*1.0*	*4.2*	*0.7*
of which: Europe	4	36,619	1,499,612	4,672
as % of European total	*12.9*	*1.5*	*5.5*	*1.0*
Ownership structure at the end of 2008				
Publicly controlled banks [1]	9	365,725	6,149,359	76,307
% of total	*13.6*	*8.8*	*16.3*	*9.2*
of which: Europe [1]	8	361,445	6,084,780	75,442
% of European total	*25.8*	*14.4*	*22.3*	*15.3*

[1] The following nationalisations were taken into account (direct and indirect stake held by the State shown in brackets): RBS (57.9%, increased to 70.3% in April 2009), Dexia (51.8%), Lloyds TSB Group and HBOS (now Lloyds Banking Group) (43.4%). Due to a lack of data, the activities of the Fortis Group acquired by the Dutch State in October 2008 were not taken into account.

[17] As a result of the conversion of these securities, Abu Dhabi Investment Authority will acquire up to a maximum of 4.9% of Citigroup; Government of Singapore Investment Corp. up to 9% of the capital of UBS and 3.7% of Citigroup. Until October 2008, Qatar Investment Authority held 8.9% of the voting rights of Crédit Suisse and, if all the securities and warrants in circulation are converted, it will own a 12.7% stake in Barclays (according to the same hypothesis, the biggest shareholder of this bank will be Sheik Mansour Bin Zayed Al Nahyan with 16.3%). The main shareholders of Barclays also include China Development Bank (controlled by the Chinese State) and Temasek Holdings (sovereign fund of Singapore), respectively holding 3.1% and 2.9% in July 2008.

I.4 Workforce

In the 1998-2007 period, the aggregate workforce of the banks covered in this survey increased by 33% in Europe, or 621,000 employees, and by 26% in the United States, or 297,000 employees. In Japan, on the other hand (with reference to 2001-2007, the period for which like-for-like data are available) the aggregate workforce decreased by 9%, or 21,000 employees (Table I.5). There is a positive correlation between balance-sheet asset growth rates and workforce expansion, which is more clearly observable in terms of geographical area.

TABLE I.5 – CHANGE IN HEADCOUNT

	Average number of employees [1]			Change of employees [2]		Change of total assets [2]
	1998	2006	2007	*No.*	*%*	*%*
United Kingdom	574,055	806,574	826,832	252,777	+ 44.0	+ 239.8
France	312,934	442,022	486,565	173,631	+ 55.5	+ 168.8
Benelux	216,455	293,564	315,259	98,804	+ 45.6	+ 179.0
Italy	213,039	270,261	254,267	41,228	+ 19.4	+ 27.0
Spain	207,224	224,077	233,647	26,423	+ 12.8	+ 111.1
Germany	194,554	193,827	205,605	11,051	+ 5.7	+ 106.9
Switzerland	113,505	118,573	127,350	13,845	+ 12.2 [3]	+ 121.2
Scandinavia	52,308	49,403	55,483	3,175	+ 6.1	+ 163.6
Europe	**1,884,074**	**2,398,301**	**2,505,008**	**620,934**	**+ 33.0**	**+ 145.1**
Japan	**237,886** [4]	**210,888**	**217,096**	**- 20,790**	**- 8.7**	**+ 6.8**
United States	**1,135,927**	**1,369,407**	**1,433,226**	**297,299**	**+ 26.2**	**+ 117.8**

[1] The breakdown refers to the country in which the parent company was based in 2007 and therefore includes group staff employed elsewhere; the figures for 1998 and 2006 have been restated to allow comparison on a like-for-like basis.
[2] Refers to 1998-2007 for Europe and the United States and 2001-2007 for Japan.
[3] Up 46.4% excluding employees of the Winterthur insurance group in 1998, which was sold to third parties in 2006.
[4] Refers to 2001, the first year for which like-for-like data is available.

In Europe, the greatest increases, with percentage values of over 40%, were posted by banks based in France, Benelux and the United Kingdom, which together accounted for 85% of workforce expansion in the area. All the other countries were below the European average, with the lowest levels being recorded in Scandinavia and Germany. The small increase among Spanish banks, +13% over the period in question, followed the strong growth (+40%, equal to 59,000 units) in 1996-98. The figure for Swiss banks was instead affected by the sale by Crédit Suisse of the Winterthur insurance group to the French Axa at the end of 2006. Excluding employees of the Winterthur Group, the increase in the workforce of Swiss banks would also exceed 40%.

The mega-mergers referred to above had no effect on such changes, as they involved groups already included in the survey sample. In other words, the increase in the overall workforce is attributable to other forms of merger and acquisition activity, i.e.:

- the merger within the larger Groups included in the sample of small and medium sized banks belonging to the same country. This is the case, firstly, in the United States, where domestic acquisitions account for the majority of workforce expansion, but also in Italy, where in 2002 and 2002 SanpaoloIMI (absorbed by Intesa Sanpaolo in 2007) acquired Banco di Napoli and Gruppo Cardine, respectively;

- non-domestic acquisitions, which mostly affected European banks. Apart from Deutsche Bank's acquisition of Bankers Trust referred to above, in 2000 Swiss groups UBS and Crédit Suisse acquired US banks Paine Webber and Donaldson, Lufkin & Jenrette, which between them employed around 36,000 staff. Spanish banks meanwhile made some major acquisitions in Latin America between 1997 and 2000; this area also saw the presence of Dutch groups ING and ABN AMRO (consolidated by RBS in 2007) and the British group HSBC Holdings.[18] These banks

[18] From 1996 to 2000, the foreign employees of the two Spanish banks included in the survey increased from 34,013 to 146,664, i.e. from 27% to 65% of the total. However, domestic employees fell from 92,242 to 79,843. In 2007, despite the fall

launched highly diversified expansion programmes, both geographically, which involved extending their reach via acquisitions *inter alia* in the United States and South-East Asia, and in terms of business, building presence in the insurance and financial service sectors. Particularly noteworthy in this respect was the acquisition by HSBC Holdings in 2003 of US company Household International, operating in the sectors of consumer credit and financial services in general, with 31,000 employees at the end of 2002. Particularly active in recent years in the US market were RBS Group which, in 2004, bought Charter One, with 8,100 employees and USD 50 bn in assets, and BNP Paribas which in late 2004 and early 2005, acquired three smaller banks with a total of USD 17 bn in assets and around 4,800 employees. Also in 2005, an important acquisition in South Africa saw Absa Group, with 32,700 employees, being taken over by British bank Barclays. German banks Commerzbank and HVB (which merged with UniCredit at the end of 2005), Belgian bank KBC, French bank Société Générale and Italian bank UniCredit made significant acquisitions in Central and Eastern Europe[19]. In 2006, BNP Paribas and Crédit Agricole made acquisitions in Eastern Europe, taking over two Ukrainian banks with a total of 12,000 employees. During the same year, Crédit Agricole also acquired Emporiki Bank in Greece, with 7,650 employees, while BNP Paribas acquired control of Italian Banca Nazionale del Lavoro, with 16,820 employees and assets of EUR 88.2 bn. The fall in the number of employees in Italian banks in 2007 was instead influenced by the sale to Crédit Agricole by Intesa Sanpaolo of two smaller Italian institutions: Cassa di Risparmio di Parma e Piacenza and Banca Popolare FiulAdria, in addition to 202 bank

in the number of employees of around 9,000 units, the share of employees abroad increased to 69% of the total (data excludes the British bank Abbey National, acquired by Banco Santander at the end of 2004).

[19] Most significant for the latter was the acquisition in 1999 of Bank Pekao, a Polish bank which employed 24,400 people at the time.

branches, with a total of 6,800 employees. The main non-domestic acquisition made by a U.S. bank during the period under review was that of the Mexican group Banamex by Citigroup in 2001.

The significant non-domestic expansion undertaken by European banks between 1998 and 2007 is well reflected in the more than 21 point increase in staff employed outside the companies' country of origin, who in 2007 accounted for more than 53.9% of the total (cf. Tab. II.3 for Europe).[20]

Table I.6 lists the main presences in the United States of European banking groups, with RBS (in terms of total assets), Deutsche Bank, Barclays and UBS in the top positions, all with over 500 billion dollars of assets in the country. While the highest ranking banks are primarily involved in investment banking and the capital market, Citizens and BancWest primarily operate as commercial banks and HSBC Finance operates in consumer credit. It is important to note that the aforementioned Groups, based on data for the end of 2007, were ranked just below the country's top three banks in terms of total assets. The Japanese bank with the most extensive profile in the U.S. is Mitsubishi UFJ Financial Group, which controls Union Bank of California (USD 55.7 bn in total assets and 9,759 employees as of 31 December 2007).

[20] It has not been possible to draw up a corresponding report for Japanese and US banks owing to a lack of information. For the United States, the only data available for 2007 relates to Citigroup, the overseas employees of which accounted for 58.7% of its total workforce. However, as we have already said, the banks in these areas are primarily concentrated in their respective domestic markets.

TABLE I.6 – MAIN SUBSIDIARIES OF EUROPEAN BANKS IN THE UNITED STATES AS AT YEAR-END 2007

Parent company	Main subsidiary	Total assets	Total income	Total staff
		USD bn	USD bn	No.
Deutsche Bank	Taunus Corp.	678.3	8.8	13,100
Barclays	Barclays Group US	606.2	4.4	6,400
UBS	UBS Americas, Inc. (formerly Paine Webber Group)	537.5	8.8	29,000
Crédit Suisse Group	Crédit Suisse (USA), Inc. (formerly Credit Suisse First Boston)	427.3	10.7	...
HSBC Holdings	HSBC USA, Inc.	188.4	5.2	12,000
	HSBC Finance Corp. (formerly Household International)	165.5	17.0	28,000
	Total HSBC Holdings	353.9 [1]	22.2	40,000
RBS	Citizens Financial Group	159.9 [2]	6.2	22,500
BNP Paribas	BancWest Corp.	74.4	2.2	12,000

[1] The total assets of the Group in North America as of 31-12-2007 amounted to USD 510.1 billion.

[2] The total assets of the Group in the United States as of 31-12-2007 amounted to USD 681.8 billion.

Table I.7 shows the income and cost of labour per employee of European and US banks.[21] Note first of all how, in aggregate terms, the ratio of the increase in the two indicators from 1998 to 2007, the first of which is a proxy for productivity, was more favourable to European banks, which posted a ratio of 0.9 compared to 0.7 for US banks. This was due above all to the growth in per capita labour costs in Europe being smaller than in the United States.[22]

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

[22] The higher growth rates of both income and costs per employee in the United States than in Europe are partly attributable to the difference in inflation rates in the two areas: from 1998 to 2007 consumer prices rose by 27.3% in the United States and 20% in the euro area.

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

	Total income per employee			Cost of labour per employee				
	2007	% change over 1998		2007	% change over 1998			
	'000 EUR	in EUR (a)	*in local currency* (a')	'000 EUR	in EUR (b)	*in local currency* (b')	a/b	a'/b'
Switzerland	287.4	+ 2.3	*+ 5.7*	193.6	+ 45.6	*+ 50.4*	0.05	0.11
Germany	267.1	+ 33.4		121.8	+ 57.2		0.58	
Scandinavia	249.2	+ 51.5	*+51.4*	75.7	+ 51.8	*+ 51.7*	0.99	0.99
Benelux	225.0	+ 22.2		77.6	+ 24.8		0.90	
United Kingdom	201.4	+ 53.8	*+ 60.9*	62.5	+ 45.1	*+ 52.0*	1.19	1.17
Italy	188.2	+ 15.3		60.5	+ 2.3		6.65	
Spain	184.2	+ 70.0		47.8	+ 31.2		2.24	
France	168.6	+ 10.0		71.5	+ 17.3		0.58	
Europe	**205.0**	**+ 30.8**	***+ 32.7***	**76.3**	**+ 33.0**	***+ 34.9***	**0.93**	**0.94**
Japan [2]	**307.6**	**- 13.0**	***+ 6.6***	...	...	...	...	...
United States	**187.6**	**+ 12.2**	***+ 41.0***	**64.0**	**+ 24.6**	***+ 56.6***	**0.50**	**0.72**

[1] Calculated excluding insurance activities insofar as is possible based on available figures.
[2] In interpreting income per employee figures for 2007, see asterisk note to Table I.2.

In European countries, the highest income levels per employee in 2007 were recorded by Swiss banks, followed by German banks. Both of them however record the highest unit costs. The most impressive changes in these indicators during the period under review were recorded for Italian banks, for which the increase in income per employee was over 6 times the increase in unit costs. These establishments recorded by far the smallest increase in per capita labour costs, mainly as a result of the acquisitions in Central and East European countries, where the cost of labour is lower, set against a significantly lower growth in productivity compared to the European average. Among other countries, Spain and the United Kingdom showed ratios greater than 1, both coming top in terms of the increase in income per employee (+70% and +60.9% respectively). The lower increase in the unit cost of labour among Spanish banks is also attributable, as we have said, to foreign acquisitions, in this case in the countries of Central and South America.

The lower values of the indicator, all of them considerably below one unit, relate to French, German and above all Swiss banks. In the latter countries, despite the per capita cost of labour being among the highest, the worsening of the situation occurred almost exclusively over the last financial year, with a 24% drop in income compared to 2006, essentially due to the negative result of trading activities. For German banks, however, the ratio was negatively influenced by the considerable variation in the per capita cost of labour, while for French banks, a small increase in the cost of labour was accompanied by an equally modest increase in unit income.

The higher cost of labour incurred by the Swiss and German banks is due to the high per-capita figure for investment banking operations, in addition to the large percentage of the total workforce employed in such operations, particularly by Swiss banks. The increase in labour costs for the industry may largely be attributed to the acquisitions undertaken in the late Nineties, as described in Appendix 2. In 2006, Crédit Suisse First Boston, currently the investment banking division of the Crédit Suisse Group, employed 42% of the Group's total staff, with a unit cost of EUR 313,000. The same division of the UBS Group employed 27% of the total workforce, with a per capita cost of 287,000 euros. Excluding such operations, the labour costs incurred by the two Swiss banks in 2007 falls to EUR 142,000 per employee. Among German banks, Deutsche Bank, Hypo Real Estate Holding and WestLB have unit costs that are significantly higher than average, amounting respectively to 175,000, 174,000 and 127,000 in 2007. At Deutsche Bank, the per capita cost soared by 80% in the two-year period 1999-2000, coinciding with the purchase of Bankers Trust, while, during the same two-year period, the per capita labour costs at WestLB rose by 36%, in connection with the building up of its equity and investment banking activities in London .[23] The increase in the cost of labour experienced by Hypo Real Estate Holding resulted instead from the acquisition of DEPFA Bank of Dublin, operating in the sector of financial services for institutional clients.

[23] These activities were focused in WestLB Panmure Ltd, which was sold to the Lazard group in January 2004.

I.5 Operating results

Total income for the 66 banks covered in this survey rose from EUR 550.6 bn in 1998 to EUR 827.2 bn in 2007, an increase of 50%, representing the balance between a 65% increase due to growth in size, as outlined in the previous paragraph, and a 15% reduction due to the depreciation of the dollar and yen against the euro (Table III.1). Such growth was not, however, uniform across the three areas: on the basis of figures based in local currencies, income rose by 75% in Europe, 78% in the United States and only 3% for Japanese banks. It is also worth pointing out that, in 2007, total income fell by 6.4% compared to the previous financial year at current exchange rates and by 2.5% at constant values, essentially as a result of the smaller profits from trading.

As a percentage of total income, net interest income fell from 55.1% at the beginning of the period to 49% in 2007, marking a decline of almost 9 percentage points between 1998 and 2006 and an increase of 2.8 points in the last financial year (Table I.8). The performance of the margin is closely connected with that of interest rates, which fell generally across the three geographical areas covered by the survey at least until 2005, and increased in subsequent years. The reduction in net interest income between the first and last years of the decade was accompanied by an increase in net income from commissions, which rose by 10.8 percentage points, with a strong increase in relative terms during the last year covered by the survey. Profits from trading, which had risen to 11.4% of income in 2006, compared to an average of 9.2% in the previous eight years, fell by 7.5 percentage points in relative terms in 2007, as a result of difficult trading conditions in the financial markets, as explained in the summary.

As of the end of 2007, current pre-tax profit were 25.7% of income, having fallen by 9.7 percentage points on the previous financial year, which had however recorded the best result for the period, in terms of both income and absolute values. In assessing the changes with respect to the result for 1998, it should be recalled that the result in the latter year was severely affected by the bad-debt write-offs recognised by Japanese banks (Tab. II.1 for Japan). The worsening of the situation in 2007 is attributable, in almost equal parts, to the increase in the cost-income ratio and to the greater bad-debt write-offs, as well as being influenced by the fall in overall income.

TABLE I.8 – 66 BANKS: PERFORMANCE INDICATORS 1998 – 2007

	1998	2004	2005	2006	2007	Change	
	as % of total income						
	a	*b*	*c*	*d*	*e*	*d-a*	*e-d*
Net interest income	55.1	50.4	48.6	46.2	49.0	- 8.9	2.8
Net fee and commission income	36.3	41.1	42.5	42.4	47.1	6.1	4.7
Gains (losses) on financial transactions	8.6	8.4	8.9	11.4	3.9	2.8	- 7.5
Cost/income ratio	61.4	58.5	59.0	58.3	63.0	-3.1	4.7
Bad debt writeoffs [1]	29.5	7.6	5.9	6.3	11.3	- 23.2	5.0
Current pre-tax profit	9.1	33.9	35.1	35.4	25.7	26.3	- 9.7
Net profit	7.0	20.8	26.5	27.5	21.5	20.5	- 6.0
ROE (%)	4.6	13.9	17.0	17.8	12.5	13.2	-5.3
ROA (%)	0.2	0.6	0.7	0.7	0.5	0.5	- 0.2

[1] Net of bad debts recovered.

In 2007 aggregate net profit came to EUR 178 bn, representing 21.5% of income, marking an 27% decrease in absolute terms (-24.6% a constant exchange rates) and nearly six points in percentage terms over the previous financial year. The smaller decrease compared to current earnings is for the most part attributable to lower income taxes, while the greater extraordinary income is offset by the rise in net bad-debt write-offs.[24] Aggregate ROE came to 12.5% in 2007, down by over 5

[24] Regarding the amortisation of goodwill, which in 1998 represented 1.3% of total income and in 2005 was nearly nil, it should be recalled that U.S.-based banks have ceased to record the amortisation of goodwill since 2002, and European banks since

percentage points on the previous year, as a result of the lower earnings for the financial year. Similarly, ROA fell by 0.2 percentage points, following the gain of 0.5 points from 1998 to 2006.

I.6 Results by geographical area

Table I.9 provides some indicators of the banks' results by geographical area. Comparison between indicators for the different areas should be treated with caution, as there are considerable differences in the accounting standards adopted between countries. As regards the comparison between time periods, it should be recalled that the majority of the European banks adopted IAS/IFRS for the first time in 2005 .[25] One such aspect in particular involves insurance activities, which are carried out mainly by European banking groups, and until 2004 were subject to different treatment in their respective consolidated statements. A review of the different policies adopted and the proportion of aggregate data accounted for by such activities is provided in Appendix 3.

With regard to income, the first point to note is that, from 1998 to 2007, the interest margin as a percentage of total income decreased in

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2005, following the adoption of IAS/IFRS established by the EU. As a matter of fact, both the former (IAS 36) and US GAAP-General Accepted Accounting Principles (SFAS 142, "Goodwill and Other Intangible Assets") consider goodwill as an intangible asset having an indefinite life. Such assets are rather tested annually for impairment and if necessary write-offs are charged to earnings accordingly.

[25] It should be noted that, although international accounting standards required the preparation of at least one prior comparative period according to the same criteria, the delay with which IAS 39 was approved led authorities to introduce an option to waive the application of said standard, thereby allowing the postponement until 1.1.2005 of the 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 series of data.

all three regions, falling 5.6 percentage points in Europe, 4.5 points in the U.S. and nearly 4 points in Japan. Secondly, we should point out that net interest income took on greater weight for Japanese banks than for the other two areas and, on the other hand, the fee and commission component made a smaller contribution (Fig. I.1). The latter represents the largest share of income for U.S. banks, even when compared with European banks for the entire period under review (Fig. I.1). Note that the difference between the indicator for the two areas tends to widen from 2001 onwards: while the contribution to total income grows steadily for US banks from the following year, until it almost matches the gross margin in 2006, it falls in Europe, where it only begins to rise again from 2004 onwards. From 2003 to 2005, Japanese banks made efforts to diversify their income sources in reaction to the decrease in net interest income as a percentage of total income from 2002 forward.

TABLE I.9 – RESULT INDICATORS BY GEOGRAPHICAL REGION

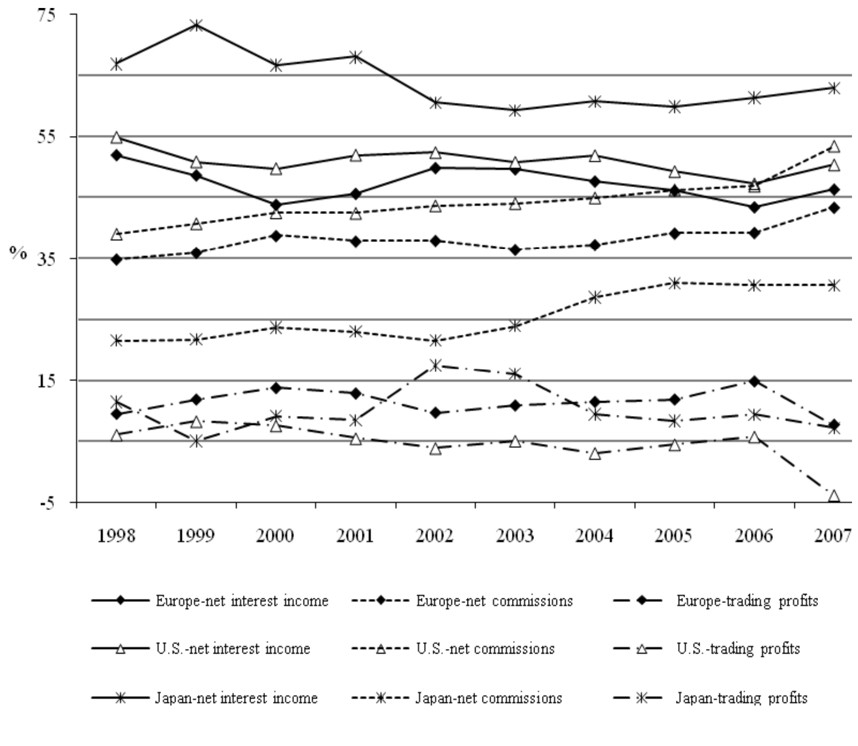
	1998			2007		
	Europe	Japan	United States	Europe	Japan	United States
	as % of total income			*as % of total income*		
Net interest income	51.9	66.9	54.9	46.3	62.9	50.4
Net fee and commission income	34.9	21.6	39.1	43.4	30.6	53.4
Gains (losses) on financial transactions	9.5	11.5	6.1	7.7	7.2	- 3.9
Cost/income ratio	64.3	56.9	58.8	64.1	57.5	62.4
Bad debt writeoffs [1]	11.3	146.9	7.5	10.0	8.3	14.3
Current pre-tax profit	24.4	- 103.7	33.7	25.9	34.2	23.3
Net profit	16.9	- 57.0	19.2	25.7	12.0	16.1
Tax rate [2] (%)	31.8	n.c.	34.6	19.8	33.6	30.2
ROE (%)	12.7	n.c.	16.5	15.7	4.6	9.8
ROA (%)	0.4	n.c.	1.0	0.5	0.2	0.7

[1] Net of bad debts recovered.

[2] Calculated based on current pre-tax profit and excluding loss-making companies.

In 2007, there was a generalised fall in trading profits, more accentuated for European and US banks, the latter recording a net negative balance of 3.9% of income. Despite its more erratic nature, given that it depends on factors that are external to the bank, such as the performance of the bond and share markets, this item made a positive contribution to increasing income over the ten-year period, although this contribution varied in the three areas from an average of 11.5% in Europe to 10.2% in Japan and 4.6% in the United States.

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



The lower trading profits are the main factor that led to the fall in the total amount of income in the financial year 2007, as stated in the previous paragraph. The fall was particularly noticeable for European and Japanese banks, -4.3% and -3.2% respectively, compared to 2006, while US banks offset the trading losses against other income, particularly the higher net income from commissions (Table I.10).

TABLE I.10 – TOTAL INCOME: PERCENTAGE CHANGES

	2001 / 1998	2004 / 2001	2006 / 2004	2007 / 2006
		%		
Europe	+ 47.1	+ 0.2	+ 23.9	- 4.3
Japan	+ 1.0	- 3.1	+ 8.7	- 3.2
United States	+ 29.0	+ 19.8	+ 14.2	+ 0.8

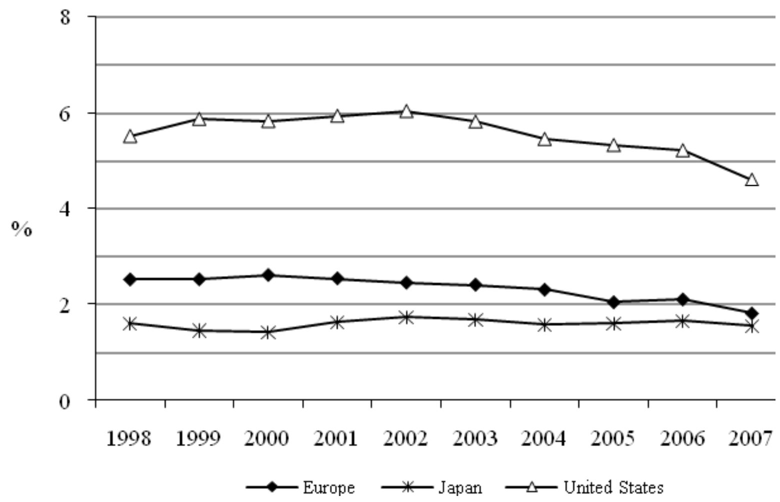
The table also shows the significant recovery achieved in the income of European banks between 2005 and 2006, which followed the substantial stability over the three-year period between 2002 and 2004 and the strong growth achieved in the previous three years. The increase in income in Europe during this two-year period is for the most part explained by the positive performance of net commissions, as mentioned above (+30.6% during the period), and to the increase in trading profits, which rose to 15% of the total in 2006, against a falling interest margin.[26] The change from 2002 to 2004 was certainly affected by the depreciation of the dollar against the euro (-35% at end-of-

[26] The oft-mentioned adoption of IAS/IFRS by European banks from 2005 seems, on the other hand, not to have had a negative impact on total income as it did for total balance sheet assets. A calculation involving 11 companies, representing 38% of the income of companies that changed accounting standards, which provided a comparative income statement for 2004 prepared according to the same criteria as 2005 (and therefore including the application of IAS 32, IAS 39, and IFRS 4, which entered into force on 1.1.2005), showed a decrease of EUR 6.7 bn in total income, representing 4.9% of the income earned in 2004 as calculated according to previous accounting standards.

period exchange rates) as result of the greater degree of internationalisation of European banks. US banks showed a more stable increase in income; the figure for 2005-2006 is substantially in line with the increase during the previous three years, whereas a larger rise of +29% was recorded in 1999-2001. The two-year period 2005-06 had also seen a return to growth for Japanese banks, following the fall recorded in the three-year period 2002-2004 and the substantial stability of the previous three years, although this growth was reduced substantially by the results for the financial year 2007.

The higher total income recorded by the US banks is reflected in the total income/total assets ratio, which, though 1.4 points lower than the maximum value reached in 2002, stood at 4.6% in 2007, compared to 1.8% for the European banks and 1.6% for the Japanese banks (see Fig. I.2).

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



[1] Not including goodwill.

Over the entire period under review, it may also be remarked that the growth of the assets of U.S. banks, as mentioned above, was exceeded by income growth until 2002, whereas the same did not occur, except to a marginal extent in 1999-2000, and then in 2006, for European banks. Both areas showed a decline in the indicator in 2007, to a more marked extent in the United States following sustained asset growth while, as stated, income fell or grew by a little. For Japanese banks, the indicator reflects substantial stability over the ten-year period in terms of both assets and total income.

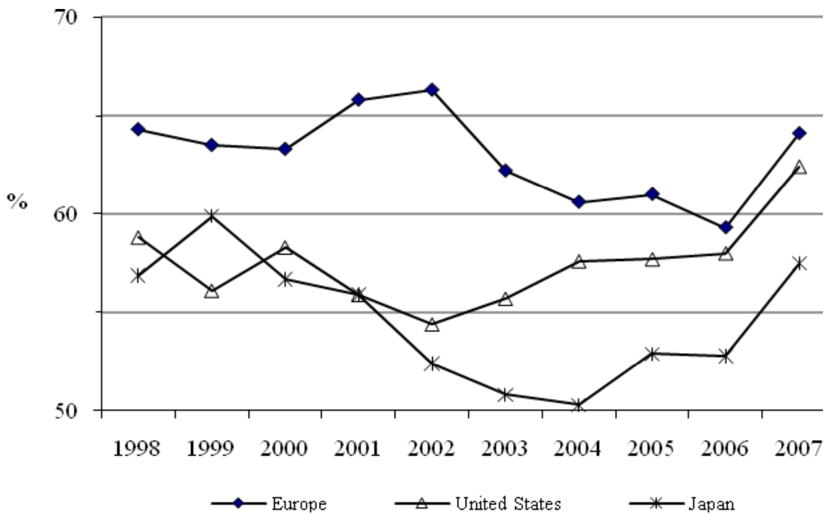
Current pre-tax profit in 2007 came to 34.2% of income for Japanese banks, 25.9% for European banks and 23.3% for US banks, having fallen in all three areas compared to the previous financial year: -5.8 percentage points compared to income in Japan, -8.3 in Europe and -12.9 in the United States. In absolute values, the decrease was 17.3%, 27.4% and 35.2% respectively. It is important to remember, however, that current profit in 2006 had reached the highest levels of the period for European and US banks and were just under the 2005 maximum for Japanese banks.

The contributory factors to the drop in earnings recorded in 2007, in all areas, included the sudden rise in the cost-income ratio (Figure I.3), with almost identical increases on the previous financial year, amounting to 4.8 percentage points for Europe, 4.7 points for Japan and 4.4 points for the United States, and, to a different extent, the greater amount of bad debt write-downs. In Europe, overheads increased in absolute terms by 3.4, the lowest increase out of the three areas, against, as we have said, a 4.3% fall in income, while write-downs of receivables increased to 3.5% of income. In Japan, the increase in overheads was 5.3%, income fell by 3.2% and, despite their increase, write-downs accounted for just 1.2% of income. US banks recorded the greatest increase in overheads (+8.6%) and the highest amount of write-downs, amounting to 14.3% of total income (+8.5 percentage points), while income increased by less than one percent.

The costs to income ratio was the highest in Europe compared to the other two areas throughout the ten-year period, although from 2006 onwards it was fairly similar to that of US banks. The graph shows the similarity between the indicators for Europe and the United States, with a differential shrinking from just under 12 percentage points in 2002 to only 1.3 points in 2006, ending at 1.7 points in 2007. The difference between the value for Japanese banks, which increased again from 2005 onwards, and that of the other two areas also shrank. For European banks, it should be noted that only in 2003 was there improvement due to a reduction in operating costs (-4.9% overall) coupled with a modest growth in income (+1.4%), whereas in both 2004 and 2006, a growth in income (+5.5% and +11.9%, respectively) was accompanied by higher operating costs, albeit to a lesser extent (+2.7% and +8.8%, respectively).

Write-offs of customer loans are described in greater depth in the following section.

FIGURE I.3 – COST/INCOME RATIO



The best net profit figures in 2007 were recorded by the Japanese banks, at 25.7% of total income, or 9.6 percentage points higher than US banks and 13.7 points higher than Japanese banks. The relative decline of the current profit figures for Japan and the United States with respect to Europe is due, on the one hand, to the extraordinary elements, which were positive in Europe and negative in the other two areas and, on the other hand, to the increased incidence of income taxes.

The 2007 tax rate was markedly higher for US and Japanese banks than European banks, which enjoyed tax rates that were approximately 10 and 14 points lower, respectively (Tab. I.9). This indicator fell between the beginning and the end of the period under review in both Europe and U.S., but more so in the former, where it declined by more than 12 percentage points, while in the United States the reduction was in the order of 4.5 points. [27] In 2007, income taxes, in aggregate terms, fell by 26% in Europe and 52% in the United States.

Extraordinary components provided a net positive contribution to the earnings of European banks in 2007 amounting to 8.7% of income, while for Japanese and US banks their incidence was negative by 6.4% and 0.8% respectively. In this respect there was an increase in net write-downs in all three areas, which were more than offset in Europe by the considerable increase in other net extraordinary proceeds.

For European banks, in 2007, these accounted for 10.5% of income (5.6 percentage points more than the previous financial year), consisting primarily of capital gains on disposals (10% of income), of both securities classified as available for sale and other fixed assets (essentially equity investments, property and business divisions).[28] The write-downs, however, which were equal to 1.8% of income, related primarily to the securities portfolio (both available for sale and investment) in the amount

[27] The figure for Japanese banks in 1998 is not meaningful, given the high number of companies which incurred operating losses.

[28] The main capital gains achieved by European banks in 2007 included those resulting from the sale of LaSalle Bank by ABN AMRO Holding to Bank of America (EUR 7.2 bn), of two smaller Italian establishments (Cassa di Risparmio di Parma e Piacenza and Banca Popolare FriulAdria) and of 202 bank branches by Intesa Sanpaolo to Crédit Agricole (3.5 billion), of ABN AMRO Holding and Numico shares by ING Groep (2.1 bn), of the Julius Baer shareholding by UBS (1.2 bn), of Iberdrola shares by BBVA (0.9 bn) and Mediobanca shares by UniCredit (0.6 bn).

of EUR 6 bn, as well as to multiannual charges and tangible fixed assets of EUR 1.3 bn in total and goodwill of 1 billion euros.

For US banks, “extraordinary items” came to just 0.6% of total income (2.6 points less than 2006), again consisting primarily of capital gains on disposals, mainly shareholdings (+1.4% of income), partially offset by the charges for merger and restructuring costs (-0.8% of income).[29] Write-downs, with a negative impact equal to 1.4% of income, related primarily to goodwill (USD 2 bn) and to the bank rights on mortgage loans sold to third parties following the fall in interest rates (USD 2.5 bn).[30]

Japanese banks, on the other hand, recorded net extraordinary income of 11.6% of total income in 2007 (up 1.1 percentage points on the previous financial year), consisting essentially of capital gains on the disposal of equities and bonds in the “available for sale” portfolio. This positive effect was however more than balanced by the amount of write-downs, which rose from 8.9% to 17.7% of income and related, in equal parts, to the securities portfolio and fixed assets (-8.5% and -9.2% of income respectively). [31] In the 2006 financial year, net profit for the year was also boosted by more than 2 percentage points by the change in the

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[29] The main capital gains of US banks in 2007 are those recorded by Bank of America on the sale of Marsico (investment funds) (USD 1.5 bn) and of the private equity funds (USD 0.6 bn), as well as those achieved by Citigroup on the sale of Redecard and Mastercard shares (USD 0.7 bn and 0.6 bn respectively).

[30] In 2004, the extraordinary components of US banks recorded a negative balance of USD 7.9 bn, which included appropriations of USD 11.6 bn made by Citigroup and JPMorgan Chase in respect of ongoing litigation and the signing of settlement agreements with plantiffs. In 2005, JPMorgan Chase had made additional appropriations of USD 2.8 bn, partially offset by insurance recoveries of USD 2 bn in the same financial year and 0.5 bn in 2006. The class actions were primarily related to the Enron, Worldcom and Parmalat crises and consisted largely of initial public offerings, the conditions for the sale of mutual funds, the sale of securities associated with loan securitisation transactions, and corporate research. The allegations were primarily related to the preparation and publication of documents regarding the offering and sale of securities containing misleading information concerning the financial conditions of the issuers and the distribution of equally misleading reports on the companies.

[31] As regards the latter, Mitsubishi UFJ Financial Group wrote down the goodwill of JPY 894 bn (equal to 8.1% of aggregate income for the area) “due to the recent global financial market instability which negatively impacted the fair value of our reporting units”.

criterion governing the accounting treatment of deferred tax assets by Resona Holdings.

In 2007, the profitability of European banks, measured in terms of ROE, far outstripped that of US and Japanese banks, ended on 15.7%, compared to 9.8% and 4.6% respectively for the other two areas. Compared with 2006, however, there was a generalised fall in the indicator of 4 percentage points in Europe, 5.4 points in Japan and 8.4 points in the United States. As we have said, the better result for European banks was also helped by the greater amount of positive extraordinary components, as well as by the lower amount of shareholders' equity, which will be discussed further on. It is also worth pointing out that, also in 2007, 3 European banks (UBS, WestLB and KfW), the biggest Japanese bank (Mitsubishi UFJ Financal Group) and 2 US banks (Countrywide Financial and Washington Mutual) recorded negative earnings for the financial year. Details for the past five financial years, broken down by bank, are provided in Table I.23.

A comparison of ROA values between US and European banks remains favourable to the US, even after the significant fall recorded in 2007, which brought it down to the lowest level in a decade, the former benefiting from the small size of assets. The indicator for Japanese banks also fell considerably over the year in question, after having equalled the value of European banks in the two-year period 2005-06.

I.7 Bad debts written off and doubtful loans

Table I.21 provides a breakdown of bad debts written off in the last five years by bank and geographical area as a percentage of total income, loans to customers and net worth. It is noticeable first of all that there was a generalised worsening of the indicators in all three areas in 2007. The write-downs made by European banks represented 10% of income on average (3.5 percentage points more than 2006);

three UK banks - HSBC Holdings, HBOS and Lloyds TSB Group (the latter two having merged with Lloyds Banking Group at the beginning of 2009) – recorded the highest values, although it is important to bear in mind that for two German banks – KfW and WestLB – the indicator cannot be calculated because the total income was negative.[32] The European write-downs also represented 4.7% of net capital (up 1.2 points on 2006), with three of the aforementioned banks – KfW, Lloyds TSB Group and HSBC Holdings – again recording the highest values.

Japanese banks also posted a deterioration of these indicators in 2007, which however ended on values that were on average lower than those of the other two areas. Five establishments effected write-downs of more than 10% of income, with Shoko Chukin Bank and Shinsei Bank presenting the highest values, far higher than the average. The situation in Japan also reflected a higher degree of variation in average readings during the period, as well as a more frequent alternation between positive and negative values.

The highest values of these indicators were instead recorded, also during the year in question, by US banks. They corresponded on average to 14.3% of income, 1.3% of loans to clients and 7.8% of net capital, with increases, compared to 2006, of 8.5, 0.7 and 4.5 percentage points respectively. Four establishments recorded write-downs of over 20% of income: Countrywide Financial (incorporated by Bank of America in July 2008), Citigroup, Washington Mutual (with filed for bankruptcy in September 2008, after having sold its banking business) and National City (incorporated by PNC Financial Services Group at the end of 2008). These banks also recorded write-downs of more than 10% of shareholders' equity, in this case together with Capital One Financial and Wells Fargo & Co.

[32] For both of these, the negative balance of income was a result of the high amount of trading losses.

TABLE I.11 – BAD DEBT WRITEOFFS AND NET DOUBTFUL LOANS BY GEOGRAPHICAL AREA

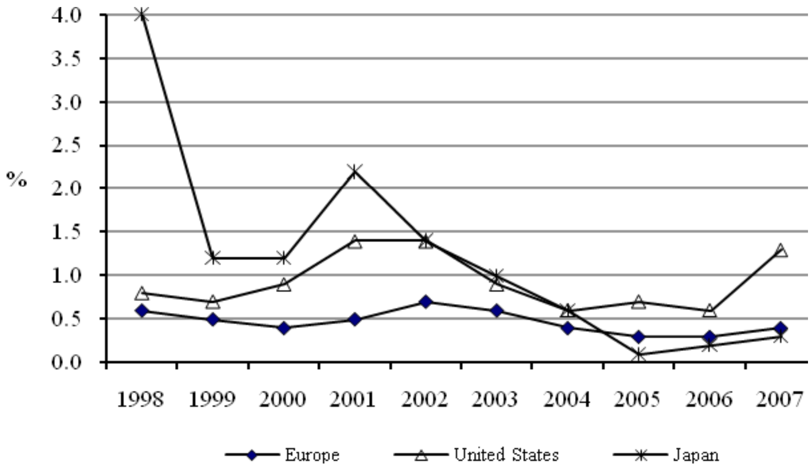
	Annual bad debt writeoffs			Net doubtful loans	
	as % of total income	as % of customer loans	as % of net worth	as % of customer loans	as % of net worth
	avg. 1998-2007 levels			*as a 31/12/07*	
Europe	8.5	0.4	4.8	0.9	9.2
Japan	41.9	1.3	14.7	0.8	7.6
United States	8.6	0.9	5.6	0.2	1.2

In average terms over the ten-year period, US and European banks recorded annual write-offs that represented a practically identical percentage of total income (Table I.11). When comparing the data it is however important to remember the higher income of US banks in relative terms, as shown in the previous paragraph (Figure I.2). However, write-offs for US banks came to a larger percentage of shareholders' equity and total loans to customers: in the case of customer loans in particular, the average was almost double that of European banks. This indicator always presented values that were higher for US banks, with a gap that was particularly accentuated in the two-year period 2001-02, during which write-downs increased both in absolute and relative terms for both areas, diverging again significantly in the last year under review (Figure I.4).

Japanese banks, on the other hand, recorded particularly high average values for the period as a result of the difficult economic situation in that country during the years under review. The figures for more recent years approach those for Europe, as may be observed in the indicator depicted in Fig. I.4.

With regard to the loan book, the non-performing loan ratio (i.e. net doubtful debt as a percentage of customer loans) in 2007 remained substantially unchanged in Europe and Japan compared to the previous year, while it remained at insignificant levels for US banks (Table I.22).

FIGURE I.4 – ANNUAL BAD DEBT WRITEOFFS AS A PERCENTAGE OF LOANS TO CUSTOMERS



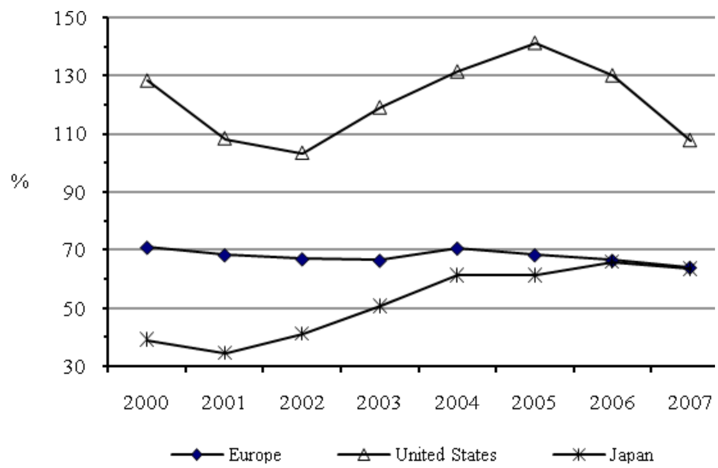
Instead the ratio between doubtful debts and net worth increased in 2006 by 0.2 percentage points in Europe, 0.8 points in the United Stated and 1.2 points in Japan. There remain significant differences between the 2007 year-end figures for the European and Japanese banks, on the one hand, and those of US banks on the other: while doubtful debt represented more than 9% of European banks' net worth and 6.4% of Japanese banks' net worth, the same figure for US banks was just 1.2%.[33] European companies with the highest values in this ratio include German banks DZ Bank, KfW and Commerzbank and British bank HBOS, all of them having an incidence of one third of net worth or more. In Japan, the highest values were those of Hokuhoku Financial Group, Fukuoka Financial Group, Shoko Chukin Bank and Sapporo Hokuyo Holdings, all of them smaller establishments in terms

[33] U.S. indicators have been calculated on the assumption that cases in which adjustment provisions exceed gross doubtful debt amount to zero. This is because prudential lump-sum provisions are taken to cover possible instances of insolvency, calculated on the basis of historical experience.

of total assets. Among US banks, the highest ratios were those of Washington Mutual, National City and Countrywide Financial, all absorbed by other establishments, as we have already said, during 2008.

In Europe, during the ten-year period under review, doubtful loans fell gradually, as compared to customer loans and net worth, with the former falling from 1.4% to 0.9% and the latter from 16.5% to 9.2%.[34] Japan, however, experienced a significant increase in doubtful loans between 1998 and 2001, a year in which they accounted for almost 6% of customer loans and 87% of net worth, after which they fell back to lower levels than in Europe. By comparison, the indicators for US banks only showed minor changes, rising slightly in 2001-2002 (Table II.4, respective areas).

FIGURE I.5 – COVERAGE RATIO [1]



[1] Ratio of provisions to gross doubtful loans.

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[34] Although the figures are meaningful and indicative of trends during the period, they do not all reflect the same degrees of representativeness. in 2007, they refer to the sample as a whole, while in 1998 they refer to groups that represent just 64% of aggregate total customer loans.

In comparing these indicators for the three areas, account should also be taken of the different coverage rates for doubtful loans by adjustment provisions. Between 2000 and 2007, the coverage ratio, obtained by also including general risk provisions to cover loans still deemed to be performing, remained above 100% in the United States (despite a significant dip in 2001-2002), averaged just under 70% in Europe and remained around 50% for Japanese banks. Japanese banks have also showed a significant improvement in their coverage ratios in recent years, bringing the average figure to slightly below that of European banks in 2006-07 (Figure I.5).

In evaluating these indicators, it should be remembered that different policies are adopted in accounting for bad-debt write-offs. An idea of these differences may be gained by comparing write-offs taken through profit and loss and the amount of doubtful loans booked to the balance sheet. Over the last five years, this ratio came out on average at 33% for Japanese banks and 44% for European banks, meaning that bad loans in the two areas had a book life of three years and approximately two years and three months, respectively. As for US banks, the amount of adjustment provisions was always higher in aggregate terms than bad debt, as mentioned above. It should also be noted that these indicators have become less meaningful over time as a result of the increasingly widespread and large-scale use of securitisation in the years under review ([35]).

For the difficulties that arose in the summer of 2007 following the increase in the rate of insolvency among mortgage debtors in the United States, see the preface.

[35] In Europe, according to figures provided by the EFS-European Securitisation Forum, total loans securitised per year increased from EUR 158 bn in 2002 to EUR 454 bn in 2007, for an annual average of EUR 313 bn. In the United States, during the same period, according to figures provided by SIFMA-Securities Industry and Financial Markets Association, considering the banking industry alone, loans securitised rose from USD 733 bn to USD 1,580 bn, making for an average of USD 1,396 bn per year. At the end of 2007, these securities amounted to EUR 1,294 bn and USD 5,456 bn respectively.

Between 1998 and 2007, aggregate total assets on the books of the 66 banks included in the survey rose from EUR 19,233 bn to EUR 37,642 bn, an increase of 92.5%, or +109.8% at constant exchange rates; the increase included the mergers and acquisitions referred to above. In this case as well, there are significant differences between the three geographical areas: while the increase in local-currency terms was 145.1% for European banks (approximately +130% excluding the effects of the first-time application of IAS/IFRS mentioned above) and 117.8% for U.S. banks, the assets of Japanese banks increased by only 6.3% during the period.

The figures for the first and last year covered by the survey, summarised in Table I.12, show that, on the asset side, there was a reduction in relative terms in the amount of loans to customers in all three geographical areas in the order of 4 percentage points in Europe and the United States and 10 points in Japan. However, in all three areas there was an increase of investments in securities, although this increase was smaller among US banks.

As regards customer loans, it is important to point out their different composition according to the various geographical areas: at the end of 2007, loans to families amounted to 63% of the total for US banks (43% of which pertained to house purchases), 40% for European banks and just 25% for Japanese ones (21% of which pertained to house purchases).[36] An assessment of the amount of loans to customers should consider that the figure was certainly influenced by both total write-offs taken through profit and loss, and, as mentioned in the foregoing paragraph, the increasingly widespread use of securitisation.

[36] The figures refer to sub-groups comprising 94% and 92% of loans to customers for European and Japanese banks, respectively. The U.S. figure refers to the entire sample. A separate figure for loans for home purchases is not available for European banks.

TABLE I.12 – 66 BANKS: MAIN BALANCE-SHEET ITEMS BY GEOGRAPHICAL AREA

	1998			2007		
	Europe	Japan	United States	Europe	Japan	United States
	as % of total assets			*as % of total assets*		
Loans and advances to customers	46.0	59.8	53.0	41.5	49.7	49.2
Securities	21.3	20.4	22.1	26.0	30.9	23.4
Fixed assets	2.4	1.3	3.6	2.3	1.8	6.5
of which: goodwill	*0.1*	o	*1.3*	*0.9*	*0.3*	*3.4*
Funding from customers	59.4	73.8	64.1	54.0	75.3	65.1
Deposits by banks [1]	3.8	2.1	7.0	4.3	0.9	5.2
Shareholders' equity [2]	3.8	4.1	7.4	3.4	4.3	8.1

1 Net of loans and advances to banks.

2 Net worth excluding minority interest.

Over the same period, funds raised from customers increased in relative terms by around one percentage point in Japan and the United States, but fell by over 5 points in Europe. The latter variation is almost entirely attributable to customer deposits, as the fall in fund raising through bond issues did not exceed one percent. For US banks as well, customer deposits fell by over 4 percentage points, although in this case the fall was more than offset by the increase in bond issues and subordinated loans. In Japan, however, customer deposits increased by over 6 percentage points, while other sources of funds recorded a fall. We can therefore see that European banks were the only ones to record a reduction in customer accounts compared to assets, in terms of both investments and funding.

Interbank accounts remained consistently on the liability side in all three areas under review. This item made a much greater contribution to funding in the Europe and the United States than in Japan. The figure is largely attributable to debts owed to smaller institutions.

TABLE I.13 – ASSETS UNDER MANAGEMENT

	2003	2004	2005	2006	2007
Europe (EUR bn) [1]	7,054	7,710	9,043	9,965	10,270
as % of funds raised from customers	*85.0*	*84.4*	*77.6*	*76.1*	*73.5*
United States (USD bn) [2]	2,902	3,000	3,067	3,007	4,431
as % of funds raised from customers	*94.6*	*87.5*	*83.6*	*70.4*	*86.7*

1 Data relating to 28 groups representing 95% of the total assets in the sample at the end of 2007; the remaining 3 groups do not operated in the asset management sector.

2 Data relating to 12 groups for which a complete set of values is available for the five-year period and which represent 88% of the total assets in the sample at the end of 2007.

The volume of indirect funding in the five-year period 2003-07, based on the data for a significant subgroup of the sample, amounted on average to 79% of direct funding from customers in Europe and 85% in the United States, showing a downward trend in both areas compared to primary funding (Table I.13).[37] The end-of year figures cannot however be compared to one another because they are influenced, sometimes significantly, by transactions for the purchase and sale of assets completed with operators not included in the sample.[38] The amounts

37 It was not possible to prepare comparative figures for Japanese banks due to the lack of like-for-like historical series. The decline in assets under management in Europe in 2005, taken as a percentage of funding raised from customers, was affected by the oft-cited adoption of IAS/IFRS rules, which, in this specific case, due to the line-by-line consolidation of insurance assets under international standards, led to the inclusion of sums collected through the issue of insurance policies with primarily investment characteristics in funding.

38 In 2005 Citigroup sold USD 201.6 bn in assets under management to Legg Mason. In 2006 The PNC Financial Services Group deconsolidated BlackRock after its equity stake in the latter fell from 69% to 34% following the contribution of assets by Merrill Lynch. Assets under management by BlackRock at the end of 2005 came to USD 414 bn. In 2007, however, The Bank of New York acquired Mellon Financial, with assets under management of 929 billion dollars, while Citigroup acquired the Japanese Nikko Cordial, with assets under management of around 100 billion dollars. European banks however carried out a greater number of extraordinary transactions, although they were for smaller unit amounts: the main acquisitions, all in 2006, included Banca Sarasin by Rabobank Nederland, Banca

managed by European banks were also influenced by the euro-dollar exchange rate, given their significant presence in the North American market, while there was no similar presence of US banks in the Euro area.

Fixed assets increased as a percentage of total assets in the US and, to a lesser extent, in Japan, while they remain substantially unchanged in Europe. The higher growth in the United States was primarily attributable to goodwill, which increased from USD 54 bn to USD 305 bn, or from 18% to 42% of net worth. For Japanese banks, the increase in goodwill took place for the most part in 2005 following the merger between Mitsubishi Tokyo Financial Group and UFJ Holdings, which also led to an almost identical increase in the other intangible assets. Goodwill also increased for European banks, up from EUR 14 bn in 1998 to EUR 234 bn in 2007, or 3% to 22% of net worth. Conversely, other fixed-asset items – mainly equity investments – decreased, in part due to the reclassification of certain sizeable portfolio items as securities in 2005 in conformity with IAS/IFRS.

In a like manner, fixed assets as a percentage of net worth varied significantly between the three areas, as may be observed in the indicator shown in Table II.4, various areas - which in 2007 stood at 34% for Japanese banks, at 60% for European banks, and 80% for US banks (as mentioned above, the fixed assets of US banks consisted 42% of goodwill and 16% of other intangible assets).

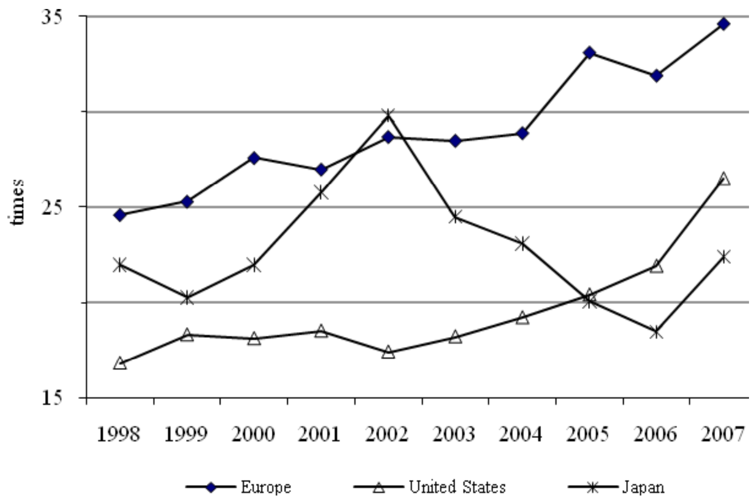
Shareholders' equity, considering period opening and closing figures, assessed as a percentage of total assets, was down in Europe, but was up by a little in Japan, and, to a greater extent, in the Untied States. It should be noted that the indicator for US banks posted figures of 2.4 times those of European banks and 1.9 times those of Japanese banks at the end of 2007.

However, considering tangible net worth, i.e. excluding intangible fixed assets, and comparing it to the total liabilities, the lowest value at the end of 2007, excluding Chinese banks, which will be discussed later, is the value for Japanese banks, with liabilities amounting to 22

Nazionale del Lavoro by BNP Paribas and Banca Antonveneta by ABN AMRO Holding, for a total of EUR 81 bn in assets managed.

times the tangible net worth. US banks are in an intermediate position, with a ratio of 27 times, while the ratio for European banks is much higher, standing at 35 times (Figure I.6 and Table II.4, respective areas). European and US banks recorded an increase in the multiplier of 10 units between 1998 and 2007, also displaying a steady growth trend, particularly the latter as of 2003. The indicator for Japanese banks was more contrasted. After reaching a maximum for the period in 2002, coinciding with the negative results for 2001-2002 and the consequent weakening of net worth, it shot up again in the last year under review.[39]

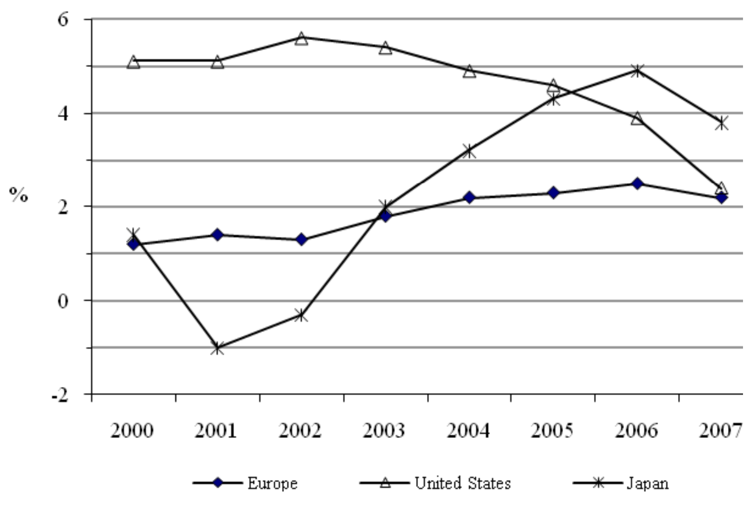
FIGURE I.6 – TOTAL LIABILITIES COMPARED TO TANGIBLE NET WORTH



[39] Under the Basel Interbank Accords, the minimum capital adequacy required, i.e. the ratio between shareholders' equity, less certain intangible fixed assets, including goodwill, and risk-weighted assets (known as the "Tier 1" capital ratio), is 4%. The minimum total capital ratio, which also includes subordinated liabilities, is 8%. "Core Tier 1" is instead understood to mean the net equity excluding innovative or "hybrid" capital instruments, which are limited to 15% of the total amount.

Among European banks, the one with the greatest “lever” effect at the end of 2007 is, by far, German bank Hypo Real Estate Holding (112 times), followed by UBS (80 times), Deutsche Bank and WestLB (68 and 66 times respectively); the last two, with a multiplier of less than 20 units, are Rabobank Nederland and Intesa Sanpaolo. Shinkin Central Bank is the Japanese bank with the highest multiplier (35 times), followed by the three biggest banks in terms of total assets, all of which have values higher than the average for the area. In the United States, the highest multipliers are those of Citigroup, Wells Fargo & Co. and Bank of America (39, 32 and 28 times respectively), while Countrywide Financial, absorbed, as we have said, by Bank of America in 2008, recorded a negative tangible net worth for the third year running in 2007. Table I.24 contains the details for each bank in the various areas, covering the last five years of the survey.

FIGURE I.7 – FREE CAPITAL AS A PERCENTAGE OF FUNDING FROM CUSTOMERS



In 2007, the free capital, which is calculated as a percentage of funds raised from customers, averaged 3.8% for Japanese banks, 2.4% for US banks and 2.2% for European banks, having fallen across all three areas compared to the previous year, with the greatest fall occurring in the United States and Japan (-1.5 and -1.1 percentage points respectively) and to a lesser extent in Europe (-0.3 points) (Figure I.7 and Table II.4, various areas). The significant improvement in the indicator for Japan, which rose from a negative figure in 2001-2002 to exceed those of the other two areas in 2006, is primarily due to the decrease in the amount of doubtful debts and the increase in shareholders' equity. The decrease in the latter instead caused the indicator to drop back in 2007.

European banks also recorded a growth trend in this indicator in 2003, mainly as a result of the decrease in equity investments (mostly under shareholdings due to the adoption of the new IAS/IFRS principles, as we have said) and, to a lesser extent, the doubtful debts, while the decline in shareholders' equity compared to assets had a negative effect. Conversely, the decrease in the indicator for U.S. banks from 2004 onwards can for the most part be attributed to the rise in goodwill, to which was added the 2007 fall in net worth that took place in 2007.

European banks with the highest free capital levels in 2007 included Belgian KBC Group and the two French cooperative groups Crédit Mutuel and Crédit Agricole. Belgian-Dutch Fortis (which was carved up in 2008) and British HBOS (acquired by Lloyds TSB Group in 2009) posted negative values. In Japan, the highest free capital indicator was posted by Aozora Bank, followed by Shinsei Bank, Chuo Mitsui Trust Holdings and a cooperative bank, Norinchukin Bank, and then by regional bank Shizuoka Bank. In the United States, the highest free capital indicators were posted by smaller banks, Capital One Financial, Suntrust Banks and U.S. Bancorp, whereas among the three largest only JPMorgan Chase & Co. showed figures that exceeded the area average.[40]

Another aspect to be considered is the valuation of the securities portfolio, an item which in aggregate terms represents over a quarter of

[40] JPMorgan Chase made two major acquisitions in 2008, while banks with negative free capital, such as Countrywide Financial and Washington Mutual, were the subject of acquisition (see Table III.2).

total assets. According to international accounting standards, securities must be valued at their fair value, with the exception of securities that, due to an independent decision by directors, are to be held until maturity: the latter may be valued at cost.[41] Assignment to this latter category involves overstating the relevant asset on the balance sheet and charging lower write-offs of securities through profit and loss during bear stock markets. This aspect took on particular importance for European banks through 2004, when securities valued at cost represented 28% of the total, a considerable higher figure than those of Japanese and U.S. banks, 11% and 1%, respectively. The adoption of IAS/IFRS rules brought the figures for European banks back into line with those of the other two areas: Japanese banks posted the highest percentage of securities valued at cost at year-end 2007, 11% of the total (Table I.14).[42]

Also with regard to the 2007 figures, it should be remarked that there is a higher percent of held-for-trading securities designated at fair value by European banks (64%) than by U.S. banks (54%) and Japanese banks (11%), leading to increased volatility in net profit for the year of the former, due to the immediate impact on profit and loss of changes in the market value of securities. It should also be noted that as much as 43% of the securities portfolio of US banks (70% of the "available-for-sale"

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[41] International accounting standards provide for the classification of securities (and financial assets in general) into three categories: "held-for-trading", i.e. intended for short-term ownership, with a contra entry of changes in value through profit and loss; "available-for-sale", i.e. intended for medium-term ownership, with a contra entry of changes in value to a shareholders' equity reserve; "held until maturity", with valuation at cost and recognition of only permanent changes in value through profit and loss. The most frequently used principle is amortised cost, based on which the difference between the acquisition price of a security and its redemption value is credited or charged to profit and loss on the basis of its outstanding life. The principles approved by the European Commission for companies in this area also provide for the option of measuring financial assets that do not fall under the classification set out above at their fair value with a contra entry of changes in value through profit and loss (known as the fair-value option). This option was used by banks covered by the survey primarily for investments of sums raised through insurance policies under which the risk of return was borne by the insured and financial instruments with a primary derivative component. The option to carry out fair value valuations was also introduced by the US GAAP standards as of the financial year 2008.

[42] Japanese banks in general also state unlisted available for sale securities at cost.

portfolio) consisted of securities arising from securitisation transactions.[43]

TABLE I.14 – 66 BANKS: SECURITIES PORTFOLIO COMPOSITION IN 2007

	Europe		Japan		United States	
	EUR bn	%	JPY bn	%	USD bn	%
Held for trading	3,591	50.6	23,617	10.8	1,129	54.1
Designated at fair value	936	13.2	-	-	-	-
Available for sale	2,423	34.2	182,288	83.8	954	45.7
of which: stated at cost	-	-	*12,497*	*5.7*	-	-
Held to maturity	144	2.0	11,656	5.4	3	0.2
Total	**7,094**	**100.0**	**217,561**	**100.0**	**2,086**	**100.0**
of which: stated at cost	*144*	*3.0*	*24,153*	*11.1*	*3*	*0.2*

I.9 Net worth and capital adequacy

Rights issues worth a total of EUR 231 bn were implemented in Europe between 1998 and 2007. This did not include new shares issued in respect of acquisitions; shares issued in connection with the mega-mergers referred to above amounted to approximately EUR 217 bn, 48% of the overall total. Over the same period, a total of EUR 332 bn was paid out in dividends, while net share buybacks amounted to EUR 99 bn (Tab. I.25). Dividends paid out came to 2.5 times the proceeds from rights issues minus the outlay incurred in connection with share buybacks, which translated to a net outflow of EUR 200 bn. Over the same period, net

[43] The only uniform figure available for European banks concerned five banks based in the United Kingdom, for which securities arising from securitisation represented 16% of the total securities portfolio. No figures were available for Japanese banks.

profits for the year totalled EUR 851 bn. In other words, retained earnings were the principal means by which European banks kept levels of shareholders' equity substantially aligned with the strong growth in total assets.

For US banks, net share buybacks in the same period outpaced rights issues in each of the years concerned, leading to net outflows of approximately USD 128 bn, which, along with dividends paid out during the period, meant a total of USD 429 bn, more than aggregate shareholders' equity at the beginning of the period, was returned to investors. Over the same period, net profits came to USD 690 bn, representing far and away the largest source of growth.[44] The opposite was true in Japan, however, where the banks in this survey tapped investors for JPY 14,961 bn, against dividend payouts amounting to JPY 3,416 bn, just 23% of sums collected. In 2004-2006 share buybacks exceeded the amount offered to the market through rights issues. However, these purchases were for the most part a repayment of public funds carried out by buying back preferred stock owned by government bodies.

In terms of dividend policy, the payout ratio in 2007 (i.e. dividends as a percentage of net profit) stood at slightly over 75% for US banks, 49% for Japanese banks and 45% for European banks (Table II.4, respective regions). The European indicator rose by six percentage points compared to the values for 2005-06, mainly as a result of the fall in net profits, whereas the ratio for US banks was well above the average for the previous nine years, equal to 41% of profits. The indicator for Japanese banks was largely insignificant due to the variability of profits.

Dividends paid by European and US banks in 2007 also exceeded those paid by Japanese banks when measured as a percentage of total income, at 11.5% and 12.1%, respectively, compared to 5.9% for Japanese banks. In absolute terms, aggregate dividends fell by 3.8% compared to 2006, consisting of a 6.5% decrease for European banks

[44] Similary, in 1998-2007 industrial multinationals based in North America returned USD 1,525 bn to investors (both in the form of dividends and share buybacks) and issued a mere USD 294 bn in shares.

and increases of 24% and 10.6% respectively for Japanese banks and US banks.

The total capital ratio, i.e., available capital as a percentage of risk-weighted assets, at the end of 2007, was higher on average in Japan and the United States, standing at 12% and 11.8% respectively, compared to a figure of 10.8% for Europe (Table I.26). The average capital ratios for European and US banks both fell by 1.3 percentage points between 2003 and 2007, while the ratio for Japanese banks rose during the same period.

In Europe, the banks with the highest ratios in 2007 were Crédit Suisse, the German Dresdner Bank and the British HSBC Holdings. Smaller banks occupied the top rankings in both Japan and the United States. However, the two largest Japanese banks posted lower-than-average values, whereas of the three largest U.S. banks, only JPMorgan Chase & Co. showed a ratio that slightly exceeded the area average.

In the first six months of 2008, capital ratios, on the basis of partial data for Europe and Japan, increased on average by 1 percentage point for European and US banks and fell by half a percentage point for Japanese banks. These and US banks recorded a slightly higher Tier 1 than European banks. The improvement for the United States can be attributed primarily to the increase in shareholders' equity, while the improvement for European banks can be attributed to the fall in risk-weighted assets following the introduction of the new Basel II system.[45] However it is important to note the ineffectiveness of measures taken to safeguard these ratios. As of 30 June 2008, banks which, during the second half of the year, made recourse to considerably injections of public capital, such as RBS and Dexia in Europe, had ratios that were well above the minimum levels required by the Basel agreements and were even higher than the average for their area.

[45] In 2008, a system for calculating equity requirements imposed by the "new" Basel Accord (so-called Basel II) came into force. This requires smaller investments of capital for institutions that adopt risk assessment systems based on internally developed estimating processes or, subordinately, on the assessments of rating agencies.

I.10 Derivatives

Table I.27 shows the activities of banks in all three areas covered in derivatives for the three-year period 2005-07.[46] The data, when available, refer to both trading and hedging derivatives, with the exception of Japan, which does not provided information on the latter.[47] Firstly, it may be remarked that the nominal value of contracts increased significantly in all three areas from the first to the last years of the survey: by 66% in the United States, 59% in Europe and 29% in Japan. Derivatives are coming to account for an increasing multiple of total assets, up from 14.7x to 18.7x for U.S. banks, from 10.2x to 13.3x for European banks, and, to a more moderate extent, from 4x to 5.1x for Japanese banks. The main type of risk involved for all three areas is by far that of changes in interest rates, with a share of the total which in 2007 ranged from 78% for European banks to 89% for Japanese banks. Exchange rate risk hedging declined in importance in Europe from 2004 to 2007, while it increased for the US and Japan, whereas the value of credit risk hedging contracts increased in all areas. In 2007

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[46] Derivatives are financial contracts in which counterparties' performances are linked to changes in the price of the underlying assets, mainly interest rates, foreign currencies, equities, credit risk, commodities, market indices and other indicators. Such instruments enable the contracting party to reduce or alter its exposure to market risks. Banks use derivatives both to hedge their own risk and as part of their trading activity, in the latter case mainly to meet customer demand for risk management. The nominal, or notional, value of the contract provides an indication of the extent of the phenomenon but is never exchanged by the parties, and merely represents the basis for calculating the relevant amounts to be settled. The market, or fair, value, which can be positive or negative, represents the potential profit or loss as appropriate for the bank on outstanding contracts (it should be noted in this regard that banks commonly enter into "netting agreements" enabling the companies to net receivables and payables with the same counterparty; for this reason too, Table I.27 shows only the balance of asset and liability positions). Credit risk is the possible loss for the bank deriving from a counterparty becoming insolvent, which in the case of derivatives is largely equal to the amount of positions with positive fair value net of collateral received.

[47] It has not been possible to provide a split between trading and hedging derivatives for European and U.S. banks either, owing to the lack of like-for-like information. On the basis of the positive and negative fair value stated on the financial statements, trading derivatives represent more than 90% of the total for both European and US banks.

these represented 8% and 9% of the total for Europe and United States respectively.

The net fair value of existing contracts at the end of 2007 was negative (potential losses) for European banks and positive (potential profits) for Japanese and US banks. The latter rose from a negative balance in 2005-06 to a positive balance, while the balance for European banks remained negative throughout the three-year period. When assessed in relative terms, the negative balance of European banks represented 5% of net worth at the end of 2007, an improvement on previous years, while for Japanese and US banks the positive balance was approximately 10% and 1% of net worth respectively.

Between 2005 and 2007, credit risk rose by 77% in Japan, 69% in the United States and 15% in Europe, with the largest increases in the first two countries being essentially due, as we have said, to the greater amount of positive fair value positions. The ratio of credit risk to net worth was higher for European banks than the other two areas in all the years under review, although it declined to 93% at the end of 2007. U.S. and Japanese banks showed more favourable ratios of 32% and 52%, respectively, in the last year under review.[48]

Table I.15 lists the banks that are most present in the derivatives segment, chosen on the basis of the notional value of contracts outstanding at the end of 2007. Of these, six are European banks and three are US banks, with the Royal Bank of Scotland ranking first in terms of the amount of outstanding contracts, followed by JPMorgan Chase & Co. The highest percentage changes compared to the previous year, even excluding the figures for the Royal Bank of Scotland, which were influenced by the acquisition of ABN AMRO, are recorded for European banks Barclays and Crédit Suisse Group. The latter recorded the highest net positive fair value at the end of 2007, while the most significant net negative position was recorded by US bank Citigroup. The highest credit risk amounts were those of Deutsche Bank and UBS.

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[48] The figures provided above are strongly representative of this phenomenon, constituting an amount virtually similar to that recorded by the Bank of International Settlements for the largest banks in the G10 countries.

TABLE I.15 – BANKS IN THE SURVEY WITH THE LARGEST AMOUNTS IN DERIVATIVE CONTRACTS OUTSTANDING AT 31/12/2007

Company	Notional amounts at 31/12/2007		Fair value (balance)	Credit risk
	EUR bn	*% change % from 2006* [1]	EUR m	EUR m
Royal Bank of Scotland (GB)	57,813	*+ 114.4*	7,295	...
JPMorgan Chase & Co. (US)	52,475	*+ 31.7*	5,720	45,725
Deutsche Bank (DE)	47,224	*+ 18.6*	- 5,255	120,265
Barclays (GB)	39,942	*+ 39.6*	- 273	43,755
BNP Paribas (FR)	29,882	*+ 21.1*	- 6,658	73,074
UBS (CH)	29,025	*+ 23.5*	- 9,260	82,097
Citigroup (US)	24,940	*+ 25.2*	- 16,741	59,129
Credit Suisse Group (CH)	24,363	*+ 38.2*	12,329	59,518
Bank of America (US)	23,280	*+ 26.1*	8,314	23,546

[1] Calculated in local currency. The change for Royal Bank of Scotland includes the consolidation of former ABN AMRO's business.

I.11 The major Chinese banks

The statistical section (Table II) contains the aggregated profit and loss account and balance sheet figures for the top ten Chinese banks, selected on the basis of total assets on the books. These banks represent approximately 65% of the Chinese banking industry. The years considered were 2004 to 2007, for which a full series of annual financial statements was available. The banks included are set forth in Table III.1.

Firstly, it should be recalled that in recent years the Chinese government has allowed domestic and foreign investors access to the capital of local banks. This took place initially through agreements for the direct sale of minority stakes to foreign investors, generally subject to multi-year lock-up restrictions, and more recently through the offering of shares for listing on the Shanghai and Hong Kong stock exchanges .[49] The Chinese government continues to control 5 of the 10 banks surveyed (all the biggest ones), while it has direct or indirect shares in the others of between 37% and 46%. The exception is China Minsheng Banking, which is held by private capital. With the exception of Agricultural Bank of China, all the banks covered by the survey are listed on one or both of the aforementioned stock exchanges. Tab I.16 lists the IPOs (initial public offerings) and secondary offerings undertaken by Chinese banks from 2005, the year in which the listing process was initiated.

TABLE I.16 – 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

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

With a view to their opening to the market, Chinese banks have gradually assumed independent legal status in the form of joint-stock companies and, following the issue of legislative provisions by the national government, adopted accounting principles that are increasingly

[49] The European and U.S. banks with the largest equity investments in Chinese banks at the end of 2007 included HSBC with 19.2% of the Bank of Communications and 12.8% of Industrial Bank, Bank of America with 8.2% of China Construction Bank, Royal Bank of Scotland with 8.2% of Bank of China (reduced to 4% in January 2009), and BBVA with 10% of China Citic Bank.

compliant with international standards .[50] In particular, the accounting standards for financial institutions established in 2001 imposed stricter rules on the valuation of doubtful debts and the accounting treatment of future liabilities than the rules in force since 1993 .[51]

With the aim of listing the banks on the stock exchange, in the late Nineties the Chinese government also began to launch initiatives to improve asset quality and strengthen shareholders' equity of major Chinese banks, including, in particular, the formation of public companies to management financial assets, to which major banks transferred significant amounts of doubtful debts. The main transaction undertaken in the years covered by the survey was that executed by Industrial and Commercial Bank of China, which in 2005 transferred CNY 705 bn in net doubtful loans to customers, with a contra entry of loans to the government and interest-bearing five-year bonds issued by the Chinese central bank. In terms of the contribution of public funds, in 2003 the Bank of China and the China Construction Bank received CNY 186.4 bn and CNY 186.2 bn, respectively, for a rights issue, and, during the years covered by the survey, the Industrial and Commercial Bank of China received CNY 124.1 bn in 2005.

A review of the profit and loss accounts for 2004-07 shows that net interest income represented a large portion of total income, nearly twice the aggregate figure for the banks forming the international sample, and, as a consequence, a limited contribution from fees and commissions, which rose from 8% to 14% of income between 2004 and 2007. Chinese banks also had low productivity indices, measured in terms of income per employee, which came to EUR 65,400 in 2007, or approximately one third of the figure posted by European and U.S. banks (Table I.7), and was larger for the smaller banks in the sample

[50] Of the ten banks forming the sample, nine prepared their 2007 financial statements according to IAS/IFRS (as opposed to three in 2005 and two in 2004), whereas Agricultural Bank of China continued to use local accounting standards in its 1993 financial statements. In 2004 and 2005 six banks prepared their financial statements according to the 2001 version of national accounting standards.

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

(the bottom five in the ranking by total assets are all well above average).[52] It is also worth considering that the productivity indicator rose by 95% between 2004 and 2007. By comparison, during the same period, European banks recorded an increase of 6% the increase was less than 2 percentage points.

The current pre-tax profit of Chinese banks in 2007 amounted to 48.9% of income, over 20 percentage points higher than the average for the Triad banks. The Chinese figure definitely runs counter to the trend, having grown by 10 percentage points on the previous financial year, against an equivalent fall recorded in the other areas.

The high profitability of Chinese banks is primarily due to strong income growth, up 103% over the three-year period. By comparison, Europe, the most dynamic area for international banks, was up 19% during the same period (Table I.10). Low operating costs also made a significant contribution, with a cost-income ratio down by ten percentage points over the three-year period, and nearly 22 percentage points below the international average in 2007. The gap was particularly evident in the labour costs component, which represented an average of 17% of income in the four years surveyed, compared to 32% for US banks and 36% for European banks. The labour costs of Chinese banks per employee were up sharply over the period (+23.4% as an annual average for the three year 2004-2007), whereas the average workforce was fairly unchanged.[53]

A further contribution to the increase in current earning for 2007 was the lower amount of write-offs, which amounted to 9.8% of income, a reduction of almost 4 percentage points compared to 2006. This figure also counters the trend among the Triad banks, which, as mentioned earlier, experienced a generalised increase equivalent on average to 5% of income. Chinese banks are instead in an intermediate position between European and Japanese banks and US banks as

[52] Even excluding the very low productivity index of the Agricultural Bank of China, China's third-largest bank, which came to a mere EUR 32,000 in 2007, the average figure for the other banks would come to EUR 80,500.

[53] According to data collected by the International Monetary Fund, consumer prices rose by 8.3% in mainland China between 2004 and 2007.

regards the ratio between write-offs in 2007 and the end-of-year figures for customer credit and net worth (Table I.21).

In 2007, aggregate net profit stood at CNY 283 bn, up by 59% over the previous year in absolute terms, and 3.1 percentage points in terms of total income. Profit in 2007 was negatively affected by the increase in extraordinary expenses, primarily write-offs and capital losses on disposals involving fixed assets. It also suffered from an 2% increase in the tax rate, which rose to 33.5%, a level that is substantially in line with that of Japanese and US banks.

ROE stood at 17.8% in 2007, up by 4.5 percentage points on the previous financial year and better than the average value for the leading international banks, which fell to 12.5% from the 17.8% of 2006. The payout ratio climbed to 47% in 2007, in line with international levels.

Over the four years of the survey, the financial position showed an decrease of 9 percentage points in loans to non-banking customers, against a 5 point increase in the amount of investments in securities, while in terms of liabilities, funds raised from customers consisted almost exclusively of deposits.[54] Excluding the compulsory reserve held with the central bank included under "loans and advances to banks" and representing 10.9% of total assets, interbank accounts showed a small negative balance of 4% in 2007, growing rapidly during the period, although markedly slower than other areas when compared to total assets.[55]

The securities portfolio, which represented 29% of total assets in 2007, a percentage that is substantially equal to the Triad bank average, was largely measured at amortised cost, as opposed to the portfolios of Triad banks, which are largely measured at their fair value (Tab. I.14). The portion of the securities of Chinese banks measured at cost stood at 75.5% of the total at the end of 2007, a fall from the 88.6% of 2004.

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[54] At the end of 2007, loans to families represented 19.8% of the total (they were 15.8% in 2004), of which 13.8% consisted of home mortgage loans.

[55] In 2007, the China's central bank increased the amounts to be earmarked for the compulsory reserve from 9% to 14.5% of customer deposits denominated in local currency and 4% to 5% of those denominated in foreign currency.

Turning to asset quality, net doubtful debts at the end of 2007 stood on average at 4.5% of loans to customers and 40.3% of net capital, while the coverage ratio of gross doubtful debts stood at 38% approximately (Table I.22).[56] These ratios improved over the years surveyed but are markedly worse than the averages for international banks, although it is important to consider that they also take into account the Agricultural Bank of China which, unlike other public banks, has not yet benefited from the "cleaning" of non-performing loans described above . Excluding the Agricultural Bank of China, the indicators fall to irrelevant values, the gross doubtful debts being more than covered by the adjustment funds.[57]

Shareholders' equity climbed from 3.6% of total assets in 2004 to 5.4% in 2007, a marked improvement over European banks (3.4%) and Japanese banks (4.3%) and only lower than that of US banks (8.1%). As for tangible net worth compared to liabilities, Chinese banks recorded a multiplier of 17.6x, which is on average lower than that of other areas. In assessing the figure it is important to bear in mind that it includes the figure for the Agricultural Bank of China, which is over 70x (Table I.24).

The main sources of the increase in shareholders' equity were resources provided by third parties, which came to CNY 814 bn in the four-year period 2004-07, for the most part resulting from the rights issues described above. This figure is almost twice retained earnings, which came to CNY 452 bn in the same period.[58] The average solvency ratio, which does not take account of the figure for the Agricultural

[56] Under provisions issued by local supervisory authorities, Chinese banks must subdivide loans into five categories: normal, special mention, substandard, doubtful, and loss, characterised by a decreasing degree of likelihood of recovery. They are then required to recognise a generic accrual of no less than 1% of the total loan portfolio, in addition to increasing specific accruals of 2%, 25%, 50% and 100% of loans classified into categories two through five. The last three categories are considered "non-performing" and consequently are included in the figures for Table I.22.

[57] The gross doubtful debts of the Agricultural Bank of China at the end of 2007 represented 71.6% of those of all the 10 banks in the sample together.

[58] Of this total, CNY 598m was contributed by new local and foreign shareholders and international investors and CNY 216m by the Chinese government and other public entities.

Bank of China, which was not available, and which was severely affected, as mentioned above, by non-performing loans, also improved, rising from 8.9% in 2004 to 12.3% in 2007, a figure which exceeds the average figures for the other international banks, all of which fell during the last year surveyed, as previously mentioned.

I.12 Preliminary results for 2008

Tables I.32 and I.33 contain the profit and loss accounts and balance sheets of the major European and U.S. banks for 2008, drawn from financial statements available at the reporting date. The figures refer to banks that represented 82% of total assets at the end of 2007 for the European sample and 88% for the US sample.

TABLE **I**.17 – PRELIMINARY RESULTS FOR FY 2008

	Europe				United States			
	2007		2008		2007		2008	
	EUR bn	*% of total income*	*EUR bn*	*% of total income*	*USD bn*	*% of total income*	*USD bn*	*% of total income*
Current pre-tax profit	113.4	*27.5*	13.3	*3.8*	74.6	*22.3*	- 53.3	*- 17.3*
Profit before tax	144.9	*35.1*	- 36.0	*- 10.2*	74.7	*22.4*	- 91.9	*- 29.9*
Net profit	107.7	*26.1*	- 21.2	*- 6.0*	53.9	*16.2*	- 63.1	*- 20.5*

Both areas recorded negative results for 2008, equal to 6% of income for European banks and 20.5% for US banks. In the previous financial year, based on data restated in uniform terms, the net results had been positive, equal to 26.1% and 16.2% of income respectively.

The deterioration of results, which for the most part took place in the second half of the year (Table I.1), is primarily due, both for Europe and the US, to the strongly negative balance of trading activities, to increased write-downs of receivables and to negative extraordinary items, partially offset by the positive balance of income taxes.

Unlike US banks, European banks posted positive current pre-tax result for 2008, equal to 3.8% of income, although they were down by 88% compared to the previous financial year. Total income fell by approximately 15%, owing to the result of trading activities, which accounted for 20% of this fall. If trading activity is excluded, the income figure would be 13% higher, mainly following the 21% growth in the interest margin. Operating costs instead fell by 1.7% compared to 2007, with the cost of labour falling by 8%. Write-downs of receivables rose by 113% from 9.4% to 23.6% of total income. Results before tax were instead negative by EUR 36 bn, equal to 10.2% of income, suffering from extraordinary negative items of EUR 49.3 bn, 14% of income. These included write-downs of securities and other tangible and intangible assets amounting to EUR 67.3 bn in total, including EUR 42.8 bn relating to goodwill.

US banks, as we have said, posted negative current pre-tax result in 2008, equal to 17.3% of income, compared to a positive balance of 22.3% for the previous financial year. Total income fell by 8%, as a result of the greater trading losses, which accounted for 14% of the total fall. Unlike European banks, other income only grew by 0.8%, given that the improvement in the interest margin corresponded to a fall in other operating income. Operating costs grew by 1.8%, a higher rate of growth than that of income, excluding earnings from trading, following an increase in overheads which was not offset by the decrease in the cost of labour, although the latter was lower than in Europe. Write-downs of receivables grew significantly to almost three times their level in the previous financial year, increasing from 15% to 48% of income. Profit before tax presented a negative balance of 29.9% of income, after extraordinary net items of USD 38.5bn, corresponding to 12.6% of income. These extraordinary charges included write-downs of goodwill and other intangible assets amounting to USD 35.6bn in total.

During the first half of 2008, which ended on 30th September, Japanese banks posted negative net result of JPY 84 bn, equal to 1.8% of income (Table I.30).[59] Income was down by 14.8% compared to the first half of 2007. Again this was essentially due to trading losses, which accounted for 8.4% of the fall. Excluding this activity, other operating income increased by 2.4%, mainly due to the improvement in the interest margin. Operating costs increased by 5.9%, a growth rate that was more than double that of the operating income considered, excluding earnings from trading activities. Write-downs of receivables grew significantly during the six months compared to the same period of 2007, rising by 116% from 11% to 27%. Current pre-tax result for the period were positive in the amount of JPY 241bn, equal to 5.2% of income, but were 87% lower than the first half of 2007. The difference compared to the net results for the period was primarily due to the negative extraordinary items of JPY 365bn, 7.9% of income, consisting for the most part of losses and write-downs on securities.

Table I.18 provides detailed figures by geographical area and country of the write-downs of receivables recorded in profit and loss accounts for the first half of 2008. An increase can be observed in all three geographical areas compared to the first half of 2007 which was greater in the United States (+342%) and Japan (+116%) than in Europe (+67%), following the deterioration in the financial situation of customers and particularly loans to households. Even compared to total income, the write-downs made in 2008 were higher for US banks (35.5%) and Japanese banks (27.2%) than they were for European banks (12.7%). The figure for the United States is far higher than the average for the ten-year period 1998-2007, although the figure for European banks also exceeds this average, while the figure for Japanese banks remained significantly lower than average because the large amount of write-downs made during the first half of the period (see Table I.11).

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[59] The data relates to 14 banks representing 85% of the sample for the area as of 31-3-2008. The loss incurred by Japanese banks is for the most part attributable to Mitsubishi UFJ Financial Group, which recorded negative earnings for the six months of JPY 410.5bn (calculated according to the US GAAP).

TABLE I.18 – FIRST-HALF BAD LOAN WRITEOFFS BY GEOGRAPHICAL AREA [1]

	Bad debt writeoffs booked during first six months of financial year					
	1H 2007	1H 2008	Change	1H 2007 *a*	1H 2008 *b*	Change *b – a*
	EUR m		%	*as % of total income*		
United Kingdom	- 9,513	- 14,201	*49.3*	- 12.0	- 21.5	*- 9.5*
Spain	- 2,362	- 3,616	*53.1*	- 11.1	- 14.8	*- 3.7*
France	- 1,330	- 3,004	*125.9*	- 3.6	- 9.2	*- 5.6*
Italy	- 1,835	- 2,038	*11.1*	- 7.3	- 8.7	*- 1.3*
Benelux	- 350	- 1,995	*470.0*	- 1.2	- 6.7	*- 5.5*
Germany	- 774	- 1,519	*96,3*	- 2.3	- 7.1	*- 4.8*
Switzerland	- 12	- 327	*n.c.*	o	- 5.0	*- 5.0*
Scandinavia	40	- 206	*n.c.*	0.6	- 3.0	*- 3.6*
Europe	**- 16,136**	**- 26,906**	***66.7***	**- 6.1**	**- 12.7**	***- 6.6***
Japan	**- 3,509**	**- 7,580**	***116.1***	**- 10.7**	**- 27.2**	***- 16.5***
United States	**- 10,010**	**- 44,194**	***341.5***	**- 7.4**	**- 35.5**	***- 28.1***
Total 60 banks	**- 29,655**	**- 78,680**	***165.3***	**- 6.9**	**- 21.6**	***- 14.7***

[1] Net of bad debts recovered.

The write-downs of receivables recognised by European banks varied by country: the greatest increase was recorded by the banks of Benelux, followed by French and German banks, while Spanish, UK and above all Italian banks recorded below average increases. The Swiss and Scandinavian banks posted insignificant figures. In terms of write-downs of receivables as a percentage of total income, the highest values in 2008 were recorded by UK banks, followed by Spanish banks, whereas all the other countries recorded figures below the European average, with Swiss and Scandinavian banks at the bottom of the ranking.

Turning to the accounts for the 2008 financial year and to the financial position, we can see first of all that there was an 8% increase in the assets of European banks and a fall of almost one percentage point in the assets of US banks.[60] Loans to customers increased in Europe, albeit by a little, and fell by 5% in the United States, with the

[60] The latter change includes the acquisition of investment bank The Bear Stearns Companies by JPMorgan Chase & Co. in May 2008, involving total assets of USD 288bn. If this is excluded, the fall in assets in the sample of US banks would be 4.4%.

securities portfolio shrinking in both areas: by 27% in Europe and 10% in the United States. Funding from customers fell by 6% for European banks, as a result of the reduction in both its main components: customer debts and bond issues, while it increased slightly for US banks, although they too experienced a fall in debt securities. Interbank accounts remained on the liability side in Europe, despite the fall in both credit and debit positions, while in the United States, for the first time in a decade, the balance was, if only slightly, on the investment side. The strong growth in other assets and liabilities in both areas, but particularly in Europe, is almost entirely due to the increase in the positive and negative fair values of derivative products.[61]

TABLE I.19 – NET DOUBTFUL LOANS BY GEOGRAPHICAL AREA AS OF 31-12-2008 [1]

	Net doubtful loans				Coverage ratio	
	Year-end 2007	Year-end 2008	Year-end 2007	Year-end 2008	Year-end 2007	Year-end 2008
	as a % of loans to customer		*as a % of net worth*		*%*	
Europe	0.80	1.31	8.53	15.9	65.5	57.0
Japan [2]	0.74	0.82	7.91	9.52	63.5	61.6
United States	0.18	0.18	1.08	0.95	102.7	106.8

[1] The end-of-year data has been restated on a like-for-like basis. For methodological notes, see Table I.22.
[2] Data relating to 31-3-2008 and 30-9-2008 respectively.

[61] In Europe, based on partial data relating to 18 companies, the positive fair value positions increased from EUR 2,550bn at the end of 2007 to EUR 6,155bn as of 31-12-2008, having grown by 141%, and negative fair value ones increased from EUR 2,574bn to EUR 6,047bn, having grown by 135%. The balance of the positions therefore went from a negative figure of EUR 24bn to a positive one of EUR 108bn. For US banks, the positive positions increased, during the same period, from USD 227bn to USD 407bn (up 79%) and negative ones from USD 225bn to USD 302bn (up 34%). The balance of the positions, still positive, rose from USD 3bn to USD 105bn.

As regards the quality of customer loans, there was a deterioration in the indicators for European and Japanese banks and a relative improvement for those of the United States (Table I.19). Doubtful loans gross of provisions, measured in comparison with gross customer loans, increased in all areas compared to the end of 2007: from 2.1% to 3% in Europe, from 1.9% to 2.1% in Japan and 1.4% to 2.7% in the United States. In this last area, however, contrary to Europe and Japan, the larger appropriations charged to the profit and loss account allowed the level of coverage of gross doubtful positions to be improved and the ratio in respect of net figures to remain unchanged.

Another aspect is the amount of assets valued at fair value included in so-called "class 3".[62] In Europe, based on preliminary data available for 13 companies, these assets amount to EUR 418bn, equal to 4% of all financial assets valued at fair value and to 97% of tangible net worth calculated in uniform terms. In the United States, "class 3" assets amount to USD 375bn, 16% of financial assets valued at fair value and 111% of the area's tangible net worth.

As a percentage of total assets, shareholders' equity at the end of 2008 fell from 3.4% to 2.8% for European banks, while it increased from 7.7% to 8.3% for US banks. It also fell for Japanese banks during the first half of 2008 from 4.1% to 3,8%. For the first two, the reduction is due both to the earnings for the financial year and to the change in valuation reserve of EUR 84 bn, including EUR 88 bn relating to the valuation reserve for securities available for sale, and to the distribution of EUR 43 bn in dividends, while the increase is due to rights issues of EUR 115 bn, including EUR 52 bn underwritten by

[62] This is a hierarchical classification of financial assets valued at fair value, introduced in 2008 by the FAS 157 accounting principles for the United States and IFRS 7 for Europe. "Class 1" includes assets listed on regulated markets, "class 2" assets are those whose valuation is based on the price of comparable assets and "class 3" are assets that are valued using parameters that are not directly observable on the market, because there is no reference market and there are no useful parameters that can be used to value them (the so-called mark-to-model approach). The latter are assets whose value is determined at the discretion of the bank, based on its own internal models, and for which there is no certainty of liquidability.

national governments.[63] US banks distributed dividends of USD 37 bn and implemented rights issued of USD 235 bn, including USD 119.6 bn underwritten by the State with non-voting shares;[64] valuation reserves fell by USD 52bn, including USD 37bn of losses on securities available for sale, net of the respective fiscal effect. Japanese banks did not however implement any rights issues during the first half of 2008, while the dividends distributed amounted to JPY 369bn and valuation reserves fell by JPY 1,282bn, including JPY 1,074bn relating to the net change in the valuation reserve for securities.[65]

During the first few months of 2009, as we have already mentioned, a number of significant stakes were acquired by governments in the capital of the banks covered by the survey: the UK government acquired 43.4% of the Lloyds Banking Group (resulting from the merger between Lloyds TSB Group and HBOS) and increased its stake in RBS to 70.3%;[66] the German State acquired 25% plus one share in the capital of Commerzbank, after it had completed the acquisition of Dresdner Bank and, by means of a public purchase offer, took over 47.3% of Hypo Real Estate Holding.

Table I.20 shows the net results for the first quarter of 2009 for the banks in the European and US sample that have published data for the period, compared to the data for the last quarter of 2008.

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[63] The largest public contributions related to RBS (EUR 20.7 bn), Ing Groep (EUR 10 bn), Commerzbank (EUR 8.2 bn) and Dexia (EUR 5 bn).

[64] Public contributions related to Citigroup (USD 45 bn), JPMorgan Chase and Wells Fargo (USD 25 bn each), Bank of America (USD 15 bn), U.S. Bancorp (USD 6.6 bn) and Bank of New York Mellon (USD 3 bn). In January 2009, Bank of America received a further USD 20 bn from the Treasury, after having acquired, following the merger, USD 10 bn previously contributed to Merrill Lynch.

[65] Movements in the valuation reserve for securities available for sale include both profits and losses not realised arising from changes in fair value and the transfer to the profit and loss account of previous profits and losses on securities sold during the financial year and of losses in value that have become "permanent"; all the movements are recorded net of the respective fiscal effect.

[66] As a result of the conversion of preference shares and other non-voting (category B) shares into ordinary shares, the UK Treasury has the option to acquire up to 75% of the voting rights of the Lloyds Banking Group.

TABLE I.20 – 4TH QUARTER 2008 AND 1ST QUARTER 2009 NET RESULTS OF SOME BANKS IN THE SAMPLE

		Net results [1]	
		4th quarter '08	1st quarter '09
Bank of America	USD m	- 1,789	4,247
Wells Fargo	» »	- 2,734	3,045
JPMorgan Chase & Co.	» »	702	2,141
Citigroup	» »	- 17,263	1,593
U.S. Bancorp	» »	330	529
Bank of New York Mellon	» »	61	370
Wachovia [2]	» »	- 11,169	-
Banco Santander	EUR m	1,941	2,096
BNP Paribas	» »	- 1,366	1,558
BBVA	» »	519	1,238
Deutsche Bank	» »	- 4,814	1,185
Intesa Sanpaolo	» »	- 1,228	1,075
UniCredit	» »	505	447
Dexia	» »	- 2,603	251
Crédit Agricole S.A.	» »	- 309	202
Société Générale	» »	87	- 278
ING	» »	- 3,711	- 793
Commerzbank [3]	» »	- 809	- 861
Crédit Suisse	CHF m	- 6,024	2,006
UBS	» »	- 9,563	- 1,975
Danske Bank	DKK m	- 5,894	1,567

[1] UK banks do not publish quarterly earnings.
[2] Acquired by Wells Fargo as of 31-12-2008.
[3] Net result for the 1st quarter of 2009 includes Dresdner Bank , acquired in January.

TABLE I.21 – BAD DEBTS WRITTEN OFF

EUROPE

BANKS	COUNTRY	BAD DEBTS WRITTEN OFF (1)														
		2003	2004	2005	2006	2007	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007
		as % of total income					as % of loans to customers					as % of net worth				
KREDITANSTALT FUER WIEDERAUFBAU (2)	DE	-15.0	26.7	38.4	18.9	n.c.	-0.3	0.5	0.7	0.4	-6.9	-2.8	4.1	5.3	2.4	-42.9
WESTLB (2)	DE	-45.5	5.9	6.3	10.3	n.c.	-1.4	0.2	0.1	0.3	-0.3	-30.7	3.0	2.1	3.0	-5.4
HSBC HOLDINGS	GB	-14.8	-12.5	-13.8	-16.4	-22.4	-1.2	-0.9	-1.0	-1.1	-1.6	-6.8	-6.1	-7.8	-9.1	-12.6
HBOS	GB	-12.0	-12.5	-14.2	-14.4	-16.3	-0.4	-0.4	-0.5	-0.5	-0.5	-5.5	-5.6	-8.7	-8.2	-9.1
LLOYDS TSB GROUP	GB	-9.9	-9.4	-12.9	-14.9	-15.7	-0.7	-0.6	-0.7	-0.8	-0.8	-8.1	-7.3	-12.2	-13.5	-13.9
BANCO SANTANDER	ES	-11.2	-11.3	-9.0	-10.9	-13.2	-0.9	-0.5	-0.4	-0.5	-0.6	-5.9	-3.9	-4.1	-5.3	-6.1
BARCLAYS	GB	-10.9	-7.9	-9.1	-9.7	-12.4	-0.6	-0.4	-0.4	-0.5	-0.6	-7.7	-5.6	-6.4	-7.6	-8.6
BANCO BILBAO VIZCAYA ARGENTARIA	ES	-11.8	-8.3	-6.5	-10.2	-11.5	-0.9	-0.5	-0.4	-0.6	-0.6	-6.7	-4.4	-4.6	-6.5	-6.7
CREDIT AGRICOLE	FR	-8.3	-5.8	-5.3	-4.9	-10.9	-0.5	-0.4	-0.3	-0.2	-0.4	-4.3	-2.9	-2.6	-2.1	-4.0
THE ROYAL BANK OF SCOTLAND GROUP	GB	-8.9	-7.7	-8.5	-8.5	-8.7	-0.6	-0.4	-0.4	-0.4	-0.4	-4.6	-3.9	-4.5	-4.1	-2.3
LANDESBANK BADEN-WUERTTEMBERG	DE	-22.1	-13.6	-11.9	-9.2	-8.3	-0.6	-0.4	-0.3	-0.3	-0.1	-6.7	-4.1	-3.6	-2.6	-1.8
UNICREDIT	IT	-9.6	-8.6	-8.1	-9.5	-8.2	-0.8	-0.6	-0.2	-0.5	-0.4	-7.1	-6.0	-2.3	-5.3	-4.0
INTESA SANPAOLO	IT	-12.6	-10.2	-5.0	-6.2	-6.2	-0.8	-0.6	-0.3	-0.3	-0.3	-8.3	-6.1	-2.9	-3.5	-2.1
COMMERZBANK	DE	-18.4	-14.2	-9.1	-11.1	-6.0	-0.7	-0.5	-0.4	-0.3	-0.2	-10.5	-7.6	-4.1	-5.7	-3.0
BNP PARIBAS	FR	-7.5	-3.6	-2.9	-2.9	-5.8	-0.6	-0.3	-0.2	-0.2	-0.4	-4.0	-1.9	-1.3	-1.4	-2.9
SOCIETE GENERALE	FR	-7.9	-3.3	-2.4	-3.1	-5.6	-0.6	-0.2	-0.2	-0.2	-0.3	-6.5	-2.6	-1.6	-2.0	-2.9
DZ BANK	DE	-8.8	-11.4	-9.8	-8.8	-5.3	-0.3	-0.5	-0.4	-0.3	-0.2	-4.8	-6.2	-5.1	-3.7	-1.9
BAYERISCHE LANDESBANK	DE	-34.2	-12.4	3.3	0.0	-4.3	-0.7	-0.3	0.1	0.0	-0.1	-9.7	-3.4	0.8	0.0	-0.9
FORTIS	BE/NL	-9.0	-1.8	-2.0	-1.3	-3.6	-0.4	-0.1	-0.1	-0.1	-0.1	-4.5	-0.9	-1.0	-0.7	-1.1
DEXIA	BE	-3.4	-4.2	-0.6	-1.9	-2.4	-0.1	-0.1	0.0	0.0	-0.1	-1.5	-1.9	-0.2	-0.6	-0.9
RABOBANK NEDERLAND	NL	-6.7	-5.6	-5.5	-4.4	-2.3	-0.2	-0.2	-0.2	-0.1	-0.1	-2.7	-2.1	-1.9	-1.5	-0.8
KBC GROUP	BE	-11.3	-3.2	-0.5	-2.2	-2.1	-0.7	-0.2	0.0	-0.1	-0.1	-6.0	-1.7	-0.2	-1.0	-1.0
CREDIT MUTUEL	FR	-8.2	-4.6	-2.8	-2.2	-2.1	-0.5	-0.2	-0.1	-0.1	-0.1	-4.4	-2.2	-1.3	-1.0	-0.8
DEUTSCHE BANK	DE	-5.4	-1.7	-1.5	-1.2	-2.1	-0.8	-0.3	-0.2	-0.1	-0.2	-3.9	-1.4	-1.2	-1.0	-1.6
DANSKE BANK	DK	-5.7	0.1	3.4	1.5	-1.6	-0.2	0.0	0.1	0.0	0.0	-2.6	0.0	1.5	0.5	-0.7
UBS	CH	-0.3	0.7	0.9	0.3	-0.8	0.0	0.1	0.1	0.0	0.0	-0.3	0.7	0.7	0.3	-0.6
CREDIT SUISSE GROUP	CH	-3.9	-0.5	0.6	0.3	-0.8	-0.3	-0.1	0.1	0.0	-0.1	-2.5	-0.3	0.3	0.2	-0.4
ING GROEP	NL	-7.4	-2.8	-0.5	-0.6	-0.7	-0.4	-0.1	0.0	0.0	0.0	-4.5	-1.6	-0.2	-0.2	-0.3
NORDEA	SE	-6.4	-0.4	2.1	3.7	0.8	-0.3	0.0	0.1	0.1	0.0	-3.1	-0.2	1.1	1.7	0.3
DRESDNER BANK	DE	-16.4	-5.5	1.9	-0.4	2.5	-0.6	-0.2	0.1	0.0	0.1	-7.5	-2.6	0.8	-0.2	1.1
HYPO REAL ESTATE HOLDING	DE	-34.6	-35.0	-17.7	-16.0	5.7	-0.3	-0.4	-0.2	-0.2	0.0	-9.1	-9.6	-4.7	-4.6	1.0
Average		**-10.1**	**-7.0**	**-5.8**	**-6.5**	**-10.0**	**-0.6**	**-0.4**	**-0.3**	**-0.3**	**-0.4**	**-5.8**	**-3.9**	**-3.1**	**-3.5**	**-4.7**

(1) Net of bad debts recovered. Companies no longer existing in their previous form as at 31 December 2007 are not included.
(2) Total income showed a negative balance in 2007.

TABLE I.21 – BAD DEBTS WRITTEN OFF

JAPAN

BANKS	BAD DEBTS WRITTEN OFF (1)														
	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007
	as % of total income					as % of loans to customers					as % of net worth				
SHOKO CHUKIN BANK	-41.6	-35.3	-25.6	-26.2	-30.4	-0.7	-0.6	-0.4	-0.4	-0.5	-10.1	-8.1	-5.9	-5.7	-6.2
SHINSEI BANK	13.7	0.4	-11.2	-25.2	-27.9	0.6	0.0	-0.6	-1.0	-1.2	2.3	0.1	-2.6	-6.4	-7.9
FUKUOKA FINANCIAL GROUP	-5.5	-2.6	-2.2	-5.3	-16.8	-0.1	-0.1	-0.1	-0.1	-0.4	-2.1	-0.9	-0.7	-1.4	-4.9
HOKUHOKU FINANCIAL GROUP	-58.1	-32.7	-23.7	-14.1	-13.5	-1.7	-0.8	-0.7	-0.4	-0.4	-36.6	-13.4	-10.9	-5.4	-5.7
SUMITOMO MITSUI FINANCIAL GROUP	-30.9	-51.0	-9.4	-5.4	-10.1	-1.2	-1.9	-0.4	-0.2	-0.3	-15.9	-27.6	-3.6	-1.9	-4.1
MITSUBISHI UFJ FINANCIAL GROUP	5.5	-6.6	-4.2	-9.3	-9.8	0.2	-0.2	-0.1	-0.4	-0.4	2.7	-2.3	-1.0	-3.2	-4.2
JOYO BANK	-18.0	-8.0	-13.1	-4.6	-9.6	-0.5	-0.2	-0.4	-0.1	-0.3	-5.4	-2.2	-3.5	-1.1	-2.8
SAPPORO HOKUYO HOLDINGS	-36.8	-19.5	-6.3	-10.2	-8.7	-1.1	-0.5	-0.2	-0.3	-0.2	-17.8	-7.5	-1.8	-3.5	-3.6
BANK OF YOKOHAMA	-15.6	-16.7	-8.3	-9.1	-8.2	-0.4	-0.5	-0.2	-0.2	-0.2	-5.9	-6.0	-2.5	-2.6	-2.6
RESONA HOLDINGS	-118.5	-2.9	-0.9	-9.0	-7.0	-3.7	-0.1	0.0	-0.3	-0.2	-82.7	-1.5	-0.4	-3.6	-2.1
MIZUHO FINANCIAL GROUP	-12.9	-0.6	5.2	-2.8	-5.2	-0.4	0.0	0.2	-0.1	-0.1	-5.8	-0.2	1.8	-0.9	-1.5
CHIBA BANK	-22.6	-16.8	-2.7	-4.0	-5.2	-0.6	-0.5	-0.1	-0.1	-0.1	-8.9	-6.3	-0.8	-1.2	-1.6
SHIZUOKA BANK	-2.1	-0.2	-2.8	-2.0	-3.7	-0.1	0.0	-0.1	-0.1	-0.1	-0.4	0.0	-0.5	-0.4	-0.8
CHUO MITSUI TRUST HOLDINGS	-7.1	-11.3	-14.6	-9.2	-3.4	-0.3	-0.4	-0.6	-0.4	-0.1	-3.6	-4.4	-4.5	-2.4	-1.0
SUMITOMO TRUST & BANKING	-5.6	2.1	-1.7	-10.2	-1.9	-0.2	0.1	-0.1	-0.4	-0.1	-1.8	0.6	-0.5	-2.8	-0.5
SHINKIN CENTRAL BANK	4.2	3.6	3.3	2.1	-1.8	0.0	0.1	0.1	0.0	0.0	0.5	0.4	0.4	0.2	-0.2
AOZORA BANK	7.5	28.0	35.1	11.7	8.9	0.2	1.0	1.3	0.3	0.2	1.3	4.2	5.6	1.5	1.0
NORINCHUKIN BANK	-17.2	4.1	19.0	5.4	27.3	-0.2	0.1	0.4	0.1	0.6	-1.7	0.4	1.2	0.4	1.9
Average	**-29.9**	**-18.0**	**-3.9**	**-7.1**	**-8.3**	**-1.0**	**-0.6**	**-0.1**	**-0.2**	**-0.3**	**-12.5**	**-6.6**	**-1.2**	**-2.0**	**-2.6**

(1) Net of bad debts recovered. Companies no longer existing in their previous form as at 31 December 2007 are not included.

TABLE I.21 – BAD DEBTS WRITTEN OFF

UNITED STATES

BANKS	BAD DEBTS WRITTEN OFF (1)														
	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007
	as % of total income					as % of loans to customers					as % of net worth				
COUNTRYWIDE FINANCIAL	-1.0	-0.9	-1.3	-2.1	-26.0	-0.2	-0.1	-0.1	-0.2	-2.1	-1.0	-0.7	-0.9	-1.6	-15.8
CITIGROUP	-11.1	-7.9	-10.0	-8.1	-24.2	-1.7	-1.2	-1.4	-1.0	-2.5	-8.1	-5.7	-7.2	-5.8	-16.2
WASHINGTON MUTUAL	-1.6	-1.7	-2.5	-5.7	-21.1	-0.1	-0.1	-0.1	-0.3	-1.3	-1.0	-1.0	-1.1	-2.8	-10.9
NATIONAL CITY	-8.3	-4.0	-3.7	-6.5	-20.8	-0.7	-0.3	-0.2	-0.4	-1.2	-6.8	-2.5	-2.3	-3.3	-10.5
CAPITAL ONE FINANCIAL	-18.5	-13.8	-14.8	-12.3	-19.0	-4.9	-3.3	-2.6	-1.4	-2.7	-25.1	-14.6	-10.6	-5.9	-11.2
BANK OF AMERICA	-7.3	-5.6	-7.2	-7.1	-13.6	-0.8	-0.5	-0.7	-0.7	-1.0	-5.9	-2.8	-4.0	-3.7	-6.0
WELLS FARGO & CO.	-6.0	-5.9	-7.5	-6.3	-12.6	-0.6	-0.5	-0.7	-0.6	-1.2	-5.0	-4.5	-5.9	-4.8	-10.4
KEYCORP	-11.2	-4.2	-3.2	-3.2	-12.5	-0.8	-0.3	-0.2	-0.2	-0.7	-7.2	-2.6	-2.0	-1.9	-7.2
FIFTH THIRD BANCORP	-7.5	-5.2	-6.2	-6.4	-11.5	-0.7	-0.4	-0.5	-0.5	-0.8	-4.7	-3.0	-3.5	-3.4	-6.9
WACHOVIA	-2.9	-1.1	-1.0	-1.5	-10.7	-0.3	-0.1	-0.1	-0.1	-0.7	-1.7	-0.5	-0.5	-0.6	-4.4
JPMORGAN CHASE & CO.	-4.6	-6.0	-6.5	-5.2	-9.6	-0.7	-0.6	-0.8	-0.7	-1.3	-3.3	-2.4	-3.2	-2.8	-5.6
SUNTRUST BANKS	-5.6	-2.2	-2.3	-3.3	-8.6	-0.4	-0.1	-0.1	-0.2	-0.5	-3.1	-0.8	-1.0	-1.4	-3.7
REGIONS FINANCIAL	-4.4	-3.6	-3.6	-2.7	-7.9	-0.4	-0.2	-0.3	-0.1	-0.6	-2.8	-1.2	-1.6	-0.7	-2.8
BB&T	-4.9	-4.6	-3.8	-3.8	-6.7	-0.4	-0.4	-0.3	-0.3	-0.5	-2.5	-2.3	-2.0	-2.0	-3.5
U.S. BANCORP	-9.6	-5.4	-5.1	-4.1	-5.6	-1.1	-0.5	-0.5	-0.4	-0.5	-6.5	-3.4	-3.3	-2.5	-3.8
THE PNC FINANCIAL SERVICES GROUP	-3.4	-1.0	-0.3	-1.8	-5.0	-0.5	-0.1	0.0	-0.2	-0.5	-2.5	-0.6	-0.2	-1.1	-2.1
THE BANK OF NEW YORK MELLON	-2.8	-0.2	-0.2	0.2	0.1	-0.4	0.0	0.0	0.0	0.0	-1.8	-0.2	-0.2	0.1	0.0
Average	**-7.8**	**-5.5**	**-6.5**	**-5.8**	**-14.3**	**-0.9**	**-0.6**	**-0.7**	**-0.6**	**-1.3**	**-5.6**	**-3.2**	**-3.9**	**-3.3**	**-7.8**

(1) Net of bad debts recovered. Companies no longer existing in their previous form as at 31 December 2007 are not included.

TABLE I.21 – BAD DEBTS WRITTEN OFF

CHINA

BANKS	BAD DEBTS WRITTEN OFF (1)											
	2004	2005	2006	2007	2004	2005	2006	2007	2004	2005	2006	2007
	as % of total income				as % of loans to customers				as % of net worth			
SHANGHAI PUDONG DEVELOPMENT BANK	-27.5	-22.5	-19.8	-13.6	-1.0	-0.9	-0.8	-0.7	-23.2	-20.6	-15.2	-12.4
INDUSTRIAL AND COMMERCIAL BANK OF CHINA	-39.6	-12.1	-16.6	-13.0	-1.4	-0.6	-0.8	-0.8	-30.1	-7.1	-6.2	-6.1
AGRICULTURAL BANK OF CHINA	-11.2	-7.8	-16.0	-11.8	-0.3	-0.2	-0.6	-0.5	-11.0	-7.6	-22.0	-20.7
CHINA CITIC BANK	-14.1	-8.0	-9.3	-10.6	-0.5	-0.3	-0.4	-0.5	-14.6	-4.7	-5.3	-3.5
BANK OF COMMUNICATIONS	-11.6	-12.4	-12.7	-10.4	-0.5	-0.6	-0.6	-0.6	-6.0	-5.2	-6.0	-4.7
CHINA CONSTRUCTION BANK	-5.0	-10.8	-12.6	-9.2	-0.3	-0.6	-0.7	-0.6	-2.8	-4.7	-5.8	-4.8
CHINA MINSHENG BANKING	-15.8	-10.8	-12.5	-8.8	-0.5	-0.4	-0.5	-0.4	-11.6	-8.8	-11.2	-4.5
CHINA MERCHANTS BANK	-17.1	-17.7	-13.8	-7.7	-0.7	-0.7	-0.6	-0.5	-12.6	-13.8	-6.2	-4.6
INDUSTRIAL BANK	-14.8	-15.0	-17.0	-7.1	-0.5	-0.6	-0.7	-0.4	-10.5	-11.8	-14.5	-4.1
BANK OF CHINA	-22.7	-9.9	-9.0	-4.4	-1.1	-0.5	-0.5	-0.3	-10.1	-4.4	-3.0	-1.8
Average	**-20.2**	**-11.2**	**-13.7**	**-9.8**	**-0.8**	**-0.5**	**-0.7**	**-0.6**	**-12.7**	**-6.0**	**-6.4**	**-5.2**

(1) Net of bad debts recovered.

TABLE I.22 – DOUBTFUL LOANS

EUROPE

BANKS (3)	COUNTRY	DOUBTFUL LOANS (1)										COVERAGE RATIO (2)				
		2003	2004	2005	2006	2007	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007
		as % of loans to customers					as % of net worth					%				
BANCO BILBAO VIZCAYA ARGENTARIA (4)	ES	-	-	-	-	-	-	-	-	-	-	166.3	239.9	237.1	257.0	211.9
BANCO SANTANDER (4)	ES	-	-	-	-	-	-	-	-	-	-	156.1	172.2	174.7	177.0	143.2
DEXIA	BE	0.4	0.3	0.0	0.2	0.1	5.4	4.7	0.3	2.4	1.1	63.1	66.8	96.8	74.7	86.9
ING GROEP	NL	0.4	0.3	0.3	0.2	0.2	4.7	3.7	4.0	3.5	2.9	79.9	79.5	68.3	64.4	63.7
UBS	CH	1.1	0.6	0.3	0.2	0.2	9.0	5.5	3.4	2.5	3.2	53.1	54.1	48.2	47.8	43.1
NORDEA	SE	0.5	0.3	0.6	0.4	0.3	5.9	4.3	8.1	5.0	3.8	73.1	75.9	58.1	59.0	59.3
CREDIT SUISSE GROUP	CH	0.9	0.8	0.5	0.2	0.3	7.0	3.8	2.2	1.1	1.3	64.9	65.0	67.5	69.6	61.2
CREDIT AGRICOLE	FR	1.6	1.4	0.3	0.4	0.3	13.2	11.5	2.4	3.2	3.2	66.7	68.2	91.2	87.6	87.6
BNP PARIBAS	FR	1.9	1.4	0.6	0.6	0.4	12.2	10.1	4.1	4.0	2.9	69.6	70.8	85.0	86.1	88.0
DANSKE BANK	DK	0.4	0.3	0.1	0.1	0.4	6.2	5.3	2.1	2.3	7.9	76.1	76.8	76.5	65.6	37.2
HYPO REAL ESTATE HOLDING	DE	1.2	0.3	0.3	…	0.4	35.8	6.9	7.8	…	14.7	65.5	79.7	73.4	…	50.3
WESTLB	DE	…	…	…	…	0.4	…	…	…	…	8.2	…	…	…	…	73.6
DEUTSCHE BANK	DE	2.3	1.8	1.0	0.7	0.4	11.7	9.7	6.4	4.6	3.8	49.5	47.7	49.8	53.1	54.1
RABOBANK NEDERLAND	NL	1.0	0.7	0.8	0.6	0.5	11.1	8.2	9.2	7.1	6.0	44.1	49.9	49.0	51.6	54.4
DRESDNER BANK	DE	1.8	1.0	0.8	0.5	0.5	22.3	13.2	9.1	7.1	7.9	63.3	69.3	52.0	49.5	43.8
THE ROYAL BANK OF SCOTLAND GROUP	GB	0.5	0.4	0.5	0.5	0.5	3.9	3.5	5.5	5.3	4.7	76.1	76.4	65.5	62.1	60.0
HSBC HOLDINGS	GB	0.9	0.5	0.5	0.7	0.7	5.3	2.9	4.0	5.6	5.5	74.3	80.8	74.2	67.7	71.7
CREDIT MUTUEL	FR	1.7	1.5	1.2	1.0	0.8	15.3	13.5	10.6	8.9	8.0	60.1	61.9	67.0	66.6	65.7
KBC GROUP	BE	1.2	0.6	0.1	0.8	1.0	9.8	5.0	0.6	5.5	7.7	70.7	80.7	96.4	67.8	60.1
FORTIS	BE/NL	2.2	1.5	1.3	1.3	1.1	24.4	18.1	18.7	17.0	10.0	43.1	42.8	40.0	38.2	37.3
BAYERISCHE LANDESBANK	DE	…	…	…	…	1.2	…	…	…	…	15.7	…	…	…	…	53.3
LANDESBANK BADEN-WUERTTEMBERG	DE	…	…	…	2.1	1.2	…	…	…	20.9	16.2	…	…	…	44.0	53.8
LLOYDS TSB GROUP	GB	1.2	1.3	1.2	1.2	1.2	14.0	16.7	19.3	19.3	20.6	50.6	45.6	50.3	49.8	48.5
BARCLAYS	GB	0.6	0.5	0.5	0.5	1.3	7.3	6.3	7.2	6.4	18.1	70.3	69.4	66.2	65.5	39.1
SOCIETE GENERALE	FR	1.8	1.6	1.3	1.1	1.4	20.0	17.6	11.5	9.8	14.5	64.1	64.0	69.7	69.1	61.8
INTESA SANPAOLO	IT	4.8	4.5	2.4	1.9	1.5	50.7	43.1	23.6	20.2	10.2	59.4	60.5	54.9	59.2	67.7
HBOS	GB	0.9	1.1	1.5	1.6	1.7	13.6	15.1	28.3	28.6	33.5	46.9	43.5	36.0	33.8	31.2
COMMERZBANK	DE	1.0	0.6	0.4	1.9	1.9	15.2	8.9	3.8	35.0	32.9	77.9	84.3	90.8	57.9	52.8
UNICREDIT	IT	2.8	2.6	3.8	2.8	2.4	25.1	24.2	42.1	29.2	22.9	60.5	62.0	54.1	55.3	61.5
DZ BANK	DE	…	…	…	…	4.6	…	…	…	…	46.9	…	…	…	…	26.1
KREDITANSTALT FUER WIEDERAUFBAU	DE	1.4	0.9	0.4	1.8	6.0	13.1	7.7	2.9	10.5	37.1	56.7	67.9	78.9	46.7	58.1
Average (5)		**1.3**	**0.9**	**0.9**	**0.8**	**0.9**	**12.5**	**9.4**	**9.2**	**9.0**	**9.2**	**66.3**	**70.5**	**68.2**	**66.3**	**63.9**

(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 2007.

(4) In cases where there are no figures, provisions exceed doubtful loans.

(5) For Groups which accounted for 91,6% in 2003, 94,6% in 2004, 94% in 2005, 95,1% in 2006 and 100% in 2007 of loans to customers of the sample.

TABLE I.22 – DOUBTFUL LOANS

JAPAN

BANKS (3)	DOUBTFUL LOANS (1)										COVERAGE RATIO (2)				
	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007
	as % of loans to customers					as % of net worth					%				
SHINSEI BANK (4)	-	-	-	-	-	-	-	-	-	-	187.4	142.6	135.7	183.4	121.5
AOZORA BANK (4)	-	-	-	-	-	-	-	-	-	-	182.4	133.8	310.0	160.0	121.1
SHINKIN CENTRAL BANK	0.2	0.1	0.1	0.1	o	2.2	1.0	0.7	0.4	0.2	57.0	70.7	72.9	73.8	90.0
SUMITOMO TRUST & BANKING	1.6	1.0	0.3	0.3	0.3	15.4	8.7	2.5	2.0	2.2	44.9	48.4	70.7	78.9	79.1
SUMITOMO MITSUI FINANCIAL GROUP	3.4	1.8	0.4	0.3	0.3	46.1	25.1	3.7	3.3	3.8	43.1	57.2	83.3	83.3	81.9
RESONA HOLDINGS	3.3	1.2	0.9	0.7	0.5	74.0	20.5	12.7	8.7	5.4	55.4	67.4	70.1	76.0	78.2
MITSUBISHI UFJ FINANCIAL GROUP	1.8	1.1	1.1	0.6	0.6	20.0	11.4	9.6	5.2	6.0	51.3	57.6	49.5	65.5	67.6
NORINCHUKIN BANK	1.6	1.1	0.6	0.7	0.6	11.2	5.9	1.9	1.9	1.9	56.6	65.0	75.3	70.4	69.9
MIZUHO FINANCIAL GROUP	2.1	0.6	0.4	0.5	0.7	28.4	7.8	3.9	5.0	8.5	58.2	74.6	77.2	71.8	58.7
CHUO MITSUI TRUST HOLDINGS	4.3	2.2	1.1	0.6	0.7	54.5	21.8	8.0	4.0	5.7	24.2	29.9	43.9	62.3	54.4
BANK OF YOKOHAMA	3.1	2.3	1.9	1.8	1.6	43.2	29.8	20.6	19.3	18.4	25.9	29.5	29.4	27.5	29.0
SAPPORO HOKUYO HOLDINGS	2.9	1.9	1.6	1.8	1.9	49.0	26.3	19.0	20.6	29.3	51.3	59.5	59.4	50.8	45.6
CHIBA BANK	4.5	3.2	2.5	2.2	2.0	63.2	43.2	28.1	23.5	23.1	31.4	33.8	33.5	31.0	28.7
FUKUOKA FINANCIAL GROUP	2.0	1.6	1.3	1.0	2.3	28.8	21.2	16.1	10.7	29.8	50.5	53.8	56.3	59.0	58.0
SHOKO CHUKIN BANK	3.9	3.9	3.4	2.8	2.3	56.9	54.6	46.1	37.4	29.6	54.6	49.6	48.8	49.3	51.9
HOKUHOKU FINANCIAL GROUP	5.6	4.7	3.7	3.0	2.4	122.0	80.9	59.0	40.5	35.4	33.0	34.5	40.0	37.4	39.1
SHIZUOKA BANK	4.0	3.5	2.9	2.5	2.4	32.2	27.8	20.8	17.7	19.5	32.7	30.8	31.3	30.6	29.6
JOYO BANK	3.2	2.7	3.3	2.4	2.6	33.1	26.4	29.5	20.1	27.4	32.7	34.0	27.3	29.6	24.7
Average	**2.9**	**1.4**	**1.0**	**0.8**	**0.8**	**35.7**	**15.8**	**8.5**	**6.4**	**7.6**	**50.7**	**61.4**	**61.4**	**65.9**	**63.5**

(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 2007.

(4) In cases where there are no figures, provisions exceed doubtful loans.

TABLE I.22 – DOUBTFUL LOANS

UNITED STATES

BANKS (3)	DOUBTFUL LOANS (1)										COVERAGE RATIO (2)				
	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007
	as % of loans to customers					as % of net worth					%				
CAPITAL ONE FINANCIAL	-	-	-	-	-	-	-	-	-	-	350.5	360.9	334.0	326.3	270.8
JPMORGAN CHASE & CO.	-	-	-	-	-	-	-	-	-	-	105.7	104.9	117.0	125.9	177.3
BB&T	-	-	-	-	-	-	-	-	-	-	139.2	175.8	204.2	196.9	138.5
CITIGROUP	0.2	-	-	-	-	0.9	-	-	-	-	93.5	102.4	117.4	113.8	128.8
KEYCORP	-	-	-	-	-	-	-	-	-	-	155.4	227.1	243.3	240.2	127.3
WELLS FARGO & CO.	-	-	-	-	-	-	-	-	-	-	180.6	161.5	174.8	133.0	125.1
BANK OF AMERICA	-	-	-	-	-	-	-	-	-	-	152.0	219.7	257.8	183.1	121.7
THE PNC FINANCIAL SERVICES GROUP	-	-	-	-	-	-	-	-	-	-	156.8	260.5	192.9	206.6	121.2
REGIONS FINANCIAL	-	-	-	-	-	-	-	-	-	-	133.9	143.3	158.7	201.9	120.1
U.S. BANCORP	-	-	-	-	-	-	-	-	-	-	158.4	163.8	168.4	150.8	112.8
WACHOVIA	-	-	-	-	0.3	-	-	-	-	1.6	159.6	155.0	197.8	165.4	78.2
THE BANK OF NEW YORK MELLON	-	-	-	-	0.4	-	-	-	-	0.7	181.0	258.1	441.9	531.5	61.4
FIFTH THIRD BANCORP	-	-	-	-	0.5	-	-	-	-	4.9	165.9	160.2	144.2	137.2	67.7
SUNTRUST BANKS	-	-	-	-	0.6	-	-	-	-	4.4	163.8	168.0	145.6	110.6	61.6
NATIONAL CITY	0.1	-	0.1	0.5	1.1	1.0	-	1.1	3.7	9.3	92.1	100.3	88.8	67.7	58.5
COUNTRYWIDE FINANCIAL	1.0	0.4	0.7	0.9	1.1	6.5	2.7	6.1	6.9	8.6	13.0	31.3	19.3	21.0	65.6
WASHINGTON MUTUAL	0.5	0.3	0.3	0.6	1.6	4.6	3.2	2.6	5.3	13.5	57.9	65.4	70.0	51.1	40.0
Average	**0.1**	**0.0**	**0.1**	**0.1**	**0.2**	**0.7**	**0.2**	**0.3**	**0.4**	**1.2**	**118.9**	**131.2**	**141.0**	**129.9**	**107.7**

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

TABLE I.22 – DOUBTFUL LOANS

CHINA

BANKS	DOUBTFUL LOANS (1)								COVERAGE RATIO (2)			
	2004	2005	2006	2007	2004	2005	2006	2007	2004	2005	2006	2007
	as % of loans to customers				as % of net worth				%			
SHANGHAI PUDONG DEVELOPMENT BANK	-	-	-	-	-	-	-	-	117.1	142.1	151.4	191.1
CHINA MERCHANTS BANK	-	-	-	-	-	-	-	-	101.4	111.0	135.6	180.4
INDUSTRIAL BANK	0.3	0.2	-	-	6.6	4.4	-	-	87.0	90.5	126.0	155.2
CHINA MINSHENG BANKING	-	-	-	-	-	-	-	-	112.5	103.4	116.6	113.1
CHINA CITIC BANK	1.5	0.9	0.4	-	40.2	13.3	5.6	-	77.6	79.9	84.6	110.0
BANK OF CHINA	1.7	0.9	0.2	-	15.1	7.6	1.0	-	68.0	80.6	96.0	108.2
CHINA CONSTRUCTION BANK	1.5	1.3	0.6	-	17.0	10.8	5.1	-	61.6	66.8	82.2	104.4
INDUSTRIAL AND COMMERCIAL BANK OF CHINA	18.5	2.2	1.1	-	408.8	27.5	8.4	-	3.0	54.2	70.6	103.5
BANK OF COMMUNICATIONS	1.6	0.7	0.1	0.1	18.8	6.6	1.0	0.7	45.5	69.7	94.8	96.0
AGRICULTURAL BANK OF CHINA	25.8	25.2	22.5	22.4	845.4	884.8	831.5	867.2	4.7	4.9	5.0	6.0
Average	**11.4**	**6.4**	**5.1**	**4.5**	**178.9**	**78.5**	**49.3**	**40.3**	**14.1**	**28.1**	**33.3**	**37.7**

(1) Net of provision. In case where there are no figures, provisions exceed doubtful loans. The average as been calculated assuming that there are no cases in which provision exceeds gross doubtful loans.
(2) Ratio of provision to gross doubtful loans.

TABLE I.23 – PROFITABILITY AND FREE CAPITAL RATIOS

EUROPE

BANKS (1)	COUNTRY	ROE 2003	ROE 2004	ROE 2005	ROE 2006	ROE 2007	COST / INCOME RATIO 2003	COST / INCOME RATIO 2004	COST / INCOME RATIO 2005	COST / INCOME RATIO 2006	COST / INCOME RATIO 2007	FREE CAPITAL 2003	FREE CAPITAL 2004	FREE CAPITAL 2005	FREE CAPITAL 2006	FREE CAPITAL 2007
		%					%					as % of funding from customers				
LLOYDS TSB GROUP (2)	GB	42.4	27.3	32.4	33.6	37.2	53.3	52.9	54.1	50.6	49.8	-1.9	-2.2	-1.3	-1.1	0.2
ING GROEP	NL	23.4	30.0	24.2	25.0	33.0	67.0	68.8	70.9	72.4	75.3	3.7	4.1	1.3	1.1	0.4
BANCO BILBAO VIZCAYA ARGENTARIA	ES	20.5	20.6	29.5	27.4	28.5	51.2	48.3	49.8	46.9	47.3	2.6	2.8	3.6	4.8	3.9
BARCLAYS	GB	18.9	21.6	24.7	30.0	23.4	56.7	58.3	60.9	61.3	59.8	3.7	3.7	2.3	2.7	2.2
KBC GROUP	BE	13.5	19.8	16.7	24.9	23.3	61.8	59.1	60.1	55.0	54.8	4.6	5.2	6.7	6.4	5.0
HBOS	GB	17.9	19.8	21.5	23.1	22.7	42.8	39.7	44.4	41.4	43.7	2.9	3.2	0.3	-0.1	-0.2
NORDEA	SE	13.9	18.0	21.2	25.9	22.4	61.6	58.9	55.3	52.7	51.5	4.9	5.4	2.9	3.8	3.8
CREDIT SUISSE GROUP	CH	18.7	18.4	16.1	35.1	21.9	79.2	77.2	79.2	67.3	72.0	-1.0	-1.9	0.1	4.6	2.7
DEUTSCHE BANK	DE	5.1	10.5	13.4	22.3	21.2	82.9	78.7	75.5	71.7	72.5	0.7	0.7	1.6	2.6	3.2
DEXIA	BE	14.7	17.9	16.9	20.3	21.1	58.5	55.1	56.5	57.1	59.4	3.0	3.0	4.0	3.9	2.9
BANCO SANTANDER	ES	15.9	10.5	18.2	20.4	19.6	54.2	51.3	55.7	50.1	49.6	3.4	2.2	2.4	2.6	2.6
THE ROYAL BANK OF SCOTLAND GROUP	GB	16.1	15.7	18.4	18.9	18.7	49.8	50.4	55.4	52.8	56.5	1.2	0.5	-0.6	1.1	2.0
HSBC HOLDINGS	GB	12.6	15.0	19.2	16.8	17.3	51.2	50.9	52.1	52.2	50.7	5.0	5.2	3.5	3.4	3.8
BNP PARIBAS	FR	14.9	17.8	16.8	17.3	17.0	62.9	61.0	63.3	62.4	63.5	2.3	2.4	4.7	4.0	3.9
DANSKE BANK	DK	17.0	19.6	20.8	16.6	16.6	50.9	52.2	53.2	54.1	55.8	3.1	2.8	2.7	3.6	1.7
INTESA SANPAOLO	IT	9.4	13.8	22.1	16.4	16.4	66.0	60.7	62.2	55.7	62.8	-1.5	-0.2	3.7	4.3	3.4
COMMERZBANK	DE	n.c.	4.2	10.1	13.7	14.5	76.7	76.0	74.6	65.7	67.1	-1.4	-0.2	2.1	1.1	1.4
HYPO REAL ESTATE HOLDING	DE	4.3	10.4	12.6	18.7	14.0	35.7	40.0	37.8	33.6	41.0	1.2	2.2	2.5	…	0.8
FORTIS	BE/NL	19.0	26.1	26.3	26.7	13.7	62.4	55.3	60.2	57.9	65.2	1.6	2.2	1.5	1.5	-2.3
UNICREDIT (3)	IT	17.6	18.4	17.1	16.5	12.8	54.9	57.6	58.7	59.9	62.2	1.0	1.6	-0.1	1.0	0.9
CREDIT MUTUEL	FR	8.7	9.0	13.2	14.0	11.5	64.1	65.9	63.9	59.7	62.8	4.7	4.8	5.3	5.5	5.0
CREDIT AGRICOLE	FR	6.9	9.5	13.2	13.9	10.2	64.8	63.2	61.8	63.4	76.8	2.6	3.1	4.4	3.9	4.6
RABOBANK NEDERLAND	NL	8.9	8.3	8.7	9.1	8.8	65.0	64.6	65.6	69.2	68.8	5.9	6.4	5.3	4.3	3.7
DZ BANK	DE	8.8	9.6	10.7	23.5	7.6	64.9	59.6	56.2	62.2	66.0	…	…	…	…	1.1
DRESDNER BANK	DE	n.c.	0.2	17.0	7.7	4.0	96.1	88.0	89.8	80.0	92.5	-2.4	-1.0	3.7	4.0	3.9
SOCIETE GENERALE	FR	17.1	20.0	23.3	21.9	3.6	68.2	66.6	64.9	62.8	88.8	-0.2	0.4	2.6	2.9	1.6
LANDESBANK BADEN-WUERTTEMBERG	DE	6.8	8.2	9.2	10.0	3.0	49.5	48.8	47.1	49.4	73.9	…	…	…	2.0	0.5
BAYERISCHE LANDESBANK	DE	3.3	3.6	9.0	7.6	0.9	43.5	46.7	54.1	55.9	66.0	…	…	…	…	0.8
UBS	CH	22.0	30.1	46.8	32.7	n.c.	73.1	71.1	68.2	70.6	120.7	1.6	1.3	2.3	2.4	1.3
WESTLB	DE	n.c.	n.c.	6.5	13.5	n.c.	70.5	89.6	94.3	93.6	n.c.	…	…	…	…	1.1
KREDITANSTALT FUER WIEDERAUFBAU	DE	2.6	3.3	4.8	6.8	n.c.	30.7	30.9	31.2	30.5	n.c.	2.6	3.3	3.8	3.8	2.4
Average		**11.0**	**14.7**	**18.2**	**19.7**	**15.7**	**62.2**	**60.6**	**61.0**	**59.3**	**64.1**	**1.8**	**2.2**	**2.3**	**2.5**	**2.2**

ROE = net profit as % of shareholders' equity less net profit.
Cost /income ratio = operating costs (labour costs plus general expenses plus depreciation and amortization) as % of total income.
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 2007.
(2) ROE in 2003 falls to 30.4% excluding gains on disposals of operations in New Zealand.
(3) In 2005 ROE was calculated excluding the effect of acquiring Bayerische Hypo- und Vereinsbank (HVB).

TABLE I.23 – PROFITABILITY AND FREE CAPITAL RATIOS

JAPAN

BANKS (1)	ROE					COST / INCOME RATIO					FREE CAPITAL				
	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007
			%					%				as % of funding from customers			
SUMITOMO MITSUI FINANCIAL GROUP	12.1	n.c.	18.2	12.7	14.8	41.6	41.6	39.9	46.4	46.7	0.5	1.3	4.2	3.6	2.3
RESONA HOLDINGS (2)	n.c.	44.5	30.1	58.0	14.5	65.8	50.0	49.1	48.2	50.6	-0.6	2.0	3.2	3.9	5.7
BANK OF YOKOHAMA	9.3	10.7	9.8	10.2	10.8	43.5	40.7	40.6	42.8	43.6	1.8	2.9	4.5	4.7	4.5
SAPPORO HOKUYO HOLDINGS	4.0	6.6	8.8	8.6	10.2	57.7	57.9	66.2	53.5	62.2	0.1	1.6	2.7	2.9	1.2
NORINCHUKIN BANK	6.1	5.1	7.3	6.1	9.4	49.0	43.0	48.4	36.9	51.7	4.3	5.5	7.7	8.5	6.6
HOKUHOKU FINANCIAL GROUP	2.6	4.4	7.1	9.0	9.3	46.4	50.5	50.3	48.2	49.5	-2.2	-1.0	0.4	1.6	1.7
SHINSEI BANK	10.0	9.4	9.8	n.c.	9.1	56.8	56.6	56.1	67.2	59.9	14.9	8.2	11.4	8.3	9.4
CHUO MITSUI TRUST HOLDINGS	12.3	18.3	16.2	12.7	9.0	47.0	45.7	43.4	40.6	49.2	0.3	3.5	7.4	8.6	6.8
CHIBA BANK	7.6	9.5	10.1	9.8	8.8	51.9	48.9	49.8	48.0	47.9	0.5	1.8	3.5	3.6	3.5
MIZUHO FINANCIAL GROUP	12.6	19.1	15.6	14.5	8.7	53.3	54.7	51.6	52.0	71.2	2.3	3.8	4.9	5.6	4.2
SUMITOMO TRUST & BANKING CO.	11.0	11.9	9.8	9.2	8.3	47.4	48.0	48.1	46.8	56.8	6.1	7.2	7.0	7.6	6.1
SHINKIN CENTRAL BANK	4.9	5.2	5.4	4.3	5.5	45.9	43.2	44.4	52.4	47.1	3.7	3.9	3.0	3.1	2.1
SHIZUOKA BANK	4.8	6.0	4.8	5.2	5.2	66.0	60.7	58.3	55.4	54.7	4.2	5.5	7.3	7.9	6.6
JOYO BANK	6.1	6.4	5.4	5.4	3.3	60.2	57.5	53.7	55.2	56.4	2.9	3.7	4.1	5.0	3.3
SHOKO CHUKIN BANK	1.4	1.4	2.0	2.1	3.3	51.4	51.8	48.2	49.9	51.7	2.1	2.4	3.0	3.8	4.6
AOZORA BANK	6.1	17.2	19.9	11.5	0.8	51.0	49.8	42.8	51.0	61.1	12.5	16.3	14.5	14.0	11.4
FUKUOKA FINANCIAL GROUP	6.2	7.8	8.5	8.1	0.3	58.4	54.9	55.6	54.3	61.1	1.6	2.3	3.0	4.4	0.4
MITSUBISHI UFJ FINANCIAL GROUP	27.2	10.5	6.4	5.9	n.c.	54.0	60.8	64.7	60.3	61.8	3.1	2.9	2.7	3.7	2.8
Average	**0.4**	**6.1**	**11.0**	**10.0**	**4.6**	**50.8**	**50.3**	**52.9**	**52.8**	**57.5**	**2.0**	**3.2**	**4.3**	**4.9**	**3.8**

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

(1) The table does not include companies no longer existing in their previous form as at 31 December 2007.
(2) ROE for 2006 falls to approx. 35% excluding the effect of the amendment to the method of accounting for deferred taxes.

TABLE I.23 – PROFITABILITY AND FREE CAPITAL RATIOS

UNITED STATES

BANKS (1)	ROE					COST / INCOME RATIO					FREE CAPITAL				
	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007
			%					%					as % of funding from customers		
U.S. BANCORP	24.1	27.1	28.8	28.9	25.9	45.0	43.5	44.0	46.2	46.5	6.3	5.9	5.3	5.6	5.0
WELLS FARGO & CO.	21.9	22.7	23.3	22.7	20.4	57.2	57.9	57.8	57.9	56.5	2.4	2.6	1.8	1.3	0.7
BB&T	12.0	16.7	17.5	15.0	15.9	52.5	53.0	55.1	55.7	54.0	6.7	6.2	5.6	4.9	4.8
JPMORGAN CHASE & CO.	17.0	6.9	8.6	14.3	14.2	64.9	68.8	65.9	62.3	57.9	4.4	4.9	5.0	5.1	4.6
KEYCORP	14.9	15.5	17.5	15.9	13.5	61.3	62.9	64.4	63.3	66.1	6.2	5.0	4.1	4.2	3.6
FIFTH THIRD BANCORP	25.9	20.6	19.6	13.4	13.3	44.1	48.9	53.9	56.0	57.3	7.5	6.8	4.3	4.2	1.3
BANK OF AMERICA	29.1	17.6	19.4	18.5	11.4	51.8	53.5	50.7	49.2	56.6	4.4	4.5	4.3	4.0	2.0
THE PNC FINANCIAL SERVICES GROUP	17.7	19.1	18.3	31.7	11.0	67.1	68.8	68.2	66.2	61.4	4.5	4.0	3.2	0.8	-1.2
SUNTRUST BANKS	15.9	10.9	13.3	13.5	10.0	60.6	61.1	59.5	60.3	66.4	7.4	5.8	5.7	6.0	5.5
WACHOVIA	15.1	14.0	16.2	14.9	8.9	63.7	62.3	60.6	58.7	59.3	6.1	5.6	5.4	4.6	4.0
THE BANK OF NEW YORK MELLON	15.9	18.3	18.9	35.1	7.5	62.8	66.4	66.4	67.0	66.7	3.2	4.5	4.8	3.0	1.3
CAPITAL ONE FINANCIAL	23.1	22.5	15.4	14.5	6.9	59.1	59.3	56.6	57.5	61.3	16.2	22.1	15.7	8.1	8.2
REGIONS FINANCIAL	17.1	9.2	10.4	10.5	6.7	63.5	64.2	60.9	58.9	64.7	7.4	6.1	5.6	5.5	4.4
CITIGROUP	22.3	18.5	28.0	21.9	3.3	52.6	54.1	56.0	60.5	75.7	7.3	5.8	5.6	4.6	1.7
NATIONAL CITY	29.4	27.7	18.7	18.7	2.4	53.0	54.6	59.6	61.6	67.6	5.3	4.3	3.2	0.3	0.0
COUNTRYWIDE FINANCIAL	41.6	27.1	24.6	23.0	n.c.	47.9	63.8	72.3	68.1	84.1	-1.6	-2.1	-5.2	-8.0	-12.3
WASHINGTON MUTUAL	24.5	15.7	14.2	15.2	n.c.	60.7	63.5	61.8	61.8	60.0	-2.1	-1.0	-0.4	0.6	-0.7
Media	**21.4**	**16.1**	**18.2**	**18.2**	**9.8**	**55.7**	**57.6**	**57.7**	**58.0**	**62.4**	**5.4**	**4.9**	**4.6**	**3.9**	**2.4**

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

(1) The table does not include companies no longer existing in their previous form as at 31 December 2007.

TABLE I.23 – PROFITABILITY AND FREE CAPITAL RATIOS

CHINA

BANKS	ROE				COST / INCOME RATIO				FREE CAPITAL			
	2004	2005	2006	2007	2004	2005	2006	2007	2004	2005	2006	2007
	%				%				as % of funding from customers			
CHINA MERCHANTS BANK	17.7	18.9	14.0	28.9	48.5	47.7	44.6	40.8	2.7	2.9	6.6	7.0
INDUSTRIAL BANK	20.0	25.4	30.6	28.3	47.9	48.3	45.2	41.2	1.8	2.0	2.8	6.4
SHANGHAI PUDONG DEVELOPMENT BANK	16.7	19.1	15.7	24.1	46.0	47.9	47.6	45.1	2.3	2.3	3.6	3.6
CHINA CONSTRUCTION BANK	32.4	19.3	16.3	19.6	46.8	45.8	44.3	38.0	2.6	4.6	5.0	6.4
BANK OF COMMUNICATIONS	3.1	12.5	15.3	17.8	60.0	52.0	47.9	41.2	1.3	3.9	4.4	6.2
INDUSTRIAL AND COMMERCIAL BANK OF CHINA	1.4	15.3	11.5	17.8	48.5	47.0	42.7	35.8	-11.8	1.2	5.1	6.6
AGRICULTURAL BANK OF CHINA	2.6	1.3	7.4	15.5	71.4	76.2	62.1	53.6	-20.0	-18.1	-15.3	-14.7
BANK OF CHINA	11.4	13.3	12.6	15.4	45.2	44.0	44.1	40.3	3.3	4.0	7.0	7.6
CHINA MINSHENG BANKING	18.8	21.2	24.2	14.4	54.2	55.7	57.4	54.3	2.0	1.9	2.3	6.3
CHINA CITIC BANK	29.1	15.3	13.9	11.0	49.0	52.1	51.8	42.6	-0.7	2.0	3.2	9.4
Average	**12.7**	**14.8**	**13.3**	**17.8**	**51.6**	**50.7**	**47.5**	**41.3**	**-5.6**	**-1.0**	**1.3**	**2.5**

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

TABLE I.24 – TOTAL LIABILITIES AS A PERCENTAGE OF TANGIBLE NET WORTH

EUROPE

BANKS (1)	COUNTRY	TOTAL LIABILITIES/TANGIBLE NET WORTH				
		2003	2004	2005	2006	2007
		number				
HYPO REAL ESTATE HOLDING	DE	54.2	51.1	47.1	46.8	112.0
UBS	CH	48.1	60.2	52.6	57.1	79.7
DEUTSCHE BANK	DE	37.5	42.8	43.1	43.2	68.1
WESTLB	DE	66.3	64.9	44.2	42.0	65.9
ING GROEP	NL	30.3	28.5	43.7	42.5	54.8
BARCLAYS	GB	32.4	33.4	52.5	48.3	49.4
DANSKE BANK	DK	27.6	31.4	35.2	30.1	43.2
DEXIA	BE	31.6	33.4	32.9	34.7	43.1
THE ROYAL BANK OF SCOTLAND GROUP	GB	22.5	28.1	42.9	31.5	42.1
LANDESBANK BADEN-WUERTTEMBERG	DE	33.7	34.6	35.3	35.0	42.0
SOCIETE GENERALE	FR	32.6	32.5	36.4	33.7	42.0
DRESDNER BANK	DE	36.3	40.9	33.1	35.1	40.8
COMMERZBANK	DE	39.1	40.3	34.0	43.5	40.4
BAYERISCHE LANDESBANK	DE	31.2	34.1	32.0	29.9	39.0
DZ BANK	DE	47.7	47.9	47.9	42.8	38.8
HBOS	GB	22.8	21.2	34.0	32.3	35.1
LLOYDS TSB GROUP	GB	26.3	28.3	38.4	38.8	35.1
BNP PARIBAS	FR	27.7	31.1	33.0	32.1	34.4
CREDIT AGRICOLE	FR	25.3	24.6	28.0	29.4	30.0
FORTIS	BE/NL	38.3	34.0	42.4	41.3	28.1
CREDIT SUISSE GROUP	CH	51.4	43.4	42.2	25.3	26.8
NORDEA	SE	24.8	24.8	29.1	25.4	25.8
UNICREDIT	IT	19.2	19.7	27.4	26.5	25.5
BANCO BILBAO VIZCAYA ARGENTARIA	ES	17.4	18.2	24.0	19.9	23.4
HSBC HOLDINGS	GB	15.6	15.7	21.2	22.0	22.8
KREDITANSTALT FUER WIEDERAUFBAU	DE	30.7	27.3	24.1	22.5	22.8
KBC GROUP	BE	20.4	20.8	19.3	18.6	22.5
CREDIT MUTUEL	FR	21.7	21.1	20.9	19.9	20.7
BANCO SANTANDER	ES	18.6	21.3	28.3	26.1	20.6
INTESA SANPAOLO	IT	18.3	17.2	15.9	15.5	19.5
RABOBANK NEDERLAND	NL	17.6	18.2	18.2	18.9	18.8
Average		**28.5**	**28.9**	**33.1**	**31.9**	**34.6**

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

(1) The table does not include companies no longer existing in their previous form as at 31 December 2007.

TABLE I.24 – TOTAL LIABILITIES AS A PERCENTAGE OF TANGIBLE NET WORTH

JAPAN

BANKS (1)	TOTAL LIABILITIES/TANGIBLE NET WORTH				
	2003	2004	2005	2006	2007
			number		
SHINKIN CENTRAL BANK	29.2	28.2	30.4	27.1	34.8
SUMITOMO MITSUI FINANCIAL GROUP	27.0	29.0	20.2	21.0	29.5
MITSUBISHI UFJ FINANCIAL GROUP	25.4	23.2	23.7	21.3	26.9
MIZUHO FINANCIAL GROUP	27.7	26.6	23.5	21.4	26.6
FUKUOKA FINANCIAL GROUP	19.3	18.7	18.0	15.0	26.5
SAPPORO HOKUYO HOLDINGS	25.5	21.8	19.2	17.1	24.7
HOKUHOKU FINANCIAL GROUP	27.2	25.6	24.2	20.0	21.7
SUMITOMO TRUST & BANKING CO.	15.8	14.6	16.8	14.5	18.0
NORINCHUKIN BANK	23.4	20.3	17.2	14.3	17.9
JOYO BANK	16.0	15.5	13.8	13.6	16.4
CHIBA BANK	19.6	19.2	16.9	15.4	16.0
BANK OF YOKOHAMA	17.5	16.3	13.4	13.6	14.9
RESONA HOLDINGS	33.1	25.3	20.7	19.1	14.6
SHOKO CHUKIN BANK	17.7	16.6	16.2	15.2	14.5
CHUO MITSUI TRUST HOLDINGS	20.7	17.0	12.9	11.5	13.6
SHINSEI BANK	7.6	12.9	9.7	13.3	13.5
SHIZUOKA BANK	12.3	12.1	10.6	10.2	11.9
AOZORA BANK	8.8	6.8	7.4	7.3	8.5
Average	**24.5**	**23.1**	**20.1**	**18.5**	**22.4**

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

(1) The table does not include companies no longer existing in their previous form as at 31 December 2007.

TABLE I.24 – TOTAL LIABILITIES AS A PERCENTAGE OF TANGIBLE NET WORTH

UNITED STATES

BANKS (1)	TOTAL LIABILITIES/TANGIBLE NET WORTH				
	2003	2004	2005	2006	2007
			number		
COUNTRYWIDE FINANCIAL	91.2	130.9	n.c.	n.c.	n.c.
CITIGROUP	20.2	21.8	21.2	24.6	38.5
WELLS FARGO & CO.	21.6	21.2	26.6	27.2	31.9
BANK OF AMERICA	21.0	21.1	23.7	23.2	28.2
THE BANK OF NEW YORK MELLON	19.4	17.0	16.9	22.8	27.3
NATIONAL CITY	15.2	16.2	18.5	14.8	26.9
JPMORGAN CHASE & CO.	23.3	21.7	21.7	21.9	22.7
U.S. BANCORP	15.3	16.1	18.1	17.7	20.9
WASHINGTON MUTUAL	37.1	32.1	29.7	23.3	20.6
WACHOVIA	16.2	16.4	17.1	19.3	20.1
BB&T	14.4	15.2	16.5	18.3	18.5
THE PNC FINANCIAL SERVICES GROUP	13.9	15.5	17.7	11.8	17.6
FIFTH THIRD BANCORP	11.3	11.5	14.5	12.7	17.2
REGIONS FINANCIAL	13.6	14.7	15.3	14.8	16.5
SUNTRUST BANKS	13.6	16.6	17.3	16.1	16.3
KEYCORP	13.7	15.1	14.6	13.8	15.2
CAPITAL ONE FINANCIAL	7.1	5.6	7.6	12.3	12.4
Average	**18.2**	**19.2**	**20.4**	**21.9**	**26.5**

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

(1) The table does not include companies no longer existing in their previous form as at 31 December 2007.

TABLE I.24 – TOTAL LIABILITIES AS A PERCENTAGE OF TANGIBLE NET WORTH

CHINA

BANKS	TOTAL LIABILITIES/TANGIBLE NET WORTH			
	2004	2005	2006	2007
	number			
AGRICULTURAL BANK OF CHINA	56.5	65.0	68.0	70.9
SHANGHAI PUDONG DEVELOPMENT BANK	32.7	35.9	26.9	31.3
INDUSTRIAL BANK	35.6	40.8	38.1	21.1
CHINA MERCHANTS BANK	27.1	28.8	15.9	18.3
CHINA MINSHENG BANKING	34.7	36.2	36.8	17.4
INDUSTRIAL AND COMMERCIAL BANK OF CHINA	33.7	24.2	15.2	15.6
CHINA CONSTRUCTION BANK	18.9	15.8	16.5	15.4
BANK OF COMMUNICATIONS	20.7	16.3	17.8	14.8
BANK OF CHINA	17.5	17.2	12.1	12.5
CHINA CITIC BANK	46.0	24.9	21.5	11.1
Average	**26.4**	**23.1**	**18.4**	**17.6**

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

TABLE I.25 – 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)*
1998	15.7	3.4	17.4	5.1	1.4
1999	18.4	6.2	21.8	9.6	1.8
2000	45.4	5.0	26.8	- 13.6	0.7
2001	25.4	1.1	33.3	9.0	1.4
2002	9.8	7.8	33.0	31.0	16.5
2003	8.5	7.3	28.0	26.8	23.3
2004	15.9	15.4	29.5	29.0	59.0
2005	20.9	10.8	39.1	29.0	3.9
2006	23.2	17.4	47.3	41.5	8.2
2007	48.2	24.7	55.6	32.1	2.4
Total	**231.4**	**99.1**	**331.8**	**199.5**	**2.5**
			Japan		
	JPY bn	JPY bn	JPY bn	JPY bn	
	a	*b*	*c*	*d = b+c-a*	*c / (a-b)*
1998	7,349	67	340	- 6,942	o
1999	669	- 27	351	- 345	0.5
2000	561	- 6	379	- 188	0.7
2001	111	- 80	188	- 3	1.0
2002	1,946	- 137	269	- 1,814	0.1
2003	1,973	- 42	195	- 1,820	0.1
2004	544	984	301	741	n.c.
2005	554	1,156	363	965	n.c.
2006	147	3,028	442	3,323	n.c.
2007	1,107	373	588	- 146	0.8
Total	**14,961**	**5,316**	**3,416**	**- 6,229**	**0.4**
			United States [4]		
	USD bn	USD bn	USD bn	USD bn	
	a	*b*	*c*	*d = b+c-a*	*c / (a-b)*
1998	9.9	14.4	17.2	21.7	n.c.
1999	7.6	26.5	20.7	39.6	n.c.
2000	7.8	12.0	21.9	26.1	n.c.
2001	7.0	17.0	22.4	32.4	n.c.
2002	6.5	17.5	24.2	35.2	n.c.
2003	12.2	22.6	28.7	39.1	n.c.
2004	10.6	19.1	35.0	43.5	n.c.
2005	10.7	35.2	39.8	64.3	n.c.
2006	17.6	41.6	43.2	67.2	n.c.
2007	16.8	28.7	47.7	59.6	
Total	**106.7**	**234.6**	**300.8**	**428.7**	**n.c.**

[1] Excluding share exchanges made as part of acquisitions listed under Table III.2.
[2] Net of own shares sold..
[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] Share buybacks exceeded rights issues in all years considered.

TABLE I.26 – CAPITAL ADEQUACY RATIOS

EUROPE

BANKS	COUNTRY	TOTAL CAPITAL RATIO [1]						
		31/12/03	31/12/04	31/12/05	31/12/06	31/12/07	30/06/08	*of which:* tier 1
		as % of risk-weighted assets						
UBS	CH	13.3	13.6	14.1	14.7	12.0	15.7	*11.6*
DRESDNER BANK	DE	13.4	13.3	16.3	15.6	13.8	14.4	*9.3*
CREDIT SUISSE GROUP	CH	17.4	16.6	13.7	18.4	14.5	14.3	*10.2*
DANSKE BANK	DK	11.0	10.2	10.3	11.4	9.3	14.1	*10.0*
THE ROYAL BANK OF SCOTLAND GROUP	GB	11.8	11.7	11.7	11.7	11.2	13.1	*8.6*
KBC	BE	13.4	12.9	12.5	11.7	10.5	12.8	*9.3*
BARCLAYS	GB	12.8	11.5	11.3	11.7	12.1	12.6	*7.9*
BANCO BILBAO VIZCAYA ARGENTARIA	ES	12.7	12.5	12.0	12.0	10.7	12.5	*7.7*
DEXIA	BE	11.2	11.7	10.9	10.3	9.6	12.3	*11.4*
DEUTSCHE BANK	DE	13.9	13.2	13.5	12.8	11.6	12.1	*9.3*
HSBC HOLDINGS	GB	12.0	12.0	12.8	13.5	13.6	11.9	*8.8*
ING GROEP	NL	11.3	11.5	10.9	11.0	10.3	11.9	*8.2*
RABOBANK NEDERLAND	NL	10.9	11.4	11.8	11.0	10.9	11.6	*11.2*
DZ BANK	DE	11.7	12.3	10.4	12.6	10.2	11.5	*8.8*
BANCO SANTANDER	ES	12.4	13.0	12.9	12.5	12.7	11.4	*7.9*
BAYERISCHE LANDESBANK	DE	11.3	12.5	11.1	10.7	11.4	11.3	*7.6*
LLOYDS TSB GROUP	GB	11.3	10.0	10.9	10.7	11.0	11.3	*8.6*
COMMERZBANK	DE	13.0	12.6	12.5	11.1	10.8	11.3	*7.4*
HYPO REAL ESTATE HOLDING	DE	11.6	12.0	11.2	10.0	9.9	11.3	*8.6*
LANDESBANK BADEN-WUERTTEMBERG	DE	11.0	10.8	10.5	11.0	9.7	11.1	*7.3*
BNP PARIBAS	FR	12.9	10.3	11.0	10.5	10.0	11.0	*7.6*
CREDIT MUTUEL	FR	11.5	12.4	11.8	12.0	11.0	…	…
HBOS	GB	11.1	11.8	12.4	12.0	11.0	10.9	*7.3*
SOCIÉTÉ GÉNÉRALE	FR	11.7	11.9	11.3	11.1	8.9	10.9	*8.2*
FORTIS	BE/NL	12.4	12.3	10.5	11.1	10.1	10.8	*9.1*
WESTLB	DE	10.3	11.5	14.2	12.1	8.6	10.4	*6.4*
UNICREDIT	IT	11.1	11.6	10.3	10.5	10.1	10.1	*6.3*
CREDIT AGRICOLE	FR	10.5	10.4	10.1	10.0	9.6	9.6	*8.9*
INTESA SANPAOLO	IT	11.7	11.6	10.3	10.5	9.0	9.5	*6.6*
NORDEA	SE	9.3	9.5	9.2	9.8	9.1	9.3	*7.0*
KREDITANSTALT FUER WIEDERAUFBAU	DE	…	…	…	…	…	…	…
DEPFA BANK [2]	IE	22.1	19.6	16.9	13.5	-	-	-
ABN AMRO HOLDING [3]	NL	11.7	11.3	13.1	11.1	-	-	-
CAPITALIA [4]	IT	10.2	10.7	9.6	9.2	-	-	-
SANPAOLO IMI [5]	IT	10.5	12.0	9.4	9.2	-	-	-
EUROHYPO [6]	DE	11.0	10.8	10.7	-	-	-	-
BAYERISCHE HYPO- UND VEREINSBANK [7]	DE	9.7	10.4	-	-	-	-	-
ABBEY NATIONAL [8]	GB	13.3	-	-	-	-	-	-
Average [9]		**12.1**	**12.0**	**11.8**	**11.7**	**10.8**	**11.8**	***8.5***

1 Ratio between regulatory capital and risk-weighted assets. According to Basle's Bank for International Settlements (BIS) guidelines, the minimum requirement is 8%.

2 Acquired by Hypo Real Estate Holding in 2007.

3 Consolidated by the Royal Bank of Scotland Group in 2007.

4 Acquired by UniCredit in 2007.

5 Acquired by Banca Intesa (now Intesa Sanpaolo) with effect from 1 January 2007.

6 Acquired by Commerzbank in 2006.

7 Acquired by UniCredito Italiano (now UniCredit) in 2005.

8 Acquired by Banco Santander Central Hispano (now Banco Santander) in 2004.

9 For 29 groups only at 30 June 2008.

TABLE I.26 – CAPITAL ADEQUACY RATIOS

JAPAN

BANKS	TOTAL CAPITAL RATIO [1]						
	31/03/04	31/03/05	31/03/06	31/03/07	31/03/08	30/09/08	*of which:* tier 1
	as % of risk-weighted assets						
SHINKIN CENTRAL BANK	16.6	15.8	14.3	20.1	15.9	…	...
RESONA HOLDINGS	7.8	9.7	10.0	10.6	14.3	14.8	*10.9*
SHIZUOKA BANK	13.6	13.5	13.6	14.5	14.7	14.6	*13.7*
AOZORA BANK	15.7	18.7	19.5	15.6	14.3	13.7	*14.8*
JOYO BANK	11.4	11.8	12.0	12.0	13.2	13.0	*11.9*
CHUO MITSUI TRUST HOLDINGS	10.1	10.3	12.4	12.1	13.8	12.0	*9.1*
MIZUHO FINANCIAL GROUP	11.4	11.9	11.6	12.5	11.7	11.5	*7.4*
SUMITOMO TRUST & BANKING	12.5	12.5	10.9	11.4	11.8	11.4	*7.6*
NORINCHUKIN BANK	12.9	11.7	12.1	12.8	12.5	11.3	*7.9*
CHIBA BANK	11.1	11.2	11.2	11.6	12.2	11.3	*10.4*
MITSUBISHI UFJ FINANCIAL GROUP	13.0	11.8	12.2	12.6	11.2	10.6	*7.6*
SHINSEI BANK	21.1	11.8	15.5	13.1	11.7	10.5	*6.4*
HOKUHOKU FINANCIAL GROUP	8.3	8.3	9.0	10.4	10.4	10.4	*7.4*
SUMITOMO MITSUI FINANCIAL GROUP	11.4	9.9	12.4	11.3	10.6	10.3	*7.1*
BANK OF YOKOHAMA	10.7	11.0	11.0	11.2	10.8	10.2	*10.1*
SAPPORO HOKUYO HOLDINGS	9.4	9.9	10.2	10.6	9.3	9.2	*7.1*
FUKUOKA FINANCIAL GROUP [2]	9.5	9.3	9.7	11.3	8.8	8.9	*5.4*
SHOKO CHUKIN BANK	7.7	7.8	8.0	8.3	8.8	…	...
UFJ HOLDINGS [3]	9.2	10.4	-	-	-	-	-
HOKKAIDO BANK [4]	6.5	-	-	-	-	-	-
Average [5]	**11.5**	**11.4**	**12.0**	**12.3**	**12.0**	**11.5**	***9.1***

1 Ratio between regulatory capital and risk-weighted assets. According to Basle's Bank for International Settlements (BIS) guidelines, the minimum requirement is 8%.

2 Until 31 March 2007 ratio refers to Bank of Fukuoka.

3 Merged into Mitsubishi UFJ Financial Group in 2005.

4 Acquired by Hokuhoku Financial Group in 2004.

5 For 16 groups only at 30 September 2008.

TABLE I.26 – CAPITAL ADEQUACY RATIOS

UNITED STATES

BANKS	TOTAL CAPITAL RATIO [1] 31/12/03	31/12/04	31/12/05	31/12/06	31/12/07	30/06/08	*of which:* tier 1
	as % of risk-weighted assets						
NATIONAL CITY	13.1	11.8	10.5	12.2	10.3	14.9	*11.1*
CAPITAL ONE FINANCIAL	14.0	16.6	13.9	12.3	13.0	14.2	*11.3*
BB & T	12.5	14.5	14.4	14.3	14.2	14.0	*8.9*
WASHINGTON MUTUAL	10.9	11.3	10.9	11.8	12.3	13.9	*9.4*
JPMORGAN CHASE & CO	11.8	12.2	12.0	12.3	12.6	13.4	*9.2*
THE BANK OF NEW YORK MELLON	11.5	12.2	12.5	12.5	13.2	12.9	*9.3*
WACHOVIA (ex-First Union)	11.8	11.1	10.8	11.3	11.8	12.7	*8.0*
BANK OF AMERICA	11.9	11.6	11.1	11.9	11.0	12.6	*8.3*
U.S. BANCORP	13.6	13.1	12.5	12.6	12.2	12.5	*8.5*
COUNTRYWIDE FINANCIAL	13.7	11.7	11.7	12.8	14.4	12.4	*11.1*
KEYCORP	12.6	11.5	11.5	12.4	11.4	12.4	*8.5*
CITIGROUP	12.0	11.8	12.0	11.7	10.7	12.3	*8.7*
FIFTH THIRD BANCORP	13.4	12.3	10.4	11.1	10.2	12.2	*8.5*
THE PNC FINANCIAL SERVICES GROUP	13.8	13.0	12.1	13.5	10.3	11.9	*8.2*
REGIONS FINANCIAL	14.5	13.5	12.8	11.5	11.3	11.8	*7.5*
WELLS FARGO & CO	12.2	12.1	11.6	12.5	10.7	11.2	*8.2*
SUNTRUST BANKS	11.8	10.4	10.6	11.1	10.3	10.9	*7.5*
MBNA [2]	22.2	25.4	23.9	-	-	-	-
GOLDEN WEST FINANCIAL [3]	14.2	12.9	13.0	-	-	-	-
NORTH FORK BANCORPORATION [4]	15.5	12.5	12.7	-	-	-	-
AMSOUTH BANCORPORATION [5]	11.2	10.9	11.4	-	-	-	-
HIBERNIA [6]	11.8	11.3	-	-	-	-	-
UNION PLANTERS [7]	15.6	-	-	-	-	-	-
BANK ONE [8]	13.7	-	-	-	-	-	-
GREENPOINT FINANCIAL [9]	12.8	-	-	-	-	-	-
FLEETBOSTON FINANCIAL [10]	11.9	-	-	-	-	-	-
SOUTHTRUST [11]	10.7	-	-	-	-	-	-
Average	**13.1**	**12.9**	**12.5**	**12.2**	**11.8**	**12.7**	***9.0***

(1) Ratio between regulatory capital and risk-weighted assets. According to Basle's Bank for International Settlements (BIS) guidelines, the minimum requirement is 8%.
(2) Acquired by Bank of America in 2006.
(3) Acquired by Wachovia (formerly First Union) in 2006.
(4) Acquired by Capital One Financial in 2006.
(5) Acquired by Regions Financial in 2006.
(6) Acquired by Capital One Financial in 2005.
(7) Acquired by Regions Financial in 2004.
(8) Acquired by JPMorgan Chase & Co. in 2004.
(9) Acquired by North Fork Bancorporation in 2004.
(10) Acquired by Bank of America in 2004.
(11) Acquired by Wachovia (formerly First Union) in 2004.

TABLE I.26 – CAPITAL ADEQUACY RATIOS

CHINA

BANKS	TOTAL CAPITAL RATIO [1] 31/12/04	31/12/05	31/12/06	31/12/07
	as % of risk-weighted assets			
CHINA CITIC BANK	6.1	8.1	9.4	15.3
BANK OF COMMUNICATIONS	9.7	11.2	10.8	14.4
BANK OF CHINA	10.0	10.4	13.6	13.3
INDUSTRIAL AND COMMERCIAL BANK OF CHINA	…	9.9	14.0	13.1
CHINA CONSTRUCTION BANK	11.3	13.6	12.1	12.6
INDUSTRIAL BANK	8.1	8.1	8.7	11.7
CHINA MERCHANTS BANK	9.5	9.1	11.4	10.7
CHINA MINSHENG BANKING	8.6	8.3	8.1	10.7
SHANGHAI PUDONG DEVELOPMENT BANK	8.0	8.0	9.3	9.1
AGRICULTURAL BANK OF CHINA	…	…	…	…
Average [2]	**(8.9)**	**(9.6)**	**(10.8)**	**(12.3)**

1 Ratio between regulatory capital and risk-weighted assets. According to Basle's Bank for International Settlements (BIS) guidelines, the minimum requirement is 8%.

2 Refers to 8 companies in 2004 and 9 companies in 2005, and 2006 and 2007.

TABLE I.27 – DERIVATIVE CONTRACTS

	2005						2006						2007					
	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	165,415	*80.5*	1,792,074	*90.0*	80,962	*85.3*	212,338	*80.5*	2,230,984	*89.3*	102,989	*83.5*	256,187	*78.2*	2,267,306	*88.6*	125,009	*79.5*
foreign exchange	23,171	*11.3*	176,311	*8.9*	7,110	*7.5*	26,165	*9.9*	234,731	*9.4*	9,679	*7.9*	32,677	*10.0*	238,312	*9.3*	13,782	*8.8*
credit	8,378	*4.1*	6,388	*0.3*	5,300	*5.6*	14,441	*5.5*	19,330	*0.8*	8,073	*6.5*	27,200	*8.3*	36,058	*1.4*	14,711	*9.3*
equity	5,981	*2.9*	3,684	*0.2*	1,125	*1.2*	6,925	*2.6*	3,916	*0.1*	1,993	*1.6*	7,837	*2.4*	4,712	*0.2*	2,824	*1.8*
other	2,610	*1.2*	11,663	*0.6*	411	*0.4*	3,874	*1.5*	9,213	*0.4*	664	*0.5*	3,534	*1.1*	12,254	*0.5*	892	*0.6*
Total [1]	**205,555**	***100.0***	**1,990,120**	***100.0***	**94,908**	***100.0***	**263,743**	***100.0***	**2,498,174**	***100.0***	**123,398**	***100.0***	**327,435**	***100.0***	**2,558,642**	***100.0***	**157,218**	***100.0***
Index number	*100.0*		*100.0*		*100.0*		*128.3*		*125.5*		*130.0*		*159.3*		*128.6*		*165.7*	
Notional amount / total assets	10.2		4.0		14.7		12.0		5.1		16.9		13.3		5.1		18.7	
Fair value (balance) (millions) [2]	-70,879		-221,183		-2,988		-93,226		-170,776		-14,177		-52,378		3,414,116		5,952	
as % of net worth	*-8.3*		*-0.6*		*-0.5*		*-9.7*		*-0.4*		*-2.1*		*-5.0*		*9.8*		*0.8*	
Credit risk (millions) [3]	736,368		10,200,883		138,414		698,956		12,649,823		150,912		845,903		18,027,903		234,045	
Index number	*100.0*		*100.0*		*100.0*		*94.9*		*124.0*		*109.0*		*114.9*		*176.7*		*169.1*	
as % of net worth	*95.0*		*27.5*		*22.6*		*81.3*		*32.1*		*21.9*		*93.4*		*51.8*		*32.0*	

1 For Japan data refers only to trading derivatives. Data refers to companies representing 90% of 2007 total assets for Europe, 72% for Japan, and 94% for the United States.

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

3 Refers to companies which account for 86% of 2007 total assets for Europe; refers to the whole survey for Japanese and US banks.

TABLE I.28 – PROFIT AND LOSS ACCOUNT AND BALANCE SHEET FOR 1H 2008: 60 BANKS

Profit and loss account

	1H 2007		1H 2008		Change
	EUR m	%	EUR m	%	%
Net interest income	185,508	*43.0*	215,180	*59.2*	16.0
Other operating income	174,544	*40.5*	176,529	*48.6*	1.1
Gains (losses) on financial transactions	71,106	*16.5*	- 28,196	*- 7.8*	n.c.
Total income	**431,158**	***100.0***	**363,513**	***100.0***	**- 15.7**
Labour costs	…	…	…	…	…
General expenses [1]	- 230,775	*- 53.5*	- 229,438	*- 63.1*	- 0.6
Bad debts recovered (written off)	- 29,655	*- 6.9*	- 78,680	*- 21.6*	165.3
Depreciation and amortisation	- 16,004	*- 3.7*	- 17,263	*- 4.8*	7.9
Current pre-tax profit	**154,724**	***35.9***	**38,132**	***10.5***	**- 75.4**
Extraordinary items	19,826	*4.6*	- 2,954	*- 0.8*	n.c.
Profit (loss) before tax	**174,550**	***40.5***	**35,178**	***9.7***	**- 79.8**
Income tax	- 44,989	*- 10.5*	- 4,168	*- 1.1*	- 90.7
Minority interest	- 6,105	*- 1.4*	- 4,905	*- 1.4*	- 19.7
Net profit	**123,456**	***28.6***	**26,105**	***7.2***	**- 78.9**

Balance sheet

	31-12-2007		30-6-2008		Change
	EUR m	%	EUR m	%	%
Cash and deposits at central banks	…	…	…	…	…
Securities [2]	10,107,231	*28.8*	9,644,519	*26.9*	- 4.6
Loans and advances to banks [3]	4,648,367	*13.2*	4,453,779	*12.4*	- 4.2
Loans and advances to customers	15,040,107	*42.8*	15,494,055	*43.2*	3.0
Interests in subsidiaries and associated	…	…	…	…	…
Net tangible assests	260,295	*0.8*	261,358	*0.7*	0.4
Intangible assets [4]	574,151	*1.6*	580,541	*1.6*	1.1
Other assets	4,482,030	*12.8*	5,440,135	*15.2*	21.4
Total assets	**35,112,181**	***100.0***	**35,874,387**	***100.0***	**2.2**
Customer deposits	13,721,494	*39.1*	13,775,832	*38.4*	0.4
Debt securities [5]	6,144,544	*17.5*	6,190,633	*17.3*	0.8
Subordinated liabilities	…	…	…	…	…
Total funding from customers	*19,866,038*	*56.6*	*19,966,465*	*55.7*	*0.5*
Deposits by banks	6,093,882	*17.3*	5,782,046	*16.1*	- 5.1
Other liabilities	7,539,845	*21.5*	8,517,995	*23.7*	13.0
Total liabilities	**33,499,765**	***95.4***	**34,266,506**	***95.5***	**2.3**
Net worth	**1,612,416**	***4.6***	**1,607,881**	***4.5***	**- 0.3**
of which:					
shareholders' equity	1,450,489	*4.1*	1,439,139	*4.0*	- 0.8
minority interests	161,927	*0.5*	168,742	*0.5*	4.2

[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.29 – PROFIT AND LOSS ACCOUNT AND BALANCE SHEET FOR 1H 2008: EUROPE

Profit and loss account

	1H 2007		1H 2008		Change
	EUR m	%	EUR m	%	%
Net interest income	105,616	*40.3*	124,145	*58.8*	17.5
Other operating income	99,506	*37.9*	103,640	*49.1*	4.2
Gains (losses) on financial transactions	57,272	*21.8*	- 16,632	*- 7.9*	n.c.
Total income	**262,394**	***100.0***	**211,153**	***100.0***	**- 19.5**
Labour costs	- 91,627	*- 34.9*	- 83,376	*- 39.5*	- 9.0
General expenses	- 51,708	*- 19.7*	- 53,615	*- 25.4*	3.7
Bad debts recovered (written off)	- 16,136	*- 6.1*	- 26,906	*- 12.7*	66.7
Depreciation and amortisation	- 8,819	*- 3.4*	- 9,248	*- 4.4*	4.9
Current pre-tax profit	**94,104**	***35.9***	**38,008**	***18.0***	**- 59.6**
Extraordinary items	19,027	*7.2*	5,202	*2.5*	n.c.
Profit (loss) before tax	**113,131**	***43.1***	**43,210**	***20.5***	**- 61.8**
Income tax	- 25,366	*- 9.7*	- 7,528	*- 3.6*	- 70.3
Minority interest	- 5,087	*- 1.9*	- 4,207	*- 2.0*	- 17.3
Net profit	**82,678**	***31.5***	**31,475**	***14.9***	**- 61.9**

Balance sheet

	31-12-2007		30-6-2008		Change
	EUR m	%	EUR m	%	%
Cash and deposits at central banks	233,402	*0.9*	205,442	*0.8*	-12.0
Securities	7,623,229	*29.5*	7,174,838	*27.0*	- 5.9
Loans and advances to banks	3,311,391	*12.8*	3,185,105	*12.0*	- 3.8
Loans and advances to customers	10,342,496	*40.0*	10,790,346	*40.6*	4.3
Interests in subsidiaries and associated	125,359	*0.5*	122,239	*0.5*	- 2.5
Net tangible assests	189,414	*0.7*	186,419	*0.7*	- 1.6
Intangible assets [1]	283,050	*1.1*	287,154	*1.1*	1.4
Other assets	3,739,199	*14.5*	4,604,598	*17.3*	23.1
Total assets	**25,847,540**	***100.0***	**26,556,141**	***100.0***	**2.7**
Customer deposits	8,513,274	*32.9*	8,594,459	*32.4*	1.0
Debt securities	4,558,906	*17.6*	4,589,943	*17.3*	0.7
Subordinated liabilities	460,434	*1.8*	490,937	*1.8*	6.6
Total funding from customers	*13,532,614*	52.3	*13,675,339*	51.5	*1.1*
Deposits by banks	4,650,155	*18.0*	4,358,332	*16.4*	- 6.3
Other liabilities	6,694,784	*25.9*	7,578,028	*28.5*	13.2
Total liabilities	**24,877,553**	***96.2***	**25,611,699**	***96.4***	**3.0**
Net worth	**969,987**	***3.8***	**944,442**	***3.6***	**- 2.6**
of which:					
shareholders' equity	846,429	*3.3*	813,273	*3.1*	- 3.9
minority interests	123,558	*0.5*	131,169	*0.5*	6.2

[1] Includes goodwill.

TABLE I.30 – PROFIT AND LOSS ACCOUNT AND BALANCE SHEET FOR 1H 2008: JAPAN

Profit and loss account

	1H 2007		1H 2008		Change
	JPY bn	%	JPY bn	%	%
Net interest income	3,166	*58.2*	3,272	*70.6*	3.3
Other operating income	1,738	*31.9*	1,749	*37.8*	0.6
Gains (losses) on financial transactions	537	*9.9*	- 387	*- 8.4*	n.c.
Total income	**5,441**	***100.0***	**4,634**	***100.0***	**- 14.8**
Labour costs	…	…	…	…	…
General expenses [1]	- 2,589	*- 47.6*	- 2,741	*- 59.2*	5.9
Bad debts recovered (written off)	- 584	*- 10.7*	- 1,262	*- 27.2*	116.1
Depreciation and amortisation	- 369	*- 6.8*	- 390	*- 8.4*	5.7
Current pre-tax profit	**1,899**	***34.9***	**241**	***5.2***	**- 87.3**
Extraordinary items	- 9	*- 0.2*	- 365	*- 7.9*	n.c.
Profit (loss) before tax	**1,890**	***34.7***	**- 124**	***- 2.7***	**n.c.**
Income tax	- 627	*- 11.5*	120	*2.6*	n.c.
Minority interest	- 114	*- 2.1*	- 80	*- 1.7*	n.c.
Net profit	**1,149**	***21.1***	**- 84**	***- 1.8***	**n.c.**

Balance sheet

	31-3-2008		30-9-2008		Change
	JPY bn	%	JPY bn	%	%
Cash and deposits at central banks	…	…	…	…	…
Securities [2]	163,115	*27.1*	158,274	*26.7*	- 3.0
Loans and advances to banks [3]	73,261	*12.2*	66,102	*11.1*	- 9.8
Loans and advances to customers	319,379	*53.1*	326,016	*54.9*	2.1
Interests in subsidiaries and associated	…	…	…	…	…
Net tangible assests	4,257	*0.7*	4,228	*0.7*	- 0.7
Intangible assets [4]	3,822	*0.6*	3,805	*0.6*	- 0.4
Other assets	38,190	*6.3*	35,272	*6.0*	- 7.6
Total assets	**602,024**	***100.0***	**593,697**	***100.0***	**- 1.4**
Customer deposits	406,666	*67.6*	405,943	*68.4*	- 0.2
Debt securities [5]	35,078	*5.8*	31,797	*5.3*	- 9.4
Subordinated liabilities	…	…	…	…	…
Total funding from customers	*441,744*	*73.4*	*437,740*	*73.7*	*- 0.9*
Deposits by banks	81,773	*13.6*	83,390	*14.1*	2.0
Other liabilities	48,768	*8.1*	44,578	*7.5*	- 8.6
Total liabilities	**572,285**	***95.1***	**565,708**	***95.3***	**- 1.1**
Net worth	**29,739**	***4.9***	**27,989**	***4.7***	**- 5.9**
of which:					
shareholders' equity	24,755	*4.1*	22,855	*3.8*	- 7.7
minority interests	4,984	*0.8*	5,134	*0.9*	3.0

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.31 – PROFIT AND LOSS ACCOUNT AND BALANCE SHEET FOR 1H 2008: UNITED STATES

Profit and loss account

	1H 2007		1H 2008		Change
	USD m	%	USD m	%	%
Net interest income	95,954	*44.7*	112,522	*57.3*	17.3
Other operating income	101,833	*47.5*	98,332	*50.1*	- 3.4
Gains (losses) on financial transactions	16,722	*7.8*	- 14,562	*- 7.4*	n.c.
Total income	**214,509**	***100.0***	**196,292**	***100.0***	**- 8.5**
Labour costs	- 69,263	*- 32.3*	- 70,029	*- 35.7*	1.1
General expenses	- 44,059	*- 20.5*	- 49,740	*- 25.3*	12.9
Bad debts recovered (written off)	- 15,780	*- 7.4*	- 69,667	*- 35.5*	341.5
Depreciation and amortisation	- 7,830	*-3.7*	- 8,946	*- 4.6*	14.3
Current pre-tax profit	**77,577**	***36.2***	**- 2,090**	***- 1.1***	**n.c.**
Extraordinary items	1,350	*0.6*	- 9,395	*- 4.8*	n.c.
Profit (loss) before tax	**78,927**	***36.8***	**- 11,485**	***- 5.9***	**n.c.**
Income tax	- 24,998	*- 11.7*	4,159	*2.1*	n.c.
Minority interest	- 530	*- 0.2*	-343	*- 0.2*	n.c.
Net profit	**53,399**	***24.9***	**-7,669**	***- 3.9***	**n.c.**

Balance sheet

	31-12-2007		30-6-2008		Change
	USD m	%	USD m	%	%
Cash and deposits at central banks	…	…	…	…	…
Securities	2,085,870	*23.4*	2,111,984	*23.3*	1.3
Loans and advances to banks [1]	1,045,795	*11.7*	1,050,013	*11.6*	0.4
Loans and advances to customers	4,380,387	*49.2*	4,327,133	*47.7*	- 1.2
Interests in subsidiaries and associated	87,390	*1.0*	89,467	*1.0*	2.4
Net tangible assests	71,412	*0.8*	78,091	*0.9*	9.4
Intangible assets [2]	422,697	*4.7*	426,459	*4.7*	0.9
Other assets	809,288	*9.1*	983,071	*10.8*	21.5
Total assets	**8,902,839**	***100.0***	**9,066,218**	***100.0***	**1.8**
Customer deposits	4,358,590	*49.0*	4,323,118	*47.7*	- 0.8
Debt securities [3]	1,441,534	*16.1*	1,448,255	*16.0*	0.5
Subordinated liabilities	…	…	…	…	…
Total funding from customers	*5,800,124*	65.1	*5,771,373*	63.7	*- 0.5*
Deposits by banks	1,501,394	*16.9*	1,454,529	*16.0*	- 3.1
Other liabilities	870,263	*9.8*	1,059,554	*11.7*	21.8
Total liabilities	**8,171,781**	***91.8***	**8,285,456**	***91.4***	**1.4**
Net worth	**731,058**	***8.2***	**780,762**	***8.6***	**6.8**
of which:					
shareholders' equity	717,782	*8.1*	770,151	*8.5*	7.3
minority interests	13,276	*0.1*	10,611	*0.1*	- 20.1

[1] Includes cash and deposits at central banks.
[2] Includes goodwill.
[3] Includes subordinated liabilities.

TABLE I.32 – PROFIT AND LOSS ACCOUNT AND BALANCE SHEET FOR FY 2008: EUROPE *

Profit and loss account

	Years ended December 31				
	2007		2008		Change
	EUR m	%	EUR m	%	%
Net interest income	192,760	*46.7*	232,365	*65.9*	20.5
Other operating income	181,830	*44.0*	191,732	*54.4*	5.4
Gains (losses) on financial transactions	38,464	*9.3*	- 71,497	*- 20.3*	n.c.
Total income	**413,054**	***100.0***	**352,600**	***100.0***	**- 14.6**
Labour costs	- 152,897	*- 37.0*	- 140,808	*- 39.9*	- 7.9
General expenses [1]	- 107,763	*- 26.1*	- 115,356	*- 32.7*	7.0
Bad debts recovered (written off)	- 38,950	*- 9.4*	- 83,124	*- 23.6*	113.4
Current pre-tax profit	**113,444**	***27.5***	**13,312**	***3.8***	**- 88.3**
Extraordinary items	31,496	*7.6*	- 49,294	*- 14.0*	n.c.
Profit (loss) before tax	**144,940**	***35.1***	**- 35,982**	***- 10.2***	**n.c.**
Income tax	- 30,656	*- 7.4*	8,544	*2.4*	n.c.
Minority interest	- 6,663	*- 1.6*	6,191	*1.8*	n.c.
Net profit	**107,621**	***26.1***	**- 21,247**	***- 6.0***	**n.c.**

Balance sheet

	31-12-2007		31-12-2008		Change
	EUR m	%	EUR m	%	%
Cash and deposits at central banks	212,126	*1.0*	318,949	*1.3*	50.4
Securities	5,812,642	*26.3*	4,255,445	*17.9*	- 26.8
Loans and advances to banks	2,731,951	*12.3*	2,234,987	*9.4*	- 18.2
Loans and advances to customers	9,259,918	*41.9*	9,319,486	*39.1*	0.6
Interests in subsidiaries and associated	86,679	*0.4*	69,524	*0.3*	- 19.8
Net tangible assests	177,984	*0.8*	174,077	*0.7*	- 2.2
Intangible assets [2]	280,497	*1.3*	235,225	*1.0*	- 16.1
Other assets	3,545,062	*16.0*	7,223,881	*30.3*	103.8
Total assets	**22,106,859**	***100.0***	**23,831,574**	***100.0***	**7.8**
Customer deposits	7,709,158	*34.9*	7,260,093	*30.5*	- 5.8
Debt Securities	3,780,702	*17.1*	3,460,711	*14.5*	- 8.5
Subordinated liabilities	399,255	*1.8*	439,999	*1.8*	10.2
Total funding from customers	*11,889,115*	*53.8*	*11,160,803*	*46.8*	*- 6.1*
Deposits by banks	3,857,016	*17.4*	3,296,214	*13.9*	-14.5
Other liabilities	5,494,531	*24.9*	8,606,993	*36.1*	56.6
Total liabilities	**21,240,662**	***96.1***	**23,064,010**	***96.8***	**8.6**
Net worth	**866,197**	***3.9***	**767,564**	***3.2***	**- 11.4**
of which:					
shareholders' equity	747,702	*3.4*	678,886	*2.8*	- 9.2
minority interests	118,495	*0.5*	88,678	*0.4*	- 25.2

* Data refers to 20 companies which accounted for 81.7% of the total assets of European banks included in the survey as at end-2007.

[1] Includes depreciation and amortization.

[2] Includes goodwill.

TABLE I.33 – PROFIT AND LOSS ACCOUNT AND BALANCE SHEET FOR FY 2008: UNITED STATES *

Profit and loss account

	Years ended December 31				
	2007		2008		Change
	USD m	%	USD m	%	%
Net interest income	166,919	*50.0*	198,053	*64.4*	18.7
Other operating income	182,055	*54.5*	153,648	*49.9*	- 15.6
Gains (losses) on financial transactions	- 15,109	*- 4.5*	- 43,975	*- 14.3*	191.1
Total income	**333,865**	***100.0***	**307,726**	***100.0***	**- 7.8**
Labour costs	- 117,249	*- 35.1*	- 112,761	*- 36.6*	- 3.8
General expenses [1]	- 92,643	*- 27.8*	- 100,974	*- 32.8*	9.0
Bad debts recovered (written off)	- 49,390	*- 14.8*	- 147,307	*- 47.9*	198.3
Current pre-tax profit	**74,583**	***22.3***	**- 53,316**	***- 17.3***	**n.c.**
Extraordinary items	134	*0.1*	- 38,541	*- 12.6*	n.c.
Profit (loss) before tax	**74,717**	***22.4***	**- 91,857**	***- 29.9***	**n.c.**
Income tax	- 19,733	*- 5.9*	28,595	*9.3*	n.c.
Minority interest	- 1,059	*- 0.3*	198	*0.1*	n.c.
Net profit	**53,925**	***16.2***	**- 63,064**	***- 20.5***	**n.c.**

Balance sheet

	31-12-2007		31-12-2008		Change
	USD m	%	USD m	%	%
Cash and deposits at central banks	...	...	...	...	...
Securities	1,957,388	*25.1*	1,767,282	*22.8*	- 9.7
Loans and advances to banks [2]	1,012,153	*13.0*	1,180,111	*15.2*	16.6
Loans and advances to customers	3,617,534	*46.4*	3,424,200	*44.2*	- 5.3
Interests in subsidiaries and associated	...	...	...	...	...
Net tangible assests	54,092	*0.7*	51,693	*0.7*	- 4.4
Intangible assets [3]	358,764	*4.6*	301,552	*3.9*	- 15.9
Other assets [4]	798,845	*10.2*	1,019,690	*13.2*	27.6
Total assets	**7,798,776**	***100.0***	**7,744,528**	***100.0***	**- 0.7**
Customer deposits	3,657,421	*46.9*	3,766,884	*48.6*	3.0
Debt Securities [5]	1,339,707	*17.2*	1,261,700	*16.3*	- 5.8
Subordinated liabilities	...	...	...	...	...
Total funding from customers	*4,997,128*	*64.1*	*5,028,585*	*64.9*	*0.6*
Deposits by banks	1,370,578	*17.6*	1,177,774	*15.2*	- 14.1
Other liabilities	821,137	*10.5*	896,940	*11.6*	9.2
Total liabilities	**7,188,843**	***92.2***	**7,103,299**	***91.7***	**- 1.2**
Net worth	**609,933**	***7.8***	**641,229**	***8.3***	**5.1**
of which:					
shareholders' equity	597,811	*7.7*	639,000	*8.3*	6.9
minority interests	12,122	*0.1*	2,229	*o*	n.c.

* Data refers to 9 companies which accounted for 87.6% of the total assets of US banks included in the survey as at end-2007.

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

APPENDIX 1 – Unusual features of several banking groups

Germany

The German banks included in our survey comprise five groups, all of which have certain features that could be described as unusual. Three of them are *Landesbanken*, i.e. publicly-owned or state banks, which operate *inter alia* as central banks for savings institutions in their local regions or *Länder*. These local savings institutions own stakes in the *Landesbanken* via their associations, as do the regions themselves and the municipalities ("state capital"). In some cases the *Landesbanken* also control the local savings banks, or have merged with them during the course of their history, and hence their role as central banks is complemented by commercial banking activities. The *Landesbanken* also provide other services, whether themselves or via subsidiaries, such as real estate loans, leasing, factoring, project finance, exchange rate and derivatives trading, equity investment, 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 in support of 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 ([67]).

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

DZ Bank functions as a central bank to around 80% of the *Volksbanken* and *Raiffeisenbanken* (local German co-operative banks) which own the majority of its share capital.[68] Like the *Landesbanken*, it provides services such as real estate loans, leasing, insurance and asset management, both itself and via subsidiaries. It too has international operations, with several branches outside Germany. Lastly, Kreditanstalt für Wiederaufbau (KfW) is a state-owned bank granting mid-/long-term loans for small and medium-size businesses, residential housing and infrastructure, including as project finance and via securitizations. It promotes and finances investment projects in developing countries, and supports German enterprise abroad.[69] Features which all of these banks have in common and which distinguish them from the other banks in this survey are: no or limited agency network; relatively low headcount; funding focused on bond issuance, term deposits and the interbank market; and (with the exception of KfW), providing services on behalf of associated small-/medium-size banks.[70]

AG, at that time wholly-owned by Landesbank NRW, a public law holding company reporting to the State of North Rhine-Westphalia. In addition, following a ruling by the European Commission on 20 October 2004, WestLB, Norddeustsche Landesbank and Bayerische Landesbank were required to pay an aggregate amount of EUR 2.4bn to their respective states, representing interest accrued at market rates on activities previously integrated into them as contributions in kind.

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

[69] 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 2007, the KfW Group owned 30.5% of Deutsche Post and 16.9% of Deutsche Telekom.

[70] WestLB serves as a central bank for savings banks in North Rhein-Westphalia and Brandenburg, Bayerische Landesbank for savings banks in Bavaria, and Landesbank Baden-Wuerttemberg for savings banks in the region of the same name, as well as Rheinland-Pfalz (following the acquisition of Landesbank Rheinland-Pfalz, the region's central bank, in 2005) and Saxony (following the acquisition of Landesbank Sachsen A.G. in 2008).

Two of the French banks featured here are co-operatives, namely Crédit Agricole and Crédit Mutuel. Crédit Agricole underwent large-scale changes in the course of 2001, which led to the setting up of Crédit Agricole S.A. and its listing on 14 December of the same year. The Crédit Agricole "group" has an inverse pyramidal structure with the local co-operative banks at the top, which as at year-end 2007 numbered 2,570, had around 5.8 million shareholders, and control 39 regional banks (Caisses Régionales de Crédit Agricole), which in turn control Crédit Agricole S.A. (formerly Caisse Nationale de Crédit Agricole) through SAS Rue la Boétie. The latter engages in treasury operations, ensuring the Group's "financial cohesion", and redistributes the regional banks' surplus funds. It also oversees common areas of operations via its subsidiaries, and promotes international growth. Unlike the German *Landesbanken*, in this case the consolidated balance sheet includes all the local banks, the regional banks and the central body: a total of 3,105 consolidated entities in 2007. Alongside these is the Fédération Nationale du Crédit Agricole, which represents and coordinates regional banks and the group as a whole, but is not consolidated. In November 2001, the regional banks transferred their holdings in jointly-owned service companies, chiefly in the areas of life insurance, asset management and consumer credit, to Caisse Nationale de Crédit Agricole, which thereupon changed its name to Crédit Agricole S.A., in exchange for newly-issued shares. Thereafter, a new holding company was set up under the name SAS Rue La Boétie, to which the regional banks transferred all the Crédit Agricole S.A. shares they owned. After the Crédit Agricole S.A. shares were sold in December 2001, the holding company held over 70% of the share capital.[71] 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.

[71] Share diluted to 54.8% on 31 December 2008 (55.1% of voting rights), chiefly due to rights issue implemented to acquire 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 there are 1,988 local savings banks, which are co-operative institutions with variable share capital and 7.1 million shareholders. These are grouped into 18 *Fédérations Régionales*, which are made up of one federative body and one Caisse Fédérale, alongside which are the *Fédération du Crédit Mutuel Agricole et Rural* which operates at a national level in the agricultural sector. The shareholders of the regional Caisse Fédérale are the local banks, and all the local banks are associates of the Fédération Régionale, which represents, directs and oversees but does not engage in banking activities, these being the remit of the Caisse Fédérale. Operating on a national level there are the Confédération Nationale, which is a representative body, and the Caisse Centrale du Crédit Mutuel, a national financial body whose capital is owned 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 2,334 consolidated companies in 2007.[72] Until 2001, the consolidation scope did not include the Crédit Industriel et Commercial-CIC Group (formerly Union Européenne de CIC), acquired in 1998 with an initial stake of 67%, which increased to over 95% after the purchase of the share held by Groupama-GAN in 2001. The tables providing data for the Crédit Mutuel group contained in the text refer to the aggregate of the two groups for the years between 1998 and 2001.

There are also two other French banking groups which have a shareholder structure along the lines outlined above, but which were set up more recently, namely Groupe Caisse d'Epargne and Groupe Banques Populaires. Groupe Caisse d'Epargne was established in 1999, the first year for which consolidated financial statements are available. The group's central body is the Caisse Nationale des Caisses d'Epargne et de Prévoyance (CNCE), controlled by 21 local savings banks, which are in turn controlled by 350 local savings companies with 3.7 million

[72] The local banks were consolidated on a line-by-line basis for the first time in 2005 in conjunction with the adoption of IAS/IFRS rules.

shareholders.[73] The Groupe Banque Populaire was instead created in May 2001, from which year a consolidated balance sheet has been produced. The central national body is the Banque Fédérale des Banques Populaires, controlled by 20 cooperative banks with 3.2 million members.[74] These last two groups were not included in the sample because it was not possible to reconstruct a uniform series of data for the period in question.

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. In terms of shareholder structure, at 31 March 2008, Norinchukin Bank was owned by 4,260 co-operatives, while Shoko Chukin Bank was 77.5% owned by the Japanese government, with the outstanding share capital owned by 25,822 co-operative companies comprised of small and medium-sized firms.

Shinkin Central Bank is the industry establishment for the 281 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 2008 they had a network of 7,686 branches, with 112,472 employees.

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[73] The consolidated balance sheet for 2008 of the Caisse d'Epargne Group closed with a negative result of 2,015 million euros, total assets of 649,720 million and equity of 16,564 million.

[74] The consolidated balance sheet for 2007 of the Banque Populaire Group closed with totall assets of 348,915 million euros, shareholders' equity of 20,374 million euros and positive earnings of 1,055 million euros. Earnings for 2008 were negative by 468 million euros.

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

A summary description of the main merger and acquisition transactions that took place between the banks included in this survey is provided below. A detailed chronological list of all such transactions is found in Table III.2.

In **Germany**, the merger between Bayerische Vereinsbank and Bayerische Hypotheken- und Wechsel-Bank in 1998 led to the creation of Bayerische Hypo- und Vereinsbank (HVB), the second largest bank in the country after Deutsche Bank. In 1999, Deutsche Bank acquired the US Bankers Trust and, in 2000, HVB was the main player in the acquisition of Bank Austria, which in turn had merged with Creditanstalt in 1997.[75] In 2002, Deutsche Bank, Commerzbank and Dresdner Bank deconsolidated their respective activities in the mortgage sector, transferring them to Eurohypo, in which they each acquired a minority shareholding; in two separate stages, in December 2005 and March 2006, Commerzbank bought the shares of the other two biggest shareholders, takin control of the company. In November 2005, UniCredito Italiano acquired control of HVB via a public tender offer. In 2007, Hypo Real Estate Holding, created in January 2003 as a result of a transfer of business by HVB, acquired DEPFA Bank of Dublin, which had in turn been operating since January 2002 after taking over the business of DEPFA Deutsche Pfandbriefbank. In January 2009, Commerzbank acquired full control of Dresdner Bank from the Allianz Group.

In **France**, in 1998, Crédit Mutuel acquired a majority share in Union Européenne de CIC (now Crédit Industriel et Commercial-CIC) as part of the privatisation of this institution enacted by the French government. In 1999, Banque Nationale de Paris managed to fend off Société Générale's bid for Paribas by acquiring it and changing its own

[75] In July 2003, HVB had sold a 25% share in Bank Austria Creditanstalt on the market, which netted proceeds of approx. EUR 1 bn. In November 2005, as part of its acquisition of control of HVB, UniCredito Italiano launched a voluntary public tender and exchange offer in respect of the free float of Bank Austria Creditanstalt, which led to it acquiring 17.5% of the bank's share capital.

name to BNP Paribas. In 2000, Crédit Commercial de France was acquired by UK group HSBC Holdings. Also in 1999, Crédit Lyonnais was privatized through the formation of a core shareholder group that controlled approximately one-third of share capital, within which Crédit Agricole owned the largest stake, equal to 11% of voting rights. In 2003, Crédit Agricole acquired control of Crédit Lyonnais via a public tender offer on the entirety of share capital.

In the **Benelux** countries, Banque Bruxelles Lambert was bought by Dutch company ING Groep with effect from 1 January 1998, while in the same year Belgian-Dutch group Fortis acquired the largest bank in Belgium, Générale de Banque.[76] The other major national mergers were the following: in **Switzerland**, Unione di Banche Svizzere and Società di Banca Svizzera merging in 1998 to become the UBS group; in **Spain**, Banco Santander acquiring Banco Central Hispanoamericano in 1999, plus Banco Bilbao Vizcaya acquiring Argentaria in 2000; in **Italy**, Banca Intesa buying Banca Commerciale Italiana in 1999 and absorbing Sanpaolo IMI, taking on the name Intesa Sanpaolo, effective from 1 January 2007; in the **United Kingdom**, the Royal Bank of Scotland group buying the National Westminster Bank in 2000, and in 2001 Halifax and the Bank of Scotland merging to form a single holding company named HBOS. In January 2009, the latter was acquired by Lloyds TSB Group, which became the Lloyds Banking Group. In **Denmark**, in 2000 Danske Bank acquired RealDanmark, the holding company which owns BG Bank, the third largest bank in the country prior to this transaction, and Realkredit Danmark, a mortgage lender.

There were major cross-border transactions in **Scandinavia**, notably the merger between Nordbanken of Sweden and Finnish group Merita in 1998, then controlled by Nordic Baltic Holding (now Nordea Bank), and the latter's acquisition in 2000 of Danish holding company

[76] The Fortis group comprises two holding companies: the Belgian Fortis S.A. and Fortis N.V. of the Netherlands, each of which owns a 50% share in the operating companies. In December 2001, the two holding companies' shares were replaced with a single set of shares, with the result that now shareholders in the combined entity remain shareholders in and retain equal voting rights in respect of both holding companies. Currently the Fortis Group is only involved in insurance-related activities.

Unidanmark, which owns Unibank, along with Danish insurer Tryg-Baltica Forsikring and Norwegian insurance company Vesta, both of which were acquired in 1999. Nordea Bank then also took control of the smaller Norwegian Christiania Bank og Creditkasse at the end of 2000.

Recent years have witnessed the largest cross-border European deals. In 2004 the Spanish group Santander acquired the UK-based Abbey National; in 2005, as mentioned above, UniCredito Italiano acquired the German HVG; in October 2007, a special purpose vehicle incorporated and owned by The Royal Bank of Scotland Group (38.3%), Fortis (33.8%) and Banco Santander (27.9%) acquired control of the Dutch ABN AMRO Holding on the basis of agreements to spin off and acquire the assets of the absorbed group on a pro-quota basis.[77]

In **Japan**, major mergers took place in fiscal years 2000 and 2001 involving the biggest institutions belonging to different groups of companies.[78] In September 2000, Fuji Bank, Dai-Ichi Kangyo Bank and the IBJ m/l term loan company joined together in a common holding company called Mizuho Holdings, and subsequently into the new holding company Mizuho Financial Group.[79] Three further

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[77] Consideration for the deal came to EUR 71 bn, of which 66 bn was paid in cash and 5 bn in newly issued shares in The Royal Bank of Scotland Group.

[78] 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 first case the businesses are linked by relations with a large bank which is at the centre of the organisation; in the latter the link is more of a purchasing-supply nature with other members of the grouping. The first type until the 1990s included the so-called “big six” groupings: Mitsubishi, Sumitomo, Mitsui, Fuyo, Dai-Ichi and Sanwa, which had the following as their respective reference banks: Bank of Tokyo Mitsubishi, Sumitomo Bank, Sakura Bank, Fuji Bank, Dai-Ichi Kangyo Bank and Sanwa Bank. The mergers described in the text have significantly altered this situation.

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

transactions took place in April 2001: Sakura Bank and Sumitomo Bank merged, the latter taking on the name of Sumitomo Mitsui Banking (here too a new holding company was set up in December 2002, Sumitomo Mitsui Financial Group, which took on the role of parent company); Mitsubishi Tokyo Financial Group brought Bank of Tokyo-Mitsubishi and Mitsubishi Trust and Banking into the group under its control; and the new holding company UFJ Holdings brought Sanwa Bank, Tokay Bank and Toyo Trust and Banking under its umbrella. In December 2001, Daiwa Bank, Kinki Osaka Bank (resulting from the previous merger between Bank of Kinki and Bank of Osaka) and the smaller Nara Bank grouped together under Daiwa Bank Holdings (subsequently Resona Holdings), which, in March 2002, was joined by Ashai Bank. In September 2004, Hokugin Financial Group, which had taken over Hokuriku Bank in 2003, acquired Hokkaido Bank, taking on the new name of Hokuhoku Financial Group. With effect from 1 October 2005, Mitsubishi Tokyo Financial Group and UFJ Holdings were merged into Mitsubishi UFJ Financial Group, thereby creating the largest Japanese bank in the world by total assets.

In the **United States**, Citicorp and insurer Travelers Group merged in 1998 to form Citigroup. Citigroup then acquired two smaller banks: Associates First Capital (which was established in 1998 following a spin-off by the Ford Motor Group) in 2000 and Golden State Bancorp in 2002. Three other mergers also took place in 1998 between groups of virtually the same size, enabling the new combined entities to double in size and rank among the leading players in the country in terms of total assets. These were: NationsBank and BankAmerica, with the former taking on the name of the latter before becoming Bank of America; Banc One and First Chicago NBD, which combined to form Bank One; and Wells Fargo & Co., which acquired Norwest. The merger between Chase Manhattan and J.P. Morgan & Co. took place in 2000, with the former taking on the name of J.P. Morgan Chase & Co., which was subsequently changed into JPMorgan Chase & Co. as from July 2004.

Other smaller mergers involved: Fleet Financial Group, which first acquired BankBoston in 1999, subsequently changing its name to Fleet Boston (then FleetBoston Financial), then Summit Bancorp in 2001;

First Union which merged with Wachovia in 2001 and took over its name, and Firstar, which having acquired Mercantile Bancorp in 1999, then acquired U.S. Bancorp and assumed its name.

Several significant new mergers took place in 2004: in April, Bank of America acquired FleetBoston 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 has continued in subsequent years, with Capital One Financial absorbing first Hibernia and then North Fork Bancorporation in 2006. Also in 2006, Bank of America acquired MBNA, whereas Golden West Financial was acquired by Wachovia and AmSouth Bancorporation by Regions Financial.

During 2008, Bank of America acquired Countryside Financial, while JPMorgan Chase & Co., after having acquired investment bank The Bear Stearns Companies, took over the banking business of Washington Mutual, following its bankruptcy. As of 31-12-2008, Wells Fargo and The PNC Financial Services Group respectively incorporated Wachovia and National City and Bank of America acquired investment bank Merrill Lynch & Co. as of 1-1-2009.

* * *

One unusual feature involves ***investment banking*** activities, which for most of the banks included in the survey primarily featured organic growth until the recent crisis. That said, there were several notable acquisitions during the period, involving the Swiss banks, German banks Deutsche Bank and Dresdner Bank, and ING Groep of the Netherlands. Società di Banca Svizzera, which later merged with UBS, acquired the investment banking activities of SG Warburg Group Plc of London in 1995, forming SBC Warburg. In 1997 it then acquired the U.S.-based Dillon Read, followed by Paine Webber in 2000. In 1998 the Crédit Suisse Group, which acquired control of The First Boston in 1998, acquired BZW from Barclays in 1997 and Donaldson, Lufkin & Jenrette in 2000. In 1995 Deutsche Bank and Dresdner Bank acquired Morgan Grenfell and Kleinwort Benson, respectively. Deutsche Bank further reinforced its presence in the sector through the acquisition of Bankers Trust in 1999, whereas Dresdner Bank acquired Wasserstein Perella in 2000. The ING Groep, following the acquisition of the Barings Group in 1995, extended its investment banking activities through the acquisition of Banque Bruxelles Lambert in 1998 and the German BHF-Bank in 1999 (a part of these latter assets were then sold in 2004). Among national activity, as mentioned above, Crédit Agricole acquired Banque Indosuez in 1996; Banque Nationale de Paris acquired Paribas in 1999; Istituto Bancario San Paolo di Torino (subsequently Sanpaolo IMI, currently Intesa Sanpaolo) acquired and absorbed IMI-Istituto Mobiliare Italiano. In 2000, Crédit Agricole, which had operated a joint-venture with Banque Lazard since 1995 through Crédit Agricole Lazard Financial Products of London, acquired a 30.9% stake (20.5% of voting rights) in Rue Impériale de Lyon, which at the time was controlled by the Lazard Group (this equity investment was then transformed into Eurazeo in 2004).[80]

This survey does not include the three largest U.S. investment banks, namely Merrill Lynch, Goldman Sachs, Lehman Brothers and The Bear Stearns Companies, on the grounds of their atypical features. The latter was taken over by JPMorgan Chase & Co. at the end of May 2008, while Merrill Lynch was acquired by Bank of America as of 1-1-2009. In September 2008, Lehman Brothers declared bankruptcy, while Goldman Sachs became a *bank holding company*, subjecting itself to supervision by the Federal Reserve (a condition for accessing its advances and loans). The latter is the only investment bank that has survived the financial crisis as an independent entity.

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

APPENDIX 3 – Insurance activities

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

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

The following table contains a summary of the banking and insurance operations of European banks over the past three years. It should be recalled that in 2006 Crédit Suisse sold its controlling stake in the insurance group Winterthur, with technical reserves and investment contracts of a total of EUR 102.3 bn at the end of 2005.

	Current pre-tax profit			Total assets [1]		
	2005	2006	2007	2005	2006	2007
		EUR bn			*EUR bn*	
Banking	133.2	155.5	111.1	21,115.9	23,101.2	25,864.1
Insurance	19.2	20.1	16.4	1,430.6	1,423.6	1,463.7
Total	**152.4**	**175.6**	**127.5**	**22,546.5**	**24,524.8**	**27,327.8**
		as % of total income			*as % of total assets*	
Banking	*29.0*	*30.3*	*22.6*	*93.7*	*94.2*	*94.6*
Insurance	*4.2*	*3.9*	*3.3*	*6.3*	*5.8*	*5.4*
Total	***33.2***	***34.2***	***25.9***	***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 421.6bn in 2007).

Among US banks, only Citigroup included an insurance group in its consolidated account, following the 1998 merger with Travelers Group. This business shrunk in 2002 with the transfer of the non-life business, and ceased in 2005 with the sale of its life business as well.[81] This business accounted for 0.6% of the aggregated data for US banks before tax in 2005 (1.2% in 2004). Technical reserves instead accounted for 1.4% of total assets at the end of 2004. No insurance activities were recorded in the balance sheets of Japanese banks.

In the aggregate figures provided in this survey, current pre-tax profit from insurance activities is included in the profit and loss account

[81] In March and August 2002, Citigroup offered to the public and distributed to its own shareholders by way of a dividend shares in its subsidiary Travelers Property Casualty Corp. Upon completion of these transactions, the former of which yielded a gain of USD 1.2 bn, Citigroup had reduced its interest in this company to approx. 9.9%. The life insurance activities were sold to the MetLife group with effect from 1 July 2005 for a consideration of USD 11.8 bn, USD 10.8 bn of which in cash and USD 1 bn in MetLife shares.

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 under *Customer deposits*. Invested assets, for which data is generally not available, are reported under the appropriate asset headings in accordance with their nature (typically *Securities* or *Net tangible assets*).

II. STATISTICAL TABLES

TABLE II.1 – PROFIT AND LOSS ACCOUNTS

	1998		1999		2000		2001		2002	
	EUR m	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%
Interest receivable and similar income	981,228		1,046,175		1,239,559		1,247,917		994,184	
Interest payable and similar expenses	-677,757		-690,731		-862,642		-826,267		-592,774	
Net interest income	**303,471**	***55.1***	**355,444**	***52.9***	**376,917**	***48.8***	**421,650**	***50.6***	**401,410**	***52.0***
Commissions receivable and other operating income (1)	199,717	*36.3*	251,742	*37.5*	310,501	*40.2*	332,228	*39.9*	304,861	*39.5*
Commissions payable and other operating expenses	…	…	…	…	…	…	…	…	…	…
Dividends and share of profit (loss)	…	…	…	…	…	…	…	…	…	…
Gains (losses) on financial transactions	47,437	*8.6*	64,496	*9.6*	84,209	*10.9*	79,175	*9.5*	64,957	*8.4*
Total income	**550,625**	***100.0***	**671,682**	***100.0***	**771,627**	***100.0***	**833,053**	***100.0***	**771,228**	***100.0***
Labour costs	…	…	…	…	…	…	…	…	…	…
General expenses (2)	-313,198	*-56.9*	-375,233	*-55.9*	-432,960	*-56.1*	-469,005	*-56.3*	-428,039	*-55.5*
Bad debts recovered (written off)	-162,601	*-29.5*	-86,265	*-12.8*	-91,494	*-11.9*	-146,046	*-17.5*	-122,602	*-15.9*
Depreciation and amortization	-24,630	*-4.5*	-29,415	*-4.4*	-34,880	*-4.5*	-37,446	*-4.5*	-35,643	*-4.6*
Current pre-tax profit	**50,196**	***9.1***	**180,769**	***26.9***	**212,293**	***27.5***	**180,556**	***21.7***	**184,944**	***24.0***
Amortization of goodwill	-6,971	*-1.3*	-7,642	*-1.1*	-9,857	*-1.3*	-14,675	*-1.8*	-12,844	*-1.7*
Transfer from (to) reserves	-665	*-0.1*	-2,231	*-0.3*	-1,461	*-0.2*	-2,489	*-0.3*	189	*0.0*
Fixed asset revaluations (writedowns)	-9,309	*-1.7*	-6,266	*-0.9*	-6,744	*-0.9*	-25,768	*-3.1*	-32,032	*-4.2*
Extraordinary items	39,522	*7.2*	48,369	*7.2*	33,735	*4.4*	230	*0.0*	-4,513	*-0.6*
Cumulative effect of accounting changes	0	*0.0*	-210	*0.0*	-49	*0.0*	-691	*-0.1*	-1,230	*-0.2*
Profit (loss) before tax	**72,773**	***13.2***	**212,789**	***31.7***	**227,917**	***29.5***	**137,163**	***16.5***	**134,514**	***17.4***
Income tax	-30,668	*-5.6*	-73,521	*-10.9*	-70,012	*-9.1*	-42,715	*-5.1*	-55,399	*-7.2*
Profit attributable to minorities	-3,545	*-0.6*	-4,812	*-0.7*	-7,827	*-1.0*	-7,609	*-0.9*	-6,803	*-0.9*
Net profit attributable to parent company	**38,560**	***7.0***	**134,456**	***20.0***	**150,078**	***19.4***	**86,839**	***10.4***	**72,312**	***9.4***
Dividends payout	*38,353*	*7.0*	*49,787*	*7.4*	*57,762*	*7.5*	*63,836*	*7.7*	*57,413*	*7.4*

	2003		2004		2005		2006		2007	
	EUR m	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%
Interest receivable and similar income	848,591		878,101		1,190,967		1,391,023		1,614,760	
Interest payable and similar expenses	-473,437		-504,110		-780,342		-982,725		-1,209,596	
Net interest income	**375,154**	***51.1***	**373,991**	***50.4***	**410,625**	***48.6***	**408,298**	***46.2***	**405,164**	***49.0***
Commissions receivable and other operating income (1)	289,789	*39.5*	305,204	*41.1*	359,707	*42.5*	375,260	*42.4*	389,944	*47.1*
Commissions payable and other operating expenses	…	…	…	…	…	…	…	…	…	…
Dividends and share of profit (loss)	…	…	…	…	…	…	…	…	…	…
Gains (losses) on financial transactions	69,387	*9.4*	62,628	*8.4*	75,284	*8.9*	100,448	*11.4*	32,090	*3.9*
Total income	**734,330**	***100.0***	**741,823**	***100.0***	**845,616**	***100.0***	**884,006**	***100.0***	**827,198**	***100.0***
Labour costs	…	…	…	…	…	…	…	…	…	…
General expenses (2)	-398,904	*-54.3*	-403,372	*-54.4*	-464,068	*-54.8*	-480,254	*-54.3*	-485,378	*-58.7*
Bad debts recovered (written off)	-84,170	*-11.5*	-56,429	*-7.6*	-49,568	*-5.9*	-55,849	*-6.3*	-93,357	*-11.3*
Depreciation and amortization	-31,609	*-4.3*	-30,723	*-4.1*	-35,117	*-4.2*	-35,242	*-4.0*	-35,539	*-4.3*
Current pre-tax profit	**219,647**	***29.9***	**251,299**	***33.9***	**296,863**	***35.1***	**312,661**	***35.4***	**212,924**	***25.7***
Amortization of goodwill	-10,842	*-1.5*	-7,889	*-1.1*	-301	*0.0*	-217	*0.0*	-280	*0.0*
Transfer from (to) reserves	-604	*-0.1*	-654	*-0.1*	-1,179	*-0.1*	-1,255	*-0.1*	0	*0.0*
Fixed asset revaluations (writedowns)	-8,171	*-1.1*	-7,315	*-1.0*	-3,036	*-0.4*	-5,500	*-0.6*	-24,544	*-3.0*
Extraordinary items	3,441	*0.5*	394	*0.1*	32,002	*3.8*	42,251	*4.8*	61,139	*5.2*
Cumulative effect of accounting changes	-216	*0.0*	13	*0.0*	-172	*0.0*	1,670	*0.2*	0	*0.0*
Profit (loss) before tax	**203,255**	***27.7***	**235,848**	***31.8***	**324,177**	***38.3***	**349,610**	***39.5***	**249,239**	***30.1***
Income tax	-71,126	*-9.7*	-72,431	*-9.8*	-90,656	*-10.7*	-97,222	*-11.0*	-62,062	*-7.5*
Profit attributable to minorities	-7,684	*-1.0*	-8,956	*-1.2*	-9,296	*-1.1*	-9,178	*-1.0*	-9,407	*-1.1*
Net profit attributable to parent company	**124,445**	***16.9***	**154,461**	***20.8***	**224,225**	***26.5***	**243,210**	***27.5***	**177,770**	***21.5***
Dividends payout	*61,240*	*8.3*	*69,386*	*9.4*	*87,675*	*10.4*	*96,839*	*11.0*	*93,181*	*11.3*

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

	1998		1999		2000		2001		2002		2003		2004		2005		2006		2007	
	EUR m	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%
Cash and deposits at central banks	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…
Securities	4,151,633	*21.2*	5,370,340	*22.7*	6,268,952	*23.6*	6,553,687	*23.7*	6,207,086	*23.9*	6,468,610	*25.1*	7,068,222	*25.7*	9,601,805	*28.7*	9,887,768	*28.4*	9,829,872	*26.1*
Loans and advances to banks (1)	3,009,992	*15.4*	3,353,994	*14.2*	3,587,792	*13.5*	3,899,502	*14.1*	3,755,995	*14.4*	3,884,816	*15.1*	4,198,896	*15.2*	4,848,517	*14.5*	5,005,217	*14.4*	5,334,396	*14.2*
Loans and advances to customers	9,917,820	*50.7*	11,902,361	*50.3*	13,041,375	*49.1*	13,148,760	*47.6*	12,314,096	*47.4*	11,786,238	*45.8*	12,383,741	*45.0*	14,850,174	*44.4*	15,710,104	*45.2*	16,447,443	*43.7*
Loans, advances and cash	*17,079,445*	*87.3*	*20,626,695*	*87.1*	*22,898,119*	*86.2*	*23,601,949*	*85.4*	*22,277,177*	*85.7*	*22,139,664*	*86.1*	*23,650,859*	*85.9*	*29,300,496*	*87.6*	*30,603,089*	*88.0*	*31,611,711*	*84.0*
Interests in subsidiares and associated	139,864	*0.7*	181,072	*0.8*	221,773	*0.8*	240,103	*0.9*	202,560	*0.8*	189,657	*0.7*	193,987	*0.7*	136,524	*0.4*	140,672	*0.4*	190,341	*0.5*
Intangible assets	27,486	*0.1*	41,061	*0.2*	64,708	*0.2*	81,727	*0.3*	67,500	*0.3*	75,977	*0.3*	85,387	*0.3*	139,670	*0.4*	140,271	*0.4*	165,466	*0.4*
Net tangible assets	226,178	*1.2*	262,263	*1.1*	276,382	*1.0*	283,238	*1.0*	255,272	*1.0*	226,961	*0.9*	234,544	*0.9*	296,589	*0.9*	297,817	*0.9*	292,149	*0.8*
Other assets	2,018,610	*10.3*	2,466,271	*10.4*	2,926,422	*11.0*	3,220,380	*11.6*	2,991,974	*11.5*	2,899,106	*11.3*	3,097,562	*11.2*	3,223,518	*9.6*	3,226,925	*9.3*	4,930,409	*13.1*
Total (a)	**19,491,583**	***99.7***	**23,577,362**	***99.6***	**26,387,404**	***99.3***	**27,427,397**	***99.2***	**25,794,483**	***99.2***	**25,531,365**	***99.2***	**27,262,339**	***99.0***	**33,096,797**	***99.0***	**34,408,774**	***98.9***	**37,190,076**	***98.8***
Deposits by banks	3,704,672	*18.9*	4,295,613	*18.1*	4,922,750	*18.5*	5,130,741	*18.6*	4,994,088	*19.2*	4,997,903	*19.4*	5,388,359	*19.6*	6,288,475	*18.8*	6,358,247	*18.3*	6,608,699	*17.6*
Customer deposits	9,139,410	*46.7*	10,978,163	*46.4*	12,177,654	*45.8*	12,855,253	*46.5*	12,057,660	*46.4*	11,667,936	*45.4*	12,253,194	*44.5*	14,258,581	*42.6*	14,607,031	*42.0*	15,018,070	*39.9*
Debt securities	2,911,886	*14.9*	3,626,567	*15.3*	3,922,516	*14.8*	4,007,461	*14.5*	3,766,076	*14.5*	3,768,408	*14.6*	4,034,253	*14.6*	5,053,039	*15.1*	5,659,367	*16.3*	6,082,262	*16.2*
Subordinated liabilities	433,506	*2.2*	554,089	*2.3*	627,818	*2.4*	676,529	*2.4*	616,196	*2.4*	595,453	*2.3*	604,066	*2.2*	727,159	*2.2*	751,387	*2.2*	815,229	*2.2*
Total funding	*16,189,474*	*82.8*	*19,454,432*	*82.2*	*21,650,738*	*81.5*	*22,669,984*	*82.0*	*21,434,020*	*82.4*	*21,029,700*	*81.7*	*22,279,872*	*80.9*	*26,327,254*	*78.7*	*27,376,032*	*78.7*	*28,524,260*	*75.8*
Provision for employee benefits	32,374	*0.2*	37,644	*0.2*	49,648	*0.2*	45,433	*0.2*	48,557	*0.2*	44,232	*0.2*	49,092	*0.2*	74,555	*0.2*	69,253	*0.2*	57,031	*0.2*
Deferred taxation	45,036	*0.2*	64,761	*0.3*	81,946	*0.3*	79,620	*0.3*	81,213	*0.3*	72,978	*0.3*	69,152	*0.3*	91,938	*0.3*	85,933	*0.2*	81,703	*0.2*
Other liabilities	2,356,134	*12.0*	2,970,622	*12.5*	3,479,486	*13.1*	3,479,824	*12.6*	3,204,111	*12.3*	3,338,707	*13.0*	3,759,322	*13.7*	5,308,008	*15.9*	5,530,172	*15.9*	7,211,962	*19.2*
Total liabilities (b)	**18,623,018**	***95.2***	**22,527,459**	***95.2***	**25,261,818**	***95.1***	**26,274,861**	***95.0***	**24,767,901**	***95.3***	**24,485,617**	***95.2***	**26,157,438**	***95.0***	**31,801,755**	***95.1***	**33,061,390**	***95.0***	**35,874,956**	***95.3***
Goodwill (c)	**61,514**	***0.3***	**97,220**	***0.4***	**187,609**	***0.7***	**222,565**	***0.8***	**207,207**	***0.8***	**196,236**	***0.8***	**278,443**	***1.0***	**350,401**	***1.0***	**386,467**	***1.1***	**452,250**	***1.2***
Net worth (a-b+c)	**930,079**	***4.8***	**1,147,123**	***4.8***	**1,313,195**	***4.9***	**1,375,101**	***5.0***	**1,233,789**	***4.7***	**1,241,984**	***4.8***	**1,383,344**	***5.0***	**1,645,443**	***4.9***	**1,733,851**	***5.0***	**1,767,370**	***4.7***
represented by:																				
Issued share capital	200,038	*1.0*	237,189	*1.0*	233,199	*0.9*	219,115	*0.8*	196,567	*0.8*	191,657	*0.7*	212,861	*0.8*	221,778	*0.7*	231,288	*0.7*	218,377	*0.6*
Reserves	699,114	*3.6*	877,327	*3.7*	1,030,511	*3.9*	1,100,176	*4.0*	984,446	*3.8*	987,219	*3.8*	1,099,290	*4.0*	1,393,478	*4.2*	1,455,574	*4.2*	1,456,876	*3.9*
Own shares	-23,423	*-0.1*	-41,462	*-0.2*	-43,223	*-0.2*	-46,519	*-0.2*	-46,837	*-0.2*	-42,968	*-0.2*	-48,514	*-0.2*	-75,830	*-0.2*	-75,864	*-0.2*	-75,523	*-0.2*
Total	**875,729**	***4.5***	**1,073,054**	***4.5***	**1,220,487**	***4.6***	**1,272,772**	***4.6***	**1,134,176**	***4.4***	**1,135,908**	***4.4***	**1,263,637**	***4.6***	**1,539,426**	***4.6***	**1,610,998**	***4.6***	**1,599,730**	***4.2***
Minority interests	54,350	*0.3*	74,069	*0.3*	92,708	*0.3*	102,329	*0.4*	99,613	*0.4*	106,076	*0.4*	119,707	*0.4*	106,017	*0.3*	122,853	*0.4*	167,640	*0.4*
Funding from customers	**12,484,802**	***63.9***	**15,158,819**	***64.0***	**16,727,988**	***62.9***	**17,539,243**	***63.4***	**16,439,932**	***63.2***	**16,031,797**	***62.3***	**16,891,513**	***61.3***	**20,038,779**	***59.9***	**21,017,785**	***60.4***	**21,915,561**	***58.2***
Total assets (a+c)	**19,553,097**	***100.0***	**23,674,582**	***100.0***	**26,575,013**	***100.0***	**27,649,962**	***100.0***	**26,001,690**	***100.0***	**25,727,601**	***100.0***	**27,540,782**	***100.0***	**33,447,198**	***100.0***	**34,795,241**	***100.0***	**37,642,326**	***100.0***

(1) Including cash and central banks deposits.

TABLE II.3 – EMPLOYEES

66 BANKS

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Average number of staff	3,228,996	3,344,374	3,528,997	3,709,959	3,712,333	3,700,274	3,703,575	3,816,625	3,978,596	4,155,330
of which: from country of origin (%)	...	...	...	...	...	...	...	...	...	...
from elsewhere (%)	...	...	...	...	...	...	...	...	...	...

TABLE II.4 – FINANCIAL RATIOS

66 BANKS

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Funding from customers per employee ('000 EUR) (1)	3,908	4,612	4,831	4,910	4,605	4,514	4,727	5,433	5,425	5,413
Loans and advances to customers per employee ('000 EUR) (1)	3,104	3,622	3,766	3,681	3,449	3,318	3,465	4,026	4,055	4,063
Labour cost per employee ('000 EUR)	...	...	...	...	...	...	...	...	...	...
Cost / income ratio (%)	61.4	60.3	60.6	60.8	60.1	58.6	58.5	59.0	58.3	63.0
Bad debts written off as % of total income (2)	29.5	12.8	11.9	17.5	15.9	11.5	7.6	5.9	6.3	11.3
Dividends payout as % of net profit	99.5	37.0	38.5	73.5	79.4	49.2	44.9	39.1	39.8	52.4
ROE (%)	4.6	14.3	14.0	7.3	6.8	12.3	13.9	17.0	17.8	12.5
ROA (%)	0.2	0.6	0.6	0.3	0.3	0.5	0.6	0.7	0.7	0.5
Doubful loans as % of loans to customers (3)	1.6	1.7	1.7	2.2	1.8	1.4	0.8	0.7	0.7	0.7
Doubful loans as % of net worth (3)	17.5	18.2	16.9	20.8	17.9	12.7	7.5	6.2	6.0	6.8
Loans, advances and cash as % of total funding	105.5	106.0	105.8	104.1	103.9	105.3	106.2	111.3	111.8	110.8
Fixed assets as % of net worth	48.9	50.7	57.1	60.2	59.4	55.5	57.3	56.1	55.7	62.3
Free capital as % of funding from customers	...	...	2.0	1.5	1.8	2.5	2.9	3.1	3.2	2.5
Total liabilities/Tangible net worth	22.1	22.3	23.8	24.5	25.8	25.2	25.7	27.5	27.4	31.2

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) Calculated excluding staff employed in insurance operations where possible based on information available.
(2) Net of recovered amounts.
(3) Calculated only on the basis of those exposures not completely covered by provisions. Figures cover Groups which accounted for 80.9% in 1998, 88.2% in 1999, 93.6% in 2000, 96.1% in 2001, 95% in 2002 and 2003, 96.7% in 2004, 96.2% in 2005, 96.7% in 2006 and 100% in 2007 of loans to customers of the sample.

	1998		1999		2000		2001		2002		2003		2004		2005		2006		2007	
	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	594,915		611,417		759,778		794,976		667,257		587,416		617,725		833,758		989,567		1,201,496	
Interest payable and similar expenses	-448,820		-452,065		-589,672		-606,256		-474,057		-392,568		-420,260		-622,202		-766,711		-973,961	
Net interest income	**146,095**	***51.9***	**159,352**	***48.6***	**170,106**	***43.8***	**188,720**	***45.6***	**193,200**	***49.8***	**194,848**	***49.6***	**197,465**	***47.6***	**211,556**	***46.1***	**222,856**	***43.4***	**227,535**	***46.3***
Commissions receivable and other operating income	117,921	*41.9*	146,758	*44.8*	178,539	*46.0*	186,685	*45.1*	178,546	*46.0*	176,698	*45.0*	190,911	*46.1*	218,713	*47.7*	244,920	*47.7*	260,940	*53.1*
Commissions payable and other operating expenses	-19,725	*-7.0*	-28,807	*-8.8*	-27,979	*-7.2*	-29,738	*-7.2*	-31,100	*-8.0*	-33,451	*-8.5*	-36,422	*-8.8*	-39,137	*-8.5*	-43,225	*-8.4*	-47,707	*-9.7*
Dividends and share of profit (loss)	10,222	*3.6*	11,256	*3.4*	14,218	*3.7*	14,981	*3.6*	9,379	*2.4*	12,061	*3.1*	14,789	*3.6*	12,762	*2.8*	12,558	*2.4*	13,134	*2.7*
Gains (losses) on financial transactions	26,785	*9.5*	39,082	*11.9*	53,404	*13.8*	53,255	*12.9*	37,758	*9.7*	42,934	*10.9*	47,785	*11.5*	54,803	*11.9*	76,382	*14.9*	37,702	*7.7*
Total income	**281,298**	***100.0***	**327,641**	***100.0***	**388,288**	***100.0***	**413,903**	***100.0***	**387,783**	***100.0***	**393,090**	***100.0***	**414,528**	***100.0***	**458,697**	***100.0***	**513,491**	***100.0***	**491,604**	***100.0***
Labour costs	-102,904	*-36.6*	-120,663	*-36.8*	-143,410	*-36.9*	-157,326	*-38.0*	-147,537	*-38.0*	-142,239	*-36.2*	-145,801	*-35.2*	-162,749	*-35.5*	-180,333	*-35.1*	-183,459	*-37.3*
General expenses	-64,523	*-22.9*	-71,783	*-21.9*	-84,080	*-21.7*	-94,526	*-22.8*	-89,466	*-23.1*	-83,909	*-21.3*	-87,897	*-21.2*	-99,160	*-21.6*	-105,660	*-20.6*	-111,973	*-22.8*
Bad debts recovered (written off)	-31,757	*-11.3*	-26,681	*-8.1*	-24,372	*-6.3*	-37,639	*-9.1*	-49,660	*-12.8*	-39,671	*-10.1*	-29,065	*-7.0*	-26,414	*-5.8*	-33,319	*-6.5*	-49,278	*-10.0*
Depreciation and amortization	-13,428	*-4.8*	-15,453	*-4.7*	-18,253	*-4.7*	-20,398	*-4.9*	-20,001	*-5.2*	-18,210	*-4.6*	-17,278	*-4.2*	-17,979	*-3.9*	-18,532	*-3.6*	-19,413	*-3.9*
Current pre-tax profit	**68,686**	***24.4***	**93,061**	***28.4***	**118,173**	***30.4***	**104,014**	***25.1***	**81,119**	***20.9***	**109,061**	***27.7***	**134,487**	***32.4***	**152,395**	***33.2***	**175,647**	***34.2***	**127,481**	***25.9***
Amortization of goodwill	-3,498	*-1.2*	-3,484	*-1.1*	-5,718	*-1.5*	-9,835	*-2.4*	-12,172	*-3.1*	-10,793	*-2.7*	-7,723	*-1.9*	-2	*0.0*	0	*0.0*	0	*0.0*
Transfer from (to) reserves	-680	*-0.2*	-2,231	*-0.7*	-1,461	*-0.4*	-2,359	*-0.6*	189	*0.0*	-604	*-0.2*	-654	*-0.2*	-1,179	*-0.3*	-1,255	*-0.2*	0	*0.0*
Fixed asset revaluations (writedowns)	-976	*-0.3*	-40	*0.0*	-841	*-0.2*	-4,721	*-1.1*	-8,929	*-2.3*	-5,854	*-1.5*	-1,051	*-0.3*	-362	*-0.1*	83	*0.0*	-9,068	*-1.8*
Extraordinary items	10,708	*3.8*	12,495	*3.8*	17,962	*4.6*	12,167	*2.9*	13,486	*3.5*	3,972	*1.0*	2,930	*0.7*	20,192	*4.4*	25,229	*4.9*	51,707	*10.5*
Cumulative effect of accounting changes	0	*0.0*	0	*0.0*	0	*0.0*	-328	*-0.1*	-736	*-0.2*	-175	*0.0*	20	*0.0*	12	*0.0*	19	*0.0*	0	*0.0*
Profit (loss) before tax	**74,240**	***26.4***	**99,801**	***30.5***	**128,115**	***33.0***	**98,938**	***23.9***	**72,957**	***18.8***	**95,607**	***24.3***	**128,009**	***30.9***	**171,056**	***37.3***	**199,723**	***38.9***	**170,120**	***34.6***
Income tax	-23,645	*-8.4*	-28,575	*-8.7*	-32,586	*-8.4*	-26,760	*-6.5*	-23,698	*-6.1*	-28,743	*-7.3*	-35,011	*-8.4*	-43,591	*-9.5*	-48,768	*-9.5*	-36,215	*-7.4*
Profit attributable to minorities	-3,194	*-1.1*	-4,163	*-1.3*	-6,673	*-1.7*	-6,712	*-1.6*	-5,515	*-1.4*	-5,987	*-1.5*	-7,214	*-1.7*	-6,104	*-1.3*	-7,188	*-1.4*	-7,548	*-1.5*
Net profit attributable to parent company	**47,401**	***16.9***	**67,063**	***20.5***	**88,856**	***22.9***	**65,466**	***15.8***	**43,744**	***11.3***	**60,877**	***15.5***	**85,784**	***20.7***	**121,361**	***26.5***	**143,767**	***28.0***	**126,357**	***25.7***
Dividends payout	*20,583*	*7.3*	*25,595*	*7.8*	*32,319*	*8.3*	*35,485*	*8.6*	*32,813*	*8.5*	*36,083*	*9.2*	*40,345*	*9.7*	*50,998*	*11.1*	*60,560*	*11.8*	*56,643*	*11.5*

	1998		1999		2000		2001		2002		2003		2004		2005		2006		2007	
	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	79,161	*0.7*	126,040	*1.0*	131,998	*0.9*	168,643	*1.0*	153,230	*1.0*	160,909	*1.0*	170,264	*0.9*	161,076	*0.7*	165,851	*0.7*	253,946	*0.9*
Securities	2,379,968	*21.3*	2,923,886	*22.5*	3,377,127	*22.6*	3,860,332	*23.6*	3,589,660	*22.6*	3,831,001	*23.4*	4,352,003	*24.1*	6,561,198	*29.1*	7,043,877	*28.7*	7,093,827	*26.0*
Loans and advances to banks	2,087,515	*18.7*	2,133,291	*16.4*	2,324,152	*15.6*	2,551,020	*15.6*	2,525,441	*15.9*	2,669,878	*16.3*	2,949,833	*16.3*	3,391,349	*15.0*	3,629,557	*14.8*	3,874,996	*14.2*
Loans and advances to customers	5,127,267	*46.0*	5,872,088	*45.2*	6,706,152	*44.9*	7,074,861	*43.3*	7,016,352	*44.2*	7,094,476	*43.3*	7,674,497	*42.5*	9,395,960	*41.7*	10,566,428	*43.1*	11,351,328	*41.5*
Loans, advances and cash	*9,673,911*	*86.8*	*11,055,305*	*85.2*	*12,539,429*	*84.0*	*13,654,856*	*83.5*	*13,284,683*	*83.6*	*13,756,264*	*84.0*	*15,146,597*	*83.9*	*19,509,583*	*86.5*	*21,405,713*	*87.3*	*22,574,097*	*82.6*
Interests in subsidiares and associated	118,444	*1.1*	145,807	*1.1*	173,491	*1.2*	195,910	*1.2*	167,363	*1.1*	154,892	*0.9*	147,133	*0.8*	76,280	*0.3*	76,611	*0.3*	117,748	*0.4*
Intangible assets	6,181	*0.1*	7,431	*0.1*	19,272	*0.1*	18,909	*0.1*	19,133	*0.1*	23,882	*0.1*	23,857	*0.1*	45,637	*0.2*	45,441	*0.2*	64,481	*0.2*
Net tangible assets	124,726	*1.1*	138,386	*1.1*	153,886	*1.0*	168,701	*1.0*	156,897	*1.0*	145,802	*0.9*	157,402	*0.9*	213,154	*0.9*	221,730	*0.9*	215,872	*0.8*
Other assets	1,211,638	*10.9*	1,599,625	*12.3*	1,934,715	*13.0*	2,194,667	*13.4*	2,143,829	*13.5*	2,180,614	*13.3*	2,450,165	*13.6*	2,546,387	*11.3*	2,603,109	*10.6*	4,121,649	*15.1*
Total (a)	**11,134,900**	***99.9***	**12,946,554**	***99.7***	**14,820,793**	***99.3***	**16,233,043**	***99.3***	**15,771,905**	***99.3***	**16,261,454**	***99.3***	**17,925,154**	***99.3***	**22,391,041**	***99.3***	**24,352,604**	***99.3***	**27,093,847**	***99.1***
Deposits by banks	2,513,558	*22.5*	2,790,664	*21.5*	3,208,542	*21.5*	3,403,100	*20.8*	3,275,861	*20.6*	3,447,444	*21.1*	3,789,333	*21.0*	4,351,879	*19.3*	4,797,778	*19.6*	5,056,263	*18.5*
Customer deposits	4,275,352	*38.3*	4,743,111	*36.5*	5,454,042	*36.5*	6,154,053	*37.6*	5,979,373	*37.6*	6,058,940	*37.0*	6,610,634	*36.6*	7,931,747	*35.2*	8,676,482	*35.4*	9,178,998	*33.6*
Debt securities	2,140,307	*19.2*	2,590,537	*20.0*	2,847,823	*19.1*	3,066,237	*18.8*	2,977,475	*18.7*	3,016,696	*18.4*	3,298,049	*18.3*	4,187,500	*18.6*	4,755,149	*19.4*	5,089,047	*18.6*
Subordinated liabilities	205,924	*1.8*	270,914	*2.1*	319,071	*2.1*	362,986	*2.2*	364,123	*2.3*	363,870	*2.2*	371,607	*2.1*	449,045	*2.0*	467,137	*1.9*	495,403	*1.8*
Total funding	*9,135,141*	*81.9*	*10,395,226*	*80.1*	*11,829,478*	*79.2*	*12,986,376*	*79.4*	*12,596,832*	*79.3*	*12,886,950*	*78.7*	*14,069,623*	*77.9*	*16,920,171*	*75.0*	*18,696,546*	*76.2*	*19,819,711*	*72.5*
Provision for employee benefits	26,392	*0.2*	30,118	*0.2*	42,752	*0.3*	39,174	*0.2*	42,730	*0.3*	40,448	*0.2*	45,810	*0.3*	72,284	*0.3*	67,408	*0.3*	55,105	*0.2*
Deferred taxation	24,718	*0.2*	35,389	*0.3*	42,649	*0.3*	41,871	*0.3*	43,713	*0.3*	39,738	*0.2*	41,928	*0.2*	56,470	*0.3*	49,433	*0.2*	56,157	*0.2*
Other liabilities	1,507,603	*13.5*	1,987,128	*15.3*	2,369,809	*15.9*	2,567,588	*15.7*	2,539,093	*16.0*	2,719,206	*16.6*	3,145,558	*17.4*	4,640,520	*20.6*	4,753,890	*19.4*	6,339,056	*23.2*
Total liabilities (b)	**10,693,854**	***95.9***	**12,447,861**	***95.9***	**14,284,688**	***95.7***	**15,635,009**	***95.6***	**15,222,368**	***95.8***	**15,686,342**	***95.8***	**17,302,919**	***95.8***	**21,689,445**	***96.2***	**23,567,277**	***96.1***	**26,270,029**	***96.1***
Goodwill (c)	**13,825**	***0.1***	**33,718**	***0.3***	**109,788**	***0.7***	**118,977**	***0.7***	**110,524**	***0.7***	**112,251**	***0.7***	**128,374**	***0.7***	**155,429**	***0.7***	**172,185**	***0.7***	**233,953**	***0.9***
Net worth (a-b+c)	**454,871**	***4.1***	**532,411**	***4.1***	**645,893**	***4.3***	**717,011**	***4.4***	**660,061**	***4.2***	**687,363**	***4.2***	**750,609**	***4.2***	**857,025**	***3.8***	**957,512**	***3.9***	**1,057,771**	***3.9***
represented by:																				
Issued share capital	68,560	*0.6*	71,745	*0.6*	71,234	*0.5*	83,358	*0.5*	85,859	*0.5*	89,199	*0.5*	90,550	*0.5*	94,957	*0.4*	96,781	*0.4*	93,200	*0.3*
Reserves	357,203	*3.2*	420,280	*3.2*	517,938	*3.5*	570,694	*3.5*	520,661	*3.3*	537,297	*3.3*	597,094	*3.3*	719,283	*3.2*	800,800	*3.3*	864,889	*3.2*
Own shares	-6,541	*-0.1*	-10,346	*-0.1*	-12,943	*-0.1*	-10,159	*-0.1*	-13,189	*-0.1*	-13,765	*-0.1*	-19,264	*-0.1*	-27,257	*-0.1*	-23,578	*-0.1*	-28,541	*-0.1*
Total	**419,222**	***3.8***	**481,679**	***3.7***	**576,229**	***3.9***	**643,893**	***3.9***	**593,331**	***3.7***	**612,731**	***3.7***	**668,380**	***3.7***	**786,983**	***3.5***	**874,003**	***3.6***	**929,548**	***3.4***
Minority interests	35,649	*0.3*	50,732	*0.4*	69,664	*0.5*	73,118	*0.4*	66,730	*0.4*	74,632	*0.5*	82,229	*0.5*	70,042	*0.3*	83,509	*0.3*	128,223	*0.5*
Funding from customers	**6,621,583**	***59.4***	**7,604,562**	***58.6***	**8,620,936**	***57.7***	**9,583,276**	***58.6***	**9,320,971**	***58.7***	**9,439,506**	***57.7***	**10,280,290**	***56.9***	**12,568,292**	***55.7***	**13,898,768**	***56.7***	**14,763,448**	***54.0***
Total assets (a+c)	**11,148,725**	***100.0***	**12,980,272**	***100.0***	**14,930,581**	***100.0***	**16,352,020**	***100.0***	**15,882,429**	***100.0***	**16,373,705**	***100.0***	**18,053,528**	***100.0***	**22,546,470**	***100.0***	**24,524,789**	***100.0***	**27,327,800**	***100.0***

TABLE II.3 – EMPLOYEES

EUROPE

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Average number of staff	1,884,074	1,973,520	2,113,777	2,246,505	2,240,945	2,227,264	2,209,903	2,281,175	2,398,301	2,505,008
of which: from country of origin (%) (1)	*67.0*	*65.1*	*58.4*	*55.8*	*55.2*	*54.2*	*53.9*	*51.4*	*49.2*	*46.1*
from elsewhere (%) (1)	*33.0*	*34.9*	*41.6*	*44.2*	*44.8*	*45.8*	*46.1*	*48.6*	*50.8*	*53.9*

(1) Figures for companies which cover 63% of total number of staff in 1998, 70% in 1999, 87% in 2000, 89% in 2001, 2002 and 2003, 91% in 2004 and 2005, 97% in 2006 and 96% in 2007.

TABLE II.4 – FINANCIAL RATIOS

EUROPE

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Funding from customers per employee ('000 EUR) (1)	3,689	4,045	4,282	4,545	4,442	4,541	4,943	5,837	6,060	6,156
Loans and advances to customers per employee ('000 EUR) (1)	2,857	3,123	3,331	3,355	3,344	3,413	3,690	4,364	4,607	4,734
Labour cost per employee ('000 EUR) (1)	57	64	71	74	70	68	70	75	79	76
Cost / income ratio (%)	64.3	63.5	63.3	65.8	66.3	62.2	60.6	61.0	59.3	64.1
Bad debts written off as % of total income (2)	11.3	8.1	6.3	9.1	12.8	10.1	7.0	5.8	6.5	10.0
Dividends payout as % of net profit	43.4	38.2	36.4	54.2	75.0	59.3	47.0	42.0	42.1	44.8
ROE (%)	12.7	16.2	18.2	11.3	8.0	11.0	14.7	18.2	19.7	15.7
ROA (%)	0.4	0.5	0.6	0.4	0.3	0.4	0.5	0.5	0.6	0.5
Doubful loans as % of loans to customers (3)	1.4	1.3	1.2	1.3	1.3	1.3	0.9	0.9	0.8	0.9
Doubful loans as % of net worth (3)	16.5	14.4	12.0	12.1	13.5	12.5	9.4	9.2	9.0	9.2
Loans, advances and cash as % of total funding	105.9	106.3	106.0	105.1	105.5	106.7	107.7	115.3	114.5	113.9
Fixed assets as % of net worth	57.9	61.1	70.7	70.1	68.8	63.6	60.9	57.2	53.9	59.8
Free capital as % of funding from customers	…	…	1.2	1.4	1.3	1.8	2.2	2.3	2.5	2.2
Total liabilities/Tangible net worth	24.6	25.3	27.6	27.0	28.7	28.5	28.9	33.1	31.9	34.6

Funding from customers = customer deposits plus debt securities plus subordinated liabilities.

Fixed assets = interests in subsidiaries and associated plus net tangible and intangible assets plus goodwill.

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

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

(1) Calculated excluding staff employed in insurance operations where possible based on information available.

(2) Net of recovered amounts.

(3) Figures cover Groups which accounted for 64.3% in 1998, 76.8% in 1999, 88% in 2000, 92.7% in 2001, 91.2% in 2002, 91.6% in 2003, 94.6% in 2004, 94% in 2005, 95.1% in 2006 and 100% in 2007 of loans to customers of the sample.

TABLE II.1 – PROFIT AND LOSS ACCOUNTS | JAPAN

	1998		1999		2000		2001		2002		2003		2004		2005		2006		2007	
	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	21,138		17,117		14,865		13,049		10,105		9,039		9,081		10,951		13,585		14,798	
Interest payable and similar expenses	-13,975		-10,055		-8,080		-5,697		-3,348		-2,505		-2,719		-4,295		-6,599		-7,866	
Net interest income	**7,163**	***66.9***	**7,062**	***73.2***	**6,785**	***66.7***	**7,352**	***68.0***	**6,757**	***60.5***	**6,534**	***59.3***	**6,362**	***60.7***	**6,656**	***59.9***	**6,986**	***61.4***	**6,932**	***62.9***
Commissions receivable and other operating income	3,534	*33.0*	3,477	*36.1*	3,793	*37.3*	3,748	*34.7*	3,454	*30.9*	3,503	*31.8*	3,901	*37.2*	4,489	*40.4*	4,523	*39.7*	4,630	*42.0*
Commissions payable and other operating expenses	-1,223	*-11.4*	-1,391	*-14.4*	-1,382	*-13.6*	-1,259	*-11.7*	-1,043	*-9.3*	-863	*-7.8*	-893	*-8.5*	-1,049	*-9.4*	-1,039	*-9.1*	-1,261	*-11.4*
Dividends and share of profit (loss) (1)	-2	*0.0*	8	*0.1*	43	*0.4*	44	*0.4*	49	*0.4*	68	*0.6*	109	*1.0*	89	*0.8*	-155	*-1.4*	-76	*-0.7*
Gains (losses) on financial transactions	1,231	*11.5*	487	*5.1*	939	*9.2*	921	*8.5*	1,958	*17.5*	1,772	*16.1*	996	*9.5*	932	*8.4*	1,070	*9.4*	790	*7.2*
Total income	**10,703**	***100.0***	**9,643**	***100.0***	**10,178**	***100.0***	**10,806**	***100.0***	**11,175**	***100.0***	**11,014**	***100.0***	**10,475**	***100.0***	**11,117**	***100.0***	**11,385**	***100.0***	**11,015**	***100.0***
Labour costs	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…
General expenses (2)	-5,627	*-52.6*	-5,385	*-55.8*	-5,375	*-52.8*	-5,574	*-51.6*	-5,333	*-47.7*	-5,117	*-46.4*	-4,809	*-45.9*	-5,217	*-46.9*	-5,282	*-46.4*	-5,532	*-50.2*
Bad debts recovered (written off)	-15,718	*-146.9*	-4,487	*-46.5*	-4,634	*-45.5*	-8,032	*-74.3*	-4,802	*-43.0*	-3,290	*-29.9*	-1,887	*-18.0*	-434	*-3.9*	-814	*-7.1*	-916	*-8.3*
Depreciation and amortization	-459	*-4.3*	-395	*-4.1*	-399	*-3.9*	-468	*-4.3*	-522	*-4.7*	-484	*-4.4*	-462	*-4.4*	-667	*-6.0*	-733	*-6.4*	-800	*-7.3*
Current pre-tax profit	**-11,101**	***-103.7***	**-624**	***-6.5***	**-230**	***-2.3***	**-3,268**	***-30.2***	**518**	***4.6***	**2,123**	***19.3***	**3,317**	***31.7***	**4,799**	***43.2***	**4,556**	***40.0***	**3,767**	***34.2***
Amortization of goodwill	-72	*-0.7*	-34	*-0.4*	-40	*-0.4*	-39	*-0.4*	-84	*-0.8*	-7	*-0.1*	-23	*-0.2*	-42	*-0.4*	-34	*-0.3*	-46	*-0.4*
Transfer from (to) reserves	2	*0.0*	0	*0.0*	0	*0.0*	-15	*-0.1*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*
Fixed asset revaluations (writedowns)	-1,115	*-10.4*	-646	*-6.7*	-403	*-4.0*	-1,751	*-16.2*	-2,098	*-18.8*	-111	*-1.0*	-789	*-7.5*	-701	*-6.3*	-1,011	*-8.9*	-1,946	*-17.7*
Extraordinary items	4,510	*42.1*	3,675	*38.1*	1,731	*17.0*	-486	*-4.5*	-1,971	*-17.6*	-211	*-1.9*	367	*3.5*	721	*6.5*	1,196	*10.5*	1,283	*11.6*
Cumulative effect of accounting changes	0	*0.0*	0	*0.0*	0	*0.0*	9	*0.1*	0	*0.0*	0	*0.0*	-1	*0.0*	-16	*-0.1*	258	*2.3*	0	*0.0*
Profit (loss) before tax	**-7,776**	***-72.7***	**2,371**	***24.6***	**1,058**	***10.4***	**-5,550**	***-51.4***	**-3,635**	***-32.5***	**1,794**	***16.3***	**2,871**	***27.4***	**4,761**	***42.8***	**4,965**	***43.6***	**3,058**	***27.8***
Income tax	1,680	*15.7*	-1,354	*-14.0*	-559	*-5.5*	1,556	*14.4*	-301	*-2.7*	-1,532	*-13.9*	-1,295	*-12.4*	-1,131	*-10.2*	-1,611	*-14.2*	-1,548	*-14.1*
Profit attributable to minorities	-3	*0.0*	-18	*-0.2*	-87	*-0.9*	-83	*-0.8*	-129	*-1.2*	-176	*-1.6*	-197	*-1.9*	-330	*-3.0*	-210	*-1.8*	-188	*-1.7*
Net profit attributable to parent company	**-6,099**	***-57.0***	**999**	***10.4***	**412**	***4.0***	**-4,077**	***-37.7***	**-4,065**	***-36.4***	**86**	***0.8***	**1,379**	***13.2***	**3,300**	***29.7***	**3,144**	***27.6***	**1,322**	***12.0***
Dividends payout	*351*	*3.3*	*378*	*3.9*	*188*	*1.8*	*269*	*2.5*	*195*	*1.7*	*301*	*2.7*	*329*	*3.1*	*401*	*3.6*	*521*	*4.6*	*646*	*5.9*

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

		1998		1999		2000		2001		2002		2003		2004		2005		2006		2007	
		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		134,896	*20.4*	152,497	*23.3*	192,597	*27.2*	169,904	*25.8*	184,817	*28.8*	211,106	*32.5*	224,420	*34.1*	237,632	*34.5*	230,563	*33.7*	217,561	*30,9*
Loans and advances to banks (1)		61,316	*9.3*	60,958	*9.3*	65,158	*9.2*	64,901	*9.8*	68,288	*10.6*	71,310	*11.0*	76,556	*11.6*	75,112	*10.9*	74,935	*11.0*	81,647	*11,6*
Loans and advances to customers		396,019	*59.8*	386,635	*59.1*	390,801	*55.2*	371,516	*56.4*	343,984	*53.6*	328,157	*50.6*	320,286	*48.7*	334,103	*48.5*	339,833	*49.7*	349,736	*49,7*
Loans, advances and cash		***592,231***	***89.5***	***600,090***	***91.7***	***648,556***	***91.6***	***606,321***	***92.0***	***597,089***	***93.0***	***610,573***	***94.1***	***621,262***	***94.4***	***646,847***	***93.9***	***645,331***	***94.3***	***648,944***	***92,2***
Interests in subsidiares and associated		214	*0.0*	462	*0.1*	687	*0.1*	422	*0.1*	417	*0.1*	424	*0.1*	1,628	*0.2*	2,303	*0.3*	2,189	*0.3*	2,182	*0,3*
Intangible assets		28	*0.0*	24	*0.0*	62	*0.0*	647	*0.1*	675	*0.1*	754	*0.1*	930	*0.1*	2,826	*0.4*	2,670	*0.4*	3,523	*0,5*
Net tangible assets		8,468	*1.3*	8,035	*1.2*	7,820	*1.1*	7,154	*1.1*	6,585	*1.0*	5,647	*0.9*	5,090	*0.8*	4,826	*0.7*	4,625	*0.7*	4,580	*0,7*
Other assets		60,860	*9.2*	45,741	*7.0*	50,976	*7.2*	44,294	*6.7*	36,946	*5.8*	31,572	*4.9*	28,974	*4.4*	29,727	*4.3*	26,958	*3.9*	42,719	*6,1*
Total	**(a)**	**661,801**	***100.0***	**654,352**	***100.0***	**708,101**	***100.0***	**658,838**	***100.0***	**641,712**	***100.0***	**648,970**	***100.0***	**657,884**	***99.9***	**686,529**	***99.7***	**681,773**	***99.7***	**701,948**	***99,7***
Deposits by banks		75,498	*11.4*	65,101	*9.9*	81,843	*11.6*	78,816	*12.0*	98,550	*15.4*	95,519	*14.7*	101,083	*15.4*	100,005	*14.5*	82,034	*12.0*	87,832	*12,5*
Customer deposits		405,751	*61.3*	413,643	*63.2*	445,262	*62.9*	439,975	*66.8*	430,778	*67.1*	442,565	*68.2*	446,939	*67.9*	457,249	*66.4*	467,115	*68.3*	474,714	*67,5*
Debt securities		64,786	*9.8*	64,594	*9.9*	60,413	*8.5*	53,483	*8.1*	46,170	*7.2*	41,131	*6.3*	39,608	*6.0*	40,958	*5.9*	39,752	*5.8*	39,228	*5,6*
Subordinated liabilities		17,980	*2.7*	17,652	*2.7*	18,281	*2.6*	16,364	*2.5*	12,667	*2.0*	13,099	*2.0*	13,228	*2.0*	15,289	*2.2*	16,034	*2.3*	15,826	*2,2*
Total funding		***564,015***	***85.2***	***560,990***	***85.7***	***605,799***	***85.5***	***588,638***	***89.3***	***588,165***	***91.6***	***592,314***	***91.3***	***600,858***	***91.3***	***613,501***	***89.1***	***604,935***	***88.4***	***617,600***	***87,8***
Provision for employee benefits		806	*0.1*	773	*0.1*	737	*0.1*	722	*0.1*	724	*0.1*	511	*0.1*	458	*0.1*	315	*0.0*	290	*0.0*	318	*0,0*
Deferred taxation		1,097	*0.2*	1,012	*0.2*	1,084	*0.2*	849	*0.1*	726	*0.1*	728	*0.1*	947	*0.1*	1,489	*0.2*	1,849	*0.3*	556	*0,1*
Other liabilities		67,029	*10.1*	60,834	*9.3*	69,670	*9.8*	43,429	*6.6*	30,608	*4.8*	29,284	*4.5*	27,455	*4.2*	35,970	*5.2*	37,236	*5.4*	50,124	*7,1*
Total liabilities	**(b)**	**632,947**	***95.6***	**623,609**	***95.3***	**677,290**	***95.6***	**633,638**	***96.2***	**620,223**	***96.6***	**622,837**	***96.0***	**629,718**	***95.7***	**651,275**	***94.6***	**644,310**	***94.2***	**668,598**	***95,0***
Goodwill	**(c)**	195	*0.0*	256	*0.0*	288	*0.0*	151	*0.0*	95	*0.0*	88	*0.0*	433	*0.1*	2,269	*0.3*	2,311	*0.3*	1,778	*0,3*
Net worth	**(a-b+c)**	**29,049**	***4.4***	**30,999**	***4.7***	**31,099**	***4.4***	**25,351**	***3.8***	**21,584**	***3.4***	**26,221**	***4.0***	**28,599**	***4.3***	**37,523**	***5.4***	**39,774**	***5.8***	**35,128**	***5,0***
represented by:																					
Issued share capital		12,404	*1.9*	12,535	*1.9*	12,682	*1.8*	10,882	*1.7*	10,006	*1.6*	10,482	*1.6*	9,699	*1.5*	9,046	*1.3*	9,100	*1.3*	9,701	*1,4*
Reserves		14,514	*2.2*	16,369	*2.5*	16,160	*2.3*	11,649	*1.8*	8,046	*1.3*	12,153	*1.9*	14,949	*2.3*	25,031	*3.6*	26,912	*3.9*	21,382	*3,0*
Own shares		-72	*0.0*	-42	*0.0*	-35	*0.0*	-216	*0.0*	-212	*0.0*	-171	*0.0*	-723	*-0.1*	-866	*-0.1*	-1,275	*-0.2*	-968	*-0,1*
Total		**26,846**	***4.1***	**28,862**	***4.4***	**28,807**	***4.1***	**22,315**	***3.4***	**17,840**	***2.8***	**22,464**	***3.5***	**23,925**	***3.6***	**33,211**	***4.8***	**34,737**	***5.1***	**30,115**	***4,3***
Minority interests		2,203	*0.3*	2,137	*0.3*	2,292	*0.3*	3,036	*0.5*	3,744	*0.6*	3,757	*0.6*	4,674	*0.7*	4,312	*0.6*	5,037	*0.7*	5,013	*0,7*
Funding from customers		**488,517**	***73.8***	**495,889**	***75.8***	**523,956**	***74.0***	**509,822**	***77.4***	**489,615**	***76.3***	**496,795**	***76.5***	**499,775**	***75.9***	**513,496**	***74.5***	**522,901**	***76.4***	**529,768**	***75,3***
Total assets	**(a+c)**	**661,996**	***100.0***	**654,608**	***100.0***	**708,389**	***100.0***	**658,989**	***100.0***	**641,807**	***100.0***	**649,058**	***100.0***	**658,317**	***100.0***	**688,798**	***100.0***	**684,084**	***100.0***	**703,726**	***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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Average number of staff (1)	208,995 (2)	209,763 (3)	223,751 (4)	237,886	231,688	219,819	209,305	209,825	210,888	217,096
of which: from country of origin (%)	…	…	…	…	…	…	…	…	…	…
from elsewhere (%)	…	…	…	…	…	…	…	…	…	…

(1) In interpreting this data it should be remembered that not all companies considered here provide information on the total number of group employees.
(2) Concerning 24 of the 30 companies considered.
(3) Concerning 26 of the 30 companies considered.
(4) Concerning 24 of the 26 companies considered.

TABLE II.4 – FINANCIAL RATIOS

JAPAN

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Funding from customers per employee (JPY m) (1)	2,198 (2)	2,284 (2)	2,262 (2)	2,143	2,113	2,260	2,388	2,447	2,480	2,440
Loans and advances to customers per employee (JPY m) (1)	1,783 (2)	1,780 (2)	1,685 (2)	1,562	1,485	1,493	1,530	1,592	1,611	1,611
Labour cost per employee (JPY m)	...	...	...	...	...	...	...	...	...	...
Cost / income ratio (%)	56.9	59.9	56.7	55.9	52.4	50.8	50.3	52.9	52.8	57.5
Bad debts written off as % of total income (3)	146.9	46.5	45.5	74.3	43.0	29.9	18.0	3.9	7.1	8.3
Dividends payout as % of net profit	n.c.	37.8	45.6	n.c.	n.c.	350.0	23.9	12.2	16.6	48.9
ROE (%)	n.c.	3.6	1.5	n.c.	n.c.	0.4	6.1	11.0	10.0	4.6
ROA (%)	n.c.	0.2	0.1	n.c.	n.c.	o	0.2	0.5	0.5	0.2
Doubful loans as % of loans to customers	2.9 (4)	3.4 (4)	3.9 (4)	5.9	4.5	2.9	1.4	1.0	0.8	0.8
Doubful loans as % of net worth	39.4 (4)	41.8 (4)	48.4 (4)	87.0	71.8	35.7	15.8	8.5	6.4	7.6
Loans, advances and cash as % of total funding	105.0	107.0	107.1	103.0	101.5	103.1	103.4	105.4	106.7	105.1
Fixed assets as % of net worth	30.7	28.3	28.5	33.0	36.0	26.4	28.3	32.6	29.7	34.3
Free capital as % of funding from customers	1.8	1.9	1.4	-1.0	-0.3	2.0	3.2	4.3	4.9	3.8
Total liabilities/Tangible net worth	22.0	20.3	22.0	25.8	29.8	24.5	23.1	20.1	18.5	22.4

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

(1) In interpreting this data it should be remembered that not all companies considered here provide information on the total number of group employees.
(2) Figures cover Groups which accounted for 94.5% in 1998, 97.2% in 1999 and 96.6% in 2000 of total assets of the sample.
(3) Net of recovered amounts.
(4) In 1998 and 1999 these figures refer to companies representing 98% and 99% respectively of the total customer loans covered by the survey.

	1998		1999		2000		2001		2002		2003		2004		2005		2006		2007	
	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	268,679		269,374		317,070		299,464		257,652		245,327		266,089		328,396		414,709		476,282	
Interest payable and similar expenses	-146,635		-141,437		-183,678		-150,363		-96,271		-78,706		-87,698		-150,082		-229,105		-276,672	
Net interest income	**122,044**	***54.9***	**127,937**	***50.9***	**133,392**	***49.8***	**149,101**	***52.0***	**161,381**	***52.4***	**166,621**	***50.8***	**178,391**	***51.9***	**178,314**	***49.3***	**185,604**	***47.3***	**199,610**	***50.4***
Commissions receivable and other operating income (1)	86,864	*39.1*	102,624	*40.8*	114,237	*42.6*	121,919	*42.5*	134,502	*43.7*	144,523	*44.1*	154,742	*45.0*	167,469	*46.3*	184,106	*46.9*	211,415	*53.4*
Commissions payable and other operating expenses	…	...	…	...	…	...	…	...	…	...	…	...	…	...	…	...	…	...	…	...
Dividends and share of profit (loss) (2)	…	...	…	...	…	...	…	...	…	...	…	...	…	...	…	...	…	...	…	...
Gains (losses) on financial transactions	13,488	*6.1*	20,762	*8.3*	20,491	*7.6*	15,801	*5.5*	12,017	*3.9*	16,838	*5.1*	10,505	*3.1*	16,242	*4.5*	22,714	*5.8*	-15,314	*-3.9*
Total income	**222,396**	***100.0***	**251,323**	***100.0***	**268,120**	***100.0***	**286,821**	***100.0***	**307,900**	***100.0***	**327,982**	***100.0***	**343,638**	***100.0***	**362,025**	***100.0***	**392,424**	***100.0***	**395,711**	***100.0***
Labour costs	-68,357	*-30.7*	-74,407	*-29.6*	-83,317	*-31.1*	-85,609	*-29.8*	-87,395	*-28.4*	-96,584	*-29.4*	-104,381	*-30.4*	-113,074	*-31.2*	-126,202	*-32.2*	-135,036	*-34.1*
General expenses	-53,454	*-24.0*	-56,562	*-22.5*	-61,091	*-22.8*	-63,171	*-22.0*	-67,986	*-22.1*	-73,755	*-22.5*	-79,825	*-23.2*	-81,097	*-22.4*	-85,311	*-21.7*	-95,209	*-24.1*
Bad debts recovered (written off)	-16,577	*-7.5*	-15,975	*-6.4*	-22,129	*-8.3*	-34,165	*-11.9*	-36,012	*-11.7*	-25,434	*-7.8*	-18,868	*-5.5*	-23,633	*-6.5*	-22,841	*-5.8*	-56,712	*-14.3*
Depreciation and amortization	-9,126	*-4.1*	-10,165	*-4.0*	-11,998	*-4.5*	-11,450	*-4.0*	-11,997	*-3.9*	-12,397	*-3.8*	-13,803	*-4.0*	-14,553	*-4.0*	-15,859	*-4.0*	-16,595	*-4.2*
Current pre-tax profit	**74,882**	***33.7***	**94,214**	***37.5***	**89,585**	***33.4***	**92,426**	***32.2***	**104,510**	***33.9***	**119,812**	***36.5***	**126,761**	***36.9***	**129,668**	***35.8***	**142,211**	***36.2***	**92,159**	***23.3***
Amortization of goodwill	-3,446	*-1.5*	-3,842	*-1.5*	-3,507	*-1.3*	-3,965	*-1.4*	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)	-63	*0.0*	63	*0.0*	-1,982	*-0.7*	-5,164	*-1.8*	-6,538	*-2.1*	-1,884	*-0.6*	-837	*-0.2*	2,797	*0.8*	1,129	*0.3*	-5,410	*-1.4*
Extraordinary items	-5,466	*-2.5*	96	*0.0*	-391	*-0.1*	-6,805	*-2.4*	-2,257	*-0.7*	1,303	*0.4*	-7,041	*-2.0*	7,815	*2.2*	12,382	*3.2*	2,429	*0.6*
Cumulative effect of accounting changes	0	*0.0*	-211	*-0.1*	-46	*0.0*	-392	*-0.1*	-514	*-0.2*	-52	*0.0*	0	*0.0*	-80	*0.0*	11	*0.0*	0	*0.0*
Profit (loss) before tax	**65,907**	***29.6***	**90,320**	***35.9***	**83,659**	***31.2***	**76,100**	***26.5***	**95,201**	***30.9***	**119,179**	***36.3***	**118,883**	***34.6***	**140,200**	***38.7***	**155,733**	***39.7***	**89,178**	***22.5***
Income tax	-22,835	*-10.3*	-31,911	*-12.7*	-29,963	*-11.2*	-25,955	*-9.0*	-30,708	*-10.0*	-39,202	*-12.0*	-38,337	*-11.2*	-45,916	*-12.7*	-50,297	*-12.8*	-24,229	*-6.1*
Profit attributable to minorities	-389	*-0.2*	-477	*-0.2*	-316	*-0.1*	-155	*-0.1*	-259	*-0.1*	-493	*-0.2*	-450	*-0.1*	-966	*-0.3*	-855	*-0.2*	-1,059	*-0.3*
Net profit attributable to parent company	**42,683**	***19.2***	**57,932**	***23.1***	**53,380**	***19.9***	**49,990**	***17.4***	**64,234**	***20.9***	**79,484**	***24.2***	**80,096**	***23.3***	**93,318**	***25.8***	**104,581**	***26.7***	**63,890**	***16.1***
Dividends payout	*17,758*	*8.0*	*20,603*	*8.2*	*22,037*	*8.2*	*22,928*	*8.0*	*24,157*	*7.8*	*28,958*	*8.8*	*36,342*	*10.6*	*39,864*	*11.0*	*43,404*	*11.1*	*48,020*	*12.1*

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

TABLE II.2 – FINANCIAL STATEMENTS UNITED STATES

	1998		1999		2000		2001		2002		2003		2004		2005		2006		2007	
	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	902,119	*22.1*	966,433	*22.3*	1,014,715	*21.7*	1,075,329	*21.9*	1,186,748	*22.8*	1,357,019	*23.6*	1,510,844	*23.2*	1,568,757	*22.4*	1,810,457	*23.3*	2,085,870	*23.4*
Loans and advances to banks (1)	454,584	*11.1*	503,590	*11.6*	485,938	*10.4*	543,845	*11.1*	554,072	*10.7*	664,339	*11.6*	722,732	*11.1*	891,059	*12.7*	964,442	*12.4*	1,045,795	*11.7*
Loans and advances to customers	2,167,464	*53.0*	2,277,097	*52.4*	2,493,870	*53.4*	2,513,972	*51.1*	2,655,705	*51.1*	2,856,744	*49.7*	3,290,498	*50.6*	3,596,748	*51.3*	3,922,250	*50.4*	4,380,387	*49.2*
Loans, advances and cash	***3,524,167***	***86.2***	***3,747,120***	***86.3***	***3,994,523***	***85.5***	***4,133,146***	***84.0***	***4,396,525***	***84.5***	***4,878,102***	***84.9***	***5,524,074***	***85.0***	***6,056,564***	***86.4***	***6,697,149***	***86.0***	***7,512,052***	***84.4***
Interests in subsidiares and associated	23,227	*0.6*	30,912	*0.7*	38,952	*0.8*	35,723	*0.7*	33,397	*0.6*	39,944	*0.7*	47,943	*0.7*	51,510	*0.7*	65,998	*0.8*	87,390	*1.0*
Intangible assets	24,706	*0.6*	33,547	*0.8*	41,742	*0.9*	50,417	*1.0*	45,031	*0.9*	58,740	*1.0*	74,734	*1.1*	86,930	*1.2*	102,479	*1.3*	117,211	*1.3*
Net tangible assets	45,191	*1.1*	45,876	*1.1*	45,923	*1.0*	46,267	*0.9*	47,646	*0.9*	49,694	*0.9*	55,435	*0.9*	57,440	*0.8*	61,391	*0.8*	71,412	*0.8*
Other assets	415,983	*10.2*	423,330	*9.7*	479,153	*10.3*	565,490	*11.5*	577,972	*11.1*	612,190	*10.7*	599,213	*9.2*	546,336	*7.8*	595,331	*7.6*	809,288	*9.1*
Total (a)	**4,033,274**	***98.7***	**4,280,785**	***98.6***	**4,600,293**	***98.5***	**4,831,043**	***98.2***	**5,100,571**	***98.1***	**5,638,670**	***98.2***	**6,301,399**	***96.9***	**6,798,780**	***97.0***	**7,522,348**	***96.6***	**8,597,353**	***96.6***
Deposits by banks	738,635	*18.1*	875,252	*20.2*	882,811	*18.9*	920,295	*18.7*	971,058	*18.7*	1,064,924	*18.5*	1,192,098	*18.3*	1,435,244	*20.5*	1,366,686	*17.6*	1,501,394	*16.9*
Customer deposits	2,168,931	*53.1*	2,218,704	*51.1*	2,381,310	*51.0*	2,543,678	*51.7*	2,742,523	*52.7*	2,945,255	*51.3*	3,326,436	*51.2*	3,580,279	*51.1*	3,890,375	*50.0*	4,358,590	*49.0*
Debt securities	340,383	*8.3*	409,127	*9.4*	474,238	*10.2*	420,810	*8.6*	437,755	*8.4*	564,747	*9.8*	616,463	*9.5*	673,215	*9.6*	857,245	*11.0*	1,111,978	*12.5*
Subordinated liabilities	110,212	*2.7*	111,860	*2.6*	128,194	*2.7*	151,276	*3.1*	157,554	*3.0*	169,990	*3.0*	187,612	*2.9*	198,236	*2.8*	239,792	*3.1*	329,556	*3.7*
Total funding	***3,358,161***	***82.2***	***3,614,943***	***83.3***	***3,866,553***	***82.8***	***4,036,059***	***82.0***	***4,308,890***	***82.8***	***4,744,916***	***82.6***	***5,322,609***	***81.9***	***5,886,974***	***84.0***	***6,354,098***	***81.6***	***7,301,518***	***82.0***
Provision for employee benefits	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*
Deferred taxation	14,260	*0.3*	19,611	*0.5*	27,134	*0.6*	26,777	*0.5*	33,207	*0.6*	35,170	*0.6*	27,848	*0.4*	29,194	*0.4*	32,550	*0.4*	32,646	*0.4*
Other liabilities	411,015	*10.1*	393,118	*9.1*	426,232	*9.1*	472,087	*9.6*	439,358	*8.4*	508,566	*8.9*	568,218	*8.7*	481,938	*6.9*	709,875	*9.1*	837,617	*9.4*
Total liabilities (b)	**3,783,436**	***92.6***	**4,027,672**	***92.8***	**4,319,919**	***92.5***	**4,534,923**	***92.2***	**4,781,455**	***91.9***	**5,288,652**	***92.1***	**5,918,675**	***91.0***	**6,398,106**	***91.3***	**7,096,523**	***91.2***	**8,171,781**	***91.8***
Goodwill (c)	54,165	*1.3*	61,288	*1.4*	69,903	*1.5*	90,137	*1.8*	100,587	*1.9*	105,253	*1.8*	200,183	*3.1*	210,734	*3.0*	262,818	*3.4*	305,486	*3.4*
Net worth (a-b+c)	**304,003**	***7.4***	**314,401**	***7.2***	**350,277**	***7.5***	**386,257**	***7.8***	**419,703**	***8.1***	**455,271**	***7.9***	**582,907**	***9.0***	**611,408**	***8.7***	**688,643**	***8.8***	**731,058**	***8.2***
represented by:																				
Issued share capital	46,136	*1.1*	43,626	*1.0*	40,341	*0.9*	36,492	*0.7*	31,744	*0.6*	31,375	*0.5*	71,995	*1.1*	72,778	*1.0*	100,780	*1.3*	97,682	*1.1*
Reserves	274,268	*6.7*	299,077	*6.9*	336,310	*7.2*	377,614	*7.7*	418,537	*8.0*	454,598	*7.9*	538,236	*8.3*	582,758	*8.3*	636,486	*8.2*	680,621	*7.6*
Own shares	-19,146	*-0.5*	-30,853	*-0.7*	-27,867	*-0.6*	-30,393	*-0.6*	-33,499	*-0.6*	-35,283	*-0.6*	-32,788	*-0.5*	-49,943	*-0.7*	-58,163	*-0.7*	-60,521	*-0.7*
Total	**301,258**	***7.4***	**311,850**	***7.2***	**348,784**	***7.5***	**383,713**	***7.8***	**416,782**	***8.0***	**450,690**	***7.8***	**577,443**	***8.9***	**605,593**	***8.6***	**679,103**	***8.7***	**717,782**	***8.1***
Minority interests	2,745	*0.1*	2,551	*0.1*	1,493	*0.0*	2,544	*0.1*	2,921	*0.1*	4,581	*0.1*	5,464	*0.1*	5,815	*0.1*	9,540	*0.1*	13,276	*0.1*
Funding from customers	**2,619,526**	***64.1***	**2,739,691**	***63.1***	**2,983,742**	***63.9***	**3,115,764**	***63.3***	**3,337,832**	***64.2***	**3,679,992**	***64.1***	**4,130,511**	***63.5***	**4,451,730**	***63.5***	**4,987,412**	***64.1***	**5,800,124**	***65.1***
Total assets (a+c)	**4,087,439**	***100.0***	**4,342,073**	***100.0***	**4,670,196**	***100.0***	**4,921,180**	***100.0***	**5,201,158**	***100.0***	**5,743,923**	***100.0***	**6,501,582**	***100.0***	**7,009,514**	***100.0***	**7,785,166**	***100.0***	**8,902,839**	***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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Average number of staff	1,135,927	1,161,091	1,191,469	1,225,568	1,239,700	1,253,191	1,284,367	1,325,625	1,369,407	1,433,226
of which: from country of origin (%)	...	...	...	...	...	...	...	...	...	...
from elsewhere (%)	...	...	...	...	...	...	...	...	...	...

TABLE II.4 – FINANCIAL RATIOS

UNITED STATES

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Funding from customers per employee ('000 USD)	2,306	2,360	2,504	2,542	2,692	2,936	3,216	3,358	3,642	4,047
Loans and advances to customers per employee ('000 USD)	1,908	1,961	2,093	2,051	2,142	2,280	2,562	2,713	2,864	3,056
Labour cost per employee ('000 USD)	60	64	70	70	71	77	81	85	92	94
Cost / income ratio (%)	58.8	56.1	58.3	55.9	54.4	55.7	57.6	57.7	58.0	62.4
Bad debts written off as % of total income (1)	7.5	6.4	8.3	11.9	11.7	7.8	5.5	6.5	5.8	14.3
Dividends payout as % of net profit	41.6	35.6	41.3	45.9	37.6	36.4	45.4	42.7	41.5	75.2
ROE (%)	16.5	22.8	18.1	15.0	18.2	21.4	16.1	18.2	18.2	9.8
ROA (%)	1.0	1.3	1.1	1.0	1.2	1.4	1.2	1.3	1.3	0.7
Doubful loans as % of loans to customers (2)	o	o	o	0.2	0.2	0.1	o	0.1	0.1	0.2
Doubful loans as % of net worth (2)	0.3	0.2	0.3	1.2	1.3	0.7	0.2	0.3	0.4	1.2
Loans, advances and cash as % of total funding	104.9	103.7	103.3	102.4	102.0	102.8	103.8	102.9	105.4	102.9
Fixed assets as % of net worth	48.4	54.6	56.1	57.6	54.0	55.7	64.9	66.5	71.5	79.5
Free capital as % of funding from customers	6.1	5.3	5.1	5.1	5.6	5.4	4.9	4.6	3.9	2.4
Total liabilities/Tangible net worth	16.8	18.3	18.1	18.5	17.4	18.2	19.2	20.4	21.9	26.5

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

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

TABLE II.1 – PROFIT AND LOSS ACCOUNTS

	2004		2005		2006		2007	
	CNY m	%	*CNY m*	%	*CNY m*	%	*CNY m*	%
Interest receivable and similar income	694,728		854,139		1,089,999		1,446,067	
Interest payable and similar expenses	-250,952		-336,686		-441,235		-556,249	
Net interest income	**443,776**	***88.7***	**517,453**	***90.0***	**648,764**	***90.0***	**889,818**	***87.4***
Commissions receivable and other operating income	47,765	*9.5*	55,711	*9.7*	83,192	*11.5*	159,024	*15.6*
Commissions payable and other operating expenses	-7,081	*-1.4*	-7,899	*-1.4*	-9,217	*-1.3*	-12,595	*-1.2*
Dividends and share of profit (loss)	2,620	*0.5*	780	*0.1*	1,719	*0.2*	2,187	*0.2*
Gains (losses) on financial transactions	13,410	*2.7*	8,717	*1.5*	-3,373	*-0.5*	-20,233	*-2.0*
Total income	**500,490**	***100.0***	**574,762**	***100.0***	**721,085**	***100.0***	**1,018,201**	***100.0***
Labour costs	-81,105	*-16.2*	-103,086	*-17.9*	-123,778	*-17.2*	-157,519	*-15.5*
General expenses	-148,444	*-29.6*	-160,566	*-27.9*	-189,270	*-26.2*	-232,382	*-22.8*
Bad debts recovered (written off)	-101,038	*-20.2*	-64,258	*-11.2*	-98,728	*-13.7*	-99,550	*-9.8*
Depreciation and amortization	-28,853	*-5.8*	-27,928	*-4.9*	-29,688	*-4.1*	-30,851	*-3.0*
Current pre-tax profit	**141,050**	***28.2***	**218,924**	***38.1***	**279,621**	***38.8***	**497,899**	***48.9***
Amortization of goodwill	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*
Fixed asset revaluations (writedowns)	-4,266	*-0.9*	-1,473	*-0.3*	-2,153	*-0.3*	-22,897	*-2.2*
Extraordinary items	-15,238	*-3.0*	-2,785	*-0.5*	-8,754	*-1.2*	-39,344	*-3.9*
Cumulative effect of accounting changes	11	*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***
Income tax	-30,420	*-6.1*	-75,861	*-13.2*	-84,614	*-11.7*	-145,970	*-14.3*
Profit attributable to minorities	-4,685	*-0.9*	-5,557	*-1.0*	-6,043	*-0.8*	-6,739	*-0.7*
Net profit attributable to parent company	**86,452**	***17.3***	**133,248**	***23.2***	**178,057**	***24.7***	**282,949**	***27.8***
Dividends payout	*19,104*	3.8	*27,807*	4.8	*73,931*	10.3	*133,549*	13.1

		2004		2005		2006		2007	
		CNY m	%	*CNY m*	%	*CNY m*	%	*CNY m*	%
Cash and deposits at central banks		131,233	*0.6*	137,307	*0.6*	152,844	*0.5*	183,707	*0.5*
Securities		5,075,853	*23.8*	7,495,828	*30.1*	8,973,267	*30.9*	9,864,473	*28.6*
Loans and advances to banks (1)		2,776,679	*13.0*	3,423,072	*13.7*	4,195,354	*14.5*	6,388,531	*18.5*
Loans and advances to customers		12,556,551	*58.9*	13,098,998	*52.6*	14,926,942	*51.4*	17,110,797	*49.7*
Loans, advances and cash		***20,540,316***	***96.3***	***24,155,205***	***97.0***	***28,248,407***	***97.3***	***33,547,508***	***97.4***
Interests in subsidiares and associated		2,482	*0.0*	5,746	*0.0*	6,654	*0.0*	9,065	*0.0*
Intangible assets		18,709	*0.1*	33,527	*0.1*	51,376	*0.2*	54,732	*0.2*
Net tangible assets		400,001	*1.9*	419,940	*1.7*	409,358	*1.4*	404,117	*1.2*
Other assets		367,090	*1.7*	295,470	*1.2*	301,846	*1.0*	422,414	*1.2*
Total	**(a)**	**21,328,598**	***100.0***	**24,909,888**	***100.0***	**29,017,641**	***100.0***	**34,437,836**	***100.0***
Deposits by banks		1,416,579	*6.6*	1,659,622	*6.7*	2,036,599	*7.0*	4,022,681	*11.7*
Customer deposits		18,428,076	*86.4*	21,208,301	*85.1*	24,409,945	*84.1*	27,268,377	*79.2*
Debt securities		67,395	*0.3*	134,746	*0.5*	128,802	*0.4*	164,714	*0.5*
Subordinated liabilities		105,693	*0.5*	177,948	*0.7*	188,236	*0.6*	222,777	*0.6*
Total funding		***20,017,743***	***93.9***	***23,180,617***	***93.1***	***26,763,582***	***92.2***	***31,678,549***	***92.0***
Provision for employee benefits		7,591	*0.0*	8,701	*0.0*	14,972	*0.1*	14,782	*0.0*
Deferred taxation		2,088	*0.0*	1,839	*0.0*	5,221	*0.0*	6,865	*0.0*
Other liabilities		503,962	*2.4*	653,800	*2.6*	689,593	*2.4*	832,022	*2.4*
Total liabilities	**(b)**	**20,531,384**	***96.3***	**23,844,957**	***95.7***	**27,473,368**	***94.7***	**32,532,218**	***94.5***
Goodwill	**(c)**	0	*0.0*	0	*0.0*	3,621	*0.0*	3,690	*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***
represented by:									
Issued share capital		618,090	*2.9*	780,128	*3.1*	922,688	*3.2*	948,113	*2.8*
Reserves		147,780	*0.7*	251,821	*1.0*	590,687	*2.0*	923,981	*2.7*
Own shares		0	*0.0*	0	*0.0*	-216	*0.0*	-45	*0.0*
Total		**765,870**	***3.6***	**1,031,949**	***4.1***	**1,513,159**	***5.2***	**1,872,049**	***5.4***
Minority interests		31,344	*0.1*	32,982	*0.1*	34,735	*0.1*	37,259	*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***
Total assets	**(a+c)**	**21,328,598**	***100.0***	**24,909,888**	***100.0***	**29,021,262**	***100.0***	**34,441,526**	***100.0***

(1) Includes compulsory reserve held at central bank (CNY 3,740bn as at 31-12-2007).

TABLE II.3 – EMPLOYEES

CHINA

	2004	2005	2006	2007
Average number of staff	1,390,122 (1)	1,467,814	1,446,507	1,446,920
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
Funding from customers per employee ('000 CNY) (1)	12,260	14,662	17,094	19,114
Loans and advances to customers per employee ('000 CNY) (1)	8,317	8,924	10,319	11,826
Labour cost per employee ('000 CNY) (1)	52	70	86	109
Cost / income ratio (%)	51.6	50.7	47.5	41.3
Bad debts written off as % of total income (2)	20.2	11.2	13.7	9.8
Dividends payout as % of net profit	22.1	20.9	41.5	47.2
ROE (%)	12.7	14.8	13.3	17.8
ROA (%)	0.4	0.5	0.6	0.8
Doubful loans as % of loans to customers (3)	11.4	6.4	5.1	4.5
Doubful loans as % of net worth (3)	178.9	78.5	49.3	40.3
Loans, advances and cash as % of total funding	102.6	104.2	105.5	105.9
Fixed assets as % of net worth	52.8	43.1	30.4	24.7
Free capital as % of funding from customers	-5.6	-1.0	1.3	2.5
Total liabilities/Tangible net worth	26.4	23.1	18.4	17.6

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. The exposure chiefly refers to the Agricultural Bank of China (cf. Table I.22).

III. PRINCIPLES AND METHODS

III.1 The compani es

The companies selected comprise the leading banking groups of the three main economic areas worldwide (Europe, Japan and the Unites States) plus China. The selection criterion adopted for the triad regions is that of total assets on the balance sheet.

To be included in this survey, the companies must represent a significant share of the total asset aggregate for their respective areas. In other words, companies are added to the sample for so long as their contribution exceeds one per cent of the previous cumulative assets aggregate. Banks which contributed less than one per cent of such aggregate were not included.

The survey was extended to include the top ten banks in China as from the 2008 edition.

III.2 Statistics

The statistics have been compiled on the basis of annual and half-year consolidated figures; half-year figures have been included for 2007 and 2008 only. It is important to note that the financial reports used were prepared according to different accounting standards; in particular, most of the European banks began applying IAS/IFRS beginning in 2005.

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

The general aggregate of all companies and the aggregate for Europe have been compiled by converting the individual national currencies into Euros at exchange rates ruling as at 31 December of each year. The ECU was replaced by the Euro on 1 January 1999 at a ratio of 1:1.

TABLE III.1- LIST OF COMPANIES

	BANKS	2007 TOTAL ASSETS	2007 TOTAL INCOME	2007 EMPLOYEES
	EUROPE	*EUR m*	*EUR m*	*Average no.*
1	THE ROYAL BANK OF SCOTLAND GROUP (RBS) (GB) # * 1	2,591,199	33,065	154,200
2	DEUTSCHE BANK (DE) # 2	2,020,349	29,074	75,047
3	BNP PARIBAS (FR) # 3	1,691,900	29,522	138,992
4	BARCLAYS (GB) #	1,673,422	30,693	128,900
5	HSBC HOLDINGS (GB) #	1,598,364	52,362	322,282
6	CREDIT AGRICOLE (FR) #	1,540,328	26,034	158,018
7	UBS (CH) #	1,373,409	17,344	80,850
8	ING GROEP (NL) #	1,306,636	17,294	120,282
9	SOCIÉTÉ GÉNÉRALE (FR) #	1,071,459	16,111	130,100
10	UNICREDIT (IT) # 4	1,021,758	30,248	156,155
11	BANCO SANTANDER (ES) # 5	912,605	26,466	129,132
12	HBOS (GB) # * 6	908,139	16,856	74,087
13	FORTIS (BE / NL) # 7	870,223	10,819	59,448
14	CREDIT SUISSE GROUP (CH) #	822,312	19,261	46,500
15	COMMERZBANK (DE) # 8	616,474	7,996	36,037
16	DEXIA (BE) # *	604,483	5,819	26,986
17	INTESA SANPAOLO (IT) # 9	572,868	17,480	98,112
18	RABOBANK NEDERLAND (NL)	570,503	11,205	52,655
19	CREDIT MUTUEL (FR)	553,302	10,377	59,455
20	BANCO BILBAO VIZCAYA ARGENTARIA (BBVA) (ES) #	502,161	16,575	104,515
21	DRESDNER BANK (DE) 10	500,209	5,241	31,730
22	LLOYDS TSB GROUP (ora Lloyds Banking Group) (GB) # * 11	481,347	15,030	69,553
23	DANSKE BANK (DK) #	448,871	5,734	23,616
24	LANDESBANK BADEN-WUERTTEMBERG (DE) *	443,424	2,232	12,739
25	DZ BANK (DE)	431,337	3,914	24,210
26	BAYERISCHE LANDESBANK (DE) *	415,639	2,674	13,408
27	HYPO REAL ESTATE HOLDING (DE) # 12	400,174	1,075	1,417
28	NORDEA BANK (SE) # 13	389,050	7,556	31,867
29	KBC GROUP (BE) # 14	355,306	8,494	55,888
30	KREDITANSTALT FUER WIEDERAUFBAU (KfW) (DE) *	353,997	- 203	4,003
31	WESTLB (DE) *	286,552	- 31	6,469
32	ABN AMRO HOLDING (NL) 15	-	14,975	77,810
33	DEPFA BANK (IE) 16	-	312	545
34	ABBEY NATIONAL (GB) 17	-	-	-
35	ARGENTARIA (ES) 18	-	-	-
36	BANCA COMMERCIALE ITALIANA (IT) 19	-	-	-
37	BANCO CENTRAL HISPANOAMERICANO (ES) 20	-	-	-
38	BANK AUSTRIA (AT) 21	-	-	-

cont.

Table III.1(cont.)

	BANKS	2007 TOTAL ASSETS	2007 TOTAL INCOME	2007 EMPLOYEES
		EUR m	*EUR m*	*Average no.*
39	BANK OF SCOTLAND (GB) [22]	-	-	-
40	BAYERISCHE HYPO- UND VEREINSBANK (HVB) (DE) [23]	-	-	-
41	CAPITALIA (IT) [24]	-	-	-
42	CREDIT COMMERCIAL DE FRANCE (FR) [25]	-	-	-
43	CREDIT INDUSTRIEL ET COMMERCIAL-CIC (FR) [26]	-	-	-
44	CREDIT LYONNAIS (FR) [27]	-	-	-
45	DEPFA DEUTSCHE PFANDBRIEFBANK (DE) [28]	-	-	-
46	EUROHYPO (DE) [29]	-	-	-
47	HALIFAX GROUP (GB) [22]	-	-	-
48	NATIONAL WESTMINSTER BANK (GB) [30]	-	-	-
49	PARIBAS (FR) [31]	-	-	-
50	REALDANMARK (DK) [32]	-	-	-
51	SANPAOLO IMI (IT) [33]	-	-	-
52	UNIDANMARK (DK) [34]	-	-	-
	TOTAL	**27,327,800**	**491,604**	**2,505,008**
	JAPAN	*EUR m*	*EUR m*	*Average no.*
1	MITSUBISHI UFJ FINANCIAL GROUP [# 35]	1,156,010	23,840	78,000
2	MIZUHO FINANCIAL GROUP [#]	907,526	9,582	27,888 °
3	SUMITOMO MITSUI FINANCIAL GROUP [#]	651,008	12,722	43,929
4	NORINCHUKIN BANK	368,445	1,329	2,844 °
5	RESONA HOLDINGS [#]	236,142	4,623	16,294
6	SHINKIN CENTRAL BANK	159,582	609	1,066 °
7	SUMITOMO TRUST & BANKING [#]	131,522	2,166	5,739 °
8	CHUO MITSUI TRUST HOLDINGS [# 36]	84,210	1,714	4,600
9	BANK OF YOKOHAMA [#]	70,110	1,427	4,163 °
10	FUKUOKA FINANCIAL GROUP [# 37]	68,363	1,054	5,590
11	SHINSEI BANK [#]	65,628	1,656	2,321 °
12	SHOKO CHUKIN BANK [*]	64,579	865	4,280
13	CHIBA BANK [#]	58,958	1,091	3,891 °
14	HOKUHOKU FINANCIAL GROUP [#]	57,045	1,157	4,304
15	SHIZUOKA BANK [#]	54,550	917	3,246 °
16	SAPPORO HOKUYO HOLDINGS [#]	44,777	747	4,000
17	JOYO BANK [#]	44,602	773	3,540 °
18	AOZORA BANK [#]	43,756	514	1,401 °
19	ASAHI BANK [38]	-	-	-
20	BANK OF KINKI [39]	-	-	-
21	BANK OF TOKYO-MITSUBISHI [40]	-	-	-
22	CHUO TRUST AND BANKING COMPANY [41]	-	-	-
23	DAI-ICHI KANGYO BANK [42]	-	-	-

cont.

Table III.1(cont.)

	BANKS	2007 TOTAL ASSETS	TOTAL INCOME	EMPLOYEES
		EUR m	*EUR m*	*Average no.*
24	FUJI BANK [42]	-	-	-
25	HOKKAIDO BANK [43]	-	-	-
26	IBJ – INDUSTRIAL BANK OF JAPAN [42]	-	-	-
27	KINKI OSAKA BANK [38]	-	-	-
28	MITSUBISHI TRUST AND BANKING [40]	-	-	-
29	MITSUI TRUST AND BANKING COMPANY [41]	-	-	-
30	SAKURA BANK [44]	-	-	-
31	SANWA BANK [45]	-	-	-
32	SUMITOMO BANK [44]	-	-	-
33	TOKAY BANK [45]	-	-	-
34	TOYO TRUST AND BANKING [45]	-	-	-
35	UFJ HOLDINGS [46]	-	-	-
	TOTAL	**4,266,813**	**66,786**	**217,096**
	UNITED STATES	*EUR m*	*EUR m*	*Average no.*
1	CITIGROUP [#]	1,486,061	53,517	362,000
2	BANK OF AMERICA [# 47]	1,165,509	43,922	206,700
3	JPMORGAN CHASE & CO. [# 48]	1,061,169	48,722	177,514
4	WACHOVIA (ex- First Union) [# 49]	531,822	22,411	115,675
5	WELLS FARGO & CO. [# 49]	390,899	26,530	158,900
6	WASHINGTON MUTUAL [# 50]	222,752	9,982	49,614
7	U.S. BANCORP (ex- Firstar) [#]	161,412	9,548	51,350
8	COUNTRYWIDE FINANCIAL [# 51]	143,828	6,039	56,139
9	THE BANK OF NEW YORK MELLON [# 52]	134,268	7,839	32,250
10	SUNTRUST BANKS [#]	121,985	5,267	32,961
11	CAPITAL ONE FINANCIAL [#]	102,296	9,722	29,050
12	NATIONAL CITY [# 53]	102,149	4,606	31,667
13	REGIONS FINANCIAL [#]	95,810	4,762	34,839
14	THE PNC FINANCIAL SERVICES GROUP [# 53]	94,369	4,662	24,760
15	BB&T [#]	90,088	4,550	29,350
16	FIFTH THIRD BANCORP [#]	75,377	3,716	21,523
17	KEYCORP [#]	67,919	3,012	18,934
18	AMSOUTH BANCORPORATION [54]	-	-	-
19	ASSOCIATES FIRST CAPITAL [55]	-	-	-
20	BANK ONE [56]	-	-	-
21	BANKBOSTON [57]	-	-	-
22	FLEETBOSTON FINANCIAL [58]	-	-	-
23	GOLDEN STATE BANCORP [59]	-	-	-
24	GOLDEN WEST FINANCIAL [60]	-	-	-

cont.

Table III.1(cont.)

	BANKS	2007 TOTAL ASSETS	2007 TOTAL INCOME	2007 EMPLOYEES
		EUR m	*EUR m*	*Average no.*
25	GREENPOINT FINANCIAL [61]	-	-	-
26	HIBERNIA [62]	-	-	-
27	J.P. MORGAN & CO. [63]	-	-	-
28	MBNA [64]	-	-	-
29	MERCANTILE BANCORP [65]	-	-	-
30	NORTH FORK BANCORPORATION [66]	-	-	-
31	SOUTHTRUST [67]	-	-	-
32	SUMMIT BANCORP [68]	-	-	-
33	U.S. BANCORP [69]	-	-	-
34	UNION PLANTERS [70]	-	-	-
35	WACHOVIA [71]	-	-	-
	TOTAL	**6,047,713**	**268,807**	**1,433,226**
	CHINA	*EUR m*	*EUR m*	*Average no.*
1	INDUSTRIAL AND COMMERCIAL BANK OF CHINA # *	807,607	23,602	366,581
2	CHINA CONSTRUCTION BANK # *	613,647	20,376	298,187
3	AGRICULTURAL BANK OF CHINA *	562,677	14,396	449,992
4	BANK OF CHINA # *	557,198	17,357	188,200
5	BANK OF COMMUNICATIONS # *	196,277	5,729	64,474
6	CHINA MERCHANTS BANK # *	121,885	3,820	26,087
7	CHINA CITIC BANK # *	94,043	2,573	13,823
8	CHINA MINSHENG BANKING #	85,543	2,355	15,799
9	SHANGHAI PUDONG DEVELOPMENT BANK # *	85,095	2,407	12,957
10	INDUSTRIAL BANK # *	79,176	2,080	10,820
	TOTAL	**3,203,148**	**94,695**	**1,446,917**

\# Listed company.
* Government-controlled company.
° Figure refers to parent company only. The figure for Mizuho Financial Group also includes the employees of its three main banking subsidiaries.
[1] As at year-end 2008, the UK government owned 57.9% of the share capital. In the first months of 2009 this was raised to approx. 70%, after preference shares were converted into ordinary shares
[2] In February 2009 Deusche Post A.G. acquired approx. 8% of the share capital, after group company Deutsche Postbank A.G. spun off 22.9%.
[3] The states of Belgian and Luxembourg took stakes in the company of 11.6% and 1.1% respectively, against the disposal of Fortis's former banking activities in the respective countries.
[4] Formerly UniCredito Italiano. Merged with Capitalia with effect from 1 October 2007. Data include Capitalia pro-forma for the full year. The current name was taken on in May 2008.
[5] Formerly Banco Santander Central Hispano. The current name was taken on in August 2007.
[6] In January 2009 the company was merged into Lloyds TSB Group, which took on the name of Lloyds Banking Group.
[7] 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, subsequently disposing of a majority share in these to BNP Paribas. The Fortis group now only performs insurance activities.

Table III.1(cont.)

[8] In January 2009 the company completed its acquisition of Dresdner Bank; the German state also announced it was taking a 25% plus one share stake in the company.
[9] Formerly Banca Intesa. With effect from 1 January 2007 Banca Intesa merged with Sanpaolo IMI and took on the name of Intesa Sanpaolo.
[10] Allianz Group. Investment sold in full to Commerzbank in January 2009.
[11] HBOS merged into the company in January 2009, and the present name taken on. The British government acquired a 43.4% stake.
[12] As at 30 June 2008, a group of investors headed up by J.C. Flowers owned 24.9% of the share capital. The German state took an 8.7% stake in March 2009.
[13] The largest shareholder is the Swedish government, with a stake of 19.9% at 31 December 2008.
[14] Formerly KBC Bank and Insurance Holding Company; in March 2005, the bank merged with its parent company Almanij and took on its current name.
[15] In October 2007 control of the company was acquired by RFS Holdings B.V., a company owned by The Royal Bank of Scotland Group (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). Data shown here refer to the period prior to the acquisition.
[16] Acquired by Hypo Real Estate Holding in October 2007. The income and employees figures shown refer to the first 9 months of the year.
[17] Acquired by Banco Santander Central Hispano in November 2004.
[18] In 2000 Argentaria merged with Banco Bilbao Vizcaya, and the combined entity took on the name Banco Bilbao Vizcaya Argentaria. (BBVA).
[19] In 1999 Banca Commerciale Italiana was acquired by Banca Intesa (now Intesa Sanpaolo).
[20] Banco Central Hispanoamericano merged with Banco Santander in 1999, with the combined entity taking on the name of Banco Santander Central Hispano (now Banco Santander).
[21] Acquired by Bayerische Hypo- und Vereinsbank in 2000.
[22] Bank of Scotland and the Halifax group merged in 2001 to form HBOS.
[23] Acquired by UniCredit Italiano (now UniCredit) in November 2005.
[24] Merged into UniCredit with effect from 1 October 2007.
[25] Acquired by HSBC Holdings in 2000.
[26] Acquired by Crédit Mutuel in 1998 and consolidated for the first time in 2002.
[27] Acquired by Crédit Agricole in 2003.
[28] Acquired by DEPFA Holding (subsequently DEPFA Bank) in 2002.
[29] Formerly Deutsche Hyp (Gruppo Dresdner Bank), 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..
[30] Acquired by RBS in 2000.
[31] Acquired by Banque Nationale de Paris in 1999. Paribas then merged with Banque Nationale de Paris in 2000, and the combined entity took on the name of BNP Paribas.
[32] Acquired by Danske Bank in 2000.
[33] Merged into Banca Intesa (now Intesa Sanpaolo) with effect from 1 January 2007.
[34] Acquired by Nordea (now Nordea Bank) in 2000.
[35] Formerly Mitsubishi Tokyo Financial Group. Effective from 1 October 2005, the company merged with UFJ Holdings and took on its current name.
[36] Formerly Mitsui Trust Holdings. The current name was taken on in October 2007.
[37] 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.
[38] Acquired by Resona Holdings (formerly Daiwa Bank Holdings) in 2001.
[39] The company was merged into Bank of Osaka in 2000, with the latter taking on the name of Kinki Osaka Bank.
[40] The company became part of the Mitsubishi Tokyo Financial Group (now Mitsubishi UFJ Financial Group) in 2001.
[41] The Chuo Trust and Banking Company and the Mitsui Trust and Banking Company merged in 2000 to form the Chuo Mitsui Trust and Banking Company. In 2001 the latter became part of the Mitsui Trust Holdings Group.
[42] The company became part of the Mizuho Financial Group in 2000.
[43] Acquired in 2004 by Hokugin Financial Group, which took on the name Hokuhoku Financial Group.
[44] Sakura Bank was merged into Sumitomo Bank in 2001, with the latter taking on the name of Sumitomo Mitsui Banking. In 2002 Sumitomo Mitsui Banking became part of the Sumitomo Mitsui Financial Group.
[45] The company became part of the UFJ Holdings Group (now Mitsubishi UFJ Financial Group) in 2001.

Table III.1(cont.)

[46] Merged into Mitsubishi Tokyo Financial Group (now Mitsubishi UFJ Financial Group), with effect from 1 October 2005.
[47] Merged with Countrywide Financial with effect from 1 July 2008, and acquired investment bank Merrill Lynch & Co. with effect from 1 January 2009.
[48] Acquired investment bank The Bear Stearns Companies with effect from 30 May 2008, and the banking activities of Washington Mutual on 25 September 2008.
[49] Wells Fargo & Co. acquired Wachovia (formerly First Union) with effect from 31 December 2008.
[50] Went bankrupt in September 2008. Its banking activities were acquired by JPMorgan Chase & Co with effect from 25 September 2008.
[51] Merged into the Bank of America with effect from 1 July 2008.
[52] With effect from 1 July 2007 the Bank of New York and Mellon Financial merged to form The Bank of New York Mellon.
[53] The PNC Financial Services Group acquired National City with effect from 31 December 2008.
[54] Acquired by Regions Financials with effect from 1 November 2006.
[55] Acquired by Citigroup in 2000.
[56] Acquired by JPMorgan Chase & Co. with effect from 1 July 2004.
[57] Acquired by FleetBoston Financial in 1999.
[58] Acquired by Bank of America with effect from 1 April 2004.
[59] Acquired by Citigroup in 2002.
[60] Acquired by Wachovia (formerly First Union) with effect from 1 October 2006.
[61] Merged into North Fork Bancorporation with effect from 1 October 2004.
[62] Acquired by Capital One Financial with effect from 16 November 2005.
[63] The company was merged into the Chase Manhattan Corp. in 2000, with the latter taking on the name of J.P. Morgan Chase & Co. (now JPMorgan Chase & Co.).
[64] Acquired by Bank of America with effect from 1 January 2006.
[65] Acquired by Firstar (now U.S. Bancorp) in 1999.
[66] Acquired by Capital One Financial with effect from 1 December 2006.
[67] Acquired by Wachovia (formerly First Union) with effect from 1 November 2004.
[68] Acquired by FleetBoston Financial in 2001.
[69] The company was merged into Firstar in 2001, with the latter taking on the name of U.S. Bancorp.
[70] Acquired by Regions Financial with effect from 1 July 2004.
[71] The company was merged into First Union in 2001, with the latter taking on the name of Wachovia.

TABLE III.2 – 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)
1998		
Citigroup (US)	632,322	Travelers Group (350,457); Citicorp (281,865)
UBS (CH)	632,076	Unione di Banche Svizzere (359,506); Società di Banca Svizzera (272,570)
BankAmerica (now Bank of America) (US)	475,721	NationsBank (239,856); BankAmerica (235,865)
Bayerische Hypo- und Vereinsbank (DE)	411,316	Bayerische Vereinsbank (227,260); Bayerische Hypotheken- und Wechsel-Bank (184,056)
ING Groep (NL)	379,888	ING Groep (278,505); Banque Bruxelles Lambert (101,383)
Fortis (BE/NL)	298,579	Fortis (151,392); Générale de Banque (147,187)
Landesbank Baden-Württemberg (DE)	210,472	Südwestdeutsche Landesbank (116,498); Landeskreditbank Baden-Württemberg (banking) (53,339); Landesgirokasse (40,635)
Bank One (US)	208,519	Banc One (105,078); First Chicago NBD (103,441)
Crédit Mutuel (FR)	193,819	Crédit Mutuel (98,139); Union Européenne de CIC (now Crédit Industriel et Commercial-CIC) (95,680)
Wells Fargo & Co. (US)	168,627	Wells Fargo & Co, (88,355); Norwest (80,272)
Nordic Baltic Holding Group (now Nordea) (SE)	97,332	Merita (49,875); Nordbanken (47,457)
1999		
Deutsche Bank (DE)	740,251	Deutsche Bank (626,603); Bankers Trust (US) (113,648)
BNP Paribas (FR)	589,941	Banque Nationale de Paris (324,826); Paribas (265,115)
IntesaBci (IT)	265,933	Banca Intesa (153,077); Banca Commerciale Italiana (112,856)
Banco Santander Central Hispano (ES)	235,732	Banco Santander (154,161); Banco Central Hispanoamericano (81,571)

cont.

Table III.2 (*cont.*)

Combined entity	Total assets of combined entity (EURm)	Companies involved in the transaction (total assets, EURm)
Fleet Boston (subsequently FleetBoston Financial) (US)	151,879	Fleet Financial Group (89,117); BankBoston (62,762)
Firstar (now U.S. Bancorp) (US)	63,413	Firstar (32,849); Mercantile Bancorp (30,564)
2000		
Mizuho Holdings (JP)	1,436,685	Fuji Bank (547,316); Dai-Ichi Kangyo Bank (486,312); IBJ – Industrial Bank of Japan (403,057)
Citigroup (US)	797,213	Citigroup (713,654), Associates First Capital (83,559)
J.P. Morgan Chase & Co. (US)	663,949	The Chase Manhattan Corp. (404,246); J.P. Morgan & Co, (259,703)
Bayerische Hypo- und Vereinsbank (DE)	643,084	Bayerische Hypo- und Vereinsbank (503,255); Bank Austria (139,829)
HSBC Holdings (GB)	635,959	HSBC Holdings (566,667); Crédit Commercial de France (69,292)
The Royal Bank of Scotland Group (GB)	441,654	The Royal Bank of Scotland Group (142,918); National Westminster Bank (298,736)
Banco Bilbao Vizcaya Argentaria (ES)	235,571	Banco Bilbao Vizcaya (154,504); Argentaria (81,067)
Nordea (SE)	181,240	Nordic Baltic Holding (103,977); UniDanmark (77,263)
Danske Bank (DK)	168,677	Danske Bank (94,202); RealDanmark (74,475)
Chuo Mitsui Trust and Banking Company (JP)	144,399	Mitsui Trust and Banking Company (94,778); Chuo Trust and Banking Company (49,621)
Kinki Osaka Bank (JP)	38,835	Bank of Osaka (15,534); Bank of Kinki (23,301)
2001		
Sumitomo Mitsui Banking (JP)	1,078,296	Sumitomo Bank (611,727); Sakura Bank (466,569)
UFJ Holdings (JP)	881,094	Sanwa Bank (496,102); Tokay Bank (312,404); Toyo Trust and Banking (72,588)
Mitsubishi Tokyo Financial Group (JP)	880,567	Bank of Tokyo-Mitsubishi (714,337); Misubishi Trust and Banking (166,230)

cont.

Table III.2 (*cont.*)

Combined entity	Total assets of combined entity (EURm)	Companies involved in the transaction (total assets, EURm)
Daiwa Bank Holdings (now Resona Holdings) (JP)	453,541	Asahi Bank (273,193); Daiwa Bank (139,855); Kinki Osaka Bank (40,493)
HBOS (GB)	430,423	Halifax Group (292,444); Bank of Scotland (137,979)
Wachovia (formerly First Union) (US)	352,716	First Union (273,154); Wachovia (79,562)
FleetBoston Financial (US)	235,449	FleetBoston Financial (192,852); Summit Bancorp (42,597)
U.S. Bancorp (formerly Firstar) (US)	177,239	Firstar (83,380); U.S. Bancorp (93,859)
2002		
Citigroup (US)	1,257,167	Citigroup (1,193,067); Golden State Bancorp (64,100)
DEPFA Holding (subsequently DEPFA Bank) (IE)	180,899	DEPFA Holding (---); DEPFA Deutsche Pfandbriefbank (180,899)
2003		
Crédit Agricole (FR)	825,499	Crédit Agricole (580,613); Crédit Lyonnais (244,886)
2004		
JPMorgan Chase & Co. (US)	868,943	JPMorgan Chase & Co. (610,382); Bank One (258,561)
Bank of America (US)	741,631	Bank of America (583,092); FleetBoston Financial (158,539)
Banco Santander Central Hispano (ES)	597,235	Banco Santander Central Hispano (346,419); Abbey National (250,816)
Wachovia (US)	358,635	Wachovia (317,523); SouthTrust (41,112)
Hokuhoku Financial Group (JP)	66,226	Hokugin Financial Group (40,555); Hokkaido Bank (25,671)
Regions Financial (US)	63,744	Regions Financial (38,478); Union Planters (25,266)
North Fork Bancorporation (US)	34,796	North Fork Bancorporation (16,597); GreenPoint Financial (18,199)
2005		
Mitsubishi UFJ Financial Group (JP)	1.337.941	Mitsubishi Tokyo Financial Group (776.074); UFJ Holdings (561.867)

cont.

Table III.2 (*cont.*)

Combined entity	Total assets of combined entity (EURm)	Companies involved in the transaction (total assets, EURm)
UniCredito Italiano (IT)	732,904	UniCredito Italiano (265,496); Bayerische Hypo- und Vereinsbank (HVB) (467,408)
Capital One Financial (US)	55,837	Capital One Financial (39,459); Hibernia (16,378)
2006		
Bank of America (US)	1,147,466	Bank of America (1,095,027); MBNA (52,439)
Commerzbank (DE)	679,164	Commerzbank (444,861); Eurohypo (234,303)
Wachovia (formerly First Union) (US)	547,063	Wachovia (formerly First Union) (441,430); Golden West Financial (105,633)
Capital One Financial (US)	124,029	Capital One Financial (75,189); North Fork Bancorporation (48,840)
Regions Financial (US)	116,465	Regions Financial (71,871); AmSouth Bancorporation (44,594)
2007		
The Royal Bank of Scotland Group (GB)	2,284,370	The Royal Bank of Scotland Group [2] (1,297,306); ABN AMRO Holding (987,064)
UniCredit (IT)	960,416	UniCredit (823,284); Capitalia (137,132)
Intesa Sanpaolo (IT)	580,286	Banca Intesa (291,781); Sanpaolo IMI (288,505)
Hypo Real Estate Holding (DE)	384,538	Hypo Real Estate Holding (161,593); DEPFA Bank (222,945)
2008		
JPMorgan Chase & Co. (US) [3]	1,271,169	JPMorgan Chase & Co. (1,061,169); Washington Mutual (banking) (approx. 210,000)
Bank of America (US) [4]	1,260,199	Bank of America (1,108,380); Countrywide Financial (151,819)
Wells Fargo & Co. (US) [5]	922,721	Wells Fargo & Co. (390,899); Wachovia (531,822)
The PNC Financial Services Group [5]	196,518	The PNC Financial Services Group (94,369); National City (102,149)

cont.

Table III.2 (*cont.*)

Combined entity	Total assets of combined entity (EURm)	Companies involved in the transaction (total assets, EURm)
2009		
Lloyds Banking Group (GB) [6]	1,389,486	Lloyds TSB Group (481,347); HBOS (908,139)
Commerzbank (DE) [6]	1,116,683	Commerzbank (616,474); Dresdner Bank (500,209)

1 Refers to period from 1 January 1998 to 31 January 2009.
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%) 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 Deal completed on 25 September 2008. Previously JPMorgan Chase & Co. had acquired investment bank The Bear Stearns Companies with effect from 31 May 2008.
4 Deal completed with effect from 1 July 2008. The Bank of America also acquired investment bank Merrill Lynch & Co. with effect from 1 January 2009.
5 Deal completed with effect from 31 December 2008.
6 Deal completed in January 2009.

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