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Glossary

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

cont.

Glossary (*cont.*)

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

I. SUMMARY OF RESULTS

I.1 Summary

The tenth edition of the survey of the major international banks (Europe, Unites States and Japan) includes a thorough analysis of the evolution of their aggregate accounts during the decade 2002-2011. Some preliminary figures for 2012 have been prepared in order to obtain a representative sample of European and U.S. institutions (for the first half of the year only for Japanese banks, which end their financial year on 31 March of the following year). The study also includes a section dedicated to the major Chinese banks, focusing on the eight-year period 2004-2011. Finally, the focus on the main investment banks (2010-2012) and an in-depth review of the German Landesbanken have been updated (2007-2011). A new in-depth analysis of the Spanish savings banks has been added.

* * *

The banks being surveyed increased considerably in size from 2002 to 2011: in terms of total assets calculated in local currency and net of the goodwill recognised in the Financial Statements, it was, in 2011, 3.5, 2.4 and 1.5 times the figures at the beginning of the period, respectively for the United States, European and Japanese banks. The increase in size was due both to internal growth and to mergers and acquisitions among the banks included in the survey. As a result of such mergers and acquisitions, the number of major banks being considered decreased from 90 in 2002 to 60 in 2011, with a "loss" of 16 units in the United States, 11 in Europe and 3 in Japan.[1] In 2011, the average increase in size of the Japanese banks (+10%) continued, whereas it was equal to only 2% for the European and United States banks.

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

It may be observed that most of the surveyed mega-mergers, i.e. the mergers between the banks covered by the survey, were undertaken through the exchange of shares, in what are known as "paper-for-paper" transactions. Cash outlays amounted, in fact, to 38% of the total value in Europe, a mere 8% in the United States and nil in Japan.

The growth in income was only partly due to the increase in asset levels: in fact, from 2002 to 2011, the ratio of total income to total assets declined from 5.8% to 4.8% in the United States, from 2.5% to 2% in Europe and from 1.7% to 1.4% in Japan.

Workforce growth was also outpaced by assets. European and Japanese banks created one percentage point in new employment per each 5 and 2.7 points of increased assets respectively: this ratio rose to 1:13 for the US banks.

Work productivity, calculated as income per employee, excluding trading revenue, which are erratic by nature, shows a similar growth for the European and the Unites States banks: +26% and +24% respectively during the last 10 years. However, keeping in mind also the dynamics of the per-capita labour cost, which is significantly more contained for the European banks (+12% versus +41%), the ratio between the two indicators is more favourable toward the latter, with 2 percentage points in higher unit income for each point of increase in unit costs compared with a percentage point below 1 for the U.S. Banks.

It must be noted that during the decade, European banks showed an increasingly greater degree of internationalization than their counterparts in the other two areas which were essentially focused on their domestic markets, with the exception of the largest players. Employees of European banks working abroad were up from 44% to 54% while their activities abroad, at the end of 2011, accounted for about 49% of the total. In addition, the subsidiaries of 5 European institutions ranked among the top 9 US banks in terms of total assets.

On average, European banks recognized lesser impairment losses on loans than their counterparts in the United States. The annual average of impairment losses through the income statement in the decade 2002-11 stood, for Europe, at 13.6% of the income, 0.7% of loans to customers and 6.7% of net worth; these ratios stood at 17.4%, 1.9% and 9.6% respectively for the banks in the United States. In an intermediate position were the Japanese banks which carried out “cleaning” activities in the years before those of the survey. Doubtful loans at the end of 2011 were higher in Europe, as regards both loans to customers (2.5% versus 1.1% in Japan and 1.2% in the U.S.) and net worth (22.9% versus 10.1% and 5.2% respectively). European banks also showed the lowest level of coverage of doubtful loans through provisions for impairment: 53% at the end of 2011 (versus 67% in 2002), with Japanese banks at 55% and US banks at 74%.

Another aspect of the quality of assets, which in this case shows a better position held by the European and Japanese banks, concerns the securities portfolio: the portfolio of the United States banks was in fact characterised by higher risk, as it is represented by structured securities (50%) deriving from securitization operations and consisting, for the most part, of mortgages, while this percentage declined to 11% for the European banks and to only 6.5% for the Japanese banks.

During the decade considered, the highest ratio of total assets to net worth (“leverage”), excluding intangible assets from both items, was always reported by European banks (with the sole exception of Japanese banks in 2002). The European leverage multiplier was, on average, 31x from 2002 to 2011 (with 42x peak in 2008), versus the 24x of the Japanese banks and 20x of the US banks. This is most likely due to the concomitant presence of two factors: the lesser offsetting of in-the-money and out-of-the-money derivatives positions due to the different accounting treatment of netting agreements, resulting in larger item totals, and their lower capitalization levels.

In regards to the latter issue, it should be noted that significant amounts of capital were contributed in 2008-2009 by the European and US governments in order to support struggling institutions. It consisted, as far as the surveyed banks were concerned, in contributions amounting respectively to 32% and 36% of all share issues in the ten years from 2002-11; in the United States, however, the percentage of funds repaid subsequently to the Government was 75% while only 29% in Europe.

European banks also showed the lowest level of coverage of the maximum exposure for doubtful loans risk (which includes risk assets on the balance sheet and "out of the balance sheet") in reference to tangible net worth: at the end of 2011, this ratio was 3.6%, versus 5.1% for the Japanese banks and 5.6% for the United States banks. It must be noted that these ratios were significantly lower than those calculated according to criteria set forth in the Basel Accords, which apply a weight factor to risk assets and include subordinated liabilities in the statutory capital.

* * *

The ten Chinese banks examined in this survey (2004-2011) are almost all subject to dominant control or influence by the state (only one is entirely private). In some cases, significant interests are held by European banks, although foreign investors may no longer hold more than a 20% of the capital; their financial statements are now comparable to those of the Triad regions, given that all the banks have adopted IASs/IFRSs (compared to only two in 2004).

The composition of income in the period considered is peculiar in that on average 85% derives from net interest income and just 14% from net commissions, with only a marginal role played by trading.

Even within their barely diversified composition, the income accounted for a 22% growth rate on average, from 2004 to 2011: in comparison, Europe and Unites States show a more modest percentages standing at +4.1% and +2.2%, respectively. The strong growth in income has enabled the cost-income ratio to remain at significantly lower levels compared with the Triad average, with a difference that in 2011 reached 26 percentage points. The gap was particularly evident in the labour costs component, which impacted the income by 19% versus 34% for US banks and 35% for European banks. However, per-capita labour costs were up sharply: an average of +19% per year during the seven year survey, well outpacing the internal inflation rate, while the number of employees also increased by 12%. The productivity per employee, although growing, remains low on an international level at approximately 75% in Europe and 65% in the United States.

Impairment losses on loans amounted to an average of 10.2% of the income in the five years from 2007 to 2011, far from the 27.4% figure reported in the U.S., the 13.7% reported in Japan and the 18.7% in Europe. However, the level of coverage of doubtful loans through adjustment provisions significantly exceeded 100%, signalling a very conservative approach. Yet it should also be noted that the major Chinese banks have in recent years completed important transactions involving the transfer of problem assets to the government: most recently, in 2008, such a process was completed by the Agricultural Bank of China (China's number-four bank by assets), which transferred 94% of its non-performing loans.

Chinese banks' net profit has increased constantly since 2004, with an income rising from 17% in 2004 to 40% of 2011, due in part to the benefits resulting from lower income tax rates, from 33% to 25% implemented in 2008.

The structure of the assets is represented by 98% in loans and cash keeping also into account that 14.4% is held by a central bank in a mandatory reserve. Loans to households are still limited, amounting to 25% of loans to customers, of which approximately 17% are allocated to home mortgages, with a structure similar to that seen in Japan.

Further breaking down assets, it should be noted that 70% of the securities portfolios is valued at cost, with the ensuing lesser adjustments through the income statement and equity in the event of financial market instability, and that, on the whole, assets at fair value account for a mere 6% of total assets compared to 40% for European banks and 33% for US banks.

The increase in equity rate at the end of 2011 (6.1%) exceeds the rate shown by the European and Japanese banks (4.6% and 4.9% respectively) and is below the rate shown by the United States banks

(10.1%). The leverage multiplier, about 17x, is lower compared with Europe and Japan and higher only compared with the United States.

* * *

In 2011, the seven main German *Landesbanken*, for the 2007 to 2011 financial period, generated earnings of +5.6% of the income, after posting aggregated losses (-€14.5 billion) in 2008-09, dissolving one third of the assets recognized at the beginning of the period.

Among the main causes of those losses was the poor quality of loans and securities portfolios, which had resulted in heavy impairment through the income statement, in addition to severe trading losses in 2008, which had absorbed slightly less than one-half of the operating income for the year. The better earnings obtained in 2010 and 2011, are almost entirely due to smaller impairment losses on loans which do not appear justified given the increase in the amount of doubtful loans as of the end of the period. These doubtful loans, in fact, despite the impairment losses through the income statement and other financial operations aiming at removing risky assets from the financial statements, account for 47% of the net worth at the end of 2012, i.e. 24 percentage points above the European average, with the level of coverage of gross doubtful positions standing only at 37% (it was 51% in 2007), 16 points less than the average for the European banks.

These indicators also signal the inadequate capitalization levels reported by Landesbanken, whose net worth came to a mere 3.1% of total assets in 2011 compared to an average of 4.6% for the major European banks, with a leverage multiplier of 34.7x, seven points above the European level, which is already high from an international standpoint. It should also be considered that during the five-years in question, the Landesbanken received contributions amounting to 52% of their equity at the beginning of the period from public shareholders, in addition to benefiting from public guarantees of EUR 101 billion (in some cases under UE procedure for government subsidies) as part of the financial stabilization plans implemented by the German government in response to the systemic liquidity crisis.

* * *

The accounts of the main Spanish saving institutions were analysed in aggregate terms for the three year period 2009-11. During this period, the sector was subject to a major concentration process: out of the existing 45 saving banks in 2009, only 16 were left at the end of 2011.

In the last financial period, the Spanish savings banks showed a loss, before taxes, of 48% of the income, mainly due, in addition to the contraction in income (interest income and commissions), to heavy losses on loans (54% of income) and assets impairments (37% of income), the latter concerning mostly real estate properties.

The assets stated on the balance sheet are mostly due to loans to customers which represent 64% of the total versus a 43% European average; 60% of the loans are represented by mortgage loans. The non-current assets show a high rate of 7.4% of all assets (versus a 2% European average) with property, plant and equipment which that, as mentioned above, are comprised mainly of real estate properties and exceed by themselves the total assets.

Loans to customers show a high rate of doubtful loans, i.e. 4.5% versus a 2.5% European average, but most importantly are equal to two thirds of the net worth. In relation to total assets, the equity in 2011 is substantially aligned with the average of the European banks which was made possible by the contribution of public funds for EUR 7 billion; the capital ratios were also guaranteed by a public offer of subordinated securities for an additional EUR 9.3 billion.

* * *

The following may be remarked in regards to trends involving the major European and U.S. institutions in 2012:

– the European banks’ net earnings show a 42% decline compared with the previous year, from 6.4% to 4.1% of the income, while the net earnings of the U.S. banks rose by 9%, standing at 16.3% of the income. Current earnings show a similar trend, with a 7.5% increase for the Unites States banks and a 49.1% decline for the European banks;

– the decline in earnings reported by the European banks is mainly due to a major drop in income (-9%) involving all its main components. A second aspect concerns the impairment losses on loans, with the European banks showing a 13% increase in accruals while the Unites States shows a decrease of the same by 27%. For the latter, the lower accruals represented the only improvement factor in current earnings considering the higher labour costs and unchanged general expenses. In contrast, labour costs posted a 2% decline in Europe, due entirely to a 5% decline in employment units;

– the major decrease in current earnings for the European banks was partially mitigated by lower extraordinary negative postings with over a 6 percentage points increase in income. In 2011, these included sizeable impairments of goodwill, intangible assets and portfolio securities, the latter concerning for the most part the Greek sovereign debt. In 2012, there were minor impairment losses amounting to about EUR 35 billion, to which EUR 12 billion were added for controversies, fines and penalties partially offset by the sale of assets;

– the total assets declined by 2% in Europe while rising by 4% in the Unites States. In particular, a significant increase in cash and cash equivalents and in loans to central banks in Europe (+29%) was reported, while the balance in interbank positions in the

United States, which include assets in the Federal Reserve system, declined by 4.5%. Loans to non-bank customers declined in Europe (-1.3%) and increased by 3% in the United States;

- in 2012, the greater weight of the derivatives designated at fair value in the financial statements of the European banks was confirmed, with asset positions (credit risk) at 19% versus 2.5% for the U.S., mainly due to the different method of accounting (netting);
- a conflicting performance in doubtful loans. The European banks show slightly better gross doubtful loans, versus the previous period, and an increase in their coverage levels through adjustment provisions, from 50% to 51%. Conversely, for the United States banks, the doubtful loans show an 8% decrease (almost entirely attributable to those related to companies posting a 35% decrease, while consumer credits declined by a mere 2%) with a coverage ratio also declining from 72% to 63% due to minor accruals under the income statement. Still present are the increased net doubtful loans of the European banks which, measured in relation to net worth, stood at 28% versus 9% in the United States;
- a decline in illiquid assets (known as “class 3”), greater in the U.S. (-24%, at the same exchange rate) than in Europe (-13%), which however continue to exert a high impact in comparison with tangible equity: 25% in Europe (versus 35% in 2011) and 35% in the United States (versus 45%). Assets designated at fair value are altogether stable and account for 43% of the total assets of the European banks and 34% of the U.S. banks;
- increase in equity is up both in Europe and in the United States, where net aggregated equity rose by 4% and 8% respectively, with a growth rate exceeding the changes in net assets due to the contribution of earnings for the year and the increase in the securities valuation reserve. Consequent reduction of the leverage effect for both areas: from 27.2 to 25 in Europe and from 14.5 to 13.4 in the United States.

* * *

In 2012, the main investment banks reported a decline in income of 8% compared with 2011, mostly because of lower trading earnings (-10.6%) in addition to lower net commissions (-3.1%), which by themselves alone accounted for more than half of the income, and a lower interest income (-30.7%) which represents only a marginal portion of the income (slightly more than 5%). The cost structure is characterized primarily by a high percentage of labour costs, which in 2012 reached almost 60% of income (the figure is 38% and 35% for European and US retail banks respectively) whereas general expense showed a 4.4% decrease. This performance has generated a 12.8% income for the investment banks, a decline from 15.4% in 2011. In comparison, the United States and European banks, during the same period, showed earnings of 25.1% and 11.4% of income, respectively.

The leverage effect at the end of 2012 is contained (12.9%) and lower than the leverage effect reported by retail U.S. banks (13.4%) and European banks (25%). However, the presence of class 3 assets continues to play an important role with an impact, in terms of tangible net worth, fluctuating between Merrill Lynch (33%), Morgan Stanley (34%) and Goldman Sachs (66%).

I.2 Overview of the sample

The main banks in Europe, Japan and the United States were selected on the basis of total assets, in accordance with the criteria outlined in Section III. 60 banking groups were included as of 31 December 2011, 32 of which are based in Europe, 15 in Japan and 13 in the United States.[2] For China, the 10 largest banks in terms of assets were selected. TABLE I.1 shows the main summary data for 2010. A complete list of the banks included in the survey is found in Section III of TABLE III.2.

TABLE I.1 – BANKS COVERED IN THE SURVEY

	No. of groups	Total assets as at 31-12-2011		Total income in 2011		No. of employees in 2011		
		EUR bn	*%*	*EUR bn*	*%*	*'000*		*%*
United Kingdom	5	7,271	*16.5*	157.9	*15.3*	809		*18.5*
France	5	6,752	*15.3*	144.2	*14.0*	703		*16.1*
Germany	6	4,408	*10.0*	57.9	*5.6*	216		*4.9*
Benelux	6	3,308	*7.5*	50.9	*4.9*	262		*6.0*
Spain	4	2,444	*5.5*	74.4	*7.2*	349		*8.0*
Switzerland	2	2,031	*4.6*	43.2	*4.2*	115		*2.6*
Italy	2	1,566	*3.6*	42.2	*4.1*	249		*5.7*
Scandinavia	2	1,176	*2.7*	14.9	*1.4*	54		*1.2*
Europe	**32**	**28,956**	***65.7***	**585.6**	***56.7***	**2,757**		***63.0***
Japan	**15**	**7,755**	***17.6***	**105.6**	***10.2***	**246**	*	***5.6***
United States	**13**	**7,345**	***16.7***	**341.1**	***33.1***	**1,376**		***31.4***
Total	**60**	**44,056**	***100.0***	**1,032.3**	***100.0***	**4,379**		***100.0***
China	**10**	**8,428**		**252.0**		**1,647**		

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

[2] In 2011, European banks consolidated 15,458 subsidiaries. This figure does not include the United Kingdom or Benelux, for which figures were not available, with the exception of the Belgian KBC Group. The Japanese banks control 1,023 companies, while the only figures available for the U.S. involve 9 banks which consolidate 4,686 subsidiaries.

European banks accounted for 66% in total assets, 57% in income and 63% of employees. U.S. banks accounted for 17% in total assets, but weigh for about one third in terms of total income and number of employees. In Europe, Germany and Benelux were the countries with the largest number of banks being surveyed, while U.K. institutions ranked first in terms of total assets, revenue and employees, followed by their French counterparts.

In assessing the more substantial contribution by European banks to the sample, it should be noted that they are also more globalized than the banks in the other areas considered, primarily as a result of acquisitions outside their countries of origin, as will be described in due course. On the basis of the figures for a sub-set of European banks representing 85% of total assets in the area, assets outside the country of origin represented 49% of the total at the end of 2011, of which 24% in other European countries and 11% in North America. In contrast, the U.S. and Japanese banks, with the exception of the top players, are primarily concentrated within their domestic markets.[3]

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

Another factor, of an accounting nature, contributes to increasing the total financial statements' figures of European banks with respect to the U.S. and Japanese figures due to a lesser use of the same offsetting item for assets and liabilities positions with respect to financial derivatives operations.[4] At the end of 2011, the positive fair value of derivative instruments posted in the financial statements amounted to

[3] For the Japanese banks, assets abroad accounted for about 20% of the total, as at the 2011 year-end, of which only 4% in Europe. It was not possible to calculate a corresponding ratio for U.S. banks.

[4] International accounting principles allow for offsetting assets and liabilities positions using the same item in the case of netting agreements that require, in the presence of default by one of the parties, the settlement of the payable/receivable amount on the basis of the net balance or the realization of the asset while simultaneously discharging the debt position. The offsetting possibilities afforded by European accounting principles are stricter than those in force in the United States under U.S. GAAP.

19% of total assets for European banks but at about 3% only for banks in the U.S. and Japan (Table II.2, various areas).

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

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

I.3 Size of the groups

The average size of the banking groups considered in this survey increased considerably between 2002 and 2011, due to both organic growth and mergers and acquisitions. In terms of total assets, the average size per Group in 2011 stood at EUR 727.9 billion, more than double the figure of 2002; this was the result of a 62% increase in assets (excluding goodwill), while the number of Groups fell from 90 to 60. Based on calculations in local currency, banks grew in all three areas considered, but to a much more significant extent in the U.S. and in Europe than in Japan (TABLE I.2).

Excluding the effect of mega-mergers among the groups included in the sample (discussed in more detail below), the increase in the average size over the period in question was 75.6% for the European banks, 58.5% for the United States banks and only 23.3% for the Japanese banks.[5] The growth in size attributable to large-scale

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[5] By virtue of (EC) Regulation No. 1606/2002, the EU established, effective from 1.1.2005, the accounting harmonization of listed companies by means of the adoption of IASs/IFRSs, as endorsed by the European Commission, in the preparation of consolidated financial statements. Of the 40 banks forming the European sample in 2005, 32 have adopted the new accounting standards, whereas two have continued to apply U.S. GAAP and six unlisted banks have continued to apply national accounting standards. The changes in the accounting principles have

aggregation, is 77% of the total for the US banks, 51% for the Japanese banks and 44% for the European banks.

TABLE I.2 – SIZE OF BANKS COVERED BY SURVEY

	Average size measured by total assets [1]			
	2002	2011	2011 / 2002	2011 / 2002 [2]
	EUR bn		% increase [3]	
Europe [4]	381.0	899.0	+136.0	+75.6
Japan	281.1	516.3	+47.9	+23.3
United States	192.3	550.9	+253.5	+58.5
All banks [5]	**300.2**	**727.9**	**+142.5**	**+61.6**

1 Not including goodwill.
2 Calculated excluding the effect of mergers between groups included in the sample.
3 Calculated in Euro for European banks and in local currency for Japanese and US banks.
4 43 Groups in 2002, 32 in 2011.
5 90 Groups in 2002, 60 in 2011. The size of changes is impacted by exchange rates between local currencies and the Euro.

Based on their assets in 2011, European banks are on average 1.6 times larger than US banks and 1.7 times larger than Japanese banks.[6] As shown in TABLE III.2, Section III, the two latter countries show a greater concentration than Europe: the top three banks accounted in fact for 66% of total assets, in both the US and Japanese samples, whereas the top three European banks accounted for just 21% within their area. A comparison with 2002 shows the weight of the top 5 groups on the

increased the total assets, as at 1-1-2005 by 7.6%, compared with the balance at the end of the 2004 financial year. In 2007, Deutsche Bank ceased to apply U.S. GAAP and adopted IASs/IFRSs, which were also applied for the first time by four other German banks; these changes have led to a 1.6% increase of the aggregated assets within the European area for 2006, recalculated on the basis of the new accounting principles. By excluding these effects, the increase in the average size of the European banks in the period in question is about 65%.

6 This figure is substantially confirmed by the ratio of total revenue to the gross domestic product of the respective geographical areas, which stands at 5.3% for the European banks, 3.1% for the U.S. banks, and 2.5 % for the Japanese banks.

total of the respective area which slightly increased in Europe, from 23% to 34%, while in the U.S. was up from 55% to 83% and the already high concentration of 74% in Japan rose to 81% in 2011. In assessing the lower European concentration, the prevailing fragmentation of activities in national markets should be noted.

The Deutsche Bank represents, in Europe, the bank with the highest total assets, expressed in Euro, among the Triad banks, ahead of the Japanese Mitsubishi UFJ Financial Group and followed by HSBC Holdings (GB) and BNP Paribas (FR). The main U.S. banks, JPMorgan Chase & Co and Bank of America, rank only in the 8th and 9th places in the overall classification.

I.4 The role of mergers

As mentioned above, acquisitions were a crucial factor in the growth of banks in all three of the world's main economic areas. Between 2002 and 2011, there were a total of 34 mega-mergers, 14 of which involved European banks, 17 U.S. banks and 3 Japanese banks. The complete chronological detail of the mergers is included in Table I.49.

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

TABLE I.3 – VALUE OF MEGA-MERGERS IN EUROPE AND THE UNITED STATES FROM 2002 TO 2011

	Number of operations	Value in	*of which*: settled in cash	
		EUR bn	EUR bn	%
Europe	14	235.5	89.4	*38.0*
		USD bn	USD bn	
United States	17	289.4	23.3	*8.1*

Most of the mega-mergers took the form of share exchanges. The overall value of the operations, approximately EUR 236 billion, of which only 38% of the total involved monetary consideration, are to be attributed to deals involving European banks between 2002 and 2011. The aforementioned acquisition of ABN AMRO Holding in 2007 was the operation involving the largest cash outlay of the decade, approximately EUR 66 billion, accounting for 73% of total cash outlays during the period. In the United States, the aggregate value of mergers between large US banks in the same period fairly even, at USD 289 bn (EUR 215 billion calculated at historical exchange rates), but the cash outlay was even lower, only 8% of the total. Mergers between Japanese banks took place exclusively via share exchanges.

I.5 Shareholding structure

In terms of ownership structure, the surveyed banks are for the most part widely-owned and listed on one or more stock exchanges: 21 of the 32 European banks, 12 of the 15 Japanese banks, and 12 of the 13 US banks are listed. At the end of 2011, there were on the whole 12 banks in which a government held a controlling or majority interest, 10 of which were European and Japanese and one in the U.S. Of the European banks, 3 were German, 2 based in the United Kingdom, and one each in Belgium, Holland and Spain (TABLE I.4). The banks based in the United Kingdom were those with the highest public presence in the country, at 42% of total assets, followed by the Benelux banks, at 32%.

TABLE I.4 – PUBLICLY CONTROLLED BANKS IN THE SAMPLE

	No.	Total assets	Total income	No. of employees
		EUR m	*EUR m*	
Publicly controlled banks	12	6,048,333	86,971	413,376
% of total	*20.0*	*13.7*	*8.5*	*9.4*
of which: Europe	10	5,784,095	81,694	394,613
% of European total	*31.3*	*20.0*	*14.0*	*14.3*

In 2002, the first year considered in this survey, the banks of the European sample that were publicly owned were only 7, of which 4 were German and 3 Spanish, accounting approximately for 8% of the total assets of the area, with the addition of a public presence in Japan.

The primary nationalizations occurred from the fourth quarter of 2008 to the first months of 2009: i) the Treasury of the United Kingdom, by acquiring shares that had remained unpurchased in stock offerings, obtained a 70.3% interest in RBS and a 43.4% interest in Lloyds Banking Group (resulting from the merger of Lloyds TSB Group and HBOS in January 2009);[7] ii) the governments of Belgium

[77] During 2008 the U.K. government nationalized two other smaller institutions in difficulty: Northern Rock and Bradford & Bingley, the latter was subsequently acquired by Banco Santander. In December 2009, it purchased additional shares - without voting rights but convertible into ordinary shares – from RBS, thereby bringing its total interest held to 84.4% (diluted to approximately 81% at the end of 2012; the interest in the Lloyds Banking Group was also diluted to about 40%).

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

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

In January 2011, seven Spanish savings banks, including Caja Madrid and Bancaja, consolidated their bank assets under the newly-incorporated Banco Financiero y de Ahorros.[9] The Spanish government participated also in the incorporation through its FROB-*Fondo de Reestructuración Ordenada Bancaria,* with the subscription of preferred convertible shares amounting to EUR 4,465 million. These shares were converted into ordinary shares in June 2012, enabling

[8] In October 2011, Dexia transferred to the Belgian Government 100% of the subsidiary Dexia Bank Belgium for a total of EUR 4 billion. In December 2012, the Belgian and French governments carried out a new recapitalisation of Dexia amounting to EUR 5.5 billion (EUR 2,915 billion carried out by Belgium and EUR 2,585 million carried out by France), raising their interest in the company's equity to 50.02% and 44.4% respectively.

[9] These activities were transferred to the subsidiary Bankia S.A., part of the stocks of which, i.e. 47.6% of its equity, were offered on the market in July 2011, generating EUR 3.1 billion in revenue. In 2012, the interest in Banco Financiero Y de Ahorros in Bankia was diluted to about 48%.

FROB, following the resetting of the previous equity in order to cover losses, to become the sole shareholder of the company.[10]

In the same period, some European countries also acquired minority interests in banks: i) the French government converted the subordinated loans granted in December 2008 to BNP Paribas and Société Générale into non-voting shares, thereby acquiring interests in capital of 14.9% and 7%, respectively. In the 4th quarter of 2009, both banks repurchased and cancelled the stocks previously held by the French government, financing themselves with stock offerings on the market; ii) the German government acquired a 25% interest, plus one share, in Commerzbank, which in the meantime had completed the acquisition of Dresdner Bank from the Allianz Group and acquired, through Deutsche Post, an 8% interest in Deutsche Bank;[11] and iii) in August 2009, the Swiss Confederation converted the bonds it had purchased in October 2008 into UBS shares, thereby acquiring a 9.3% of equity shares which were simultaneously and fully sold on the market. The Swedish government holds a 13.5% interest in Nordea Bank.[12]

In the United States, in the 4th quarter of 2008 and in January 2009, the Treasury intervened in support of the local banks, among which were all those included in this survey, by subscribing stocks and securities without voting rights, combined with ten year warrants for the purchase of ordinary stocks. The investment, limited to the surveyed banks, totalled USD 196.5 billion, of which 147.8 billion were reimbursed by the banks in the period 2009-11, including the collection of resources on the equity market.

In July 2009, Citigroup completed a private and public offering of an exchange of preferred ordinary stocks, in which the US Treasury

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

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

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

invested a nominal USD 25 billion, thus acquiring 33.6% of the ordinary equity of the Bank; this share was diluted to about 27% at the end of 2009 and was entirely offered on the market, in several tranches, in 2010. Still in 2009, the Treasury acquired 56.3% of the equity of Ally Financial, raising its interest to 73.8% in December 2010.[13]

A summary of the amounts received and repaid by the European and US banks is detailed in TABLE I.22.

I.6 Workforce

From 2002 to 2011, employment in the banks being surveyed increased by 15% in Europe (+362,000 units), 9% in the Japan (+19,000 units) and just 5% in the U.S. (+60,000 units) (TABLE I.5). In 2011, employment in Europe declined globally, with the exception of Spain, due to external acquisitions, and to a lesser extent, of Switzerland. In addition, a positive ratio of the growth in total assets to the increase in employment must be noted at least in the long run.

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

TABLE I.5 – CHANGE IN HEADCOUNT

	Average number of employees [1]			Change 2002 -2011		Change 2010-2011
	2002	2010	2011	*No.*	*%*	*%*
United Kingdom	622,928	813,965	809,019	186,091	+29.9	-0.6
France	490,829	708,188	703,533	212,704	+43.3	-0.7
Spain	270,730	333,033	348,810	78,080	+28.8	+4.7
Benelux	293,242	274,865	261,540	- 31,702	-10.8	-4.8
Italy	284,143	252,388	248,752	- 35,391	-12.5	-1.4
Germany	229,958	217,295	215,910	- 14,048	-6.1	-0.6
Switzerland	148,832	113,775	114,619	- 34,213	-23.0 [2]	+0.7
Scandinavia	54,478	55,589	54,470	- 8	o	-2.0
Europe	**2,395,140**	**2,769,098**	**2,756,653**	**361,513**	**+15.1**	**-0.4**
Total assets (EUR bn)[3]	*16,382*	*27,265*	*28,768*		*+75.6*	*+5.5*
Japan	**226,215**	**242,390**	**245,610**	**19,395**	**+8.6**	**+1.3**
Total assets (JPY bn)[3]	*629,385*	*753,137*	*775,937*		*+23.3*	*+3.0*
United States	**1,316,542**	**1,356,189**	**1,376,246**	**59,704**	**+4.5**	**+1.5**
Total assets (USD bn)[3]	*5,847*	*9,073*	*9,267*		*+58.5*	*+2.1*

[1] The detail by country refers to the parent company's registered office in 2011 and therefore also includes the group's employees working abroad. The figures for 2002 and 2010 have been restated in uniform terms.
[2] Down 2.7% excluding, in 2001, the employees of the Winterthur insurance group, which was sold to third parties in 2006.
[3] Net of goodwill.

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

The first case refers to the United States where national acquisitions are mostly the reasons for the increase in employment, while the second one refers mainly to European banks.[14] The significant expansion abroad of the European banks from 2002 to 2011, is demonstrated by the 10 percentage point increase in employment outside of the country of origin, which stands at 54% of the total in 2011 (see Table II.3 for Europe).[15]

TABLE I.6, in particular, lists the presence in the U.S. of the main European banking groups. The top ones ranked by total assets are mainly involved in investment banking activities and in the capital markets, whereas Citizens and BancWest carry out mostly retail banking activities; HSBC North America and Santander operate both as retail and consumer credit banks. It should be noted that according to the figures as of the end of 2011, the top five banks listed in the table ranked among the top 5 to 9 banks in the country by total assets.

The main presence of Japanese banks in the United States is represented by Mitsubishi UFJ Financial Group which controls the Union Bank of California: USD 89.7 billion in total assets and 10,437 employees as at the end of 2011.

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

[15] The corresponding ratio cannot be calculated for Japanese and U.S. banks due to the absence of figures. For Japan, the only figure available for 2011 is for MUFG, number-one by total assets, whose employees accounted for 29% of the total. Moreover, as mentioned above, the banks in these areas focus primarily on their respective domestic markets.

TABLE I.6 – MAIN SUBSIDIARIES OF EUROPEAN BANKS IN THE UNITED STATES AS AT YEAR-END 2011

Parent company	Main subsidiary	Total assets	Total income	Employees
		USD bn	USD bn	No.
Crédit Suisse Group	Crédit Suisse (USA), Inc. (formerly Credit Suisse First Boston)	373.7	6.3	9,000
Deutsche Bank	Taunus Corp.	354.7	9.0	8,652
HSBC Holdings	HSBC North America Holdings, Inc. [1]	331.4	7.5	22,933
UBS	UBS Americas, Inc. (formerly Paine Webber Group)	322.9	8.8	21,746
Barclays	Barclays Capital, Inc. e Barclays Delaware Holdings	321.7	9.0	10,200
RBS	Citizens Financial Group	129.7	4.9	19,700
Banco Santander	Santander Holdings USA, Inc. [2]	80.6	4.8	8,044
BNP Paribas	BancWest Corp.	78.1	2.9	11,638

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

[2] Consolidates Sovereign Bank and Santander Consumer USA.

I.7 Productivity and cost of labor

TABLE I.7 shows income and labour costs per employee in the European and United States banks.[16] Income was considered without trading revenue, which is more erratic by nature and more dependent on factors external to the bank, such as the performance of the financial markets.

It must be noted that the ratio of the difference between the two indicators in the period 2002-2011 - the first a proxy of productivity - is favourable for the European banks standing at 2.1, against a value

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

below 1 for the US banks. This is due to a significantly lower growth in the per-capita of labour cost, while the growth in productivity is slightly higher.[17] Income per employee in the Japanese banks has declined in the last decade.

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

	Total income per employee [2]		Cost of labour per employee		
	In 2011	% change over 2002 in local currency	In 2011	% change over 2002 in local currency	
	'000 EUR	(a)	'000 EUR	(b)	a/b
Switzerland	296.9	- 14.5	206.3	- 10.9	0.96
Germany	261.5	+ 30.5	102.6	+ 1.0	30.50
Scandinavia	258.2	+ 36.7	91.5	+ 34.2	1.07
Benelux	223.4	+ 26.8	77.1	+ 13.9	1.93
Spain	204.1	+ 47.5	57.4	+ 28.1	1.69
France	189.0	+ 41.3	73.5	+ 12.2	3.39
United Kingdom	178.0	+ 38.2	66.7	+ 65.9	0.58
Italy	170.7	+ 19.2	59.2	+ 8.0	2.40
Europe	**200.3**	**+ 25.8**	**76.6**	**+ 12.4**	**2.08**
Japan [3]	**380.0**	**- 4.5**	**. . .**	**. . .**	**. . .**
United States	**233.8**	**+ 24.1**	**83.2**	**+ 41.4**	**0.58**
China	**151.0**		**29.1**		

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

The highest increases in productivity in Europe are those of the Spanish and French banks while the United Kingdom and Scandinavian banks show the highest increase in per-capita labour cost. The best ratios of unit changes in revenue to labour cost are those of the German and French banks: for the former, the high level of the indicator is almost

17 The higher growth rate in labour costs per employee in the United States compared with Europe, is only marginally explained by the different inflation rates in the two areas: in the ten years between 2002 and 2011, consumer prices have in fact risen by 25.1% in the Unites States and 20.2% in the Eurozone.

entirely due to an increase in productivity versus almost unchanged labour costs, while both components contribute to the French banks ratio. The figure, also higher than the European average, of the two surveyed Italian banks is the result of a limited increase in the unit labour cost counterbalanced by a small increase in productivity.

The Swiss banks show the highest cost per employee in the year 2011, despite a significant decline compared with the figures reported at the beginning of the period. Noteworthy is also the high per-capita cost of *investment banking* activities, to which the high impact of employees in these activities versus the overall labour force must be included in the calculation. The corresponding investment division of Crédit Suisse employed, in 2011, 42% of the employees of the Group, with a unit cost of EUR 264,000 (CHF 321,000); the same division in USB accounted for 26% of its workforce, with a per-capita cost of EUR 280,000 (CHF 340,000). Outside of these activities, the labour cost per-capita of the two Swiss banks in 2011, although ranking at the highest level, declined to EUR 177,000.

Among the German banks, the highest unit cost in 2011 is the cost reported by the Deutsche Bank, amounting to EUR 129 thousand; also in this case, significantly higher than the average, amounting to EUR 279 thousand per-capita, is the cost of the U.S. subsidiary Taunus Corp. which has inherited the *investment banking* activities of the local Bankers Trust, acquired in 1999.

I.8 Summary of earnings results

In 2011, the Triad banks reported, in aggregated terms and before taxes, earnings equal to 22.6% of the income, more than one percentage point higher compared with the previous year (TABLE I.8). The year's costs are up by 3.3 percentage points, largely offset by fewer impairment losses on loans. In contrast, the total earnings, mostly because of lower trading revenue, show a slight decline.

Net earnings were positive, representing +9.7% of the income, however with a 4 percentage points decline compared with 2010. The different performance compared with current earnings, is mostly due to higher impairments of assets which represented 8.5% of all income versus 3.2% in the previous year.[18]

TABLE I.8 – TRIAD BANKS: PERFORMANCE INDICATORS 2002–2011

	2002	2009	2010	2011	Changes	
	as a % of total income					
	a	*b*	*c*	*d*	*d-a*	*d-c*
Cost/income ratio	60.8	61.1	60.8	64.1	+ 3.3	+ 3.3
Bad debt writeoffs [1]	15,1	30.7	18.0	13.3	- 1.8	- 4.7
Current pre-tax profit	24.1	8.2	21.2	22.6	- 1.5	+ 1.4
Net profit	10.0	8.3	13.8	9.7	- 0.3	- 4.1
Total income (change vs. previous year) %	n.c.	+ 23.7	+ 9.7	- 0.6		

[1] Net of bad debts recovered.

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

The geographical comparison of the income statement data of the year 2011 shows higher earnings achieved by the Japanese banks, with a profit of 34.7% of all revenue, while for the European and United States banks, the same figure stands slightly above 20%.[19]

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

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

The Japanese area is also the only one to show a growth in income, while the United States banks show a 7% decline which has impacted all the income components. The highest amount in earnings for the Japanese banks is to be attributed to the fewer impairment losses for loans, equal to 11.5 points and 7.5 points lower than the European and United States banks, with values still lower than the previous year in which the containment of operating costs for the year must be included.

The European banks have produced the lowest earnings for the year proportionally to the income, since this is the area where the largest impairment losses have occurred (i.e. 12% of income). Europe is also the area showing the highest rate of impairment losses for loans, equal to 15.8% of income.

In contrast, it must be noted that the European banks have benefited from a more favourable tax rate, on average, equal to 24% compared with 28.4% for the United States banks and 33.2% for the Japanese banks.[20]

TABLE I.9 – PERFORMANCE INDICATORS BY GEOGRAPHICAL AREA IN 2011

	Europe		Japan		United States	
	as % of total income	*change vs. 2010 (p.p.)*	*as % of total income*	*change vs. 2010 (p.p.)*	*as % of total income*	*change vs. 2010 (p.p.)*
Cost/income ratio	63.6	*+ 1.6*	61.0	*- 3.4*	66.0	*+ 8.0*
Bad debt writeoffs [1]	15.8	*- 1.0*	4.3	*- 3.3*	11.8	*- 10.9*
Current pre-tax profit	20.6	*- 0.6*	34.7	*+ 6.7*	22.2	*+ 2.9*
Net profit	5.0	*- 9.4*	20.3	*+ 0.2*	14.5	*+ 3.5*
Total income (change vs. previous year) %		*- 0.7*		*+ 4.3*		*- 7.1*

[1] Net of bad debts recovered.

[2] Calculated in local currency.

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

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

I.9 Total income

From 2002 to 2011, the total income realised by the Triad banks included in the survey has increased by 26%, from EUR 821 billion to EUR 1,032 billion, as a balance between +32% due to a size increase, both internal and through acquisitions, as described in the previous paragraph, and an almost 6 percentage point decrease due to the combination of 19% depreciation of the USD and 24% revaluation of the JPY versus the Euro (Table II.1 and Principles and Methods in Section III).

The increase in income shows also significant geographical differences: according to the data in national currency, it stood at 42.6% in Europe and at 30.7% in the US, while the income of Japanese banks declined by 3.6% in the same period. Such development was not consistent in the period of time in question showing instead a major decline in all areas during the 2007-2008 period due to significant losses from trading (FIGURE I.1). These losses were caused by the increased volatility of the financial markets, starting in the summer of 2007, as a consequence of the financial crisis resulting from an increased rate of mortgage insolvency in the United States.

TABLE I.10 – BANKS OF THE TRIAD REGION: COMPOSITION OF TOTAL INCOME 2002-2011

	2002	2009	2010	2011	Change [1] 2009 / 2002	2010 / 2009	2011 / 2010
	as % of total income				*%*		
Net interest income	51.0	55.2	54.8	54.8	+ 3.2	+ 8.9	- 0.6
Net fee and commission income	40.4	35.8	36.2	37.5	+ 0.3	+ 10.9	+ 3.0
Gains (losses) on financial transactions	8.6	9.0	9.0	7.7	+ 2.7	+ 9.8	- 15.1
Total income	**100.0**	**100.0**	**100.0**	**100.0**	**+ 2.1**	**+ 9.7**	**- 0.6**

[1] Calculated in terms of absolute values, in accordance with Table II.1. For the period 2002-09, it is the average annual growth rate.

The data for the year 2011 shows a 1% decline in the income of the European banks and an even sharper decline in income for the US banks: -7.1%. While for the former the cause is to be attributed mostly to the significant contraction in trading revenue, for the North American banks the decline in trading revenue is accompanied by a large decrease in net income from commissions, and to the tightening of net interest income.

The Japanese banks are the only ones realising an increase in income, moving into positive territory, compared with the decline of the previous year and after no growth at all posted in the years 2002-2009. However, the 2011 increase in income is almost entirely due to higher trading revenue, while the confirmation of a growth rate in revenue from commissions, exceeding the average for the period, is, for the most part, offset by the contractions in net interest income.

TABLE I.11 – CHANGE IN REVENUE, 2002-2011: BREAKDOWN BY GEOGRAPHICAL AREA

	Europe			Japan			United States		
	2002 2009 [1]	2010 [2]	2011 [2]	2002 2009 [1]	2010 [2]	2011 [2]	2002 2009 [1]	2010 [2]	2011 [2]
					%				
Net interest income	5.8	4.2	0.3	0.1	- 4.6	- 3.4	5.3	6.9	- 6.8
Net fee and commission income [3]	1.6	11.9	5.4	2.2	7.5	7.2	3.3	- 1.4	- 6.2
Gains (losses) on financial transactions	4.7	18.4	- 25.3	- 5.0	-42.0	54.7	8.8	- 1.0	- 15.8
Total income	**4.1**	**8.2**	**- 0.7**	**- 0.2**	**- 6.2**	**4.3**	**4.6**	**2.9**	**- 7.1**

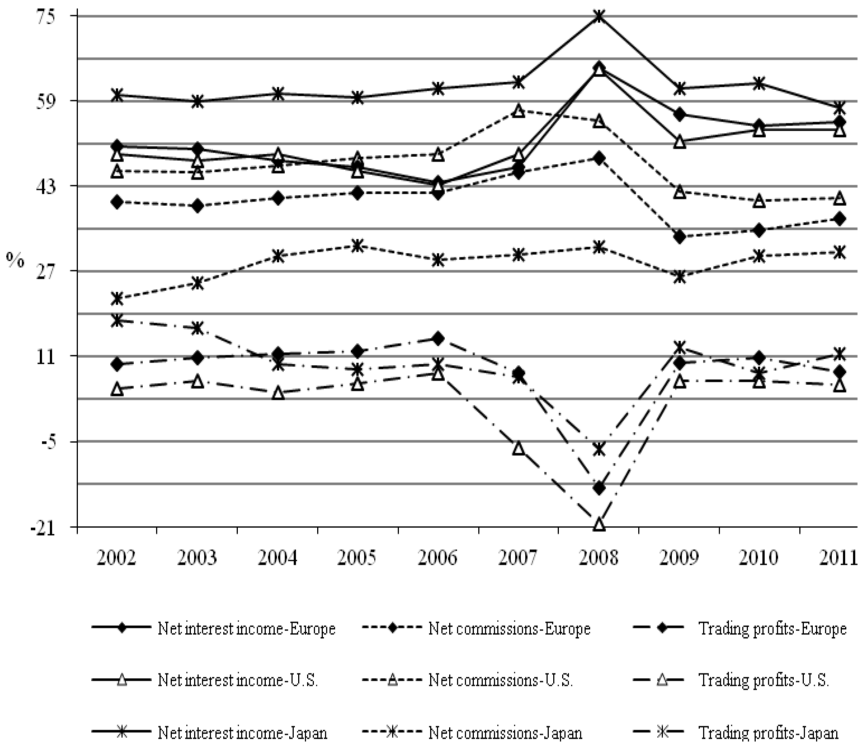
[1] Annual average growth rate for the period.

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

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

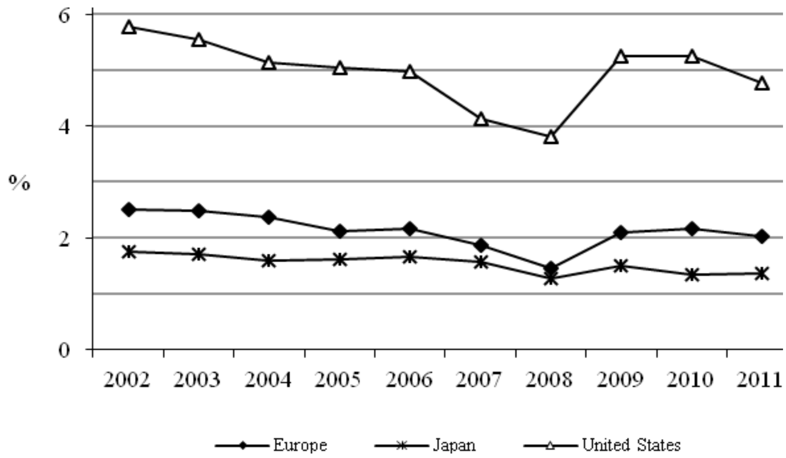
Figure I.1 depicts the historical evolution of the components of revenue, broken down by geographical area. It should be noted, first of all, the highest weight that the interest income represents for the Japanese banks compared with the other two areas and, conversely, the lower contribution of the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

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



Total income in the various areas was therefore compared to the respective total assets (Figure I.2). The ratio highlights the greater weight of the revenue component for US banks, standing at an average of 4.9% for the decade, compared to 2.1% for European banks and 1.5% for their Japanese counterparts.

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



[1] Not including goodwill.

It must be noted that, especially for the U.S. and European banks, the growth in assets is, in the long term, greater than the revenue growth, as shown by the declining trend of the indicator which demonstrates that a size increase has not always been accompanied by a parallel growth in revenue as recognised in the income statement.

TABLE I.12 shows a breakdown of the contribution of the main components of the income statement to the current earnings for the year 2011, highlighting the different performance in the various geographical areas.

TABLE I.12 – CONTRIBUTION OF THE MAIN PROFIT AND LOSS ACCOUNT ITEMS TO THE CURRENT RESULTS OF THE YEAR 2011: BY GEOGRAPHICAL AREA

	Europe		Japan		United States	
	Change vs. 2010		Change vs. 2010		Change vs. 2010	
	EUR bn	*%*	JPY bn	*%*	USD bn	*%*
Total income	- 4.1	*- 0.7*	+ 440	*+ 4.3*	- 33.8	*- 7.1*
Bad debt writeoffs [1]	+ 6.0	*+ 6.1*	+ 314	*+ 40.8*	+ 55.7	*+ 51.7*
Operating costs [2]	- 6.4	*- 1.7*	+ 77	*+ 1.2*	- 15.2	*- 5.5*
Current pre-tax result	- 4.5	*- 3.6*	+ 831	*+ 29.2*	+ 6.7	*+ 7.3*

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

[1] Net of bad debts recovered.

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

It must be noted that, for all three areas, the fewer impairment losses on loans had a determinant effect on the growth in current earnings. For the European and US banks, they represented the only item with a positive impact, given the decline in income, as described in the previous paragraph, and the increase in operating costs. Also for the Japanese banks, although with growing income and declining operating costs, the fewer impairment losses on loans have contributed by 40% to the higher current earnings.

TABLE I.13 – CHANGE IN OPERATING COSTS, 2002-2011: BY GEOGRAPHICAL AREA

	Europe			Japan			United States		
	2002 2009 [1]	2010 [2]	2011 [2]	2002 2009 [1]	2010 [2]	2011 [2]	2002 2009 [1]	2010 [2]	2011 [2]
		%			%			%	
Labour costs	3.1	6.2	0.1	…	…	…	4.4	4.7	4,2
General expenses [3]	3.6	7.2	3.8	…	…	…	5.8	1.0	6,9
Total operating costs	**3,4**	**6.7**	**1.7**	**1.9**	**- 0.2**	**- 1.2**	**5.1**	**2.9**	**5.5**

[1] Average annual growth rate of the period.

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

[3] Including depreciation and amortization.

Operating costs increased, in the 2002-09 period, at an average annual rate of 5.1% in the United States, 3.4% in Europe and 1.9% in Japan. In the last period, the growth in costs is aligned with the period average for the US banks, lower than in Europe, while the Japanese banks show a decline for the second consecutive year (TABLE I.13).[21]

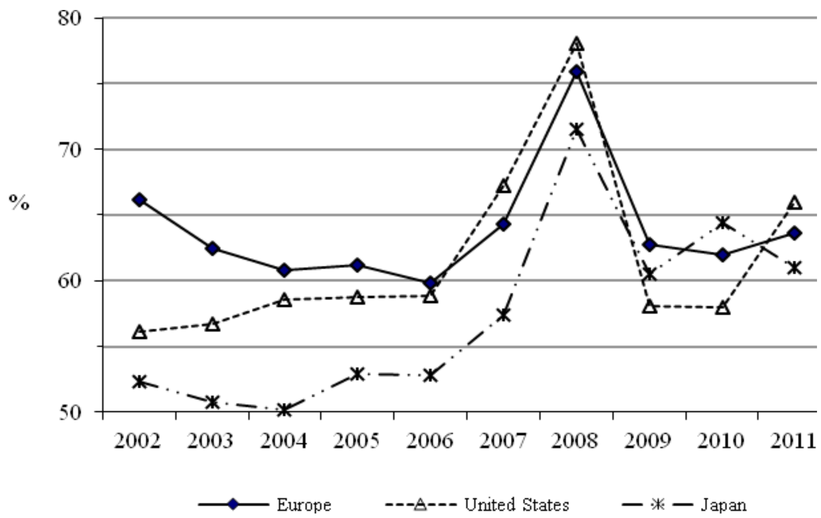
In detail, the labour costs in Europe in 2011 remained substantially unchanged, as a result of a decline in employment by about 12 thousand units (-0.4%) and a slight increase in the per-capita cost (+0.7%); by contrast, for the United States banks, there was a rise in the unit cost (+2.7%) as well as an increase of 20 thousand employment units (+1.5%).

As regards general expenses, the United States banks posted a 6.9% increase versus the year 2010: the change includes about 5 billion

[21] The differences are only partially due to inflation rates in the three areas: from 2002 to 2009, in fact, consumer prices increased, on average, by 2.5% a year in the US, 2% in the Euro zone and remained substantially unchanged in Japan. In 2011, the prices rose by 3.2% in the US, 2.7% in the Euro zone and declined in Japan by 0.3%.

dollars, equal to 3.7 percentage points, attributable to higher legal fees, expert reports and foreclosures concerning residential mortgages.[22] For the European banks, noteworthy is the introduction in the United Kingdom of a new annual tax on bank activities, applicable to the surveyed banks, equal to € 1.54 billion which contributed by about one percentage point to the increase in the operating expenses for the area.[23]

FIGURE I.3 – COST/INCOME RATIO



[22] The most significant changes refer to the three major banks: Bank of America (+1.6 billion USD), Citigroup (+1.5 billion USD) and JPMorgan Chase (+1.35 billion USD).

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

The decrease in income is the main cause that has determined, in all areas, an increase in the cost-income ratio for the two year period 2007-08 (Figure I.3). In 2011, the indicator of the European banks, although up from 62% to 63.6%, was aligned with the average of the ten year period; the divergent trend of the Japan and United States figures, showing for the latter a strong 66% increase, is the result of significant changes which, as commented on earlier, affected both ratio components.

Extraordinary items had a significant negative impact on the earnings in 2011 of the European banks, while, on a whole, they entailed 2 negative percentage points for the banks in the US and did not substantially have any impact on the Japanese banks: details of the main items, by geographical area, are shown in TABLE I.14.

TABLE I.14 – EXTRAORDINARY COMPONENTS OF THE INCOME STATEMENT IN 2011: BY GEOGRAPHICAL AREA

	Europe		Japan		United States	
	EUR bn	*as % of total income*	JPY bn	*as % of total income*	USD bn	*as % of total income*
Write-downs:						
securities[1] and interests in subsidiaries and associated	- 37.3	*- 6.4*	- 934	*- 8.8*	- 3.8	*- 0.9*
goodwill and intangibile assets	- 27.0	*- 4.6*	- 31	*- 0.3*	- 3.9	*- 0.9*
other	- 6.1	*- 1.0*	- 51	*- 0.5*	- 1.3	*- 0.3*
Total write-downs [2]	- 70.4	*- 12.0*	- 1,016	*- 9.6*	- 9.0	*- 2.0*
Extraordinary items	8.7	*1.5*	976	*9.2*	- 1.5	*- 0.3*
Total	**- 61.7**	***- 10.5***	**- 40**	***- 0.4***	**- 10.5**	***- 2.3***

[1] Available for sale and held to maturitv.
[2] Net of revaluations.

The securities of the available-for-sale investment portfolio represented the main item of the write-offs both for the European banks and for the Japanese banks: for the former, more than half, equal to EUR

19.5 billion, refer to the Greek sovereign securities, while for the latter, the higher amount of JPY 579 billion, refers to the write-off of the interest in Morgan Stanley held by MUFG.[24]

The European banks have also posted goodwill impairment for EUR 25 billion: the main amounts refer to the Italian Intesa Sanpaolo (10.3 billion) and Unicredit (8.7 billion), Crédit Agricole (2 billion) and BBVA (1.4 billion). In the Unites States, the highest amount, i.e. USD 3.2 billion, was from the Bank of America. The item "Others" refers again, for the most part, to the European banks and, in particular, to real estate properties, of which EUR 5.6 billion was posted by the Spanish banks.

Net extraordinary income includes, mainly, capital gains from the sale of securities, classified as available for sale or non-current investments: EUR 11.4 billion for the European banks, JPY 885 billion for the Japanese banks and USD 18.7 billion for the US banks.[25] For the latter, these capital gains were largely offset by fees paid for controversies and out-of-court settlements with the plaintiffs for USD 19.1 billion, in reference, for the most part, to mortgages.[26]

The profitability of the US and Japanese banks, measured by ROE, was in 2011 very similar, i.e. around 7%. The indicator of European banks has instead drastically dropped to 2.5% from 7.5% in the previous year (Figure I.4). Details, by institution, on the ROE, for the last five years, is included in TABLE I.38.

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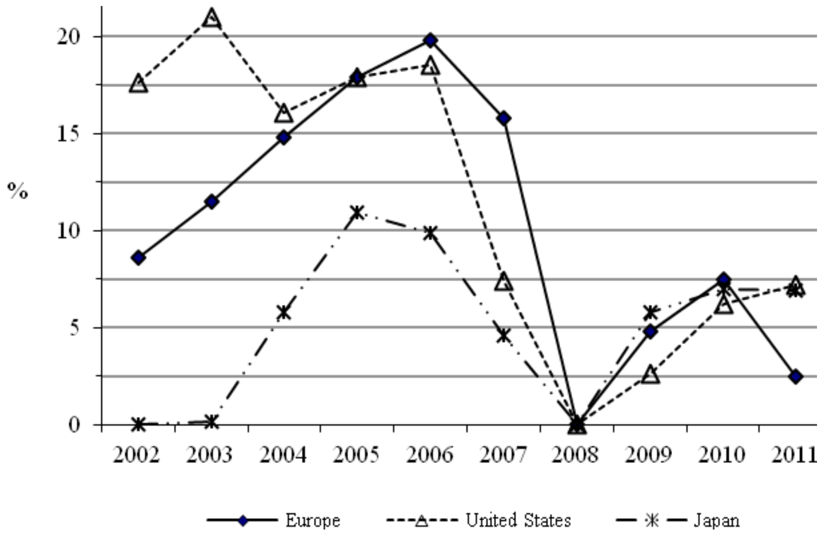
[24] The main write-off of Greek sovereign securities are those recognised by the French banks (EUR 6.4 billion on a whole, of which 3.2 billion BNP Paribas and EUR 1.3 billion Crédit Agricole), by the Belgian banks (EUR 4.9 billion, of which 2.9 billion Dexia and 1.6 billion Dexia Bank Belgium), by the German banks (EUR 4.2 billion, of which 2.2 billion Commerzbank) and by the British RBS (EUR 1.3 billion).

[25] As regards the US banks, noteworthy is the transfer of a 9% share of China Construction Bank by Bank of America, with a capital gain of USD 6.5 billion.

[26] These fees were posted by the Bank of America (USD 14.2 billion of which 8.6 billion for a out-of-court settlement with the Bank of New York Mellon) and by JPMorgan Chase (USD 4.9 billion).

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



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

In 2011, 7 European banks posted a loss for a total of EUR 38.5 billion. Dexia (EUR -10.7 billion) and Dexia Bank Belgium (EUR -1.4 billion), the Italian Unicredit (EUR -9.2 billion) and Intesa Sanpaolo (EUR -8.2 billion), the British Lloyds Banking Group (EUR -3.3 billion) and RBS (EUR -2.4 billion), and the Spanish Banco Financiero y de Ahorros (EUR -3.3 billion).

Among the Unites States banks, two showed a loss, Regions Financial and Ally Financial, but on a much smaller scale: USD -215 million and USD -157 million respectively.

TABLE I.36 provides a breakdown of bad debts write-off in the last five, years by bank and geographical area, as a percentage of total income, loans to customers and net worth.

The write-offs by European banks in 2011 declined, on average, from 16.8% to 15.8% of the income and from 7.6% to 7% of the net equity, while the loans to customers remained unchanged at 0.8%. The Spanish Banco Financiero y de Ahorros showed some changes, slightly below the total income; with figures above one third, are also the British Lloyds Banking Group, for the third consecutive year, and the Spanish La Caixa. The Banco Financiero y de Ahorros showed the highest ratio to net equity, (126%), followed, far behind, by Lloyds Banking Group (17.1%), Dexia Bank Belgium (15.6%) and ABN AMRO Group (15.4%).[27]

The Japanese banks also showed a decline in the 2011 indicators, which stood, for the third consecutive year, significantly lower than their European counterparts: 4.3% of income, 0.1% of loans to customers and 1.2% of net equity. The highest ratio to income was posted by Shoko Chukin Bank (30.8%), while Shinsei Bank, with 7.2%, shows the highest ratio to net equity.

The largest decline in indicators is to be attributed to the US banks whose write-offs, compared to the previous year, are down, on average, from 22.7% to 11.8% of the income, from 2.7% to 1.3% of the loans to customers, and from 11.8% to 5.4% of the net equity. Regions Financial shows the highest adjustments of the ratio to income, at 23.7%, and together with BB&T shows also the highest ratio to net equity (9.3%).

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[27] Lloyds Banking Group, in January of the same year, acquired the British HBOS, whose doubtful credits, at the end of 2008, net of the adjustment provisions, were above net equity.

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

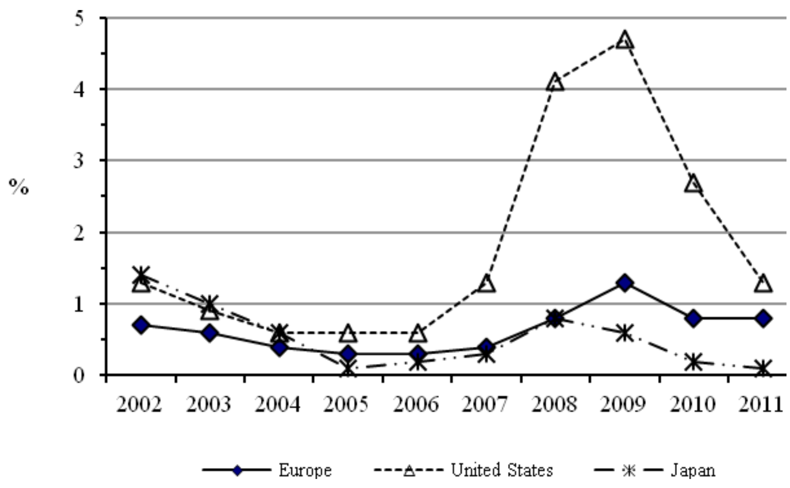
	Annual bad debt write-offs			Net doubtful loans	
	as % of total income	as % of customer loans	as % of net worth	as % of customer loans	as % of net worth
	avg. 2002-2011 levels			*as at 31-12-2011*	
Europe	13.6	0.7	6.7	2.5	22.9
Japan	17.0	0.5	5.6	1.1	10.1
United States	17.4	1.9	9.6	1.2	5.2

During the ten-year period 2002-2011, European banks reported an impact of annual impairment losses, on average, lower than the Japanese and US banks, as a ratio to revenue, loans to customers and net worth (TABLE I.15). This is occurring despite the higher income figures of the latter, in relative terms, as shown earlier in Figure I.2 and a net worth which, on average for the ten years in question, and still in relative terms, is double the European one: 8.6% of the total assets compared with 4.2% posted by the European banks. For the Japanese banks, the highest ratio to income is due to the larger write-offs posted in the first years of the period considered in the survey.

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

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

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



I.12 Doubtful loans and coverage ratio

The non-performing loans ratio, calculated according to portfolio amounts at the end of the period, is up in Europe from 0.8% in 2005-2006 to 2.5% in 2011, whereas it stands near 1% for both the Japanese and Unites States banks (Figure I.6 and TABLE I.37 show details by bank and geographical area in the last five years).

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

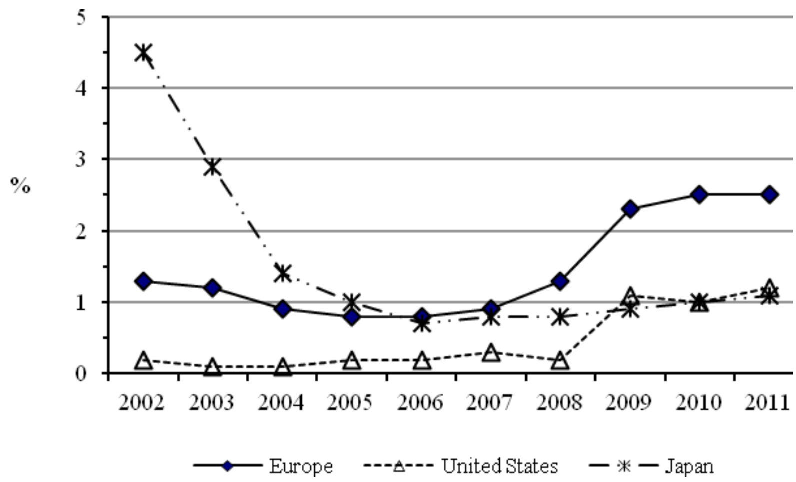
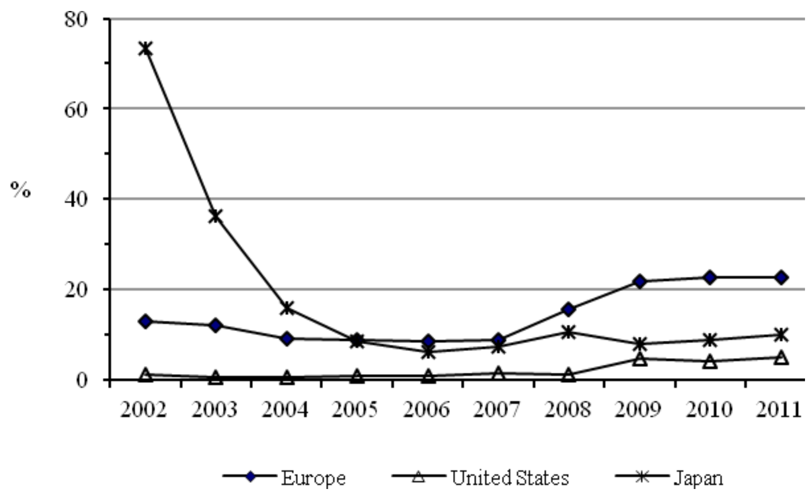


FIGURE I.7 – NET DOUBTFUL LOANS AS A PERCENTAGE OF NET WORTH



Similarly, the ratio of doubtful loans to net worth increased more significantly in Europe, starting in 2008, standing at 22.9% at the end of 2011 compared with an average 9% in the previous three years, 2004-07 (Figure I.7). The same indicator rose, from 2007 to 2011 by only 3.6 percentage points to 5.2% for the US banks and 2.5 points to 10.1% for the Japanese banks.[28] Both indicators show, as already described in the previous paragraph, that the amount of accruals under the Income Statements, was not adequate to the non-performing positions.

In detail, among the European banks, the situation of Banco Financiero y de Ahorros is totally unusual since it shows the doubtful loans to be almost twice the amount of assets, whereas for the other two institutions, Lloyds Banking Group and Unicredit, the doubtful positions exceed two thirds of the net worth (76.1% and 68% respectively). Lloyds Banking Group and two Italian institutions show the largest figures in the ratio of loans to customers, all above 5%. In Japan, only Hokuhoku Financial Group has doubtful loans higher than one third of the net worth, while among the US banks, the highest figure is from Ally Financial, with 13%.

In comparing these indicators for the three areas, the different coverage rates for doubtful loans by adjustment provisions, should also be taken into account (Figure I.8). This ratio, obtained considering also the generic risk provision, which covers the loans still classified as "in bonis", declines suddenly for the United States, beginning in 2009 and standing at 74% in 2011. The coverage rate for the European and Japanese banks is significantly lower and stands, after decreasing in the most recent years, slightly above 50% in 2011. Significant is the improvement in the ratio of the Japanese banks in the first half of the year 2000, outpacing the European ratio.

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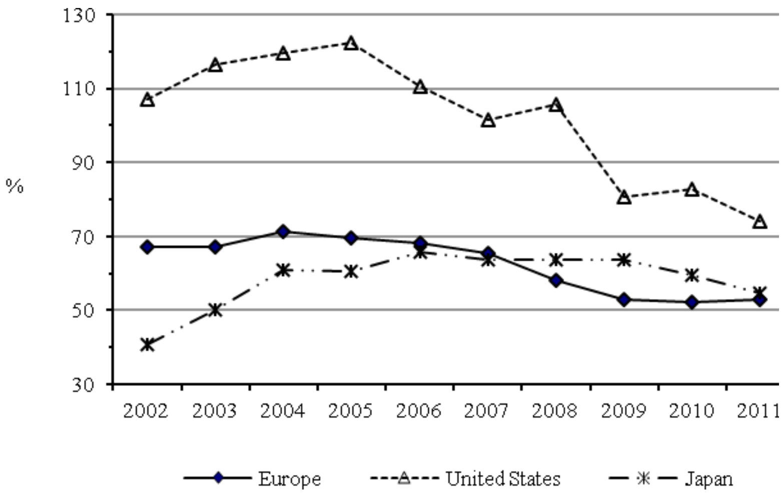
[28] US indicators have been calculated by considering cases in which provisions for adjustments exceed gross doubtful loans to be equal to zero. Such cases occur when prudential lump-sum provisions are allocated to account for possible default, determined according to historical experience.

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



[1] Ratios of provisions to gross doubtful loans.

When evaluating these indicators, the different impairment policies adopted must be taken into account; such policies may be measured by comparing impairment losses through the income statement and the amount of doubtful loans carried on the balance sheet. For the last five years, this ratio comes out to an average of 41% for Japanese banks and 44% for European banks, meaning that non-performing loans had a similar "accounting life" of 2 years and 5 months for the former and approximately 2 years and 3 months for the latter. By contrast, for US banks, impairment losses through the income statement always exceeded the amount of doubtful loans in aggregate terms. It should also be noted that these indicators have become less meaningful over time as a result of the increasingly widespread and large-scale use of securitization in the years of the survey.[29]

[29] According to figures prepared by AFME – *Association for Financial Markets in Europe*, the annual amount of securitized assets in Europe increased from EUR 158 billion in 2002 to EUR 711 billion in 2008, to then fall to EUR 372 billion in 2011, with an average of EUR 354 billion in new deals each year of the decade. In the U.S., according to SIFMA – *Securities Industry and Financial Markets Association*

I.13 Summary of financial structure

Between 2002 and 2011, the total aggregated assets posted in the financial statements of the banks included in the survey, increased by 61.8% (+60.9% at the same exchange rate); the increase includes also a growth in acquisitions, as described in previous paragraphs.

TABLE I.16 – BANKS OF THE TRIAD REGION: BALANCE SHEET INDICATORS, 2002–2011

	2002	2009	2010	2011	Change	
		as % of total assets				
	a	*b*	*c*	*d*	*d-a*	*d-c*
Securities	23.7	24.6	25.1	23.6	- 0.1	- 1.5
Loans and advances to banks[1]	-	0.1	1.1	2.0	+ 5.8	+ 0.9
Loans and advance to customers	46.6	44.2	43.9	42.8	- 3.8	- 1.1
Fixed assets	3.0	2.8	2.8	2.4	- 0.6	- 0.4
of which: goodwill	*0.8*	*1.0*	*1.0*	*0.9*	*+ 0.1*	*- 0.1*
Other assets	11.6	15.8	15.3	17.6	+ 6.0	+ 2.3
Funding from customers	63.0	61.4	62.0	60.4	- 2.6	- 1.6
Deposits by banks [1]	3.8	-	-	-	-	-
Other liabilities [2]	13.3	20.6	20.6	22.5	+ 9.2	+ 1.9
Net worth	4.8	5.5	5.6	5.5	+ 0.7	- 0.1
Total assets (change vs. previous year) %	n.c.	- 11.6	+ 9.1	+ 6.4		

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

[2] Including provisions for staff and deferred taxes.

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

data, considering only the bank sector, securitized assets climbed from USD 667 billion in 2002 to USD 1,600 billion in 2005-06, with an annual average of 1,420 billion in the 2004-07 period, and later collapsed to only 163 billion in 2011. The amount of outstanding securities at the end of 2011 amounted to EUR 1,992 billion in Europe and to EUR 3,267 billion in the U.S.; these amounts represent, as an indication, 16% and 79% of the loans to customers reported by the surveyed European and US banks.

Also in this case, there are significant differences among the three geographical areas: while the increase in local-currency terms was 75.5% for European banks (approximately +64.8% excluding the effects of the first-time application of IAS/IFRS as mentioned in note 5) and 59.6% for US banks, the assets of Japanese banks increased by only 23.4% between the beginning and end of the period.

The data of the Balance Sheet summarised in TABLE I.16 shows, compared with 2002, a decline of almost 4 percentage points of the weight of loans to non-bank customers (more than one point in the previous year) in favour of the growth of almost 6 points in the interbank activities; the residual items "other assets" and "other liabilities" also show a sharp increase. The balance of the relationships with other credit institutions went from a net debt position in 2002, with an increase of customer funding through funds provided by smaller institutions, to a surplus in 2011 with an excess in liquidity confirmed also by an increase in deposits at the central banks.

As for residual items under assets and liabilities, it must be noted that these include, for the most part, the positive and negative fair values of derivative financial instruments accounting for over 90% of the European banks total.[30] The higher amounts included in the financial statements are due, as previously mentioned, to the reduced use of offsetting the assets and liabilities positions with the same counterpart because of the more restrictive European accounting standards.

A comparison of the data of the end of 2011 (TABLE I.17) among the different geographical areas shows the higher weight, for the Japanese banks, of the securities portfolio on the one hand and of the funds raised from non-bank customers on the other. By contrast, the US banks reported a greater share of non-current assets, and goodwill in particular, but also a higher impact of the net worth on total assets, with a figure more than double the postings by European and Japanese banks. Also considering the tangible net worth, this ratio, although

[30] 62% of both European banks' assets and liabilities positions at the end of 2011 are to be attributed to just six banks, in the following order: Deutsche Bank, Barclays, RBS, BNP Paribas, UBS and Crédit Agricole.

adjusted to 1.8 and 1.5 times respectively, is still favourable to the US banks.

TABLE I.17 – BALANCE-SHEET INDICATORS BY GEOGRAPHICAL AREA AS AT 31 DECEMBER 2011

	Europe		Japan		United States	
	as % of total assets	*% change from 2010*	*as % of total assets*	*% change from 2010*	*as % of total assets*	*% change from 2010*
Securities	19.2	*- 8.8*	38.9	*+ 10.3*	24.6	*- 0.6*
Loans and advances to banks [1]	2.6	*+ 57.7*	-	-	7.6	*+ 93.2*
Loans and advances to customers	42.3	*+ 1.2*	44.0	*+ 2.8*	43.3	*+ 2.2*
Fixed assets	2.1	*- 4.4*	1.5	*- 3.6*	4.9	*- 11.8*
of which: goodwill	*0.6*	*- 11.5*	*0.1*	*- 2.5*	*2.5*	*- 2.3*
Other assets	22.6	*+ 28.4*	5.9	*- 15.6*	10.4	*- 1.4*
of which: derivatives	*18.8*	*+ 32.9*	*3.5*	*+ 5.0*	*3.1*	*+ 11.6*
Funding from customers	54.7	*+ 0.1*	72.9	*+ 2.5*	69.8	*+ 4.6*
Deposits by banks [1]	-	-	5.2	*+ 23.7*	-	-
Other liabilities [2]	29.5	*+ 17.7*	7.3	*+ 10.8*	10.9	*+ 0.9*
of which: derivatives	*18.7*	*+ 32.0*	*3.5*	*+ 12.5*	*2.5*	*+ 3.8*
Net worth	4.6	*+ 1.0*	4.9	*+ 4.5*	10.1	*+ 5.0*
Total assets	100.0	*+ 5.4*	100.0	*+ 3.0*	100.0	*+ 2.0*

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

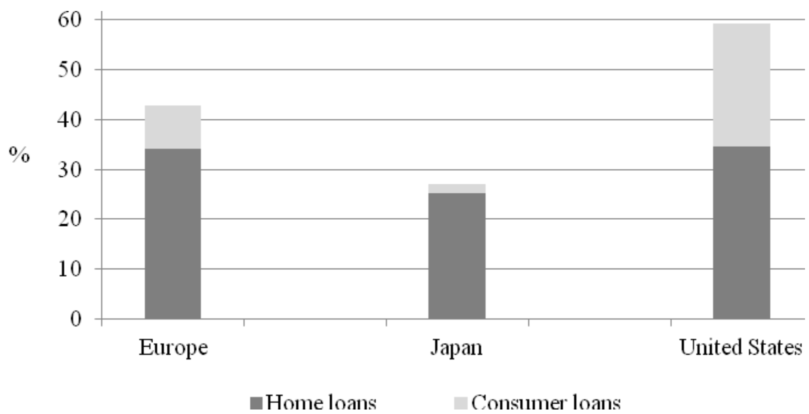
[2] Including provisions for staff and deferred taxes.

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

The European banks show, as explained above, the highest percentage of derivative products designated at fair value, standing at about 19%, compared with figures slightly above 3% for the other two areas. For the former, it must be noted that the item “other liabilities” includes the technical insurance reserves for the groups that carry out such activity, with an approximate 5% impact on the total in the financial statements; these reserves are set-off by security portfolio investments and to a lesser extent, by non-current assets (for comments, see Appendix 3).

It must also be noted that, for the other three areas, at the end of 2011, a similar weight is to be attributed to the loans to customers in relation to assets, keeping in mind that the European Banks reported also a growth rate, compared with the previous year, significantly lower than the total assets. Noteworthy is the different composition of this item in the different geographical areas among households and companies (Figure I.9): at the end of 2011 loans to households represented 59% of the total for the U.S. banks (of which 34% for home purchases), 43% for the European banks (of which 34% for home purchases) and only 27% for the Japanese banks (of which 25% for home purchases). In evaluating the size of loans to customers, it must be noted that it is certainly affected by the frequent securitization operations, as explained in the previous paragraph.

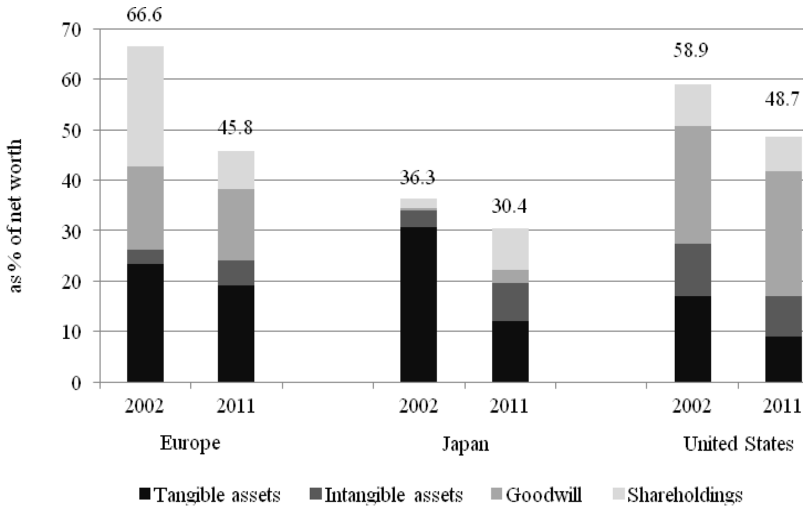
FIGURE I.9 – LOANS TO HOUSEHOLDS



The net worth lock-up rate, calculated as the ratio of non-current assets to assets, declined in the ten years between 2002-11 by almost 21 points, to 45.8% for the European banks, more than 10 points at 48.7% for the US banks and by almost 6 points, at 30.4%, for the Japanese banks (Figure I.10 and Table II.4, various areas).

The decline registered by the European banks was largely due to equity investments, mainly as a result of the reclassification of significant items in the portfolio to "Securities", in 2005, in accordance with IASs/IFRSs, and to a lesser extent, to the tangible assets. Conversely, this latter item was the main cause for the decrease in the coefficient of the US banks and especially, of the Japanese banks. For the Japanese banks, in fact, the increase in goodwill and other intangible assets, occurring mostly in 2005, following the merger of Mitsubishi Tokyo Financial Group and UFJ Holdings, was offset by the significant sales of real estate properties.

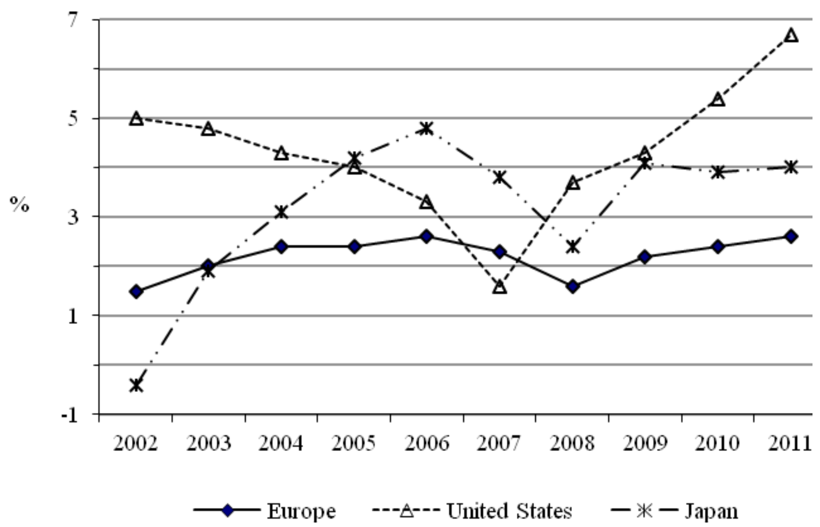
FIGURE I.10 – FIXED ASSETS AS A PERCENTAGE OF NET WORTH



In 2011, the free capital – which includes not only non-current assets but also doubtful loans, calculated in proportion to funding from customers – averaged 6.7% for US banks, 4% for Japanese banks and 2.6% for European banks (Figure I.11 e Table II.4).

In 2011, the noticeable improvement of the indicator for the U.S. banks is due to a strengthening of their financial position accompanied by a decrease in non-current assets, particularly on-going charges and charges from subsidiaries. As for the European and Japanese banks, the increase in equity is accompanied, for the former, by a reduction of the goodwill due to the impairments under the Income Statements, described in previous paragraphs, whereas for the Japanese banks it is partially offset by the increase in doubtful loans.

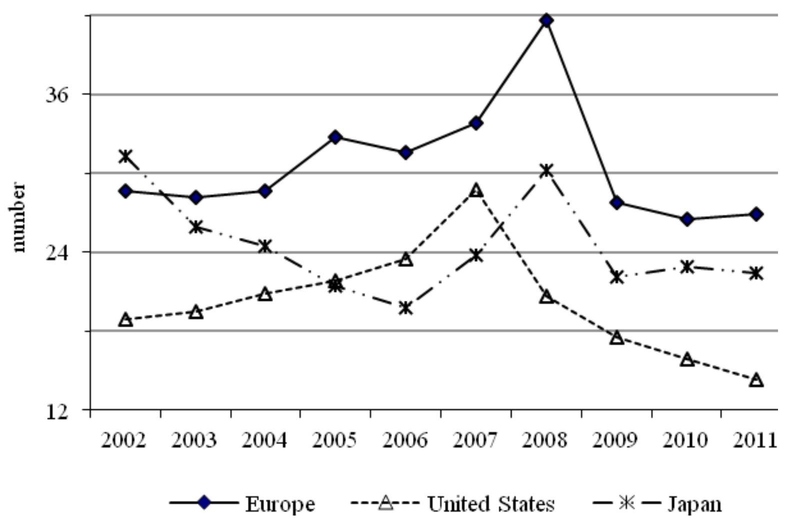
FIGURE I.11 – FREE CAPITAL AS A PERCENTAGE OF FUNDING FROM CUSTOMERS



Details on the *free capital* of the last five years is shown in TABLE I.38. Among the European banks with the highest figures at the end of 2011, are the British Standard Chartered (6.3%), Barclays (5.3%) and the

Swiss UBS (5.6%); in contrast, the following banks reported negative figures: Dexia and Lloyds Banking Group (both -1.3%), Unicredit (-2.5%), La Caixa (-5.2%) and Banco Financiero y de Ahorros (-8.5%). In Japan, the highest indicators were reported by Norinchukin Bank and Shoko Chukin Bank (8.9% and 7.5%, respectively), while the US bank with the highest indicator was Citigroup (9%), followed by Bank of America (7.5%) and U.S. Bancorp (7.4%). No bank in Japan and Unites States shows negative figures.[31]

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



[1] Excluding intangibile assets.

[31] It should be noted that banks with negative or near-zero free capital levels, such as Countrywide Financial (-12.3%), Washington Mutual (-0.7%) and National City (zero) in 2007, and HBOS (-3.4%) and Dresdner Bank (0.3%) in 2008, were acquired the following year; others, such as Lloyds Banking Group and Hypo Real Estate Holding (-1.4% and -2.1% respectively in 2008), were nationalized by their respective governments. Also Dexia and Banco Financiero y de Ahorros were nationalised in 2012.

If total assets are compared with net worth, excluding intangible assets from both items, the lowest value reported at the end of 2011 was that of US banks, which had assets equal to 14.3 times their tangible net worth. Japanese banks were in the middle, with a ratio of 22.4 times, while the highest ratio is attributed to the European banks standing at 26.9 (FIGURE I.12).

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

In 2011, the decrease of the multiplier in Japan and more so in the United States was due to a growth rate of tangible assets (+5.1% and +14% respectively) exceeding the rate of tangible properties (+3% and +2.5%); in contrast, for the European banks the increase in tangible assets (+5.5%) exceeded the increase in tangible net worth (+3.9%), despite the decrease in intangible assets.[32]

The European banks which show the greater leverage effect, at the end of 2011, in addition to Dexia with a negative net worth, are in order: Banco Financiero y de Ahorros, Dexia Bank Belgium and the German Deutsche Bank, Landesbank Baden-Wuerttemberg and DZ Bank, all with a multiplier exceeding or equal to 40; in the bottom positions are the smaller banks: La Caixa (15.5), Rabobank (16.9) and Standard Chartered (17.3). In Japan, MUFG - the largest bank in the country - and Shinkin Central Bank are the banks with the highest multiplier (over 28). In the United States, the Bank of New York Mellon has the highest multiplier (29.7) followed by JPMorgan Chase (17.6); in the bottom positions are

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

PNC Financial Services Group and Regions Financial (9.6 and 11 respectively).

TABLE I.39 shows the details for each bank in the various areas, covering the last five years of the survey.

I.15 Indirect funding

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

On the basis of data concerning significant sub-sets of the European and U.S. surveyed banks, the volume of indirect funding in the five years from 2007-2011, shows a tendency towards decline relative to funding from customers: from 75% in 2007 to 63% in 2011 for the European banks and from 85% to 69% for the United States banks (TABLE I.18).[33] The balances at the end of the year are not comparable to each other since they are affected, at time by significant amounts, by acquisition operations and transfer of assets negotiated with operators not included in the survey.[34]

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

[34] In 2007 in the U.S., The Bank of New York acquired Mellon Financial, with assets under management amounting to USD 929 billion, while Citigroup acquired the Japanese Nikko Cordial, with assets under management amounting approximately to USD 100 billion. In early 2009 Bank of America acquired the assets of Merrill Lynch & Co., in the amount of USD 246 billion, while Citigroup deconsolidated its assets in the sector – primarily represented by its Smith Barney division and amounting to approximately USD 300 billion – after selling them to a joint venture in which Morgan Stanley holds the majority interest. For their part, European banks carried out a greater number of extraordinary transactions, although they involved smaller amounts per deal: in December 2009, Barclays sold to

TABLE I.18 – INDIRECT FUNDING

	2007	2008	2009	2010	2011
Europe (EUR bn) [1]	11,336	9,395	8,866	9,477	9,132
as % of funds raised from customers	*75.0*	*64.2*	*61.3*	*64.6*	*63.3*
United States (USD bn) [2]	4,455	3,726	4,023	4,024	4,113
as % of funds raised from customers	*85.5*	*68.6*	*71.8*	*70.7*	*69.4*

1 Data relating to 26 groups representing 91% of the funding from customers in the sample at the end of 2011. The different European currencies have been converted using the fixed exchange rate as at the 2011 year end.

2 Data relating to 9 groups for which a complete set of values is available for the five-year period and which represent 93% of the funding from customers in the sample at the end of 2011.

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

Company	Balance as at 31-12-2011	Change vs. 2010 [1]	Company	Balance as at 31-12-2011	Change vs. 2010 [1]
	EUR bn			EUR bn	
Europe			Groupe BPCE	563	+ 10
UBS (CH)	1,605	+ 20	ING Groep (NL)	322	- 65
Deutsche Bank (DE)	1,116	- 15		USD bn	
Crédit Suisse (CH)	919	- 6	**United States**		
Crédit Agricole (FR)	785	- 54	JPMorgan Chase &Co	1,336	+ 38
HSBC Holdings (GB)	655	- 59	Bank of NY Mellon	1,260	+ 88
BNP Paribas (FR)	647	- 64	Bank of America	647	+ 3

1 Currencies other than the Euro have been converted by utilizing the fixed exchange rates at the end of 2011.

TABLE I.19 shows the European and United States banks with the highest amount of managed assets at the 2011 year end: among the top banks, only UBS and Groupe BPCE posted increased amounts from the

BlackRock its asset-management operations, in the amount of approximately EUR 1,180 billion, in return for a 19.9% interest in the latter; in 2010 the Deutsche Bank acquired the Sal. Oppenheim assets amounting to EUR 115 billion.

previous year, while the three top US banks showed an increase. The changes include, in addition to those deriving from acquisitions and sales, the balance between the new funding and the redemptions and adjustments to the market values of the portfolio assets.

I.16 Securities portfolios

Another issue to consider is the valuation of securities portfolios, which, at the 2011 year-end, in aggregate terms, accounted for 39%, 25% and 19% of the total assets of Japanese, U.S. and European banks, respectively. According to international accounting standards, securities must be measured at their fair value, with the exception of securities that, on the basis of an independent decision by directors, are to be held to maturity: in this case, they may be valued at cost.[35]

The attribution to the latter category involves an "over-valuation" of the corresponding item in the balance sheet assets and lower write-

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

offs during the period of decline in market values.[36] At the end of 2011, the European and Japanese banks show securities stated at cost, equal to 11% and 11.7% respectively, about 7 percentage points above those of the US banks (TABLE I.20).[37] The increase above 2 percentage points of the latter, compared with 2010, is mostly due to the purchase of mortgage backed securities (MBS) issued by Government agencies for long term investment policies.

It is also important to remember the effects deriving, in 2008, from the changes made to IAS 39 to be applied to the financial statements of European banks, as well as other changes made to evaluation criteria from which the Japanese and US banks benefited. These changes have substantially entailed the recognition at cost of securities that in the past were stated at market price, thus raising their impact on the total portfolio from 3.2% in 2007 to 14.7% in 2008 for the European banks, from 5.5% to 12.3% for the Japanese banks and from 0.2% to 3.9% for the United States banks. For a more in-depth analysis of the effects of these changes in the accounting principles, please see Appendix 4.

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

Also with regards to the 2010-2011 figures, it should be noted that there is a higher percent of held-for-trading securities designated at fair

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

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

value by European banks - a little less than half of the total - compared with the US banks and especially Japanese banks, leading to increased volatility in net profit for the year of the former due to the immediate impact on the income statement of the changes in the market value of securities.

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

	Europe		Japan		United States	
	2010	2011	2010	2011	2010	2011
	EUR bn		JPY bn		USD bn	
Total	**6,094**	**5,557**	**274,279**	**302,560**	**2,353**	**2,339**
as % of total assets	*22.2*	*19.2*	*36.4*	*38.9*	*25.3*	*24.6*
	%		%		%	
Held for trading	37.2	33.6	7.8	7.8	38.0	33.9
Designated at fair value [1]	12.4	12.8	4.4	5.2	-	-
Available for sale	38.8	42.6	76.5	76.0	60.2	62.0
of which: stated at cost	-	-	*0.8*	*0.7*	-	-
Held to maturity	11.6	11.0	11.3	11.0	1.8	4.1
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
of which: structured securities [2]	*11.6*	*10.9*	*7.0*	*6.5*	*45.9*	*49.6*

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

2 It refers mainly to securities arising from securitisation, such as ABS-*Asset Backed Securities* and CDO-*Collateralized Debt Obligation*.

An analysis of the portfolio shows how the portfolio of the U.S. banks is characterised by a higher risk. Almost 50% of the total is in fact represented by structured securities, deriving from securitization operations and consisting, for the most part, of mortgages, while this percentage declines to 11% for the European banks and to only 6.5% for the Japanese banks.[38]

I.17 Derivative contracts

TABlE I.41 shows the transactions in derivative contracts undertaken by the banks in the three areas considered in the survey from 2009 to 2011. Where available, the figures refer both to trading and hedging derivatives.[39]

In 2011, the nominal value of outstanding agreements decreases compared with the previous year, by 2.8% for the US banks and by 3.8% for the Japanese banks, while it increases by 2.8% for the European banks. The value of the contracts represents a multiple of total on-balance sheet assets; in 2011 this multiple was 21 for US banks, 15 for European banks and 4 for Japanese banks. The primary

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

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

type of risk to which such contracts refer across all three areas is the change in interest rates, accounting for more than 80% of the total.[40]

The fair value of the agreements, at the 2011 year-end, shows a positive net balance (potential profit) in all areas, with the European banks moving to a positive position after the negative balance (potential loss) of the previous year. In relative terms, these balances represents 5.8% , 2.1% and only 0.2% of the respective net worth of the United States, European and Japanese banks.

In 2011, the credit risk, in total amounts, shows a decline only for the Japanese banks while, in relation to the net worth, the European banks show a higher level of risk in the three year period, with a ratio standing, at the end of 2011, at 75% compared with 34% for the Japanese banks and at 29% for the United States banks. It should be noted, once more, that the lesser use, by the European banks, of offset agreements with other operators, has as a consequence, the recognition in the financial statement of higher positive fair values.

TABLE I.21 lists the 10 surveyed banks that are most active in the derivatives segment, chosen on the basis of the notional value of contracts still outstanding at the end of 2011. Of these, seven are European banks and three are US banks, with the Deutsche Bank ranking first, followed by JPMorgan Chase & Co. The highest growth rates compared with the previous year are reported by Société Gènérale and by the two Swiss banks. The balance of the assets and liabilities fair value is for almost all the banks positive (potential profits) with the highest amount reported by Deutsche Bank, while the largest negative balances (potential losses) is posted by Crédit Suisse. The highest credit risk, proportional to the net worth, is again attributed to Deutsche Bank and Crédit Suisse with quotients that are significantly above 1, while slightly below are UBS and BNP Paribas.

[40] The figures reported are highly representative of the phenomenon, constituting an amount essentially similar to that recorded by the Bank of International Settlements (BIS) for the largest banks in G10 countries. It must be noted that less than 10% of the contracts are negotiated on regulated markets.

TABLE I.21 – BANKS IN THE SURVEY WITH THE LARGEST AMOUNTS IN DERIVATIVE CONTRACTS OUTSTANDING AT 31-12-2011

Company	Notional value as of 31-12-2011		Fair value (balance)	Credit risk	
	EUR bn	*% change vs. 2010* [1]	EUR bn	EUR bn	*as a % of net worth*
Deutsche Bank (DE)	59,195	*+ 5.7*	23,539	84,272	*154.2*
JPMorgan Chase & Co. (US)	54,993	*- 9.8*	13,525	71,472	*50.3*
Bank of America (US)	53,149	*+ 0.7*	10,436	56,436	*31.7*
Royal Bank of Scotland (GB)	53,128	*- 3.8*	6,746	60,781	*66.8*
Barclays (GB)	51,885	*- 11.1*	13,234	56,564	*72.5*
BNP Paribas (FR)	47,617	*+ 6.3*	- 131	81,891	*95.6*
Credit Suisse Group (CH)	41,129	*+ 8.0*	- 3,866	46,277	*136.9*
Citigroup (US)	38,500	*+ 3.6*	4,091	50,474	*36.4*
UBS (CH)	37,902	*+ 8.0*	10,846	47,466	*99.7*
Société Générale (FR)	20,309	*+ 10.8*	2,044	…	...

[1] Calculated in local currency.

I.18 Rights issues, dividends and share buybacks

In the ten year period 2002-2011, a total of EUR 494 billion in share issues was undertaken in Europe. This figure does not include new shares issued in acquisitions.[41] 60% of the increases occurred in the two year period 2008-2009, of which more than half were subscribed by government and public entities. In the same period, the distributed dividends amounted to EUR 349 billion and net share paybacks (including the repurchase of shares in the portfolio of the Governments for 45 billion) amounting to a total of 143 billion (TABLE I.42). The dividends that were paid during the period were substantially identical to the capital gains, net of the payments incurred for the share

[41] As regards the latter, those due to the mega-mergers, as discussed in Paragraph I.4, amounted to EUR 146.1 billion, 23% of the share issues carried out.

buybacks. In the ten year period, the profits of the European banks amounted to a total of EUR 724 billion due to an increase in equity of 561 billion, therefore representing the only instruments of equity growth.

For the United States banks, the repurchase of shares have always exceeded the share issue, except for the two years 2008-09. In those two years, the share issues amounted to USD 433 billion accounting for 79% of the amount for the entire period, with 196.5 billion of such amount contributed by the Treasury and other government entities. The balance of the changes occurring during the ten year period shows net payments to the shareholders for USD 123 billion, an amount that includes the 148 billion repaid to the government as well as the distributed dividends.[42] In the same period, the equity increased by USD 530 billion, while net profits amounted to USD 553 billion, representing, also in this case, the main source of equity growth.

For the Japanese banks, the recourse to the market amounted to JPY 13,722 billion, compared to a mere JPY 4,601 billion in distributed dividends, while share buybacks amounted to JPY 8,090 billion. The latter represented, for the most part, the repayment of public funding, carried out through the buyback of preferred stock owned by government entities. The dividends that were distributed amounted to about 80% of the amounts raised from shareholders, net of share buybacks, yielding net inflows of JPY 1,031 billion over the decade. To be noted is the aggregate net profit of the Japanese banks in the same period for JPY 7,383 billion, thus contributing by 63% to the equity increase in the ten year period.

TABLE I.22 shows, in detail, for the European and the U.S. banks included in the survey, the share issues subscribed with public funding from 2008 to 2011, as well as the amounts repaid. The major interventions in Europe took place in Great Britain (EUR 78 billion), Germany (EUR 33.7 billion) and France (EUR 25.3 billion, including the contributions considered as subordinated liabilities and the 3 billion

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[42] In the ten-year period 2002-2011, industrial multinationals based in North America, repaid USD 1,975 billion to investors (both in the form of dividends and share buybacks), against a mere USD 274 billion raised through share issues.

in favour of the Belgian Dexia). The United States government subscribed share issues for USD 196.5 billion, while receiving pay-backs equal to 75% of the paid amounts; the repurchases by the European banks stood instead at less than one third of the total.

TABLE I.22 – RIGHTS ISSUES FUNDED BY GOVERNMENTS AND OTHER PUBLIC ENTITIES IN 2008-2011 AND AMOUNTS REPAID: BREAKDOWN BY COMPANY

Company	Amounts issued	Amounts repaid	Company	Amounts issued	Amounts repaid
	EUR bn			USD bn	
Europe			**United States**		
RBS (GB)	54.9	6.0	Citigroup	52.1	19.5
Lloyds Banking Group (GB) [1]	23,1	-	Bank of America	45,0	45.0
Commerzbank (DE)	18.2	12.6	JPMorgan Chase & Co.	25.0	25.0
Bayerische Landesbank (DE)	10.5	-	Wells Fargo & Co.	25.0	25.5
ING Groep (NL)	10.0	8.3	Ally Financial	13.8	-
BNP Paribas (FR)	7.6	7.8	PNC Fin. Services Group	7.6	7.6
KBC Group (BE)	7.0	0.6	U.S. Bancorp	6.6	6.7
Groupe BPCE (FR) [2]	6.0	6.2	SunTrust Banks	4.9	4.9
Dexia (BE)	5.0 [3]	-	Capital One Financial	3.5	3.6
Landesbank Baden-Wuertt. (DE)	5.0	-	Regions Financial	3.5	-
Fortis Bank (BE)	4.7	-	Fifth Third Bancorp	3.4	3.7
Société Générale (FR)	3.4	3.5	BB&T	3.1	3.2
Fortis Bank (Nederland)	1.3	-	The Bank of N.Y. Mellon	3.0	3.1
Total [4]	**156.7**	**45.0**	**Total**	**196.5**	**147.8**

[1] Including HBOS, incorporated in January 2009.

[2] Including Groupe Banque Populaire and Groupe Caisse d'Epargne.

[3] Over 1 billion subscribed by Belgian institutional investors and 0.4 billion by the Luxembourg government for convertible bonds.

[4] In addition: Crédit Agricole, Crédit Mutuel and Groupe Caisse d'Epargne have received from the French Government EUR 3 billion, 1.2 billion and 1.1 billion, respectively, in the form of subordinate loans stated under subordinate liabilities in the financial statements (all repaid); the Swiss Government has subscribed UBS convertible bonds for approximately EUR 4 billion. The repaid amount includes premiums and other repurchase charges.

I.19 Capital adequacy ratios

The solvency coefficients, measured based on the regulatory capital to risk-adjusted assets (*total capital ratio*), calculated as established in the Basel Interbank Accords is, at the end of 2011, higher, on average, for the Japanese banks and the United States banks (15.8% and 15.6% respectively) compared with those of Europe (14.8%); conversely, the average *tier 1* of Japanese banks (11.8%) stands slightly below that of the United States and European banks (12.5% and 12.2% respectively) (TABLE I.39).

Compared with the previous year-end, an average increase of 8 percentage points for the Japanese banks is reported and a 4 points decrease is reported for the United States banks, while the ratio of the European banks remains substantially unchanged. However, all the areas have seen significant improvements compared with the minimum levels of 2007-08, to which the strengthening of the banks financial positions of the previous two years have certainly contributed, first of all through the recapitalisations carried out also with public funds as already discussed in the previous paragraph.[43]

In 2011, the risk weighted assets of the Japanese banks (the denominator of the capital ratio) decreased by 2.7% compared with the previous year, while the statutory equity increased by 1% with both components providing a positive contribution to the improvement of the average ratio for the area. For the United States and European banks, conversely, the indicators show a conflicted trend which translates, as discussed earlier, into a worsening of the coefficient for the former and no-change for the latter (TABLE I.23).

[43] In 2008, the calculation system for equity requirements became effective, as provided for in the “new” Basel Accord (known as Basel II), thus requiring smaller investments of capital for institutions that adopt risk assessment systems based on internally developed estimation processes or, subordinately, based on the assessments of rating agencies.

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

	Risk-weighted assets (RWAs)			Regulatory capital			RWAs / Total tangible assets	
	2010	2011	Change	2010	2011	Change	2010	2011
	EUR bn		%	EUR bn		%	%	
Europe	9,374	9,457	*+ 0.9*	1,341	1,345	*+ 0.3*	*34.5*	*32.9*
	USD bn			USD bn				
United States	5,875	5,847	*- 0.5*	924	922	*- 0.2*	*65.5*	*63.6*
	JPY bn			JPY bn				
Japan	302,076	293,937	*- 2.7*	46,934	47,389	*+ 1.0*	*40.3*	*38.0*

The different impact of the assets that are weighted according to the risk, on total assets of the financial statements, must be noted: for the European banks, an average of just 33% of tangible assets was covered by the capital in the minimum amount of 8% established by the Basel Accords, compared to 64% for U.S. banks, with Japanese banks in the middle at 38%. In 2011, the assets to which a weight is applied reduce their relative weight in all three areas.

It should also be noted that capital ratios were not very effective as safeguards: in 2008-2009 European banks such as RBS, Lloyds Banking Group, Commerzbank and ING Groep (TABLE I.22) received significant injections of public capital after having presented ratios well in excess of the minimum required by the Basel Accords, and in some cases in excess of the average for the area, at the end of the previous year. In the United States, no bank had a ratio below 10% at the end of 2007, but all utilized public funds in the subsequent year; the banks involved in mergers or bailouts in the second half of 2008 were all well above the minimums at the end of quarter before the transactions.[44]

[44] The most striking case is that of Washington Mutual, which collapsed in September 2008 but which, as of the previous 30 June, had a total capital ratio of 13.9% and a *Tier 1* ratio of 9.4%. It should also be recalled that the Basel Interbank

TABLE I.40 compares, for the two year period 2010-11 and detailed per each bank, the risk weighted assets and the statutory capital, respectively with the total of tangible assets and the tangible net worth. It must be noted that, in addition to the already mentioned impact of the weighted assets on the total assets, the net worth considered for regulatory purposes (the numerator of the capital ratio) represents a multiple of the tangible net worth for almost all the surveyed banks and equal, on average, in 2011, to 1.5 times for the European and U.S. banks and 1.2 times for the Japanese banks. This ratio is closer to 1 and below 1 for the Japanese banks, when only the capital *Tier 1* is being considered.

In the same table, the tangible net worth of the surveyed banks was compared with the relative maximum exposure to credit risk, which involves both the risk assets stated in the financial statements and the out of the financial statements guarantees and obligations. No weighting factor has been applied. It should be noted that in 2011, these ratios were significantly lower than those calculated according to the Basel Accords, representing, on average, 3.6% for the European banks, 5.1% for the Japanese banks (partial data) and 5.6% for the U.S. banks.[45]

In TABLE I.40, the "out of the financial statements" assets have been quantified and compared with the tangible assets stated in the financial statements. To be noted is the greater importance that they represent for the U.S. banks where, at the end of 2011, they were equal to 45% of the tangible assets, of which 20% was represented by the revocable credit lines granted to credit cards holders. The lowest figure of the European banks, i.e. about 15%, is instead impacted by the

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Accords did not take adequate account of the risks associated with financial links between large financial institutions ("systemic risk").

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

inclusion of the irrevocable lines of credit only, although the lower importance held by consumer credit in Europe compared with the United States should be taken into consideration (Figure I.9).

The overall capital ratios, as at 30 September 2012, for the Japanese banks and at the end of 2012 for the European and United States banks, compared in consistent terms with those at the end of the previous year, rose from 15% to 15.8% in Europe and from 14.9% to 15.4% in Japan, while they declined from 15.6% to 14.8% in the United States, which show, therefore, the lowest figures. Similarly, *tier 1* is up by one percentage point in Europe, standing at 13.4% and half a percentage point in Japan at 12.3%, and with a fractional decline from 12.5% to 12.2% in the United States. This is following a decrease in risk weighted assets (RWA) by 7.5% in Europe, due to a 2.6% increase in the statutory capital; in the U.S. on the other hand, the RWAs increased by about 2% compared with 2011 while the capital of reference remains almost unchanged.

I.20 Preliminary results for 2012

TABLE I.46 and TABLE I.47 show the income statements and balance sheets of major European and U.S. banks for 2012, drawn from the financial statements available at the reporting date. They refer to institutions representing 84% and 90% of the total assets as at the end of 2011 in their respective areas; TABLE I.45 shows instead the earnings of the first six months of 2012 reported by the Japanese banks, closed as 30 September. A summary of annual results for Europe and the United States is shown in TABLE I.24.

Both the European and the U.S. area reported strong earnings for the year, in aggregated terms; however, for the latter, the earnings improved by 9% compared with the previous year while the European banks showed a 42% decline by amount and from 6.4% to 4.1% proportionally to the income. The earnings stated in the first six months of 2012 by the Japanese banks show a significant growth compared with the first six months of the previous year, i.e. 29% in total amounts and 8 percentage points proportional to the income.

TABLE I.24 – PRELIMINARY RESULTS FOR THE 2012 FINANCIAL YEAR

	Europe				United States			
	2011		2012		2011		2012	
	EUR bn	*% of total income*	EUR bn	*% of total income*	USD bn	*% of total income*	USD bn	*% of total income*
Current pre-tax profit	102.9	*20.4*	52.4	*11.4*	90.4	*23.2*	97.2	*25.1*
Profit before tax	59.1	*11.7*	41.3	*9.0*	79.3	*20.3*	83.1	*21.5*
Net profit	32.4	*6.4*	18.9	*4.1*	57.8	*14.8*	63.0	*16.3*

Current earnings, before taxes, show a similar trend, with a 7.5% increase for the Unites States banks and a 49.1% decrease for the European banks. The decline in earnings reported by the European banks is first of all due to a major drop in income (-9%) involving all its main components: -6.6% in interest income, -3.8% in trading revenue and -13.8% in other operating revenue.[46] The decline in income, although to a lesser extent, is seen also in the other two areas: -0.9% in the United States and -4.9% in Japan for the first six months: in both these countries, however, the decline in the interest income and the lower trading revenue, were partially offset by an increase in other operating income.

The current earnings from the various areas were impacted by the amount of impairment losses on loans under the income statement, with the European and Japanese banks increasing their provisions (+13% the

[46] As regards the latter item, net commissions declined by 3.6% while the other income declined by 20.3 billion compared with the previous year: among those, noteworthy is the gross margin of insurance operations of Crédit Agricole (which shows a EUR 11.1 billion decline) and of HSBC (EUR -2.6 billion).

former and + 21% the latter, on a six months basis) whereas the United Stated banks reported about a 27% decrease; a summary by geographical area is included in TABLE I.25.

TABLE I.25 – BAD LOAN WRITEOFFS BY GEOGRAPHICAL AREA IN 2012

	Bad debt writeoffs booked during financial year [1]					
	2011	2012	Change	2011 (a)	2012 (b)	Change
	EUR bn		%	*as a % of total income*		*b - a*
Europe	- 78.8	- 89.3	*+ 13.3*	- 15.6	- 19.5	*- 3.9*
	JPY bn					
Japan [2]	- 114	- 138	*+ 21.1*	- 2.1	- 2.6	*- 0.5*
	USD bn					
United States	- 44.2	- 32.4	*- 26.7*	- 11.3	- 8.4	*+ 2.9*

[1] Net of bad debts recovered. The 2011 data has been restated in homogenous terms.
[2] The data refers to the first half years of 2011 and 2012, respectively.

As regards operating costs, the European banks posted a decrease in labour costs of about 2 percentage points while general expenses were slightly up by one percentage point.[47] Labour cost for the United States banks were up by 1.5%, compared with the previous year, while general expenses were almost unchanged.[48]

For this latter area, the substantial reduction in impairment losses on loans, as discussed earlier, by generating almost 3 percentage points benefit, represented basically the only improvement factor in current earnings.

The major decline in earnings for the European banks was partially mitigated by lower extraordinary negative postings accounting for 6 percentage points less than the previous year. The strong negative

[47] The reduction in labour costs in Europe is to be attributed entirely to a drop in the number of employment units (-4.8%), while the per-capita cost increased by 3% compared with the previous year.
[48] The increase in labour costs in the United States is due to the rise in unit costs (+2.4%), while the number of employment units declined by about 1%.

balance of the previous year, amounting to EUR 43.8 billion, was mostly due to the impairment of goodwill and other intangible assets, for 26.4 billion, and to the securities portfolio (except the trading portfolio) for 26.2 billion of which 12.6 billion to be attributed to the Greek sovereign debt securities. In 2012, there were goodwill impairments for about EUR 8.9 billion and assets write-offs for EUR 8.2 billion, to which EUR 12 billion must be added for accruals for controversies, fines and penalties partially offset by capital gains from sales amounting to about EUR 20 billion.[49]

For the US banks, the main negative postings of 2011 and 2012 consisted of the accruals for controversies and out-of-court settlements concerning the sale (carried out in previous periods through securitisation operations) of home mortgages that later turned out to be of a low solvency level (USD 19.1 billion in 2011 and 12.2 billion in 2012) in addition to the impairments of goodwill (3.2 billion in 2011) partially offset by capital gains on the sale of investments and other assets.[50]

The Japanese banks, in the first semester of 2012, ending on 30 September, have posted earnings amounting to 36.6% of the income, a 15% decline compared with the first six months of 2011; this was also negatively impacted by the decline in income and the major loss impairment on loans, as described above. In contrast, net earnings increased by 29% standing at 30.8% of the income, due to the positive balance of extraordinary items but mostly, to lower income taxes,

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[49] In 2012, the most relevant impairments were posted by Crédit Agricole (6.1 billion, of which 3.4 billion in goodwill impairment), RBS (3.1 billion) and UBS (2.5 billion). Expenses for controversies included: Lloyds Banking Group and Barclays for EUR 4.4 billion and 2 billion, respectively, due to law suits with customers deriving from insurance policies issued for mortgages; Deutsche Bank (2.5 billion), HSBC (1.5 billion), UBS (1.2 billion) and RBS (0.5 billion) for fines and expenses for controversies including those related to the manipulation of the LIBOR rate.

[50] The main costs for controversies were posted by JPMorgan Chase & Co. (USD 4.9 billion in 2011 and 5 billion in 2012) and by Bank of America (5.6 and 4.2 billion respectively). The latter, in 2011 incurred a charge of 8.6 billion for a settlement out of court with the Bank of New York Mellon to end a dispute concerning guarantees granted by the former Countrywide Financial (incorporated in July 2007) on securitised home mortgages, and in 2012 it accrued an additional USD 3 billion for a similar settlement out of court with FNMA ("Fannie Mae").

decreased by more than 6 percentage points compared with total income.[51]

As regards the balance-sheet situation, it should be noted that total assets declined for the European banks (-2%) while it increased for the US banks (+4.2%). Similarly, loans to customers, which represent about 40% of the assets in both areas, show a decline in Europe (-1.3%) and an increase in the US (+3.1%).

Cash and equivalents and loans to central banks (including free deposits) show a strong increase in Europe with a balance of EUR 1,051 billion at the end of 2012 (+28.6% compared with 2011); in contrast, the borrowing with credit institutions declined by 7.6%, due to debts that remained substantially unchanged. Also for the banks in the U.S., the balance in interbank positions, which includes assets in the Federal Reserve system, showed, also in 2012, a net balance on loans amounting to USD 700 billion, a 4.5% decline compared with the previous year.

The funding raised from customers showed, in both areas, a decline in bonds and subordinate funding (-4.5% in Europe, -16.1% in the U.S.) which in the United States was largely offset by the increase in deposits, while this was only partially offset by the European banks.

Residual items “Other assets” and “Other liabilities”, which include mainly the positive and negative fair values of derivative financial instruments, declined in Europe by 9% and 7% for the banks of the United States, with a decrease concerning only the assets (-4%). It is therefore confirmed, also in 2012, the greater weight on the financial statements totals, of the asset positions in derivatives for the European banks, equal to 19% compared to the United States (2.5%), also due to lower offset possibilities in compliance to the European accounting principles.[52]

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[51] In November 2011, the Japanese parliament passed a law for the reduction of corporate taxes from 40.6% to 38% in effect beginning 1 April 2012, and to 35.6% in effect beginning 1 April 2015; the period to report operating losses for tax purposes was also increased from 7 to 9 years. In the first semester of 2011, extraordinary postings included a write-off amounting to JPY 579 billion on Morgan Stanley stocks, in the MUFG portfolio.

[52] In Europe, the positions with positive fair value declined from EUR 5,028 billion at the end of 2011 to 4,556 billion at the end of 2012 (-9.4%) and those with

As regards the quality of loans to customers, the European banks show improved indicators while those of the Japanese and US banks show a decline (TABLE I.26). However, the ratio of net doubtful loans to the total of loans to customers and to the tangible net worth shows higher amounts in the European banks, about 2.7% to loans and 28% to the tangible net worth; the latter with an impact almost 2.5 times greater than the one of the Japanese banks and almost 3 times greater than the US banks.

TABLE I.26 – NET DOUBTFUL LOANS BY GEOGRAPHICAL AREA AS AT 31-12-2012

	Gross doubtful loans as at 31-12-2012	Net doubtful loans [1]				Coverage ratio [1]	
		Year-end 2011	Year-end 2012	Year-end 2011	Year-end 2012	Year-end 2011	Year-end 2012
	change vs. 2011 (%)	*as a % of loans to customers*		*as a % of tangible net worth*		%	
Europe	+ 0.4	2.69	2.69	30.4	28.2	50.4	51.2
Japan [2]	- 0.3	1.12	1.17	11.0	11.3	53.9	51.5
United States	- 7.6	1.34	1.62	8.1	9.0	72.3	63.3

[1] The period-end data has been reclassified in homogeneous terms. For methodology notes, see TABLE I.37.
[2] Data relating to 31-3-2012 and 30-9-2012 respectively.

Doubtful loans, before provisions adjustments, were substantially unchanged, by amount, compared with the 2011 year-end both in Europe and Japan, while they decreased by 8% in the U.S. also following sales and stigmatisations.[53] The coverage rate of gross positions increases by

negative fair value from 4,999 billion to 4,537 billion (-9.2%). For the banks in the United States, the asset positions declined in the same period from USD 272 billion to 221 billion (-18.7%) while the liabilities positions declined from 222 billion to 194 billion (-12.6%).

[53] The decrease in gross doubtful loans for US banks is mostly due to loans to businesses (-35% compared to 2011), whereas doubtful consumer loans, which account for 87% of non-performing positions, decline by 2% only.

slightly less than 1 percentage point for the European banks while it decreases for the Japanese banks (-2.4 p.p.) and mostly for the US banks (-9 p.p.) due, in this latter case, to lower accruals under the income statement, as discussed before.

Another aspect refers to the assets being designated at fair value and reclassified into the so-called "level 3".[54] First, it must be noted that the assets designated at fair value represent a small portion of the total assets, only 43% and a little more than one third of the total, respectively for the European and United States banks.(TABLE I.27).

TABLE I.27 – "LEVEL 3" FINANCIAL ASSETS BY GEOGRAPHICAL AREA IN 2012

	"Level 3" financial assets [1]			Assets at fair value / Total assets		"Level 3" financial assets as a % of:			
						assets at fair value		tangible net worth	
	2011	2012	Variaz.	2011	2012	2011	2012	2011	2012
	EUR bn		%	%		%		%	
Europe	305	233	*- 24.1*	*43.0*	*43.3*	*2.9*	*2.3*	*34.5*	*24.7*
	USD bn								
United States	257	224	*- 12.8*	*33.7*	*34.0*	*9.0*	*7.4*	*45.1*	*34.8*

[1] For Europe, like-for-like data referring to companies which represent 84% of total assets at end-2011; the change has been calculated assuming constant exchange rates. No data available for Japanese banks.

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

In Europe, according to preliminary data, for companies representing (as mentioned above) 84% of the sample, level 3 assets totalled EUR 233 billion at the end of 2012, down by 24% compared to the previous year at constant exchange rates and in homogeneous terms. Such assets, despite representing an insignificant share of total financial assets, are accounted for 25% of tangible net worth.

US banks reported the most significant decrease in level 3 assets (-13%), although such assets continued to represent a significantly higher proportion of financial assets at fair value, whereas the ratio to tangible net worth, albeit down sharply, remained at 10 points higher than Europe, standing at about 35%.

TABLE I.28 – PRIMARY CHANGES IN SHAREHOLDERS' EQUITY IN 2012

	Europe	Japan [1]	United States
	EUR bn	JPY bn	USD bn
Balance at the beginning of the year	**1,042.5**	**31,338**	**833.2**
Net profit	+ 18.9	+ 1,625	+ 63.0
Dividends distributed	- 15.0	- 358	- 15.9
Paid share capital increase	+ 14.1	+ 2	+ 13.4
Capital reimbursements and share buybacks	- 2.5	- 16	- 8.7
Changes in the securities valuation reserve [2]	+ 27.6	- 319	+ 11.2
Other movements [3]	- 0.6	- 32	+ 5.9
Balance at the end of the year	**1,085.0**	**32,240**	**902.1**

[1] Movements relative to the first half-year of 2012 which closed on 30 September.
[2] Changes in the valuation reserve for securities in the available-for-sale portfolio include both unrealized gains and losses arising from changes in fair value and the transfer to the income statement of accumulated gains and losses on securities sold during the year and of impairment losses that have become "permanent"; all changes are recognized net of the associated tax effect.
[3] For Europe, it is mostly a difference in the exchange rate.

Aggregated net worth increase, in absolute terms, compared to 2011, by 8% for the US banks, about 4% for the European banks and 1.7% for the Japanese banks, the latter in reference to the first six months. All areas show a growth rate in assets above the total assets. TABLE I.28 shows the main changes occurring in 2012, except for minority interests.

As for the US banks, it should be noted that the main source of the increase in equity was represented by the earnings for the year, whereas the resources repaid to the shareholders, represented by dividends, share paybacks and repurchase of shares, exceeded the share issues. It must be noted that the earnings posted in 2012, as mentioned before, were largely affected by fewer impairment losses on loans under the income statement. On the other hand, for the European banks, the main contribution is represented by the securities valuation reserve, mostly in its bonds component; also in this case, the resources allocated to shareholders exceeded the share issues.[55]

In particular, the dividends distributed amounted to 46% of the previous year's profits for European banks and 27.5% and 17% for Japanese and US banks, respectively.

The increase in net worth exceeding the growth in assets, determined reduced leverage effects from 27.2 to 25 in Europe, from 14.5 to 13.4 in the United States and fractionally, in Japan from 22 to 21.5.

[55] The main share issue in Europe was posted by Unicredit, for EUR 7.5 billion; in the United States, Wells Fargo (USD 3.5 billion), PNC Financial Services (2.4 billion) and Citigroup (2.25 billion), mainly with preferred stocks.

FOCUS

1. *The major Chinese banks*

The statistical section (TABLES II) shows the aggregated income statement and balance sheet figures for the top 10 Chinese banks, selected on the basis of total assets on the books. These banks represent slightly over 60% of the Chinese banking industry. The years considered were 2004 to 2011, for which a full series of annual financial statements was available. The banks included are listed in TABLE III.2.

First, it should be noted that in recent years the Chinese government has allowed investors to invest in local banks, initially through agreements for the direct sale of minority interests to foreign investors, generally subject to multi-year *lock-up* and more recently through the offering of shares for listing on the Shanghai and Hong Kong stock exchanges.[56] The Chinese government holds the absolute majority in 5 out of the 10 surveyed banks (all the major ones), whereas in 4 others it owns, directly and indirectly, an interest between 24% and 44%; an exception is China Minsheng Banking which is entirely private. All of the surveyed banks are listed on one or both of the cited securities exchanges. TABLE I.29 lists the initial IPOs-*Initial Public Offerings* undertaken by Chinese banks since 2005, the year in which the opening to the market process was initiated.

[56] Among the European and United States banks with the largest interest in the Chinese banks, at 2011 year-end, are: HSBC with 19% of Bank of Communications and 12.8% of Industrial Bank and BBVA with 15% of China Citic Bank. Smaller interests are held by Citigroup (2.7% of Shanghai Pudong Development Bank) and JPMorgan Chase (2.1% of China Merchants Bank). Foreign groups may invest up to a maximum of 20% in a Chinese bank.

TABLE I.29 – IPOS AND PUBLIC OFFERS FOR CHINESE BANKS

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

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

In anticipation of the listing, the Chinese banks acquired an independent legal *status* through incorporation, and adopted, as recommended by the government, accounting principles that are increasingly aligned with international standards.[57] In particular, the accounting principles for the financial institutions established in 2001, imposed strict rules on the measurement of doubtful loans and in the posting of future liabilities compared with those in effect in 1993.[58] Since 2010, all banks included in the survey, adopted the international accounting principles.

As a further measure to pursue the objective of a stock market listing, beginning in the late 1990s, the Chinese government launched

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

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

several initiatives aimed at improving asset quality and strengthening the capital of the major national banks, which included in particular the creation of public companies to manage financial assets. The major banks transferred significant amounts of doubtful loans and non-performing assets to such companies.[59] With regard to public capital contributions, in 2003 the Bank of China and China Construction Bank received CNY 186.4 and 186.2 billion, respectively, through share issues and, during the years considered in the survey, the Industrial and Commercial Bank of China and the Agricultural Bank of China received CNY 124.1 and CNY 130 billion in 2005 and 2008, respectively.

An analysis of the 2004-2011 income statement figures reveals, first, the high incidence of the net interest income on total revenue, with an average for the period of 85% compared to the 52% resulting from the aggregate of all banks in the Triad regions; therefore, there was a more limited incidence of net commissions, which, however, increased from 8% to slightly less than 20% of the income. The incidence of trading activities was marginal.

The lower productivity index of the Chinese banks – measured as revenue per employee – is also worthy of note standing in 2011 at EUR 151,000, 75% of the corresponding figure of the European banks and 65% of the US figures (TABLE I.7). An increasing trend towards a reduction in the size of the banks is worthy of note: the bottom five banks in the ranking by total assets, in fact, are all significantly above average.[60] However, the productivity indicator is significantly higher, more than tripled (3.5x) from 2004 to 2011; by comparison, in the same

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

[60] Even if one excludes the lower productivity index of the Agricultural Bank of China, the fourth bank in the country by size, standing at EUR 104 thousand in 2011, the average indicator for the other banks still comes to EUR 168 thousand (calculated by excluding trading activity).

period the European banks showed a modest +15% increase, while in the United States the increase amounted to 11%.

TABLE I.30 – CHINESE BANKS: PERFORMANCE INDICATORS IN 2011

	China		Triad banks	
	as a % of total income	*change from 2004 (p.p.)*	*as a % of total income*	*change from 2004 (p.p.)*
Cost/income ratio	38.6	*- 13.0*	64.5	*+ 5.4*
Bad debt writeoffs [1]	9.4	*- 10.8*	13.4	*+ 5.9*
Current pre-tax profit	52.0	*+ 23.8*	22.1	*- 11.3*
Net profit	40.0	*+ 22.7*	9.8	*- 11.1*
Average annual rate of growth in income from 2004 to 2011		22.4%		3.7%

[1] Net of bad debts recovered.

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

Earnings before taxes posted by the Chinese banks in 2011, stood at 52% of the income compared with 22%, on average, of the Triad banks. The high profitability of Chinese banks is primarily driven by a strong growth in revenue, at an annual average rate of 22.4% from 2004 to 2011: by comparison, Europe and the United States, the most dynamic areas, reported an annual growth rate of 4.1% and 1.9%, respectively.

The low impact of operating costs contributed significantly showing a cost-income ratio of 39% in 2011, almost 26 percentage points less than the average figures from the Triad banks. The gap was particularly evident in the labour costs component, which represented 19% of income versus 34% for US banks and 35% for European banks. The labour cost per employee of Chinese banks also rose rapidly:

+19.3% on average in the years from 2004 to 2011, while employment increased by approximately 12%.[61]

Impairments losses on loans increased by 30% in total amounts compared with 2010, raising the income from 9% to 9.4%. This latter item of the Income Statement goes against the trend set by the Triad banks which, as discussed above, have significantly reduced their adjustments on loans. However, in relation to the size of loans to customers at year-end, the annual impairment losses on loans show a relatively contained level, standing, based on the average of the last five years, at 0.6% versus 0.8% for the European banks and significantly far from the 2.8% for the U.S. banks (TABLE I.36).

Net aggregated profit in 2011 was CNY 822 billion, equal to 40% of the income, a ratio 4 times higher than the average of the Triad banks. The positive impact of lower income taxes since 2008, with a tax rate of 23% in 2011, should also be noted.[62]

As regards the balance sheet, loans to customers represent the main item in the assets category, standing at 50% of the total at the end of 2011, although with a relative weight lower by about 9 percentage points compared with 2004.[63] By comparison, the corresponding item for the Triad banks stood at only 43%. The decrease in loans to customers is offset by a 14 percentage point increase in loans to financial institutions, an item that includes the mandatory reserve at the central bank; this has been progressively increased by the local authorities in order to limit the excessive creation of liquidity in the system and represents 14.4% of the assets recognized in the financial statements at the end of 2011.[64]

[61] According to data collected by the International Monetary Fund, consumer prices rose by 24% in mainland China between 2004 and 2011.

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

[63] When assessing such a decline, it should also be noted the sale of non-performing loans discussed above amounting to 4.3% of the total volume of loans to customers at the end of 2011.

[64] The Chinese central bank increased the amounts subject to reserve requirements for major banks from 9% in 2006 to 14.5% in 2007, 15.5% in 2008 and 18.5% in 2010 for customer deposits denominated in local currency and from 4% in 2006 to 5% in 2007 for those denominated in a foreign currency. The rate on deposits

TABLE I.31 – CHINESE BANKS: BALANCE SHEET INDICATORS AS AT 31 DECEMBER 2011

	China		Triad banks	
	as a % of total assets	*change from 2004 (%)*	*as a % of total assets*	*change from 2004 (%)*
Securities	19.8	*- 4.0*	23.6	*- 1.9*
Loans and advances to banks[1]	14.9	*+ 7.9*	2.0	*+ 5.5*
Loans and advances to customers	50.3	*- 8.6*	42.8	*- 1.6*
Other assets	2.4	*- 1.3*	20.0	*+ 5.8*
Funding from customers	79.2	*- 8.1*	60.4	*- 0.8*
Other liabilities	2.1	*- 0.3*	22.5	*+ 8.2*
Net worth	6.1	*+ 2.4*	5.5	*+ 0.4*
Average annual rate of growth in total assets from 2004 to 2011		18.2%		7.1%

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

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

In 2011, still as regards loans portfolio, loans to households represented 25.3% of the total (they were 15.8% in 2004), of which 16.6% consisted of home mortgage loans. Those percentages were considerably lower than those of the European banks and, most significantly, of US banks, but were not very far from the Japanese banks (Figure I.9).

The securities portfolio, accounting for 20% of total assets, fairly close to the percentage of the European banks, was in any case 70% of the total, valued at cost, whereas the portfolio of the latter was, for the most part, designated at fair value (TABLE I.20). Consequently, only 6.1% of the 2011 financial statements assets for the surveyed Chinese banks, was designated at fair value (6.9% in 2010) and, within such assets, only 2.6% was assigned to class 3, i.e. valued according to discretionary criteria.

With reference to the quality of the assets, after the "cleaning" operations of non-performing loans carried out by the Industrial and

denominated in local currency was further adjusted up, six different times, during 2011 to a maximum of 21.5% and then down again to 21% at the year-end.

Commercial Bank and by the Agricultural Bank, as discussed above, all the Chinese banks included in the survey show adjustment funds exceeding doubtful loans, with a coverage level of the doubtful positions equal to 2.6 times on average (TABLE I.37).[65]

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

Net worth, in aggregate terms, climbed from 3.7% of total assets in 2004 to 6.1% in 2011, higher than the net worth of European banks (4.6%) and Japanese banks (4.9%) and only lower than the US banks (10.1%). Similarly, the ratio of the total assets (net of intangible assets) to the tangible net worth of the Chinese banks shows a 16.8 multiplier which underlines the much lower leverage effects compared to the European banks (26.9) and Japanese banks (22.4), and exceeding only the US banks (14.3) (TABLE I.39).

The total capital ratio in 2011 stands, on average, at 12.3%, a value that, despite the strengthening of total assets occurring during the period and the half a point increase compared with the previous year, it is 2.5 points below the European average, the lowest of the three surveyed areas. Similarly, Tier 1, equal to 9.3% on average, is significantly lower than the ones in Japan, Europe and United States (in respective order: 11.8%, 12.2% and 12.5%).

In evaluating the significance of these capital ratios, it must be noted that the weighted risk assets represent, on average, only 59% of the tangible assets and that, even for the Chinese banks, the statutory capital is a multiple of the tangible net worth; more representative is Tier 1, slightly below 1 (TABLE I.36). When the tangible net worth is related to the maximum exposure to credit risk, the ratio is equal to 4.7% which places the Chinese banks in a middle position compared

[65] Based on the provisions set forth by local supervisory authorities, the Chinese banks must divide the receivables in five categories: normal, special-mention, substandard, doubtful and loss, characterized by a decreasing degree of likelihood of recovery. They are then required to recognize a generic accrual of no less than 1% of their total loan portfolios, in addition to increasing specific accruals of 2%, 25%, 50% and 100% of loans classified into categories two through five. The last three categories are considered "non-performing" and consequently are included in the data of TABLE I.37.

with the Triad banks but, also in this case, with a figure significantly lower than those calculated according to the Basel criteria.

2. *The major German Landesbanken (2007-2011)*

Table I.43 shows the aggregate accounts of Germany's seven largest *Landesbanken* for 2007-2011. The specific characteristics of such institutions are described in Appendix 1.[66] At the end of 2011, their total assets amounted to 70% of Deutsche Bank, Germany's largest bank by size, and accounted for approximately 18% of the assets in the country's banking system and slightly less than 60% of those within their class.

In 2011, the *Landesbanken* reported a net aggregated profit of EUR 718 million (-13.4% compared with 2010), accounting for 5.6% of the income, after reporting losses, in the two year period 2008-09, for a total of 14.5 billion, after dissolving up to one third of the assets recognized at the beginning of the period. In comparison, the surveyed European banks, after losses standing at 17% of the income in 2008, showed again positive earnings in 2009 and posted a profit, in 2011, equal to 5% of the income, substantially the same as the profit of the *Landesbanken*.

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

- trading activities which posted a loss exceeding EUR 7 billion in 2008 and absorbed slightly less than half of the operating income for the period;

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

- the significant increase in losses on loans, from EUR 417 million to EUR 10.4 billion and from 4% to 55% of the income in the period from 2007 to 2009;
- the impairment losses (mainly regarding the securities of the available-for-sale investment portfolio) for EUR 5 and 2.7 billion which had negatively impacted the income by 60% in 2008 and by 14% in 2009.[67]

In the two years from 2010 to 2011, the return by the *Landesbanken* to positive earnings, is mostly due to fewer impairments losses on loans (down by 72% in 2010 and by an additional 32% in 2011 compared with the previous year), whereas the contraction in operating costs represents a slightly more than a marginal contribution. The income dynamics did not contribute to the improvement of the current earnings: after the sharp contraction posted in 2010 (-33%), income remained mostly unchanged in 2011, followed by a decline of both interest income and other operating earnings. This performance is partially related to the streamlining and sale of assets imposed by the EU following the subsidies received from the government, as described here below: at the end of 2011, the total aggregate assets of the *Landesbanken* posted, in fact, a 22% decline compared with the figure of 2008. The low volume in income, measured by the ratio to the total assets, is shown in all the years considered in the survey; in 2011, it stands only at 0.9% compared with the 2% average of the European banks.

The negative balance of extraordinary components, standing at 8.3% of the income, decreases the profitability in 2011, with EUR 2 billion in asset write-offs, mostly due to the adjustments made to the

[67] In 2009, the residual item "extraordinary income and expenses" posted a negative balance: the main component was the loss of EUR 841 million reported by BayernLB on the sale to the Republic of Austria of the controlling interest in the Hypo Alpe-Adria-Bank International Group for the symbolic amount of EUR 1 (an additional EUR 825 million in losses on forgiven loans are included among impairment losses on loans). Control over the Hypo Alpe-Adria Group had been acquired in late 2007 for an investment of EUR 2.2 billion and a further recapitalization of EUR 900 million had been undertaken in 2009.

available-for-sale securities portfolio, and among these, to the Greek and other countries of Southern Europe sovereign securities for a total amount of EUR 1.6 million.

As regards the quality of the assets stated in the balance sheet, worthy of note, is first of all the strong impact of doubtful loans, net of provisions for adjustments, proportionally to both loans to customers and the net worth. This latter ratio, in particular, shows how the doubtful loans, in 2011, stood at 47% of the net worth, exceeding by 24 percentage points the European banks. In contrast, the level of coverage of gross doubtful positions, which came to 37% in 2011, was almost 16 percentage points lower than the European average and in continuous decline in the five years considered in the survey.

Based on these indicators, the fewer write-offs posted by the *Landesbanken* in the income statement for the years 2010 and 2011, equal to half of the average European write-offs that were measured in relation to customers' loans, did not seem to be justified.

TABLE I.32 – BAD DEBT WRITEOFFS AND NET DOUBTFUL LOANS OF GERMAN *LANDESBANKEN*

	Annual bad debt writeoffs		Net doubtful loans		Coverage ratio
	as a % of customer loans	as a % of net worth	as a % of customer loans	as a % of net worth	%
				as at 31 December	
2007	0.1	0.9	1.4	21.4	51.3
2008	0.7	15.2	1.7	39.0	46.4
2009	1.4	22.5	2.4	38.8	45.7
2010	0.4	6.2	3.3	49.4	38.7 [1]
2011	0.3	4.2	3.3	47.4	37.2 [1]

[1] The indicator does not keep into account the public guarantees on losses exceeding EUR 3.2 billion issued to HSH Nordbank and used, for 318 million in 2010 and for 1,043 million in 2011; considering these guarantees, the coverage rate stands at 39.6% and 41% respectively.

Other aspects of asset quality pertain to financial assets designated at fair value, which for *Landesbanken* represented, at the end of 2011, 33% of total assets and consisted primarily of asset positions in financial derivatives and of securities in portfolios, designated at fair value, for 75% of the total. For the European banks, these figures are higher, with amounts designated at fair value representing 40% of the assets and 88% of the securities portfolio.

Within this context, the assets that are categorised as “Level 3”, i.e. those that are more difficult to measure and of a lesser liquidity, amounted to EUR 15.5 billion (they were 25.4 billion in 2010 and 35.7 billion in 2009), equal to 3.1% of the assets designated at fair value and about 34.5% of the tangible net worth (respectively, 5.2% and 56.8% in 2010). The figures of 2011 are aligned with the European Banks average, after the higher risk ratios reported in the previous years.[68]

[68] It should also be noted that WestLB removed risk assets from its balance sheet in two different transactions. In the first, undertaken in early 2008, it transferred structured bonds having a nominal value of EUR 23 billion to a special-purpose vehicle (SPE) designated “Phoenix” in return for new bonds guaranteed by German governmental entities up to EUR 5 billion. In the second, executed in two tranches in December 2009 and April 2010, it spun off risky securities and loans in the total nominal amount of EUR 77 billion (a carrying amount of approximately EUR 61 billion) to the public entity Erste Abwicklungsanstalt (EAA). The European Commission considered those transactions to constitute government aid, imposing a plan for the restructuring of assets, approved in December 2011 which provides for the spin off, effective on 30 June 2012, of the bank assets in the areas of savings and loans to the public sector and to medium size companies - with total assets amounting to about EUR 43 billion - to a new institution (Verbundbank) which will be transferred to Helaba next July; on the same date, WestLB transferred to EAA residual assets not sold to third parties, thus changing at the same time its name to Portigon AG while continuing to operate solely as a “service and portfolio management bank”.

TABLE I.33 – FINANCIAL SOLIDITY INDICATORS FOR LANDESBANKEN AS AT YEAR-END 2011

	"Level 3" financial assets as a % of:		Total assets[1] / Tangible net worth	Capital adequacy ratios [2]	
	assets at fair value	tangible net worth		Overall	*of which*: tier 1
	%		number	%	
Landesbank	3.1	34.5	33.6	15.5	*10.9*
Total Europe	3.1	34.1	26.9	14.8	*12.2*

[1] Not including intangibile assets.

[2] Simple average of individual banks' ratios.

A review of the balance-sheets also shows that the *Landesbanken* had a lower collective level of capitalization than the European banks. Although improving, in comparison with the postings of the two years 2007 and 2008, the net worth of the former at the end of 2011 represents only 3.1% of total assets, versus 4.6% of the latter. The result for the *Landesbanken,* is a greater leverage effect, measured as the ratio of assets, excluding intangibles, to tangible net worth, which came to approximately 34x at the end of 2011, compared to the average 27x for the European banks, a multiplier that is already high at an international level.

The overall capital ratio for the *Landesbanken* at the end of 2011, came to an average of 15.5% of risk-weighted assets (RWA), with a *tier 1* ratio standing at 10.9%, approximately 1.3 percentage points lower than the European average. The *Landesbanken* ratio improved by 0.2 percentage points compared with 2010, mostly because of a RWA decline.

The lowest capitalisation levels of the *Landesbanken* is noted despite the fact the in the five year period they had received from their shareholders EUR 24.3 billion through share issues and other contributions (mostly concentrated in the two years 2008-09), an amount which accounts for 52% of the assets as at the beginning of the period, versus only 2.4 billion of distributed dividends. In addition, in the three year period from 2008 to 2010, within the financial stabilisation plans promoted by the German Government to resolve the liquidity crisis of the banking system, they were able to benefit from guarantees, issued by the Government and by the *Land* shareholders, for a total amount of EUR 101.25 billion, of which 27 billion were still existing at the end of 2011.[69]

3. *The main Spanish saving banks (2009-2011)*

Table I.44 shows the aggregate accounts from 2009 to 2011 of the main saving banks in Spain. These include 11 Groups representing about 30% of the assets of the financial institutions of the country and more than 90% of the assets in their category. The years under this survey have seen a strong concentration process in the sector: out of the 45 existing savings banks in 2009, only 16 remained at the end of 2011, whereas another 3 were aggregated later.[70]

This consolidation among the savings institutions, since they were not incorporated, took place in two phases. In the first phase, the savings institutions agreed to the establishment of a financial group, under contract, to be consolidated for accounting and regulatory

[69] Such guarantees were granted as a commitment to cover losses on certain portfolios of doubtful securities and loans as well as through new bond issues. The amounts were associated with HSH Nordbank (EUR 40 billion, of which EUR 7 billion, still existing as at the end of 2012), NordLB (EUR 20 billion, extinguished), BayernLB (EUR 19.8 billion, of which EUR 15 billion extinguished), LB-BW (EUR 15.45 billion) and WestLB (EUR 6 billion, later transferred to third parties). In July 2012, the European Commission completed the procedure for government subsidies to Bayern LB, imposing the restitution, by 2019, of EUR 5 billion to the Bavarian Government for the subsidies granted by it to the institution in the 2008-09 period.

[70] In order to obtain a time comparison of the aggregate accounts, the data of the year 2009 shown in TABLE I.42 includes the consolidated financial statements of 22 savings banks among which are the major savings banks that were consolidated.

purposes, thus creating a "central" company which was assigned centralised management tasks; the savings institutions, on their part, assumed obligations of mutual guarantees as regards solvency and liquidity, instituted a shared treasury system and mutualised the year's earnings.[71] In the second phase, the shareholders institutions transferred to the "central" company the assets and liabilities inherent to the banking activities, keeping mainly those of a social and welfare nature.

In 2011, the Spanish savings banks reported a net aggregated loss, before taxes, of EUR 8.9 billion, equal to 48% of the income.[72] The main items that caused the significant loss, were the losses on loans, with a 53.6% impact on the income, as well as the write-offs of the available-for-sale assets with a 37% impact. Among the latter, to be noted are tangible fixed assets concerning mostly real estate properties, equal to about one fourth of the income posted for the year.[73] Noteworthy also is, for the second consecutive year, the significant contraction in income (-12% in 2010 and -16% in 2011 compared with the previous year) which is particularly evident in the "net interest income" component; not very relevant, however, is the contribution, although still positive, from trading revenue.

In reference to the balance sheet, the loans to non-banking customers represented 64% of total assets, compared with a 43%, on average, of the European banks. In the analysis of the quality of loan positions, net of adjustment funds, the high impact of doubtful loans must be noted, in the ratio to both the total loans (4.5% compared with 2.5 % of the European average) and especially to the net worth (66% and 23% respectively). This despite the fact that the Income Statement for the year 2011 posted impairments equal to one fifth of the assets. In line with the European average is, in contrast, the coverage rate, but

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

[72] The main losses were those posted by Banco Financiero y de Ahorros (EUR -4,9 billion), Banco CAM (-3.5 billion) and Catalunya Banc (-2 billion), whereas the other institutions generated, overall, earnings of EUR 1.5 billion.

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

obviously with the presence of relatively higher gross positions. It must also be noted the strong concentration in the real estate sector, of above 60% of the loans to customers represented by mortgages.

TABLE I.34 – BAD DEBT WRITEOFFS AND NET DOUBTFUL LOANS OF SPANISH SAVINGS BANKS

	Annual bad debt write-offs		Net doubtful loans		Coverage ratio
	as % of customer loans	as % of net worth	as % of customer loans	as % of net worth	%
				as at 31 December	
2009	1.2	12.9	2.5	27.9	53.7
2010	0.6	9.5	2.4	37.1	65.9
2011	1.4	20.0	4.5	66.0	55.3

To be noted is also the low percentage of assets designated at fair value, equal to about 16% of the total compared with 40%, on average, of the European banks (TABLE I.35). This aspect is particularly obvious in reference to the securities portfolio, standing at the end of 2011, at 40% stated at cost (11% for the European average). To this, reduced operations in derivative products, whose fair value represented only 5% of the assets, compared with 19% for the European banks, must also be taken into consideration. In line with the European average are the assets of Level 3 designated at fair value in addition to those of a more uncertain valuation and less liquidibility; however in interpreting this data, its modest significance should be noted.

Another distinctive aspect is represented by the high portion of non-current assets, which, until 2011, stood at 168% of the net worth; among these, the only tangible assets. i.e. the real estate properties, as mentioned before, exceeded the assets. In addition to these, also the doubtful loans, included in the previous table, represented about two thirds of the net worth.

TABLE I.35 – FINANCIAL SOLIDITY INDICATORS FOR SPANISH SAVINGS BANKS AS AT YEAR-END 2011

	Assets at fair value / Total assets	"Level 3" financial assets as a % of: assets at fair value	"Level 3" financial assets as a % of: tangible net worth	Fixed assets / Net worth	Total assets[1] / Tangible net worth	Capital adequacy ratios[2]: Overall	Capital adequacy ratios[2]: *of which*: tier 1
	%	%		%	number	%	
Spanish savings banks	15,8	3,0	12,7	167,9	26,4	13,3	*10,7*
Total Europe	40,4	3,1	34,1	45,8	26,9	14,8	*12,2*

[1] Excluding intangible assets.

[2] Simple average of the single bank ratios. The average related to Spanish savings banks refers to 9 Groups; the remaining 2 did not provide data since consolidation projects were under way.

The aggregate net worth, at the end of 2011, stood at 4.4% of the assets, unchanged compared with the previous year and below only by 0.2 percentage points compared with the average of the European banks. It is however necessary to consider that, during the 2011 period, FROB and FGD carried out a new capital injection of EUR 7 billion (4.2 and 2.8 billion respectively) equal to about 15% of the assets at the start of the period, thus acquiring control of the three savings institutions.[74]

It must be noted that as in 2010, the aggregated net worth was reduced by 4.4% of all assets, from 6% in the previous year, showing a EUR 17.5 billion decline. To this purpose, it should be noted that the consolidations of the savings institutions, as described earlier, occurred at current or market values, which entailed adjustments to the capital

[74] FROB-*Fondo de Reestructuración Ordenada Bancaria*; FGD-*Fondo de Garantía de Depósitos*. FROB acquired 93.16% of NCG Banco, S.A. and 89.74% of Catalunya Banc, S.A.; FGD, 100% of Banco CAM, S.A.U. (sold to Banco Sabadell in June 2012). In 2012, FROB acquired total control of BFA-Banco Fianciero y de Ahorros, by converting the preferred stocks subscribed in 2010 into ordinary stocks for EUR 4.5 billion; in December 2012, it subscribed another share issue for the BFA for EUR 13,459 million through the contribution of securities.

value of EUR 25.5 billion, with a negative impact on the net worth of 18.7 billion, net of the fiscal effect and adjustments for liabilities postings.[75]

The average capital ratio at the end of 2011 was below the European capital ratio by 1.5 percentage points, despite the fact that, in addition to the share issues described above, FROB stepped in, during the 2010-11 period, with the subscription of perpetual preferred stocks (including subordinated liabilities and calculated in terms of solvency) for a total amount of EUR 9.3 billion.

4. *Notes on the primary investment banks (2010-2012)*

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

Table I.48 shows the income statements and balance sheets of the three year period 2010-2012 of an aggregate composed of the United

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

States banks Goldman Sachs, Morgan Stanley and Merrill Lynch and the Japanese Nomura Holdings (the latter with data as at 31-3-2013).

A decline in earnings was reported for the second consecutive year: -7.9% in 2012 compared with the previous year following a -9.7% in 2011. The decline concerned all the components but, to a larger extent, trading revenue. The main earning item is represented by "other operating earnings" (57% of the total in 2012), represented for the most part by net commissions, whereas the earnings from trading declined by 10.6% compared with 2011, standing at 37.4% of the total; a marginal portion is attributable to the interest income which in 2012 stood at 5.4% of the earnings. In 2011, by comparison, the Triad banks operating primarily in the retail sector generated 55% of their revenue in the form of net interest income, 37% as net commissions and other income, and only 8% as trading revenue.[76]

As regards operating costs, the impact of labour costs was especially strong in 2012 representing about 60% of the income. By comparison, retail banks in Europe and the United States, posted 38% and 35% respectively.[77]

In 2012, the major investment banks posted a profit of 12.8% of the total income, a decline of 2.6 percentage points compared with 2011 and 11.2 percentage points compared with 2010. This is essentially due to a decline in income, as mentioned before, whereas the operating costs declined to a lesser extent. The earnings from investment banks were significantly below those reported by the US banks in the same year (25.1%) and slightly above those of the European banks (11.4%).

By analysing the assets posted in the balance sheet, the prominence of investments in securities (36% of the total in 2012) must be noted, while loans to non-bank customers represents a lesser

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

[77] In 2012 labour costs per employee averaged EUR 303 thousand for Goldman Sachs, EUR 207 thousand for Morgan Stanley and EUR 172 thousand for Nomura Holdings (the number of Merrill Lynch's employees was not available).

amount, standing at 8%. Relationships with other credit institutions, which in 2012 represented 38% of the assets and 24% of the liabilities, still posted in the years of the survey a loan net position (net investments). On the liabilities side, the main item is represented by the bond funding, whereas the relationships with non-banking customers assume less relevance, also in the case of liabilities.

Net worth showed an increase from 7.9% of the assets in 2010 to 8.6% in 2012, favouring, also in consideration of the substantial stability of intangible assets, the reduction of leverage effects from 14.3 to 12.9. However, this level is below the levels of the US retail banks (13.4) and especially of the European banks (25).

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

The two independent American investment banks, following the modification of their statutory status, as discussed above, began publishing their capital ratios in accordance with the Basel Accords: at the end of 2012, Goldman Sachs posted a total capital ratio of 20.1% (*Core Tier1* ratio of 14.5%, *Tier1* ratio 16.7%), whereas Morgan Stanley stood at 18.5% (*Core Tier1* ratio 14.6% , *Tier1* ratio 17.7%).

Although showing a decline, “Level 3” assets continue to represent an appreciable proportion of total assets (5% for Goldman Sachs, 3% for Merril Lynch and 2.6% for Morgan Stanley at the end of 2012) and a quite significant share of the tangible net worth: 66% for Goldman Sachs, 34% for Morgan Stanley and 33% for Merrill Lynch.

TABLE I.36 – BAD DEBTS WRITTEN OFF

EUROPE

BANKS	COUNTRY	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011
		BAD DEBTS WRITTEN OFF (1)														
		as % of total income					as % of loans to customers					as % of net worth				
BANCO FINANCIERO Y DE AHORROS (2)	ES	-	-	-	-9.3	-91.7	-	-	-	-0.2	-1.9	-	-	-	-7.3	-125.8
LLOYDS BANKING GROUP	GB	-15.7	-26.4	-86.2	-45.9	-39.9	-0.8	-1.2	-2.5	-1.8	-1.4	-13.9	-29.7	-36.4	-23.1	-17.1
LA CAIXA	ES	-9.2	-11.4	-25.7	-31.6	-35.3	-0.4	-0.5	-1.1	-1.2	-1.2	-2.7	-4.2	-8.6	-9.6	-9.6
DANSKE BANK	DK	-1.6	-29.5	-44.3	-31.3	-31.4	0.0	-0.6	-1.4	-0.7	-0.7	-0.7	-12.3	-25.5	-13.2	-10.5
RBS	GB	-8.7	-33.7	-48.4	-33.2	-31.1	-0.3	-0.9	-1.9	-1.7	-1.4	-2.3	-9.5	-14.9	-12.0	-9.5
DEXIA (3)	BE	-2.4	-31.7	-10.8	-12.9	-28.1	-0.1	-0.6	-0.2	-0.2	-0.3	-0.9	-28.3	-4.8	-6.0	n.c.
DEXIA BANK BELGIUM (4)	BE	-	-	-	-	-26.8	-	-	-	-	-0.6	-	-	-	-	-15.6
INTESA SANPAOLO	IT	-6.2	-13.0	-19.7	-17.0	-26.0	-0.3	-0.6	-1.0	-0.8	-1.2	-2.1	-4.6	-6.4	-5.2	-8.9
BANCO SANTANDER	ES	-13.2	-19.9	-28.8	-25.0	-25.1	-0.6	-1.0	-1.6	-1.4	-1.5	-6.1	-9.9	-15.1	-12.8	-13.1
UNICREDIT	IT	-8.2	-13.6	-30.0	-25.9	-23.3	-0.4	-0.6	-1.5	-1.3	-1.1	-4.0	-6.3	-13.2	-10.1	-11.0
ABN AMRO GROUP (5)	NL	-	-	-	-11.3	-23.1	-	-	-	-0.3	-0.6	-	-	-	-6.9	-15.4
KBC GROUP	BE	-2.1	-20.5	-41.9	-18.3	-22.4	-0.1	-0.5	-1.2	-1.0	-1.2	-1.0	-5.3	-11.1	-7.9	-9.9
BBVA	ES	-11.5	-14.8	-24.5	-22.3	-20.0	-0.6	-0.8	-1.6	-1.4	-1.2	-6.7	-9.8	-16.2	-12.1	-10.3
BAYERISCHE LANDESBANK	DE	-4.3	-141.5	-78.5	-20.5	-19.8	-0.1	-0.8	-2.3	-0.5	-0.4	-0.9	-14.7	-25.4	-5.0	-3.9
HSBC HOLDINGS	GB	-22.4	-30.2	-37.6	-19.7	-15.5	-1.6	-2.4	-2.6	-1.3	-1.1	-12.6	-23.7	-18.3	-8.7	-6.9
CREDIT AGRICOLE	FR	-10.9	-15.3	-20.6	-16.7	-14.0	-0.4	-0.6	-0.9	-0.7	-0.7	-4.0	-6.5	-8.5	-6.7	-7.0
SOCIETE GENERALE	FR	-5.6	-12.2	-26.8	-15.7	-13.4	-0.3	-0.7	-1.6	-1.1	-0.9	-2.9	-6.5	-12.5	-8.2	-6.7
BARCLAYS	GB	-12.4	-22.0	-25.1	-18.4	-12.7	-0.6	-0.9	-1.4	-1.0	-0.7	-8.6	-10.6	-12.7	-9.0	-5.7
RABOBANK NEDERLAND	NL	-2.3	-9.9	-16.6	-9.6	-11.6	-0.1	-0.3	-0.5	-0.3	-0.3	-0.8	-3.5	-5.0	-3.0	-3.5
COMMERZBANK	DE	-6.0	-26.3	-39.8	-19.8	-11.1	-0.2	-0.6	-1.2	-0.8	-0.5	-3.0	-9.3	-15.9	-8.7	-5.6
DZ BANK	DE	-5.3	-24.6	-14.5	-5.0	-10.4	-0.2	-0.5	-0.6	-0.2	-0.3	-1.9	-6.3	-6.7	-2.4	-3.7
ING GROEP	NL	-0.7	-8.6	-19.4	-10.4	-9.3	0.0	-0.2	-0.5	-0.3	-0.3	-0.3	-4.4	-7.5	-3.7	-3.3
BNP PARIBAS	FR	-5.8	-20.7	-20.7	-10.9	-8.3	-0.4	-1.2	-1.2	-0.7	-0.5	-2.9	-9.8	-10.4	-5.6	-4.2
CREDIT MUTUEL	FR	-2.1	-11.7	-17.2	-9.9	-8.2	-0.1	-0.4	-0.8	-0.4	-0.3	-0.8	-4.2	-7.7	-4.3	-3.4
NORDEA	SE	0.8	-5.9	-16.7	-9.7	-7.9	0.0	-0.2	-0.5	-0.3	-0.2	0.3	-2.6	-6.6	-3.6	-2.8
LANDESBANK BADEN-WUERTTEMBERG	DE	-8.3	-85.3	-37.0	-22.7	-5.9	-0.1	-0.6	-1.0	-0.4	-0.1	-1.8	-14.8	-14.5	-4.7	-1.6
DEUTSCHE BANK (6)	DE	-2.1	-8.3	-9.3	-4.2	-5.5	-0.2	-0.3	-0.9	-0.3	-0.4	-1.6	-3.4	-6.9	-2.5	-3.4
GROUPE BPCE (7)	FR	-	-	-18.8	-5.9	-5.5	-	-	-0.9	-0.3	-0.2	-	-	-8.7	-2.7	-2.6
STANDARD CHARTERED	GB	-7.3	-10.1	-14.0	-5.6	-5.2	-0.5	-0.7	-1.0	-0.4	-0.3	-3.5	-5.8	-7.2	-2.3	-2.2
CREDIT SUISSE GROUP	CH	-0.8	-7.5	-1.6	0.3	-0.8	-0.1	-0.3	-0.2	0.0	-0.1	-0.4	-1.7	-1.0	0.2	-0.5
UBS	CH	-0.8	-144.0	-7.5	-0.2	-0.3	0.0	-0.6	-0.5	0.0	0.0	-0.6	-7.4	-3.8	-0.1	-0.1
KfW (8)	DE	n.c.	-414.5	-32.2	14.2	6.4	-6.9	-2.2	-1.0	0.4	0.2	-42.9	-18.1	-7.4	2.7	1.0
Average		**-9.9**	**-23.1**	**-27.7**	**-16.8**	**-15.8**	**-0.4**	**-0.8**	**-1.3**	**-0.8**	**-0.8**	**-4.6**	**-10.1**	**-12.5**	**-7.6**	**-7.0**

(1) Net of bad debts recovered. Companies no longer existing in their previous form as at 31 December 2011 are not included.
(2) Company operative since 1 January 2011, following the merger of seven local savings banks. The 2010 indicators have been calculated on the basis of pro forma data.
(3) Net worth showed a negative balance in 2011.
(4) Company which previously formed part of the Dexia group, and was acquired by the Belgian state in October 2011. The figures refer to a twelve-month period.
(5) Company operative since 2010 following the combination of the former ABN AMRO and Fortis groups' activities in the Netherlands.
(6) In 2010 includes Deutsche Postbank.
(7) Company in operation since 2009 following the merger between Groupe Banque Populaire and Groupe Caisse d'Epargne.
(8) Total income showed a negative balance in 2007.

TABLE I.36 – BAD DEBTS WRITTEN OFF

JAPAN

BANKS	BAD DEBTS WRITTEN OFF (1)														
	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011
	as % of total income					as % of loans to customers					as % of net worth				
SHOKO CHUKIN BANK	-30.4	-49.3	-39.0	-26.5	-30.8	-0.5	-0.7	-0.6	-0.4	-0.5	-6.2	-9.7	-6.5	-4.6	-5.5
SHINSEI BANK	-27.9	-42.5	-38.6	-25.7	-21.9	-1.2	-1.9	-1.8	-1.4	-1.0	-7.9	-16.1	-16.0	-10.4	-7.2
FUKUOKA FINANCIAL GROUP	-16.8	-25.1	-13.6	-9.5	-13.4	-0.4	-0.6	-0.3	-0.2	-0.3	-4.9	-8.5	-4.2	-2.8	-3.7
JOYO BANK	-9.6	-10.7	-15.0	-18.8	-8.4	-0.3	-0.3	-0.4	-0.5	-0.2	-2.8	-3.6	-4.1	-5.1	-2.1
HOKUHOKU FINANCIAL GROUP	-13.5	-20.0	-16.0	-8.7	-6.7	-0.4	-0.5	-0.4	-0.2	-0.2	-5.7	-7.9	-6.6	-3.4	-2.4
BANK OF YOKOHAMA	-8.2	-37.9	-26.5	-13.2	-6.3	-0.2	-1.0	-0.7	-0.3	-0.2	-2.6	-13.1	-8.1	-3.8	-1.8
MITSUBISHI UFJ FINANCIAL GROUP	-9.8	-27.4	-17.0	-9.5	-6.2	-0.4	-0.6	-0.7	-0.3	-0.2	-4.2	-9.7	-7.1	-3.4	-2.5
SHINKIN CENTRAL BANK	-1.8	-12.7	-12.1	18.1	-4.3	0.0	-0.3	-0.2	0.3	-0.1	-0.2	-3.8	-1.2	1.6	-0.4
SUMITOMO MITSUI FINANCIAL GROUP	-10.1	-34.4	-17.4	-9.3	-3.7	-0.3	-1.1	-0.6	-0.3	-0.1	-4.1	-15.3	-5.4	-3.0	-1.2
CHIBA BANK	-5.2	-22.5	-12.4	-7.4	-3.4	-0.1	-0.6	-0.3	-0.2	-0.1	-1.6	-7.7	-3.6	-2.0	-0.8
RESONA HOLDINGS	-7.0	-24.4	-16.5	-8.9	-1.4	-0.2	-0.7	-0.4	-0.2	0.0	-2.1	-8.2	-4.8	-3.5	-0.5
SUMITOMO MITSUI TRUST HOLDINGS	-3.4	-6.8	-3.7	2.1	-1.0	-0.1	-0.2	-0.1	0.1	0.0	-1.0	-2.4	-1.0	0.5	-0.3
SHIZUOKA BANK	-3.7	-20.1	-14.0	-4.6	-0.1	-0.1	-0.5	-0.4	-0.1	0.0	-0.8	-4.8	-3.0	-1.0	0.0
MIZUHO FINANCIAL GROUP	-5.2	-29.0	-15.7	-0.9	1.5	-0.1	-0.8	-0.5	0.0	0.0	-1.5	-12.8	-5.3	-0.3	0.4
NORINCHUKIN BANK (2)	27.3	n.c.	-516.5	21.8	166.7	0.6	-0.7	-1.2	0.2	0.1	1.9	-2.9	-3.8	0.6	0.2
Average	**-8.4**	**-30.0**	**-18.0**	**-7.6**	**-4.3**	**-0.3**	**-0.8**	**-0.6**	**-0.2**	**-0.1**	**-2.7**	**-10.0**	**-5.3**	**-2.1**	**-1.2**

(1) Net of bad debts recovered. Companies no longer existing in their previous form as at 31 December 2011 are not included.

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

TABLE I.36 – BAD DEBTS WRITTEN OFF

UNITED STATES

BANKS	BAD DEBTS WRITTEN OFF (1)														
	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011
	as % of total income					as % of loans to customers					as % of net worth				
REGIONS FINANCIAL	-7.9	-30.4	-56.3	-44.1	-23.7	-0.6	-2.1	-4.0	-3.5	-2.0	-2.8	-12.2	-19.8	-17.1	-9.3
BB&T	-6.7	-19.9	-32.9	-31.8	-18.1	-0.5	-1.5	-2.7	-2.7	-1.5	-3.5	-9.0	-17.3	-17.2	-9.3
SUNTRUST BANKS	-8.6	-30.7	-52.3	-31.6	-18.1	-0.5	-1.9	-3.5	-2.3	-1.2	-3.7	-11.1	-18.0	-11.5	-7.5
CAPITAL ONE FINANCIAL	-19.0	-37.3	-33.1	-27.9	-16.0	-2.7	-5.3	-4.9	-3.8	-2.0	-11.2	-19.2	-15.9	-17.1	-8.7
CITIGROUP	-24.3	-65.5	-50.7	-29.6	-15.2	-2.5	-5.7	-7.0	-4.1	-1.9	-16.2	-26.7	-25.2	-15.1	-6.6
BANK OF AMERICA	-13.5	-38.5	-48.4	-25.9	-14.7	-1.0	-3.2	-5.9	-3.0	-1.5	-6.0	-16.7	-23.0	-12.4	-5.8
U.S. BANCORP	-5.7	-20.6	-33.0	-24.3	-12.6	-0.5	-1.7	-2.8	-2.2	-1.1	-3.6	-11.5	-20.8	-14.4	-6.7
WELLS FARGO & COMPANY	-13.0	-39.5	-26.1	-19.4	-10.0	-1.2	-1.8	-2.7	-2.0	-1.0	-10.4	-15.6	-18.9	-12.3	-5.6
THE PNC FINANCIAL SERVICES GROUP	-5.0	-21.2	-25.7	-16.7	-8.1	-0.5	-0.9	-2.5	-1.7	-0.7	-2.1	-5.5	-12.1	-7.6	-3.1
JPMORGAN CHASE & CO.	-9.6	-33.3	-32.2	-16.7	-7.9	-1.3	-2.8	-5.1	-2.4	-1.0	-5.6	-12.6	-19.3	-9.4	-4.1
FIFTH THIRD BANCORP	-11.8	-73.4	-59.1	-24.8	-7.0	-0.8	-5.6	-4.8	-2.0	-0.5	-7.0	-38.6	-27.0	-10.9	-3.2
ALLY FINANCIAL	-42.0	-119.8	-115.8	-6.6	-4.5	-2.1	-3.7	-6.5	-0.4	-0.2	-19.9	-17.9	-30.0	-2.2	-1.1
THE BANK OF NEW YORK MELLON	0.1	-0.9	-4.0	-0.8	o	o	-0.3	-1.4	-0.3	o	o	-0.5	-1.8	-0.4	o
Average	**-14.4**	**-48.9**	**-39.1**	**-22.7**	**-11.8**	**-1.3**	**-4.1**	**-4.7**	**-2.7**	**-1.3**	**-7.7**	**-21.7**	**-20.7**	**-11.8**	**-5.4**

(1) Net of bad debts recovered. Companies no longer existing in their previous form as at 31 December 2011 are not included.

TABLE I.36 – BAD DEBTS WRITTEN OFF

CHINA

BANKS	BAD DEBTS WRITTEN OFF (1)														
	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011
	as % of total income					as % of loans to customers					as % of net worth				
AGRICULTURAL BANK OF CHINA	-11.8	-18.9	-19.9	-14.9	-16.5	-0.5	-1.3	-1.1	-0.9	-1.2	-20.7	-13.7	-12.9	-8.0	-9.6
BANK OF COMMUNICATIONS	-10.4	-14.0	-14.2	-12.3	-10.5	-0.6	-0.8	-0.6	-0.6	-0.5	-4.7	-7.2	-6.9	-5.6	-4.6
SHANGHAI PUDONG DEVELOPMENT BANK	-13.6	-10.1	-8.4	-9.1	-10.5	-0.7	-0.5	-0.3	-0.4	-0.5	-12.4	-8.3	-4.5	-3.7	-4.8
CHINA MINSHENG BANKING	-8.8	-16.4	-13.4	-10.1	-10.4	-0.4	-0.9	-0.6	-0.5	-0.7	-4.5	-10.5	-5.6	-5.2	-6.2
CHINA CITIC BANK	-10.6	-13.4	-6.0	-8.2	-9.0	-0.5	-0.8	-0.2	-0.4	-0.5	-3.5	-5.7	-2.3	-3.7	-3.9
CHINA MERCHANTS BANK	-7.7	-6.1	-6.0	-7.9	-8.7	-0.5	-0.4	-0.3	-0.4	-0.5	-4.6	-4.3	-3.3	-4.2	-5.0
CHINA CONSTRUCTION BANK	-9.2	-13.3	-9.2	-7.9	-8.2	-0.6	-1.0	-0.5	-0.5	-0.5	-4.8	-7.8	-4.3	-3.7	-4.0
INDUSTRIAL AND COMMERCIAL BANK OF CHINA	-13.0	-11.7	-7.2	-7.3	-6.8	-0.8	-0.8	-0.4	-0.4	-0.4	-6.1	-6.0	-3.2	-3.4	-3.3
BANK OF CHINA	-4.5	-7.9	-7.2	-6.0	-6.3	-0.3	-0.5	-0.3	-0.3	-0.3	-1.8	-3.4	-2.9	-2.3	-2.5
INDUSTRIAL BANK	-7.1	-10.9	-1.8	-5.4	-4.7	-0.4	-0.7	-0.1	-0.3	-0.3	-4.1	-6.6	-0.9	-2.5	-2.4
Average	**-9.8**	**-12.6**	**-10.2**	**-9.1**	**-9.4**	**-0.6**	**-0.9**	**-0.5**	**-0.5**	**-0.6**	**-5.2**	**-6.9**	**-4.9**	**-4.2**	**-4.6**

(1) Net of bad debts recovered.

TABLE I.37 – DOUBTFUL LOANS

EUROPE

BANKS (3)	COUNTRY	DOUBTFUL LOANS (1)										COVERAGE RATIO (2)				
		2007	2008	2009	2010	2011	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011
		as % of loans to customers					as % of net worth					%				
CREDIT SUISSE GROUP	CH	0.3	0.4	0.4	0.3	0.3	1.3	2.3	1.9	2.0	2.0	61.2	60.1	60.7	54.6	53.0
DEXIA (4)	BE	0.1	0.3	0.7	0.6	0.4	1.1	14.1	15.9	15.5	n.c.	86.9	81.7	68.2	73.0	73.3
UBS	CH	0.2	1.3	1.3	1.1	0.5	3.7	16.7	9.9	7.3	3.5	40.4	30.2	35.5	22.4	29.2
STANDARD CHARTERED	GB	0.3	0.6	0.5	0.7	0.7	2.3	4.4	3.6	4.5	4.5	78.3	66.1	73.2	59.9	58.8
NORDEA	SE	0.3	0.6	0.9	0.9	1.0	3.8	8.4	11.7	11.6	13.4	59.3	43.5	44.7	46.8	41.1
CREDIT AGRICOLE	FR	0.4	0.5	0.5	1.0	1.1	3.2	5.3	4.9	9.2	11.2	87.6	83.4	85.8	77.6	76.2
ABN AMRO GROUP (5)	NL	-	-	-	1.6	1.1	-	-	-	36.2	26.5	-	-	-	49.4	64.6
DANSKE BANK	DK	0.4	1.4	1.2	1.4	1.2	7.9	28.4	21.0	24.4	17.5	37.2	36.2	61.9	60.8	68.4
DEUTSCHE BANK	DE	0.4	0.8	2.1	1.3	1.4	3.8	8.2	16.3	11.6	11.3	54.1	42.5	35.1	36.1	40.2
ING GROEP	NL	0.3	0.7	1.1	1.5	1.4	4.7	16.9	17.0	20.0	16.7	51.9	34.9	39.4	35.5	37.0
CREDIT MUTUEL	FR	0.8	1.0	1.7	1.6	1.4	8.2	11.5	16.8	15.3	14.1	65.2	68.3	61.6	64.0	65.1
DEXIA BANK BELGIUM (6)	BE	-	-	-	-	1.4	-	-	-	-	36.5	-	-	-	-	54.6
RABOBANK NEDERLAND	NL	0.6	1.0	1.3	1.3	1.5	6.8	12.3	14.0	14.3	15.9	51.2	42.8	44.7	39.3	29.7
BAYERISCHE LANDESBANK	DE	1.2	1.9	1.5	2.1	1.6	15.7	34.0	17.0	22.9	17.6	53.3	42.3	45.4	40.9	48.0
DZ BANK	DE	4.6	1.8	2.0	2.2	1.6	46.9	24.9	23.3	24.0	18.1	26.1	49.7	50.8	44.3	51.5
BANCO SANTANDER (7)	ES	-	0.2	0.9	1.1	1.6	0.0	2.5	8.4	10.1	14.9	143.2	89.1	74.3	70.6	60.5
BBVA (7)	ES	-	0.3	2.0	1.8	1.8	0.0	3.7	20.8	15.7	15.4	211.9	88.1	57.4	61.2	60.1
LANDESBANK BADEN-WUERTTEMBERG	DE	1.2	1.4	1.3	2.3	1.9	16.2	34.9	18.5	30.0	23.9	53.8	51.6	63.1	52.3	54.9
BARCLAYS	GB	1.3	1.7	2.2	3.5	2.0	18.1	20.0	19.8	31.3	16.6	39.1	40.8	48.1	38.9	49.4
GROUPE BPCE (8)	FR	-	-	1.8	2.0	2.1	-	-	18.1	20.6	22.7	-	-	55.7	51.5	50.2
LA CAIXA (7)	ES	-	0.9	1.4	1.2	2.2	0.0	8.3	11.3	9.9	16.6	281.1	65.1	61.1	69.4	59.5
HSBC HOLDINGS	GB	0.7	1.0	1.9	2.0	2.3	5.5	10.3	13.5	13.3	14.6	71.7	69.5	58.0	49.2	41.7
BNP PARIBAS	FR	0.5	0.6	1.9	2.2	2.4	3.7	4.9	16.2	18.0	18.4	84.9	83.2	66.1	63.4	64.0
BANCO FINANCIERO Y DE AHORROS (9)	ES	-	-	-	2.4	2.9	-	-	-	74.6	198.3	-	-	-	67.8	70.1
SOCIETE GENERALE	FR	1.4	1.6	3.3	3.0	3.0	14.5	14.5	24.8	22.9	22.6	61.8	60.8	52.1	56.7	59.2
KfW	DE	3.7	1.8	2.0	2.1	3.6	23.3	14.9	14.5	13.4	23.1	67.4	80.1	77.3	71.2	53.7
COMMERZBANK	DE	1.9	2.7	3.6	3.9	4.0	32.9	39.2	48.4	44.4	47.7	52.8	40.6	41.9	41.7	40.1
KBC GROUP	BE	1.0	1.2	3.0	3.7	4.1	7.7	12.0	26.4	30.1	33.8	60.1	58.4	46.7	46.7	47.6
RBS	GB	0.6	1.2	3.0	3.8	4.2	5.4	13.0	23.2	27.6	28.7	56.5	51.0	43.9	46.0	47.5
INTESA SANPAOLO	IT	1.6	2.4	5.1	5.2	5.5	10.2	18.1	33.5	34.3	40.9	67.7	59.9	47.7	49.8	53.2
LLOYDS BANKING GROUP	GB	1.2	2.3	5.7	6.4	6.2	20.6	58.1	82.3	81.9	76.1	48.5	38.8	41.7	43.5	43.9
UNICREDIT	IT	2.5	2.8	5.0	6.3	6.7	22.9	29.5	44.4	50.7	68.0	61.5	58.9	51.5	49.0	48.6
Average		**0.9**	**1.3**	**2.3**	**2.5**	**2.5**	**8.9**	**15.8**	**21.9**	**22.9**	**22.9**	**65.4**	**58.2**	**53.0**	**52.2**	**52.8**

(1) Net of provision. The average as been calculated assuming that there are no cases in which provision exceeds gross doubtful loans.
(2) Ratio of provision to gross doubtful loans.
(3) The table does not include companies no longer existing in their previous form as at 31 December 2011.
(4) Net worth showed a negative balance in 2011.
(5) Company operative since 2010 following the combination of the former ABN AMRO and Fortis groups' activities in the Netherlands.
(6) Company which previously formed part of the Dexia group, and was acquired by the Belgian state in October 2011.
(7) In 2007 provisions exceed doubtful loans.
(8) Company in operation since 2009 following the merger between Groupe Banque Populaire and Groupe Caisse d'Epargne.
(9) Company operative since 1 January 2011, following the merger of seven local savings banks. The 2010 indicators have been calculated on the basis of pro forma data.

TABLE I.37 – DOUBTFUL LOANS

JAPAN

BANKS (3)	DOUBTFUL LOANS (1)										COVERAGE RATIO (2)				
	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011
	as % of loans to customers					as % of net worth					%				
SHINKIN CENTRAL BANK (4)	o	o	-	-	0.2	0.2	0.5	-	-	0.8	90.0	92.7	102.4	123.9	76.7
NORINCHUKIN BANK	0.6	0.2	o	0.3	0.3	1.9	0.9	0.1	1.0	0.8	69.9	90.0	98.5	86.6	85.0
SUMITOMO MITSUI TRUST HOLDINGS	0.7	0.7	0.6	0.6	0.4	5.7	8.2	6.8	5.9	3.7	54.4	52.2	48.2	48.9	63.7
MIZUHO FINANCIAL GROUP	0.7	0.6	0.7	0.8	0.9	8.5	10.1	7.1	7.1	7.9	58.7	67.8	68.1	61.9	56.1
MITSUBISHI UFJ FINANCIAL GROUP	0.6	0.6	0.8	1.0	1.0	6.0	9.8	7.6	9.5	10.1	67.6	64.5	65.5	60.1	59.0
SHOKO CHUKIN BANK	2.3	1.1	0.8	0.9	1.3	29.6	14.8	8.6	9.2	14.0	51.9	70.0	77.3	74.0	64.9
FUKUOKA FINANCIAL GROUP	2.3	1.7	0.9	1.0	1.3	29.8	23.0	11.0	12.3	16.2	58.0	55.7	67.1	64.4	57.7
SUMITOMO MITSUI FINANCIAL GROUP	0.3	0.8	0.7	0.9	1.3	3.8	11.0	6.6	8.2	11.4	81.9	67.9	69.8	64.3	54.2
CHIBA BANK	2.0	1.3	1.2	1.2	1.5	23.1	17.0	14.1	14.0	16.4	28.7	40.0	40.6	40.2	31.5
RESONA HOLDINGS	0.5	1.0	1.0	1.3	1.5	5.4	11.4	11.6	20.4	20.1	78.2	63.9	62.4	56.7	50.6
BANK OF YOKOHAMA	1.6	2.1	1.7	1.4	1.5	18.4	25.7	19.0	15.4	16.3	29.0	37.5	39.4	42.1	36.3
JOYO BANK	2.6	1.8	1.7	2.1	2.2	27.4	23.5	19.4	23.8	24.5	24.7	29.3	32.0	33.4	31.7
HOKUHOKU FINANCIAL GROUP	2.4	1.9	1.9	2.0	2.2	35.4	30.6	31.7	33.5	35.6	39.1	41.4	40.3	36.2	33.1
SHIZUOKA BANK	2.4	2.1	2.3	2.4	2.3	19.5	19.9	19.6	22.1	20.5	29.6	38.5	39.2	35.5	33.1
SHINSEI BANK (5)	-	1.7	4.4	4.4	4.5	-	13.9	38.6	33.2	32.5	121.5	64.3	44.5	49.5	47.0
Average	**0.8**	**0.8**	**0.9**	**1.0**	**1.1**	**7.6**	**10.6**	**8.1**	**9.0**	**10.1**	**63.5**	**63.5**	**63.8**	**59.5**	**54.5**

(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 2011.
(4) In 2009 and 2010 provisions exceed doubtful loans.
(5) In 2007 provisions exceed doubtful loans.

TABLE I.37 – DOUBTFUL LOANS

UNITED STATES

BANKS (3)	DOUBTFUL LOANS (1) 2007	2008	2009	2010	2011	2007	2008	2009	2010	2011	COVERAGE RATIO (2) 2007	2008	2009	2010	2011
	as % of loans to customers					as % of net worth					%				
CAPITAL ONE FINANCIAL	-	-	-	-	-	-	-	-	-	-	270.8	102.4	110.2	214.6	184.7
FIFTH THIRD BANCORP	0.5	0.7	-	-	-	4.9	5.1	-	-	-	67.7	81.9	100.3	133.6	127.0
THE BANK OF NEW YORK MELLON	0.4	0.5	1.3	-	-	0.7	0.8	1.6	-	-	61.4	65.5	51.3	115.3	115.2
THE PNC FINANCIAL SERVICES GROUP	-	0.6	1.0	0.1	-	-	3.8	4.7	0.6	-	121.2	79.0	76.8	96.4	104.6
BB&T	-	0.3	0.4	0.2	o	-	1.7	2.7	1.6	0.1	138.5	85.4	85.6	91.3	98.9
U.S. BANCORP	-	0.3	1.4	0.5	o	-	1.8	10.1	3.2	0.3	112.8	88.1	65.3	84.7	98.0
JPMORGAN CHASE & CO.	-	-	-	0.3	0.1	-	-	-	0.6	0.4	177.3	113.2	102.1	93.5	97.3
SUNTRUST BANKS	0.6	1.4	2.1	1.0	0.4	4.4	7.9	10.8	5.3	2.5	61.6	57.2	56.1	70.9	83.0
REGIONS FINANCIAL	-	0.2	1.5	1.1	0.5	-	1.2	7.7	5.2	2.4	120.1	90.0	69.3	78.7	87.2
WELLS FARGO & CO.	-	-	0.8	0.9	1.6	-	-	6.0	5.5	9.1	125.1	186.3	78.2	76.4	60.0
BANK OF AMERICA	-	o	2.3	1.5	2.0	-	o	8.9	6.0	8.0	121.7	99.8	64.3	75.3	64.6
ALLY FINANCIAL	2.3	5.1	4.4	2.9	2.1	21.2	24.4	20.1	15.6	13.0	45.5	39.2	36.9	36.9	37.5
CITIGROUP	-	-	-	1.5	2.3	-	-	-	5.6	7.9	128.8	117.9	105.4	81.3	68.1
Average	**0.3**	**0.2**	**1.1**	**1.0**	**1.2**	**1.6**	**1.3**	**4.7**	**4.3**	**5.2**	**101.6**	**105.7**	**80.8**	**82.7**	**74.2**

(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 2011.

TABLE I.37 – DOUBTFUL LOANS

CHINA

BANKS	DOUBTFUL LOANS (1)										COVERAGE RATIO (2)				
	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011
	as % of loans to customers					as % of net worth					%				
SHANGHAI PUDONG DEVELOPMENT BANK	-	-	-	-	-	-	-	-	-	-	187.8	192.0	245.6	371.5	478.9
CHINA MERCHANTS BANK	-	-	-	-	-	-	-	-	-	-	174.5	217.8	245.8	303.7	401.3
INDUSTRIAL BANK	-	-	-	-	-	-	-	-	-	-	153.1	200.9	242.8	328.3	358.4
CHINA MINSHENG BANKING	0.1	-	-	-	-	1.2	-	-	-	-	92.9	121.2	190.3	267.6	355.6
INDUSTRIAL AND COMMERCIAL BANK OF CHINA	-	-	-	-	-	-	-	-	-	-	103.1	129.7	163.1	226.9	266.8
CHINA CITIC BANK	-	-	-	-	-	-	-	-	-	-	107.3	142.4	145.0	208.9	264.1
AGRICULTURAL BANK OF CHINA	22.4	1.6	-	-	-	867.2	16.8	-	-	-	6.0	63.5	105.4	168.1	263.1
BANK OF COMMUNICATIONS	0.3	-	-	-	-	2.6	-	-	-	-	85.9	103.1	136.8	183.0	256.4
CHINA CONSTRUCTION BANK	-	-	-	-	-	-	-	-	-	-	101.0	127.2	170.4	221.1	241.4
BANK OF CHINA	-	-	-	-	-	-	-	-	-	-	105.5	116.4	148.1	192.0	220.4
Average (3)	**4.5**	**0.3**	-	-	-	**40.5**	**2.1**	-	-	-	**36.6**	**110.7**	**147.9**	**206.2**	**261.9**

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

TABLE I.38 – PROFITABILITY AND FREE CAPITAL RATIOS

EUROPE

BANKS (1)	COUNTRY	COST / INCOME RATIO 2007	2008	2009	2010	2011	ROE 2007	2008	2009	2010	2011	FREE CAPITAL 2007	2008	2009	2010	2011
		%					%					as % of funding from customers				
KfW	DE	n.c.	125.0	24.6	24.2	26.2	n.c.	n.c.	9.4	20.0	13.1	3.0	2.3	2.6	2.9	2.6
BBVA	ES	47.3	56.5	45.4	47.7	52.1	28.5	23.6	16.6	14.5	8.4	3.8	2.1	1.3	2.2	1.7
BANCO SANTANDER	ES	49.6	50.0	46.9	46.7	52.3	19.6	18.2	15.0	12.2	7.5	2.6	2.6	3.6	3.2	2.2
CREDIT AGRICOLE	FR	76.8	68.4	60.9	63.9	53.2	10.2	4.0	4.2	5.3	1.2	4.6	3.7	3.7	3.8	3.7
NORDEA	SE	51.5	52.2	48.6	50.7	53.9	22.4	17.7	11.6	12.2	11.2	3.8	3.6	4.2	4.0	3.8
LA CAIXA	ES	54.9	56.6	50.2	53.9	55.9	16.6	12.5	9.0	7.5	5.8	5.4	0.6	-1.7	-2.4	-5.2
HSBC HOLDINGS	GB	50.7	48.1	51.5	54.6	56.2	17.3	6.4	4.7	9.7	11.8	3.8	2.4	3.8	4.5	4.8
BAYERISCHE LANDESBANK	DE	66.0	201.5	47.2	45.1	56.6	0.9	n.c.	n.c.	4.9	0.7	0.8	-0.5	3.6	3.4	4.8
STANDARD CHARTERED	GB	59.3	58.2	55.7	57.4	57.1	15.8	18.2	14.1	12.8	13.5	4.9	3.9	5.1	6.7	6.3
KBC GROUP	BE	54.8	124.3	106.2	54.4	57.2	23.3	n.c.	n.c.	11.4	0.1	5.0	2.9	2.5	3.4	3.1
ING GROEP	NL	57.7	69.5	64.0	57.9	58.5	33.0	n.c.	n.c.	7.4	13.1	0.3	-1.9	-0.1	1.1	2.8
DANSKE BANK	DK	55.8	59.0	44.4	56.3	59.1	16.6	1.0	1.7	3.6	1.4	1.7	0.6	1.1	1.1	2.5
BNP PARIBAS	FR	63.5	66.2	57.7	60.1	61.2	17.0	6.0	9.2	11.7	8.7	3.8	2.5	2.3	2.6	2.9
RABOBANK NEDERLAND	NL	68.8	63.6	68.3	63.6	62.6	8.8	9.4	6.6	7.5	6.3	2.8	2.7	3.0	3.5	3.9
COMMERZBANK	DE	67.1	70.2	84.8	69.3	63.7	14.5	0.0	n.c.	5.4	2.7	1.4	1.9	1.1	1.9	1.7
INTESA SANPAOLO	IT	62.8	63.5	62.8	65.4	64.0	16.4	5.5	5.6	5.3	n.c.	3.4	1.2	0.4	0.4	1.3
CREDIT MUTUEL	FR	62.8	75.0	60.9	60.9	64.1	11.5	1.8	6.6	9.9	6.8	5.0	2.9	3.2	3.5	3.7
BARCLAYS	GB	59.8	62.8	60.4	64.3	64.8	23.4	13.6	24.8	7.5	5.7	2.2	3.0	4.8	3.7	5.3
LLOYDS BANKING GROUP	GB	49.8	54.6	71.0	57.1	65.0	37.2	9.6	7.0	n.c.	n.c.	0.2	-1.4	-1.8	-1.7	-1.3
UNICREDIT	IT	62.2	65.5	59.8	64.1	66.1	12.8	7.9	2.9	2.1	n.c.	0.9	-0.2	-1.1	-1.5	-2.5
SOCIETE GENERALE	FR	88.8	71.3	72.3	62.4	66.2	3.6	5.9	1.6	9.2	5.3	1.6	2.8	2.3	2.7	2.7
LANDESBANK BADEN-WUERTTEMBERG	DE	73.9	170.0	45.5	85.3	67.2	3.0	n.c.	n.c.	n.c.	0.9	0.5	-2.0	0.3	0.2	1.4
GROUPE BPCE (2)	FR	-	-	74.1	67.3	67.8	-	-	1.2	8.3	6.3	-	-	3.4	3.5	3.5
ABN AMRO GROUP (3)	NL	-	-	-	82.8	69.8	-	-	-	n.c.	6.2	-	-	-	1.4	1.7
DZ BANK	DE	66.0	112.4	52.9	49.9	72.1	7.6	n.c.	2.3	15.6	6.4	1.1	1.1	2.1	2.2	2.2
BANCO FINANCIERO Y DE AHORROS (4)	ES	-	-	-	64.8	75.7	-	-	-	10.7	n.c.	-	-	-	-6.8	-8.5
DEXIA BANK BELGIUM (5)	BE	-	-	-	-	76.2	-	-	-	-	n.c.	-	-	-	-	0.3
DEUTSCHE BANK	DE	72.5	137.5	69.0	75.1	76.9	21.2	n.c.	15.7	5.0	8.4	3.2	2.3	2.1	2.7	2.8
RBS	GB	56.5	97.6	77.6	68.9	77.2	16.6	n.c.	n.c.	n.c.	n.c.	1.9	3.1	3.9	3.3	4.0
UBS	CH	120.7	1.247.7	98.9	77.9	78.1	n.c.	n.c.	n.c.	19.2	8.4	1.3	1.4	3.5	4.9	5.6
CREDIT SUISSE GROUP	CH	72.0	189.5	72.3	74.3	86.0	21.9	n.c.	21.8	18.1	6.2	2.7	0.6	1.6	1.8	2.2
DEXIA	BE	59.4	74.0	62.1	75.3	96.0	21.1	n.c.	11.0	8.8	n.c.	2.9	-0.1	1.5	1.2	-1.3
Average		**64.3**	**75.9**	**62.8**	**62.0**	**63.6**	**15.8**	**n.c.**	**4.8**	**7.5**	**2.5**	**2.3**	**1.6**	**2.2**	**2.4**	**2.6**

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

(1) The table does not include companies no longer existing in their previous form as at 31 December 2011.
(2) Company in operation since 2009 following the merger between Groupe Banque Populaire and Groupe Caisse d'Epargne.
(3) Company operative since 2010 following the combination of the former ABN AMRO and Fortis groups' activities in the Netherlands.
(4) Company operative since 1 January 2011, following the merger of seven local savings banks. The 2010 indicators have been calculated on the basis of pro forma data.
(5) Company which previously formed part of the Dexia group, and was acquired by the Belgian state in October 2011. The figures refer to a twelve-month period.

TABLE I.38 – PROFITABILITY AND FREE CAPITAL RATIOS

JAPAN

BANKS (1)	COST / INCOME RATIO 2007	2008	2009	2010	2011	ROE 2007	2008	2009	2010	2011	FREE CAPITAL 2007	2008	2009	2010	2011
	%					%					as % of funding from customers				
SHINKIN CENTRAL BANK	47.1	33.7	43.0	48.1	47.2	5.5	n.c.	3.0	2.8	2.8	2.1	0.6	2.7	2.6	2.8
BANK OF YOKOHAMA	43.6	45.2	48.2	49.1	47.3	10.8	1.1	4.5	6.8	7.0	4.5	3.6	4.4	4.7	5.0
SHOKO CHUKIN BANK	51.7	57.5	54.9	51.9	50.5	3.3	n.c.	0.8	1.9	1.3	4.6	5.5	7.7	8.0	7.5
CHIBA BANK	47.9	47.1	49.5	51.8	53.3	8.8	2.4	6.8	7.1	6.6	3.5	3.9	4.6	4.6	4.6
MITSUBISHI UFJ FINANCIAL GROUP	61.8	105.9	60.3	71.7	57.3	n.c.	n.c.	10.7	5.9	5.1	2.8	0.9	2.4	2.1	2.4
RESONA HOLDINGS	50.6	52.7	58.8	58.0	57.4	14.5	6.4	6.6	12.1	17.1	5.7	4.5	4.6	2.4	3.0
SUMITOMO MITSUI FINANCIAL GROUP	46.7	52.0	53.5	57.0	58.2	14.8	n.c.	5.8	10.3	11.1	2.3	1.6	4.3	3.6	3.3
SHIZUOKA BANK	54.7	55.3	56.2	57.8	59.0	5.2	2.1	4.9	5.5	5.4	6.5	5.7	6.5	6.2	6.4
FUKUOKA FINANCIAL GROUP	61.1	61.8	61.9	61.3	61.0	0.3	4.5	5.3	4.7	4.8	0.4	0.7	1.9	1.9	2.1
SUMITOMO MITSUI TRUST HOLDINGS	49.2	60.7	64.7	66.2	61.8	9.0	n.c.	7.7	7.8	9.9	6.8	3.1	5.0	4.8	6.2
JOYO BANK	56.4	59.2	62.9	63.1	64.0	3.3	1.4	3.4	3.4	4.3	3.3	2.7	3.6	3.2	3.2
SHINSEI BANK	59.9	66.8	68.8	61.0	65.4	9.1	n.c.	n.c.	8.5	1.1	9.4	4.9	2.6	3.5	4.1
HOKUHOKU FINANCIAL GROUP	49.5	56.0	61.1	65.1	66.6	9.3	9.2	4.9	4.5	3.2	1.7	1.8	1.4	1.4	1.4
MIZUHO FINANCIAL GROUP	71.2	64.3	66.7	68.4	69.4	8.7	n.c.	7.3	10.5	10.9	4.2	2.7	4.3	4.7	4.8
NORINCHUKIN BANK	51.7	n.c.	395.4	95.1	2.472.9	9.4	n.c.	0.8	3.1	1.5	6.6	5.1	8.0	8.3	8.9
Average	**57.4**	**71.5**	**60.5**	**64.4**	**61.0**	**4.6**	**n.c.**	**5.8**	**7.0**	**6.9**	**3.8**	**2.4**	**4.1**	**3.9**	**4.0**

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

(1) The table does not include companies no longer existing in their previous form as at 31 December 2011.

TABLE I.38 – PROFITABILITY AND FREE CAPITAL RATIOS

UNITED STATES

BANKS (1)	COST / INCOME RATIO					ROE					FREE CAPITAL				
	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011
	%					%					as % of funding from customers				
U.S. BANCORP	46.8	49.3	49.2	52.4	53.3	25.9	12.6	9.3	12.7	16.7	5.4	6.9	4.0	5.7	7.4
CAPITAL ONE FINANCIAL	61.5	55.3	58.7	48.9	58.0	6.9	n.c.	3.4	11.5	11.9	7.1	8.6	6.3	4.9	7.0
WELLS FARGO & CO.	56.9	53.6	51.3	55.5	59.9	20.4	2.8	12.3	10.8	12.8	0.7	1.6	2.2	3.6	4.7
JPMORGAN CHASE & CO.	58.3	68.4	52.2	53.9	60.7	14.2	3.5	7.6	10.9	11.5	4.6	6.4	6.1	6.5	6.9
FIFTH THIRD BANCORP	57.1	56.2	61.7	61.7	62.5	13.3	n.c.	5.8	5.7	10.9	1.3	3.5	4.9	5.2	4.2
THE PNC FINANCIAL SERVICES GROUP	61.4	62.5	56.6	54.9	63.7	11.0	3.6	8.9	12.7	9.9	-1.2	1.2	1.5	3.7	5.6
BB&T	54.5	53.9	57.2	62.7	64.3	15.9	10.5	5.6	5.2	8.0	4.8	6.5	3.9	4.6	5.3
CITIGROUP	76.0	100.8	62.3	55.9	65.6	3.3	n.c.	n.c.	6.9	6.6	1.7	6.3	7.7	7.8	9.0
REGIONS FINANCIAL	64.7	68.4	74.3	72.0	70.4	6.7	n.c.	n.c.	n.c.	n.c.	4.4	7.2	5.4	5.6	7.2
SUNTRUST BANKS	65.6	72.3	74.5	70.4	73.1	10.0	3.7	n.c.	0.8	3.4	4.9	7.4	6.6	8.1	6.8
THE BANK OF NEW YORK MELLON	66.7	70.3	70.8	72.6	75.6	7.5	5.3	n.c.	8.4	8.1	1.3	0.8	1.1	2.5	2.4
BANK OF AMERICA	56.5	52.4	57.9	62.8	77.7	11.4	2.3	2.8	n.c.	0.6	2.0	3.1	2.9	4.6	7.5
ALLY FINANCIAL	92.2	238.6	163.8	75.4	94.1	n.c.	9.3	n.c.	5.5	n.c.	-18.4	-13.8	-6.4	0.3	1.1
Average	**67.2**	**78.1**	**58.1**	**58.0**	**66.0**	**7.4**	**n.c.**	**2.6**	**6.2**	**7.2**	**1.6**	**3.7**	**4.3**	**5.4**	**6.7**

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

(1) The table does not include companies no longer existing in their previous form as at 31 December 2011.

TABLE I.38 – PROFITABILITY AND FREE CAPITAL RATIOS

CHINA

BANKS	COST / INCOME RATIO 2007	2008	2009	2010	2011	ROE 2007	2008	2009	2010	2011	FREE CAPITAL 2007	2008	2009	2010	2011
			%					%			as % of funding from customers				
BANK OF COMMUNICATIONS	41.2	38.6	39.3	38.9	35.8	17.8	23.4	22.5	21.2	23.0	6.0	6.0	5.9	7.1	7.9
INDUSTRIAL AND COMMERCIAL BANK OF CHINA	35.8	35.1	38.5	36.6	36.0	17.8	22.5	23.6	25.2	27.8	6.3	6.0	5.8	6.6	7.1
SHANGHAI PUDONG DEVELOPMENT BANK	45.1	45.1	45.2	40.4	36.3	24.1	42.9	24.1	18.5	22.4	3.5	4.2	5.3	7.8	8.5
CHINA CONSTRUCTION BANK	38.0	36.5	39.8	37.5	36.4	19.6	24.8	23.8	24.0	26.4	6.3	6.3	6.3	7.3	7.9
CHINA CITIC BANK	42.6	39.7	46.5	40.7	36.8	11.0	16.2	16.0	21.8	21.5	9.4	9.3	7.1	6.7	8.9
INDUSTRIAL BANK	41.2	41.6	45.2	39.3	38.9	28.3	30.2	28.7	25.2	28.4	6.4	6.7	5.9	7.6	8.2
BANK OF CHINA	39.8	39.0	43.0	42.2	41.4	15.4	16.1	18.8	19.3	20.7	7.5	7.3	6.3	7.3	7.2
AGRICULTURAL BANK OF CHINA	53.6	51.1	48.7	43.7	41.4	15.5	21.5	23.4	21.2	23.1	-14.7	1.8	2.7	5.1	6.4
CHINA MERCHANTS BANK	40.8	42.2	51.6	46.1	43.1	28.9	36.1	24.5	23.8	28.0	6.9	4.9	4.8	6.3	7.1
CHINA MINSHENG BANKING	54.3	50.7	56.8	48.1	45.6	14.4	17.1	15.9	20.3	27.5	6.1	6.0	7.5	7.3	8.1
Average	**41.2**	**40.2**	**43.0**	**40.2**	**38.6**	**17.8**	**22.0**	**22.2**	**22.4**	**24.7**	**2.5**	**5.5**	**5.5**	**6.7**	**7.3**

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

TABLE I.39 – TOTAL ASSETS AS A PERCENTAGE OF TANGIBLE NET EQUITY AND CAPITAL ADEQUACY RATIOS

EUROPE

BANKS (3)	COUNTRY	TOTAL ASSETS (1) / TANGIBLE NET WORTH					TOTAL CAPITAL RATIO (2)							
		2007	2008	2009	2010	2011	2007	2008	2009	2010	2011	*of which:* tier 1	2012	*of which:* tier 1
		number					%							
DEXIA	BE	44.1	189.4	58.6	66.8	n.c.	9.6	11.8	14.1	14.7	10.3	*7.6*		
BANCO FINANCIERO DE AHORROS (4)	ES	-	-	-	54.7	144.9	-	-	-	11.9	9.5	*6.8*	9.0	*5.2*
DEXIA BANK BELGIUM (5)	BE	-	-	-	-	76.1	-	-	-	-	15.1	*12.7*	13.8	*13.3*
DEUTSCHE BANK	DE	69.1	99.5	53.6	54.3	55.3	11.6	12.2	13.9	14.1	14.5	*12.9*	17.1	*15.1*
LANDESBANK BADEN-WUERTTEMBERG	DE	43.0	90.4	41.6	40.0	41.6	9.7	10.1	13.2	15.3	17.2	*12.9*		
DZ BANK	DE	39.8	50.7	39.2	37.0	40.0	10.2	9.7	12.4	12.7	11.5	*10.1*		
ABN AMRO GROUP (6)	NL	-	-	-	32.4	36.3	-	-	-	16.6	16.8	*13.0*	18.4	*12.9*
ING GROEP	NL	55.8	128.5	51.0	39.1	33.6	10.3	12.8	13.5	15.3	14.3	*11.7*	16.9	*14.4*
CREDIT AGRICOLE (7)	FR	31.0	37.6	31.8	30.6	32.9	9.6	9.9	10.9	11.7	11.7	*10.5*	13.2	*11.7*
DANSKE BANK	DK	44.2	48.1	39.6	39.0	32.8	9.3	13.0	17.8	17.7	17.9	*16.0*	21.3	*18.9*
CREDIT SUISSE GROUP	CH	27.8	31.0	26.4	30.0	32.3	14.5	17.9	20.6	21.9	24.2	*18.1*	22.3	*19.4*
NORDEA	SE	26.8	30.9	25.9	27.1	31.3	9.1	9.5	11.9	11.5	11.1	*10.1*	12.7	*11.2*
COMMERZBANK	DE	41.4	33.6	36.0	29.4	30.3	10.8	13.9	14.8	15.3	15.5	*11.1*	17.8	*13.1*
UBS	CH	80.7	72.5	35.3	31.1	29.3	12.0	15.1	19.8	20.4	21.6	*19.6*	25.2	*21.3*
KfW	DE	23.8	33.6	30.6	28.1	27.8	11.9	10.1	11.7	14.7	17.8	*15.4*		
SOCIETE GENERALE	FR	43.0	34.2	26.2	26.7	27.6	8.9	11.6	13.0	12.1	11.9	*10.7*	12.7	*12.5*
BNP PARIBAS	FR	35.4	44.6	30.4	27.6	27.1	10.0	11.1	14.2	14.5	14.0	*11.6*	15.6	*13.6*
BARCLAYS	GB	50.4	55.2	27.6	27.6	27.1	12.1	13.6	16.6	16.9	16.4	*12.9*	17.1	*13.3*
GROUPE BPCE (8)	FR	-	-	25.4	23.5	26.2	-	-	10.9	11.6	11.1	*10.0*	12.5	*12.2*
RBS	GB	43.1	39.4	21.9	23.1	24.4	11.2	14.1	16.1	14.0	13.8	*13.0*	14.5	*12.4*
LLOYDS BANKING GROUP	GB	36.1	61.4	27.2	24.1	23.6	11.0	11.2	12.4	15.2	15.6	*12.5*	17.3	*13.8*
UNICREDIT	IT	26.5	32.1	24.4	21.5	23.3	10.1	10.7	12.0	12.7	12.4	*9.3*	14.5	*11.4*
BANCO SANTANDER	ES	21.6	26.1	22.5	22.5	22.3	12.7	12.2	14.2	13.1	13.6	*11.0*	13.1	*11.2*
BAYERISCHE LANDESBANK	DE	40.0	46.3	24.5	23.1	22.0	11.4	12.3	17.0	15.5	15.6	*11.4*		
CREDIT MUTUEL	FR	21.7	28.3	23.0	21.5	21.3	11.0	11.7	10.9	11.5	11.2	*11.2*		
INTESA SANPAOLO	IT	20.5	26.6	21.4	22.1	19.1	9.0	10.2	11.8	13.2	14.3	*11.5*	13.6	*12.1*
KBC GROUP	BE	23.5	30.5	23.1	19.4	19.0	10.5	13.5	14.8	16.5	15.6	*12.3*	15.8	*13.8*
BBVA	ES	24.4	28.3	22.1	18.2	18.5	10.7	12.2	13.6	13.7	12.9	*10.3*	13.0	*10.8*
HSBC HOLDINGS	GB	23.8	33.5	21.8	19.2	18.3	13.6	11.4	13.7	15.2	14.1	*11.5*	16.1	*13.4*
STANDARD CHARTERED	GB	21.4	26.2	20.2	16.0	17.3	15.2	15.6	16.5	18.4	17.6	*13.7*	17.4	*13.4*
RABOBANK NEDERLAND	NL	19.8	20.1	17.2	17.1	16.9	10.9	13.0	14.1	16.3	17.5	*17.0*	19.0	*17.2*
LA CAIXA	ES	13.1	17.4	15.9	16.9	15.5	12.1	11.0	11.0	11.8	16.6	*13.5*	11.6	*11.0*
Average (9)		**33.8**	**41.6**	**27.8**	**26.5**	**26.9**	**11.1**	**11.9**	**13.8**	**14.7**	**14.8**	***12.2***	**15.8**	***13.4***

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

(1) Excluding intangible assets.
(2) Ratio between regulatory capital and risk-weighted assets. According to the Basel Bank for International Settlements (BIS) guidelines, the minimum requirement is 4% (tier 1 capital ratio), while the total capital ratio, which includes subordinated liabilities, has to be a minimum of 8%.
(3) The table does not include companies no longer existing in their previous form as at 31 December 2011.
(4) Company operative since 1 January 2011, following the merger of seven local savings banks. The 2010 indicators have been calculated on the basis of pro forma data.
(5) Company which previously formed part of the Dexia group, and was acquired by the Belgian state in October 2011.
(6) Company operative since 2010 following the combination of the former ABN AMRO and Fortis groups' activities in the Netherlands.
(7) In 2012 ratios refer to Crédit Agricole S.A.
(8) Company in operation since 2009 following the merger between Groupe Banque Populaire and Groupe Caisse d'Epargne.
(9) Simple average for solvency margins.

TABLE I.39 – TOTAL ASSETS AS A PERCENTAGE OF TANGIBLE NET EQUITY AND CAPITAL ADEQUACY RATIOS

JAPAN

BANKS (3)	TOTAL ASSETS (1) / TANGIBLE NET WORTH					TOTAL CAPITAL RATIO (2)							
	2007	2008	2009	2010	2011	31/03/08	31/03/09	31/03/10	31/03/11	31/03/12	*of which:* tier 1	30/09/12	*of which:* tier 1
	number					%							
MITSUBISHI UFJ FINANCIAL GROUP	27.9	39.2	26.1	27.5	28.1	11.2	11.8	14.9	14.9	14.9	*12.3*	14.3	*12.6*
SHINKIN CENTRAL BANK	35.8	63.6	28.3	30.5	28.0	15.8	11.3	25.6	29.8	30.4	...	...	...
HOKUHOKU FINANCIAL GROUP	22.7	24.3	26.6	26.8	25.8	10.4	10.8	10.8	11.3	11.7	*7.8*	11.9	*8.0*
MIZUHO FINANCIAL GROUP	27.6	38.2	28.1	25.4	25.2	11.7	10.6	13.5	15.3	15.5	*12.8*	15.5	*12.7*
SUMITOMO MITSUI FINANCIAL GROUP	30.5	33.9	20.1	23.3	24.0	10.6	11.5	15.0	16.6	16.9	*12.3*	17.6	*13.2*
FUKUOKA FINANCIAL GROUP	27.5	28.5	25.0	25.4	23.7	8.8	9.3	10.3	10.8	11.0	*6.9*	11.3	*7.2*
RESONA HOLDINGS	15.6	18.4	18.0	27.3	23.7	14.3	13.5	13.8	11.2	13.2	*9.3*	14.2	*10.3*
JOYO BANK	17.4	20.1	17.6	17.8	18.2	13.2	12.9	12.7	12.8	12.8	*12.1*	13.2	*12.5*
CHIBA BANK	17.0	18.8	17.0	16.9	16.5	12.2	11.7	12.8	13.4	14.4	*13.0*	14.4	*13.0*
SUMITOMO MITSUI TRUST HOLDINGS	14.6	23.1	18.5	17.6	15.7	13.8	12.1	13.8	16.5	16.7	*11.9*	16.4	*12.1*
BANK OF YOKOHAMA	15.9	16.7	15.7	15.8	15.3	10.8	10.9	12.2	12.3	13.7	*11.4*	14.4	*12.0*
NORINCHUKIN BANK	18.9	25.3	17.5	16.5	14.9	12.5	15.6	19.2	22.7	24.7	*18.3*	27.1	*19.9*
SHINSEI BANK	14.5	19.8	20.3	18.6	14.6	11.7	8.4	8.4	9.8	10.3	*8.8*	11.7	*9.8*
SHOKO CHUKIN BANK	15.5	16.0	14.3	14.1	14.2	8.8	8.9	11.4	12.4	13.1	*11.6*	...	...
SHIZUOKA BANK	12.9	14.2	12.8	13.4	13.0	14.7	14.1	15.3	15.3	17.5	*16.1*	17.8	*16.7*
Average (4)	**23.8**	**30.2**	**22.1**	**22.9**	**22.4**	**12.0**	**11.6**	**14.0**	**15.0**	**15.8**	***11.8***	**15.4**	***12.3***

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

(1) Excluding intangible assets.
(2) Ratio between regulatory capital and risk-weighted assets. According to the Basel Bank for International Settlements (BIS) guidelines, the minimum requirement is 4% (tier 1 capital ratio), while the total capital ratio, which includes subordinated liabilities, has to be a minimum of 8%.
(3) The table does not include companies no longer existing in their previous form as at 31 December 2011.
(4) Simple average for solvency margins.

TABLE I.39 – TOTAL ASSETS AS A PERCENTAGE OF TANGIBLE NET EQUITY AND CAPITAL ADEQUACY RATIOS

UNITED STATES

BANKS (3)	TOTAL ASSETS (1) / TANGIBLE NET WORTH					TOTAL CAPITAL RATIO (2)							
	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011	*of which:* tier 1	2012	*of which:* tier 1
	number					%							
THE BANK OF NEW YORK MELLON	28.3	37.8	28.9	26.1	29.7	13.2	17.1	16.0	16.3	17.0	*15.0*	16.3	*15.0*
JPMORGAN CHASE & CO.	23.7	20.3	20.2	18.7	17.6	12.6	14.8	14.8	15.5	15.4	*12.3*	15.3	*12.6*
BB&T	19.5	15.1	18.2	16.4	16.1	14.2	17.4	15.8	15.5	15.7	*12.5*	13.9	*11.0*
BANK OF AMERICA	29.2	22.8	18.5	16.7	14.1	11.0	13.0	14.7	15.8	16.8	*12.4*	16.3	*12.9*
U.S. BANCORP	20.5	16.3	18.9	16.3	14.1	12.2	14.3	12.9	13.3	13.3	*10.8*	13.1	*10.8*
WELLS FARGO & CO.	32.9	26.1	20.0	15.8	13.5	10.7	11.8	13.3	15.0	14.8	*11.3*	14.6	*11.8*
SUNTRUST BANKS	17.3	12.7	11.5	10.8	13.3	10.3	14.0	16.4	16.5	13.7	*10.9*	13.5	*11.1*
CITIGROUP	39.5	19.7	15.9	14.7	12.7	10.7	15.7	15.2	16.6	17.0	*13.5*	17.3	*14.1*
CAPITAL ONE FINANCIAL	13.4	11.2	13.1	15.2	12.5	13.0	16.6	17.7	16.8	14.9	*12.0*	13.6	*11.3*
ALLY FINANCIAL (4)	34.2	11.9	11.2	11.4	12.1	-	-	15.6	16.4	14.7	*13.7*	14.1	*13.1*
FIFTH THIRD BANCORP	18.2	13.3	10.7	10.0	11.3	10.2	14.8	17.5	18.1	16.1	*11.9*	14.4	*10.7*
REGIONS FINANCIAL	17.5	13.3	11.8	12.0	11.0	11.3	14.6	15.8	16.4	17.0	*13.3*	15.4	*12.0*
THE PNC FINANCIAL SERVICES GROUP	18.6	17.5	13.1	11.5	9.6	10.3	13.2	15.0	15.6	15.8	*12.6*	14.7	*11.6*
Average (5)	**28.8**	**20.7**	**17.5**	**15.9**	**14.3**	**11.8**	**13.4**	**15.4**	**16.0**	**15.6**	***12.5***	**14.8**	***12.2***

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

(1) Excluding intangible assets.
(2) Ratio between regulatory capital and risk-weighted assets. According to the Basel Bank for International Settlements (BIS) guidelines, the minimum requirement is 4% (tier 1 capital ratio), while the total capital ratio, which includes subordinated liabilities, has to be a minimum of 8%.
(3) The table does not include companies no longer existing in their previous form as at 31 December 2011.
(4) Company subject to banking regulations since 24 December 2008.
(5) Simple average for solvency margins.

TABLE I.39 – TOTAL ASSETS AS A PERCENTAGE OF TANGIBLE NET EQUITY AND CAPITAL ADEQUACY RATIOS

CHINA

BANKS	TOTAL ASSETS (1) / TANGIBLE NET WORTH					TOTAL CAPITAL RATIO (2)						
	2007	2008	2009	2010	2011	2007	2008	2009	2010	*of which:* tier 1	2011	*of which:* tier 1
			number						%			
INDUSTRIAL BANK	22.1	21.0	22.5	20.2	20.9	11.7	11.2	10.8	11.2	*8.8*	11.0	*8.2*
AGRICULTURAL BANK OF CHINA	71.9	26.5	28.0	20.0	18.7	…	9.4	10.1	11.6	*9.8*	11.9	*9.5*
CHINA MERCHANTS BANK	19.4	23.0	25.5	19.6	18.2	10.4	11.3	10.4	11.5	*8.0*	11.5	*8.2*
SHANGHAI PUDONG DEVELOPMENT BANK	32.3	31.4	23.8	17.8	18.0	9.1	9.1	10.3	12.0	*9.4*	12.7	*9.2*
CHINA MINSHENG BANKING	18.4	19.4	16.1	17.6	17.2	10.7	9.2	10.8	10.4	*8.1*	10.9	*7.9*
BANK OF COMMUNICATIONS	15.8	18.0	20.3	17.8	17.0	14.4	13.5	12.0	12.4	*9.4*	12.4	*9.3*
INDUSTRIAL AND COMMERCIAL BANK OF CHINA	16.7	16.8	18.1	16.9	16.6	13.1	13.1	12.4	12.3	*10.0*	13.2	*10.1*
BANK OF CHINA	13.5	14.4	16.4	15.8	15.9	13.3	13.4	11.1	12.6	*10.1*	13.0	*10.1*
CHINA CITIC BANK	12.1	12.5	16.6	16.9	15.6	15.3	14.3	10.1	11.3	*8.4*	12.3	*9.9*
CHINA CONSTRUCTION BANK	16.4	16.9	17.8	15.8	15.4	12.6	12.2	11.7	12.7	*10.4*	13.7	*11.0*
Average (3)	**18.6**	**18.0**	**19.4**	**17.2**	**16.8**	**(12.3)**	**11.7**	**11.0**	**11.8**	***9.2***	**12.3**	***9.3***

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

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

TABLE I.40 – RISK-WEIGHTED ASSETS, REGULATORY CAPITAL AND MAXIMUM EXPOSURE TO CREDIT RISK

EUROPE

BANKS (3)	COUNTRY	RWA / TANGIBLE ASSETS 2010	RWA / TANGIBLE ASSETS 2011	REGULATORY CAPITAL / TANGIBLE NET WORTH 2010	REGULATORY CAPITAL / TANGIBLE NET WORTH 2011	*of which:* Tier 1 / TANGIBLE NET WORTH 2010	*of which:* Tier 1 / TANGIBLE NET WORTH 2011	TANGIBLE NET WORTH / MAXIMUM EXPOSURE TO CREDIT RISK (1) 2010	TANGIBLE NET WORTH / MAXIMUM EXPOSURE TO CREDIT RISK (1) 2011	OFF-BALANCE SHEET GUARANTEES AND COMMITMENTS (2) / TANGIBLE ASSETS 2010	OFF-BALANCE SHEET GUARANTEES AND COMMITMENTS (2) / TANGIBLE ASSETS 2011
		%		%		%		%		%	
UBS	CH	15.2	14.1	96.4	88.8	84.0	80.9	3.24	3.43	8.7	7.5
DEUTSCHE BANK	DE	18.3	17.7	139.9	142.1	122.3	126.2	1.83	1.78	10.2	9.4
CREDIT SUISSE GROUP	CH	21.4	20.2	140.1	158.4	110.6	118.1	3.40[4]	3.07[4]	15.5	13.8
DEXIA (5)	BE	25.0	20.3	244.2	n.c.	218.0	n.c.	1.54	n.c.	17.4	15.1
DEXIA BANK BELGIUM (6)	BE	-	22.8	-	261.9	-	220.7	-	1.38	-	22.0
KfW	DE	28.1	22.9	116.0	113.6	97.5	97.8	3.09	3.24	16.4	12.5
DZ BANK	DE	22.6	24.6	106.0	113.3	89.0	99.3	3.38	3.22	6.7	6.5
BARCLAYS	GB	26.9	25.1	125.7	111.5	100.0	88.0	3.16	3.19	18.0	18.8
DANSKE BANK	DK	26.5	26.6	183.1	156.4	152.6	140.0	2.40	2.87	8.2	7.5
ING GROEP	NL	26.2	26.9	157.0	129.1	125.6	105.8	2.60	2.92	10.6	10.7
LANDESBANK BADEN-WUERTTEMBERG	DE	32.3	28.9	197.9	207.2	147.0	154.5	1.99	1.97	7.8	7.8
ABN AMRO GROUP	NL	30.7	29.2	165.3	178.2	126.8	137.7	2.95	2.67	10.0	8.0
RBS	GB	32.4	29.4	104.6	99.2	96.3	93.1	3.71	3.59	21.8	18.7
SOCIETE GENERALE	FR	29.8	29.9	96.4	97.6	84.2	88.2	3.60	3.58	20.9	17.2
RABOBANK NEDERLAND	NL	33.8	30.7	94.2	90.5	90.9	87.9	5.57	5.96	7.7	6.9
NORDEA	SE	37.2	31.4	116.0	108.9	98.7	99.3	3.76	3.54	20.2	15.6
BNP PARIBAS	FR	30.6	31.5	123.0	119.8	95.4	98.9	4.68	4.82	21.1	18.5
CREDIT AGRICOLE	FR	33.7	32.6	121.2	125.3	109.9	115.2	3.08	2.93	19.6	16.9
COMMERZBANK	DE	35.6	35.9	159.9	168.0	124.1	120.3	3.11	2.99	13.1	13.8
GROUPE BPCE	FR	38.9	36.5	106.1	105.6	92.6	96.1	3.88	3.52	21.8	18.8
LLOYDS BANKING GROUP	GB	41.3	36.6	151.6	135.2	115.6	108.1	4.70	5.06	9.7	7.5
BAYERISCHE LANDESBANK	DE	39.2	38.3	139.9	131.0	100.0	96.0	3.90	4.11	13.7	13.2
CREDIT MUTUEL	FR	41.1	41.3	101.5	98.7	101.5	98.7	4.55	4.59	14.2	14.2
KBC GROUP	BE	41.5	44.6	132.3	132.4	101.4	104.4	5.32	5.40	10.9	12.0
STANDARD CHARTERED	GB	48.1	45.7	141.4	138.4	107.6	107.9	6.06	5.64	17.2	17.7
BANCO SANTANDER	ES	50.9	46.3	150.0	140.2	114.7	113.7	4.38	4.51	20.3	18.8
HSBC HOLDINGS	GB	45.5	47.9	132.8	123.5	105.5	101.2	4.75	5.09	27.8	28.9
UNICREDIT	IT	50.3	50.5	136.9	145.7	102.2	109.7	4.09	3.80	16.6	16.8
INTESA SANPAOLO	IT	52.5	52.1	153.1	141.7	109.0	114.0	4.82	5.65	17.4	17.3
BANCO FINANCIERO Y DE AHORROS	ES	61.5	52.5	401.5	723.2	301.7	520.7	1.79	0.69	14.2	13.6
LA CAIXA	ES	58.3	54.5	115.7	140.9	97.9	113.8	5.43[4]	5.92[4]	21.8	21.2
BBVA	ES	57.5	56.2	143.7	134.2	110.5	107.2	4.74	4.78	23.3	22.7
Average (7)		**36.5**	**34.5**	**144.9**	**148.8**	**117.2**	**120.7**	**3.73**	**3.62**	**15.6**	**14.7**

Tangible assets = Total assets less intangible assets less goodwill.

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

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

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

(1) On- and off-balance sheet credit risk exposure. Only irrevocable lending-related commitments are included.
(2) Only irrevocable lending-related commitments are included.
(3) The table does not include companies no longer existing in their previous form as at 31 December 2011.
(4) Balance-sheet data processed by R&S.
(5) Net worth showed a negative balance in 2011.
(6) Company which previously formed part of the Dexia group, and was acquired by the Belgian state in October 2011.
(7) Simple average of values shown in the table.

TABLE I.40 – RISK-WEIGHTED ASSETS, REGULATORY CAPITAL AND MAXIMUM EXPOSURE TO CREDIT RISK

JAPAN

BANKS (3)	RWA / TANGIBLE ASSETS		REGULATORY CAPITAL / TANGIBLE NET WORTH		*of which:* Tier 1 / TANGIBLE NET WORTH		TANGIBLE NET WORTH / MAXIMUM EXPOSURE TO CREDIT RISK (1)		OFF-BALANCE SHEET GUARANTEES AND COMMITMENTS (2) / TANGIBLE ASSETS	
	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
	%		%		%		%		%	
SHINKIN CENTRAL BANK	13.5	14.1	130.6	128.1	…	…	…	…	49.2	57.9
MIZUHO FINANCIAL GROUP	33.0	31.2	128.0	121.8	99.8	100.2	4.00	4.04	39.4	39.7
NORINCHUKIN BANK	35.5	33.8	132.4	124.7	98.4	92.2	7.09	7.69	4.5	4.6
JOYO BANK	…	37.4	…	87.1	…	82.5	…	…	19.9	19.1
SUMITOMO MITSUI FINANCIAL GROUP	38.6	37.5	149.6	152.3	112.2	110.5	3.88	3.81	38.6	38.7
MITSUBISHI UFJ FINANCIAL GROUP	43.6	39.9	178.8	167.5	136.0	138.3	3.14	3.22	34.0	32.3
RESONA HOLDINGS	45.0	41.0	137.7	128.5	92.2	90.8	3.30	3.72	20.2	20.3
SHIZUOKA BANK	47.9	42.9	98.2	97.6	92.5	89.7	…	…	17.3	17.6
CHIBA BANK	47.6	44.3	108.0	105.0	97.3	95.1	…	…	18.7	19.9
HOKUHOKU FINANCIAL GROUP	47.6	46.4	143.9	140.1	95.0	93.6	…	…	22.5	22.9
FUKUOKA FINANCIAL GROUP	51.9	52.3	142.7	135.9	88.2	85.6	…	…	26.6	26.8
BANK OF YOKOHAMA	58.1	52.8	112.9	110.2	93.1	91.6	…	…	16.6	15.9
SUMITOMO MITSUI TRUST HOLDINGS (4)	55.0	53.3	140.9	140.1	99.8	99.7	6.11	6.45	33.8	34.6
SHOKO CHUKIN BANK	64.3	60.0	112.5	111.8	99.3	99.0	…	…	7.7	7.9
SHINSEI BANK	69.6	76.6	126.2	114.7	100.4	98.3	5.54	6.94	55.7	57.6
Average (5)	**46.5**	**44.2**	**131.6**	**124.4**	**100.3**	**97.7**	**4.72**	**5.12**	**27.0**	**27.7**

Tangible assets = Total assets less intangible assets less goodwill.

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

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

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

(1) On and off-balance sheet credit risk exposure.
(2) Includes irrevocable and revocable lending-related commitments, plus also acceptances and guarantees.
(3) The table does not include companies no longer existing in their previous form as at 31 December 2011.
(4) Ratios for 2010 calculated on the basis of aggregate data including the former Sumitomo Trust & Banking, merged into the company with effect from 1 April 2011.
(5) Simple average of values shown in the table.

TABLE I.40 – RISK-WEIGHTED ASSETS, REGULATORY CAPITAL AND MAXIMUM EXPOSURE TO CREDIT RISK

UNITED STATES

BANKS (3)	RWA / TANGIBLE ASSETS		REGULATORY CAPITAL / TANGIBLE NET WORTH		*of which:* Tier 1 / TANGIBLE NET WORTH		TANGIBLE NET WORTH / MAXIMUM EXPOSURE TO CREDIT RISK (1)		OFF-BALANCE SHEET GUARANTEES AND COMMITMENTS (2) / TANGIBLE ASSETS	
	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
	%		%		%		%		%	
THE BANK OF NEW YORK MELLON	45.6	33.9	194.2	171.6	159.5	151.5	3.48	3.16	17.2	11.9
CITIGROUP	52.1	52.9	127.2	114.1	98.9	91.0	4.82	5.67	56.2	55.0
JPMORGAN CHASE & CO.	57.3	55.3	166.0	150.3	129.8	120.2	3.97	4.05	47.4	45.0
BANK OF AMERICA	67.2	62.8	176.9	148.4	126.1	109.9	4.35	5.20	46.7	44.2
BB&T	78.9	71.5	200.1	180.8	152.5	143.4	5.06	5.19	33.7	31.4
REGIONS FINANCIAL	75.3	75.3	147.6	140.6	111.9	109.8	7.06	7.23	26.9	32.9
SUNTRUST BANKS	80.5	78.4	144.2	143.1	119.2	114.1	6.67	5.40	42.5	39.7
WELLS FARGO & CO.	81.2	79.4	192.4	158.6	143.0	121.7	4.98	5.81	35.4	35.0
CAPITAL ONE FINANCIAL	69.4	81.2	177.2	150.5	122.5	121.6	3.44	3.79	97.4	116.2
U.S. BANCORP	83.8	82.6	182.0	154.7	142.9	125.2	3.91	4.50	67.4	68.6
ALLY FINANCIAL	89.4	86.1	167.3	154.3	153.3	143.4	9.32	8.81	18.8	15.5
THE PNC FINANCIAL SERVICES GROUP	85.3	88.4	152.7	134.9	118.1	107.3	6.49	7.61	47.3	46.4
FIFTH THIRD BANCORP	93.4	92.2	168.6	167.0	129.6	123.6	7.13	6.34	46.7	46.2
Average (4)	**73.8**	**72.3**	**168.9**	**151.5**	**131.3**	**121.7**	**5.44**	**5.60**	**44.9**	**45.2**

Tangible assets = Total assets less intangible assets less goodwill.

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

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

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

(1) Balance-sheet data processed by R&S. Includes on- and off-balance-sheet credit exposures.
(2) Includes irrevocable and revocable lending-related commitments without conditions, granted chiefly to credit card holders. If these are excluded, the average indicators come to 24.3% and 24% respectively.
(3) The table does not include companies no longer existing in their previous form as at 31 December 2011.
(4) Simple average of values shown in the table.

TABLE I.40 – RISK-WEIGHTED ASSETS, REGULATORY CAPITAL AND MAXIMUM EXPOSURE TO CREDIT RISK

CHINA

BANKS	RWA / TANGIBLE ASSETS		REGULATORY CAPITAL / TANGIBLE NET WORTH		*of which:* Tier 1 / TANGIBLE NET WORTH		TANGIBLE NET WORTH / MAXIMUM EXPOSURE TO CREDIT RISK (1)		OFF-BALANCE SHEET GUARANTEES AND COMMITMENTS (2) / TANGIBLE ASSETS	
	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
	%		%		%		%		%	
INDUSTRIAL AND COMMERCIAL BANK OF CHINA	53.0	54.7	110.0	119.6	89.4	91.4	5.3	5.4	12.3	12.8
AGRICULTURAL BANK OF CHINA	52.2	54.8	121.0	122.3	101.8	97.1	4.4	4.8	15.9	14.5
CHINA CONSTRUCTION BANK	55.7	55.1	111.9	116.0	91.8	93.1	5.4	5.7	18.9	16.2
INDUSTRIAL BANK	54.8	55.8	124.1	128.9	96.6	95.6	4.5	4.1	13.4	19.0
BANK OF CHINA	56.4	56.3	111.7	116.3	89.6	90.3	5.5	5.4	19.4	19.6
SHANGHAI PUDONG DEVELOPMENT BANK	58.3	58.6	124.8	134.0	97.2	97.1	4.8	4.5	19.3	25.5
BANK OF COMMUNICATIONS	61.2	60.6	134.4	128.2	101.9	95.5	4.7	4.8	21.2	23.0
CHINA CITIC BANK	66.6	61.6	127.5	118.5	95.2	95.7	4.4	4.8	34.8	35.0
CHINA MERCHANTS BANK	60.5	63.3	136.3	132.8	95.5	94.7	2.9	2.9	78.5	93.0
CHINA MINSHENG BANKING	70.3	72.0	129.0	134.6	99.7	97.4	4.6	4.5	24.1	30.1
Average (2)	**58.9**	**59.3**	**123.1**	**125.1**	**95.9**	**94.8**	**4.7**	**4.7**	**25.8**	**28.9**

Tangible assets = Total assets less intangible assets less goodwill.

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

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

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

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

TABLE I.41 – DERIVATIVE CONTRACTS

	2009						2010						2011					
	Europe		Japan		United States		Europe		Japan		United States		Europe		Japan		United States	
	EURbn	%	JPYbn	%	USDbn	%	EURbn	%	JPYbn	%	USDbn	%	EURbn	%	JPYbn	%	USDbn	%
Notional amounts by risk category:																		
interest rate	295,238	*82.5*	2,437,233	*86.6*	163,522	*83.1*	329,013	*82.2*	2,774,631	*87.8*	167,130	*82.7*	338,483	*82.3*	2,658,923	*87.5*	157,372	*80.2*
foreign exchange	34,162	*9.5*	335,156	*11.9*	14,745	*7.5*	42,830	*10.7*	346,674	*11.0*	17,653	*8.7*	45,130	*11.0*	336,690	*11.1*	20,797	*10.6*
credit	18,950	*5.3*	22,912	*0.8*	14,352	*7.3*	18,077	*4.5*	19,930	*0.6*	12,486	*6.2*	18,020	*4.4*	16,469	*0.5*	12,632	*6.4*
equity	6,117	*1.7*	6,145	*0.2*	2,684	*1.4*	6,696	*1.7*	7,274	*0.2*	2,680	*1.3*	6,422	*1.6*	9,571	*0.3*	3,141	*1.6*
other	3,459	*1.0*	13,640	*0.5*	1,563	*0.8*	3,647	*0.9*	12,245	*0.4*	2,064	*1.0*	3,261	*0.8*	18,197	*0.6*	2,318	*1.2*
Total [1]	**357,926**	***100.0***	**2,815,086**	***100.0***	**196,866**	***100.0***	**400,263**	***100.0***	**3,160,754**	***100.0***	**202,013**	***100.0***	**411,316**	***100.0***	**3,039,850**	***100.0***	**196,260**	***100.0***
Index number	*100.0*		*100.0*		*100.0*		*111.8*		*112.3*		*102.6*		*114.9*		*108.0*		*99.7*	
Notional amount / total assets	14.8		3.9		21.7		15.8		4.3		21.7		15.3		4.0		20.6	
Fair value (balance) (millions) [2]	30,284		1,866,674		58,520		-8,096		1,794,792		33,256		28,283		76,673		55,277	
as % of net worth	*2.5*		*5.1*		*6.7*		*-0.6*		*4.9*		*3.6*		*2.1*		*0.2*		*5.8*	
Credit risk (bn) [3]	745		13,720		253		781		14,125		238		852		13,133		280	
Index number	*100.0*		*100.0*		*100.0*		*104.8*		*103.0*		*94.1*		*114.4*		*95.7*		*110.7*	
as % of net worth	*70.9*		*37.6*		*29.0*		*68.9*		*38.4*		*26.1*		*74.5*		*34.2*		*29.2*	

(1) For Japan data refers only to trading derivatives. Data refers to companies representing 93% of 2011 total assets for Europe and 98% for Japan; refers to the whole survey for the US banks.

(2) This is the algebraic sum of positions with positive fair value and with negative fair values. Data refers to the whole survey

(3) Refers to companies which account for 86% of 2011 total assets for Europe and to the whole survey for the Japan and US banks.

TABLE I.42 – RIGHTS ISSUES, SHARE BUYBACKS AND DIVIDENDS

	Rights issues [1]	Share buybacks [2]	Dividends paid [3]	Balance	
			Europe		
	EURbn	EURbn	EURbn	EURbn	
	a	*b*	*c*	*d = b+c-a*	*c / (a-b)*
2002	10.5	8.5	34.0	32.0	17.0
2003	7.6	7.2	29.1	28.7	72.8
2004	17.6	15.4	31.1	28.9	14.1
2005	21.7	10.8	40.6	29.7	3.7
2006	28.2	18.0	48.5	38.3	4.8
2007	49.1	24.7	56.9	32.5	2.3
2008	130.2 [4]	- 2.2	50.5	- 81.9	0.4
2009	165.3 [4]	23.7	17.2	- 124.4	0.1
2010	36.5	11.3	20.3	- 4.9	0.8
2011	26.9	25.1	21.1	19.3	11.7
Total	**493.6**	**142.5**	**349.3**	**- 1.8**	**1.0**
			Japan		
	JPYbn	JPYbn	JPYbn	JPYbn	
	a	*b*	*c*	*d = b+c-a*	*c / (a-b)*
2002	1,936	- 137	264	- 1,809	0.1
2003	1,973	- 42	190	- 1,825	0.1
2004	515	984	296	765	n.c.
2005	554	1,156	355	957	n.c.
2006	147	3,028	432	3,313	n.c.
2007	1,107	373	577	- 157	0.8
2008	2,074	403	651	- 1,020	0.4
2009	4,038	346	472	- 3,220	0.1
2010	1,378	1,628	635	885	n.c.
2011	o	351	729	1,080	n.c.
Total	**13,722**	**8,090**	**4,601**	**- 1,031**	**0.8**
			United States		
	USDbn	USDbn	USDbn	USDbn	
	a	*b*	*c*	*d = b+c-a*	*c / (a-b)*
2002	6.8	18.2	24.8	36.2	n.c.
2003	12.9	23.7	29.9	40.7	n.c.
2004	11.9	23.1	36.8	48.0	n.c.
2005	13.8	39.8	42.7	68.7	n.c.
2006	21.8	51.4	48.7	78.3	n.c.
2007	24.2	36.1	49.0	60.9	n.c.
2008	293.5 [5]	- 1.0	44.4	- 250.1	0.2
2009	139.3 [5]	129.4	22.2	12.3	2.2
2010	8.1	10.3	8.8	11.0	n.c.
2011	17.1	21.0	13.2	17.1	n.c.
Total	**549.4**	**352.0**	**320.5**	**123.1**	**1.6**

1 Excluding share exchanges made as part of acquisitions listed under Table III.2.
2 Net of own shares sold. Includes outlays to buy back shares owned by states.
3 The difference between dividends paid and dividends declared (Tables II.1, Section II) is due to the time effect brought about through payment of interim dividends and to scrip dividends (i.e. dividends in the form of shares) as well as exchange rate differences.
4 EUR 60.8bn of which in 2008 and EUR 95.9bn of which in 2009 subscribed for by states and other European public entities.
5 USD 150.7bn of which in 2008 and USD 45.8bn of which in 2009 subscribed for by the US Treasury.

TABLE I.43 – AGGREGATE ACCOUNTS OF GERMANY'S LARGEST LANDESBANKEN

Profit and loss account

	2007		2008		2009		2010		2011	
	EUR m	%	EUR m	%	EUR m	%	EUR m	%	EUR m	%
Net interest income	9,299	*92.2*	11,219	*135.8*	11,954	*62.8*	10,270	*80.4*	9,978	*77.2*
Other operating income	4,512	*44.7*	4,078	*49.3*	3,743	*19.7*	2,304	*18.0*	2,293	*17.7*
Gains (losses) on financial transactions	- 3,720	*- 36.9*	- 7,034	*- 85.1*	3,335	*17.5*	201	*1.6*	654	*5.1*
Total income	**10,091**	***100.0***	**8,263**	***100.0***	**19,032**	***100.0***	**12,775**	***100.0***	**12,925**	***100.0***
Labour costs	- 4,575	*- 45.3*	- 4,703	*- 56.9*	- 4,549	*- 23.9*	-4,238	*-33.2*	-4,320	*-33.4*
General expenses	- 4,115	*- 40.8*	- 4,750	*- 57.5*	- 4,676	*- 24.6*	-4,152	*-32.5*	-4,024	*-31,1*
Bad debts recovered (written off)	- 417	*- 4.1*	- 5,409	*- 65.5*	- 10,408	*- 54.7*	-2,903	*-22.7*	-1,962	*-15,2*
Current pre-tax profit (loss)	**984**	***9.8***	**- 6,599**	***- 79.9***	**- 601**	***- 3.2***	**1,482**	***11.6***	**2,619**	***20.3***
Fixed asset writedowns	- 1,728	*- 17.2*	- 4,963	*- 60.1*	- 2,720	*- 14.3*	-601	*-4.7*	-2,033	*-15.7*
Other extraordinary items	1,191	*11.8*	1,384	*16.7*	- 1,609	*- 8.4*	522	*4.1*	961	*7.4*
Profit (loss) before tax	**447**	***4.4***	**- 10,178**	***- 123.2***	**- 4,930**	***- 25.9***	**1,403**	***11.0***	**1,547**	***12.0***
Income tax	- 404	*- 4.0*	215	*2.6*	- 401	*- 2.1*	-552	*-4.3*	-852	*-6.6*
Minority interest	- 115	*- 1.1*	319	*3.9*	457	*2.4*	-22	*-0.2*	23	*0.2*
Net loss	**- 72**	***- 0.7***	**- 9,644**	***- 116.7***	**- 4,874**	***- 25.6***	**829**	***6.5***	**718**	***5.6***

cont.

TABLE I.43 *(cont.)*

Balance sheet

	31-12-2007		31-12-2008		31-12-2009		31-12-2010		31-12-2011	
	EUR m	%	EUR m	%	EUR m	%	EUR m	%	EUR m	%
Cash and deposits at central banks	7,591	*0.4*	12,982	*0.7*	11,808	*0.7*	8,019	*0.5*	14,625	*1.0*
Securities	528,395	*28.3*	471,900	*24.3*	437,457	*25.5*	391,279	*25.1*	353,132	*23.4*
Loans and advances to banks	467,361	*25.0*	367,583	*18.9*	301,284	*17.5*	245,402	*15.7*	207,342	*13.7*
Loans and advances to customers	720,403	*38.6*	826,306	*42.6*	755,390	*43.9*	708,069	*45.4*	682,048	*45.2*
Interests in subsidiaries and associated	8,861	*0.5*	7,718	*0.4*	6,303	*0.4*	4,677	*0.3*	3,633	*0.2*
Net tangible assets	13,148	*0.7*	14,350	*0.7*	12,453	*0.7*	12,085	*0.8*	9,985	*0.7*
Intangible assets [1]	4,118	*0.2*	4,749	*0.2*	2,239	*0.1*	2,089	*0.2*	1,944	*0.2*
Other assets	118,075	*6.3*	234,741	*12.1*	192,846	*11.2*	187,907	*12.0*	236,100	*15.6*
of which: derivatives assets	*100,112*	*5.4*	*208,059*	*10.7*	*165,216*	*9.6*	*171,418*	*11.0*	217,979	*14.4*
Total assets	**1,867,952**	***100.0***	**1,940,329**	***100.0***	**1,719,780**	***100.0***	**1,559,527**	***100.0***	**1,508,809**	***100.0***
Customer deposits	394,075	*21.1*	441,553	*22.7*	437,806	*25.5*	413,651	*26.5*	407,546	*27.0*
Debt securities	564,122	*30.2*	527,759	*27.2*	478,893	*27.8*	410,543	*26.3*	368,055	*24.4*
Subordinated liabilities	52,931	*2.8*	53,771	*2.8*	45,957	*2.7*	45,146	*2.9*	43,194	*2.9*
Total funding from customers	*1,011,128*	*54.1*	*1,023,083*	*52.7*	*962,656*	*56.0*	*869,340*	*55.7*	*818,795*	*54.3*
Deposits by banks	624,856	*33.5*	597,099	*30.8*	480,801	*28.0*	372,947	*23.9*	326,894	*21.7*
Other liabilities	185,604	*9.9*	284,547	*14.7*	230,080	*13.3*	270,353	*17.4*	316,263	*20.9*
of which: derivatives liabilities	*99,703*	*5.3*	*202,941*	*10.5*	*162,936*	*9.5*	*172,882*	*11.1*	*217,103*	*14.4*
Total liabilities	**1,821,588**	***97.5***	**1,904,729**	***98.2***	**1,643,537**	***97.3***	**1,512,640**	***97.0***	**1,461,952**	***96.9***
Net worth	**46,364**	***2.5***	**35,600**	***1.8***	**46,243**	***2.7***	**46,887**	***3.0***	**46,857**	***3.1***
of which:										
shareholders' equity	43,443	*2.3*	32,790	*1.7*	45,574	*2.7*	46,645	*3.0*	46,781	*3.1*
minority interests	2,921	*0.2*	2,810	*0.1*	669	*0.0*	242	*0.0*	76	*0.0*

1 Includes goodwill.

TABLE I.44 – AGGREGATE ACCOUNTS OF THE MAIN SPANISH SAVING BANKS

Profit and loss account

	2009		2010		2011	
	EUR m	%	EUR m	%	EUR m	%
Net interest income	16,857	*67.1*	12,699	*57.4*	10,281	*55.3*
Commissions receivable and other operating income	8,889	*35.3*	9,963	*45.1*	9,492	*51.1*
Commissions payable and other operating expenses	- 1,182	*- 4.7*	- 1,500	*- 6.8*	- 1,557	*- 8.4*
Gains (losses) on financial transactions	568	*2.3*	950	*4.3*	362	*2.0*
Total income	**25,132**	***100.0***	**22,112**	***100.0***	**18,578**	***100.0***
Labour costs	- 8,182	*- 32.6*	- 8,200	*- 37.1*	- 8,339	*-44.9*
General expenses	- 5,470	*- 21.7*	- 6,805	*- 30.8*	- 5,527	*- 29.8*
Bad debts recovered (written off)	- 8,694	*- 34.6*	- 4,778	*- 21.6*	- 9,952	*- 53.6*
Current pre-tax profit (loss)	**2,786**	***11.1***	**2,329**	***10.5***	**- 5,240**	***- 28.2***
Fixed asset writedowns	- 3,228	*- 12.8*	- 2,209	*- 10.0*	- 6,946	*- 37.4*
of which: tangible assets	*- 2,005*	*- 8.0*	*- 1,036*	*- 4.7*	*- 4,692*	*- 25.3*
Other extraordinary items	3,548	*14.1*	1,863	*8.5*	3,325	*17.9*
Profit (loss) before tax	**3,106**	***12.4***	**1,983**	***9.0***	**- 8,861**	***- 47.7***
Income tax	- 27	*- 0.1*	426	*1.9*	1,814	*9.8*
Minority interest	- 505	*- 2.0*	- 469	*- 2.1*	1,365	*7.3*
Net profit (loss)	**2,574**	***10.2***	**1,940**	***8.8***	**- 5,682**	***- 30.6***

cont.

TABLE I.44 *(cont.)*

Balance sheet

	31-12-2009		31-12-2010		31-12-2011	
	EUR m	%	EUR m	%	EUR m	%
Cash and deposits at central banks	19,550	*1.8*	17,546	*1.5*	15,249	*1.3*
Securities	190,446	*17.0*	186,944	*16.3*	195,606	*17.2*
Loans and advances to banks	44,218	*3.9*	32,511	*2.8*	27,928	*2.5*
Loans and advances to customers	750,399	*66.9*	767,959	*67.1*	729,866	*64.3*
Interests in subsidiaries and associated	14,580	*1.3*	19,928	*1.8*	21,911	*1.9*
Net tangible assets	49,631	*4.4*	52,778	*4.6*	54,555	*4.8*
Intangible assets [1]	7,543	*0.7*	7,004	*0.6*	7,049	*0.7*
Other assets	49,631	*4.0*	60,605	*5.3*	82,582	*7.3*
of which: derivatives assets	*32,234*	2.9	*38,197*	3.3	*54,412*	4.8
Total assets	**1,121,595**	***100.0***	**1,145,275**	***100.0***	**1,134,746**	***100.0***
Customer deposits	617,501	*55.1*	666,089	*58.2*	635,732	*56.0*
Debt securities	199,548	*17.8*	179,279	*15.6*	162,463	*14.3*
Subordinated liabilities	38,102	*3.4*	47,757	*4.2*	47,210	*4.2*
Total funding from customers	*855,151*	76.3	*893,125*	78.0	*845,405*	74.5
Deposits by banks	113,569	*10.1*	115,652	*10.1*	134,140	*11.8*
Other liabilities	85,225	*7.6*	86,339	*7.5*	105,466	*9.3*
of which: derivatives liabilities	*24,387*	2.2	*27,846*	2.4	*43,728*	3.9
Total liabilities	**1,053,945**	***94.0***	**1,095,116**	***95.6***	**1,085,011**	***95.6***
Net worth	**67,650**	***6.0***	**50,159**	***4.4***	**49,735**	***4.4***
of which:						
shareholders' equity	61,686	*5.5*	44,507	*3.9*	36,156	*3.2*
minority interests	5,964	*0.5*	5,652	*0.5*	13,579	*1.2*

1 Includes goodwill.

TABLE I.45 – PROFIT AND LOSS ACCOUNT AND BALANCE SHEET FOR 1H 2012: JAPAN

Profit and loss account

	1H 2011		1H 2012		Change
	JPY bn	%	JPY bn	%	%
Net interest income	3,192	*57.5*	3,002	*56.9*	- 6.0
Other operating income	1,581	*28.5*	1,625	*30.8*	2.8
Gains (losses) on financial transactions	778	*14.0*	650	*12.3*	- 16.5
Total income	**5,551**	***100.0***	**5,277**	***100.0***	**- 4.9**
Labour costs	…	…	…	…	…
General expenses [1]	- 2,771	*- 49.9*	- 2,810	*- 53.3*	1.4
Bad debts recovered (written off)	- 114	*- 2.1*	- 138	*- 2.6*	21.1
Depreciation and amortisation	- 389	*- 7.0*	- 395	*- 7.5*	1.5
Current pre-tax profit	**2,277**	***41.0***	**1,934**	***36.6***	**- 15.1**
Extraordinary items	- 275	*- 4.9*	84	*1.6*	n.c.
Profit (loss) before tax	**2,002**	***36.1***	**2,018**	***38.2***	**0.8**
Income tax	- 608	*- 11.0*	- 254	*- 4.8*	- 58.2
Minority interest	- 130	*- 2.3*	- 139	*- 2.6*	6.9
Net profit	**1,264**	***22.8***	**1,625**	***30.8***	**28.6**

Balance sheet

	31-3-2012		30-9-2012		Change
	JPY bn	%	JPY bn	%	%
Cash and deposits at central banks	…	…	…	…	…
Securities [2]	301,601	*41.1*	297,505	*40.6*	- 1.4
Loans and advances to banks [3]	72,237	*9.8*	75,379	*10.3*	4.3
Loans and advances to customers	326,856	*44.5*	328,779	*44.8*	0.6
Interests in subsidiaries and associated	…	…	…	…	…
Net tangible assets	4,489	*0.6*	5,047	*0.7*	12.4
Intangible assets [4]	3,162	*0.4*	3,094	*0.4*	- 2.2
Other assets	26,272	*3.6*	23,449	*3.2*	- 10.7
Total assets	**734,617**	***100.0***	**733,253**	***100.0***	**- 0.2**
Customer deposits	491,671	*66.9*	493,204	*67.3*	0.3
Debt securities [5]	33,203	*4.5*	32,249	*4.4*	- 2.9
Subordinated liabilities	…	…	…	…	…
Total funding from customers	*524,874*	*71.4*	*525,453*	*71.7*	*0.1*
Deposits by banks	118,151	*16.1*	116,038	*15.8*	- 1.8
Other liabilities	55,124	*7.5*	54,658	*7.4*	- 0.8
Total liabilities	**698,149**	***95.0***	**696,149**	***94.9***	**- 0.3**
Net worth	**36,468**	***5.0***	**37,104**	***5.1***	**1.7**
of which:					
shareholders' equity	31,338	*4.3*	32,240	*4.4*	2.9
minority interests	5,130	*0.7*	4,864	*0.7*	- 5.2

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.46 – PROFIT AND LOSS ACCOUNT AND BALANCE SHEET FOR FY 2012: EUROPE *

Profit and loss account

	Years ended December 31				
	2011		2012		Change
	EUR m	%	EUR m	%	%
Net interest income	279,942	*55.5*	261,414	*57.0*	- 6.6
Other operating income	181,436	*36.0*	156,321	*34.1*	- 13.8
Gains (losses) on financial transactions	42,637	*8.5*	41,038	*8.9*	- 3.8
Total income	**504,015**	***100.0***	**458,773**	***100.0***	**- 9.0**
Labour costs	- 177,449	*- 35.2*	- 174,004	*- 37.9*	- 1.9
General expenses [1]	- 144,892	*- 28.8*	- 143,141	*- 31.2*	-1.2
Bad debts recovered (written off)	- 78,751	*- 15.6*	- 89,263	*- 19.5*	13.3
Current pre-tax profit	**102,923**	***20.4***	**52,365**	***11.4***	**- 49.1**
Extraordinary items	- 43,843	*- 8.7*	- 11,086	*- 2.4*	- 74.7
Profit (loss) before tax	**59,080**	***11.7***	**41,279**	***9.0***	**- 30.1**
Income tax	- 19,572	*- 3.9*	- 16,193	*- 3.5*	- 17.3
Minority interest	- 7,075	*- 1.4*	- 6,144	*- 1.4*	- 13.2
Net profit	**32,433**	***6.4***	**18,942**	***4.1***	**- 41.6**

Balance sheet

	31-12-2011		31-12-2012		Change
	EUR m	%	EUR m	%	%
Cash and deposits at central banks	817,159	*3.4*	1,050,963	*4.4*	28.6
Securities	4,626,160	*19.1*	4,791,134	*20.1*	3.6
Loans and advances to banks	2,310,248	*9.5*	2,134,663	*9.0*	- 7.6
Loans and advances to customers	9,994,628	*41.2*	9,860,211	*41.5*	- 1.3
Interests in subsidiaries and associated	82,172	*0.3*	90,210	*0.4*	9.8
Net tangible assets	202,814	*0.8*	185,863	*0.8*	- 8.4
Intangible assets [2]	229,152	*1.0*	215,456	*0.9*	- 6.0
Other assets	6,000,112	*24.7*	5,441,533	*22.9*	- 9.3
Total assets	**24,262,445**	***100.0***	**23,770,033**	***100.0***	**- 2.0**
Customer deposits	9,045,886	*37.3*	9,203,378	*38.7*	1.7
Debt securities	3,415,906	*14.1*	3,282,977	*13.8*	- 3.9
Subordinated liabilities	409,913	*1.7*	370,561	*1.6*	- 9.6
Total funding from customers	*12,871,705*	*53.1*	*12,856,916*	*54.1*	*- 0.1*
Deposits by banks	2,575,282	*10.6*	2,581,895	*10.8*	0.3
Other liabilities	7,701,317	*31.7*	7,173,620	*30.2*	- 6.9
Total liabilities	**23,148,304**	***95.4***	**22,612,431**	***95.1***	**- 2.3**
Net worth	**1,114,141**	***4.6***	**1,157,602**	***4.9***	**3.9**
of which:					
shareholders' equity	1,042,516	*4.3*	1,085,016	*4.6*	4.1
minority interests	71,625	*0.3*	72,586	*0.3*	1.3

* Data refers to companies which accounted for 84% of the total assets of European banks included in the survey as at end-2011.

1 Includes depreciation and amortization.

2 Includes goodwill.

TABLE I.47 – PROFIT AND LOSS ACCOUNT AND BALANCE SHEET FOR FY 2012: UNITED STATES *

Profit and loss account

	Years ended December 31				
	2011		2012		Change
	USD m	%	USD m	%	%
Net interest income	205,322	*52.6*	199,757	*51.6*	- 2.7
Other operating income	160,345	*41.0*	163,784	*42.3*	2.1
Gains (losses) on financial transactions	24,916	*6.4*	23,671	*6.1*	- 5.0
Total income	**390,583**	***100.0***	**387,212**	***100.0***	**- 0.9**
Labour costs	- 133,935	*- 34.3*	- 135,884	*- 35.1*	1.5
General expenses [1]	- 122,018	*- 31.2*	- 121,704	*- 31.4*	- 0.3
Bad debts recovered (written off)	- 44,203	*- 11.3*	- 32,392	*- 8.4*	- 26.7
Current pre-tax profit	**90,427**	***23.2***	**97,232**	***25.1***	**7.5**
Extraordinary items	- 11,135	*- 2.9*	- 14,085	*- 3.6*	n.c.
Profit (loss) before tax	**79,292**	***20.3***	**83,147**	***21.5***	**4.9**
Income tax	- 21,016	*- 5.4*	- 19,533	*- 5.0*	- 7.1
Minority interest	- 474	*- 0.1*	- 599	*- 0.2*	n.c.
Net profit	**57,802**	***14.8***	**63,015**	***16.3***	**9.0**

Balance sheet

	31-12-2011		31-12-2012		Change
	USD m	%	USD m	%	%
Cash and deposits at central banks	...	...	...	...	...
Securities	2,178,693	*25.6*	2,372,661	*26.7*	8.9
Loans and advances to banks [2]	1,560,777	*18.3*	1,663,550	*18.7*	6.6
Loans and advances to customers	3,466,595	*40.7*	3,574,993	*40.3*	3.1
Interests in subsidiaries and associated	60,824	*0.7*	58,031	*0.7*	- 4.6
Net tangible assets	61,030	*0.7*	58,869	*0.7*	- 3.5
Intangible assets [3]	272,623	*3.2*	266,168	*3.0*	- 2.4
Other assets	918,634	*10.8*	880,423	*9.9*	- 4.2
Total assets	**8,519,176**	***100.0***	**8,874,695**	***100.0***	**4.2**
Customer deposits	4,584,798	*53.8*	4,940,669	*55.7*	7.8
Debt securities	1,057,642	*12.4*	893,056	*10.0*	- 15.6
Subordinated liabilities	221,159	*2.6*	179,632	*2.0*	- 18.8
Total funding from customers	*5,863,599*	*68.8*	*6,013,357*	*67.7*	*2.6*
Deposits by banks	828,463	*9.7*	964,045	*10.9*	16.4
Other liabilities	985,272	*11.6*	986,886	*11.1*	0.2
Total liabilities	**7,677,334**	***90.1***	**7,964,288**	***89.7***	**3.7**
Net worth	**841,842**	***9.9***	**910,407**	***10.3***	**8.1**
of which:					
shareholders' equity	833,169	*9.8*	902,060	*10.2*	8.3
minority interests	8,673	*0.1*	8,347	*0.1*	- 3.8

* Data refers to companies which accounted for 90% of the total assets of US banks included in the survey as at end-2011.
1 Includes depreciation and amortization.
2 Includes cash and deposits at central banks.
3 Includes goodwill.

TABLE I.48 – AGGREGATE ACCOUNTS OF LEADING INVESTMENT BANKS

Profit and loss account

	Years ended December 31					
	2010		2011		2012	
	EUR m	%	EUR m	%	EUR m	%
Net interest income	5,367	7.1	4,882	7.1	3,381	5.4
Other operating income	38,044	50.2	37,183	54.3	36,045	57.2
Gains (losses) on financial transactions	32,398	42.7	26,378	38.6	23,586	37.4
Total income	**75,809**	**100.0**	**68,443**	**100.0**	**63,012**	**100.0**
Labour costs	- 39,572	- 52.2	-39,650	-58.0	-37,543	-59.6
General expenses [1]	- 18,012	- 23.8	-18,227	-26.6	-17,416	-27.6
Bad debts recovered (written off)	…	...	…	...	…	...
Current pre-tax profit	**18,225**	**24.0**	**10,566**	**15.4**	**8,053**	**12.8**
Extraordinary items	35	0.1	-3,891	-5.6	1,184	1.9
Profit (loss) before tax	**18,260**	**24.1**	**6,675**	**9.8**	**9,237**	**14.7**
Income tax	- 4,623	- 6.1	-742	-1.1	-1,879	-3.0
Minority interest	- 778	- 1.0	- 544	-0.8	- 477	-0.7
Net profit	**12,859**	**17.0**	**5,389**	**7.9**	**6,881**	**10.9**

Balance sheet

	31-12-2010		31-12-2011		31-12-2012	
	EUR m	%	EUR m	%	EUR m	%
Cash and cash equivalents	…	…	…	…	…	…
Securities	692,462	33.1	671,219	32.3	754,446	36.0
Loans and advances to banks	836,237	40.0	849,127	40.8	799,460	38.2
Loans and advances to customers	141,310	6.8	138,534	6.7	165,582	7.9
Interests in subsidiaries and associated	5,969	0.3	5,127	0.2	5,219	0.2
Net tangible assets	17,807	0.9	23,221	1.1	15,285	0.7
Intangible assets	19,939	1.0	19,973	1.0	19,186	0.9
Other assets	375,719	18.0	371,688	17.9	335,020	16.0
of which: derivatives assets [2]	*136,426*	6.5,	*139,630*	6.7	*(100,215)*	*n.c.*
Total assets	**2,089443**	**100.0**	**2,078,889**	**100.0**	**2,094,198**	**100.0**
Customer deposits	98,103	4.7	111,236	5.3	137,823	6.6
Debt securities	487,509	23.3	485,615	23.4	428,768	20.5
Subordinated liabilities	…	...	…	...	…	...
Total funding from customers	*585,612*	28.0	*596,851*	28.7	*566,591*	27.1
Deposits by banks	496,193	23.7	476,808	22.9	504,649	24.1
Other liabilities [3]	843,362	40.4	833,618	40.1	843,109	40.2
of which: derivatives liabilities [2]	*116,072*	5.6,	*114,411*	5.5	*(81,820)*	*n.c.*
Total liabilities	**1,925,167**	**92.1**	**1,907,277**	**91.7**	**1,914,349**	**91.4**
Net worth	**164,276**	**7.9**	**171,612**	**8.3**	**179,849**	**8.6**
of which:						
shareholders' equity	157,407	7.5	161,474	7.8	173,466	8.3
minority interests	6,869	0.3	10,138	0.5	6,383	0.3

1 Includes depreciation and amortization.
2 2012 data do not include Nomura Holdings, for which no data are available.

APPENDIX

1. *Unusual features of several banking groups*

Germany

The German banks included in our survey comprise four groups, all of which have certain features that could be described as unusual. Two of them are Landesbanken, publicly-owned banks that operate in part as central banks for savings institutions in their local regions or Länder. Such local savings institutions own stakes in the Landesbanken via their associations, as do the regions themselves and the municipalities ("state capital"). In some cases, the Landesbanken also control the local savings banks, or have absorbed them during the course of their history, and hence their role as central banks is complemented by commercial banking activities. They also engage in specialized activities, either directly or through subsidiaries: financing for real-estate activities, leasing, factoring, project financing, forex and derivative trading, equity investments and, lastly, asset management and private banking. Most of them have also built up networks outside Germany for the benefit of their associated savings banks, and some of them have even expanded by acquiring local banks. They have a public mission to support their municipalities, which can include investment in works of public interest, supporting residential property development and granting loans under pledge. Obligations entered into by the Landesbanken were backed by unlimited public guarantees issued by their guarantor shareholders until 18 July 2005.[78]

[78] The European Commission ruled that such guarantees are in breach of free market principles, insofar as they are issued by public institutions and hence are akin to government subsidies. An agreement was reached in July 2001 between the Commission and the German Federal Government, the 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 with the same purpose of separating public mission activities from competitive business activities in compliance with the EC directives. In addition, upon a decision by the EU Commission of 20-10-2004, Norddeustsche Landesbank, Bayerische Landesbank and WestLB, had to repay their controlling

DZ Bank functions as a central bank to 83% of the Volksbanken and Raiffeisenbanken (local German co-operative banks) which own 96% of its share capital. Like the Landesbanken, it provides services such as real estate loans and customers loans, leasing, insurance and asset management, both directly and via its subsidiaries. It carries out international operations, with several branches outside Germany.

Lastly, Kreditanstalt für Wiederaufbau (KfW) is a state-owned bank granting mid-/long-term loans for small and medium-size businesses, residential housing and infrastructure, including as project finance and via securitisations. It promotes and finances investment projects in developing countries, and supports German enterprises abroad.[79]

Features which all of these banks have in common and which distinguish them from the other banks in this survey are: no or limited agency network; relatively low headcount; funding 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.[80]

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government of the subsidies considered non-admissable, for a total of EUR 2.4 bn, equal to the interest accrued at market rate on the contributions received in the past. Following contributions to the capital and guarantees received by the participants in 2008 and 2009, considered again as government subsidies, Landesbanken started carrying our important restructuring processes with significant reductions of the capital market and real estate assets as well as the repositioning of customer-oriented operations, focused on the domestic market.

[79] In 2003, KfW reached agreements with the EU to spin off operations through which it operates in competition with other banks (in particular export loans and project financing) to an independent entity, KfW IPEX-Bank GmbH, which has been operating since 1 January 2008. As of 31 December 2012, the KfW Group owned 25.5% of Deutsche Post A.G. and 17% of Deutsche Telekom A.G., deriving from privatization operations.

[80] Bayerische Landesbank acts as a central bank for the savings banks of Bavaria and the Landesbank Baden-Wuerttemberg for those of the same region and of Rhineland-Palatinate (following the acquisition of Landesbank Rheinland-Pfalz in 2005) and of Saxony (following the acquisition of Landesbank Sachsen A.G. in 2008).

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

Crédit Agricole underwent large-scale changes in the course of 2001, which led to the incorporation of Crédit Agricole S.A. and its listing on 14 December of the same year. The Crédit Agricole "group" has an inverse pyramidal structure: at the apex are local cooperative banks (2,531 at the end of 2011) with approximately 6.5 million shareholders, which control the 39 regional banks, or Caisses Régionales de Crédit Agricole, which in turn control Crédit Agricole S.A. (formerly Caisse Nationale de Crédit Agricole) via SAS Rue la Boétie. Crédit Agricole S.A. acts as central bank, insuring the group's "financial cohesion." It also engages in treasury operations, redistributes the regional banks' surplus funds, oversees common areas of operations via its subsidiaries and promotes international growth. Unlike the German *Landesbanken*, in this case the consolidated balance sheet includes all the local banks, the regional banks and the central bank, for a total of 3,074 consolidated entities in 2011. Alongside these is the Fédération Nationale du Crédit Agricole, which represents and coordinates regional banks and the group as a whole, but is not consolidated. In November 2001, the regional banks transferred their holdings in jointly-owned service companies, chiefly in the areas of life insurance, asset management and consumer credit, to Caisse Nationale de Crédit Agricole, which thereupon changed its name to Crédit Agricole S.A., in exchange for newly-issued shares. Thereafter, a new *holding* company under the name SAS Rue La Boétie, to which the regional banks transferred all the Crédit Agricole S.A. shares they owned. After the public offer of the Crédit Agricole S.A shares in December 2001, the holding company was holding more than 70% of the share capital.[81] Crédit Agricole S.A. in turn acquired a 25% stake in each regional bank (except for Caisse Régionale de la Corse) following the issue or subscription of certificats coopératifs without voting rights.

[81] That interest had been diluted to 56.2% as of 31 December 2011, chiefly due to the share issue to fund the acquisition of Crédit Lyonnais in 2003.

The Crédit Mutuel group also has a three-tier inverse pyramidal structure, much like that of the Crédit Agricole group: at the top are 2,104 local savings banks, which are co-operative institutions with variable share capital and 7.3 million shareholders. These are grouped into 18 Fédérations Régionales, which are made up of one federation body and one Caisse Fédérale, alongside which is the Fédération du Crédit Mutuel Agricole et Rural (CMAR), which operates at a national level in the agricultural sector. The shareholders of the regional Caisse Fédérale are the local banks, and all the local banks are associates of the Fédération Régionale, which represents, directs and oversees but does not engage in banking activities, these being the remit of the Caisse Fédérale. Operating on a national level are the Confédération Nationale, which is a representative body, and the Caisse Centrale du Crédit Mutuel, a national financial body whose capital is held by the Caisses Fédérales. The consolidated data of the Crédit Mutuel Group again include the local banks, regional federations, the agricultural and rural credit federation and the central bank, as well as the respective subsidiaries (created to supply common services to customers), amounting to a total of 2,439 consolidated companies in 2011.[82] 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.

In France, before the merger that took effect on 31 July 2009 and leading to the formation of the BPCE Group, there were two entities based on the organisational structures described above: Groupe Caisse d'Epargne and Groupe Banques Populaires. The central entity within Groupe Caisse d'Epargne, created in 1999, was Caisse Nationale des Caisses d'Epargne (CNCE), controlled by the local savings banks. There are currently 17 savings banks, which in turn are controlled by local savings companies totalling 4.3 million shareholders. By contrast, Groupe Banque Populaire was created in May 2001; its central entity at the national level was Banque Fédérale des Banques Populaires (BFBP), controlled

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

by the cooperative banks. There are currently 19 cooperative banks with 3.8 million shareholders. In late July 2009, CNCE and BFBP spun off a large portion of their assets, transferring them to a single central entity established as a société anonyme named BPCE, intended to coordinate and guide the activities of the two distinct banking networks, the savings banks and the cooperative banks.[83] The BPCE shares received in exchange by CNCE and BFBP were then transferred proportionally to their respective shareholders, the savings banks and cooperative banks, which thus each acquired 40% interests in BPCE (and 50% of voting rights).[84] Similarly to the other two cooperative groups, Groupe BPCE's consolidated figures include those of all the coop banks, and savings banks, BPCE S.A. and their respective subsidiaries, for a total of 2,708 companies.

Japan

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

The first two act as central banks for small and medium-size coop firms in specific sectors of the economy. Norinchukin Bank operates in the agriculture, forestry and fishing sectors, whereas Shoko Chukin Bank's interests are in commerce and industry. With regard to their shareholding structures, Norinchukin Bank had 3,873 cooperative

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

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

shareholders as of 31 March 2012, while in Shoko Chukin Bank – for which a complete privatization is planned – the government owned 46.5% of the share capital as of the same date; the residual capital was held by cooperatives comprised of small and medium-sized firms.

Shinkin Central Bank is the industry association for the 271 Japanese cooperative banks (shinkin), which are its shareholders. In turn, the cooperative banks, each one of which has a single vote in the central bank's shareholders' meeting, have 9.3 million shareholders, including individuals and small and medium sized local companies. As of 31 March 2012, they had a network of 7,535 branch offices with 115,000 employees.

2. *Major significant mergers and acquisitions between groups covered in this survey*

The following is a concise description of the major mergers and acquisitions between the banks included in the sample beginning in 2002, the first year covered in the survey. A detailed list in chronological order is presented in Table I.49.

In 2002 in **Germany**, Deutsche Bank, Commerzbank, and Dresdner Bank deconsolidated their respective operations in the mortgage lending sector and transferred them to Eurohypo, in which each acquired a minority interest. Commerzbank then acquired the interests of the other two largest shareholders in two stages, in December 2005 and March 2006, thereby acquiring control over the company. In November 2005, at the conclusion of a stock swap, UniCredito Italiano (now UniCredit) acquired control of Bayerische Hypo- und Vereinsbank (HVB).[85] In January 2009, Commerzbank acquired from Gruppo Allianz full control of Dresdner Bank and in December 2010, Deutsche Bank, following a public offer, acquired a majority interest in Deutsche Postbank.

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

Other major same-country transactions were: in **Italy**, Banca Intesa absorbed Sanpaolo IMI in 2007, taking the name Intesa Sanpaolo; also in 2007, UniCredit absorbed Capitalia. In **Great Britain,** Lloyds TSB Group

[85] HVB, established in 1998 from the merger of Bayerische Vereinsbank and Bayerische Hypotheken- und Wechsel-Bank, had acquired in 2000 Bank Austria which, in turn, had merged with Creditanstalt in 1997. In July 2003, HVB had sold on the market 25% of its interest in Bank Austria Creditanstalt, with a revenue of approximately EUR 1 billion. In November 2005, as part of its acquisition of control of HVB, UniCredito Italiano launched a voluntary public tender and exchange offer in respect of the free float of Bank Austria Creditanstalt (now UniCredit Bank Austria), which resulted in it acquiring an additional 17.5% interest.

acquired HBOS in January 2009, under the name of Lloyds Banking Group.[86] In 2010, in **Holland**, the Government merged the bank assets in the country of the former Fortis and ABN AMRO groups, of which it held control since October 2008 (in Fortis Bank-Nederland) and beginning with the first months of 2010 (in ABN AMRO Bank), into the public holding ABN AMRO Group. In **Spain**, effective 1 January 2011, Banco Financiero y de Ahorros acquired the bank assets of 7 local savings banks, the main one of which are Caja Madrid and Bancaja.

There were four major transnational acquisitions in the EU in recent years: i) in 2004, the Spanish Santander Group acquired the British Abbey National; ii) in 2005, UniCredit, as mentioned earlier, acquired the German HVB; iii) in October 2007, a special purpose vehicle company, RFS Holdings B.V., established and owned, with 38.3% interest by RBS, with 33.8% by Fortis and with 27.9% by Banco Santander (ES), acquired control of the Dutch ABN AMRO Holding, based on agreements that set forth the division and pro-quota acquisition of the assets of the acquired group; [87] iv) in 2009, BNP Paribas acquired from the Belgium government about 75% of the local Fortis Bank SA/NV.[88]

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

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

[87] Consideration for the deal came to EUR 71 billion, of which EUR 66 billion was paid in cash and EUR 5 billion in newly issued shares. The interest in RFS Holdings held by the Fortis Group was acquired directly by the Dutch government in December 2008 for EUR 6.5 billion. From October 2008, the Fortis Group, comprised of two holding companies: the Belgian Fortis S.A. (BE) and Fortis N.V. (NL) of the Netherlands, each of which owns a 50% share in the operating companies, carries out exclusively insurance operations.

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

[89] The fiscal year in Japan runs from 1 April to 31 March of the following calendar year. One distinguishing feature of the Japanese economy is the presence of

a previous merger of the Bank of Kinki and the Bank of Osaka) and the smaller Nara Bank, were merged under Daiwa Bank Holdings (later Resona Holdings), and joined in 2002, by the Ashai Bank. In December 2002, the new holding Sumitomo Mitsui Financial Group acquired control of Sumitomo Mitsui Banking (formerly Sumitomo Bank).[90] In March 2003, the Mizuho Financial group, established the previous January, acquired control of Mizuho Holdings.[91] In September 2004, Hokugin Financial Group, which in 2003 had acquired the Hokuriku Bank, acquired the Hokkaido Bank, under the name of Hokuhoku Financial Group. Effective on 1-10-2005, the Mitsubishi Tokyo Financial Group and UFJ Holdings merged into Mitsubishi UFJ Financial Group (MUFG), creating the major Japanese bank by total assets.[92] In April 2011, Chuo Trust Holdings absorbed Sumitomo Trust & Banking, taking the name Sumitomo Mitsui Trust Holdings.[93]

In the **United States**, after the acquisition, in 2002, by Citigroup of Golden State Bancorp, a smaller bank institution, in 2004, some

groupings of business known as keiretsu. Such groupings do not have independent legal status, and companies belong to them on a subjective and voluntary basis. The chairmen of the companies included in the same group meet on a regular basis, but there are no controlling shareholder links between the companies in the keiretsu, which therefore remain formally independent despite there being priority relationships between them. In general the main companies are widely owned and their shares are traded on stock exchanges. The keiretsu can be either "horizontal" or "vertical" depending on the type of links between the companies in the grouping: in the former case the businesses are linked by relations with a large bank which is at the centre of the organization; in the latter the link is more of a purchasing-supply nature with other members of the grouping. The first type until the late 1990s included the so-called "big six" groupings: Mitsubishi, Sumitomo, Mitsui, Fuyo, Dai-Ichi and Sanwa, which had the following as their respective reference banks: Bank of Tokyo Mitsubishi, lSumitomo Bank, Sakura Bank, Fuji Bank, Dai-Ichi Kangyo Bank and Sanwa Bank. The mergers in the period 2000-02 significantly changed this situation.

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

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

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

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

important mergers took place: in April, Bank of America acquired Fleet Boston Financial, and in July JPMorgan Chase & Co. bought Bank One and Regions Financial merged with Union Planters; in November, Wachovia acquired SouthTrust. The concentration of U.S. banks continued in the following years, with Capital One Financial absorbing first Hibernia (2005) and then North Fork Bancorporation in 2006.[94] Also in 2006, Bank of America acquired MBNA, whereas Golden West Financial was acquired by Wachovia and AmSouth Bancorporation by Regions Financial.

In 2008, Bank of America acquired Countrywide Financial, whereas JPMorgan Chase & Co., after acquiring the investment bank Bear Stearns Companies, acquired the bank assets of Washington Mutual, following its bankruptcy in September 2008. At the end of the same year, Wells Fargo and PNC Financial Services Group absorbed respectively Wachovia and National City. Bank of America then acquired the investment bank Merrill Lynch & Co. effective 1 January 2009.

* * *

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

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

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

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

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

TABLE I.49 – 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)
2002		
Citigroup (US)	1,257,167	Citigroup (1,193,067); Golden State Bancorp (64,100)
2003		
Crédit Agricole (FR)	825,499	Crédit Agricole (580,613); Crédit Lyonnais (244,886)
2004		
JPMorgan Chase & Co. (US)	868,943	JPMorgan Chase & Co. (610,382); Bank One (258,561)
Bank of America (US)	741,631	Bank of America (583,092); FleetBoston Financial (158,539)
Banco Santander Central Hispano (ES)	597,235	Banco Santander Central Hispano (346,419); Abbey National (250,816)
Wachovia (US)	358,635	Wachovia (317,523); SouthTrust (41,112)
Hokuhoku Financial Group (JP)	66,226	Hokugin Financial Group (40,555); Hokkaido Bank (25,671)
Regions Financial (US)	63,744	Regions Financial (38,478); Union Planters (25,266)
North Fork Bancorporation (US)	34,796	North Fork Bancorporation (16,597); GreenPoint Financial (18,199)
2005		
Mitsubishi UFJ Financial Group (JP)	1,337,941	Mitsubishi Tokyo Financial Group (776,074); UFJ Holdings (561,867)
UniCredito Italiano (IT)	732,904	UniCredito Italiano (265,496); Bayerische Hypo- und Vereinsbank (HVB) (467,408)
Capital One Financial (US)	55,837	Capital One Financial (39,459); Hibernia (16,378)
2006		
Bank of America (US)	1,147,466	Bank of America (1,095,027); MBNA (52,439)
Commerzbank (DE)	679,164	Commerzbank (444,861); Eurohypo (234,303)

cont.

Table I.44 (cont.)

Combined entity	Total assets of combined entity (EURm)	Companies involved in the transaction (total assets, EURm)
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)
2008		
JPMorgan Chase & Co. (US)	1,319,143	JPMorgan Chase & Co. (1,061,169); The Bear Stearns Companies (257,974)
Bank of America (US)	1,309,338	Bank of America (1,165,509); Countrywide Financial (143,829)
JPMorgan Chase & Co. (US)	1,264,013	JPMorgan Chase & Co. (1,061,169); Washington Mutual (banking operations) (202,844) [3]
Wells Fargo & Co. (US)	922,722	Wells Fargo & Co. (390,899); Wachovia (531,823)
The PNC Financial Services Group (US)	196,518	The PNC Financial Services Group (94,369); National City (102,149)
2009		
BNP Paribas (FR)	2,660,102	BNP Paribas (2,073,325); Fortis Bank (BE) (586,777)
Bank of America (US)	1,785,935	Bank of America (1,306,275); Merrill Lynch & Co. (479,660)
Lloyds Banking Group (GB)	1,180,230	Lloyds TSB Group (457,373); HBOS (722,857)
Groupe BPCE (FR)	1,053,187	Groupe Caisse d'Epargne (649,756); Groupe Banque Populaire (403,431)

cont.

Table I.44 (cont.)

Combined entity	Total assets of combined entity (EURm)	Companies involved in the transaction (total assets, EURm)
Commerzbank (DE)	1,046,157	Commerzbank (625,196); Dresdner Bank (420,961)
2010		
Deutsche Bank (DE)	1,727,273	Deutsche Bank (1,500,664); Deutsche Postbank (226,609)
ABN AMRO Group (NL) [4]	391,869	ABN AMRO Bank (202,084 *pro-forma*); Fortis Bank (Nederland) (189,785)
2011		
Banco Financiero y de Ahorros (ES)	324,345	Caja de Ahorros y Monte de Piedad de Madrid (186,517); Caja de Ahorros de Valencia, Castellón y Alicante, Bancaja (87,852); altre 5 casse di risparmio spagnole (49,976)
Sumitomo Mitsui Trust Holdings (JP)	317,327	Sumitomo Trust & Banking (189,265); Chuo Mitsui Trust Holdings (128,062)

1 Refers to period 1 January 2002 to 31 January 2013.
2 Via RFS Holdings B.V. (NL), a special purpose vehicle company set up and owned by The Royal Bank of Scotland Group (38.3%), Fortis (33.8%; share acquired by the Netherlands government in December 2008) and Banco Santander (27.9%). ABN AMRO Holding was consolidated line-by-line by The Royal Bank of Scotland Group from 17 October 2007.
3 As at 25 September 2008.
4 Deal completed with effect from 1 July 2010.

3. *Insurance activities*

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

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

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

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

	Current pre-tax profit			Total assets [1]		
	2009	2010	2011	2009	2010	2011
		EUR bn			*EUR bn*	
Banking	41,4	115,1	105,9	24.923,0	26.058,7	27.541,0
Insurance	10,2	10,1	14,8	1.279,1	1.418,7	1.415,3
Total	**51,6**	**125,2**	**120,7**	**26.202,1**	**27.477,4**	**28.956,3**
		as a % of total income			*as a % of total assets*	
Banking	*7,6*	*19,5*	*18,1*	*95,1*	*94,8*	*95,1*
Insurance	*1,9*	*1,7*	*2,5*	*4,9*	*5,2*	*4,9*
Total	***9,5***	***21,2***	***20,6***	***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 204.9bn in 2011).

Of the US banks, only Citigroup included an insurance group in its consolidated accounts, as a result of its 1998 merger with Travelers Group. This business shrunk in 2002 with the sale of the non-life segment and ceased in 2005 with the sale of its life segment as well.[96] This business accounted for 1.2% of the aggregate earnings before tax

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

of US banks in 2004 whereas the technical reserves accounted for 1.4% of total assets at the end of 2004. No insurance activities were presented in the financial statements of Japanese banks.

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

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

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

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

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

The banks in the European sample have, for the most part, exercised the option afforded by the amendment of the accounting principle by excluding EUR 241.7 billion in securities from the trading portfolio, yielding a benefit of EUR 21.6 billion to earnings before taxes due to the decrease in impairment losses (TABLE I.50).[97] An additional EUR 370.5 billion was then transferred from available for sale to loans to

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

banks and customers and to other financial assets measured at cost, yielding a benefit of EUR 15.5 billion, in this case to shareholders' equity reserves, and a consequent improvement in asset ratios.

TABLE I.50 – EUROPEAN BANKS: EFFECTS OF THE RECLASSIFICATION OF FINANCIAL ASSETS ALLOWED BY THE AMENDMENT OF IAS 39[1]

From "held for trading" to:			From "available for sale" to:		Effect on profit before tax	Effect on net worth reserves
available for sale	loans (at cost)	held to maturity	loans (at cost)	held to maturity		
	EUR bn		EUR bn		EUR bn	
75.9	63.1 [2]	102.7	22.0	348.5	21.6	15.2
Total transferred assets		**241.7**		**370.5**		

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

[2] Including EUR 9.1bn from the fair value to cost within the same item "loans".

In Japan, some banks utilized the option offered by the new provisions of local authorities to reclassify financial assets from fair value to cost, transferring securities totalling JPY 15,398 billion from available for sale to hold to maturity, resulting in a decrease in shareholders' equity reserves of JPY 124 billion.[98] That amount was in addition to the 1,053 billion in securities transferred from the trading portfolio by MUFG according to US GAAP, yielding an estimated benefit – in this case to the income statement - of JPY 8 billion in lesser losses (TABLE I.51).

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

TABLE I.51 – JAPANESE BANKS: EFFECTS OF THE RECLASSIFICATION AND THE MODIFICATION OF VALUATION CRITERIA OF FINANCIAL ASSETS

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

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

An additional and more significant positive effect on the income statements of Japanese banks was due to modification of the measurement criterion for floating-rate government securities and foreign bonds linked to securitisations, transactions in which had become especially infrequent and were no longer a suitable basis for determining market prices representative of fair value; such securities were therefore measured on the basis of "reasonably estimated" amounts calculated by banks using their own internal models.[99] The change in criteria applied resulted in higher valuation assets in portfolio, yielding a total benefit on earnings before taxes of JPY 1,073bn due to trading securities and of JPY 1,351bn on shareholders' equity reserves due to available-for-sale securities.

TABLE I.52 summarizes the effects on the aggregate income statements for 2008 of the changes in measurement criteria applied by European and Japanese banks described above. Given that the adjustments to trading securities essentially affected profits and losses on trading in the income statement, the net loss on trading would have increased from EUR 59.1bn to EUR 80.7bn for European banks and from JPY 583bn to JPY 1,664bn for Japanese banks if the changes had not been applied. Total revenue in both areas would have decreased further: the decline compared to the previous year would have risen from 17.6% to

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

21.6% for European banks and from 16.7% to 26.7% for Japanese banks.

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

TABLE I.52 – EUROPEAN AND JAPANESE BANKS: EFFECTS OF MODIFICATIONS TO THE VALUATION CRITERIA FOR FINANCIAL ASSETS TO THE PROFIT AND LOSS ACCOUNTS OF 2008 [1]

	Aggregated data from year-end financial statements		Effect of the modification of criteria	Aggregated data with exclusion of the effect of the modification of the criteria	
	EUR bn (a)	*as % of total income*	EUR bn (b)	EUR bn (a-b)	*as % of total income*
Europe					
Losses on financial transactions	- 59.1	*- 13.6*	21.6	- 80.7	*- 19.5*
Total income	436.5	*100.0*	21.6	414.9	*100.0*
Change vs. 2007 (%)	*- 17.6*			*- 21.6*	
Current pre-tax profit	4.2	*1.0*	21.6	- 17.4	*- 4.2*
Profit before tax	- 85.2	*- 19.5*	21.6	- 106.8	*- 25.7*
	JPY bn (a)	*as % of total income*	JPY bn (b)	JPY bn (a-b)	*as % of total income*
Japan					
Losses on financial transactions	- 583	*- 6.5*	1,081	- 1,664	*- 21.0*
Total income	9,004	*100.0*	1,081	7,923	*100.0*
Change vs. 2007 (%)	*- 16.7*			*- 26.7*	
Current pre-tax profit	- 135	*- 1.5*	1,081	- 1,216	*- 15.3*
Profit before tax	- 2,855	*- 31.7*	1,081	- 3,936	*- 49.7*

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

In the U.S., some banks in the sample also exercised the option afforded by national accounting principles to transfer financial assets from fair value to cost, resulting in the transfer of USD 69.6 billion from held-for-trading and available-for-sale to held-to-maturity, in addition to the USD 15.7 billion in loans to customers transferred from fair value to cost within the same item; an additional USD 7 billion USD was transferred from held-for-trading to available-for-sale.[100] The impact on the income statement for the period and on the net worth reserve has not been disclosed; however, considering that the financial assets transferred from fair value to cost had a book value, at the end of the period, of USD 85.3 billion and a fair value of 79.2 billion, it is possible to estimate the negative adjustments that were not carried out and which would have partially affected the earnings to amount to USD 6.1 billion.[101]

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

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

II. STATISTICAL TABLES

TABLE II.1 – PROFIT AND LOSS ACCOUNTS

TRIAD

	2002		2003		2004		2005		2006		2007		2008		2009		2010		2011	
	EUR m	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%
Interest receivable and similar income	1,044,062		883,793		916,858		1,253,263		1,482,382		1,718,541		1,738,019		1,176,411		1,090,613		1,151,047	
Interest payable and similar expenses	-625,506		-491,669		-525,016		-822,303		-1,054,240		-1,292,680		-1,232,168		-653,468		-521,329		-585,149	
Net interest income	**418,556**	***51.0***	**392,124**	***50.1***	**391,842**	***49.3***	**430,960**	***47.3***	**428,142**	***44.8***	**425,861**	***48.5***	**505,851**	***66.1***	**522,943**	***55.2***	**569,284**	*54.8*	**565,898**	*54.8*
Commissions receivable and other operating income (1)	331,675	*40.4*	314,333	*40.2*	332,715	*41.9*	394,382	*43.3*	414,327	*43.4*	423,373	*48.2*	376,168	*49.1*	339,012	*35.8*	376,004	*36.2*	387,135	*37.5*
Commissions payable and other operating expenses	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…
Gains (losses) on financial transactions	70,597	*8.6*	75,933	*9.7*	69,659	*8.8*	84,866	*9.3*	113,012	*11.8*	28,724	*3.3*	-116,605	*-15.2*	84,972	*9.0*	93,341	*9.0*	79,203	*7.7*
Total income	**820,828**	***100.0***	**782,390**	***100.0***	**794,216**	***100.0***	**910,208**	***100.0***	**955,481**	***100.0***	**877,958**	***100.0***	**765,414**	***100.0***	**946,927**	***100.0***	**1,038,629**	***100.0***	**1,032,236**	***100.0***
Labour costs	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…
General expenses (2)	-461,197	*-56.2*	-429,533	*-54.9*	-436,695	*-55.0*	-505,407	*-55.5*	-525,799	*-55.0*	-529,841	*-60.3*	-540,749	*-70.6*	-533,389	*-70.2*	-583,582	*-56.2*	-612,876	*-59.4*
Bad debts recovered (written off)	-124,022	*-15.1*	-85,543	*-10.9*	-59,642	*-7.5*	-52,767	*-5.8*	-59,814	*-6.3*	-98,955	*-11.3*	-248,490	*-32.5*	-290,805	*-30.7*	-186,559	*-18.0*	-137,597	*-13.3*
Depreciation and amortization	-37,624	*-4.6*	-33,474	*-4.3*	-32,569	*-4.1*	-37,454	*-4.1*	-37,507	*-3.9*	-37,900	*-4.3*	-42,618	*-5.6*	-44,649	*-4.7*	-48,618	*-4.7*	-48,503	*-4.7*
Current pre-tax profit	**197,985**	***24.1***	**233,840**	***29.9***	**265,310**	***33.4***	**314,580**	***34.6***	**332,361**	***34.8***	**211,262**	***24.1***	**-66,443**	***-8.7***	**78,084**	***8.2***	**219,870**	***21.2***	**233,260**	***22.6***
Amortization of goodwill	-13,259	*-1.6*	-11,249	*-1.4*	-8,313	*-1.0*	-368	*0.0*	-217	*0.0*	-279	*0.0*	-393	*-0.1*	-479	*-0.1*	-499	*0.0*	-524	*-0.1*
Transfer from (to) reserves	-84	*0.0*	-1,067	*-0.1*	-1,129	*-0.1*	-1,262	*-0.1*	-1,255	*-0.1*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*
Fixed asset revaluations (writedowns)	-32,121	*-3.9*	-7,235	*-0.9*	-7,120	*-0.9*	-3,739	*-0.4*	-7,266	*-0.8*	-25,060	*-2.9*	-174,219	*-22.8*	-43,760	*-4.6*	-33,239	*-3.2*	-87,511	*-8.5*
Extraordinary items	-3,299	*-0.4*	5,521	*0.7*	3,297	*0.4*	33,729	*3.7*	53,089	*5.6*	67,774	*7.7*	32,031	*4.2*	70,770	*7.5*	23,957	*2.3*	17,269	*1.7*
Cumulative effect of accounting changes	-1,230	*-0.1*	-216	*0.0*	13	*0.0*	-172	*0.0*	307	*0.0*	0	*0.0*	-44	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*
Profit (loss) before tax	**147,992**	***18.0***	**219,594**	***28.1***	**252,058**	***31.7***	**342,768**	***37.7***	**377,019**	***39.5***	**253,697**	***28.9***	**-209,068**	***-27.3***	**104,615**	***11.0***	**210,089**	***20.2***	**162,494**	***15.7***
Income tax	-58,265	*-7.1*	-75,363	*-9.6*	-76,614	*-9.6*	-95,880	*-10.5*	-104,138	*-10.9*	-61,626	*-7.0*	35,510	*4.6*	-18,845	*-2.0*	-57,244	*-5.5*	-53,341	*-5.2*
Profit attributable to minorities	-7,441	*-0.9*	-8,369	*-1.1*	-9,484	*-1.2*	-9,880	*-1.1*	-9,751	*-1.0*	-9,922	*-1.1*	4,717	*0.6*	-7,368	*-0.8*	-9,700	*-0.9*	-8,966	*-0.9*
Net profit attributable to parent company	**82,286**	***10.0***	**135,862**	***17.4***	**165,960**	***20.9***	**237,008**	***26.0***	**263,130**	***27.5***	**182,149**	***20.7***	**-168,841**	***-22.1***	**78,402**	***8.3***	**143,145**	***13.8***	**100,187**	***9.7***
Dividends payout	*59,233*	7.2	*63,788*	8.2	*72,056*	9.1	*91,644*	10.1	*102,496*	10.7	*96,003*	10.9	*58,004*	7.6	*41,895*	4.4	*38,690*	3.7	*40,064*	3.9

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

	2002		2003		2004		2005		2006		2007		2008		2009		2010		2011	
	EUR m	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%
Cash and deposits at central banks	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…
Securities	6,443,294	*23.7*	6,639,480	*24.8*	7,378,143	*25.5*	10,001,797	*28.4*	10,327,627	*28.1*	10,288,190	*25.9*	8,966,941	*20.9*	9,341,707	*24.6*	10,378,904	*25.1*	10,384,966	*23.6*
Loans and advances to banks (1)	4,159,547	*15.3*	4,247,757	*15.8*	4,607,844	*15.9*	5,358,680	*15.2*	5,495,427	*15.0*	5,895,634	*14.8*	5,295,675	*12.3*	4,750,134	*12.5*	5,362,914	*13.0*	5,994,105	*13.6*
Loans and advances to customers	12,691,623	*46.6*	12,154,946	*45.3*	12,859,916	*44.4*	15,460,460	*43.9*	16,426,526	*44.8*	17,192,364	*43.2*	17,965,558	*41.8*	16,773,115	*44.2*	18,171,132	*43.9*	18,836,879	*42.8*
Loans, advances and cash	***23,294,464***	***85.5***	***23,042,183***	***85.9***	***24,845,903***	***85.8***	***30,820,937***	***87.5***	***32,249,580***	***87.9***	***33,376,188***	***83.9***	***32,228,174***	***75.1***	***30,864,956***	***81.3***	***33,912,950***	***81.9***	***35,215,950***	***79.9***
Interests in subsidiares and associated	208,794	*0.8*	198,700	*0.7*	206,710	*0.7*	151,453	*0.4*	164,838	*0.4*	221,250	*0.6*	187,406	*0.4*	184,485	*0.5*	194,503	*0.5*	181,590	*0.4*
Intangible assets	72,462	*0.3*	81,727	*0.3*	91,954	*0.3*	148,052	*0.4*	148,061	*0.4*	173,178	*0.4*	166,360	*0.4*	170,595	*0.4*	171,959	*0.4*	153,375	*0.3*
Net tangible assets	290,965	*1.1*	259,905	*1.0*	266,461	*0.9*	345,429	*1.0*	339,100	*0.9*	340,075	*0.9*	346,628	*0.8*	347,353	*0.9*	367,911	*0.9*	363,697	*0.8*
Other assets	3,151,383	*11.6*	3,033,313	*11.3*	3,260,088	*11.3*	3,415,465	*9.7*	3,404,215	*9.3*	5,191,294	*13.1*	9,601,700	*22.4*	5,981,945	*15.8*	6,339,947	*15.3*	7,759,667	*17.6*
Total (a)	**27,018,068**	***99.2***	**26,615,828**	***99.2***	**28,671,116**	***99.0***	**34,881,336**	***99.0***	**36,305,794**	***98.9***	**39,301,985**	***98.8***	**42,530,268**	***99.1***	**37,549,334**	***99.0***	**40,987,270**	***99.0***	**43,674,279**	***99.1***
Deposits by banks	5,182,511	*19.0*	5,136,168	*19.1*	5,608,644	*19.4*	6,618,670	*18.8*	6,738,383	*18.4*	6,987,730	*17.6*	6,215,071	*14.5*	4,717,055	*12.4*	4,908,964	*11.9*	5,090,067	*11.6*
Customer deposits	12,512,260	*45.9*	12,143,529	*45.3*	12,796,336	*44.2*	14,873,657	*42.2*	15,279,828	*41.6*	15,777,389	*39.7*	16,596,336	*38.7*	16,438,791	*43.3*	18,516,028	*44.7*	19,861,421	*45.1*
Debt securities	4,028,692	*14.8*	3,949,638	*14.7*	4,308,677	*14.9*	5,416,307	*15.4*	6,050,569	*16.5*	6,565,317	*16.5*	6,204,470	*14.5*	5,984,806	*15.8*	6,239,350	*15.1*	5,894,816	*13.4*
Subordinated liabilities	621,739	*2.3*	602,070	*2.2*	618,769	*2.1*	754,514	*2.1*	788,893	*2.1*	842,844	*2.1*	952,985	*2.2*	884,999	*2.3*	908,849	*2.2*	865,095	*2.0*
Total funding	***22,345,202***	***82.0***	***21,831,405***	***81.4***	***23,332,426***	***80.6***	***27,663,148***	***78.5***	***28,857,673***	***78.6***	***30,173,280***	***75.9***	***29,968,862***	***69.8***	***28,025,651***	***73.9***	***30,573,191***	***73.9***	***31,711,399***	***72.0***
Provision for employee benefits	51,194	*0.2*	46,868	*0.2*	51,756	*0.2*	79,504	*0.2*	74,288	*0.2*	61,501	*0.2*	60,840	*0.1*	62,203	*0.2*	57,979	*0.1*	57,153	*0.1*
Deferred taxation	83,676	*0.3*	74,110	*0.3*	68,159	*0.2*	93,397	*0.3*	87,476	*0.2*	83,477	*0.2*	51,440	*0.1*	42,237	*0.1*	42,548	*0.1*	43,109	*0.1*
Other liabilities	3,441,857	*12.6*	3,544,686	*13.2*	4,034,904	*13.9*	5,655,214	*16.0*	5,840,587	*15.9*	7,565,345	*19.0*	11,050,875	*25.7*	7,724,604	*20.4*	8,391,465	*20.3*	9,802,332	*22.2*
Total liabilities (b)	**25,921,929**	***95.2***	**25,497,069**	***95.1***	**27,487,245**	***94.9***	**33,491,263**	***95.0***	**34,860,024**	***95.0***	**37,883,603**	***95.3***	**41,132,017**	***95.8***	**35,854,695**	***94.5***	**39,065,183**	***94.4***	**41,613,993**	***94.5***
Goodwill (c)	218,831	*0.8*	206,554	*0.8*	289,197	*1.0*	362,364	*1.0*	400,094	*1.1*	468,419	*1.2*	400,133	*0.9*	392,829	*1.0*	404,242	*1.0*	382,115	*0.9*
Net worth (a-b+c)	**1,314,970**	***4.8***	**1,325,313**	***4.9***	**1,473,068**	***5.1***	**1,752,437**	***5.0***	**1,845,864**	***5.0***	**1,886,801**	***4.7***	**1,798,384**	***4.2***	**2,087,468**	***5.5***	**2,326,329**	***5.6***	**2,442,401**	***5.5***
represented by:																				
Issued share capital	200,309	*0.7*	194,960	*0.7*	217,873	*0.8*	228,846	*0.6*	237,867	*0.6*	225,850	*0.6*	407,306	*0.9*	380,002	*1.0*	422,576	*1.0*	447,394	*1.0*
Reserves	1,053,065	*3.9*	1,057,657	*3.9*	1,179,219	*4.1*	1,497,091	*4.2*	1,573,288	*4.3*	1,577,663	*4.0*	1,288,087	*3.0*	1,580,543	*4.2*	1,782,838	*4.3*	1,880,413	*4.3*
Own shares	-49,359	*-0.2*	-45,309	*-0.2*	-52,902	*-0.2*	-84,022	*-0.2*	-90,273	*-0.2*	-93,199	*-0.2*	-55,524	*-0.1*	-27,344	*-0.1*	-27,454	*-0.1*	-35,654	*-0.1*
Total	**1,204,015**	***4.4***	**1,207,308**	***4.5***	**1,344,190**	***4.6***	**1,641,915**	***4.7***	**1,720,882**	***4.7***	**1,710,314**	***4.3***	**1,639,869**	***3.8***	**1,933,201**	***5.1***	**2,177,960**	***5.3***	**2,292,153**	***5.2***
Minority interests	110,955	*0.4*	118,005	*0.4*	128,878	*0.4*	110,522	*0.3*	124,982	*0.3*	176,487	*0.4*	158,515	*0.4*	154,267	*0.4*	148,369	*0.4*	150,248	*0.3*
Funding from customers	**17,162,691**	***63.0***	**16,695,237**	***62.2***	**17,723,782**	***61.2***	**21,044,478**	***59.7***	**22,119,290**	***60.3***	**23,185,550**	***58.3***	**23,753,791**	***55.3***	**23,308,596**	***61.4***	**25,664,227**	***62.0***	**26,621,332**	***60.4***
Total assets (a+c)	**27,236,899**	***100.0***	**26,822,382**	***100.0***	**28,960,313**	***100.0***	**35,243,700**	***100.0***	**36,705,888**	***100.0***	**39,770,404**	***100.0***	**42,930,401**	***100.0***	**37,942,163**	***100.0***	**41,391,512**	***100.0***	**44,056,394**	***100.0***

(1) Including cash and central banks deposits.

TABLE II.3 – EMPLOYEES

TRIAD

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Average number of staff	3,937,897	3,926,508	3,943,783	4,079,468	4,274,533	4,467,058	4,593,458	4,462,187	4,367,677	4,378,509
of which: from country of origin (%)	...	...	...	...	...	...	...	...	...	...
from elsewhere (%)	...	...	...	...	...	...	...	...	...	...

TABLE II.4 – FINANCIAL RATIOS

TRIAD

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Funding from customers per employee ('000 EUR) (1)	4,522	4,419	4,647	5,326	5,305	5,318	5,275	5,312	5,974	6,180
Loans and advances to customers per employee ('000 EUR) (1)	3,344	3,217	3,372	3,913	3,939	3,943	3,989	3,822	4,230	4,373
Labour cost per employee ('000 EUR)	...	...	...	...	...	...	...	...	...	...
Cost / income ratio (%)	60.8	59.2	59.1	59.6	58.9	64.6	76.2	61.1	60.8	64.1
Bad debts written off as % of total income (2)	15.1	10.9	7.5	5.8	6.3	11.3	32.5	30.7	18.0	13.3
Dividends payout as % of net profit	72.0	47.0	43.4	38.7	39.0	52.7	n.c.	53.4	27.0	40.0
ROE (%)	7.3	12.7	14.1	16.9	18.1	11.9	n.c.	4.2	7.0	4.6
ROA (%)	0.3	0.5	0.6	0.7	0.7	0.5	n.c.	0.2	0.3	0.2
Doubful loans as % of loans to customers (3)	1.8	1.3	0.9	0.7	0.7	0.7	1.1	1.9	2.0	2.0
Doubful loans as % of net worth (3)	16.9	12.1	7.4	6.2	6.0	6.7	10.5	15.1	15.4	15.5
Loans, advances and cash as % of total funding	104.2	105.5	106.5	111.4	111.8	110.6	107.5	110.1	110.9	111.1
Fixed assets as % of net worth	60.2	56.4	58.0	57.5	57.0	63.8	61.2	52.5	48.9	44.3
Free capital as % of funding from customers	1.8	2.5	2.9	3.0	3.1	2.4	2.1	2.9	3.2	3.7
Total assets (4) / Tangible net worth (n.)	26.3	25.6	26.2	28.0	27.8	31.4	34.4	24.5	23.3	22.8

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

(1) Calculated excluding staff employed in insurance operations where possible based on information available.
(2) Net of recovered amounts.
(3) Calculated only on the basis of those exposures not completely covered by provisions. Figures cover Groups which accounted for 95.5% in 2002 and 2003, 97% in 2004, 97.4% in 2005, 98.5% in 2006 and 100% in 2007, 2008, 2009, 2010 and 2011 of loans to customers of the sample.
(4) Excluding intangibile assets..

	2002		2003		2004		2005		2006		2007		2008		2009		2010		2011	
	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	698,597		607,047		637,555		861,634		1,036,743		1,254,016		1,304,686		864,425		751,925		818,864	
Interest payable and similar expenses	-491,299		-398,860		-426,489		-633,255		-796,078		-1,007,711		-1,020,043		-556,340		-431,017		-496,966	
Net interest income	**207,298**	**50.5**	**208,187**	**50.0**	**211,066**	**47.7**	**228,379**	**46.5**	**240,665**	**43.7**	**246,305**	**46.5**	**284,643**	**65.2**	**308,085**	**56.5**	**320,908**	**54.4**	**321,898**	**55.0**
Commissions receivable and other operating income	196,716	47.9	199,212	47.8	219,020	49.5	246,585	50.2	276,309	50.2	292,420	55.2	262,076	60.0	235,958	43.3	257,161	43.6	268,722	45.9
Commissions payable and other operating expenses	-32,348	-7.9	-35,197	-8.4	-38,684	-8.8	-41,673	-8.5	-46,351	-8.4	-50,867	-9.6	-51,067	-11.7	-52,752	-9.7	-52,147	-8.8	-52,671	-9.0
Gains (losses) on financial transactions	38,986	9.5	44,504	10.7	50,649	11.5	58,288	11.9	79,917	14.5	41,675	7.9	-59,147	-13.6	53,867	9.9	63,786	10.8	47,623	8.1
Total income	**410,652**	**100.0**	**416,706**	**100.0**	**442,051**	**100.0**	**491,579**	**100.0**	**550,540**	**100.0**	**529,533**	**100.0**	**436,505**	**100.0**	**545,158**	**100.0**	**589,708**	**100.0**	**585,572**	**100.0**
Labour costs	-155,915	-38.0	-151,275	-36.3	-156,112	-35.3	-174,796	-35.6	-194,579	-35.3	-198,274	-37.4	-182,456	-41.8	-193,667	-35.5	-205,744	-34.9	-206,022	-35.2
General expenses	-94,926	-23.1	-89,626	-21.5	-94,372	-21.3	-106,709	-21.7	-114,357	-20.8	-120,739	-22.8	-126,037	-28.9	-123,632	-22.7	-132,928	-22.5	-140,096	-23.9
Bad debts recovered (written off)	-49,996	-12.2	-40,451	-9.7	-30,837	-7.0	-28,408	-5.8	-35,803	-6.5	-52,635	-9.9	-101,050	-23.1	-150,752	-27.7	-98,825	-16.8	-92,784	-15.8
Depreciation and amortization	-21,125	-5.1	-19,459	-4.7	-18,581	-4.2	-19,652	-4.0	-20,205	-3.7	-21,147	-4.0	-22,777	-5.2	-25,517	-4.7	-26,996	-4.6	-25,946	-4.4
Current pre-tax profit	**88,690**	**21.6**	**115,895**	**27.8**	**142,149**	**32.2**	**162,014**	**33.0**	**185,596**	**33.7**	**136,738**	**25.8**	**4,185**	**1.0**	**51,590**	**9.5**	**125,215**	**21.2**	**120,724**	**20.6**
Amortization of goodwill	-12,587	-3.1	-11,201	-2.7	-8,148	-1.8	-68	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Transfer from (to) reserves	-84	0.0	-1,067	-0.3	-1,129	-0.3	-1,262	-0.3	-1,255	-0.2	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Fixed asset revaluations (writedowns)	-9,073	-2.2	-4,667	-1.1	-876	-0.2	-453	-0.1	-67	0.0	-9,556	-1.8	-93,616	-21.4	-29,207	-5.4	-16,152	-2.7	-70,433	-12.0
Extraordinary items	14,055	3.4	5,154	1.2	5,138	1.2	20,858	4.2	32,889	6.0	57,367	10.8	4,193	1.0	45,176	8.3	15,376	2.6	8,710	1.5
Cumulative effect of accounting changes	-736	-0.2	-175	0.0	20	0.0	12	0.0	19	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Profit (loss) before tax	**80,265**	**19.5**	**103,939**	**24.9**	**137,154**	**31.0**	**181,101**	**36.8**	**217,182**	**39.4**	**184,549**	**34.9**	**-85,238**	**-19.5**	**67,559**	**12.4**	**124,439**	**21.1**	**59,001**	**10.1**
Income tax	-24,456	-6.0	-30,394	-7.3	-37,032	-8.4	-45,842	-9.3	-53,081	-9.6	-38,211	-7.2	6,240	1.4	-11,970	-2.2	-31,634	-5.4	-23,437	-4.0
Profit attributable to minorities	-5,972	-1.5	-6,524	-1.6	-7,745	-1.8	-6,690	-1.4	-7,760	-1.4	-8,065	-1.5	5,343	1.2	-5,063	-0.9	-7,637	-1.3	-6,096	-1.0
Net profit attributable to parent company	**49,837**	**12.1**	**67,021**	**16.1**	**92,377**	**20.9**	**128,569**	**26.2**	**156,341**	**28.4**	**138,273**	**26.1**	**-73,655**	**-16.9**	**50,526**	**9.3**	**85,168**	**14.4**	**29,468**	**5.0**
Dividends payout	*33,994*	*8.3*	*37,693*	*9.0*	*41,784*	*9.5*	*52,582*	*10.7*	*62,127*	*11.3*	*58,754*	*11.1*	*22,286*	*5.1*	*22,999*	*4.2*	*26,041*	*4.4*	*22,465*	*3.8*

TABLE II.2 – FINANCIAL STATEMENTS EUROPE

	2002		2003		2004		2005		2006		2007		2008		2009		2010		2011	
	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	163,103	*1.0*	169,190	*1.0*	184,834	*1.0*	173,136	*0.7*	174,211	*0.7*	266,613	*0.9*	412,849	*1.4*	545,710	*2.1*	612,807	*2.2*	910,806	*3.1*
Securities	3,665,680	*22.2*	3,849,851	*22.8*	4,474,812	*23.9*	6,745,998	*28.8*	7,238,051	*28.4*	7,340,527	*25.7*	5,774,651	*19.0*	5,815,002	*22.2*	6,093,814	*22.2*	5,557,368	*19.2*
Loans and advances to banks	2,695,080	*16.3*	2,818,217	*16.7*	3,090,836	*16.5*	3,554,440	*15.2*	3,750,857	*14.7*	4,041,828	*14.2*	3,298,397	*10.8*	2,727,376	*10.4*	2,942,290	*10.7*	3,090,877	*10.7*
Loans and advances to customers	7,317,858	*44.4*	7,354,305	*43.6*	8,021,820	*42.8*	9,837,438	*41.9*	11,133,933	*43.6*	11,987,754	*42.0*	12,059,122	*39.7*	11,564,809	*44.1*	12,101,657	*44.0*	12,250,311	*42.3*
Loans, advances and cash	***13,841,721***	***83.9***	***14,191,563***	***84.2***	***15,772,302***	***84.1***	***20,311,012***	***86.6***	***22,297,052***	***87.4***	***23,636,722***	***82.9***	***21,545,019***	***70.9***	***20,652,897***	***78.8***	***21,750,568***	***79.2***	***21,809,362***	***75.3***
Interests in subsidiares and associated	169,650	*1.0*	158,169	*0.9*	153,778	*0.8*	83,480	*0.4*	85,089	*0.3*	128,313	*0.4*	87,944	*0.3*	94,749	*0.4*	93,427	*0.3*	98,797	*0.3*
Intangible assets	20,498	*0.1*	25,290	*0.1*	25,819	*0.1*	47,828	*0.2*	47,424	*0.2*	66,661	*0.2*	64,393	*0.2*	66,472	*0.3*	66,978	*0.2*	64,985	*0.2*
Net tangible assets	164,404	*1.0*	153,958	*0.9*	165,912	*0.9*	232,015	*1.0*	240,274	*0.9*	238,046	*0.8*	238,991	*0.8*	249,129	*1.0*	259,174	*0.9*	252,279	*0.9*
Other assets	2,186,109	*13.3*	2,215,076	*13.1*	2,500,174	*13.3*	2,623,910	*11.2*	2,658,871	*10.4*	4,208,570	*14.8*	8,258,004	*27.2*	4,931,159	*18.8*	5,095,192	*18.5*	6,543,037	*22.6*
of which: derivatives assets	…	…	…	…	…	…	*1,862,489*	*7.9*	*1,826,257*	*7.2*	*3,336,964*	*11.7*	*7,372,917*	*24.2*	*3,978,667*	*15.2*	*4,087,339*	*14.9*	*5,433,975*	*18.8*
Total (a)	**16,382,382**	***99.3***	**16,744,056**	***99.3***	**18,617,985**	***99.3***	**23,298,245**	***99.3***	**25,328,710**	***99.3***	**28,278,312**	***99.1***	**30,194,351**	***99.3***	**25,994,406**	***99.2***	**27,265,339**	***99.2***	**28,768,460**	***99.4***
Deposits by banks	3,311,445	*20.1*	3,432,642	*20.4*	3,792,856	*20.2*	4,384,627	*18.7*	4,840,374	*19.0*	5,094,489	*17.9*	4,422,738	*14.5*	3,249,893	*12.4*	3,080,290	*11.2*	3,252,940	*11.2*
Customer deposits	6,418,978	*38.9*	6,519,699	*38.7*	7,137,517	*38.1*	8,529,155	*36.4*	9,328,182	*36.6*	9,903,506	*34.7*	9,572,554	*31.5*	9,537,084	*36.4*	10,344,606	*37.6*	10,687,561	*36.9*
Debt securities	2,995,404	*18.2*	2,942,726	*17.5*	3,295,877	*17.6*	4,214,732	*18.0*	4,815,721	*18.9*	5,229,302	*18.3*	4,905,886	*16.1*	4,869,758	*18.6*	4,945,937	*18.0*	4,649,892	*16.1*
Subordinated liabilities	373,790	*2.3*	373,775	*2.2*	387,679	*2.1*	478,175	*2.0*	500,008	*2.0*	531,170	*1.9*	592,946	*2.0*	547,161	*2.1*	543,595	*2.0*	505,208	*1.7*
Total funding	***13,099,617***	***79.4***	***13,268,842***	***78.7***	***14,613,929***	***77.9***	***17,606,689***	***75.1***	***19,484,285***	***76.4***	***20,758,467***	***72.8***	***19,494,124***	***64.1***	***18,203,896***	***69.5***	***18,914,428***	***68.8***	***19,095,601***	***65.9***
Provision for employee benefits	45,579	*0.3*	43,299	*0.3*	48,652	*0.3*	77,423	*0.3*	72,611	*0.3*	59,736	*0.2*	57,427	*0.2*	60,058	*0.2*	55,258	*0.2*	53,474	*0.2*
Deferred taxation	44,573	*0.3*	39,506	*0.2*	39,772	*0.2*	56,231	*0.2*	51,890	*0.2*	58,502	*0.2*	47,247	*0.2*	38,313	*0.1*	36,389	*0.1*	36,467	*0.1*
Other liabilities	2,602,099	*15.8*	2,773,320	*16.4*	3,242,632	*17.3*	4,798,664	*20.5*	4,871,766	*19.1*	6,499,601	*22.8*	9,806,386	*32.3*	6,692,746	*25.5*	7,166,421	*26.1*	8,452,378	*29.2*
of which: derivatives liabilities	…	…	…	…	…	…	*1,919,993*	*8.2*	*1,912,063*	*7.5*	*3,387,913*	*11.9*	*7,270,886*	*23.9*	*3,948,383*	*15.1*	*4,095,435*	*14.9*	*5,405,692*	*18.7*
Total liabilities (b)	**15,791,868**	***95.7***	**16,124,967**	***95.6***	**17,944,985**	***95.7***	**22,539,007**	***96.1***	**24,480,552**	***96.0***	**27,376,306**	***96.0***	**29,405,184**	***96.7***	**24,995,013**	***95.4***	**26,172,496**	***95.3***	**27,637,920**	***95.4***
Goodwill (c)	115,649	*0.7*	116,945	*0.7*	133,030	*0.7*	161,251	*0.7*	183,371	*0.7*	246,193	*0.9*	212,637	*0.7*	207,705	*0.8*	212,089	*0.8*	187,798	*0.6*
Net worth (a-b+c)	**706,163**	***4.3***	**736,034**	***4.4***	**806,030**	***4.3***	**920,489**	***3.9***	**1,031,529**	***4.0***	**1,148,199**	***4.0***	**1,001,804**	***3.3***	**1,207,098**	***4.6***	**1,304,932**	***4.7***	**1,318,338**	***4.6***
represented by:																				
Issued share capital	91,387	*0.6*	94,387	*0.6*	97,422	*0.5*	101,837	*0.4*	102,816	*0.4*	99,402	*0.3*	102,792	*0.3*	134,914	*0.5*	139,034	*0.5*	148,565	*0.5*
Reserves	552,390	*3.3*	570,927	*3.4*	636,452	*3.4*	771,346	*3.3*	866,644	*3.4*	940,731	*3.3*	800,332	*2.6*	972,241	*3.7*	1,081,750	*3.9*	1,085,070	*3.7*
Own shares	-13,189	*-0.1*	-13,765	*-0.1*	-19,264	*-0.1*	-27,257	*-0.1*	-23,578	*-0.1*	-28,541	*-0.1*	-9,260	*0.0*	-5,935	*0.0*	-6,873	*0.0*	-7,355	*0.0*
Total	**630,588**	***3.8***	**651,549**	***3.9***	**714,610**	***3.8***	**845,926**	***3.6***	**945,882**	***3.7***	**1,011,592**	***3.5***	**893,864**	***2.9***	**1,101,220**	***4.2***	**1,213,911**	***4.4***	**1,226,280**	***4.2***
Minority interests	75,575	*0.5*	84,485	*0.5*	91,420	*0.5*	74,563	*0.3*	85,647	*0.3*	136,607	*0.5*	107,940	*0.4*	105,878	*0.4*	91,021	*0.3*	92,058	*0.3*
Funding from customers	**9,788,172**	***59.3***	**9,836,200**	***58.3***	**10,821,073**	***57.7***	**13,222,062**	***56.4***	**14,643,911**	***57.4***	**15,663,978**	***54.9***	**15,071,386**	***49.6***	**14,954,003**	***57.1***	**15,834,138**	***57.6***	**15,842,661**	***54.7***
Total assets (a+c)	**16,498,031**	***100.0***	**16,861,001**	***100.0***	**18,751,015**	***100.0***	**23,459,496**	***100.0***	**25,512,081**	***100.0***	**28,524,505**	***100.0***	**30,406,988**	***100.0***	**26,202,111**	***100.0***	**27,477,428**	***100.0***	**28,956,258**	***100.0***

TABLE II.3 – EMPLOYEES — EUROPE

		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Average number of staff		2,395,140	2,385,916	2,381,852	2,467,584	2,615,496	2,737,827	2,863,645	2,835,114	2,769,098	2,756,653
of which:	from country of origin (%) (1)	*55.9*	*55.0*	*54.7*	*53.2*	*50.6*	*48.0*	*45.4*	*45.8*	*46.0*	*45.7*
	from elsewhere (%) (1)	*44.1*	*45.0*	*45.3*	*46.8*	*49.4*	*52.0*	*54.6*	*54.2*	*54.0*	*54.3*

(1) Figures for companies which cover 84% of total number of staff in 2002 and 2003, 86% in 2004, 88% in 2005, 91% in 2006 and 2008, 90% in 2007 and 2009 and 89% in 2010 and 2011.

TABLE II.4 – FINANCIAL RATIOS — EUROPE

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Funding from customers per employee ('000 EUR) (1)	4,345	4,396	4,806	5,652	5,832	5,954	5,434	5,416	5,871	5,899
Loans and advances to customers per employee ('000 EUR) (1)	3,249	3,287	3,562	4,205	4,434	4,557	4,348	4,189	4,487	4,561
Labour cost per employee ('000 EUR) (1)	68.9	67.2	69.2	74.4	77.3	75.1	65.7	70.1	76.1	76.6
Cost / income ratio (%)	66.2	62.5	60.8	61.2	59.8	64.3	75.9	62.8	62.0	63.6
Bad debts written off as % of total income (2)	12.2	9.7	7.0	5.8	6.5	9.9	23.1	27.7	16.8	15.8
Dividends payout as % of net profit	68.2	56.2	45.2	40.9	39.7	42.5	n.c.	45.5	30.6	76.2
ROE (%)	8.6	11.5	14.8	17.9	19.8	15.8	n.c.	4.8	7.5	2.5
ROA (%)	0.3	0.4	0.5	0.5	0.6	0.5	n.c.	0.2	0.3	0.1
Doubful loans as % of loans to customers (3)	1.3	1.2	0.9	0.8	0.8	0.9	1.3	2.3	2.5	2.5
Doubful loans as % of net worth (3)	13.1	12.1	9.3	9.0	8.7	8.9	15.8	21.9	22.9	22.9
Loans, advances and cash as % of total funding	105.7	107.0	107.9	115.4	114.4	113.9	110.5	113.5	115.0	114.2
Fixed assets as % of net worth	66.6	61.7	59.4	57.0	53.9	59.2	60.3	51.2	48.4	45.8
Free capital as % of funding from customers	1.5	2.0	2.4	2.4	2.6	2.3	1.6	2.2	2.4	2.6
Total assets (4) / Tangible net worth (n.)	28.7	28.2	28.7	32.7	31.6	33.8	41.6	27.8	26.5	26.9

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

(1) Calculated excluding staff employed in insurance operations where possible based on information available.
(2) Net of recovered amounts.
(3) Figures cover Groups which accounted for 92.2% in 2002, 92.5% in 2003, 95.2% in 2004, 95.9% in 2005, 97.8% in 2006 and 100% in 2007, 2008, 2009, 2010 and 2011 of loans to customers of the sample.
(4) Excluding intangibile assets.

TABLE II.1 – PROFIT AND LOSS ACCOUNTS JAPAN

	2002		2003		2004		2005		2006		2007		2008		2009		2010		2011	
	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	9,915		8,854		8,897		10,754		13,354		14,526		12,365		9,529		8,819		8,501	
Interest payable and similar expenses	-3,315		-2,481		-2,694		-4,253		-6,525		-7,764		-5,624		-2,903		-2,500		-2,394	
Net interest income	**6,600**	***60.2***	**6,373**	***59.0***	**6,203**	***60.4***	**6,501**	***59.7***	**6,829**	***61.3***	**6,762**	***62.6***	**6,741**	***74.9***	**6,626**	***61.3***	**6,319**	***62.3***	**6,107**	***62.1***
Commissions receivable and other operating income	3,426	*31.2*	3,495	*32.4*	3,922	*38.2*	4,464	*41.0*	4,243	*38.1*	4,450	*41.2*	3,773	*41.9*	3,779	*35.0*	4,005	*39.5*	4,636	*39.7*
Commissions payable and other operating expenses	-1,009	*-9.2*	-827	*-7.7*	-847	*-8.3*	-990	*-9.1*	-988	*-8.9*	-1,185	*-11.0*	-927	*-10.3*	-964	*-8.9*	-979	*-9.7*	-1,391	*-9.7*
Gains (losses) on financial transactions	1,955	*17.8*	1,762	*16.3*	987	*9.6*	921	*8.5*	1,062	*9.5*	780	*7.2*	-583	*-6.5*	1,365	*12.6*	792	*7.8*	1,225	*7.9*
Total income	**10,972**	***100.0***	**10,803**	***100.0***	**10,265**	***100.0***	**10,896**	***100.0***	**11,146**	***100.0***	**10,807**	***100.0***	**9,004**	***100.0***	**10,806**	***100.0***	**10,137**	***100.0***	**10,577**	***100.0***
Labour costs	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…
General expenses (1)	-5,220	*-47.6*	-5,002	*-46.3*	-4,695	*-45.7*	-5,099	*-46.8*	-5,161	*-46.3*	-5,432	*-50.3*	-5,616	*-62.4*	-5,750	*-53.2*	-5,729	*-56.5*	-5,639	*-56.5*
Bad debts recovered (written off)	-4,762	*-43.4*	-3,252	*-30.1*	-1,890	*-18.4*	-467	*-4.3*	-812	*-7.3*	-913	*-8.4*	-2,700	*-30.0*	-1,945	*-18.0*	-770	*-7.6*	-456	*-7.5*
Depreciation and amortization	-521	*-4.7*	-483	*-4.5*	-462	*-4.5*	-666	*-6.1*	-729	*-6.5*	-772	*-7.1*	-823	*-9.1*	-791	*-7.3*	-796	*-7.9*	-809	*-7.9*
Current pre-tax profit	**469**	***4.3***	**2,066**	***19.1***	**3,218**	***31.3***	**4,664**	***42.8***	**4,444**	***39.9***	**3,690**	***34.1***	**-135**	***-1.5***	**2,320**	***21.5***	**2,842**	***28.0***	**3,673**	***28.1***
Amortization of goodwill	-84	*-0.8*	-6	*-0.1*	-23	*-0.2*	-42	*-0.4*	-34	*-0.3*	-46	*-0.4*	-50	*-0.6*	-64	*-0.6*	-54	*-0.5*	-53	*-0.5*
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)	-2,090	*-19.0*	-111	*-1.0*	-789	*-7.7*	-700	*-6.4*	-1,011	*-9.1*	-1,893	*-17.5*	-3,612	*-40.1*	-505	*-4.7*	-498	*-4.9*	-1,016	*-4.9*
Extraordinary items	-1,957	*-17.8*	-203	*-1.9*	344	*3.4*	694	*6.4*	1,168	*10.5*	1,272	*11.8*	942	*10.5*	1,103	*10.2*	1,018	*10.0*	976	*10.1*
Cumulative effect of accounting changes	0	*0.0*	0	*0.0*	-1	*0.0*	-16	*-0.1*	258	*2.3*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*
Profit (loss) before tax	**-3,662**	***-33.4***	**1,746**	***16.2***	**2,749**	***26.8***	**4,600**	***42.2***	**4,825**	***43.3***	**3,023**	***28.0***	**-2,855**	***-31.7***	**2,854**	***26.4***	**3,308**	***32.6***	**3,580**	***32.8***
Income tax	-300	*-2.7*	-1,524	*-14.1*	-1,282	*-12.5*	-1,120	*-10.3*	-1,583	*-14.2*	-1,548	*-14.3*	-240	*-2.7*	-899	*-8.3*	-1,095	*-10.8*	-1,189	*-10.9*
Profit attributable to minorities	-129	*-1.2*	-176	*-1.6*	-197	*-1.9*	-329	*-3.0*	-211	*-1.9*	-187	*-1.7*	-97	*-1.1*	-260	*-2.4*	-173	*-1.7*	-246	*-1.7*
Net profit attributable to parent company	**-4,091**	***-37.3***	**46**	***0.4***	**1,270**	***12.4***	**3,151**	***28.9***	**3,031**	***27.2***	**1,288**	***11.9***	**-3,192**	***-35.5***	**1,695**	***15.7***	**2,040**	***20.1***	**2,145**	***20.2***
Dividends payout	*190*	*1.7*	*296*	*2.7*	*321*	*3.1*	*392*	*3.6*	*512*	*4.6*	*634*	*5.9*	*482*	*5.4*	*593*	*5.5*	*659*	*6.5*	*661*	*6.4*

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

TABLE II.2 – FINANCIAL STATEMENTS JAPAN

	2002		2003		2004		2005		2006		2007		2008		2009		2010		2011	
	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	181,479	*28.8*	207,833	*32.6*	220,910	*34.2*	233,761	*34.6*	226,717	*33.8*	213,955	*31.0*	219,360	*31.2*	261,609	*36.0*	274,279	*36.4*	302,560	*38.9*
Loans and advances to banks (1)	67,147	*10.7*	70,275	*11.0*	75,623	*11.7*	73,798	*10.9*	73,938	*11.0*	80,395	*11.7*	66,489	*9.4*	70,856	*9.8*	81,617	*10.8*	75,720	*9.7*
Loans and advances to customers	336,690	*53.5*	321,142	*50.4*	313,572	*48.5*	326,646	*48.4*	331,716	*49.5*	340,794	*49.5*	354,599	*50.4*	337,604	*46.5*	332,356	*44.1*	341,588	*44.0*
Loans, advances and cash	***585,316***	***93.0***	***599,250***	***94.0***	***610,105***	***94.3***	***634,205***	***93.9***	***632,371***	***94.3***	***635,144***	***92.2***	***640,448***	***91.0***	***670,069***	***92.3***	***688,252***	***91.3***	***719,868***	***92.6***
Interests in subsidiares and associated	376	*0.1*	385	*0.1*	1,571	*0.2*	2,230	*0.3*	2,103	*0.3*	2,084	*0.3*	3,057	*0.4*	3,274	*0.5*	3,491	*0.5*	3,107	*0.4*
Intangible assets	675	*0.1*	754	*0.1*	930	*0.1*	2,816	*0.4*	2,643	*0.4*	3,496	*0.5*	2,854	*0.4*	2,614	*0.4*	2,893	*0.4*	2,893	*0.4*
Net tangible assets	6,426	*1.0*	5,493	*0.9*	4,940	*0.8*	4,677	*0.7*	4,482	*0.7*	4,436	*0.6*	4,493	*0.6*	4,584	*0.6*	4,626	*0.6*	4,606	*0.6*
Other assets	36,592	*5.8*	31,267	*4.9*	28,674	*4.4*	29,341	*4.3*	26,709	*4.0*	42,186	*6.1*	51,873	*7.4*	44,545	*6.1*	53,875	*7.1*	45,463	*5.9*
of which: derivatives assets	…	…	…	…	*14,273*	*2.2*	*8,421*	*1.2*	*10,636*	*1.6*	*22,667*	*3.3*	*31,631*	*4.5*	*26,694*	*3.7*	*25,992*	*3.4*	*27,297*	*3.5*
Total (a)	**629,385**	***100.0***	**637,149**	***100.0***	**646,220**	***99.9***	**673,269**	***99.7***	**668,308**	***99.7***	**687,346**	***99.7***	**702,725**	***99.9***	**725,086**	***99.8***	**753,137**	***99.9***	**775,937**	***99.9***
Deposits by banks	99,216	*15.8*	96,550	*15.2*	101,842	*15.7*	100,543	*14.9*	84,110	*12.5*	91,240	*13.2*	100,817	*14.3*	100,550	*13.8*	114,315	*15.2*	116,161	*14.9*
Customer deposits	422,063	*67.0*	433,735	*68.1*	438,194	*67.8*	447,753	*66.3*	457,499	*68.2*	464,840	*67.5*	472,153	*67.1*	488,060	*67.2*	502,853	*66.7*	517,130	*66.6*
Debt securities	44,697	*7.1*	40,071	*6.3*	38,760	*6.0*	39,898	*5.9*	38,202	*5.7*	37,040	*5.4*	34,835	*4.9*	34,750	*4.8*	33,772	*4.5*	33,697	*4.3*
Subordinated liabilities	12,644	*2.0*	13,079	*2.1*	13,222	*2.0*	15,289	*2.3*	16,034	*2.4*	15,825	*2.3*	16,570	*2.4*	17,047	*2.3*	15,925	*2.1*	15,531	*2.0*
Total funding	***578,620***	***91.9***	***583,435***	***91.6***	***592,018***	***91.6***	***603,483***	***89.3***	***595,845***	***88.9***	***608,945***	***88.4***	***624,375***	***88.7***	***640,407***	***88.2***	***666,865***	***88.4***	***682,519***	***87.8***
Provision for employee benefits	699	*0.1*	482	*0.1*	433	*0.1*	289	*0.0*	263	*0.0*	291	*0.0*	430	*0.1*	286	*0.0*	295	*0.0*	369	*0.0*
Deferred taxation	717	*0.1*	721	*0.1*	941	*0.1*	1,469	*0.2*	1,823	*0.3*	550	*0.1*	382	*0.1*	428	*0.1*	458	*0.1*	468	*0.1*
Other liabilities	28,587	*4.5*	27,158	*4.3*	25,578	*4.0*	33,859	*5.0*	34,103	*5.1*	45,279	*6.6*	51,497	*7.3*	48,591	*6.7*	49,844	*6.6*	55,225	*7.1*
of which: derivatives liabilities	…	…	…	…	*13,458*	*2.1*	*8,636*	*1.3*	*10,815*	*1.6*	*19,384*	*2.8*	*29,768*	*4.2*	*24,827*	*3.4*	*24,197*	*3.2*	*27,220*	*3.5*
Total liabilities (b)	**608,623**	***96.7***	**611,796**	***96.0***	**618,970**	***95.7***	**639,100**	***94.6***	**632,034**	***94.2***	**655,065**	***95.1***	**676,684**	***96.1***	**689,712**	***95.0***	**717,462**	***95.1***	**738,581**	***95.1***
Goodwill (c)	95	*0.0*	88	*0.0*	433	*0.1*	2,269	*0.3*	2,310	*0.3*	1,778	*0.3*	1,055	*0.1*	1,163	*0.2*	1,102	*0.1*	1,074	*0.1*
Net worth (a-b+c)	**20,857**	***3.3***	**25,441**	***4.0***	**27,683**	***4.3***	**36,438**	***5.4***	**38,584**	***5.8***	**34,059**	***4.9***	**27,096**	***3.9***	**36,537**	***5.0***	**36,777**	***4.9***	**38,430**	***4.9***
represented by:																				
Issued share capital	9,525	*1.5*	10,001	*1.6*	9,206	*1.4*	8,553	*1.3*	8,606	*1.3*	9,208	*1.3*	10,548	*1.5*	12,504	*1.7*	12,930	*1.7*	12,662	*1.6*
Reserves	7,805	*1.2*	11,860	*1.9*	14,529	*2.2*	24,441	*3.6*	26,216	*3.9*	20,807	*3.0*	11,381	*1.6*	18,800	*2.6*	18,729	*2.5*	21,103	*2.7*
Own shares	-212	*0.0*	-171	*0.0*	-723	*-0.1*	-866	*-0.1*	-1,274	*-0.2*	-968	*-0.1*	-346	*0.0*	-343	*0.0*	-389	*-0.1*	-477	*-0.1*
Total	**17,118**	***2.7***	**21,690**	***3.4***	**23,012**	***3.6***	**32,128**	***4.8***	**33,548**	***5.0***	**29,047**	***4.2***	**21,583**	***3.1***	**30,961**	***4.3***	**31,270**	***4.1***	**33,288**	***4.3***
Minority interests	3,739	*0.6*	3,751	*0.6*	4,671	*0.7*	4,310	*0.6*	5,036	*0.8*	5,012	*0.7*	5,513	*0.8*	5,576	*0.8*	5,507	*0.7*	5,142	*0.7*
Funding from customers	**479,404**	***76.2***	**486,885**	***76.4***	**490,176**	***75.8***	**502,940**	***74.5***	**511,735**	***76.3***	**517,705**	***75.1***	**523,558**	***74.4***	**539,857**	***74.3***	**552,550**	***73.3***	**566,358**	***72.9***
Total assets (a+c)	**629,480**	***100.0***	**637,237**	***100.0***	**646,653**	***100.0***	**675,538**	***100.0***	**670,618**	***100.0***	**689,124**	***100.0***	**703,780**	***100.0***	**726,249**	***100.0***	**754,239**	***100.0***	**777,011**	***100.0***

(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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Average number of staff (1)	226,215	214,461	203,940	207,792	208,731	214,679	225,930	234,670	242,390	245,610
of which: from country of origin (%)	...	...	...	...	...	...	...	...	...	...
from elsewhere (%)	...	...	...	...	...	...	...	...	...	...

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

TABLE II.4 – FINANCIAL RATIOS JAPAN

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Funding from customers per employee (JPYm) (1)	2,119	2,270	2,404	2,420	2,452	2,412	2,317	2,300	2,280	2,306
Loans and advances to customers per employee (JPYm) (1)	1,488	1,497	1,538	1,572	1,589	1,587	1,570	1,439	1,371	1,391
Labour cost per employee (JPYm)	...	...	...	...	...	...	...	...	...	...
Cost / income ratio (%)	52.3	50.8	50.2	52.9	52.8	57.4	71.5	60.5	64.4	61.0
Bad debts written off as % of total income (2)	43.4	30.3	18.4	4.3	7.3	8.4	30.0	18.0	7.6	4.3
Dividends payout as % of net profit	n.c.	n.c.	25.3	12.4	16.9	49.2	n.c.	35.0	32.3	30.8
ROE (%)	n.c.	0.2	5.8	10.9	9.9	4.6	n.c.	5.8	7.0	6.9
ROA (%)	n.c.	o	0.2	0.5	0.5	0.2	n.c.	0.2	0.3	0.3
Doubful loans as % of loans to customers	4.5	2.9	1.4	1.0	0.7	0.8	0.8	0.9	1.0	1.1
Doubful loans as % of net worth	73.4	36.3	16.0	8.5	6.4	7.6	10.6	8.1	9.0	10.1
Loans, advances and cash as % of total funding	101.2	102.7	103.1	105.1	106.1	104.3	102.6	104.6	103.2	105.5
Fixed assets as % of net worth	36.3	26.4	28.4	32.9	29.9	34.6	42.3	31.8	32.9	30.4
Free capital as % of funding from customers	-0.4	1.9	3.1	4.2	4.8	3.8	2.4	4.1	3.9	4.0
Total assets (3) / Tangible net worth (n.)	31.3	25.9	24.5	21.4	19.8	23.8	30.2	22.1	22.9	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) Net of recovered amounts.
(3) Excluding intangibile assets.

TABLE II.1 – PROFIT AND LOSS ACCOUNTS UNITED STATES

	2002		2003		2004		2005		2006		2007		2008		2009		2010		2011	
	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	278,699		266,729		293,665		370,669		474,839		554,171		466,650		346,353		344,097		320,041	
Interest payable and similar expenses	-112,795		-94,018		-107,931		-186,901		-285,242		-350,204		-233,168		-108,515		-89,924		-83,193	
Net interest income	**165,904**	**49.1**	**172,711**	**47.9**	**185,734**	**48.9**	**183,768**	**45.8**	**189,597**	**43.1**	**203,967**	**49.0**	**233,482**	**65.1**	**237,838**	**51.5**	**254,173**	**53.5**	**236,848**	**53.7**
Commissions receivable and other operating income (1)	155,080	45.9	164,895	45.7	177,563	46.8	194,016	48.3	215,499	49.0	238,512	57.3	198,448	55.4	193,997	42.0	191,258	40.2	179,459	40.7
Commissions payable and other operating expenses	…	...	…	...	…	...	…	...	…	...	…	...	…	...	…	...	…	...	…	...
Gains (losses) on financial transactions	16,670	4.9	23,220	6.4	16,264	4.3	23,530	5.9	34,674	7.9	-26,023	-6.2	-73,529	-20.5	30,046	6.5	29,749	6.3	25,047	5.7
Total income	**337,654**	**100.0**	**360,826**	**100.0**	**379,561**	**100.0**	**401,314**	**100.0**	**439,770**	**100.0**	**416,456**	**100.0**	**358,401**	**100.0**	**461,881**	**100.0**	**475,180**	**100.0**	**441,354**	**100.0**
Labour costs	-100,286	-29.7	-110,380	-30.6	-119,598	-31.5	-130,625	-32.5	-146,624	-33.3	-155,196	-37.3	-146,260	-40.8	-135,797	-29.4	-142,228	-29.9	-148,191	-33.6
General expenses	-76,309	-22.6	-81,082	-22.5	-88,239	-23.2	-90,207	-22.5	-95,676	-22.3	-106,688	-21.5	-115,008	-24.3	-113,298	-24.5	-114,560	-24.1	-124,150	-28.1
Bad debts recovered (written off)	-37,487	-11.1	-26,541	-7.4	-20,801	-5.5	-24,768	-6.2	-24,805	-5.6	-60,036	-14.4	-175,402	-48.9	-180,713	-39.1	-107,760	-22.7	-52,088	-11.8
Depreciation and amortization	-12,909	-3.8	-13,186	-3.7	-14,549	-3.8	-15,343	-3.9	-16,672	-3.8	-17,767	-4.3	-18,532	-5.2	-19,002	-4.1	-19,100	-4.0	-18,736	-4.3
Current pre-tax profit	**110,663**	**32.8**	**129,637**	**35.9**	**136,374**	**35.9**	**140,371**	**35.0**	**155,993**	**35.5**	**76,769**	**18.4**	**-96,801**	**-27.0**	**13,071**	**2.8**	**91,532**	**19.3**	**98,189**	**22.2**
Amortization of goodwill	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Transfer from (to) reserves	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Fixed asset revaluations (writedowns)	-6,547	-1.9	-2,201	-0.6	-809	-0.2	2,069	0.5	-1,001	-0.2	-5,930	-1.4	-72,318	-20.2	-15,503	-3.4	-16,713	-3.5	-8,980	-2.0
Extraordinary items	-1,704	-0.5	2,358	0.7	-5,865	-1.5	9,289	2.3	16,805	3.8	3,970	1.0	28,352	7.9	24,941	5.4	-1,053	-0.2	-1,527	-0.3
Cumulative effect of accounting changes	-514	-0.2	-52	0.0	0	0.0	-80	0.0	-1,784	-0.4	0	0.0	-62	0.0	0	0.0	0	0.0	0	0.0
Profit (loss) before tax	**101,898**	**30.2**	**129,742**	**36.0**	**129,700**	**34.2**	**151,649**	**37.8**	**170,013**	**38.7**	**74,809**	**18.0**	**-140,829**	**-39.3**	**22,509**	**4.9**	**73,766**	**15.5**	**87,682**	**19.9**
Income tax	-32,929	-9.8	-42,540	-11.8	-41,414	-10.9	-49,522	-12.3	-53,954	-12.3	-20,655	-5.0	43,379	12.1	-175	0.0	-20,753	-4.4	-23,341	-5.3
Profit attributable to minorities	-450	-0.1	-684	-0.2	-450	-0.1	-966	-0.2	-855	-0.2	-1,059	-0.3	198	0.1	-512	-0.1	-633	-0.1	-531	-0.1
Net profit attributable to parent company	**68,519**	**20.3**	**86,518**	**24.0**	**87,836**	**23.1**	**101,161**	**25.2**	**115,204**	**26.2**	**53,095**	**12.7**	**-97,252**	**-27.1**	**21,822**	**4.7**	**52,380**	**11.0**	**63,810**	**14.5**
Dividends payout	*24,868*	7.4	*30,191*	8.4	*38,101*	10.0	*42,759*	10.7	*48,870*	11.1	*49,179*	11.8	*44,389*	12.4	*20,804*	4.5	*8,801*	1.9	*14,229*	3.2

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

TABLE II.2 – FINANCIAL STATEMENTS UNITED STATES

	2002		2003		2004		2005		2006		2007		2008		2009		2010		2011	
	USD m	*%*	*USD m*	*%*	*USD m*	*%*	*USD m*	*%*	*USD m*	*%*	*USD m*	*%*	*USD m*	*%*	*USD m*	*%*	*USD m*	*%*	*USD m*	*%*
Cash and deposits at central banks	…	...	…	...	…	...	…	...	…	...	…	...	…	...	…	...	…	...	…	...
Securities	1,382,884	23.2	1,579,630	23.9	1,799,939	23.7	1,855,495	22.7	2,166,300	23.8	2,429,575	23.4	2,022,516	20.9	2,250,342	21.4	2,352,603	25.3	2,339,420	24.6
Loans and advances to banks (1)	798,643	13.4	934,604	14.1	1,076,949	14.2	1,297,437	15.9	1,447,658	15.9	1,618,936	15.6	1,471,479	15.2	1,361,269	15.0	1,411,861	15.2	1,600,212	16.8
Loans and advances to customers	2,796,920	47.0	3,059,859	46.2	3,531,498	46.5	3,859,219	47.3	4,186,493	45.9	4,619,916	44.4	4,307,708	44.6	3,850,696	42.5	4,022,646	43.2	4,111,376	43.3
Loans, advances and cash	***4,978,447***	***83.6***	***5,574,093***	***84.2***	***6,408,386***	***84.3***	***7,012,151***	***85.9***	***7,800,451***	***85.6***	***8,668,427***	***83.3***	***7,801,703***	***80.7***	***7,462,307***	*82.4*	***7,787,110***	***83.6***	***8,051,008***	***84.7***
Interests in subsidiares and associated	37,878	0.6	47,593	0.7	56,779	0.7	61,246	0.8	87,378	1.0	118,215	1.1	104,689	1.1	93,850	1.0	92,120	1.0	67,000	0.7
Intangible assets	48,805	0.8	64,225	1.0	81,007	1.1	94,320	1.2	110,356	1.2	125,597	1.2	110,421	1.1	121,724	1.3	104,703	1.1	77,006	0.8
Net tangible assets	78,550	1.3	82,438	1.2	88,774	1.2	94,070	1.2	92,544	1.0	110,599	1.1	100,227	1.0	91,914	1.0	88,399	0.9	84,689	0.9
Other assets	703,783	11.8	741,022	11.2	755,407	9.9	684,603	8.4	757,468	8.3	1,070,131	10.3	1,297,708	13.4	1,031,849	11.4	1,000,671	10.7	987,121	10.4
of which: derivatives assets	…	…	…	…	*242,323*	*3.2*	*190,049*	*2.3*	*202,942*	*2.2*	*333,097*	*3.2*	*544,164*	*5.6*	*278,042*	*3.1*	*263,986*	*2.8*	*300,192*	*3.2*
Total (a)	**5,847,463**	***98.2***	**6,509,371**	***98.3***	**7,390,353**	***97.3***	**7,946,390**	***97.3***	**8,848,197**	***97.1***	**10,092,969**	***97.0***	**9,414,748**	***97.4***	**8,801,644**	***97.2***	**9,073,003**	***97.4***	**9,266,824**	***97.5***
Deposits by banks	1,125,720	18.9	1,248,613	18.9	1,479,952	19.5	1,781,574	21.8	1,793,804	19.7	1,972,670	19.0	1,382,082	14.3	1,025,785	11.3	1,037,610	11.1	877,051	9.2
Customer deposits	2,831,719	47.6	3,046,569	46.0	3,433,881	45.2	3,681,772	45.1	3,998,860	43.9	4,497,963	43.2	4,565,742	47.2	4,662,492	51.5	4,734,467	50.8	5,192,272	54.6
Debt securities	706,778	11.9	896,979	13.5	1,001,486	13.2	1,078,642	13.2	1,305,693	14.3	1,636,145	15.7	1,422,903	14.7	1,230,392	13.6	1,312,916	14.1	1,175,667	12.4
Subordinated liabilities	153,428	2.6	166,020	2.5	185,799	2.4	196,144	2.4	245,896	2.7	317,566	3.1	318,254	3.3	302,261	3.3	292,206	3.1	265,099	2.8
Total funding	***4,817,645***	***80.9***	***5,358,181***	***80.9***	***6,101,118***	***80.3***	***6,738,132***	***82.5***	***7,344,253***	***80.6***	***8,424,344***	***81.0***	***7,688,981***	***79.6***	***7,220,930***	***79.7***	***7,377,199***	***79.2***	***7,510,089***	***79.0***
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	34,960	0.6	36,959	0.6	29,492	0.4	31,363	0.4	31,566	0.3	31,861	0.3	1,623	0.0	1,022	0.0	2,597	0.0	2,556	0.0
Other liabilities	639,646	10.7	720,259	10.9	829,671	10.9	722,899	8.9	989,742	10.9	1,164,739	11.2	1,163,789	12.0	960,811	10.6	1,023,910	11.0	1,033,568	10.9
of which: derivatives liabilities	…	…	…	…	*225,737*	*3.0*	*193,256*	*2.4*	*223,134*	*2.4*	*319,245*	*3.1*	*413,973*	*4.3*	*219,522*	*2.4*	*230,730*	*2.5*	*239,536*	*2.5*
Total liabilities (b)	**5,492,251**	***92.2***	**6,115,399**	***92.4***	**6,960,281**	***91.6***	**7,492,394**	***91.8***	**8,365,561**	***91.8***	**9,620,944**	***92.5***	**8,854,393**	***91.6***	**8,182,763**	***90.4***	**8,403,706**	***90.2***	**8,546,213**	***89.9***
Goodwill (c)	107,402	1.8	112,357	1.7	208,496	2.7	217,983	2.7	266,035	2.9	311,272	3.0	249,298	2.6	254,108	2.8	243,207	2.6	237,564	2.5
Net worth (a-b+c)	**462,614**	***7.8***	**506,329**	***7.6***	**638,568**	***8.4***	**671,979**	***8.2***	**748,671**	***8.2***	**783,297**	***7.5***	**809,653**	***8.4***	**872,989**	***9.6***	**912,504**	***9.8***	**958,175**	***10.1***
represented by:																				
Issued share capital	33,924	0.6	33,491	0.5	74,272	1.0	77,188	0.9	105,636	1.2	103,954	1.0	307,422	3.2	217,800	2.4	219,857	2.4	223,145	2.3
Reserves	459,255	7.7	503,827	7.6	597,598	7.9	648,585	7.9	710,637	7.8	751,917	7.2	553,238	5.7	672,931	7.4	706,457	7.6	756,588	8.0
Own shares	-36,144	-0.6	-38,240	-0.6	-38,766	-0.5	-59,609	-0.7	-77,142	-0.8	-86,545	-0.8	-60,567	-0.6	-27,134	-0.3	-22,717	-0.2	-30,450	-0.3
Total	**457,035**	***7.7***	**499,078**	***7.5***	**633,104**	***8.3***	**666,164**	***8.2***	**739,131**	***8.1***	**769,326**	***7.4***	**800,093**	***8.3***	**863,597**	***9.5***	**903,597**	***9.7***	**949,283**	***10.0***
Minority interests	5,579	0.1	7,251	0.1	5,464	0.1	5,815	0.1	9,540	0.1	13,971	0.1	9,560	0.1	9,392	0.1	8,907	0.1	8,892	0.1
Funding from customers	**3,691,925**	***62.0***	**4,109,568**	***62.1***	**4,621,166**	***60.8***	**4,956,558**	***60.7***	**5,550,449**	***60.9***	**6,451,674**	***62.0***	**6,306,899**	***65.3***	**6,195,145**	***68.4***	**6,339,589**	***68.0***	**6,633,038**	***69.8***
Total assets (a+c)	**5,954,865**	***100.0***	**6,621,728**	***100.0***	**7,598,849**	***100.0***	**8,164,373**	***100.0***	**9,114,232**	***100.0***	**10,404,241**	***100.0***	**9,664,046**	***100.0***	**9,055,752**	***100.0***	**9,316,210**	***100.0***	**9,504,388**	***100.0***

(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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Average number of staff	1,316,542	1,326,131	1,357,991	1,404,092	1,450,306	1,514,552	1,503,883	1,392,403	1,356,189	1,376,246
of which: from country of origin (%)	...	...	...	...	...	...	...	...	...	...
from elsewhere (%)	...	...	...	...	...	...	...	...	...	...

TABLE II.4 – FINANCIAL RATIOS

UNITED STATES

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Funding from customers per employee ('000 USD)	2,804	3,099	3,403	3,530	3,827	4,260	4,194	4,449	4,675	4,820
Loans and advances to customers per employee ('000 USD)	2,124	2,307	2,601	2,749	2,887	3,050	2,864	2,766	2,966	2,987
Labour cost per employee ('000 USD)	76.2	83.2	88.1	93.0	101.1	102.5	97.3	97.5	104.9	107.7
Cost / income ratio (%)	56.1	56.7	58.6	58.8	58.9	67.2	78.1	58.1	58.0	66.0
Bad debts written off as % of total income (1)	11.1	7.4	5.5	6.2	5.6	14.4	48.9	39.1	22.7	11.8
Dividends payout as % of net profit	36.3	34.9	43.4	42.3	42.4	92.6	n.c.	95.3	16.8	22.3
ROE (%)	17.6	21.0	16.1	17.9	18.5	7.4	n.c.	2.6	6.2	7.2
ROA (%)	1.2	1.3	1.2	1.2	1.3	0.5	n.c.	0.2	0.6	0.7
Doubful loans as % of loans to customers (2)	0.2	0.1	0.1	0.2	0.2	0.3	0.2	1.1	1.0	1.2
Doubful loans as % of net worth (2)	1.2	0.7	0.6	0.9	1.1	1.6	1.3	4.7	4.3	5.2
Loans, advances and cash as % of total funding	103.3	104.0	105.0	104.1	106.2	102.9	101.5	103.3	105.6	107.2
Fixed assets as % of net worth	58.9	60.6	68.1	69.6	74.3	85.0	69.7	64.3	57.9	48.7
Free capital as % of funding from customers	5.0	4.8	4.3	4.0	3.3	1.6	3.7	4.3	5.4	6.7
Total assets (3) / Tangible net worth (n.)	18.9	19.5	20.9	21.8	23.5	28.8	20.7	17.5	15.9	14.3

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

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

TABLE II.1 – PROFIT AND LOSS ACCOUNTS CHINA

	2004		2005		2006		2007		2008		2009		2010		2011	
	CNY m	%	*CNY m*	%	*CNY m*	%	*CNY m*	%	*CNY m*	%	*CNY m*	%	*CNY m*	%	*CNY m*	%
Interest receivable and similar income	694,728		854,139		1,089,999		1,446,067		1,812,863		1,705,294		2,025,335		2,723,539	
Interest payable and similar expenses	-250,952		-336,686		-441,235		-556,249		-731,181		-671,072		-714,657		-1,099,929	
Net interest income	**443,776**	***88.7***	**517,453**	***90.0***	**648,764**	***90.0***	**889,818**	***87.5***	**1,081,682**	***84.6***	**1,034,222**	***80.8***	**1,310,678**	***80.4***	**1,623,610**	***79.0***
Commissions receivable and other operating income	47,765	*9.5*	55,711	*9.7*	83,075	*11.5*	157,291	*15.5*	187,429	*14.7*	240,141	*18.8*	314,152	*19.3*	427,274	*20.8*
Commissions payable and other operating expenses	-7,081	*-1.4*	-7,899	*-1.4*	-9,217	*-1.3*	-12,609	*-1.2*	-13,209	*-1.0*	-16,435	*-1.3*	-20,063	*-1.2*	-25,526	*-1.2*
Dividends and share of profit (loss)	2,620	*0.5*	780	*0.1*	1,836	*0.3*	2,189	*0.2*	3,463	*0.3*	3,605	*0.3*	4,253	*0.3*	3,966	*0.2*
Gains (losses) on financial transactions	13,410	*2.7*	8,717	*1.5*	-3,373	*-0.5*	-19,848	*-2.0*	18,902	*1.5*	19,089	*1.5*	21,179	*1.3*	26,926	*1.3*
Total income	**500,490**	***100.0***	**574,762**	***100.0***	**721,085**	***100.0***	**1,016,841**	***100.0***	**1,278,267**	***100.0***	**1,280,622**	***100.0***	**1,630,199**	***100.0***	**2,056,250**	***100.0***
Labour costs	-104,505	*-20.9*	-128,186	*-22.3*	-154,378	*-21.4*	-192,990	*-19.0*	-246,449	*-19.3*	-264,967	*-20.7*	-320,682	*-19.7*	-391,531	*-19.0*
General expenses	-119,844	*-23.9*	-129,966	*-22.6*	-151,970	*-21.1*	-187,796	*-18.5*	-221,232	*-17.3*	-235,855	*-18.4*	-278,744	*-17.1*	-341,126	*-16.6*
Bad debts recovered (written off)	-101,038	*-20.2*	-64,258	*-11.2*	-98,728	*-13.7*	-99,550	*-9.8*	-161,399	*-12.6*	-131,185	*-10.2*	-147,440	*-9.0*	-192,446	*-9.4*
Depreciation and amortization	-34,053	*-6.8*	-33,428	*-5.8*	-36,388	*-5.0*	-38,590	*-3.8*	-46,336	*-3.6*	-50,018	*-3.9*	-56,003	*-3.4*	-62,657	*-3.0*
Current pre-tax profit	**141,050**	***28.2***	**218,924**	***38.1***	**279,621**	***38.8***	**497,915**	***49.0***	**602,851**	***47.2***	**598,597**	***46.7***	**827,330**	***50.8***	**1,068,490**	***52.0***
Amortization of goodwill	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*
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*
Fixed asset revaluations (writedowns)	-4,266	*-0.9*	-1,473	*-0.3*	-2,153	*-0.3*	-22,925	*-2.3*	-78,480	*-6.1*	3,468	*0.3*	-281	*0.0*	-3,088	*-0.2*
Extraordinary items	-15,238	*-3.0*	-2,785	*-0.5*	-8,754	*-1.2*	-39,332	*-3.9*	361	*0.0*	19,441	*1.5*	10,666	*0.7*	13,702	*0.7*
Cumulative effect of accounting changes	11	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*
Profit (loss) before tax	**121,557**	***24.3***	**214,666**	***37.3***	**268,714**	***37.3***	**435,658**	***42.8***	**524,732**	***41.1***	**621,506**	***48.5***	**837,715**	***51.4***	**1,079,104**	***52.5***
Income tax	-30,420	*-6.1*	-75,861	*-13.2*	-84,614	*-11.7*	-145,970	*-14.4*	-108,933	*-8.5*	-133,021	*-10.4*	-189,953	*-11.7*	-249,762	*-12.1*
Profit attributable to minorities	-4,685	*-0.9*	-5,557	*-1.0*	-6,043	*-0.8*	-6,739	*-0.7*	-1,915	*-0.1*	-5,749	*-0.4*	-6,872	*-0.4*	-7,316	*-0.4*
Net profit attributable to parent company	**86,452**	***17.3***	**133,248**	***23.2***	**178,057**	***24.7***	**282,949**	***27.8***	**413,884**	***32.4***	**482,736**	***37.7***	**640,890**	***39.3***	**822,026**	***40.0***
Dividends payout	*19,104*	*3.8*	*27,807*	*4.8*	*73,931*	*10.3*	*132,967*	*13.1*	*131,741*	*10.3*	*182,227*	*14.2*	*236,575*	*14.5*	*255,606*	*12.4*

		2004		2005		2006		2007		2008		2009		2010		2011	
		CNY m	%	*CNY m*	%	*CNY m*	%	*CNY m*	%	*CNY m*	%	*CNY m*	%	*CNY m*	%	*CNY m*	%
Cash and deposits at central banks		131,233	*0.6*	137,307	*0.6*	152,844	*0.5*	183,707	*0.5*	184,428	*0.5*	202,259	*0.4*	247,672	*0.4*	307,793	*0.4*
Securities		5,075,853	*23.8*	7,495,828	*30.1*	8,973,267	*30.9*	9,864,423	*28.6*	10,810,514	*27.0*	12,583,842	*24.9*	13,373,014	*22.5*	13,588,925	*19.8*
Loans and advances to banks (1)		2,776,679	*13.0*	3,423,072	*13.7*	4,207,180	*14.5*	6,388,531	*18.5*	9,042,073	*22.5*	11,007,402	*21.8*	13,959,684	*23.5*	18,610,262	*27.1*
Loans and advances to customers		12,556,551	*58.9*	13,098,998	*52.6*	14,915,116	*51.4*	17,110,797	*49.7*	18,957,573	*47.3*	25,599,993	*50.6*	30,386,208	*51.2*	34,602,904	*50.3*
Loans, advances and cash		***20,540,316***	***96.3***	***24,155,205***	***97.0***	***28,248,407***	***97.3***	***33,547,458***	***97.4***	***38,994,588***	***97.2***	***49,393,496***	***97.7***	***57,966,578***	***97.6***	***67,109,884***	***97.6***
Interests in subsidiares and associated		2,482	*0.0*	5,746	*0.0*	6,654	*0.0*	9,229	*0.0*	39,633	*0.1*	52,624	*0.1*	58,928	*0.1*	53,100	*0.1*
Intangible assets		18,407	*0.1*	33,212	*0.1*	51,264	*0.2*	55,250	*0.2*	79,622	*0.2*	78,366	*0.2*	84,500	*0.1*	87,356	*0.1*
Net tangible assets		400,001	*1.9*	419,940	*1.7*	409,358	*1.4*	404,117	*1.2*	445,520	*1.1*	502,583	*1.0*	543,403	*0.9*	602,310	*0.9*
Other assets		367,392	*1.7*	295,785	*1.2*	301,958	*1.0*	420,476	*1.2*	528,743	*1.3*	527,176	*1.0*	692,413	*1.2*	887,561	*1.3*
Total	**(a)**	**21,328,598**	***100.0***	**24,909,888**	***100.0***	**29,017,641**	***100.0***	**34,436,530**	***100.0***	**40,088,106**	***100.0***	**50,554,245**	***100.0***	**59,345,822**	***100.0***	**68,740,211**	***100.0***
Deposits by banks		1,416,579	*6.6*	1,659,622	*6.7*	2,036,599	*7.0*	4,022,681	*11.7*	3,918,251	*9.8*	5,605,667	*11.1*	6,438,400	*10.8*	8,648,732	*12.6*
Customer deposits		18,428,076	*86.4*	21,208,301	*85.1*	24,409,945	*84.1*	27,268,377	*79.2*	32,336,706	*80.6*	40,740,729	*80.6*	47,593,939	*80.2*	53,561,737	*77.9*
Debt securities		67,395	*0.3*	134,746	*0.5*	126,202	*0.4*	164,714	*0.5*	137,090	*0.3*	123,918	*0.2*	171,410	*0.3*	201,646	*0.3*
Subordinated liabilities		105,693	*0.5*	177,948	*0.7*	190,836	*0.7*	222,777	*0.6*	259,719	*0.6*	418,803	*0.8*	457,924	*0.8*	727,443	*1.1*
Total funding		***20,017,743***	***93.9***	***23,180,617***	***93.1***	***26,763,582***	***92.2***	***31,678,549***	***92.0***	***36,651,766***	***91.4***	***46,889,117***	***92.7***	***54,661,673***	***92.1***	***63,139,558***	***91.8***
Provision for employee benefits		7,591	*0.0*	8,701	*0.0*	14,972	*0.1*	27,828	*0.1*	79,365	*0.2*	40,832	*0.1*	35,298	*0.1*	42,465	*0.1*
Deferred taxation		2,088	*0.0*	1,839	*0.0*	5,221	*0.0*	6,865	*0.0*	3,219	*0.0*	4,756	*0.0*	5,552	*0.0*	5,859	*0.0*
Other liabilities		503,962	*2.4*	653,800	*2.6*	689,593	*2.4*	818,976	*2.4*	1,046,167	*2.6*	934,547	*1.8*	1,120,241	*1.9*	1,376,572	*2.0*
Total liabilities	**(b)**	**20,531,384**	***96.3***	**23,844,957**	***95.7***	**27,473,368**	***94.7***	**32,532,218**	***94.5***	**37,780,517**	***94.2***	**47,869,252**	***94.7***	**55,822,764**	***94.0***	**64,564,454**	***93.9***
Goodwill	**(c)**	0	*0.0*	0	*0.0*	3,621	*0.0*	4,996	*0.0*	18,093	*0.0*	19,554	*0.0*	20,623	*0.0*	20,719	*0.0*
Net worth	**(a-b+c)**	**797,214**	***3.7***	**1,064,931**	***4.3***	**1,547,894**	***5.3***	**1,909,308**	***5.5***	**2,325,682**	***5.8***	**2,704,547**	***5.3***	**3,543,681**	***6.0***	**4,196,476**	***6.1***
represented by:																	
Issued share capital		618,090	*2.9*	780,128	*3.1*	922,688	*3.2*	948,113	*2.8*	1,213,765	*3.0*	1,224,785	*2.4*	1,366,897	*2.3*	1,389,440	*2.0*
Reserves		147,780	*0.7*	251,821	*1.0*	590,687	*2.0*	923,981	*2.7*	1,079,142	*2.7*	1,434,930	*2.8*	2,132,752	*3.6*	2,756,223	*4.0*
Own shares		0	*0.0*	0	*0.0*	-216	*0.0*	-45	*0.0*	-17	*0.0*	-43	*0.0*	-138	*0.0*	-25	*0.0*
Total		**765,870**	***3.6***	**1,031,949**	***4.1***	**1,513,159**	***5.2***	**1,872,049**	***5.4***	**2,292,890**	***5.7***	**2,659,672**	***5.3***	**3,499,511**	***5.9***	**4,145,638**	***6.0***
Minority interests		31,344	*0.1*	32,982	*0.1*	34,735	*0.1*	37,259	*0.1*	32,792	*0.1*	44,875	*0.1*	44,170	*0.1*	50,838	*0.1*
Funding from customers		**18,601,164**	***87.3***	**21,520,995**	***86.4***	**24,726,983**	***85.2***	**27,655,868**	***80.3***	**32,733,515**	***81.6***	**41,283,450**	***81.6***	**48,223,273**	***81.2***	**54,490,826**	***79.2***
Total assets	**(a+c)**	**21,328,598**	***100.0***	**24,909,888**	***100.0***	**29,021,262**	***100.0***	**34,441,526**	***100.0***	**40,106,199**	***100.0***	**50,573,799**	***100.0***	**59,366,445**	***100.0***	**68,760,930**	***100.0***

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

TABLE II.3 – EMPLOYEES CHINA

	2004		2005	2006	2007	2008	2009	2010	2011
Average number of staff	1,390,122	(1)	1,467,814	1,446,504	1,446,917	1,490,348	1,531,614	1,583,319	1,646,990
of which: from country of origin (%)	...		...	...	...	...	...	...	...
from elsewhere (%)	...		...	...	...	...	...	...	...

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

TABLE II.4 – FINANCIAL RATIOS CHINA

	2004	2005	2006	2007	2008	2009	2010	2011
Funding from customers per employee ('000 CNY) (1)	13,381	14,662	17,094	19,114	21,964	26,954	30,457	33.085
Loans and advances to customers per employee ('000 CNY) (1)	9.033	8,924	10,311	11,826	12,720	16,714	19,191	21,010
Labour cost per employee ('000 CNY) (1)	69	87	107	133	165	173	203	238
Cost / income ratio (%)	51.6	50.7	47.5	41.2	40.2	43.0	40.2	38.6
Bad debts written off as % of total income (2)	20.2	11.2	13.7	9.8	12.6	10.2	9.0	9.4
Dividends payout as % of net profit	22.1	20.9	41.5	47.0	31.8	37.7	36.9	31.1
ROE (%)	12.7	14.8	13.3	17.8	22.0	22.2	22.4	24.7
ROA (%)	0.4	0.5	0.6	0.8	1.0	1.0	1.1	1.2
Doubful loans as % of loans to customers (3)	11.4	6.4	5.1	4.5	0.3	0.0	0.0	0.0
Doubful loans as % of net worth (3)	178.9	78.5	49.3	40.5	2.1	0.0	0.0	0.0
Loans, advances and cash as % of total funding	102.6	104.2	105.5	105.9	106.4	105.3	106.0	106.3
Fixed assets as % of net worth	52.8	43.1	30.4	24.8	25.1	24.1	20.0	18.2
Free capital as % of funding from customers	-5.6	-1.0	1.3	2.5	5.5	5.5	6.7	7.3
Total assets (4) / Tangible net worth (n.)	27.4	24.1	19.4	18.6	18.0	19.4	17.2	16.8

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

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

III. PRINCIPLES AND METHODS

III.1 The companies

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

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

The number of companies active at the period-end has risen by one compared to the previous editions of this survey, as a result of the following movements: i) in Europe, Banco Financiero y de Ahorros has been included (having reached the minimum size requirement), as has Dexia Bank Belgium (already part of the Dexia group, and included to maintain historical continuity), whereas Hypo Real Estate Holding has been excluded (for failing to reach the minimum size) ; ii) in Japan Joyo Bank has been included (having crossed the level of significance), whereas Sumitomo Trust & Banking has been merged into Sumitomo Mitsui Trust Holdings; iii) in the United States, Keycorp no longer has the minimum size requisites, while Ally Financial has been included for the first time.

III.2 Statistics

Statistical data have been prepared on the basis of information presented in the consolidated annual and semi-annual financial statements (the latter as limited to Japanese companies for the first six months of 2011 and 2012). It should be noted that the financial statements used were drawn up in accordance with different accounting standards. In particular, European banks have, for the most part, adopted IASs/IFRSs since 2005.[102] Separate discussion is in order for insurance business, which was primarily undertaken by European banking groups and, until 2004, was treated differently in the respective consolidated financial statements: commentary on the different accounting methods and on the incidence of the business on aggregate data is presented in Appendix 3.

A company's nationality has been determined according to the country in which the parent company is based. The figures for each country presented in several tables in Section I and those concerning the world's major economic areas therefore represent the aggregate business transacted by groups whose parent companies are based in that country or area, and accordingly include the business of subsidiaries located outside that country or area. The purpose of this survey is to identify tendencies that distinguish the performances of major international banks and to highlight related earnings and financial position issues, rather than to analyze banking activity in individual countries.

The aggregate data for all companies in the Triad regions and the aggregate data for Europe have been prepared by converting the various national currencies into euro using the exchange rates as of 31 December of each year in question; the aggregate data expressed in euro were therefore significantly influenced by exchange-rate fluctuations. The exchange rates utilized in the ten-year period in question are presented in TABLE III.1. It is worthy commenting on the depreciation of the dollar against the euro, the currency used by the majority of the European groups, which reached 19% from 2002 to 2011, whereas the Japanese Yen appreciated by 24% over the same period.

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

TABLE III.1 - YEAR-END EXCHANGE RATES

		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
							vs. EUR (x100)					
China	CNY	-	-	8.8889	10.5038	9.7283	9.3002	10.5312	10.1678	11.3353	12.2567	12.1644
Denmark	DKK	13.4611	13.4318	13.4430	13.4039	13.4120	13.4079	13.4217	13.4376	13.4165	13.4513	13.4030
Eurozone	**EUR**	***100.0000***	***100.0000***	***100.0000***	***100.0000***	***100.0000***	***100.0000***	***100.0000***	***100.0000***	***100.0000***	***100.0000***	***100.0000***
Japan	JPY	0.8039	0.7405	0.7161	0.7199	0.6372	0.6063	0.7928	0.7510	0.9204	0.9980	0.8802
United Kingdom	GBP	153.7279	141.8842	141.8440	145.9215	148.9203	136.3605	104.9869	112.5999	116.1778	119.7175	122.5340
United States	USD	95.3562	79.1766	73.4160	84.7673	75.9301	67.9302	71.8546	69.4155	74.8391	77.2857	75.7920
Switzerland	CHF	68.8516	64.1890	64.8130	64.3045	62.2316	60.4339	67.3401	67.4036	79.9744	82.2639	82.8363

TABLE III.2 - LIST OF COMPANIES

	BANKS	2011 TOTAL ASSETS	2011 TOTAL INCOME	2011 EMPLOYEES
	EUROPE	*EUR m*	*EUR m*	*Average no.*
1	DEUTSCHE BANK (DE) #	2,164,103	33,333	101,836
2	HSBC HOLDINGS (GB) #	1,973,711	57,346	305,984
3	BNP PARIBAS (FR) # [1]	1,961,512	42,637	185,288
4	CREDIT AGRICOLE (FR) #	1,874,307	38,288	161,683
5	BARCLAYS (GB) #	1,871,815	35,409	149,700
6	THE ROYAL BANK OF SCOTLAND GROUP - RBS (GB) # * [2]	1,803,589	27,832	147,650
7	BANCO SANTANDER (ES) #	1,251,272	43,292	187,233
8	ING GROEP (NL) #	1,241,553	17,982	104,419
9	SOCIÉTÉ GÉNÉRALE (FR) #	1,178,742	25,732	157,617
10	UBS (CH) #	1,167,458	23,648	64,719
11	LLOYDS BANKING GROUP (GB) # * [3]	1,158,879	23,904	120,449
12	GROUPE BPCE (FR) [4]	1,133,194	23,435	120,966
13	UNICREDIT (IT) #	926,768	25,869	151,212
14	CREDIT SUISSE GROUP (CH) #	863,084	19,526	49,900
15	RABOBANK NEDERLAND (NL)	731,665	13,884	59,192
16	NORDEA BANK (SE) # [5]	716,200	9,272	32,983
17	COMMERZBANK (DE) # [6]	661,763	12,490	58,420
18	INTESA SANPAOLO (IT) #	639,206	16,311	97,540
19	CREDIT MUTUEL (FR)	604,032	14,124	77,979
20	BANCO BILBAO VIZCAYA ARGENTARIA - BBVA (ES) #	597,662	20,978	109,694
21	KREDITANSTALT FUER WIEDERAUFBAU - KfW (DE) *	494,818	2,892	4,765
22	STANDARD CHARTERED (GB) #	462,996	13,420	85,236
23	DANSKE BANK (DK) #	460,331	5,655	21,487
24	DEXIA (BE) # * [7]	412,759	2,129	14,181
25	DZ BANK (DE)	405,557	3,815	27,825
26	ABN AMRO GROUP (NL) * [8]	404,682	7,594	25,193
27	LANDESBANK BADEN-WUERTTEMBERG (DE) *	373,059	2,582	13,000
28	BANCO FINANCIERO Y DE AHORROS (ES) * [9]	312,342	3,770	23,107
29	BAYERISCHE LANDESBANK (DE) *	309,144	2,770	10,064
30	KBC GROUP (BE) #	285,232	7,432	51,127
31	CAJA DE AHORROS Y PENSIONES DE BARCELONA – "LA CAIXA" *	282,399	6,316	28,776
32	DEXIA BANK BELGIUM (BE) (ora Belfius Bank Belgium) * [10]	232,424	1,905	7,428
33	ABBEY NATIONAL (GB) [11]	-	-	-
34	ABN AMRO HOLDING (NL)[12]	-	-	-
35	BAYERISCHE HYPO- UND VEREINSBANK (HVB) (DE) [13]	-	-	-
36	CAJA DE AHORROS DE VALENCIA, CASTELLÓN Y ALICANTE – BANCAJA [14]	-	-	-

cont.

Table III.2 (cont.)

	BANKS	2011 TOTAL ASSETS	TOTAL INCOME	EMPLOYEES
		EUR m	*EUR m*	*Average no.*
37	CAJA DE AHORROS Y MONTE DE PIEDAD DE MADRID – "CAJA MADRID" [14]	-	-	-
38	CAPITALIA (IT) [15]	-	-	-
39	CREDIT LYONNAIS (FR) [16]	-	-	-
40	DEUTSCHE POSTBANK (DE) [17]	-	-	-
41	DRESDNER BANK (DE) [18]	-	-	-
42	EUROHYPO (DE) [19]	-	-	-
43	FORTIS (BE / NL) [20]			
44	FORTIS BANK (BE) * [21]	-	-	-
45	FORTIS BANK (NEDERLAND) (NL) * [22]	-	-	-
46	GROUPE BANQUE POPULAIRE (FR) [23]	-	-	-
47	GROUPE CAISSE D'EPARGNE (FR) [24]	-	-	-
48	HBOS (GB) # * [25]	-	-	-
49	SANPAOLO IMI (IT) [26]	-	-	-
	TOTAL	**28,956,258**	**585,572**	**2,756,653**
	<u>JAPAN</u>	*EUR m*	*EUR m*	*Average no.*
1	MITSUBISHI UFJ FINANCIAL GROUP - MUFG # [27]	2,147,730	35,906	79,600
2	MIZUHO FINANCIAL GROUP #	1,610,577	18,462	31,297 °
3	SUMITOMO MITSUI FINANCIAL GROUP - SMFG #	1,373,419	24,014	62,890
4	NORINCHUKIN BANK	715,016	48	3,195 °
5	RESONA HOLDINGS #	425,064	6,271	16,911
6	SUMITOMO MITSUI TRUST HOLDINGS # [28]	336,890	6,106	13,586 °
7	SHINKIN CENTRAL BANK	300,857	976	1,134 °
8	FUKUOKA FINANCIAL GROUP # [29]	128,856	1,925	6,816
9	BANK OF YOKOHAMA #	124,837	2,340	4,626 °
10	SHOKO CHUKIN BANK * [30]	122,235	1,540	4,163
11	CHIBA BANK #	107,937	1,657	4,302 °
12	HOKUHOKU FINANCIAL GROUP #	105,192	1,625	5,135
13	SHIZUOKA BANK #	95,971	1,508	3,128 °
14	SHINSEI BANK #	80,310	2,059	5,274
15	JOYO BANK #	79,710	1,123	3,553 °
16	HOKKAIDO BANK [31]	-	-	-
17	SUMITOMO TRUST & BANKING # [32]	-	-	-
18	UFJ HOLDINGS [33]	-	-	-
	TOTAL	**7,754,601**	**105,560**	**245,610**

cont.

Table III.2 (cont.)

	BANCHE	2011 *TOTAL ASSETS*	*TOTAL INCOME*	*EMPLOYEES*
	UNITED STATES	*EUR m*	*EUR m*	*Average no.*
2	JPMORGAN CHASE & CO. # [34]	1,751,134	73,917	249,994
1	BANK OF AMERICA # [35]	1,645,449	70,509	285,000
3	CITIGROUP #	1,448,240	60,021	263,000
4	WELLS FARGO & CO. # [36]	1,015,431	60,771	268,200
5	U.S. BANCORP (ex- Firstar) #	262,866	14,379	61,557
7	THE BANK OF NEW YORK MELLON # [37]	251,384	11,271	48,350
6	THE PNC FINANCIAL SERVICES GROUP # [38]	209,603	10,997	48,355
8	CAPITAL ONE FINANCIAL #	159,223	12,431	28,100
9	ALLY FINANCIAL * [39]	142,003	3,737	14,600
10	SUNTRUST BANKS #	136,687	6,468	29,119
11	BB&T #	134,925	6,953	31,564
12	REGIONS FINANCIAL #	98,191	4,992	27,321
13	FIFTH THIRD BANCORP #	90,399	4,658	21,086
14	AMSOUTH BANCORPORATION [40]	-	-	-
15	BANK ONE [41]	-	-	-
16	COUNTRYWIDE FINANCIAL [42]	-	-	-
17	FLEETBOSTON FINANCIAL [43]	-	-	-
18	GOLDEN STATE BANCORP [44]	-	-	-
19	GOLDEN WEST FINANCIAL [45]	-	-	-
20	GREENPOINT FINANCIAL [46]	-	-	-
21	HIBERNIA [47]	-	-	-
22	MBNA [48]	-	-	-
23	MERRILL LYNCH & CO. [49]	-	-	-
24	NATIONAL CITY [50]	-	-	-
25	NORTH FORK BANCORPORATION [51]	-	-	-
26	SOUTHTRUST [52]	-	-	-
27	THE BEAR STEARNS COMPANIES [53]	-	-	-
28	UNION PLANTERS [54]	-	-	-
29	WACHOVIA (ex- First Union) [55]	-	-	-
30	WASHINGTON MUTUAL [56]	-	-	-
	TOTAL	**7,345,535**	**341,104**	**1,376,246**
	CHINA	*EUR m*	*EUR m*	*Average no.*
1	INDUSTRIAL AND COMMERCIAL BANK OF CHINA # *	1,896,954	57,802	403,099
2	CHINA CONSTRUCTION BANK # *	1,505,348	48,660	321,652
3	BANK OF CHINA # *	1,449,976	37,642	220,651
4	AGRICULTURAL BANK OF CHINA # *	1,431,286	46,461	445,924
5	BANK OF COMMUNICATIONS # [57]	565,178	14,835	87,720

cont.

Table III.2 (cont.)

	BANKS	2011 *TOTAL ASSETS*	2011 *TOTAL INCOME*	2011 *EMPLOYEES*
		EUR m	*EUR m*	*Average no.*
6	CHINA MERCHANTS BANK # [58]	342,571	11,622	44,217
7	CHINA CITIC BANK # * [59]	339,006	9,446	26,021
8	SHANGHAI PUDONG DEVELOPMENT BANK # [60]	329,055	8,333	29,656
9	INDUSTRIAL BANK # [61]	295,239	7,373	31,913
10	CHINA MINSHENG BANKING #	273,210	9,855	36,137
	TOTAL	**8,427,823**	**252,029**	**1,646,990**

\# Listed company.
* Government-controlled company.
° Figure refers to parent company only. The figures for Mizuho Financial Group and Sumitomo Mitsui Trust Holdings also include the employees of the main banking subsidiaries.

[1] The Belgian and Luxembourg states own 10.3% and 1% of the company's share capital respectively, stakes acquired in May 2009 against the disposal of Fortis's former banking activities in the respective countries.
[2] As at year-end 2012, the UK government owned about 81% of the share capital (approx. 65% of the ordinary shares).
[3] Formerly Lloyds TSB Group. On 16 January 2009 it acquired and merged with HBOS, taking on its current name. As at year-end 2011 the UK government owned 40.2% of the company's share capital.
[4] Incorporated on 31 July 2009 as a result of the activities of the former Groupe Banque Populaire and the former Groupe Caisse d'Epargne being merged. The central body is BPCE S.A., owned equally by the French co-operative and savings banks.
[5] The Swedish state owned 13.5% of the share capital as at year-end 2012.
[6] The German state owned 25% plus one share stake in the company.
[7] In October 2011 Dexia sold 100% of its subsidiary Dexia Bank Belgium (now Belfius Bank & Insurance) to the Belgian state. In February 2012 an agreement was reached to secure local public sector financing in France, which involved the establishment of a new bank (with the French state, Caisse des Dépôts and Dexia Credit Local each owning 31.7% and La Banque Postale 4.9%), to which the Dexia group will transfer control of Dexia Municipal Agency S.A. In October 2012 the company disposed 99.9% of its subsidiary Dexia Banque Internationale à Luxembourg to the Precision Capital fund and the Grand Duchy of Luxembourg (90% and 10% respectively). As at 31 December 2012, the Belgian and French states held indirect stakes of 50.02% and 44.4% in the share capital of Dexia respectively.
[8] In April 2010 the Dutch state conferred on the newly-incorporated company control of both ABN AMRO Bank N.V. (the former ABN AMRO Holding group's Dutch activities) and Fortis Bank (Nederland) N.V. (the former Fortis group's Dutch activities); the following July Fortis Bank (Nederland) was merged into ABN AMRO Bank. ABN AMRO Group is controlled by the Dutch state.
[9] Company set up in December 2010, and operative since 1 January 2011, following the merger of seven local Spanish savings banks, the main ones of which were Caja Madrid and Bancaja (see below). The banking operations thus transferred by the savings banks were for the most part spun off to subsidiary Bankia; in 2011, 47.59% of the latter was sold on the market for EUR 3.1bn. Since June 2012 Banco Financiero y de Ahorros has been 100%-owned by the Spanish state via the FROB-*Fondo de Reestructuración Ordenada Bancaria*.
[10] The company, which was already part of the Dexia group, was acquired 100% by the Belgian state with effect from 1 October 2011. The current name was taken on 1 March 2012.
[11] Acquired by Banco Santander in November 2004.
[12] In October 2007 control of the company was acquired by RFS Holdings B.V., a company which at the time was owned by RBS (38.3%), Fortis (33.8%) and Banco Santander (27.9%). Consolidated line-by-line by RBS with effect from 17 October 2007. Previously the company had disposed of certain assets, including LaSalle Bank (USA) and Banca Antonveneta (IT). In December 2008, the share previously owned by Fortis, at the time held by Fortis Bank Nederland

(Holding) N.V. - subsequently Fortis Bank (Nederland) N.V. – was acquired directly by the Dutch state, which had acquired control of Fortis Bank Nederland (Holding) N.V. in October 2008. In February 2010 the activities of ABN AMRO Holding N.V. (renamed RBS Holdings N.V.) were spun off to ABN AMRO Bank N.V., control of which was acquired by the Dutch state.

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

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

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

[16] Acquired by Crédit Agricole in 2003.

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

[18] Acquired by Commerzbank in January 2009.

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

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

[21] Acquired by BNP Paribas in May 2009. The Belgian state, which held 99.93% of the share capital at 31 December 2008, sold 74.93% to BNP Paribas, taking an 11.6% share in the latter (diluted to 10.3% on 30 June 2012).

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

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

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

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

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

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

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

[29] 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.

[30] As at 31 March 2012 Japanese state owned 46.46% of the share capital.

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

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

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

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

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

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

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

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

[39] Formerly GMAC Inc. (General Motors Acceptance Corp.), and took on its present name in May 2010. It acquired bank holding company status in December 2008, when it became a recipient of the TARP (Troubled Asset Relief Programme). In December 2009 the United States Treasury took a majority stake in the company; its investment at end-2012 was equal to 73.8%.

Table III.2 (cont.)

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[40] Acquired by Regions Financials with effect from 1 November 2006.
[41] Acquired by JPMorgan Chase & Co. with effect from 1 July 2004.
[42] Merged into the Bank of America with effect from 1 July 2008.
[43] Acquired by Bank of America with effect from 1 April 2004.
[44] Acquired by Citigroup in 2002.
[45] Acquired by Wachovia (formerly First Union) with effect from 1 October 2006.
[46] Merged into North Fork Bancorporation with effect from 1 October 2004.
[47] Acquired by Capital One Financial with effect from 16 November 2005.
[48] Acquired by Bank of America with effect from 1 January 2006.
[49] Acquired by Bank of America with effect from 1 January 2009.
[50] Acquired by The PNC Financial Services Group with effect from 31 December 2008.
[51] Acquired by Capital One Financial with effect from 1 December 2006.
[52] Acquired by Wachovia (formerly First Union) with effect from 1 November 2004.
[53] Acquired by JPMorgan Chase with effect from 30 May 2008.
[54] Acquired by Regions Financial with effect from 1 July 2004.
[55] Formerly First Union. Acquired by Wells Fargo & Co. with effect from 31 December 2008.
[56] Went bankrupt in September 2008. Its banking activities were acquired by JPMorgan Chase & Co with effect from 25 September 2008.
[57] 43.7% owned directly and indirectly by the Chinese state; 19% owned by the HSBC group.
[58] 36.56% owned by various companies controlled by the Chinese state, 2.1% by JPMorgan Chase, 1.9% by Deutsche Bank.
[59] 61,85% owned by Citic Group (Chinese state); 15% owned by BBVA.
[60] 24,3% owned by Shanghai International Group (Chinese state), 20% by China Mobile Group Guandong, 2,7% by Citigroup.
[61] 29% owned directly and indirectly by the Chinese state; 12.8% owned by the HSBC group.

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