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I. INTRODUCTION

GLOSSARY

Assets (total assets)	Total assets in the balance sheet: loans and available funds, fixed assets and other assets.
Cost/income ratio	The ratio between operating costs (labour costs, general expenses and amortisation) and total income (%).
Coverage rate for doubtful loans	Ratio between adjustment funds and gross doubtful debts (%).
Current result	Net result before extraordinary and non-recurrent costs and income, goodwill amortisation, income taxes and profits and losses pertaining to minority interests.
Doubtful loans	Doubtful, impaired, restructured and overdue loans.
Fixed assets	Interests in subsidiaries and associates, net tangible and intangible assets and goodwill.
Free capital	Net capital less fixed assets less doubtful loans.
Funding from customers	Customer deposits, debt securities and subordinate liabilities.
Income (total income)	Interest margin, commissions receivable and other operating income net of commissions payable and other operating expenses, dividends and share of profit, trading profits and losses.
Interest margin (gross margin)	Difference between interest income and interest expense.
Loans and available funds	Cash and available funds, securities, deposits by banks, loans and advances to customers.
Mega-merger	A merger involving two banks included in the survey.
Net capital (net worth)	Share capital and reserves (including results for the year), net of own shares. It is equal to the difference between the total assets and the total liabilities. The net capital attributed to shareholders excludes the portion attributed to minority interests.
ROA (*return on assets*)	Ratio between net profit and total assets (%).
ROE (*return on equity*)	Ratio between net profit and net worth less minority interests and net profit (%).
Tax rate (average 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.

Overview

This survey covers the leading banks in Europe, Japan and the United States, selected according to the criteria set out in Section III. A total of 67 groups are included, 33 of which are based in Europe, 16 in Japan and 18 in the United States ([1]). Table I.1 provides certain key figures, and a detailed list of companies is included in Section III. This year's survey covers one fewer group than last year's, as a result of two mergers, one exit and two new entries. The mergers involved – in Europe – Bayerische Hypo-und Vereinsbank (HVB), which was acquired by UniCredito Italiano, and – in Japan – UFJ Holdings, which was merged into the Mitsubishi Tokyo Financial Group (now Mitsubishi UFJ Financial Group). The German bank NordDeutsche Landesbank (NordLB) was excluded for failing to reach the minimum size requirements established for inclusion in the survey, while US banks Capital One Financial and Regions Financial met the minimum requirements following mergers with smaller institutions; the entries refer to the period considered for the survey.

European banks account for 68% of the aggregate in terms of total assets, 55% of total income and 61% of total employees. US banks account for just 17% of total assets, but nearly one-third in terms of total income and total staff. In Europe, Germany is the country with the largest number of banks in the sample, while UK institutions rank first

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1 The European banks consolidate 11,363 subsidiaries. This total does not include the United Kingdom or Benelux, with the exception of Barclays and Dexia respectively, as figures are not available for these areas. The Japanese groups consolidate 790 companies, while the only figures available for the U.S. involve 12 groups that consolidate approximately 6,000 subsidiaries.

in terms of total assets, income and staff (23%, 30% and 29% of the total respectively). In assessing the more substantial contribution by European banks to the overall figures, it should be remembered that they are also more globalised than the banks in the other areas considered, primarily as a result of acquisitions outside their countries of origin, as will be described in due course. Conversely US- and Japanese-based banks, with the exception of those ranking top of the league tables, focus chiefly on their own domestic markets. Banks also play a relatively less important role in US financial markets than elsewhere, owing to the strong presence of non-banking institutions. Finally, it should be remembered that, based on period-end exchange rates, the dollar and the yen both fell in relation to the euro between 2000 and 2005, the former by 21% and the latter by 23% (the euro representing the currency of account for most of the European groups).

TABLE I.1 – BANKS COVERED IN THE SURVEY

	No. of Groups	Total assets at 31.12.05	Total income in 2005	No. of employees in 2005
		EUR bn	*EUR bn*	*'000*
United Kingdom	5	4,994	135	647
Benelux	6	4,099	67	387
Germany	9	3,886	52	191
France	4	3,710	76	392
Switzerland	2	2,170	42	131
Italy	3	1,324	39	235
Spain	2	1,199	32	219
Scandinavia	2	651	11	48
Europe	**33**	**22,033**	**454**	**2,250**
Japan (*)	**16**	**4,863**	**76**	**204**
United States	**18**	**5,700**	**295**	**1,257**
Total	**67**	**32,596**	**825**	**3,711**

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

In terms of total assets, the European banks considered account for just over 60% of the Western European banking system as a whole ([2]). The Japanese banks likewise represent slightly over 60% of their country's total, whereas the US banks make up around 75% of their nation's banking system ([3]).

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

Size

The average size of the banking groups considered in our survey increased significantly from 1998 to 2005, due to both organic growth and mergers and acquisitions. In terms of total assets, the average size recorded per group in 2005 was EUR 481.4bn, 2.6 times the figure recorded in 1998, the result of a 69% increase in overall total assets (excluding goodwill) against a reduction in the number of groups from 104 to 67. Based on calculations in local currency, banks grew in all three areas considered, but more so in the United States and Europe (Table I.2).

Disregarding the effect of the mergers between the Japanese groups included in the sample, which will be discussed later on, the increase in average size during the 1998-2005 period was 100% for the European banks, 65% for the US banks and just 4% for the Japanese

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2 Eurozone countries plus Denmark, the U.K., Sweden and Switzerland.

3 The U.S. figure as well stands at just over 60% if financial service companies not owned by banks are considered. These institutions, which are particularly strong in the U.S. in the areas of consumer credit and leasing, include the financial service divisions of leading industrial groups, such as General Electric, General Motors and Ford Motor.

banks ([4]). This indicates that, while the growth of Japanese banks was almost entirely due to business combinations, mega-mergers explain about two-thirds of the increase in the size of US banks and just over 40% of the growth of European banks.

TABLE I.2 – SIZE OF BANKS COVERED BY SURVEY

	Average size measured by total assets (1)					
	1998	2004	2005	2005 / 2004	2005 / 1998	2005 / 1998 (2)
	EUR bn			% increase (3)		
Europe (4)	242.4	513.4	663.0	+ 29.1	+ 173.5	+ 100.5
Japan	171.4	272.2	302.9	+ 10.7	+ 82.3	+ 4.2
United States	108.9	234.5	307.0	+ 13.4	+ 184.1	+ 64.9
All banks (5)	**183.5**	**379.1**	**481.4**	**+ 27.0**	**+ 162.3**	**+ 69.0**

(1) Not including goodwill.
(2) Calculated excluding the effect of mergers between groups included in the sample.
(3) Calculated in local currency for Japanese and US banks.
(4) 45 groups in 1998; 34 in 2004 and 33 in 2005.
(5) 104 groups in 1998; 67 in 2005. The size of the changes is impacted by exchange rates between local currencies and the euro.

In 2005, the average size of banks in Europe increased by 29% compared to the previous year, a significantly larger increase than in the other two areas (U.S. 13%, Japan 11%). The increase in Europe, which was the result of 25% growth in assets (despite the fact that the number of banks decreased by one), was influenced by the transition to IAS/IFRS ([5]). As a result of the transition, total assets at 1 January 2005 increased by 7.7% compared to the balances at the end of the previous

[4] Changes calculated in euros for European banks and in local currencies for Japanese and U.S. banks.

[5] IAS = *International Accounting Standards*; IFRS = *International Financial Reporting Standards*. EC regulation no. 1606/02 established that the accounts of listed companies in the EU should be harmonised via adoption of the IAS/IFRS ratified by the European Commission in the preparation of consolidated reporting beginning on 1 January 2005. Of the 33 banks included in the European sample, 26 adopted the new accounting standards, while two continued to apply U.S. GAAP and five, which are unlisted, continued to use national GAAP.

year. Excluding this effect, the increase in average size would have been approximately 20% ([6]).

Based on 2005 assets, on average, the European banks are more than twice the size of the Japanese and US banks([7]). As can be seen in Table III.1 of Section III, there is a higher level of concentration in these two countries than in Europe: the top three Japanese and US banks accounted for 64% and 59% of total assets respectively, whereas the top three European banks represented just 18% of their area. A comparison between 1998 and 2004 shows that the percentage of total assets accounted for by the top five groups in their respective areas rose from 44% to 80% in Japan, from 54% to 74% in the United States, and from 23% to 29% in Europe. In interpreting the lower degree of aggregation in Europe, however, the more fragmented nature of the area in terms of various national markets should be considered.

At the end of 2005, the largest banking groups in terms of total assets, which were virtually the same size, were based in Europe and Japan: Barclays (GB), UBS (CH) and Japan's Mitsubishi UFJ Financial Group, which was formed in October 2005 following a merger between the country's second- and fourth-largest groups. The next three largest groups, which were also similar in size, were HSBC Holdings (GB) and BNP Paribas (FR) in Europe and, between these two, Citigroup in the U.S.

As previously mentioned, mergers and acquisitions were an important factor in determining the growth of banking groups in the world's three main economic areas. In the period from 1998 to 2005, a total of 47 mega-mergers were completed, 21 of which involved European banks, 17 US banks and 9 Japanese banks. Four additional mega-mergers were completed in 2006, including two in the United

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6 Data from 31 companies whose financial reports at 1 January 2005 were prepared using the same criteria used in preparing year-end reports. The higher average growth rate in Europe in 2005 was impacted positively by the dollar's rise against the euro (up 15%), which boosted the performance of European banks with operations in the U.S. (see Table I.5).

7 This is essentially confirmed by the ratio between the total income and the gross domestic product of the respective geographic area, equal to 4.2% for European banks, 2.9% for US banks and 2.1% for Japanese banks.

States, where Bank of America acquired MBNA and Wachovia acquired Golden West Financial, and two in Europe, where Commerzbank acquired Eurohypo and Banca Intesa merged with Sanpaolo IMI; details on these mergers are included in Table III.2 of Section III. The first point to note is that these large combinations have tended to involve banking groups belonging to the same economic area and, in Europe in particular until 2003, banks in the same country (with the exception of Scandinavia). The only exception is Deutsche Bank's acquisition of US-based Bankers Trust in 1999. In 2004 and 2005, two major cross-border transactions took place: the Spanish group Santander acquired U.K.-based Abbey National, and UniCredito Italiano acquired HVB, the third largest German bank in terms of total assets. A description of transactions involving the banks included in our survey is provided in Appendix 2 by country of origin.

Most of the mega-mergers were paid for by means of share exchanges. Of the aggregate EUR 190bn in deals involving European banks between 1998 and 2005, approximately EUR 156bn, or 82% of the total, involved some form of share issue. The aggregate value of mergers between large US banks in the same period was much higher, at USD 454bn, but the cash outlay was only USD 4.6bn, or 1% of the total. The only cross-region deal, the acquisition of Bankers Trust by Deutsche Bank referred to above, was also the only one to be paid for entirely in cash, for an outlay of approximately USD 9.7bn. The mergers between Japanese banks took place exclusively via share exchanges.

In terms of ownership structure the banks covered in the survey are for the most part widely-owned, being listed on one or more stock exchanges worldwide. Only five state-owned banks are included, four of which are German (see Appendix 1), and one Japanese. The German state-owned banks account for over one-third of all German banks considered in the survey in terms of assets, while state-owned banks overall represent just 4.4% of the total sample in terms of assets and 1.3% in terms of income.

TABLE I.3 – STATE-CONTROLLED BANKS IN SAMPLE

	No. of groups	No. of employees in 2005	Total assets at 31.12.05	Total income in 2005
			EUR bn	*EUR bn*
State-controlled banks	5	37,408	1,434	11.0
as % of total	*7.5*	*1.0*	*4.4*	*1.3*
of which: Europe	4	32,956	1,352	9.9
as % of total for Europe	*12.1*	*1.5*	*6.1*	*2.2*

Also with regard to German banks, Dresdner Bank, the second largest German bank in terms of total assets, has been controlled by insurance group Allianz since 2001. Nordea Bank is approximately 20%-owned by the Swedish government.

Workforce

In the 1998-2005 period, the aggregate workforce of the banks covered in this survey increased by 21.4% in Europe, or 397,000 employees, and by 13.7% in the United States, or 151,000 employees. In Japan, on the other hand (with reference to 2001-2005, the period for which like-for-like data are available) the aggregate workforce decreased by 12%, or 28,000 employees (Cf. Table I.4).

In Europe, the greatest increase in absolute terms was recorded for UK banks (39%). Above-average increases were also recorded for banks in the Benelux countries, Italy and France, while decreases were recorded for the Scandinavian countries and Germany. If we look at the broader 1996-2005 period, for which like-for-like data is available only for European banks, average headcount rose by 33.8%, or 568,000 employees, with Spanish groups recording the highest absolute increase in 1996-98.

TABLE I.4 – CHANGES IN HEADCOUNT

	No. of employees (1)			Change of employees (2)		Change of total assets (2)
	1996	1998	2005	*No.*	*%*	*%*
United Kingdom	461,816	490,788	646,464	155,676	+ 31.7	+ 193.4
France	311,776	312,934	391,765	78,831	+ 25.2	+ 105.3
Benelux	252,415	299,722	387,343	87,621	+ 29.2	+ 132.8
Italy	172,418	184,237	234,965	50,728	+ 27.5	+ 15.0
Spain	148,514	207,224	219,152	11,928	+ 5.8 (3)	+ 78.9
Germany	193,681	192,354	191,135	- 1,219	- 0.6	+ 54.1
Switzerland	90,929	113,505	130,516	17,011	+ 15.0	+ 118.5
Scandinavia	50,200	52,308	48,296	- 4,012	- 7.7	+ 104.8
Europe	**1,681,749**	**1,853,072**	**2,249,636**	**396,564**	**+ 21.4**	**+ 101.7**
Japan	**…**	**232,302** (4)	**204,453**	**- 27,849**	**- 12.0**	**+ 4.4**
United States	**…**	**1,105,849**	**1,257,055**	**151,206**	**+ 13.7**	**+ 67.9**

(1) The details by country refer to the country in which the parent company was based in 2005 and therefore include group staff employed abroad; the figures for 1996 and 1998 have been restated to allow comparison on a like-for-like basis.
(2) Refers to 1998-2005 for Europe and the United States and 2001-2005 for Japan.
(3) In 1996-98 the increase was 39.5%.
(4) Refers to 2001, the first year for which like-for-like data is available.

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

- small and medium-size banks being merged into the largest groups covered in this survey. One example is Italy, where, in 1998, Cariverona, Banca CRT and Cassamarca were merged into UniCredito Italiano and, in 2000 and 2002, Sanpaolo IMI acquired Banco di Napoli and the Cardine group respectively. Another example is the United States, where domestic acquisitions have been responsible for much of the increase in the aggregate workforce;
- acquisitions of non-banking companies. An example of this is Crédit Suisse, which, in 1997, absorbed insurance group Winterthur, which had over 26,000 employees; Winterthur was sold to the French insurance group Axa in 2005;

- non-domestic acquisitions, which mostly affected European banks. Apart from Deutsche Bank's acquisition of Bankers Trust referred to above, in 2000 Swiss groups UBS and Crédit Suisse acquired US banks Paine Webber and Donaldson, Lufkin & Jenrette, which between them employed around 36,000 staff. Spanish banks, meanwhile, made some major acquisitions in Latin America in the years between 1997 and 2000 ([8]), a region where both Dutch groups ING and ABN Amro and U.K.-based HSBC Holdings have a footprint. These banks launched highly-diversified expansion programmes, both geographically, which involved extending their reach via acquisitions *inter alia* in the United States and South-East Asia, and in terms of business, building presence in the insurance and financial service sectors. Noteworthy in this regard was HSBC Holdings' 2003 acquisition of US-based consumer credit/financial services player Household International, which had 31,000 staff on its pay-roll at year-end 2002. Particularly active on the US market in the last years were the Royal Bank of Scotland Group, which in 2004, acquired Charter One with its 8,100 employees and USD 50bn in assets, and BNP Paribas, which between late 2004 and the first months of 2005 acquired three smaller banks comprising a total of USD 17bn in assets and around 4,800 employees. Banks completing major acquisitions in Central and Eastern Europe, on the other hand, included German banks Commerzbank and HVB (the latter of which was merged into UniCredito Italiano at the end of 2005), Belgian-based KBC, Société Générale of France and UniCredito Italiano ([9]). The main non-domestic acquisition made by a US bank during the period under review was Citigroup buying Mexican group Banamex in 2001.

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8 Staff employed outside Spain by the two Spanish banks covered in this survey between 1996 and 2000 (apart from at Abbey National, which was acquired in late 2004) rose from 34,013 to 146,664, i.e. from 27% to 65% of the total, whereas staff employed within Spain fell from 92,242 to 79,843. In 2005, despite staff cuts that affected approximately 30,000 employees, the number of employees based overseas was 130,502, or 66% of the total.

9 UniCredito's acquisition in 1999 of Polish-based Bank Pekao, which at that time had 24,400 staff, also stands out in this regard.

The significant non-domestic expansion undergone by European banks between 1996 and 2005 is well reflected by the more than 23 point increase in staff employed outside the companies' country of origin, who in 2005 accounted for 49.3% ([10]).

TABLE I.5 – DETAILS OF LEADING EUROPEAN BANKS' OPERATIONS IN THE U.S. AS AT YEAR-END 2005

Parent company	Main subsidiary	Total assets	Total income	Total staff
		USD bn	USD bn	No.
Barclays	Barclays Group US	396.3	4.2	...
Deutsche Bank (*)	Taunus Corp.	334.4	7.3	11,134
HSBC Holdings	HSBC Finance Corp. (formerly Household International)	156.7	13.2	35,000
	HSBC USA, Inc.	153.8	5.0	12,000
	Total HSBC Holdings	310.5	18.2	47,000
Crédit Suisse Group	Crédit Suisse (USA) (formerly Credit Suisse First Boston)	297.8	7.0	10,899
The Royal Bank of Scotland Group	Citizens Financial Group	155.2	5.8	24,400
ABN AMRO	LaSalle Bank	106.2	4.1	16,044
BNP Paribas	BancWest	66.3	2.2	12,267

(*) Data relating to North American operations ("primarily US").

Table I.5 lists the leading European banking groups in terms of operations in the United States. These are led by three British banks, Deutsche Bank and Crédit Suisse Group, the latter two of which operate mainly in investment banking and asset management. It should

10 Cf. Table II. 3 for Europe. It is not possible to calculate the corresponding ratio for Japanese and US banks due to the absence of figures. The only figures available in the U.S. are those for Citigroup and The Bank of New York, whose non-domestic staff in 2005 accounted for 51.8% and 23% of the total respectively.

be noted that, based on year-end 2005 data, these groups were between the sixth and ninth largest banks in the United States in terms of total assets. The Japanese bank with the most extensive profile in the U.S. is Mitsubishi UFJ Financial Group, which controls Union Bank of California (USD 48.7bn in total assets at 31 December 2005).

Table I.6 shows income and labour costs per employee for European and US banks ([11]). The first point to note here is that, in aggregate terms, at 1.15 compared to 1, the correlation between the increase in the two indicators (the first of which is a measure of productivity) is more favourable for the European banks, indicating that per-capita labour costs increased less than per-unit income in that area ([12]).

In the European countries, the highest income levels per employee in 2005 were recorded by Swiss banks, followed by German banks; however, these two countries also recorded the highest labour costs per employee. The most impressive changes in these indicators during the period under review were recorded for Spanish banks, for which the increase in income per employee was about three times the increase in unit costs. Such low growth rates in costs per employee were due to the acquisitions in Central and Southern America mentioned above. Of the other countries, only French and UK banks recorded ratios greater than 1, while all other countries saw a decline. This was mainly true for Switzerland and Germany, where above-average per-capita labour costs were not offset by the increase in income per employee. Growth in income per employee was below average in the Benelux countries and France; however, France recorded an even lower increase in unit labour costs. In Italy, meanwhile, a reduction in labour costs brought about by acquisitions in Central and Eastern Europe, where staff are cheaper to

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[11] Data on labour costs is not available for Japanese banks. In 1998-2005, these banks recorded a 6.3% increase in total income per employee based on like-for-like data calculated in local currency.

[12] The higher growth rates recorded in the U.S. for both income and costs per employee as compared to Europe are only partially explained by the impact of inflation in the two areas, as, from 1998 to 2005, consumer prices increased by 19.9% in the United States and by 15% in the Euro area.

employ, combined with a slight increase in unit income had a positive effect on banks' profitability.

TABLE I.6 – TOTAL INCOME AND LABOUR COST PER EMPLOYEE (1)

	Total income per employee			Cost of labour per employee				
	2005	% change over 1998		2005	% change over 1998			
	EUR '000	EUR (a)	*in local currency* (a')	EUR '000	EUR (b)	*in local currency* (b')	a/b	a'/b'
Switzerland	381.2	+ 35.7	*+ 31.7*	195.6	+ 47.2	*+ 42.8*	0.76	0.74
Germany	257.5	+ 33.0		104.5	+ 41.3		0.80	
Scandinavia	230.1	+ 39.9	*+ 39.3*	71.9	+ 44.2	*+ 43.7*	0.90	0.90
United Kingdom	218.4	+ 70.0	*+ 66.3*	63.7	+ 60.5	*+ 57.0*	1.16	1.16
Benelux	212.2	+ 22.6		74.0	+ 23.1		0.98	
France	193.4	+ 25.9		72.1	+ 17.9		1.45	
Italy	167.3	+ 0.9		55.9	- 5.6		n.c.	
Spain	145.8	+ 45.1		43.0	+ 15.2		2.97	
Europe	**214.4**	**+ 36.5**	***+ 35.4***	**75.8**	**+ 31.9**	***+ 30.8***	**1.14**	**1.15**
United States	**234.9**	**+ 40.1**	***+ 41.1***	**72.4**	**+ 40.3**	***+ 41.3***	**1.00**	**1.00**

(1) Calculated excluding insurance activities insofar as is possible based on available figures

As regards the high labour costs recorded by Swiss and German banks, it is important to note that per-capita labour costs are especially high for investment banking activities, and that in these countries (mainly Switzerland), a significant portion of the workforce is employed in that area. The increase in labour costs in this area is primarily due to acquisitions carried out in the second half of the 1990s (see Appendix 2). In 2005, Crédit Suisse First Boston, the investment banking division of the Crédit Suisse Group, employed 41% of the group's banking employees, at a unit cost of EUR

301,000. At EUR 339,000 per employee, the unit cost was even higher for the UBS Group's investment banking division, where 26% of the group's workforce was employed. If investment banking activities are excluded, the cost per employee for Swiss banks in 2005 falls to EUR 138,000. In Germany, the per-capita labour costs in 2005 for Deutsche Bank and WestLB were above average, at EUR 172,000 and EUR 142,000 respectively. At Deutsche Bank, unit labour costs increased by a massive 80% in 1999-2000, the period of the Bankers Trust acquisition, while during that same period WestLB saw its per-capita labour costs rise by 36%, principally in connection with the development of its equity and investment banking activities ([13]). In 2005, the unit labour cost for WestLB's investment banking arm was EUR 209,000, or 56% higher than for the group's other divisions.

Operating results

Total income for the 67 banks covered in this survey rose from EUR 541.2bn in 1998 to EUR 824.9bn in 2005, an increase of 52.4%, representing the balance between a 53.3% increase due to growth in size, as outlined above, and a reduction of less than one percentage point due to the depreciation of the dollar and yen against the euro. Such growth was not, however, uniform across the three areas: at constant exchange rates, total income generated by Japanese banks fell by 0.7%, against increases of 63.8% in Europe and 60.4% in the United States.

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[13] These activities were handled by London-based WestLB Panmure Ltd, which was sold to the Lazard group in January 2004.

TABLE I.7 – 67 BANKS: PERFORMANCE INDICATORS 1998 – 2005

	1998	2002	2003	2004	2005	Change	
	as % of total income						
	a	*b*	*c*	*d*	*e*	*d-a*	*e-d*
Interest margin	55.1	52.2	51.2	50.5	48.8	- 4.6	- 1.7
Net fee and commission income	36.2	39.2	39.2	41.0	42.4	4.8	1.4
Cost/income ratio	61.3	60.3	58.7	58.5	59.2	- 2.8	0.7
Bad debt writeoffs (1)	25.8	16.0	11.5	7.6	6.0	- 18.2	- 1.6
Current pre-tax profit	12.8	23.7	29.8	33.9	34.8	21.1	0.9
Net profit	7.5	9.4	16.8	20.7	26.4	13.2	5.7
ROE (%)	5.0	6.8	12.2	13.9	17.0	8.9	3.1
ROA (%)	0.2	0.3	0.5	0.6	0.7	0.4	0.1

(1) Net of bad debts recovered.

Interest margin as a percentage of total income fell from 55.1% at the start of the period to 48.8% in 2005, shedding 4.6 percentage points from 1998 to 2004 and an additional 1.7 points in 2005 as a result of a reduction in interest rates in all three areas. The reduction in this item was offset by an increase in net fee and commission income, which rose by 1.4 percentage points in 2005 after increasing 4.8 points the preceding years. Net trading income remained mostly unchanged throughout the period under consideration.

Current pre-tax profit stood at around 34.8% of total income in 2005. Although this was the best result of the years considered, it was only a slight increase (a little less than one percentage point) over the previous year, compared to a 4-point increase from 2003 to 2004. In interpreting the changes during the period, it is important to remember that the 1998 figure was significantly impacted by the bad debt writeoffs charged by Japanese banks (Table II.1). The improvement in 2005 was almost entirely due to a reduction in this item, which, with a 1.6-point decrease compared to 2004, reached its lowest level for the period. The highest figures for the period after 1998 were recorded in 2001-02. The cost/income ratio, on the other hand, increased by 0.7 percentage points compared to 2004, following a nearly 3-point decrease over the 1998-2004 period.

Aggregate net profit in 2005 totalled EUR 218bn, or 26.4% of total income, an increase of 45.3% in absolute terms and 5.7 percentage points compared to 2004. The greater increase in net profit compared to current pre-tax profit was mainly due to extraordinary items, which improved by 4 percentage points to post a positive balance, and, to a lesser extent (about 1 percentage point), the effect of the virtual elimination of goodwill amortisation due to the adoption of IAS/IFRS by European banks ([14]). Aggregate ROE stood at 17% in 2005, up 3.1 points compared to the previous year. ROA continued the growth trend observed since the beginning of the period, reaching 0.7% in 2005.

Results by geographical area

Table I.8 provides information on the banks' results by geographical area. Comparison between indicators for the different areas should be treated with caution, as there are considerable differences in the accounting standards adopted between countries. In comparing the periods, it is important to remember that most European banks adopted

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[14] US banks discontinued goodwill amortisation in 2002. Under both IAS 36 and US standard SFAS 142 ("Goodwill and Other Intangible Assets"), intangible assets with an indefinite life are no longer amortised. Such assets are tested at least annually for impairment, and any writedowns are charged to the profit and loss account.

IAS/IFRS for the first time in 2005 ([15]). Another important aspect involves insurance activities, which are carried out mainly by European banking groups. Until 2004, these activities were subject to different treatment in their respective consolidated statements. A review of the different policies used and the proportion of aggregate data accounted for by such activities is provided in Appendix 3.

TABLE I.8 – RESULT INDICATORS BY GEOGRAPHICAL REGION

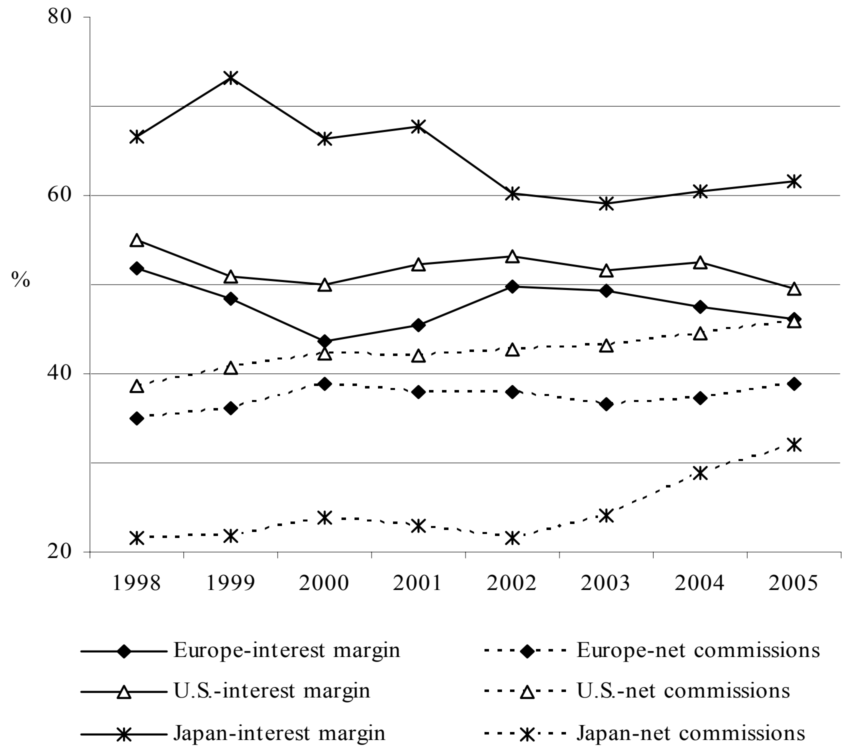
	1998			2005		
	Europe	Japan	United States	Europe	Japan	United States
	as % of total income			*as % of total income*		
Interest margin	51.8	66.7	55.1	46.2	61.7	49.6
Net fee and commission income	35.0	21.7	38.7	38.9	32.1	45.9
Cost/income ratio	64.3	56.5	59.0	61.2	54.8	57.4
Bad debt writeoffs (1)	11.1	120.7	7.6	5.8	4.4	6.7
Current pre-tax profit	24.6	- 77.2	33.5	33.1	40.8	35.9
Net profit	17.0	- 53.1	19.1	26.3	29.9	25.6
Tax rate (2) (%)	31.8	n.c.	34.6	25.3	24.3	32.5
ROE (%)	12.9	n.c.	16.5	18.3	10.9	18.1
ROA (%)	0.4	n.c.	1.0	0.5	0.5	1.3

(1) Net of bad debts recovered.

(2) Calculated based on current pre-tax profit and excluding loss-making companies.

15 Despite the fact that the standards require that at least one year of comparative prior period data be provided, the delay with which IAS 39 was ratified led the authorities to introduce an option exempting companies from this requirement and allowing them to defer the first application of IAS 32 *Financial Instruments*: *Disclosure and Presentation*, IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 4 *Insurance Contracts* until 1 January 2005.

FIGURE I.1 – INTEREST MARGIN/NET COMMISSION INCOME AS % OF TOTAL INCOME



With regard to income, the first point to note is that, from 1998 to 2005, interest margin decreased as a percentage of total income in all three regions, falling 5.5 percentage points in Europe and the U.S. and 5 points in Japan. This leads on to the next observation, that net interest income represents a higher percentage of total income for Japanese banks than it does for groups in the other two areas, and conversely that net fee and commission income accounts for a lower proportion of the total (see Fig. I.1). Fees and commissions accounted for a larger share of income for US banks than for European banks for the entire period, however, following an upward trend in both regions in 1999-2000, the gap between the two began to widen: fees and commissions as a percentage of total income grew consistently for US banks from 2002 forward, but began to fall in Europe, where only the recovery of 1.6 percentage point in the last year considered brought the results to 2000 levels. Results for the 2004-05 period reflect the efforts of Japanese banks to diversify their revenue sources to compensate for the erosion of interest income in both absolute and relative terms.

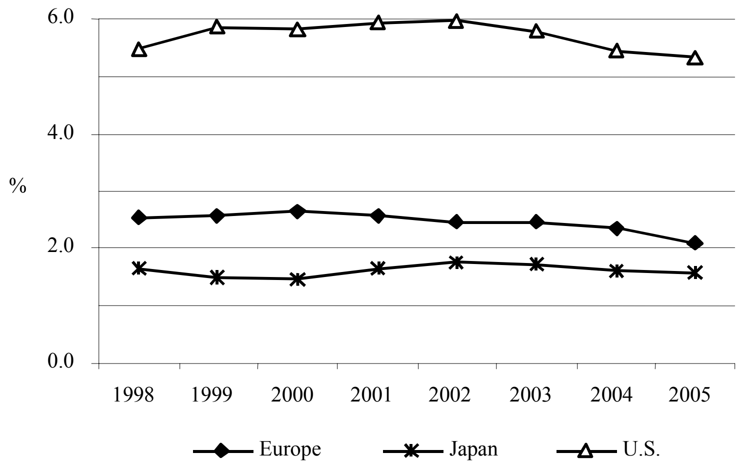
In terms of total income (Table I.9), the European banks recorded a considerable improvement in 2005, following a slight dip in the 2001-2004 period after six years of strong growth. In addition to the favourable impact of net fees and commissions discussed above, the main factors contributing to the 2005 result included an increase in net trading income and the appreciation of the dollar against the euro, given the greater degree of internationalisation of European banks ([16]). The income of the US banks increased in each period; the 2005 figure was broadly in line with the average increase for the preceding three-year period, while the 1998-2001 period recorded a sizeable 28.5% increase. Income also increased for the Japanese banks in 2005, compared to a decrease recorded for the 2001-2004 period and a mostly stable result recorded for the preceding three-year period.

TABLE I.9 – TOTAL INCOME: PERCENTAGE CHANGES

	1998 / 1996	2001 / 1998	2004 / 2001	2005 / 2004
			%	
Europe	+ 23.4	+ 47.7	- 0.2	+ 11.1
Japan	…	- 0.1	- 3.2	+ 2.6
United States	…	+ 28.5	+ 18.4	+ 5.4

[16] The previously mentioned adoption of IAS/IFRS by European banks beginning in 2005 appears to have caused a decrease in total income, the opposite of the effect on total assets. A calculation based on the 11 companies (representing 38% of the income of banks that changed accounting standards) that provided 2004 profit and loss accounts prepared using the same standards applied in 2005 (including IAS 32 and 39 and IFRS 4, which became effective from 1 January 2005), showed a decrease in total income of EUR 6.7bn, or 4.9% of total 2004 income calculated under previous GAAP.

FIGURE I.2 – TOTAL INCOME AS A % OF TOTAL ASSETS (1)



(1) Not including goodwill.

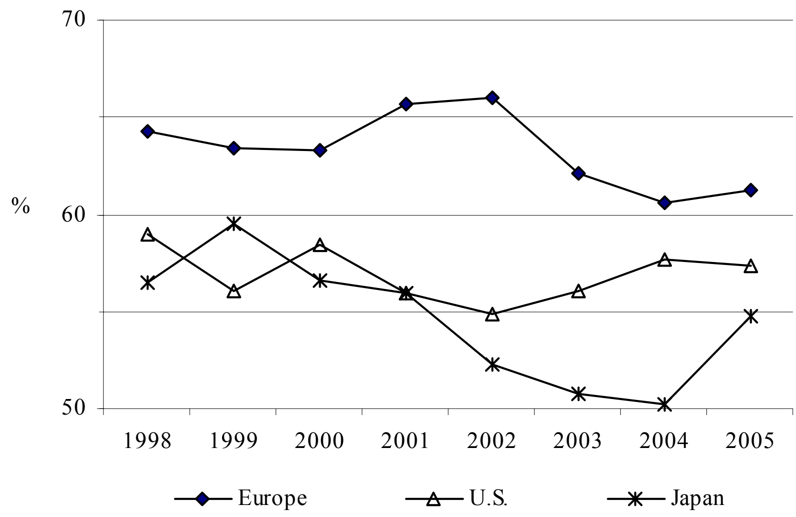
The higher total income recorded by the US banks is reflected in the total income/total assets ratio, which, though 0.7 points lower than the maximum value reached in 2002, stood at 5.3% in 2005, compared to 2.1% for the European banks and 1.6% for the Japanese banks (see Fig. I.2). With regard to the period as a whole, it can also be observed that the growth in the assets of the US banks described earlier lagged the increase in total income until 2002, whereas this was not the case for the European banks (except to a slight extent in 1999). Both areas saw reductions in this indicator in the last three years, with a more pronounced decrease in the U.S. due to stronger growth in total assets. For Japanese banks, the indicator reflects substantial stability in terms of both assets and total income.

Current pre-tax profit in 2005 amounted to 40.8% of income for the Japanese banks, 35.9% for U.S. banks and 33.1% for European banks, an increase compared to the previous year for Japan and Europe, in both absolute and percentage terms, and a decrease of 0.8 percentage points for the United States. In particular, Japan continued the recovery in profitability that started in 2002, following the negative results recorded in 1998-2001. However, the improvement in current pre-tax profit in 2005 was mainly due to lower bad debt writeoffs, while the cost/income ratio rose 4.6 percentage points. Along the same lines but with less pronounced variations, the European banks recorded lower bad debt writeoffs for the third year in a row, while the cost/income ratio increased by 0.6 percentage points following consistent reductions in the preceding two-year period. The US banks, on the other hand, recorded an increase of over 1 percentage point in bad debt writeoffs after hitting a low for the period in 2004; a slight reduction in the cost/income ratio was not sufficient to offset this increase.

The cost/income ratio was higher for European banks than for the other two areas for all the years covered by our survey, despite the reduction in 2003-04 that brought it to its lowest levels for the period (Fig. I.3). The graph also shows that the gap between the European and U.S. banks narrowed from over 11 percentage points in 2002 to 3.8 points in 2005. The gap also narrowed between the European and Japanese banks, with Japanese banks moving closer to the average US ratio. For European banks, it should be noted that only in 2003 the improvement was due to a reduction in operating costs (down 5.1% overall) coupled with a modest growth in income (up 1.1%), whereas in both 2004 and 2005, growth in income of 5.5% and 11.1%, respectively was accompanied by higher operating costs (up 2.9% in 2004 and 12.2% in 2005).

Bad debt writeoffs are described in greater depth in the following section.

FIGURE I.3 – COST/INCOME RATIO



The best net profit figures in 2005 were recorded by the Japanese banks, at 29.9% of total income, or 3.6 percentage points higher than European banks and 4.3 points higher than US banks. Japan's 2005 result, which is in sharp contrast to the losses amounting to more than 50% of income recorded at the beginning of the period under review, was mainly due to the previously mentioned reduction in bad debt writeoffs, as well as – at least until 2004 – lower operating costs.

In 2005, the gap in profitability between the US and European banks nearly closed, with the ROE of both standing at slightly above 18%, while the ROE of Japanese banks remained significantly lower, at 10.9%. The improvement in ROE for European banks in 2005 was favoured by an increase in positive extraordinary items and the discontinuation of goodwill amortisation in compliance with IAS/IFRS. There was still a significant gap between the ROA of the European and US banks, as a result of more efficient asset allocation by US banks, while the Japanese banks' ROA in 2005 was equal to that of its European counterparts.

The tax rate in 2005 was higher for US banks than for European and Japanese banks, by 7.2 and 8.2 percentage points, respectively (Table I.8). The tax rate fell in both Europe and the U.S. during the period under review, but more so in the former, where it declined by more than 6.5 percentage points, while in the latter the reduction was approximately 2 points ([17]).

As for extraordinary items in 2005, the most important point to note is the elimination of goodwill amortisation for the European banks following the previously mentioned adoption of IAS; this item amounted to 1.9% of total income the previous year. Also important to note is the favourable increase in the balance of extraordinary items in all three areas, amounting to 4 percentage points in Europe and the U.S. and 3.2 points in Japan. In Europe, extraordinary items, which represented 4.6% of total income, mainly included gains on sales of securities classified as available for sale (2.5% of income) and other fixed assets (primarily equity interests and business divisions, which amounted to 3.1% of income) ([18]); the gains were partially offset by restructuring charges and various provisions (-1% of income). In 2004, these items were negatively impacted by reimbursements of public subsidies by the German *Landesbanken* totalling EUR 1.7bn following a European Commission ruling (in addition to EUR 0.7 debited directly from reserves).

In the United States, where, following a negative figure for 2004, the balance of extraordinary items increased to 1.9% of total income, overall gains on sales amounted to 3.1% of income (of this percentage, 2.7% referred to sales of business divisions) ([19]), while merger and restructuring

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17 The 1998 figure for Japanese banks is not meaningful, given the high number of companies that incurred losses for the year.

18 The largest gains recorded by European banks in 2005 included EUR 2.6bn realised by UBS on the sale of a number of private banking and asset management units to Julius Baer, EUR 1.9bn by Banco Santander on the sale of its interests in Unión Fenosa and Royal Bank of Scotland, EUR 1.3bn by Dresdner Bank on the sale of its interests in Munich Re and Allianz, and EUR 0.7bn by Banca Intesa on the sale to Crédit Agricole of the control of its asset management activities in Italy.

19 The largest gains by US banks in 2005 included EUR 6.8bn realised by Citigroup on the sale of its life insurance business to Metlife and its asset management business to Legg Mason, and EUR 1.3bn by JPMorgan Chase on the sale of its online brokerage business.

charges and provisions had a negative impact of 1.2%. In 2004, US banks recorded net extraordinary charges amounting to USD 7.9bn, including USD 11.6bn set aside by Citigroup and JPMorgan Chase to cover litigation expenses and to finalise out-of-court settlements with plaintiffs. Specifically, Citigroup set aside USD 7.9bn after reaching a settlement with WorldCom investors and to cover lawsuits and other pending legal proceedings, mostly in connection with the Enron and Parmalat crises, methods of selling mutual funds, IPOs, and corporate research ([20]). Similarly, JPMorgan Chase set aside USD 3.7bn to its litigation reserve, in this case as well in connection with business relations with Enron, placement of WorldCom bonds and IPO-related activity, as well as the sale to institutional investors of asset-backed securities issued by a company that subsequently went bankrupt ([21]). In 2005, JPMorgan Chase set aside an additional USD 2.8bn (partially compensated by insurance reimbursements totalling USD 0.2bn) to cover charges arising in connection with the class actions against Enron and WorldCom.

Japanese banks recorded significant extraordinary net income in 1998-2000, enabling them to deliver aggregate profits in 1999 and 2000. Throughout the period, the item comprised sizeable gains and losses on disposals of assets, both property and securities, accounting for 8.4% of total income in 2005. In 2003, the item also included tax rebates amounting to 1.8% of total income, the major beneficiaries of which were the country's largest banking groups.

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[20] Citigroup reached a settlement for the payment of USD 2.6bn to the plaintiffs of the WorldCom class action and USD 2bn to the plaintiffs of the Enron class action. The accusations against Citigroup included drawing up and publishing documents containing misleading information in connection with securities placement and issuing similarly misleading research reports on the companies.

[21] The main charges included: in the case of WorldCom and other issuers, the fact that the company knew, or was reckless and negligent in not knowing, that the securities were being sold to the plaintiffs on the basis of material mis-statements of the issuers' financial situations; in the case of Enron, issuing press releases and publishing other false or misleading documents; in the case of IPO activity, of making mis-statements in, or omitting information from, listing prospectuses and other documents issued in connection with placements, and manipulating the market with respect to aftermarket transactions involving securities offered; publishing misleading research notes; and breach of investor trust and contractual obligations.

An increase in writedowns to fixed assets can be observed for all three areas in 2001 and 2002, especially for financial assets as a result of unfavourable stock market performance. In 2002, this item amounted to 19% of Japanese banks' income; in the subsequent two-year period, the item decreased significantly for the US banks, but remained at high levels in Japan and Europe in 2003, in the latter case mainly as a result of writedowns charged by German banks. The positive balance recorded for US banks in 2005, or 0.6% of income, is mainly attributable to the writeoff of bank rights on mortgage loans sold to third parties following an increase in interest rates.

Bad debts written off and doubtful loans

Table I.16 provides a breakdown of bad debts written off in the last five years, by bank and geographical area, as a percentage of total income, loans to customers, and net worth. For the European banks, the three indicators reflect improvements in 2005 compared to 2003-04, while the highs for the period were recorded in 2002. Also in 2005, six European banks recorded net writeoffs amounting to over 10% of their income (compared to ten in 2004), with the highest figures recorded for German banks Eurohypo and HVB (the latter of which was merged into UniCredito Italiano at the end of the year). A total of eight banks (four in 2004) recorded writebacks, with two German banks, KfW and WestLB, recording the highest figures following significant writeoffs in 2001-2003.

Significant improvements can also be observed for the Japanese banks in the last years, with three banks recording net writebacks in 2005, although that same year five banks wrote off debts amounting to more than 10% of income. The situation in Japan also reflected a higher degree of variation in average readings during the period, as well as a more frequent alternation between positive and negative values. As regards the indicators for US banks, a change in trend can be observed in 2005 compared to the preceding two-year period, while, in this case also, the highs for the period were recorded in 2002. Two banks wrote off debts amounting to more than 10% of their income – Capital One Financial and Citigroup, the latter of which is the largest bank in the region – while none of the banks recorded writebacks in excess of provisions. Only three banks, or one per area – Lloyds TSB Group in Europe, Hokuhoku Financial Group in Japan and Capital One Financial in the U.S. – recorded writeoffs that exceeded 10% of net worth.

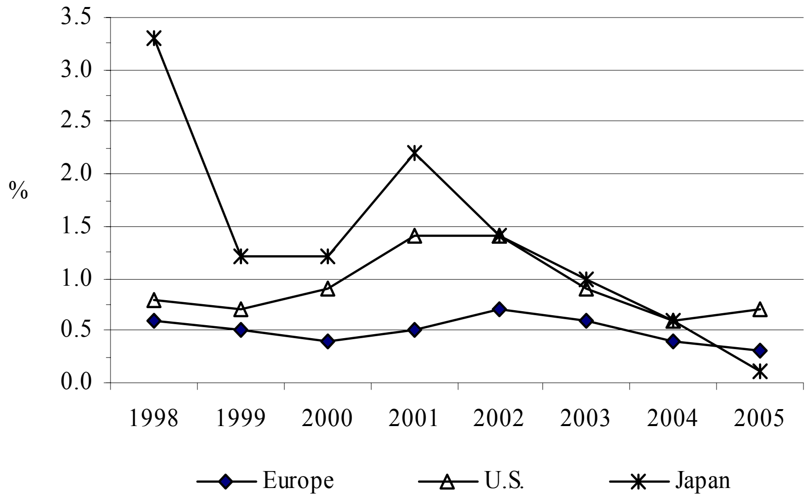
TABLE I.10 – BAD DEBT WRITEOFFS AND DOUBTFUL LOANS BY GEOGRAPHICAL AREA

	Annual bad debt writeoffs			Doubtful loans	
	as % of total income	as % of customer loans	as % of net worth	as % of customer loans	as % of net worth
	avg. 1998-2005 levels			*as at 31/12/05*	
Europe	8.5	0.5	4.9	0.8	8.6
Japan	48.2	1.4	17.8	1.0	8.5
United States	8.3	0.9	5.7	o	0.2

Compared to European banks (Table I.10), US banks recorded slightly lower average levels of bad debt writeoffs as a percentage of total income during the period (although this was because their total income figure in relative terms was higher, as explained above), but higher levels as a percentage of net worth and customer loans. In the case of customer loans, the average was almost double that of European banks. The gap between the two areas was especially pronounced for 2001-02, a period in which writeoffs were higher for both European and US banks in absolute and relative terms (Figure I.4).

Japanese banks, on the other hand, recorded particularly high average values for the period, as a result of the difficult economic situation in that country during the years under review. The values for the most recent years are broadly in line with the other two areas and, in 2005, all three areas reflect more favourable ratios, as can be seen in Figure I.4.

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



With regard to the loan portfolio, in 2005 the non-performing loan ratio (i.e., net doubtful loans as a percentage of customer loans) decreased significantly for Japanese banks compared to the previous year, while it fell slightly for European banks and remained at negligible levels for US banks (Table I.17). Similarly, the ratio of doubtful loans to net worth decreased by nearly half in Japan, while the value remained unchanged for Europe and the United States. A sizeable gap remained, however, between the year-end 2005 values for European and Japanese banks and those for US banks, with doubtful loans amounting to more than 8% of the net worth of European and Japanese banks and only 0.2% of the net worth of their US counterparts. Similarly, doubtful loans as a percentage of customer loans stood at 1% in Japan, 0.8% in Europe, and virtually nil in the United States ([22]).

Both indicators declined significantly in Europe over the period under review, with doubtful loans as a percentage of customer loans decreasing from 1.8% in 1996 to 0.8% in 2005 and doubtful loans as a percentage of net worth falling from 20.8% to 8.6% ([23]). Conversely, doubtful loans rose sharply in Japan between 1998 and 2001 to reach 6% of customer loans and 88% of net worth. The US values remained mostly stable, with the only change being a slight increase for the 2001-02 period (cf. Table II.4 for the respective regions).

In comparing these indicators for the three areas, account should also be taken of the different coverage rates for doubtful loans by adjustment provisions. In the last six years, the coverage ratio, obtained by also including general risk provisions to cover loans still deemed to be performing, remained above 100% in the United States (despite a significant dip in 2001-2002), averaged just under 70% in Europe and remained around 47% for Japanese banks. However, the ratio has improved significantly for Japanese banks, reaching over 60% in 2004-2005 (Fig. I.5).

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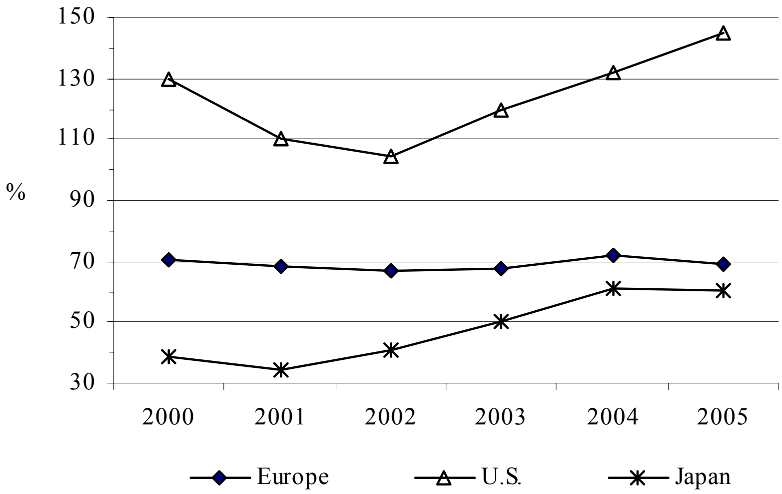
[22] US indicators have been calculated on the assumption that cases in which adjustment provisions exceed gross doubtful debt amount to zero. This is because prudential lump-sum provisions are taken to cover possible instances of insolvency, calculated on the basis of historical experience.

[23] Although the figures are meaningful and indicative of trends during the period, they do not all reflect the same degrees of representativeness. In 2005, they refer to groups representing 95% of aggregate total customer loans, whereas in 1996 they refer to groups accounting for just 46% of the total.

FIGURE I.5 – COVERAGE RATIO (1)



(1) Ratio of provision to gross doubtful loans.

In evaluating these indicators, it should be remembered that different policies are adopted in accounting for bad debt writeoffs in each of the three areas. An idea of these differences may be gained by comparing losses recognised in the profit and loss account and the amount of doubtful loans booked to the balance sheet. Over the last five years, this ratio came out on average at 34% for Japanese banks and 41% for European banks, meaning that bad loans in the two areas had a book life of 3 years and 2 years and 5 months, respectively. As for US banks, the amount of adjustment provisions was always higher in aggregate terms than bad debt, as mentioned above ([24]).

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[24] As our survey is based on data taken from consolidated accounts, the amount of bad debt writeoffs charged to profit and loss should not be deemed to be influenced by issues relating to possible limits on tax deductions.

It should also be noted that these indicators have become less meaningful over time as a result of the increasingly widespread and large-scale use of securitisation in the years under review([25]).

Financial issues

Between 1998 and 2005, aggregate total assets on the books of the 67 banks included in the survey rose from EUR 19,144bn to EUR 32,596bn, an increase of 70%, or 72% at constant exchange rates; the increase included the mergers and acquisitions referred to above. Here too there were significant differences between the three areas: while the increase in local currency terms was 101.7% for European banks (approximately 89% excluding the effects of the first-time application of IAS/IFRS mentioned above in the discussion on the size of the groups) and 67.9% for US banks, the assets of Japanese banks increased by only 4.5% during the period.

The figures in Table I.11 show, on the asset side, a reduction in loans and advances to customers in all three areas, offset by an increase in securities. This was particularly marked at Japanese banks. Factors contributing to the decrease in customer loans as a percentage of total assets include the increasing use of securitisations, plus the writeoffs charged to profit and loss described earlier.

An important factor to note is the varying composition of customer loans in the different regions: in 2005, loans to households accounted for 63% of the total (approximately 41% of which for home buying) for the US banks, 41% for the European banks and just 24% for the Japanese banks (22% of which for home buying) ([26]).

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[25] In Europe, total securitisations in one year rose from EUR 150 billion in 2001 to EUR 384 billion in 2005. In the U.S., in the same year and considering only the banking sector, securitisations increased from USD 600 to USD 1.817 billion.

[26] The European and Japanese figures refer to subsets of the sample to which, respectively, 85% and 95% of customer loans are attributable, while the US figure refers to the entire sample. Data on loans for home buying are not available for European banks.

TABLE I.11 – 67 BANKS: MAIN BALANCE-SHEET ITEMS BY GEOGRAPHICAL AREA

	1998			2005		
	Europe	Japan	United States	Europe	Japan	United States
	as % of total assets			*as % of total assets*		
Loans and advances to customers	45.7	60.2	52.9	40.7	48.4	50.8
Securities	21.4	20.5	22.0	30.6	34.6	22.7
Fixed assets	2.4	1.3	3.5	2.1	1.7	5.5
of which: goodwill	*0.1*	o	*1.3*	*0.7*	*0.3*	*3.0*
Funding from customers	59.3	73.7	64.0	55.1	74.5	63.8
Deposits by banks (1)	3.7	2.1	6.8	5.0	3.7	7.2
Shareholders' equity (2)	3.8	4.1	7.3	3.5	4.8	8.6

(1) Net of loans and advances to banks.

(2) Net worth excluding minority interest.

Funds raised from customers grew in relative terms by 0.8 percentage points in Japan from 1998 to 2005. The increase was entirely due to customer deposits, as the percentage of other forms of funding declined. At US banks, on the other hand, customer deposits fell by 1.4 percentage points, while funds raised from customers remained virtually unchanged as a percentage of total assets during the period under review. In Europe, even observing the longer 1996-2005 period, the disintermediation of the banking system is more evident, as can be seen from the 2.6 point reduction in funds raised from customers from 1996 to 2000 and the 3.5 point reduction from 2002 to 2005, despite a slight recovery in the intervening two-year period. The decrease was mostly in the area of customer deposits, which fell by more than 5 points as a percentage of total assets over the period. Interbank accounts remained consistently on the liability side in all three areas under review, due to deposits being made by smaller banks.

This item made a much greater contribution to funding in the United States than in the other two areas, but still reflected an upward trend in both Europe and Japan during the period under review.

Fixed assets increased as a percentage of total assets in the U.S. and Japan, albeit to a lesser extent in the latter, but decreased in Europe. The growth in the United States was primarily attributable to goodwill, which increased from USD 53bn to USD 205bn, or from 18% to 35% of net worth. In 2005, the goodwill recorded by the Japanese banks increased mostly due to the merger between Mitsubishi Tokyo Financial Group and UFJ Holdings, while real-estate holdings decreased during the period as a result of writedowns and disposals. Goodwill also increased for European banks, from EUR 14bn in 1998 to EUR 154bn in 2005, or from 3% to 18% of net worth. Conversely, other fixed-asset items – mainly equity investments – decreased, in part due to the reclassification of certain sizeable portfolio items as securities in 2005 in conformity with IAS/IFRS.

A comparison of beginning- and end-of-period figures shows that shareholders' equity decreased slightly as a percentage of total assets for the European banks, while it increased both in Japan, and to an even greater extent, in the United States. At year-end 2005, the US figure was 2.4 times that figure recorded by the European banks, and 1.8 times the figure recorded by the Japanese banks. However, if the various amounts of goodwill recognised in the different regions are considered, the indicator for Japanese banks is in line with US banks, while it is still significantly lower than the figure recorded for European banks ([27]).

Similarly, free capital, which is calculated as a percentage of funds raised from clients, averaged 5.3% for US banks, 4.3% for Japanese banks and 2.5% for European banks (cf. Table I.18). The improvement in this indicator for Japan, which went from a negative reading in 2002 to a positive figure in 2005, was mainly due to the combined effect of a

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[27] Under the Basel Capital Accord, the minimum capital adequacy ratio required, i.e., the ratio between shareholders' equity less certain intangible fixed assets (including goodwill) and risk-weighted assets (the so-called core capital ratio), is 4%, while the minimum total capital ratio, which also includes subordinated liabilities, is 8%.

reduction in doubtful debt and an increase in shareholders' equity, while the slight improvement recorded for the European banks in 2005 was the result of a decrease in equity investments, which was almost entirely compensated by a decrease in shareholders' equity in relative terms. Conversely, the slight decrease recorded for US banks in the last two years is almost entirely attributable to an increase in goodwill. The European banks with the highest levels of free capital in 2005 were Belgian-based KBC and two co-operative banks, Rabobank Nederland and Crédit Mutuel, followed by BBVA and BNP Paribas. In Japan, the highest free capital indicator was posted by Shinsei Bank, followed at a distance by Mitsui Trust Holdings and a co-operative bank, Norinchukin Bank, and then by regional bank Shizuoka Bank and Sumitomo Trust & Banking. In the U.S., the highest free capital ratios were recorded by smaller banks, i.e. Capital One Financial, MBNA and Golden West Financial (the latter was acquired by Wachovia in October 2006), while of the three largest banks, only Citigroup recorded a value above that country's average.

Based on the data for a significant subset of the sample, in the last five years, the volume of indirect funding (assets under management) averaged 91% of funds raised from customers in both Europe and the United States, recording a downward trend for both regions over the period (Table I.12) ([28]). In 2005, the volume of assets under management grew by 16% in Europe and 3.7% in the United States compared to the previous year. In both areas, these figures indicate a continuation of the growth trend observed since 2003, following a downturn the preceding year, mainly in Europe ([29]). The favourable performance for the three-

[28] Comparison data for Japanese groups could not be compiled due to a lack of like-for-like information. The decrease in assets under management in Europe in 2005 as a percentage of funds from customers was partially due to the previously mentioned adoption of IAS/IFRS, in that the line-by-line consolidation of insurance activities prescribed by IAS/IFRS meant the inclusion in the balance of funds from customers of amounts earned on policies deemed to be investment contracts.

[29] The higher growth rate recorded for Europe in 2005 was the result (as previously discussed with respect to total assets) of the US dollar's 15% rise against the euro, which boosted the performance of European banks with asset management operations in North America. In comparing the year-end figures for the various years, it is important to remember that the amounts were impacted by acquisitions and sales completed with banks not included in the sample.

year period was undoubtedly influenced by the general upturn in the world's major stock markets, while the low interest rates in both areas helped keep bond prices high.

TABLE I.12 – ASSETS UNDER MANAGEMENT

	2001	2002	2003	2004	2005
Europe (EUR bn) (1)	7,960	7,246	7,434	8,025	9,343
Index no.	*100.0*	*91.0*	*93.4*	*100.8*	*117.4*
as % of funds raised from customers	*96.7*	*91.9*	*92.8*	*90.8*	*83.3*
US (USD bn) (2)	2,566	2,556	2,821	2,919	3,027
Index no.	*100.0*	*99.6*	*109.9*	*113.8*	*118.0*
as % of funds raised from customers	*98.9*	*93.0*	*93.0*	*86.1*	*83.4*

(1) Like-for-like data for 29 groups representing 93% of total assets as at year-end 2005. Three of the groups have no operations in the asset management sector.

(2) Like-for-like data for 12 groups representing 86% of total assets as at year-end 2005.

Another aspect to consider is the valuation of securities portfolios, which in aggregate terms represented slightly less than 30% of total assets. As prescribed by IAS, securities must be measured at fair value, unless, based on a decision by the company's board of directors, the enterprise intends to hold them to maturity, in which case they may be measured at cost ([30]). The measurement of securities at cost leads to an

[30] Under IAS/IFRS, securities (and financial instruments in general) are classified into three categories: "held for trading", when acquired for short-term trading purposes, in which case value changes are recognised in profit or loss; "available for sale", when acquired for a medium-term purposes, in which case value changes are recorded in an equity reserve; "held to maturity", in which case they are stated at cost and only permanent value changes are recognised in profit or loss. These items are typically measured at amortised cost, based on which the difference between the acquisition price of a security and its redemption value is credited or charged to profit and loss on the basis of its remaining life. The standards approved by the European Commission for European companies also permit the use of the "fair value option", under which financial assets that do not fall into one of the above categories are measured at fair value, with value changes

over-statement of their value in the balance sheet and lower writedowns to profit and loss during stock market downturns. This was particularly important for European banks up to 2004, a year in which securities stated at cost accounted for 28.2% of the total portfolio. This figure was considerably higher than those recorded for Japanese and US banks (11% and 0.4% respectively). The adoption of IAS/IFRS in 2005 realigned the figures recorded for European banks with those of the other two areas: Japanese banks now have the highest share of securities stated at cost, amounting to10.5% of the total portfolio (Table I.13) ([31]). Also with reference to year-end 2005 figures, it is important to note that the fact that European banks have a higher share of securities held for trading or "designated" at fair value than US and Japanese banks means that they are subject to greater fluctuations in bottom-line results due to the immediate impact on profit and loss of changes in market values of securities.

TABLE I.13 – 67 BANKS: SECURITIES PORTFOLIO COMPOSITION IN 2005

	Europe		Japan		United States	
	EUR bn	%	JPY bn	%	USD bn	%
Held for trading	3,386	50.2	19,851	8.5	695	45.6
Designated at fair value	793	11.7	-	-	-	-
Available for sale	2,299	34.1	198,945	85.1	825	54.1
of which: stated at cost	-	-	*9,485*	*4.1*	-	-
Held to maturity	270	4.0	14,997	6.4	4	0.3
Total	**6,748**	**100.0**	**233,793**	**100.0**	**1,524**	**100.0**
of which: stated at cost	*270*	*4.0*	*24,482*	*10.5*	*4*	*0.3*

recognised in profit or loss. The banks included in this survey exercised this option mainly for investments of the funds generated by insurance policies where the risk is borne by the insured party and for financial instruments containing a significant derivative component.

31 Japanese banks in general also state unlisted available for sale securities at cost.

Rights issues worth a total of EUR 181bn were implemented in Europe between 1996 and 2005. This did not include new shares issued in respect of acquisitions; shares issued in connection with the mega-mergers referred to above amounted to approximately EUR 156bn, just under half the overall total. Over the same period, a total of EUR 256bn was paid out in dividends, while net share buybacks amounted to EUR 61bn. As Table I.19 shows, dividends paid out came to double the proceeds from rights issues minus the outlay incurred in connection with share buybacks, which translated to a net outflow of EUR 136.5bn. Over the same time span, net profit amounted to EUR 642.6bn; in other words, retained earnings were the principal means by which European banks kept levels of shareholders' funds aligned with the growth in total assets.

For US banks, net share buybacks outpaced rights issues each year from 1998 to 2005, leading to net outflows of approximately USD 91bn. This, along with the dividends paid out during the period, brought the total returned to investors to USD 295bn ([32]), or slightly more than shareholders' funds at the start of the period. Over the same time horizon, net profit totalled USD 502.3bn, proving to be by far the main source of growth in shareholders' funds. The opposite was true in Japan, however, where the banks in this survey tapped investors for an amount in excess of JPY 13,233bn, against dividend payouts amounting to approximately JPY 2,353bn, just 18% of sums collected. For the first time since 1998, in 2004-05, share buybacks exceeded the amount sought from shareholders via new share issues ([33]).

In terms of dividend policy, the payout ratio in 2005 (i.e. dividends as a percentage of net profit) stood at slightly over 40% for European and

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[32] Similarly, in the ten-year period from 1996 to 2005, North America's industrial multinationals paid USD 1,175bn to investors (both in the form of dividends and share buybacks), compared to only USD 235bn in requests for capital increases.

[33] This figure for 2005 is calculated as the balance between gross purchases of JPY 2,153bn and sales of JPY 997bn. In both 2004 and 2005, the majority of purchases were made to reimburse public funding and involved the buyback of preferred stock owned by government agencies.

US banks and at 11.6% for Japanese banks (Table II.4, respective regions). In 2004-05, the European ratio decreased compared to the figures for the previous three years, which were, however, significantly impacted by lower profits posted in those years. For the US banks, the 2005 ratio was just above the average for the period under review, or 41%. The Japanese figure is relatively insignificant, due to the inconsistency of net profits during the period under review.

In absolute terms, aggregate dividends declared for 2005 increased by 26% compared to the previous year, with increases of 27% recorded by European banks, 13% by Japanese banks and 9% by US banks. Dividends paid by European and US banks also exceeded those paid by Japanese banks when measured as a percentage of total income, at 11% for both areas in 2005, compared to 3.5% for Japanese banks.

The total capital ratio, i.e., available capital as a percentage of risk-weighted assets, was higher on average in the United States in 2005, standing at 12.6% compared to the nearly identical figures recorded by Europe and Japan (11.7% and 11.6%, respectively) (Table I.20). The US figure exceeded those of the other two regions for the entire 2001-05 period. In 2005, the four-year growth trend witnessed by both the European and US banks came to an end, with the more pronounced decline recorded by the US banks bringing them back to start-of-period levels. The Japanese figure for the last three-year period was over 11%, similar to European banks, as mentioned above.

In Europe, the bank with the highest capital ratio at the end of 2005 was Dresdner Bank, while in Switzerland two institutions occupied the first position: UBS and Crédit Suisse. Other banks that posted ratios above 13% included Germany's WestLB and Deutsche Bank and Holland's ABN Amro ([34]). In Japan and the U.S., it was the smaller banks that were best placed; however, the two largest Japanese banks still managed to record above-average readings, which was not the case in the U.S.

[34] Whereas the significant improvement in Dresdner Bank's ratio in 2005 was mainly the result of an increase in available capital (due in part to the sale of shares in the parent company, Allianz AG), the improvement in WestLB's ratio was primarily due to a decrease in risk assets.

The capital ratios for 1H 2006 on average reflect a reduction vis-à-vis the previous year-end for both US and Japanese banks (for the latter based on partial data), but were stable at European banks (again based on partial data).

Derivatives

Table I.21 shows the activity of banks in all three areas in derivatives for 2000 and 2004-05 ([35]). The data refer to both trading and hedge derivatives, with the exception of Japan, which does not provide information on the latter ([36]). The first point to note is that, between 2000 and 2005, the notional value of the derivatives increased significantly in all three areas, by 2.7x in Europe, 2.2x in the U.S. and approximately 1.7 times in Japan. Derivatives are coming to account for an increasing multiple of total assets, up from 9.6x to 14.6x for US

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35 Derivatives are financial contracts in which counterparties' contributions are linked to changes in the price of the underlying assets, mainly interest rates, foreign currencies, equities, commodities, market indexes and other indicators. Such instruments enable the contracting party to reduce or alter its exposure to market risks. Banks use derivatives both to hedge their own risk and as part of their trading activity, in the latter case mainly to meet customer demand for risk management. The nominal, or notional, value of the contract provides an indication of the extent of the banks' involvement but is never exchanged by the parties, and merely represents the basis for calculating the relevant amounts to be settled. The market, or fair, value, which can be positive or negative, represents the potential profit or loss on outstanding contracts (it should be noted in this regard that banks commonly enter into "netting agreements" enabling them to net receivables and payables with the same counterparty; for this reason too, Table I.21 shows only the balance of asset and liability positions). Credit risk is the possible loss for the bank deriving from a counterparty becoming insolvent, which in the case of derivatives is largely equal to the amount of positions with positive fair value net of collateral received.

36 It has not been possible to provide a split between trading and hedge derivatives for European and US banks either, owing to the lack of like-for-like information. On the basis of the positive and negative fair values indicated in the financial statements, derivatives account for 96% of the total for European banks and 94% for US banks.

banks, from 5.6x to 10x for European banks and from 2.3x to 4x for Japanese banks. The main type of risk involved for all three areas is by far that of changes in interest rates, with a share of the total that in 2005 ranged from 80% for European banks to 90% for Japanese banks. Conversely, the importance of hedging exchange rate risks declined between 2000 and 2005, while there was an increase in the value of contracts hedging other types of risks, mainly credit risk and, to a lesser extent, equity risk.

The net fair value of contracts at the end of 2005 was negative for all three areas: in particular, European and Japanese banks went from a positive balance (potential gains) to a negative balance (potential losses) between 2000 and 2005, while for US banks, the negative balance posted in 2005 was preceded by a positive balance the year before. In relative terms the negative balance of European banks appears to be more significant than in the other two regions, representing 7% of net worth at the year-end, compared to values that were less than one point lower for Japanese and US banks.

Between 2000 and 2005, credit risk rose by 65% in Europe, and fell by 21% in Japan and 4% in the United States. The ratio between credit risk and net worth was significantly higher for European banks than for those in the other two areas throughout the period, reaching 127% as at year-end 2005. Readings for US and Japanese banks were much healthier, at 25% and 28%, respectively, for the last year under review ([37]).

Table I.14 lists the banks which have the greatest presence in derivatives, chosen on the basis of the notional value of contracts outstanding at the end of 2005. Of these, six are based in Europe and three in the United States, with JPMorgan Chase & Co. ranking first in terms of the amount of outstanding contracts; the highest percentage changes compared to the previous year are recorded for European banks. Only Bank of America posted a positive net fair value for its outstanding contracts, while the most significant negative fair values were recorded for BNP Paribas, Citigroup and Deutsche Bank.

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

TABLE I.14 – BANKS IN THE SURVEY WITH THE LARGEST AMOUNTS IN DERIVATIVE CONTRACTS OUTSTANDING AT 31/12/2005

Company	Notional amounts at 31/12/05		Fair value (balance)	Credit risk
	EUR bn	*% change from 2004* (1)	EUR m	EUR m
JPMorgan Chase & Co. (USA)	36,953	*+ 7.6*	- 1,683	37,117
Deutsche Bank (DE)	29,280	*+ 35.9*	- 8,868	63,782
Barclays (GB)	26,097	*+ 41.6*	- 1,675	...
BNP Paribas (FR)	21,005	*+ 2.2*	- 13,767	60,615
Citigroup (US)	19,561	*+ 15.2*	- 9,753	44,566
Bank of America (US)	18,828	*+ 24.1*	+ 7,385	20,100
UBS (CH)	18,016	*+ 39.9*	- 2,496	55,913
Royal Bank of Scotland (GB)	17,874	*+ 47.5*	- 1,131	...
Credit Suisse Group (CH)	14,917	*+ 41.4*	- 77	37,824

(1) Calculated in local currency.

2006: half-year results

Tables I.22 - I.25 show profit and loss and balance-sheet data for the first half of 2006, both in aggregate terms and broken down by geographical region. The figures refer to the 56 groups that prepared complete interim financial statements ([38]). In terms of total assets, these represent 91% of the European banks, 83% of the Japanese banks, and all the US banks covered in this survey. The period under review is from 1 January to 30 June, with the exception of the Japanese banks for which the data refer to the period from 1 April to 30 September.

Aggregate net profit stood at EUR 119.3bn, compared with EUR 100.7bn in 1H 2005, an increase of 18.5%. The improvement was mainly attributable to the European banks, which posted a 25% increase for the period, compared to the 14% increase posted by the US banks. The net profit of the Japanese banks remained mostly unchanged.

[38] Following the mergers completed in the first half of 2006, the number of banks in the sample decreased by an additional two (Cf. Table III.2).

TABLE I.15 – INTERIM RESULTS BY GEOGRAPHICAL REGION (1)

	Current pre-tax profit			Net profit		
	1H 2005	1H 2006	Change	1H 2005	1H 2006	Change
	EUR bn		%	*EUR bn*		%
Europe	70.2	89.4	*27.4*	54.6	68.3	*25.2*
Japan	17.1	16.5	*- 3.7*	12.7	12.9	*1.3*
United States	52.4	56.1	*7.1*	33.4	38.1	*14.1*
Total 56 banks	**139.7**	**162.0**	***16.0***	**100.7**	**119.3**	***18.5***

(1) Balances recorded in currencies other than the euro have been translated into euros at exchange rates ruling on 30 June 2006.

Aggregate current pre-tax profit increased by 16% in 1H 2006 compared to the same period of the previous year, mainly due to a healthy increase in total income, combined with smaller increases in operating costs and bad debt writeoffs. The increase in income (up 13.7% in aggregate terms) was mainly due to an increase in net fees and commissions and trading income (the latter of which is included under Other operating income), while net interest income, though still on the rise, had less impact in relative terms. European banks proved to be the most dynamic of those included in the survey, posting a 19.5% increase in income (up 21% for net commissions and fees and up 31% for trading income), while Japanese banks recorded a reduction in total income caused by a drastic decrease in operating income due to lower earnings from diversified activities.

The improvement in current pre-tax profit in 1H 2006 was also attributable to a reduction in the cost/income ratio, which decreased by 0.6 percentage points in aggregate terms due to the fact that, as previously mentioned, costs increased at a slower pace than income. The reduction in the indicator is entirely attributable to the European banks, which posted a 2.5 percentage point decrease, 0.8 points of which were due to labour costs, while the indicator increased for both the Japanese and US banks (up 2.8 and 0.8 points respectively). In particular, the rise in labour costs in absolute terms in Europe was appreciably lower than the growth in income, unlike in the U.S., where general expenses increased less than in Europe ([39]). The increase in the cost/income ratio for the Japanese banks is primarily due to higher amortisation charges on intangible expenses arising from the merger of Mitsubishi Tokyo Financial Group and UFJ Holdings in the second half of 2005.

Aggregate bad debt writeoffs increased by 13% in absolute terms compared to 1H 2005, although they decreased only slightly as a percentage of total income. The rise in bad debt writeoffs is mainly attributable to the European banks (up 25% on 2005), which also recorded a 0.2 percentage point increase in bad debt writeoffs as a percentage of income, and, to a lesser extent, the US banks (up 2.3%). Japanese banks, on the other hand, posted a 1.7 point improvement in the positive balance (net writebacks) as a percentage of income in 1H 2006. This includes the recovery of provisions made in previous years following an improvement in customers' financial situations, amounting to JPY 431bn, or 8.6% of income, in 2005 and JPY 213bn, or 4.3% of income, in 1H 2006.

The increase in bad debt writeoffs for European banks (25% aggregate) is the combined effect of the diversified situations of the various countries: the greatest increases were attributable to the banks in the Benelux countries, where the figure almost doubled compared to 1H 2005 (up 88%), followed by Spanish banks (up 79%) and French banks (up 28%) ([40]), while German banks recorded a decrease (down 21%), and UK and Italian banks posted below-average increases (up 19% and 8% respectively). As a percentage of total income, the highest bad debt writeoffs in 1H 2006 were recorded by UK banks (11.3%), followed by Spanish banks (9.4%) and Italian banks (7.6%), while

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39 Based on the data for 22 banks, the average number of employees in Europe in 1H 2006 increased by 7.4% compared to 1H 2005, whereas labour costs per employee increased by 8.8%. The increase in labour costs for the U.S. banks (in this case based on partial data collected on 13 groups) was due to growth in the average number of employees compared to 1H 2005 (up 2.6); however, it was mainly due to an 11.8% increase in per-capita labour costs.

40 More than two-thirds of the writeoffs recorded by Benelux banks are attributable to ABN Amro, which recorded EUR 598m in downward adjustments to its consumer loan portfolio, mainly in relation to loans in Latin America (primarily Brazil) and Asia (Taiwan). The increase in writeoffs by Spanish banks is also primarily attributable to Latin American operations.

positive (albeit minor) balances were recorded by the two Swiss banks, Nordea, Danske Bank, the ING Group and Dresdner Bank.

Extraordinary items as a percentage of income increased from 1.6% in 1H 2005 to 2.5% in 1H 2006, mainly due to higher gains realised by the European banks primarily in relation to the sale of financial investments. It should also be remembered that the 1H 2005 figure was negatively impacted by the USD 2.8 billion (EUR 2.2 billion) set aside by JPMorgan Chase to cover charges relating to litigations with Enron and WorldCom following out-of-court settlements with the plaintiffs, as was discussed in the section on yearly results by geographical region.

With regard to the balance-sheet situation at 30 June 2006, there were aggregate-level increases of 5% in both funds raised from customers and loans to customers as well as investments in securities, with growth largely in line with the increase in assets. At the end of the half-year period, the balance of interbank funding remained positive. Intangible assets increased at a rate that was considerably above the average (up 9.8%); around two-thirds of this increase was attributable to US banks ([41]). Shareholders' funds decreased as a percentage of total assets by 0.2 points, recording a significantly slower growth rate than that of assets.

The United States and Europe were the most dynamic of the three regions, posting 6% growth in total assets compared to 31 December 2005, as a result of both organic growth and acquisitions of smaller players in the financial services sector in general ([42]); Japanese banks' assets, meanwhile, decreased by 1.7% during the six-month period.

For European banks, a slight increase in funds raised from customers in relative terms, which was more marked for the bond component, was matched by an increase in loans to customers that

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41 Of the USD 34.4bn increase in intangible assets of US banks compared to year-end 2005, USD 23.2bn was attributable to goodwill. Of this amount, USD 20.7bn was generated by the Bank of America – MBNA merger (Cf. Table III.2).

42 In Europe, two mergers involved Italian banks: France's BNP Paribas acquired control of Banca Nazionale del Lavoro (EUR 89.1bn in total assets at 31/12/05), while Holland's ABN Amro bought Banca Antonveneta (EUR 45.4bn in total assets at the same date).

exceeded the growth in assets. Net interbank funding decreased slightly, while there was a reduction in the size of the securities portfolio in relation to total assets. It is important to note that the growth rate of the customer portfolio was higher for Europe than the other two areas. In the United States, an increase in funding from customers, which in this case as well was substantially in line with the increase in assets, was countered by slower growth in loans to non-banking customers, while there was an increase in the relative weight of the securities portfolio and, as previously mentioned, intangible assets. For the Japanese banks, whereas most balance-sheet items recorded a decrease, there was a moderate increase in loans to customers, while, on the funding side, there was a significant reduction in the bond component. Despite an increase in absolute terms, shareholders' equity decreased as a percentage of total assets in both Europe and the United States. The Japanese banks recorded both a reduction in absolute terms as well as a decrease in percentage terms that outpaced the reduction in total assets.

TABLE I.16 - BAD DEBTS WRITTEN OFF

EUROPE

BANKS	COUNTRY	BAD DEBTS WRITTEN OFF (1)														
		2001	2002	2003	2004	2005	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005
		as % of total income					as % of loans to customers					as % of net worth				
EUROHYPO (2)	DE	-	-9.9	-25.2	-18.9	-18.8	-	-0.1	-0.2	-0.2	-0.2	-	-2.3	-5.9	-4.6	-4.3
BAYERISCHE HYPO- UND VEREINSBANK (3)	DE	-19.2	-37.5	-24.3	-46.4	-15.2	-0.5	-1.0	-0.8	-1.6	-	-7.4	-25.2	-18.1	-30.8	-
HBOS	GB	-9.3	-11.6	-12.0	-12.5	-14.2	-0.3	-0.4	-0.4	-0.4	-0.5	-4.2	-5.0	-5.5	-5.6	-8.7
HSBC HOLDINGS	GB	-7.8	-4.9	-14.8	-12.5	-13.8	-0.7	-0.4	-1.2	-0.9	-1.0	-3.7	-2.1	-6.8	-6.1	-7.8
LLOYDS TSB GROUP	GB	-8.8	-12.0	-9.9	-9.4	-12.9	-0.6	-0.8	-0.7	-0.6	-0.7	-5.7	-10.3	-8.1	-7.3	-12.2
LANDESBANK BADEN-WUERTTEMBERG	DE	-18.2	-36.9	-22.1	-13.6	-11.9	-0.4	-1.0	-0.6	-0.4	-0.3	-4.7	-11.2	-6.7	-4.1	-3.6
DZ BANK	DE	-22.6	-57.7	-8.8	-11.4	-9.8	-0.7	-2.1	-0.3	-0.5	-0.4	-13.2	-34.4	-4.8	-6.2	-5.1
BARCLAYS	GB	-10.2	-13.2	-10.9	-7.9	-9.1	-0.6	-0.7	-0.6	-0.4	-0.4	-7.5	-9.2	-7.7	-5.6	-6.4
COMMERZBANK	DE	-13.2	-22.4	-18.4	-14.2	-9.1	-0.4	-0.8	-0.7	-0.5	-0.4	-7.1	-13.1	-10.5	-7.6	-4.1
BANCO SANTANDER CENTRAL HISPANO	ES	-10.0	-11.7	-11.2	-11.3	-9.0	-0.9	-1.0	-0.9	-0.5	-0.4	-5.6	-6.6	-5.9	-3.9	-4.1
THE ROYAL BANK OF SCOTLAND GROUP	GB	-7.2	-8.4	-8.9	-7.7	-8.1	-0.5	-0.6	-0.6	-0.4	-0.4	-3.5	-4.3	-4.6	-3.9	-4.5
UNICREDITO ITALIANO	IT	-8.5	-9.8	-9.6	-8.6	-8.1	-0.7	-0.9	-0.8	-0.6	-0.5	-6.8	-7.3	-7.1	-6.0	-5.7
BANCO BILBAO VIZCAYA ARGENTARIA	ES	-14.3	-14.5	-11.8	-8.3	-6.5	-1.3	-1.2	-0.9	-0.5	-0.4	-9.1	-9.0	-6.7	-4.4	-4.6
SANPAOLO IMI	IT	-6.2	-8.1	-9.4	-6.6	-5.6	-0.4	-0.5	-0.6	-0.4	-0.3	-4.2	-5.5	-6.4	-4.4	-3.2
RABOBANK NEDERLAND	NL	-6.1	-6.3	-6.7	-5.6	-5.5	-0.2	-0.2	-0.2	-0.2	-0.2	-2.4	-2.3	-2.7	-2.1	-1.9
CREDIT AGRICOLE	FR	-8.2	-5.1	-8.3	-5.8	-5.3	-0.5	-0.3	-0.5	-0.4	-0.3	-4.1	-2.3	-4.3	-2.9	-2.6
BANCA INTESA	IT	-25.2	-24.1	-12.6	-10.2	-5.0	-1.5	-1.4	-0.8	-0.6	-0.3	-17.9	-17.5	-8.3	-6.1	-2.9
ABN AMRO HOLDING	NL	-7.6	-9.3	-6.8	-3.5	-3.4	-0.4	-0.5	-0.4	-0.2	-0.2	-8.0	-10.5	-7.1	-3.2	-2.7
BNP PARIBAS	FR	-7.4	-8.7	-7.5	-3.6	-2.9	-0.6	-0.7	-0.6	-0.3	-0.2	-4.6	-4.6	-4.0	-1.9	-1.3
CREDIT MUTUEL (4)	FR	-4.6	-7.9	-8.2	-4.6	-2.8	-0.3	-0.4	-0.5	-0.2	-0.1	-1.7	-4.4	-4.4	-2.2	-1.3
SOCIÉTÉ GÉNÉRALE	FR	-7.7	-9.0	-7.9	-3.3	-2.4	-0.5	-0.6	-0.6	-0.2	-0.2	-5.9	-7.3	-6.5	-2.6	-1.6
FORTIS	BE/NL	-4.7	-7.0	-9.0	-1.8	-2.0	-0.3	-0.4	-0.4	-0.1	-0.1	-2.6	-3.9	-4.5	-0.9	-1.0
DEUTSCHE BANK	DE	-3.9	-9.7	-5.4	-1.4	-1.4	-0.4	-1.2	-0.8	-0.2	-0.2	-2.5	-6.8	-3.9	-1.2	-1.1
ING GROEP	NL	-5.1	-9.3	-7.4	-2.8	-0.7	-0.3	-0.5	-0.4	-0.1	0.0	-2.9	-6.4	-4.5	-1.6	-0.3
DEXIA	BE	-4.6	-13.8	-3.4	-4.2	-0.6	-0.2	-0.5	-0.1	-0.1	0.0	-2.4	-6.3	-1.5	-1.9	-0.2
KBC	BE	-6.0	-7.6	-11.3	-3.2	-0.5	-0.4	-0.5	-0.7	-0.2	0.0	-3.1	-4.4	-6.0	-1.7	-0.2
CREDIT SUISSE GROUP	CH	-7.7	-19.9	-3.9	-0.5	0.6	-0.9	-1.6	-0.3	-0.1	0.1	-7.7	-15.2	-2.5	-0.3	0.3
UBS	CH	-1.3	-0.6	-0.3	0.7	0.9	-0.2	-0.1	0.0	0.1	0.1	-1.0	-0.5	-0.3	0.7	0.7
DRESDNER BANK	DE	-20.0	-30.6	-16.4	-5.5	1.9	-0.8	-1.4	-0.6	-0.2	0.1	-8.7	-18.3	-7.5	-2.6	0.8
NORDEA	SE	-6.3	-4.3	-6.4	-0.4	2.1	-0.3	-0.2	-0.3	0.0	0.1	-3.1	-2.1	-3.1	-0.2	1.1
BAYERISCHE LANDESBANK	DE	-43.1	-67.3	-34.2	-12.4	3.3	-0.9	-1.6	-0.7	-0.3	0.1	-13.6	-22.8	-9.7	-3.4	0.8
DANSKE BANK	DK	-6.0	-5.1	-5.7	0.1	3.4	-0.2	-0.1	-0.2	0.0	0.1	-2.9	-2.3	-2.6	0.0	1.5
WESTLB	DE	-19.3	-74.8	-45.5	5.9	6.3	-0.5	-2.2	-1.4	0.2	0.1	-9.2	-37.8	-30.7	3.0	2.1
KREDITANSTALT FUER WIEDERAUFBAU	DE	-20.4	-35.0	-15.0	26.7	38.4	-0.3	-0.7	-0.3	0.5	0.7	-3.9	-7.5	-2.8	4.1	5.3
Average		**-9.0**	**-12.5**	**-9.9**	**-6.9**	**-5.8**	**-0.5**	**-0.7**	**-0.6**	**-0.4**	**-0.3**	**-5.2**	**-7.4**	**-5.7**	**-3.8**	**-3.1**

(1) Net of bad debts recovered. Companies no longer existing in their previous form as at 31 December 2005 are not included.
(2) Operative since 2002.
(3) Acquired by UniCredito Italiano in November 2005; only the balance sheet was consolidated.
(4) Figures include Crédit Industriel et Commercial-CIC.

TABLE I.16 - BAD DEBTS WRITTEN OFF

JAPAN

BANKS	BAD DEBTS WRITTEN OFF (1)														
	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005
	as % of total income					as % of loans to customers					as % of net worth				
SHOKO CHUKIN BANK	-49.9	-48.3	-41.6	-35.3	-25.6	-0.9	-0.9	-0.7	-0.6	-0.4	-13.8	-13.2	-10.1	-8.1	-5.9
HOKUHOKU FINANCIAL GROUP	-133.5	-63.0	-58.1	-32.7	-23.7	-3.1	-1.6	-1.7	-0.8	-0.7	-73.8	-37.3	-36.6	-13.4	-10.9
MITSUI TRUST HOLDINGS	-36.5	-21.3	-7.1	-11.3	-14.6	-1.5	-1.0	-0.3	-0.4	-0.6	-19.7	-20.0	-3.6	-4.4	-4.5
JOYO BANK	-73.2	-13.7	-18.0	-8.0	-13.1	-2.2	-0.4	-0.5	-0.2	-0.4	-25.3	-4.7	-5.4	-2.2	-3.5
SHINSEI BANK	-0.8	9.4	13.7	0.4	-11.2	0.0	0.3	0.6	0.0	-0.6	-0.1	1.5	2.3	0.1	-2.6
SUMITOMO MITSUI FINANCIAL GROUP	-78.5	-47.2	-30.9	-51.0	-9.4	-2.6	-1.7	-1.2	-1.9	-0.4	-41.9	-30.2	-15.9	-27.6	-3.6
BANK OF YOKOHAMA	-25.8	-23.6	-15.6	-16.7	-8.3	-0.7	-0.6	-0.4	-0.5	-0.2	-11.7	-10.4	-5.9	-6.0	-2.5
MITSUBISHI UFJ FINANCIAL GROUP (2)	-44.5	-24.8	5.5	-6.6	-4.9	-1.2	-1.0	0.2	-0.2	-0.1	-21.2	-15.8	2.7	-2.3	-1.0
SHIZUOKA BANK	-24.1	-6.1	-2.1	-0.2	-2.8	-0.6	-0.2	-0.1	0.0	-0.1	-5.7	-1.5	-0.4	0.0	-0.5
CHIBA BANK	-52.8	-26.5	-22.6	-16.8	-2.7	-1.4	-0.8	-0.6	-0.5	-0.1	-23.1	-12.5	-8.9	-6.3	-0.8
BANK OF FUKUOKA	-6.6	-18.8	-5.5	-2.6	-2.2	-0.2	-0.5	-0.1	-0.1	-0.1	-2.8	-7.7	-2.1	-0.9	-0.7
SUMITOMO TRUST & BANKING	-33.2	-18.5	-5.6	2.1	-1.7	-1.0	-0.6	-0.2	0.1	-0.1	-11.9	-7.0	-1.8	0.6	-0.5
RESONA HOLDINGS	-98.9	-51.8	-118.5	-2.9	-0.9	-3.1	-1.6	-3.7	-0.1	0.0	-63.7	-76.4	-82.7	-1.5	-0.4
SHINKIN CENTRAL BANK	0.0	0.0	4.2	3.6	3.3	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.5	0.4	0.4
MIZUHO FINANCIAL GROUP	-89.3	-75.1	-12.9	-0.6	5.2	-2.7	-2.5	-0.4	0.0	0.2	-38.6	-42.9	-5.8	-0.2	1.8
NORINCHUKIN BANK	-33.2	-21.4	-17.2	4.1	19.0	-0.5	-0.4	-0.2	0.1	0.4	-6.0	-3.8	-1.7	0.4	1.2
UFJ HOLDINGS (3)	-116.0	-37.6	-75.2	-32.0	-	-4.1	-1.4	-3.0	-1.4	-	-57.7	-22.2	-48.8	-18.7	-
HOKKAIDO BANK (4)	-19.1	-95.7	-30.6	-	-	-0.5	-2.7	-0.9	-	-	-8.6	-60.6	-17.1	-	-
Average	**-75.2**	**-43.4**	**-30.1**	**-18.4**	**-4.4**	**-2.2**	**-1.4**	**-1.0**	**-0.6**	**-0.1**	**-32.3**	**-22.8**	**-12.8**	**-6.8**	**-1.3**

(1) Net of bad debts recovered.
(2) Formerly Mitsubishi Tokyo Financial Group.
(3) Merged into Mitsubishi UFJ Financial Group in 2005.
(4) Acquired by Hokuhoku Financial Group in 2004.

TABLE I.16 - BAD DEBTS WRITTEN OFF

UNITED STATES

BANKS	BAD DEBTS WRITTEN OFF (1)														
	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005
	as % of total income					as % of loans to customers					as % of net worth				
CAPITAL ONE FINANCIAL	-16.3	-26.6	-18.5	-13.8	-14.8	-4.9	-8.2	-4.9	-3.3	-2.6	-29.8	-46.5	-25.1	-14.6	-10.6
CITIGROUP	-10.6	-14.9	-11.1	-7.9	-10.0	-1.8	-2.3	-1.7	-1.2	-1.4	-8.3	-11.4	-8.1	-5.7	-7.2
MBNA	-13.7	-15.2	-13.7	-10.6	-9.9	-4.8	-4.9	-4.3	-3.5	-2.7	-14.6	-14.7	-12.5	-8.6	-7.5
WELLS FARGO & CO	-8.4	-6.5	-6.0	-5.9	-7.4	-0.9	-0.7	-0.6	-0.5	-0.7	-6.5	-5.7	-5.0	-4.5	-5.9
BANK OF AMERICA	-12.2	-10.5	-7.3	-5.6	-7.2	-1.3	-1.1	-0.8	-0.5	-0.7	-8.8	-7.3	-5.9	-2.8	-4.0
JPMORGAN CHASE & CO.	-10.6	-14.4	-4.6	-6.0	-6.5	-1.5	-2.1	-0.7	-0.6	-0.8	-7.6	-10.2	-3.3	-2.4	-3.2
FIFTH THIRD BANCORP	-5.4	-4.9	-7.5	-5.5	-6.2	-0.5	-0.5	-0.7	-0.4	-0.5	-2.9	-2.8	-4.7	-3.0	-3.5
U.S. BANCORP	-21.7	-10.7	-9.6	-5.4	-5.1	-2.2	-1.1	-1.1	-0.5	-0.5	-15.4	-7.5	-6.5	-3.4	-3.3
BB & T	-5.9	-5.9	-4.9	-4.6	-3.8	-0.5	-0.5	-0.4	-0.4	-0.3	-3.6	-3.6	-2.5	-2.3	-2.0
NATIONAL CITY	-9.6	-9.8	-8.2	-4.0	-3.7	-0.7	-0.7	-0.7	-0.3	-0.2	-8.2	-8.2	-6.8	-2.5	-2.3
REGIONS FINANCIAL	-7.0	-4.8	-4.4	-3.6	-3.6	-0.5	-0.4	-0.4	-0.2	-0.3	-4.1	-3.1	-2.8	-1.2	-1.6
KEYCORP	-29.7	-12.2	-11.2	-4.2	-3.2	-2.2	-0.9	-0.8	-0.3	-0.2	-21.9	-8.1	-7.2	-2.6	-2.0
WASHINGTON MUTUAL	-5.1	-4.6	-1.6	-1.7	-2.5	-0.4	-0.3	-0.1	-0.1	-0.1	-4.1	-3.0	-1.0	-1.0	-1.1
SUNTRUST BANKS	-5.1	-8.4	-5.6	-2.2	-2.3	-0.4	-0.6	-0.4	-0.1	-0.1	-3.3	-5.4	-3.2	-0.9	-1.0
WACHOVIA (formerly First Union)	-14.0	-8.3	-2.9	-1.1	-1.0	-1.2	-0.9	-0.3	-0.1	-0.1	-6.8	-4.5	-1.7	-0.5	-0.5
THE PNC FINANCIAL SERVICES GROUP	-22.9	-5.9	-3.4	-1.0	-0.3	-2.8	-0.9	-0.5	-0.1	0.0	-19.4	-4.3	-2.5	-0.6	-0.2
GOLDEN WEST FINANCIAL	-1.2	-1.0	-0.5	-0.1	-0.2	-0.1	0.0	0.0	0.0	0.0	-0.5	-0.4	-0.2	-0.1	-0.1
THE BANK OF NEW YORK	-7.5	-14.3	-2.8	-0.2	-0.2	-1.1	-2.2	-0.4	0.0	0.0	-5.9	-10.2	-1.8	-0.2	-0.2
HIBERNIA (2)	-9.9	-7.8	-5.8	-4.2	-	-0.8	-0.7	-0.5	-0.3	-	-6.2	-4.8	-3.4	-2.5	-
BANK ONE (3)	-15.8	-14.8	-12.5	-	-	-1.6	-1.7	-1.5	-	-	-12.4	-11.1	-8.7	-	-
FLEETBOSTON FINANCIAL (4)	-18.6	-23.4	-9.4	-	-	-1.9	-2.4	-0.9	-	-	-13.2	-16.5	-5.9	-	-
UNION PLANTERS (5)	-7.0	-9.9	-9.1	-	-	-0.5	-0.8	-0.8	-	-	-4.2	-6.1	-5.9	-	-
SOUTHTRUST (6)	-5.6	-5.4	-5.4	-	-	-0.4	-0.4	-0.4	-	-	-3.0	-2.7	-2.9	-	-
Average	**-11.9**	**-12.0**	**-8.0**	**-5.6**	**-6.7**	**-1.4**	**-1.4**	**-0.9**	**-0.6**	**-0.7**	**-8.8**	**-8.8**	**-5.7**	**-3.3**	**-4.0**

(1) Net of bad debts recovered.
(2) Acquired by Capital One Financial in 2005.
(3) Acquired by JPMorgan Chase & Co. in 2004.
(4) Acquired by Bank of America in 2004.
(5) Acquired by Regions Financial in 2004.
(6) Acquired by Wachovia (formerly First Union) in 2004.

TABLE I.17 - DOUBTFUL LOANS

EUROPE

BANKS (3)	COUNTRY	DOUBTFUL LOANS (1)										COVERAGE RATIO (2)				
		2001	2002	2003	2004	2005	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005
		as % of loans to customers					as % of net worth					%				
BANCO BILBAO VIZCAYA ARGENTARIA (4)	ES	-	-	-	-	-	-	-	-	-	-	221,6	146,8	166,3	239,9	237,1
BANCO SANTANDER CENTRAL HISPANO (4)	ES	-	-	-	-	-	-	-	-	-	-	135,8	133,5	156,1	172,2	174,7
DEXIA	BE	0.7	0.5	0.4	0.3	0.0	10.1	6.9	5.4	4.7	0.3	50.1	59.3	63.1	66.8	96.8
KBC	BE	0.8	0.4	1.2	0.6	0.1	6.6	4.1	9.8	5.0	0.6	73.4	84.5	70.7	80.7	96.4
DANSKE BANK	DK	0.4	0.4	0.4	0.3	0.1	5.8	6.5	6.2	5.3	2.1	80.2	76.2	76.1	76.8	76.5
NORDEA	SE	0.6	0.8	0.5	0.3	0.2	7.2	9.3	5.9	4.3	2.6	72.5	66.0	73.1	75.9	81.4
CREDIT AGRICOLE	FR	1.7	1.5	1.6	1.4	0.3	13.7	11.8	13.2	11.5	2.4	66.8	67.9	66.7	68.2	91.2
ING GROEP	NL	1.1	0.8	0.4	0.3	0.3	10.6	9.8	4.7	3.7	4.0	62.2	68.9	79.9	79.5	68.3
UBS	CH	2.2	1.6	1.1	0.6	0.3	14.1	12.0	9.0	5.5	3.4	54.1	50.7	53.1	54.1	48.2
COMMERZBANK	DE	0.5	0.9	1.0	0.6	0.4	9.6	14.6	15.2	8.9	3.8	81.8	78.5	77.9	84.3	90.8
KREDITANSTALT FUER WIEDERAUFBAU	DE	2.6	2.0	1.4	0.9	0.4	32.6	21.1	13.1	7.7	2.9	35.1	51.4	56.7	67.9	78.9
ABN AMRO HOLDING	NL	0.4	0.7	0.3	0.4	0.5	7.8	13.0	5.8	5.7	7.2	76.3	65.9	79.1	71.3	63.1
CREDIT SUISSE GROUP	CH	1.7	1.7	0.9	0.8	0.5	13.6	16.0	7.0	3.8	2.2	66.8	62.3	64.9	65.0	67.5
THE ROYAL BANK OF SCOTLAND GROUP	GB	0.4	0.4	0.5	0.4	0.5	3.0	3.2	3.9	3.5	5.5	81.1	80.5	76.1	76.4	65.5
BARCLAYS	GB	0.7	0.8	0.6	0.5	0.5	8.1	10.4	7.3	6.3	7.2	68.5	64.2	70.3	69.4	66.2
HSBC HOLDINGS	GB	0.8	0.8	0.9	0.5	0.5	4.4	4.7	5.3	2.9	4.0	77.2	76.0	74.3	80.8	74.2
BNP PARIBAS	FR	1.1	1.3	1.9	1.4	0.7	8.8	9.4	12.2	10.1	4.9	80.6	77.5	69.6	70.8	82.4
DRESDNER BANK	DE	1.3	2.4	1.8	1.0	0.8	14.9	30.7	22.3	13.2	9.1	69.3	62.9	63.3	69.3	52.0
RABOBANK NEDERLAND	NL	1.0	1.0	1.0	0.7	0.8	10.7	11.1	11.1	8.2	9.2	44.6	43.1	44.1	49.9	49.0
CREDIT MUTUEL (5)	FR	1.5	1.8	1.7	1.5	1.2	10.2	18.3	15.3	13.5	10.6	58.8	60.4	60.1	61.9	67.0
LLOYDS TSB GROUP	GB	1.5	1.3	1.2	1.3	1.2	14.1	17.4	14.0	16.7	19.3	44.4	50.3	50.6	45.6	50.3
SOCIÉTÉ GÉNÉRALE	FR	1.2	1.6	1.8	1.6	1.3	13.2	17.6	20.0	17.6	11.5	74.5	69.6	64.1	64.0	69.7
DEUTSCHE BANK	DE	2.7	3.7	2.3	1.9	1.3	17.2	21.1	11.7	9.7	6.4	44.1	40.0	49.5	47.7	49.8
FORTIS	BE/NL	2.2	2.6	2.2	1.5	1.3	20.2	28.2	24.4	18.1	18.7	51.0	41.1	43.1	42.8	40.0
EUROHYPO (6)	DE	-	…	…	1.2	1.3	-	…	…	32.1	31.5	-	…	…	58.0	54.9
HBOS	GB	1.1	0.9	0.9	1.1	1.5	15.0	12.3	13.6	15.1	28.3	44.8	49.8	46.9	43.5	36.0
SANPAOLO IMI	IT	1.2	1.5	1.2	1.2	1.6	13.0	17.0	13.6	12.2	16.3	73.7	71.4	76.2	78.1	69.2
BANCA INTESA	IT	5.1	5.6	4.8	4.5	2.4	62.9	69.1	50.7	43.1	23.6	52.5	55.1	59.4	60.5	54.9
UNICREDITO ITALIANO	IT	2.4	2.8	2.8	2.6	3.8	23.1	23.9	25.1	24.2	42.1	57.9	60.0	60.5	62.0	54.1
BAYERISCHE HYPO- UND VEREINSBANK (7)	DE	0.0	0.2	0.9	0.0	-	0.3	6.5	19.7	0.5	-	99.4	93.3	81.8	99.5	-
Average (8)		**1.2**	**1.3**	**1.2**	**0.9**	**0.8**	**11.4**	**12.8**	**11.3**	**8.6**	**8.6**	**68.2**	**66.8**	**67.7**	**71.8**	**68.8**

(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 2005, or companies listed in Table III for which no five-year date is available.
(4) In cases where there are no figures, provisions exceed doubtful loans.
(5) Figures include Crédit Industriel et Commercial-CIC.
(6) Operative since 2002.
(7) Acquired by UniCredito Italiano in November 2005; only the balance sheet was consolidated.
(8) For 31 groups in 2001 and 2002, and 30 in 2003 and 2004, and 29 in 2005.

TABLE I.17 - DOUBTFUL LOANS

JAPAN

BANKS	DOUBTFUL LOANS (1)										COVERAGE RATIO (2)				
	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005
	as % of loans to customers					as % of net worth					%				
SHINSEI BANK (3)	15.2	0.4	-	-	-	108.0	1.9	-	-	-	35.5	94.4	187.4	142.6	135.7
SHINKIN CENTRAL BANK	0.3	0.2	0.2	0.1	0.1	3.0	2.0	2.2	1.0	0.7	56.9	65.3	57.0	70.7	72.9
SUMITOMO TRUST & BANKING	3.9	2.2	1.6	1.0	0.3	45.1	27.8	15.4	8.7	2.5	39.6	41.1	44.9	48.4	70.7
SUMITOMO MITSUI FINANCIAL GROUP	6.9	5.9	3.4	1.8	0.4	111.0	103.1	46.1	25.1	3.7	33.3	38.9	43.1	57.2	83.3
MIZUHO FINANCIAL GROUP	4.3	3.8	2.1	0.6	0.4	61.9	65.6	28.4	7.8	3.9	35.7	46.4	58.2	74.6	77.2
NORINCHUKIN BANK	1.9	1.7	1.6	1.1	0.6	24.2	18.0	11.2	5.9	1.9	44.7	53.3	56.6	65.0	75.3
RESONA HOLDINGS	8.2	7.8	3.3	1.2	0.9	169.9	360.2	74.0	20.5	12.7	30.8	26.8	55.4	67.4	70.1
MITSUI TRUST HOLDINGS	9.0	6.6	4.3	2.2	1.1	115.5	133.6	54.5	21.8	8.0	21.7	24.5	24.2	29.9	43.9
MITSUBISHI UFJ FINANCIAL GROUP (4)	5.0	3.0	1.8	1.1	1.1	85.6	48.2	20.0	11.4	9.6	41.7	49.4	51.3	57.6	49.5
BANK OF FUKUOKA	4.6	3.2	2.0	1.6	1.3	71.7	50.8	28.8	21.2	16.1	52.0	52.9	50.5	53.8	56.3
BANK OF YOKOHAMA	5.1	3.9	3.1	2.3	1.9	81.8	65.4	43.2	29.8	20.6	22.6	23.1	25.9	29.5	29.4
CHIBA BANK	5.9	5.9	4.5	3.2	2.5	94.0	94.8	63.2	43.2	28.1	41.4	41.9	31.4	33.8	33.5
SHIZUOKA BANK	3.0	3.9	4.0	3.5	2.9	25.9	35.1	32.2	27.8	20.8	43.8	35.6	32.7	30.8	31.3
JOYO BANK	5.6	4.6	3.2	2.7	3.3	63.7	52.9	33.1	26.4	29.5	28.7	27.0	32.7	34.0	27.3
SHOKO CHUKIN BANK	4.0	4.2	3.9	3.9	3.4	64.1	63.9	56.9	54.6	46.1	54.7	54.3	54.6	49.6	48.8
HOKUHOKU FINANCIAL GROUP	6.2	6.3	5.6	4.7	3.7	146.3	149.3	122.0	80.9	59.0	37.6	28.1	33.0	34.5	40.0
UFJ HOLDINGS (5)	10.6	6.1	4.8	1.2	-	149.3	96.0	78.8	15.6	-	26.0	39.2	51.9	77.8	-
HOKKAIDO BANK (6)	7.6	8.1	5.4	-	-	118.6	179.9	105.5	-	-	19.8	31.3	38.0	-	-
Average	**6.0**	**4.5**	**2.9**	**1.4**	**1.0**	**88.0**	**73.4**	**36.3**	**16.0**	**8.5**	**34.1**	**40.8**	**50.1**	**60.8**	**60.6**

(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) Provisions exceed doubtful loans in 2003, 2004 and 2005.
(4) Formerly Mitsubishi Tokyo Financial Group.
(5) Merged into Mitsubishi UFJ Financial Group in 2005.
(6) Acquired by Hokuhoku Financial Group in 2004.

TABLE I.17 - DOUBTFUL LOANS

UNITED STATES

BANKS	DOUBTFUL LOANS (1)										COVERAGE RATIO (2)				
	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005
	as % of loans to customers					as % of net worth					%				
THE BANK OF NEW YORK	-	-	-	-	-	-	-	-	-	-	261.0	178.3	181.0	258.1	441.9
CAPITAL ONE FINANCIAL	-	-	-	-	-	-	-	-	-	-	295.8	303.4	350.5	360.9	334.0
BANK OF AMERICA	-	-	-	-	-	-	-	-	-	-	123.0	112.2	152.0	219.7	257.8
KEYCORP	-	-	-	-	-	-	-	-	-	-	140.1	121.9	155.4	227.1	243.3
BB & T	-	-	-	-	-	-	-	-	-	-	135.6	127.7	139.2	175.8	204.2
WACHOVIA (formerly First Union)	-	-	-	-	-	-	-	-	-	-	134.4	128.5	159.6	155.0	197.8
THE PNC FINANCIAL SERVICES GROUP	-	-	-	-	-	-	-	-	-	-	108.1	116.0	156.8	260.5	192.9
REGIONS FINANCIAL	-	-	-	-	-	-	-	-	-	-	104.8	122.4	133.9	143.3	192.6
SUNTRUST BANKS	-	-	-	-	-	-	-	-	-	-	113.5	129.2	163.8	168.0	178.5
WELLS FARGO & CO	-	-	-	-	-	-	-	-	-	-	147.1	163.0	165.0	161.5	174.8
U.S. BANCORP	-	-	-	-	-	-	-	-	-	-	155.2	134.5	158.6	163.8	168.4
FIFTH THIRD BANCORP	-	-	-	-	-	-	-	-	-	-	156.4	157.0	165.9	160.2	144.2
CITIGROUP	0.4	0.4	0.2	-	-	1.8	2.2	0.9	-	-	87.3	85.7	93.5	102.4	117.4
JPMORGAN CHASE & CO.	0.2	0.3	-	-	-	0.9	1.4	-	-	-	92.4	90.1	105.7	104.9	117.0
NATIONAL CITY	0.2	0.3	0.1	-	0.1	2.7	3.0	1.0	-	1.1	83.1	81.3	92.1	100.3	88.8
GOLDEN WEST FINANCIAL	0.4	0.2	0.2	0.1	0.1	3.4	2.9	2.4	0.9	1.0	64.3	65.7	66.8	81.9	77.5
MBNA	2.1	1.7	1.0	0.6	0.8	6.3	5.1	3.0	1.5	2.2	62.8	70.5	78.6	84.9	76.4
WASHINGTON MUTUAL	0.8	0.7	0.5	0.3	0.3	8.3	6.0	4.6	3.2	2.6	54.3	57.6	57.9	65.4	70.0
HIBERNIA (3)	-	-	-	-	-	-	-	-	-	-	227.9	291.8	280.3	259.1	-
SOUTHTRUST (4)	-	-	-	-	-	-	-	-	-	-	131.6	161.0	174.6	-	-
BANK ONE (5)	-	-	-	-	-	-	-	-	-	-	119.6	122.7	134.5	-	-
FLEETBOSTON FINANCIAL (6)	-	0.0	-	-	-	-	0.1	-	-	-	142.9	99.6	134.1	-	-
UNION PLANTERS (7)	0.5	0.8	0.4	-	-	4.1	5.8	3.0	-	-	72.0	65.2	78.4	-	-
Average	**0.2**	**0.2**	**0.1**	**0.0**	**0.0**	**1.1**	**1.2**	**0.6**	**0.2**	**0.2**	**109.9**	**104.7**	**119.9**	**132.1**	**145.0**

(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) Acquired by Capital One Financial in 2005.
(4) Acquired by Wachovia (formerly First Union) in 2004.
(5) Acquired by JPMorgan Chase & Co. in 2004.
(6) Acquired by Bank of America in 2004.
(7) Acquired by Regions Financial in 2004.

TABLE I.18 - PROFITABILITY AND FREE CAPITAL RATIOS

EUROPE

BANKS (1)	COUNTRY	ROE 2001	ROE 2002	ROE 2003	ROE 2004	ROE 2005	COST / INCOME RATIO 2001	COST / INCOME RATIO 2002	COST / INCOME RATIO 2003	COST / INCOME RATIO 2004	COST / INCOME RATIO 2005	FREE CAPITAL 2001	FREE CAPITAL 2002	FREE CAPITAL 2003	FREE CAPITAL 2004	FREE CAPITAL 2005
				%					%				as % of funding from customers			
UBS	CH	12.9	10.0	22.0	30.1	46.3	76.9	77.6	73.1	71.1	68.2	0.2	1.3	1.6	1.3	2.4
LLOYDS TSB GROUP (2)	GB	26.2	23.8	42.4	27.3	32.4	48.0	54.7	53.3	52.9	54.1	-0.9	-3.0	-1.9	-2.2	-1.3
BANCO BILBAO VIZCAYA ARGENTARIA	ES	20.2	15.3	20.5	20.6	29.5	55.5	53.3	51.2	48.3	49.8	2.6	2.6	3.5	4.0	4.9
FORTIS	BE/NL	20.1	4.4	19.0	26.1	26.3	56.9	60.8	62.4	55.3	60.2	2.1	1.0	1.6	2.2	1.5
BARCLAYS	GB	19.3	16.3	18.9	21.6	24.7	56.0	56.5	56.7	58.3	60.9	3.7	3.7	3.7	3.7	2.4
ABN AMRO HOLDING	NL	32.5	21.8	28.7	34.2	24.6	73.1	70.1	67.0	68.8	70.9	1.6	1.3	1.5	2.1	1.2
ING GROEP	NL	27.0	32.7	23.4	30.0	24.2	55.8	54.0	54.0	52.0	53.7	4.9	3.2	3.7	4.1	1.3
SOCIETE GENERALE	FR	15.4	9.6	17.1	20.0	23.3	72.9	71.8	68.2	66.6	64.9	0.5	0.0	-0.2	0.4	2.6
BANCA INTESA	IT	7.0	1.6	9.4	13.8	22.1	69.4	72.8	66.0	60.7	62.2	-2.6	-2.8	-1.5	-0.2	3.7
HBOS	GB	16.0	15.2	17.9	19.8	21.5	49.5	47.2	42.8	39.7	44.4	2.7	3.1	2.9	3.2	1.0
NORDEA	SE	15.3	8.1	13.9	18.0	21.2	59.5	64.8	61.6	58.9	55.3	3.8	3.7	4.9	5.4	3.3
DANSKE BANK	DK	17.1	15.1	17.0	19.6	20.8	56.0	55.6	50.9	52.2	53.2	3.5	3.4	3.1	2.8	2.7
HSBC HOLDINGS	GB	12.5	12.7	12.6	15.0	19.2	56.3	56.0	51.2	50.9	52.1	4.6	4.6	5.0	5.2	3.9
THE ROYAL BANK OF SCOTLAND GROUP	GB	10.6	12.3	16.1	15.7	18.4	56.8	56.1	49.8	50.4	57.1	2.1	2.1	1.2	0.5	-0.5
BANCO SANTANDER CENTRAL HISPANO	ES	14.3	13.9	15.9	10.5	18.2	59.2	58.4	54.2	51.3	55.7	1.9	2.3	4.3	2.9	3.0
SANPAOLO IMI	IT	17.3	9.2	9.7	13.4	17.2	67.6	71.5	72.4	64.1	61.5	-0.1	0.7	1.1	2.0	4.5
UNICREDITO ITALIANO (3)	IT	17.9	17.1	17.6	18.4	17.1	53.0	54.6	54.9	57.6	58.7	1.3	1.5	1.0	1.6	-0.1
DRESDNER BANK	DE	0.8	n.c.	n.c.	0.2	17.0	91.9	103.7	96.1	88.0	89.8	-2.5	-4.0	-2.4	-1.0	3.7
DEXIA	BE	16.3	13.8	14.7	17.9	16.9	58.9	58.2	58.5	55.1	56.5	2.3	2.5	3.0	3.0	4.0
BNP PARIBAS	FR	18.6	13.7	14.9	17.8	16.8	62.4	64.8	62.9	61.0	63.3	1.1	0.2	2.3	2.4	4.6
KBC	BE	14.3	13.6	13.5	19.8	16.7	64.8	61.0	61.8	59.1	59.3	4.9	4.4	4.6	5.2	6.7
CREDIT SUISSE GROUP	CH	5.5	n.c.	18.7	18.4	16.1	85.7	98.5	79.2	77.2	79.3	-6.2	-4.2	-1.0	-1.9	0.1
DEUTSCHE BANK	DE	0.4	1.3	5.1	10.5	13.4	85.1	90.2	82.9	79.0	75.6	0.6	-1.2	0.7	0.7	1.6
CREDIT AGRICOLE	FR	3.7	7.2	6.9	9.5	13.2	67.9	66.9	64.8	63.2	61.8	4.0	4.3	2.6	3.1	4.4
CREDIT MUTUEL (4)	FR	6.4	7.5	8.7	9.0	13.2	67.8	68.5	64.1	65.9	64.4	3.5	3.9	4.7	4.8	5.3
DZ BANK	DE	2.5	2.4	8.8	9.6	10.7	73.2	62.7	64.9	59.6	56.2	…	…	…	…	…
COMMERZBANK	DE	0.9	n.c.	n.c.	4.2	10.1	83.4	87.4	76.7	76.0	74.6	-1.2	-2.4	-1.4	-0.2	2.1
LANDESBANK BADEN-WUERTTEMBERG	DE	6.7	6.1	6.8	8.2	9.2	52.2	52.2	49.5	48.8	47.1	…	…	…	…	…
BAYERISCHE LANDESBANK	DE	2.9	2.6	3.3	3.6	9.0	48.5	41.5	43.5	46.7	54.1	…	…	…	…	…
RABOBANK NEDERLAND	NL	8.4	8.0	8.9	8.3	8.7	66.8	65.6	65.0	64.6	65.6	6.2	6.4	5.9	6.4	5.3
EUROHYPO (5)	DE	-	6.3	0.1	8.1	7.6	-	36.8	37.6	35.4	36.2	-	…	…	2.0	2.2
WESTLB	DE	2.0	n.c.	n.c.	n.c.	6.5	73.6	86.1	70.5	89.6	94.3	…	…	…	…	…
KREDITANSTALT FUER WIEDERAUFBAU	DE	2.9	3.4	2.6	3.3	4.8	27.1	23.1	30.7	30.9	31.2	2.1	2.5	2.6	3.3	3.8
BAYERISCHE HYPO- UND VEREINSBANK (6)	DE	3.9	n.c.	n.c.	n.c.	-	72.2	70.0	67.0	65.9	66.9	-1.2	-2.2	-3.9	-1.3	-
Average		**11.4**	**8.2**	**11.1**	**14.8**	**18.3**	**65.8**	**66.2**	**62.1**	**60.5**	**61.1**	**1.5**	**1.4**	**1.9**	**2.3**	**2.5**

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

(1) Companies no longer existing in their previous form as at 31 December 2005 are not included.
(2) 30.4% in 2003 excluding gains on disposals of operations in New Zealand.
(3) In 2005 ROE was calculated excluding the effect of acquiring Bayerische Hypo- und Vereinsbank (HVB).
(4) Figures include Crédit Industriel et Commercial-CIC.
(5) Operative since 2002.
(6) Acquired by UniCredito Italiano in November 2005; only the balance sheet was consolidated.

TABLE I.18 - PROFITABILITY AND FREE CAPITAL RATIOS

JAPAN

BANKS	ROE					COST / INCOME RATIO					FREE CAPITAL				
	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005
			%					%				as % of funding from customers			
RESONA HOLDINGS	n.c.	n.c.	n.c.	44.5	30.1	63.2	66.3	65.8	50.0	49.1	-5.1	-6.6	-0.6	2.0	3.2
SUMITOMO MITSUI FINANCIAL GROUP	n.c.	n.c.	12.1	n.c.	18.2	45.0	40.6	41.6	41.6	39.9	-3.0	-2.5	0.5	1.3	4.2
MITSUI TRUST HOLDINGS	n.c.	n.c.	12.3	18.3	16.2	57.1	48.6	47.0	45.6	43.4	-4.4	-4.1	0.3	3.5	7.8
MIZUHO FINANCIAL GROUP	n.c.	n.c.	12.6	19.1	15.6	55.7	55.5	53.3	54.7	51.6	0.2	-0.5	2.3	3.8	4.9
CHIBA BANK	n.c.	2.8	7.6	9.5	10.1	54.8	52.3	51.9	48.9	49.8	-1.3	-1.3	0.5	1.8	3.5
BANK OF YOKOHAMA	4.6	3.8	9.3	10.7	9.8	47.5	48.4	43.5	40.7	40.6	-1.6	-0.5	1.8	2.9	4.5
SUMITOMO TRUST & BANKING	n.c.	n.c.	11.0	11.9	9.8	50.5	49.9	47.4	48.0	48.1	2.8	3.8	6.1	7.2	7.2
SHINSEI BANK	10.9	8.5	10.0	9.4	9.8	62.0	64.8	56.8	56.6	56.1	-2.5	12.3	16.8	9.1	12.1
BANK OF FUKUOKA	6.7	2.5	6.2	7.8	8.5	63.7	60.4	58.4	54.9	55.6	-1.0	0.2	1.6	2.3	3.0
NORINCHUKIN BANK	3.9	3.8	6.1	5.1	7.3	33.2	39.9	49.0	43.0	48.4	2.7	2.6	4.3	5.5	7.7
HOKUHOKU FINANCIAL GROUP	n.c.	1.4	2.6	4.4	7.1	59.7	53.9	46.4	50.5	50.3	-3.4	-3.1	-2.2	-1.0	0.4
MITSUBISHI UFJ FINANCIAL GROUP (1)	n.c.	8.7	27.2	10.5	6.4	78.4	60.4	54.0	60.8	75.0	-0.8	0.7	3.1	2.9	2.7
SHINKIN CENTRAL BANK	4.9	4.8	4.9	5.2	5.4	40.4	43.8	45.9	43.2	44.4	3.4	3.6	3.7	3.9	3.0
JOYO BANK	n.c.	2.4	6.1	6.4	5.4	59.4	60.4	60.2	57.6	53.7	0.6	1.3	2.9	3.7	4.1
SHIZUOKA BANK	1.4	2.5	4.8	6.0	4.8	66.3	64.5	66.0	60.7	58.3	4.2	3.2	4.2	5.5	7.3
SHOKO CHUKIN BANK	1.0	0.6	1.4	1.4	2.0	46.6	46.4	51.4	51.8	48.2	1.4	1.5	2.1	2.4	3.0
UFJ HOLDINGS (2)	n.c.	n.c.	n.c.	n.c.	-	53.9	48.6	47.8	46.4	-	-3.9	-1.1	-0.3	2.8	-
HOKKAIDO BANK (3)	3.0	n.c.	9.5	-	-	56.6	57.8	54.9	-	-	-1.9	-3.8	-1.1	-	-
Average	**n.c**	**n.c**	**0.2**	**5.8**	**10.9**	**55.9**	**52.3**	**50.8**	**50.2**	**54.8**	**-1.0**	**-0.4**	**2.0**	**3.1**	**4.3**

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

(1) Formerly Mitsubishi Tokyo Financial Group.
(2) Merged into Mitsubishi UFJ Financial Group in 2005.
(3) Acquired by Hokuhoku Financial Group in 2004.

TABLE I.18 - PROFITABILITY AND FREE CAPITAL RATIOS

UNITED STATES

BANKS	ROE					COST / INCOME RATIO					FREE CAPITAL				
	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005
			%					%			as % of funding from customers				
U.S. BANCORP	11.6	22.2	24.1	27.1	28.8	45.5	44.8	45.0	43.5	44.0	6.3	6.1	6.9	6.4	5.7
CITIGROUP	21.0	22.1	22.3	18.5	28.0	54.7	52.0	52.6	54.1	56.0	9.0	7.8	7.3	6.7	6.6
WELLS FARGO & CO.	14.4	21.8	21.9	22.7	23.3	58.2	52.1	57.2	57.9	57.5	1.7	3.0	2.9	3.0	2.2
GOLDEN WEST FINANCIAL	23.4	23.6	22.9	21.4	20.7	27.5	27.6	28.6	28.9	28.5	7.5	7.8	8.3	8.5	8.9
FIFTH THIRD BANCORP	16.7	23.9	25.9	20.6	19.6	44.6	44.3	44.1	52.1	53.9	11.3	12.0	8.0	7.2	4.6
BANK OF AMERICA	16.3	22.5	29.1	17.6	19.4	53.4	52.5	51.8	53.5	50.7	4.8	5.4	4.8	5.2	5.0
THE BANK OF NEW YORK	27.0	15.6	15.9	18.3	18.9	50.1	57.6	62.8	66.4	66.4	3.9	5.0	3.6	5.0	5.2
NATIONAL CITY	23.2	23.7	29.4	27.7	18.7	51.9	53.8	52.6	54.4	59.4	4.2	4.6	5.3	4.3	3.2
THE PNC FINANCIAL SERVICES GROUP	6.9	20.9	17.7	19.1	18.3	59.0	62.4	67.1	68.8	68.2	4.5	6.3	4.9	4.6	3.6
BB & T	18.8	21.4	12.0	16.7	17.5	49.7	50.0	52.5	53.0	55.1	8.3	7.6	7.1	6.7	6.1
KEYCORP	2.2	16.7	14.9	15.5	17.5	59.6	58.7	61.3	62.9	63.1	6.3	6.6	7.0	5.9	6.2
WACHOVIA (formerly First Union)	9.6	12.6	15.1	14.0	16.2	68.1	63.3	63.7	62.3	60.6	4.6	6.8	6.5	5.8	5.7
CAPITAL ONE FINANCIAL	23.9	24.2	23.1	22.5	15.4	66.9	56.8	59.1	59.3	56.6	15.4	20.2	20.1	25.5	18.0
MBNA	27.7	24.1	26.6	25.1	15.2	53.7	53.3	50.4	51.1	55.6	7.7	8.1	11.2	15.8	16.7
WASHINGTON MUTUAL	28.2	24.0	24.5	15.7	14.2	40.0	49.3	60.7	63.5	61.8	-2.7	-1.4	-2.1	-1.0	-0.4
SUNTRUST BANKS	19.7	17.9	15.9	10.9	13.3	57.4	59.2	60.6	61.1	59.5	8.3	6.8	7.3	5.8	5.7
REGIONS FINANCIAL	14.4	17.4	17.1	9.2	10.4	61.3	62.8	63.5	64.2	64.6	6.7	6.9	7.7	6.5	6.2
J.P. MORGAN CHASE & CO.	4.3	4.1	17.0	6.9	8.6	67.0	67.3	64.9	68.8	65.9	2.9	3.8	4.4	4.9	5.2
HIBERNIA (1)	16.4	17.4	17.0	17.8	-	52.2	52.0	54.2	55.6	-	8.7	9.3	9.5	8.0	-
UNION PLANTERS (2)	16.0	19.6	19.4	-	-	58.4	53.2	56.0	-	-	5.6	4.9	4.5	-	-
SOUTHTRUST (3)	16.3	16.3	19.3	-	-	53.1	54.0	50.5	-	-	7.3	8.8	7.6	-	-
BANK ONE (4)	15.0	17.2	17.8	-	-	57.6	57.3	60.4	-	-	7.7	8.5	7.5	-	-
FLEETBOSTON FINANCIAL (5)	5.6	7.6	16.6	-	-	59.6	57.2	56.9	-	-	6.9	6.5	7.8	-	-
Average	**15.1**	**18.0**	**21.0**	**16.0**	**18.1**	**56.1**	**54.9**	**56.0**	**57.7**	**57.4**	**5.5**	**5.9**	**5.8**	**5.5**	**5.3**

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

(1) Acquired by Capital One Financial in 2005.
(2) Acquired by Regions Financial in 2004.
(3) Acquired by Wachovia (formerly First Union) in 2004.
(4) Acquired by JPMorgan Chase & Co. in 2004.
(5) Acquired by Bank of America in 2004.

TABLE I.19 - RIGHTS ISSUES, SHARE BUYBACKS AND DIVIDENDS

	Rights issues (1)	Share buybacks (2)	Dividends paid (3)	Balance	
			Europe		
	EUR bn	EUR bn	EUR bn	EUR bn	
	a	*b*	*c*	*d = b+c-a*	*c / (a-b)*
1996	6,7	3,4	13,8	10,5	4.2
1997	14,3	1,3	13,8	0,8	1.1
1998	15,7	3,4	17,3	5,0	1.4
1999	18,4	6,2	21,7	9,5	1.8
2000	45,4	5,0	26,7	- 13,7	0.7
2001	25,4	1,1	33,3	9,0	1.4
2002	9,8	7,8	32,8	30,8	16.4
2003	8,5	7,2	28,0	26,7	21.5
2004	15,9	15,4	29,4	28,9	58.8
2005	20,5	10,6	38,9	29,0	3.9
Total	**180,6**	**61,4**	**255,7**	**136,5**	**2.1**
			Japan		
	JPY bn	JPY bn	JPY bn	JPY bn	
	a	*b*	*c*	*d = b+c-a*	*c / (a-b)*
1998	7,276	67	338	- 6,871	o
1999	669	- 27	348	- 348	0.5
2000	201	- 6	377	170	1.8
2001	111	- 80	185	- 6	1.0
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	552	1,156	355	959	n.c.
Total	**13,233**	**1,915**	**2,353**	**- 8,965**	**0.2**
			United States (4)		
	USD bn	USD bn	USD bn	USD bn	
	a	*b*	*c*	*d = b+c-a*	*c / (a-b)*
1998	9.1	14.0	16.8	21.7	n.c.
1999	7.5	25.9	20.3	38.7	n.c.
2000	7.6	11.2	21.3	24.9	n.c.
2001	6.7	16.6	21.9	31.8	n.c.
2002	6.3	16.8	23.6	34.1	n.c.
2003	11.5	21.7	28.0	38.2	n.c.
2004	10.3	19.1	34.2	43.0	n.c.
2005	10.2	34.5	38.7	63.0	n.c.
Total	**69.2**	**159.8**	**204.8**	**295.4**	**n.c.**

(1) Excluding share exchanges made as part of acquisitions listed under Table III.2.
(2) Net of own shares sold..
(3) The difference between dividends paid and dividends declared (Tables II.1, Section II) is due to the time effect brought about through payment of interim dividends and to scrip dividends (i.e. dividends in the form of shares) as well as exchange rate differences.
(4) Share buybacks exceeded rights issues in all years considered.

TABLE I.20 - CAPITAL ADEQUACY RATIOS

EUROPE

BANKS	COUNTRY	TOTAL CAPITAL RATIO (1) 31/12/01	31/12/02	31/12/03	31/12/04	31/12/05	30/06/06
		as % of risk-weighted assets					
DRESDNER BANK	DE	11.4	10.6	13.4	13.3	16.3	15.7
UBS	CH	14.8	13.8	13.3	13.6	14.1	14.3
CREDIT SUISSE GROUP	CH	15.7	16.5	17.4	16.6	13.7	13.4
HSBC HOLDINGS	GB	13.0	13.3	12.0	12.0	12.8	13.4
DEUTSCHE BANK	DE	12.1	12.6	13.9	13.2	13.5	12.9
WESTLB	DE	9.6	10.1	10.3	11.5	14.2	12.7
BANCO SANTANDER CENTRAL HISPANO	ES	12.8	12.6	12.4	13.0	12.9	12.4
KBC	BE	14.7	13.7	13.4	12.9	12.5	12.2
HBOS	GB	10.6	10.4	11.1	11.8	12.4	12.2
THE ROYAL BANK OF SCOTLAND GROUP	GB	11.5	11.7	11.8	11.7	11.7	11.9
CREDIT MUTUEL	FR	10.3	10.8	11.5	12.4	11.8	…
RABOBANK NEDERLAND	NL	10.5	10.5	10.9	11.4	11.8	11.6
BARCLAYS	GB	12.5	12.8	12.8	11.5	11.3	11.6
BANCO BILBAO VIZCAYA ARGENTARIA	ES	12.6	12.5	12.7	12.5	12.0	11.3
SOCIÉTÉ GÉNÉRALE	FR	11.5	11.1	11.7	11.9	11.3	11.2
FORTIS	BE/NL	13.5	13.0	12.4	12.3	10.5	11.2
BAYERISCHE LANDESBANK	DE	9.7	10.3	11.3	12.5	11.1	…
ING GROEP	NL	10.6	11.0	11.3	11.5	10.9	10.9
ABN AMRO HOLDING	NL	10.9	11.5	11.7	11.3	13.1	10.8
BANCA INTESA	IT	9.3	11.1	11.7	11.6	10.3	10.8
BNP PARIBAS	FR	10.6	10.9	12.9	10.3	11.0	10.7
LANDESBANK BADEN-WUERTTEMBERG	DE	10.5	9.7	11.0	10.8	10.5	…
DEXIA	BE	11.5	10.7	11.2	11.7	10.9	10.4
CREDIT AGRICOLE	FR	11.8	11.7	10.5	10.4	10.1	10.4
SANPAOLO IMI	IT	9.5	10.7	10.5	12.0	9.4	10.4
DZ BANK	DE	9.5	10.5	11.7	12.3	10.4	…
COMMERZBANK	DE	10.3	12.3	13.0	12.6	12.5	10.3
LLOYDS TSB GROUP	GB	9.2	9.6	11.3	10.0	10.9	10.3
UNICREDITO ITALIANO	IT	11.0	11.6	11.1	11.6	10.3	10.2
DANSKE BANK	DK	10.3	10.5	11.0	10.2	10.3	9.8
NORDEA	SE	9.1	9.9	9.3	9.5	9.2	9.3
KREDITANSTALT FUER WIEDERAUFBAU	DE	…	…	…	…	…	…
EUROHYPO (2)	DE	-	10.1	11.0	10.8	10.7	-
BAYERISCHE HYPO- UND VEREINSBANK (3)	DE	10.3	9.1	9.7	10.4	-	-
ABBEY NATIONAL (4)	GB	11.5	11.6	13.3	-	-	-
CREDIT LYONNAIS (5)	FR	10.1	11.2	-	-	-	-
Average (6)		**11.3**	**11.4**	**11.9**	**11.9**	**11.7**	**(11.6)**

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

(2) Operative since 2002 and acquired by Commerzbank in 2006.

(3) Acquired by UniCredito Italiano in 2005.

(4) Acquired by Banco Santander Central Hispano in 2004.

(5) Acquired by Crédit Agricole in 2003.

(6) For 27 groups only at 30 June 2006.

TABLE I.20 - CAPITAL ADEQUACY RATIOS

JAPAN

BANKS	TOTAL CAPITAL RATIO (1)						
	31/03/02	31/03/03	31/03/04	31/03/05	31/03/05	30/09/06	
	as % of risk-weighted assets						
SHINKIN CENTRAL BANK	15.2	16.2	16.6	15.8	14.3	…	
SHIZUOKA BANK	12.5	12.4	13.6	13.5	13.6	…	
SHINSEI BANK	17.0	20.1	21.1	11.8	15.5	13.5	
MITSUI TRUST HOLDINGS	10.6	7.5	10.1	10.3	12.4	12.5	
RESONA HOLDINGS	8.7	3.8	7.8	9.7	10.0	12.5	
NORINCHUKIN BANK	10.0	9.9	12.9	12.1	12.1	…	
MITSUBISHI UFJ FINANCIAL GROUP (2)	10.3	10.8	13.0	11.8	12.2	12.0	
JOYO BANK	11.8	11.3	11.4	11.8	12.0	11.6	(3)
SUMITOMO TRUST & BANKING	10.9	10.5	12.5	12.5	10.9	11.6	
MIZUHO FINANCIAL GROUP	10.6	9.5	11.4	11.9	11.6	11.0	
CHIBA BANK	10.2	10.4	11.1	11.2	11.2	11.0	
BANK OF YOKOHAMA	10.7	10.3	10.7	11.0	11.0	10.5	
SUMITOMO MITSUI FINANCIAL GROUP	10.5	10.1	11.4	9.9	12.4	10.1	
BANK OF FUKUOKA	9.5	9.4	9.5	9.3	9.7	9.5	
HOKUHOKU FINANCIAL GROUP	7.1	7.5	8.3	8.3	9.0	9.2	
SHOKO CHUKIN BANK	7.3	7.5	7.7	7.8	8.0	…	
UFJ HOLDINGS (4)	11.0	10.0	9.2	10.4	-	-	
HOKKAIDO BANK (5)	8.2	6.1	6.5	-	-	-	
Average (6)	**10.7**	**10.2**	**11.4**	**11.1**	**11.6**	**(11.3)**	

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

(2) Formerly Mitsubishi Tokyo Financial Group.

(3) Parent company only.

(4) Merged into Mitsubishi UFJ Financial Group in 2005.

(5) Acquired by Hokuhoku Financial Group in 2004.

(6) For 12 groups only at 30 September 2006.

TABLE I.20 - CAPITAL ADEQUACY RATIOS

UNITED STATES

BANKS	TOTAL CAPITAL RATIO (1)					
	31/12/01	31/12/02	31/12/03	31/12/04	31/12/05	30/06/06
	as % of risk-weighted assets					
CAPITAL ONE FINANCIAL	13.2	13.0	14.0	16.6	13.9	18.3
BB & T	13.3	13.4	12.5	14.5	14.4	13.7
GOLDEN WEST FINANCIAL	14.2	14.3	14.2	12.9	13.0	13.7
U.S. BANCORP	11.7	12.2	13.6	13.1	12.5	13.1
THE PNC FINANCIAL SERVICES GROUP	11.8	12.5	13.8	13.0	12.1	12.4
REGIONS FINANCIAL	13.2	13.8	14.5	13.5	12.8	12.3
THE BANK OF NEW YORK	11.6	12.0	11.5	12.2	12.5	12.1
KEYCORP	11.4	12.5	12.6	11.5	11.5	12.1
JPMORGAN CHASE & CO	11.9	12.0	11.8	12.2	12.0	12.0
WELLS FARGO & CO	10.5	11.3	12.2	12.1	11.6	11.8
CITIGROUP	10.9	11.2	12.0	11.8	12.0	11.7
WACHOVIA (formerly First Union)	11.1	12.0	11.8	11.1	10.8	11.4
BANK OF AMERICA	12.7	12.4	11.9	11.6	11.1	11.3
WASHINGTON MUTUAL	12.9	11.6	10.9	11.3	10.9	11.3
SUNTRUST BANKS	12.2	11.6	11.8	10.4	10.6	10.7
FIFTH THIRD BANCORP	14.4	13.5	13.4	12.3	10.4	10.4
NATIONAL CITY	11.3	11.5	13.1	11.8	10.5	10.2
MBNA (2)	18.0	19.7	22.2	25.4	23.9	-
HIBERNIA (3)	11.4	11.8	11.8	11.3	-	-
UNION PLANTERS (4)	14.5	13.9	15.6	-	-	-
BANK ONE (5)	12.2	13.7	13.7	-	-	-
FLEETBOSTON FINANCIAL (6)	11.0	11.7	11.9	-	-	-
SOUTHTRUST (7)	11.0	11.1	10.7	-	-	-
Average	**12.5**	**12.7**	**13.1**	**13.1**	**12.6**	**12.3**

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

TABLE I.21 - DERIVATIVE CONTRACTS

	2000						2004						2005					
	Europe		Japan		United States		Europe		Japan		United States		Europe		Japan		United States	
	EURbn	%	JPY bn	%	USDbn	%	EURbn	%	JPY bn	%	USDbn	%	EURbn	%	JPY bn	%	USDbn	%
Notional amounts by risk category:																		
interest rate	57,804	*75.8*	1,003,164	*84.7*	36,038	*84.6*	127,353	*81.1*	1,553,589	*90.0*	73,182	*87.7*	165,243	*80.4*	1,769,155	*90.1*	81,047	*85.3*
foreign exchange	14,386	*18.8*	178,316	*15.1*	5,333	*12.5*	19,564	*12.5*	153,759	*8.9*	6,367	*7.6*	23,322	*11.4*	174,014	*8.9*	7,091	*7.5*
credit (1)	-	-	401	*0.0*	120	*0.3*	-	-	3,253	*0.2*	2,170	*2.6*	8,282	*4.0*	6,388	*0.3*	5,300	*5.6*
equity (1)	-	-	360	*0.0*	340	*0.8*	-	-	2,732	*0.2*	946	*1.2*	5,955	*2.9*	2,719	*0.1*	1,125	*1.2*
other	4,112	*5.4*	2,519	*0.2*	771	*1.8*	10,003	*6.4*	12,468	*0.7*	778	*0.9*	2,593	*1.3*	11,456	*0.6*	411	*0.4*
Total (2)	**76,302**	***100.0***	**1,184,760**	***100.0***	**42,602**	***100.0***	**156,920**	***100.0***	**1,725,801**	***100.0***	**83,443**	***100.0***	**205,395**	***100.0***	**1,963,732**	***100.0***	**94,974**	***100.0***
Index number	*100.0*		*100.0*		*100.0*		*205.7*		*145.7*		*195.9*		*269.2*		*165.7*		*222.9*	
Notional amount/total assets	5.6		2.3		9.6		9.6		3.8		13.8		10.0		4.0		14.6	
Fair value (balance) (millions) (3)	1,534		870,602		-5,448		-51,148		653,763		13,369		-58,826		-214,724		-3,568	
as % of net worth	*0.3*		*2.9*		*-1.6*		*-6.9*		*2.4*		*2.4*		*-7.0*		*-0.6*		*-0.6*	
Credit risk (millions) (4)	577,554		12,769,471		143,982		808,263		9,947,919		162,872		952,773		10,056,083		137,669	
Index number	*100.0*		*100.0*		*100.0*		*139.9*		*77.9*		*113.1*		*165.0*		*78.8*		*95.6*	
as % of net worth	*100.3*		*41.9*		*43.5*		*122.7*		*35.9*		*30.2*		*126.6*		*27.6*		*24.6*	

(1) For Europe, in 2000 and 2004, included under the heading "other".

(2) For Japan data refers only to trading derivatives. Data refers to companies representing 93% of 2005 total assets for Europe, 72.4% for Japan, and 96.5% for the United States.

(3) This is the algebraic sum of positions with positive fair value and with negative fair values. In 2000 it refers to companies which account for 75% of total assets for Europe, 99% for Japan, and 98% for the United States; while in 2004 and 2005 it refers to the whole survey.

(4) Refers to companies which account for 97.4% of 2005 total assets for the United States, and 88.7% for Europe; refers to the whole survey for Japanese banks.

TABLE I.22 – PROFIT AND LOSS ACCOUNT AND BALANCE SHEET FOR 1H 2006

56 BANKS

Profit and loss account

	1H 2005		1H 2006		Change
	EUR m	%	EUR m	%	%
Interest margin	179,766	*48.0*	190,162	*44.6*	5.8
Net fee and commission income	119,331	*31.8*	140,035	*32.9*	17.4
Other operating income	75,706	*20.2*	95,866	*22.5*	26.6
Total income	**374,803**	***100.0***	**426,063**	***100.0***	**13.7**
Labour costs	...	...	...	...	...
General expenses (1)	- 202,145	*- 53.9*	- 227,290	*- 53.4*	12.4
Bad debts recovered (written off)	- 18,181	*- 4.9*	- 20,564	*- 4.8*	13.1
Depreciation and amortisation	- 14,755	*- 3.9*	- 16,186	*- 3.8*	9.7
Current pre-tax profit	**139,722**	***37.3***	**162,023**	***38.0***	**16.0**
Extraordinary items	6,114	*1.6*	10,412	*2.5*	n.c.
Profit (loss) before tax	**145,836**	***38.9***	**172,435**	***40.5***	**18.2**
Income tax	- 40,627	*- 10.8*	- 47,139	*- 11.1*	16.0
Minority interest	- 4,488	*- 1.2*	- 5,980	*- 1.4*	33.2
Net profit	**100,721**	***26.9***	**119,316**	***28.0***	**18.5**

Balance sheet

	31-12-2005		30-6-2006		Change
	EUR m	%	EUR m	%	%
Cash and deposits at central banks	…	…	…	…	…
Securities (2)	8,760,725	*30.3*	9,187,485	*30.2*	4.9
Loans and advances to banks (3)	3,785,984	*13.1*	3,943,312	*13.0*	4.2
Loans and advances to customers	12,697,089	*43.9*	13,398,981	*44.0*	5.5
Interests in subsidiaries and associated	…	…	…	…	…
Net tangible assets	255,286	*0.9*	256,092	*0.8*	0.3
Intangible assets (4)	417,892	*1.4*	459,024	*1.5*	9.8
Other assets	2,997,717	*10.4*	3,177,410	*10.5*	6.0
Total assets	**28,914,693**	***100.0***	**30,422,304**	***100.0***	**5.2**
Customer deposits	12,488,900	*43.2*	13,064,198	*43.0*	4.6
Debt securities (5)	4,322,412	*14.9*	4,630,408	*15.2*	7.1
Subordinated liabilities	…	…	…	…	…
Total funding from customers	*16,811,312*	58.1	*17,694,606*	58.2	*5.3*
Deposits by banks	4,894,160	*16.9*	5,085,622	*16.7*	3.9
Other liabilities	5,799,019	*20.1*	6,202,692	*20.4*	7.0
Total liabilities	**27,504,491**	***95.1***	**28,982,920**	***95.3***	**5.4**
Net worth	**1,410,202**	***4.9***	**1,439,374**	***4.7***	**2.1**
of which:					
shareholders' equity	1,304,243	*4.5*	1,326,697	*4.3*	1.7
minority interests	105,959	*0.4*	112,677	*0.4*	6.3

(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.23 – PROFIT AND LOSS ACCOUNT AND BALANCE SHEET FOR 1H 2006

EUROPE

Profit and loss account

	1H 2005		1H 2006		Change
	EUR m	%	EUR m	%	%
Interest margin	93,684	*45.9*	100,827	*41.4*	7.6
Net fee and commission income	59,656	*29.3*	72,253	*29.6*	21.1
Other operating income	50,478	*24.8*	70,566	*29.0*	39.8
Total income	**203,818**	***100.0***	**243,646**	***100.0***	**19.5**
Labour costs	- 71,586	*- 35.1*	- 83,557	*- 34.3*	16.7
General expenses	- 42,936	*- 21.1*	- 48,606	*- 19.9*	13.2
Bad debts recovered (written off)	- 11,092	*- 5.5*	- 13,864	*- 5.7*	25.0
Depreciation and amortisation	- 8,027	*- 3.9*	- 8,233	*- 3.4*	2.6
Current pre-tax profit	**70,177**	***34.4***	**89,386**	***36.7***	**27.4**
Extraordinary items	7,595	*3.8*	9,417	*3.9*	24.0
Profit (loss) before tax	**77,772**	***38.2***	**98,803**	***40.6***	**27.0**
Income tax	- 19,930	*- 9.8*	- 25,623	*- 10.6*	28.6
Minority interest	- 3,283	*- 1.6*	- 4,894	*- 2.0*	49.1
Net profit	**54,559**	***26.8***	**68,286**	***28.0***	**25.2**

Balance sheet

	31-12-2005		30-6-2006		Change
	EUR m	%	EUR m	%	%
Cash and deposits at central banks	166,741	*0.8*	182,786	*0.9*	9.6
Securities	6,296,082	*31.7*	6,645,984	*31.5*	5.6
Loans and advances to banks	2,462,962	*12.4*	2,620,616	*12.4*	6.4
Loans and advances to customers	8,057,285	*40.6*	8,619,458	*40.9*	7.0
Interests in subsidiaries and associated	75,456	*0.4*	73,386	*0.3*	- 2.7
Net tangible assets	186,879	*0.9*	187,484	*0.9*	0.3
Intangible assets (1)	194,991	*1.0*	201,709	*1.0*	3.4
Other assets	2,414,595	*12.2*	2,547,268	*12.1*	5.5
Total assets	**19,854,991**	***100.0***	**21,078,691**	***100.0***	**6.2**
Customer deposits	7,160,161	*36.1*	7,609,119	*36.1*	6.3
Debt securities	3,102,602	*15.6*	3,330,368	*15.8*	7.3
Subordinated liabilities	371,590	*1.9*	379,700	*1.8*	2.2
Total funding from customers	*10,634,353*	*53.6*	*11,319,187*	*53.7*	*6.4*
Deposits by banks	3,281,403	*16.5*	3,436,732	*16.3*	4.7
Other liabilities	5,190,462	*26.1*	5,557,094	*26.4*	7.1
Total liabilities	**19,106,218**	***96.2***	**20,313,013**	***96.4***	**6.3**
Net worth	**748,773**	***3.8***	**765,678**	***3.6***	**2.3**
of which:					
shareholders' equity	683,344	*3.5*	693,186	*3.3*	1.4
minority interests	65,429	*0.3*	72,492	*0.3*	10.8

(1) Includes goodwill.

TABLE I.24 – PROFIT AND LOSS ACCOUNT AND BALANCE SHEET FOR 1H 2006

JAPAN

Profit and loss account

	1H 2005		1H 2006		Change
	JPY bn	%	JPY bn	%	%
Interest margin	2,686	*53.7*	2,814	*57.2*	4.8
Net fee and commission income	1,462	*29.3*	1,571	*31.9*	7.5
Other operating income	850	*17.0*	536	*10.9*	- 36.9
Total income	**4,998**	***100.0***	**4,921**	***100.0***	**- 1.5**
Labour costs	...	...	...	...	...
General expenses (1)	- 2,326	*- 46.5*	- 2,299	*- 46.7*	- 1.2
Bad debts recovered (written off)	11	*0.2*	92	*1.9*	n.c.
Depreciation and amortisation	- 185	*- 3.7*	- 309	*- 6.3*	67.0
Current pre-tax profit	**2,498**	***50.0***	**2,405**	***48.9***	**- 3.7**
Extraordinary items	119	*2.4*	97	*2.1*	- 18.5
Profit (loss) before tax	**2,617**	***52.4***	**2,502**	***50.8***	**- 4.4**
Income tax	- 652	*- 13.1*	- 504	*- 10.2*	- 22.7
Minority interest	- 110	*- 2.2*	- 119	*- 2.4*	8.2
Net profit	**1,855**	***37.1***	**1,879**	***38.2***	**1.3**

Balance sheet

	31-3-2006		30-9-2006		Change
	JPY bn	%	JPY bn	%	%
Cash and deposits at central banks	…	…	…	…	…
Securities (2)	167,746	*30.5*	162,505	*30.1*	- 3.1
Loans and advances to banks (3)	69,431	*12.6*	63,369	*11.7*	- 8.7
Loans and advances to customers	284,450	*51.8*	287,320	*53.2*	1.0
Interests in subsidiaries and associated	…	…	…	…	…
Net tangible assets	4,612	*0.9*	4,676	*0.9*	1.4
Intangible assets (4)	708	*0.1*	1,785	*0.3*	n.c.
Other assets	22,598	*4.1*	20,714	*3.8*	- 8.3
Total assets	**549,545**	***100.0***	**540,369**	***100.0***	**- 1.7**
Customer deposits	379,090	*69.0*	376,971	*69.8*	- 0.6
Debt securities	17,099	*3.1*	15,947	*2.9*	- 6.7
Subordinated liabilities	12,391	*2.3*	12,469	*2.3*	0.6
Total funding from customers	*408,580*	*74.4*	*405,387*	*75.0*	*- 0.8*
Deposits by banks	79,925	*14.5*	74,248	*13.8*	- 7.1
Other liabilities	31,738	*5.8*	32,567	*6.0*	2.6
Total liabilities	**520,243**	***94.7***	**512,202**	***94.8***	**-1.5**
Net worth	**29,302**	***5.3***	**28,167**	***5.2***	**- 3.9**
of which:					
shareholders' equity	23,985	*4.3*	23,014	*4.3*	- 4.0
minority interests	5,317	*1.0*	5,153	*0.9*	- 3.1

(1) Includes labour costs.
(2) Includes interests in subsidiaries and associated.
(3) Includes cash and deposits at central banks.
(4) Includes goodwill. Data reclassified in the first quarter of 2006.

TABLE I.25 – PROFIT AND LOSS ACCOUNT AND BALANCE SHEET FOR 1H 2006

UNITED STATES

Profit and loss account

	1H 2005		1H 2006		Change
	USD m	%	USD m	%	%
Interest margin	86,009	*49.5*	89,027	*47.1*	3.5
Net fee and commission income	63,107	*36.3*	72,468	*38.3*	14.8
Other operating income	24,659	*14.2*	27,491	*14.6*	11.5
Total income	**173,775**	***100.0***	**188,986**	***100.0***	**8.8**
Labour costs	- 52,222	*- 30.1*	- 60,814	*- 32.2*	16.5
General expenses	- 38,886	*- 22.4*	- 40,068	*- 21.2*	3.0
Bad debts recovered (written off)	- 9,107	*- 5.2*	- 9,319	*- 4.9*	2.3
Depreciation and amortisation	- 6,941	*- 4.0*	- 7,419	*- 3.9*	6.9
Current pre-tax profit	**66,619**	***38.3***	**71,366**	***37.8***	**7.1**
Extraordinary items	- 2,921	*- 1.6*	415	*0.2*	n.c.
Profit (loss) before tax	**63,698**	***36.7***	**71,781**	***38.0***	**12.7**
Income tax	- 20,629	*- 11.9*	- 22,954	*- 12.1*	11.3
Minority interest	- 568	*- 0.3*	- 341	*- 0.2*	n.c.
Net profit	**42,501**	***24.5***	**48,486**	***25.7***	**14.1**

Balance sheet

	31-12-2005		30-6-2006		Change
	USD m	%	USD m	%	%
Cash and deposits at central banks	…	…	…	…	…
Securities (1)	1,574,218	*23.4*	1,720,267	*24.0*	9.3
Loans and advances to banks (2)	864,367	*12.9*	896,434	*12.5*	3.7
Loans and advances to customers	3,417,481	*50.8*	3,570,072	*49.8*	4.5
Interests in subsidiaries and associates	…	…	…	…	…
Net tangible assets	46,736	*0.7*	46,431	*0.6*	- 0.7
Intangible assets (3)	277,197	*4.1*	311,555	*4.4*	12.4
Other assets	544,206	*8.1*	620,417	*8.7*	14.0
Total assets	**6,724,205**	***100.0***	**7,165,176**	***100.0***	**6.6**
Customer deposits	3,467,825	*51.6*	3,646,920	*50.9*	5.2
Debt securities (4)	821,117	*12.2*	922,167	*12.9*	12.3
Subordinated liabilities	…	…	…	…	…
Total funding from customers	*4,288,942*	*63.8*	*4,569,087*	*63.8*	*6.5*
Deposits by banks	1,353,150	*20.1*	1,448,606	*20.2*	7.1
Other liabilities	496,825	*7.4*	536,695	*7.5*	8.0
Total liabilities	**6,138,917**	***91.3***	**6,554,388**	***91.5***	**6.8**
Net worth	**585,288**	***8.7***	**610,788**	***8.5***	**4.4**
of which:					
shareholders' equity	580,140	*8.6*	604,647	*8.4*	4.2
minority interests	5,148	*0.1*	6,141	*0.1*	19.3

(1) Includes shares.
(2) Includes cash and deposits at central banks.
(3) Includes goodwill.
(4) Includes subordinated liabilities.

APPENDIX 1 – Unusual features of several banking groups

Germany

The German banks included in our survey comprise five groups, all of which have certain features that could be described as unusual. Three of them are *Landesbanken*, i.e. publicly-owned or state banks, which operate *inter alia* as central banks for savings institutions in their local regions, or *Länder*. These local savings institutions own stakes in the *Landesbanken* via their associations, as do the regions themselves and the municipalities ("state capital"). In some cases the *Landesbanken* also control the local savings banks, or have merged with them during the course of their history, and hence their role as central banks is complemented by commercial banking activities. The *Landesbanken* also provide other services, either directly or through subsidiaries, such as real estate loans, leasing, factoring, project financing, foreign exchange and derivatives trading, equity investment and asset management. Most of them have also built up networks outside Germany for the benefit of their associated savings banks, and some of them have even expanded by acquiring local banks. They have a public mission in support of their municipalities, which can include investment in works of public interest, supporting residential property development and granting loans under pledge. Obligations entered into by the *Landesbanken* were backed by unlimited public guarantees issued by their guarantor shareholders until 18 July 2005 ([43]).

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

DZ Bank functions as a central bank to around 80% of the *Volksbanken* and *Raiffeisenbanken* (local German co-operative banks) which own the majority of its share capital ([44]). Like the *Landesbanken*, it provides services such as real estate loans, leasing, insurance and asset management, both itself and via subsidiaries. It too has international operations, with several branches outside Germany. Lastly, Kreditanstalt für Wiederaufbau (KfW) is a state-owned bank granting mid-/long-term loans for small and medium-size businesses, residential housing and infrastructure, including as project finance and via securitizations. It promotes and finances investment projects in developing countries, and supports German enterprise abroad ([45]). 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 ([46]).

ruling by the European Commission on 20 October 2004, WestLB, Norddeustsche Landesbank and Bayerische Landesbank were required to pay an aggregate amount of EUR 2.4bn to their respective states, representing interest accrued at market rates on activities previously integrated into them as contributions in kind but subsequently deemed by the Commission to constitute impermissible aid. A total of EUR 1.7bn of the payment was charged to the profit and loss account, while EUR 0.7bn were debited directly from reserves.

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

[45] In 2003, KfW reached an agreement with the EU to spin off its promotional, export support and project finance activities to an independent entity to be set up by 2008. At 31/12/2005, KfW owned a 41.7% stake in Deutsche Post and a 22.1% stake in Deutsche Telekom.

[46] WestLB acts as central bank for 123 savings banks in the North Rhine-Westphalia and Brandenburg regions, Bayerische Landesbank acts as central bank for 77 savings banks in Bavaria, and Landesbank Baden-Württemberg acts as central bank for 82 savings banks in the region of the same name and the Rheinland-Pfalz region (the latter following the acquisition in 2005 of Landesbank Rheinland-Pfalz, the region's central institute).

France

Two of the French groups included in the survey are co-operatives, namely Crédit Agricole and Crédit Mutuel. Crédit Agricole underwent large-scale changes in the course of 2001, which led to the setting up of Crédit Agricole S.A. and its listing on 14 December of the same year. The Crédit Agricole "group" has an inverse pyramidal structure with the local co-operative banks at the top, which as at year-end 2005 numbered 2,583 and had around 5.7 million shareholders. These control the 41 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 a central bank, thus guaranteeing the group's financial cohesion. It engages in treasury operations and redistributes the regional banks' surplus funds. It also oversees common areas of operations via its subsidiaries, and promotes international growth. Unlike the German *Landesbanken*, Crédit Agricole's consolidated balance sheet included the local banks, the regional banks and the central bank, for a total of 3,015 consolidated entities. Alongside it is the *Fédération Nationale du Crédit Agricole*, which represents and co-ordinates the regional banks and the group as a whole, but is not consolidated. In November 2001, the regional banks transferred their holdings in jointly-owned service companies, chiefly in the areas of life insurance, asset management and consumer credit, to Caisse Nationale de Crédit Agricole, which thereupon changed its name to Crédit Agricole S.A., in exchange for newly-issued shares. Thereafter, a new holding company was set up under the name SAS Rue La Boétie, to which the regional banks transferred all the Crédit Agricole S.A. shares they owned. After Crédit Agricole S.A. shares were placed with the public in December 2001, SAS Rue La Boétie came to own over 70% of Crédit Agricole S.A ([47]). Crédit Agricole S.A. in turn acquired a 25% stake in each regional bank, with the exception of Caisse Régionale de la Corse, following issuance or subscription for *certificats coopératifs* without voting rights.

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[47] Share diluted to 54.7% on 30 June 2006, chiefly due to rights issue implemented to acquire Crédit Lyonnais in 2003

The Crédit Mutuel group also has a three-tier inverse pyramidal structure, much like that of the Crédit Agricole group. At the top, there are 1,920 local savings banks, which are co-operative institutions with variable share capital and 6.7 million shareholders. These are grouped into 18 *Fédérations Régionales* (made up of one federative body and one Caisse Fédérale) alongside which is the *Fédération du Crédit Mutuel Agricole et Rural*, which operates at a national level in the agricultural sector. The shareholders of the regional Caisse Fédérale are the local banks, and all of these are associates of the Fédération Régionale, which represents, directs and oversees but does not engage in banking activities, these being the remit of the Caisse Fédérale. Operating on a national level there are the Confédération Nationale, which is a representative body, and the Caisse Centrale du Crédit Mutuel, a national financial body whose capital is owned by the Caisses Fédérales. The Crédit Mutuel group's consolidated figures include the local savings banks, the regional federations, the Fédération du Crédit Mutuel Agricole et Rurale, and the Caisse Centrale, as well as their respective subsidiaries (established to provide common services to customers), for a total of 2,027 consolidated companies in 2005 ([48]). The Crédit Industriel et Commercial-CIC group (formerly Union Européenne de CIC), acquired in 1998 with an initial share of 67% which then rose to over 95% following the acquisition of the share held by Groupama-GAN in 2001, was not included in the basis of consolidation until the later of these two dates. The tables providing data for the Crédit Mutuel group contained in the text refer to the aggregate of the two groups for the years between 1998 and 2001.

Two other similarly structured French banking groups were established more recently, namely Groupe Caisse d'Epargne and Groupe Banque Populaire. Groupe Caisse d'Epargne was established in 1999, the first year for which consolidated financial statements are available. Its central organisation is the Caisse Nationale des Caisses d'Epargne et de Prévoyance (CNCE), which is owned by 29 local savings institutions

[48] The local banks were fully consolidated for the first time in 2005 upon adoption of IAS/IFRS.

with 3.4 million shareholders ([49]), which are in turn owned by 440 local savings companies. Groupe Banque Populaire was set up in May 2001 and began preparing consolidated financial statements that year. Its central body at national level is Banque Fédérale des Banques Populaires, which is owned by 21 co-operative banks with approximately 3 million shareholders ([50]). These two groups have not been included in our survey, because it has not been possible to construct series of like-for-like data for them for the period under review.

Japan

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

The first two act as central banks for small and medium-size co-operative firms in specific sectors of the economy. Norinchukin Bank operates in the agriculture, forestry and fishing sectors, whereas Shoko Chukin Bank's interests are in commerce and industry. In terms of shareholder structure, at 31 March 2006, Norinchukin Bank was owned by 4,689 co-operatives, while Shoko Chukin Bank was 78% owned by the Japanese government, with the outstanding share capital owned by co-operative companies comprised of small and medium-sized firms.

Shinkin Central Bank acts as central bank for the 292 Japanese co-operative banks, or *shinkin*, which comprised the institution's shareholders at 31 March 2005. Each co-operative bank is entitled to one vote at the central bank's annual general meeting. The co-operative banks in turn are owned by over 9.2 million shareholders, made up of both individual investors and local small and medium businesses, and as at the financial-year-end 2005 had a network of 7,776 branches, with 113,636 employees and funding of JPY 109,221bn.

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[49] The Caisse d'Epargne Group recorded total assets at year-end 2005 of EUR 594,132m, shareholders' equity of EUR 19,416m and net profit of EUR 2,071m.

[50] The Banque Populaire Group recorded total assets at year-end 2005 of EUR 288,711m, shareholders' equity of EUR 13,699m, and net profit of EUR 1,522m.

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

A summary description of the main M&A transactions to take place between the banks included in this survey is provided below. A detailed chronological list of all such transactions is found in Table III.2.

In **Germany**, the merger between Bayerische Vereinsbank and Bayerische Hypotheken- und Wechsel-Bank in 1998 led to the creation of Bayerische Hypo- und Vereinsbank (HVB), the second largest bank in the country after Deutsche Bank. Deutsche Bank in turn acquired US-based Bankers Trust in 1999, and in 2000 HVB turned protagonist when it acquired Bank Austria, which itself had merged with Creditanstalt in 1997 ([51]). In 2002, three of the leading German banks, i.e. Deutsche Bank, Commerzbank and Dresdner Bank, deconsolidated their respective activities in the mortgage lending sector and spun them off into Eurohypo, of which they each acquired a minority stake. In two stages, one in December 2005 and the other in March 2006, Commerzbank acquired the stakes of the other two majority shareholders to gain control of the company. In November 2005, UniCredito Italiano acquired control of HVB via a public tender offer.

In **France**, Crédit Agricole acquired Banque Indosuez from Compagnie Financière de Suez in 1996, while in 1998 Crédit Mutuel took a majority stake in Union Européenne de CIC (now Crédit Industriel et Commercial-CIC) as part of its privatization by the French government. In 1999, the Banque Nationale de Paris managed to fend off Société Générale's bid for Paribas by acquiring it and changing its name to BNP Paribas. In 2000 Crédit Commercial de France was acquired by U.K. group HSBC Holdings. Also in 1999,

[51] In July 2003 HVB had sold a 25% share in Bank Austria Creditanstalt on the market, which netted proceeds of approx. EUR 1bn. When UniCredito Italiano acquired HVB in November 2005, it launched a public tender offer on the outstanding shares of Bank Austria Creditanstalt, thus acquiring an additional 17.5% stake in the bank.

Crédit Lyonnais was privatised, and a core shareholder group was set up that controlled approximately one-third of its share capital; Crédit Agricole held the largest share, amounting to 11% of the voting rights, before acquiring full control of the bank following a public tender offer in 2003. In the **Benelux** countries, Banque Bruxelles Lambert was bought by Dutch company ING Groep with effect from 1 January 1998, while in the same year Belgian-Dutch group Fortis ([52]) acquired the largest bank in Belgium, Générale de Banque. Other major same-country transactions were: in **Switzerland**, Unione di Banche Svizzere and Società di Banca Svizzera merged in 1998 to form the UBS group; in **Spain**, Banco Santander acquired Banco Central Hispanoamericano in 1999 and Banco Bilbao Vizcaya acquired Argentaria in 2000; in **Italy**, Banca Intesa acquired Banca Commerciale Italiana in 1999 and, effective from 1 January 2007, merged with Sanpaolo IMI and changed its name to Intesa Sanpaolo; in the **United Kingdom,** the Royal Bank of Scotland group acquired the National Westminster Bank in 2000, and in 2001 Halifax and the Bank of Scotland merged to form a single holding company named HBOS. In **Denmark**, in 2000 Danske Bank acquired RealDanmark, the holding company that owns BG Bank, the third largest bank in the country prior to this transaction, and Realkredit Danmark, a mortgage lender.

There were major cross-border transactions in **Scandinavia**, notably the merger between Nordbanken of Sweden and Finnish group Merita in 1998, then controlled by Nordic Baltic Holding (now Nordea Bank), and the latter's acquisition in 2000 of Danish holding company Unidanmark, which owns Unibank, along with Danish insurer Tryg-Baltica Forsikring and Norwegian insurance company Vesta, both of which were acquired in 1999. Nordea Bank then also took control of the smaller Norwegian Christiania Bank og Creditkasse at the end of 2000.

[52] The Fortis group comprises two holding companies, the Belgian Fortis S.A. and Fortis N.V. of the Netherlands, each of which owns a 50% share in the operating companies. In December 2001, the two holding companies' shares were replaced with a single set of shares; the shareholders of the combined entity are shareholders of both holding companies and retain all related ownership rights.

The two largest cross-border transactions in Europe took place in the last two years: in 2004 Spanish group Santander acquired British bank Abbey National, and, as mentioned above, in 2005 UniCredito Italiano acquired Germany-based HVB.

In **Japan**, several major aggregations took place during the 2000 and 2001 fiscal years ([53]) which involved the largest banks belonging to different business groupings ([54]). In September 2000, Fuji Bank, Dai-Ichi Kangyo Bank and the medium-/long-term credit institution IBJ were grouped under the common holding company Mizuho Holdings and subsequently came to report to the new Mizuho Financial Group ([55]). A further three transactions took place in April 2001: Sakura Bank and Sumitomo Bank merged, the latter taking on the name of Sumitomo Mitsui Banking (here too a new holding company, Sumitomo Mitsui Financial Group, was set up in December 2002 and took on the role of parent company); Mitsubishi Tokyo Financial Group added Bank of Tokyo-Mitsubishi and Mitsubishi Trust and Banking to the group under its control, and the new holding company UFJ Holdings brought Sanwa Bank, Tokay Bank and Toyo Trust and Banking under its umbrella. In December 2001, Daiwa Bank, Kinki Osaka Bank (which was formed from a previous merger between the

53 The fiscal year in Japan runs from 1 April to 31 March of the following calendar year.

54 One distinguishing feature of the Japanese economy is the presence of groupings of business known as *keiretsu*. Such groupings do not have independent legal status, and companies belonging to them is based on a subjective and voluntary decision. The chairmen of the companies comprised in the grouping meet on a regular basis, but there are no controlling shareholder links between the companies in the *keiretsu*, which therefore remain formally independent despite there being priority relationships between them. In general the main companies are widely owned and their shares are traded on stock exchanges. The *keiretsu* can be either “horizontal” or “vertical” depending on the type of links between the companies in the grouping: in the first case, the businesses are linked by relations with a large bank at the centre of the organisation; in the latter the link involves purchase and supply relationships with other members of the grouping. Until the end of the 1990s, the first type included six large groupings: Mitsubishi, Sumitomo, Mitsui, Fuyo, Dai-Ichi and Sanwa, which had the following as their respective reference banks: Bank of Tokyo Mitsubishi, Sumitomo Bank, Sakura Bank, Fuji Bank, Dai-Ichi Kangyo Bank and Sanwa Bank. The mergers described in the text have significantly altered this situation.

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

Bank of Kinki and the Bank of Osaka) and the smaller Nara Bank were grouped under Daiwa Bank Holdings (which then became Resona Holdings), which merged with Ashai Bank in March 2002. In 2004, Hokugin Financial Group, which had bought Hokuriku Bank in 2003, acquired Hokkaido Bank and changed its name to Hokuhoku Financial Group. With effect from 1 October 2005, Mitsubishi Tokyo Financial Group and UFJ Holdings were merged into Mitsubishi UFJ Financial Group, creating the largest bank in Japan in terms of total assets.

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

Other smaller mergers involved: Fleet Financial Group, which first acquired BankBoston in 1999, subsequently changing its name to Fleet Boston (then FleetBoston Financial), then Summit Bancorp in 2001; First Union which merged with Wachovia in 2001 and took over its name, and Firstar, which having acquired Mercantile Bancorp in 1999, then acquired U.S. Bancorp and assumed its name.

Several significant new mergers took place in 2004: in April, Bank of America acquired FleetBoston Financial, and in July JPMorgan Chase & Co. bought Bank One and Regions Financial merged with Union Planters; in November, Wachovia acquired SouthTrust. Consolidation in the U.S. banking sector continued in 2005, with the merger of Hibernia into Capital One Financial, and in 2006, with the acquisition of MBNA by Bank of America and of Golden West Financial by Wachovia.

* * *

One unusual feature involves ***investment banking*** activities, which for most of the banks included in the survey featured organic growth. That said, there were several notable acquisitions during the period, involving the Swiss banks, German banks Deutsche Bank and Dresdner Bank, and ING Groep of the Netherlands. Swiss bank Società di Banca Svizzera, which subsequently became part of UBS, bought the investment banking arm of London-based SG Warburg Group plc in 1995 to create SBC Warburg, then acquired U.S. investment banks Dillon Read and Paine Webber in 1997 and 2000, respectively. The Credit Suisse Group, which had acquired control of The First Boston in 1988, bought BZW from Barclays in 1997, and in 2000, acquired Donaldson, Lufkin & Jenrette. In 1995, Deutsche Bank bought Morgan Grenfell and Dresdner Bank bought Kleinwort Benson. Deutsche Bank further strengthened its position when it acquired Bankers Trust in 1999, while Dresdner Bank purchased Wasserstein Perella in late 2000. After acquiring the Barings Group in 1995, ING Groep expanded its investment banking operations by acquiring Banque Bruxelles Lambert in 1998 and German-based BHF-Bank in 1999 (a portion of the assets were sold in 2004). Turning to domestic transactions, as previously mentioned, Crédit Agricole acquired Banque Indosuez in 1996, and Banque Nationale de Paris acquired Paribas in 1999, while Istituto Bancario San Paolo di Torino (subsequently Sanpaolo IMI and now Intesa Sanpaolo) bought and merged with IMI-Istituto Mobiliare Italiano in 1998. Crédit Agricole, which had set up Crédit Agricole Lazard Financial Products in London under a joint venture with Banque Lazard in 1995, bought a 30.9% stake (20.5% of the voting rights) in Rue Impériale de Lyon, which at the time was the parent company of the Lazard Group (this shareholding was transformed into Eurazeo in 2004) ([56]).

This survey does not include the three largest US investment banks, namely Merrill Lynch, Goldman Sachs and Lehman Brothers, on the grounds of their atypical features.

[56] Following the merger of Rue Impériale de Lyon into Eurazeo (in 2004), at 31 December 2005, Crédit Agricole owned 16.2% stake in Eurazeo (20.9% of the voting rights). In 2005, Eurazeo sold its stake in Lazard when the latter applied for listing on the New York Stock Exchange.

APPENDIX 3 – Insurance activities

The banks included in this survey generally engage in insurance via subsidiaries, either insurance companies or other specialist operations. Until 2004, such activities were accounted for differently in the respective consolidated reporting depending on the parent company's country of origin, as a result of differences in national legislation and other financial reporting requirements defined by the various supervisory authorities. In Italy, Spain and Denmark, insurance activities were not included in the consolidated accounts and were generally equity-accounted, whereas in France they were equity accounted until 1999 and subsequently consolidated using the line-by-line method. In Holland, Belgium, Switzerland and Germany, insurance activities were fully consolidated throughout the entire period under review; however, of the German banks, only Deutsche Bank and DZ Bank included insurance activities in their consolidated reporting (the latter only since 2001). 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 taken to profit and loss.

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

A summary of banking and insurance activities for European banks in the last three years is provided below:

	Current pre-tax profit			Total assets (1)		
	2003	2004	2005	2003	2004	2005
		EUR bn			*EUR bn*	
Banking	93.8	114.5	130.7	14,964.0	16,599.3	20,606.0
Insurance	14.7	18.8	19.6	954.5	984.1	1,426.5
Total	**108.5**	**133.3**	**150.3**	**15,918.5**	**17,583.4**	**22,032.5**
		as % of total income			*as % of total assets*	
Banking	*24.2*	*28.0*	*28.8*	*94.0*	*94.4*	*93.5*
Insurance	*3.8*	*4.6*	*4.3*	*6.0*	*5.6*	*6.5*
Total	***28.0***	***32.6***	***33.1***	***100.0***	***100.0***	***100.0***

(1) Data relating to insurance activities includes technical reserves and, in 2005, amounts collected in relation to insurance policies deemed to be investment contracts.

Of the US banks, only Citigroup included an insurance company in its consolidated reporting following the merger in 1998 with Travelers Group, which itself was reduced in 2002 when the property and casualty side was sold and terminated in 2005 following the sale of the life insurance arm ([57]). Insurance activities accounted for 0.6% of U.S. banks' aggregate current pre-tax profit in 2005 (1.2% in 2004 and 0.9% in 2003). Technical reserves represented 1.4% of total assets in both 2004 and 2003. No insurance activities were recorded 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

[57] In March and August 2002, Citigroup offered to the public and distributed to its shareholders (the distribution was treated as a dividend) shares in its subsidiary Travelers Property Casualty Corp. With these transactions, the former of which yielded a gain of USD 1.2bn, Citigroup reduced its stake in this company to approximately 9.9%. The life insurance activities were sold to the MetLife group with effect from 1 July 2005 for a consideration of USD 11.8bn, USD 10.8bn of which in cash and USD 1bn in MetLife shares.

under *Net fee and commission income*, while technical reserves are reported in the balance sheet as *Other liabilities*, and liabilities relating to investment contracts are included under *Customer deposits*. Invested assets, for which data is generally not available, are reported under the appropriate asset headings in accordance with their nature (typically *Securities* or *Intangible assets*).

II. STATISTICAL TABLES

TABLE II.1 - PROFIT AND LOSS ACCOUNTS

67 BANKS

	1998		1999		2000		2001		2002		2003		2004		2005	
	EUR m	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%
Interest receivable and similar income	960,647		1,026,455		1,215,536		1,222,513		973,217		821,246		850,411		1,160,098	
Interest payable and similar expenses	-662,527		-677,050		-845,420		-808,677		-579,761		-454,151		-484,699		-757,483	
Interest margin	**298,120**	***55.1***	**349,405**	***52.8***	**370,116**	***48.8***	**413,836**	***50.6***	**393,456**	***52.2***	**367,095**	***51.2***	**365,712**	***50.5***	**402,615**	***48.8***
Commissions receivable and other operating income (1)	196,151	*36.2*	247,495	*37.4*	304,981	*40.2*	325,062	*39.8*	295,399	*39.2*	280,765	*39.2*	297,065	*41.0*	349,829	*42.4*
Commissions payable and other operating expenses	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…
Dividends and share of profit (loss)	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…
Gains (losses) on financial transactions	46,922	*8.7*	64,577	*9.8*	83,921	*11.1*	78,789	*9.6*	64,856	*8.6*	68,448	*9.6*	61,838	*8.5*	72,485	*8.8*
Total income	**541,193**	***100.0***	**661,477**	***100.0***	**759,018**	***100.0***	**817,687**	***100.0***	**753,711**	***100.0***	**716,308**	***100.0***	**724,615**	***100.0***	**824,929**	***100.0***
Labour costs	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…
General expenses (2)	-307,569	*-56.8*	-369,102	*-55.8*	-425,787	*-56.1*	-461,006	*-56.4*	-419,277	*-55.6*	-389,473	*-54.4*	-393,760	*-54.3*	-452,621	*-54.9*
Bad debts recovered (written off)	-139,867	*-25.8*	-84,744	*-12.8*	-89,643	*-11.8*	-143,572	*-17.6*	-120,318	*-16.0*	-82,326	*-11.5*	-55,205	*-7.6*	-49,359	*-6.0*
Depreciation and amortization	-24,262	*-4.5*	-29,019	*-4.4*	-34,429	*-4.5*	-36,990	*-4.5*	-35,132	*-4.7*	-31,116	*-4.3*	-30,190	*-4.2*	-35,720	*-4.3*
Current pre-tax profit	**69,495**	***12.8***	**178,612**	***27.0***	**209,159**	***27.6***	**176,119**	***21.5***	**178,984**	***23.7***	**213,393**	***29.8***	**245,460**	***33.9***	**287,229**	***34.8***
Amortization of goodwill	-6,783	*-1.3*	-7,409	*-1.1*	-9,643	*-1.3*	-14,435	*-1.8*	-12,724	*-1.7*	-10,729	*-1.5*	-7,785	*-1.1*	-302	*0.0*
Transfer from (to) reserves	-698	*-0.1*	-2,172	*-0.3*	-1,414	*-0.2*	-2,376	*-0.3*	-17	*0.0*	-608	*-0.1*	-654	*-0.1*	-1,179	*-0.1*
Fixed asset revaluations (writedowns)	-6,890	*-1.3*	-6,308	*-1.0*	-6,411	*-0.8*	-23,902	*-2.9*	-27,547	*-3.7*	-6,930	*-1.0*	-6,875	*-0.9*	-856	*-0.1*
Extraordinary items	18,495	*3.4*	47,342	*7.2*	32,647	*4.3*	-662	*-0.1*	-5,971	*-0.8*	2,406	*0.3*	-1,287	*-0.2*	31,469	*3.8*
Cumulative effect of accounting changes	0	*0.0*	-210	*0.0*	-49	*0.0*	-688	*-0.1*	-1,230	*-0.2*	-216	*0.0*	13	*0.0*	-173	*0.0*
Profit (loss) before tax	**73,619**	***13.6***	**209,855**	***31.7***	**224,289**	***29.5***	**134,056**	***16.4***	**131,495**	***17.4***	**197,316**	***27.5***	**228,872**	***31.6***	**316,188**	***38.3***
Income tax	-29,421	*-5.4*	-72,524	*-11.0*	-69,071	*-9.1*	-41,590	*-5.1*	-53,956	*-7.2*	-69,100	*-9.6*	-70,382	*-9.7*	-87,860	*-10.7*
Profit attributable to minorities	-3,564	*-0.7*	-4,860	*-0.7*	-7,751	*-1.0*	-7,509	*-0.9*	-6,840	*-0.9*	-7,644	*-1.1*	-8,683	*-1.2*	-10,601	*-1.3*
Net profit attributable to parent company	**40,634**	***7.5***	**132,471**	***20.0***	**147,467**	***19.4***	**84,957**	***10.4***	**70,699**	***9.4***	**120,572**	***16.8***	**149,807**	***20.7***	**217,727**	***26.4***
Dividends payout	*37,907*	7.0	*49,203*	7.4	*57,013*	7.5	*63,025*	7.7	*56,740*	7.5	*60,574*	8.5	*68,193*	9.4	*86,136*	10.4

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

TABLE II.2 - FINANCIAL STATEMENTS

67 BANKS

		1998		1999		2000		2001		2002		2003		2004		2005	
		EUR m	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%
Cash and deposits at central banks		…	...	…	...	…	...	…	...	…	...	…	...	…	...	…	
Securities		4,076,737	*21.3*	5,243,988	*22.6*	6,137,382	*23.5*	6,401,878	*23.6*	6,059,521	*23.8*	6,273,259	*25.1*	6,908,643	*25.8*	9,722,933	*29.8*
Loans and advances to banks (1)		2,967,209	*15.5*	3,308,600	*14.3*	3,536,591	*13.6*	3,845,454	*14.2*	3,703,135	*14.5*	3,804,229	*15.2*	4,106,812	*15.3*	4,563,148	*14.0*
Loans and advances to customers		9,689,126	*50.6*	11,647,656	*50.3*	12,778,923	*49.0*	12,857,683	*47.4*	12,044,243	*47.3*	11,428,431	*45.6*	11,963,240	*44.6*	14,214,570	*43.6*
Loans, advances and cash		***16,733,072***	***87.4***	***20,200,244***	***87.2***	***22,452,896***	***86.1***	***23,105,015***	***85.2***	***21,806,899***	***85.6***	***21,505,919***	***85.9***	***22,978,695***	***85.7***	***28,500,651***	***87.4***
Interests in subsidiares and associated		139,321	*0.7*	179,233	*0.8*	219,107	*0.8*	236,853	*0.9*	199,667	*0.8*	185,326	*0.7*	189,828	*0.7*	133,515	*0.4*
Intangible assets		23,260	*0.1*	35,168	*0.2*	57,869	*0.2*	74,111	*0.3*	61,626	*0.2*	69,654	*0.3*	77,640	*0.3*	126,406	*0.4*
Net tangible assets		219,233	*1.1*	256,037	*1.1*	270,128	*1.0*	276,371	*1.0*	249,604	*1.0*	221,653	*0.9*	224,486	*0.8*	277,559	*0.9*
Other assets		1,969,028	*10.3*	2,410,544	*10.4*	2,890,677	*11.1*	3,189,307	*11.8*	2,956,938	*11.6*	2,858,720	*11.4*	3,067,495	*11.4*	3,214,027	*9.9*
Total	**(a)**	**19,083,914**	***99.7***	**23,081,226**	***99.6***	**25,890,677**	***99.3***	**26,881,657**	***99.2***	**25,274,734**	***99.2***	**24,841,272**	***99.2***	**26,538,144**	***99.0***	**32,252,158**	***98.9***
Deposits by banks		3,624,192	*18.9*	4,184,742	*18.1*	4,813,342	*18.5*	5,002,908	*18.5*	4,876,378	*19.1*	4,843,199	*19.3*	5,220,260	*19.5*	6,082,337	*18.7*
Customer deposits		8,993,374	*47.0*	10,800,641	*46.6*	12,003,361	*46.0*	12,664,548	*46.7*	11,874,145	*46.6*	11,485,219	*45.9*	12,057,457	*45.0*	13,935,226	*42.8*
Debt securities		2,782,831	*14.5*	3,472,320	*15.0*	3,777,456	*14.5*	3,855,052	*14.2*	3,623,937	*14.2*	3,508,858	*14.0*	3,773,821	*14.1*	4,746,560	*14.6*
Subordinated liabilities		427,632	*2.2*	546,013	*2.4*	619,563	*2.4*	668,060	*2.5*	609,110	*2.4*	585,424	*2.3*	594,427	*2.2*	712,124	*2.2*
Total funding		***15,828,029***	***82.7***	***19,003,716***	***82.0***	***21,213,722***	***81.4***	***22,190,568***	***81.9***	***20,983,570***	***82.4***	***20,422,700***	***81.6***	***21,645,965***	***80.7***	***25,476,247***	***78.2***
Provision for employee benefits		30,679	*0.2*	35,673	*0.2*	47,600	*0.2*	43,432	*0.2*	46,559	*0.2*	42,180	*0.2*	47,080	*0.2*	68,417	*0.2*
Deferred taxation		43,727	*0.2*	62,859	*0.3*	79,444	*0.3*	76,567	*0.3*	77,577	*0.3*	68,302	*0.3*	62,398	*0.2*	83,259	*0.3*
Other liabilities		2,327,948	*12.2*	2,945,670	*12.7*	3,447,445	*13.2*	3,443,985	*12.7*	3,165,059	*12.4*	3,290,216	*13.1*	3,708,840	*13.8*	5,366,816	*16.5*
Total liabilities	**(b)**	**18,230,383**	***95.2***	**22,047,918**	***95.1***	**24,788,211**	***95.1***	**25,754,552**	***95.0***	**24,272,765**	***95.3***	**23,823,398**	***95.2***	**25,464,283**	***95.0***	**30,994,739**	***95.1***
Goodwill	**(c)**	60,141	*0.3*	95,520	*0.4*	185,635	*0.7*	221,081	*0.8*	205,836	*0.8*	195,140	*0.8*	273,734	*1.0*	343,790	*1.1*
Net worth	**(a-b+c)**	**913,672**	***4.8***	**1,128,828**	***4.9***	**1,288,101**	***4.9***	**1,348,186**	***5.0***	**1,207,805**	***4.7***	**1,213,014**	***4.8***	**1,347,595**	***5.0***	**1,601,209**	***4.9***
represented by:																	
Issued share capital		194,575	*1.0*	230,569	*1.0*	226,422	*0.9*	213,027	*0.8*	189,984	*0.7*	185,045	*0.7*	206,281	*0.8*	239,104	*0.7*
Reserves		688,208	*3.6*	865,475	*3.7*	1,011,798	*3.9*	1,079,148	*4.0*	964,354	*3.8*	963,674	*3.8*	1,070,405	*4.0*	1,329,927	*4.1*
Own shares		-22,535	*-0.1*	-40,531	*-0.2*	-41,898	*-0.2*	-44,932	*-0.2*	-44,989	*-0.2*	-40,866	*-0.2*	-47,753	*-0.2*	-73,065	*-0.2*
Total		**860,248**	***4.5***	**1,055,513**	***4.6***	**1,196,322**	***4.6***	**1,247,243**	***4.6***	**1,109,349**	***4.4***	**1,107,853**	***4.4***	**1,228,933**	***4.6***	**1,495,966**	***4.6***
Minority interests		53,424	*0.3*	73,315	*0.3*	91,778	*0.4*	100,943	*0.4*	98,456	*0.4*	105,161	*0.4*	118,662	*0.4*	105,243	*0.3*
Funding from customers		**12,203,837**	***63.7***	**14,818,974**	***63.9***	**16,400,380**	***62.9***	**17,187,660**	***63.4***	**16,107,192**	***63.2***	**15,579,501**	***62.2***	**16,425,705**	***61.3***	**19,393,910**	***59.5***
Total assets	**(a+c)**	**19,144,055**	***100.0***	**23,176,746**	***100.0***	**26,076,312**	***100.0***	**27,102,738**	***100.0***	**25,480,570**	***100.0***	**25,036,412**	***100.0***	**26,811,878**	***100.0***	**32,595,948**	***100.0***

(1) Including cash and central banks deposits.

TABLE II.3 - EMPLOYEES

67 BANKS

	1998	1999	2000	2001	2002	2003	2004	2005
Average number of staff	3,162,137	3,284,887	3,461,710	3,639,484	3,631,379	3,611,053	3,609,413	3,711,144
of which: from country of origin (%)	...	...	...	...	...	...		...
from elsewhere (%)	...	...	...	...	...	...		...

TABLE II.4 - FINANCIAL RATIOS

67 BANKS

	1998	1999	2000	2001	2002	2003	2004	2005
Funding from customers per employee ('000 EUR) (1)	3,901	4,592	4,830	4,909	4,617	4,505	4,728	5,420
Loans and advances to customers per employee ('000 EUR) (1)	3,097	3,609	3,764	3,672	3,452	3,305	3,443	3,973
Labour cost per employee ('000 EUR) (1)	...	...	...	...	...	...	...	...
Cost / income ratio (%)	61.3	60.2	60.6	60.9	60.3	58.7	58.5	59.2
Bad debts written off as % of total income (2)	25.8	12.8	11.8	17.6	16.0	11.5	7.6	6.0
Dividends payout as % of net profit	93.3	37.1	38.7	74.2	80.3	50.2	45.5	39.6
ROE (%)	5.0	14.4	14.1	7.3	6.8	12.2	13.9	17.0
ROA (%)	0.2	0.6	0.6	0.3	0.3	0.5	0.6	0.7
Doubful loans as % of loans to customers (3)	1.5	1.7	1.7	2.2	1.8	1.3	0.8	0.7
Doubful loans as % of net worth (3)	16.4	17.4	16.4	20.5	17.6	12.1	7.1	5.9
Loans, advances and cash as % of total funding	105.7	106.3	105.8	104.1	103.9	105.3	106.2	111.9
Fixed assets as % of net worth	48.4	50.1	56.9	60.0	59.3	55.4	56.8	55.0

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

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

(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 81.9% in 1998, 89.4% in 1999, 93.7% in 2000, 96% in 2001, 94.9% in 2002, 94.8% in 2003, 96.5% in 2004 and 96.9% in 2005 of loans to customers of the sample.

TABLE II.1 - PROFIT AND LOSS ACCOUNTS

	1996		1997		1998		1999		2000		2001		2002		2003		2004		2005	
	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	494,263		540,499		582,479		600,256		744,852		779,546		654,499		567,531		598,141		815,490	
Interest payable and similar expenses	-365,796		-402,652		-438,995		-443,377		-577,569		-593,716		-464,307		-376,160		-404,089		-606,038	
Interest margin	**128,467**	***57.2***	**137,847**	***53.8***	**143,484**	***51.8***	**156,879**	***48.4***	**167,283**	***43.6***	**185,830**	***45.4***	**190,192**	***49.7***	**191,371**	***49.4***	**194,052**	***47.5***	**209,452**	***46.2***
Commissions receivable and other operating income	79,521	*35.4*	99,989	*39.0*	116,463	*42.0*	145,370	*44.9*	176,474	*46.0*	184,702	*45.2*	176,166	*46.0*	174,279	*45.0*	188,401	*46.1*	215,405	*47.5*
Commissions payable and other operating expenses	-14,712	*-6.6*	-18,105	*-7.1*	-19,495	*-7.0*	-28,571	*-8.8*	-27,654	*-7.2*	-29,326	*-7.2*	-30,609	*-8.0*	-33,009	*-8.5*	-35,992	*-8.8*	-38,823	*-8.6*
Dividends and share of profit (loss)	7,533	*3.4*	9,269	*3.6*	10,220	*3.7*	11,232	*3.5*	14,155	*3.7*	14,917	*3.6*	9,298	*2.4*	12,026	*3.1*	14,680	*3.6*	12,544	*2.8*
Gains (losses) on financial transactions	23,658	*10.5*	27,229	*10.6*	26,330	*9.5*	39,182	*12.1*	53,140	*13.9*	52,954	*12.9*	37,785	*9.9*	42,398	*11.0*	47,294	*11.6*	55,198	*12.2*
Total income	**224,467**	***100.0***	**256,229**	***100.0***	**277,002**	***100.0***	**324,092**	***100.0***	**383,398**	***100.0***	**409,077**	***100.0***	**382,832**	***100.0***	**387,065**	***100.0***	**408,435**	***100.0***	**453,776**	***100.0***
Labour costs	-85,388	*-38.0*	-95,828	*-37.4*	-101,168	*-36.5*	-119,249	*-36.8*	-141,548	*-36.9*	-155,388	*-38.0*	-145,591	*-38.0*	-139,975	*-36.2*	-143,636	*-35.2*	-160,497	*-35.4*
General expenses	-48,844	*-21.8*	-57,302	*-22.4*	-63,652	*-23.0*	-71,050	*-21.9*	-83,012	*-21.7*	-93,444	*-22.8*	-87,836	*-22.9*	-82,344	*-21.3*	-86,495	*-21.2*	-97,820	*-21.6*
Bad debts recovered (written off)	-24,702	*-11.0*	-24,476	*-9.6*	-30,796	*-11.1*	-25,832	*-8.0*	-23,511	*-6.1*	-36,777	*-9.0*	-48,002	*-12.5*	-38,338	*-9.9*	-27,988	*-6.9*	-26,170	*-5.8*
Depreciation and amortization	-11,438	*-5.1*	-12,211	*-4.8*	-13,217	*-4.8*	-15,286	*-4.7*	-18,041	*-4.7*	-20,185	*-4.9*	-19,697	*-5.1*	-17,939	*-4.6*	-17,007	*-4.2*	-18,947	*-4.2*
Current pre-tax profit	**54,095**	***24.1***	**66,412**	***25.9***	**68,169**	***24.6***	**92,675**	***28.6***	**117,286**	***30.6***	**103,283**	***25.2***	**81,706**	***21.3***	**108,469**	***28.0***	**133,309**	***32.6***	**150,342**	***33.1***
Amortization of goodwill	-1,156	*-0.5*	-2,925	*-1.1*	-3,389	*-1.2*	-3,370	*-1.0*	-5,640	*-1.5*	-9,738	*-2.4*	-12,051	*-3.1*	-10,680	*-2.8*	-7,620	*-1.9*	-2	*0.0*
Transfer from (to) reserves	-2,321	*-1.0*	-1,818	*-0.7*	-713	*-0.3*	-2,172	*-0.7*	-1,414	*-0.4*	-2,246	*-0.5*	-17	*0.0*	-608	*-0.2*	-654	*-0.2*	-1,179	*-0.3*
Fixed asset revaluations (writedowns)	-1,025	*-0.5*	225	*0.1*	-969	*-0.3*	-19	*0.0*	-636	*-0.2*	-4,600	*-1.1*	-7,669	*-2.0*	-5,667	*-1.5*	-817	*-0.2*	-306	*-0.1*
Extraordinary items	-963	*-0.4*	-2,161	*-0.8*	10,517	*3.8*	11,706	*3.6*	17,747	*4.6*	11,611	*2.8*	12,395	*3.2*	3,507	*0.9*	2,028	*0.5*	21,003	*4.6*
Cumulative effect of accounting changes	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	-325	*-0.1*	-736	*-0.2*	-175	*0.0*	20	*0.0*	12	*0.0*
Profit (loss) before tax	**48,630**	***21.7***	**59,733**	***23.3***	**73,615**	***26.6***	**98,820**	***30.5***	**127,343**	***33.2***	**97,985**	***24.0***	**73,628**	***19.2***	**94,846**	***24.5***	**126,266**	***30.9***	**169,870**	***37.4***
Income tax	-17,366	*-7.7*	-18,406	*-7.2*	-23,386	*-8.4*	-28,285	*-8.7*	-32,278	*-8.4*	-26,295	*-6.4*	-23,477	*-6.1*	-28,533	*-7.4*	-34,679	*-8.5*	-42,960	*-9.5*
Profit attributable to minorities	-2,593	*-1.2*	-3,396	*-1.3*	-3,200	*-1.2*	-4,218	*-1.3*	-6,607	*-1.7*	-6,618	*-1.6*	-5,554	*-1.5*	-5,952	*-1.5*	-6,944	*-1.7*	-7,411	*-1.6*
Net profit attributable to parent company	**28,671**	***12.8***	**37,931**	***14.8***	**47,029**	***17.0***	**66,317**	***20.5***	**88,458**	***23.1***	**65,072**	***15.9***	**44,597**	***11.6***	**60,361**	***15.6***	**84,643**	***20.7***	**119,499**	***26.3***
Dividends payout	*13,280*	5.9	*17,080*	6.7	*20,482*	7.4	*25,490*	7.9	*32,214*	8.4	*35,376*	8.6	*32,778*	8.6	*35,997*	9.3	*39,918*	9.8	*50,684*	11.2

	1996		1997		1998		1999		2000		2001		2002		2003		2004		2005	
	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	64,878	*0.7*	75,044	*0.7*	78,124	*0.7*	124,537	*1.0*	129,918	*0.9*	166,634	*1.0*	151,547	*1.0*	158,920	*1.0*	168,816	*1.0*	160,439	*0.7*
Securities	1,659,672	*19.0*	2,047,014	*20.1*	2,339,650	*21.4*	2,847,269	*22.4*	3,293,663	*22.5*	3,765,323	*23.5*	3,507,064	*22.5*	3,698,082	*23.2*	4,252,934	*24.2*	6,747,724	*30.6*
Loans and advances to banks	1,849,708	*21.2*	2,068,840	*20.3*	2,057,366	*18.8*	2,101,159	*16.5*	2,294,911	*15.7*	2,517,282	*15.7*	2,491,743	*16.0*	2,609,310	*16.4*	2,877,733	*16.4*	3,138,706	*14.2*
Loans and advances to customers	4,212,366	*48.3*	4,764,853	*46.8*	4,990,536	*45.7*	5,726,285	*45.1*	6,555,180	*44.8*	6,919,010	*43.1*	6,876,494	*44.1*	6,872,855	*43.2*	7,408,658	*42.1*	8,965,998	*40.7*
Loans, advances and cash	***7,786,624***	***89.3***	***8,955,751***	***88.1***	***9,465,676***	***86.7***	***10,799,250***	***85.0***	***12,273,672***	***83.8***	***13,368,249***	***83.4***	***13,026,848***	***83.5***	***13,339,167***	***83.8***	***14,708,141***	***83.6***	***19,012,867***	***86.3***
Interests in subsidiares and associated	79,941	*0.9*	87,478	*0.9*	117,931	*1.1*	144,327	*1.1*	171,446	*1.2*	193,506	*1.2*	165,461	*1.1*	151,569	*1.0*	144,170	*0.8*	75,299	*0.3*
Intangible assets	3,115	*0.0*	4,501	*0.0*	6,037	*0.1*	7,207	*0.1*	19,048	*0.1*	18,612	*0.1*	18,715	*0.1*	23,343	*0.1*	23,319	*0.1*	44,819	*0.2*
Net tangible assets	107,076	*1.2*	114,828	*1.1*	121,327	*1.1*	134,790	*1.1*	150,019	*1.0*	164,935	*1.0*	154,412	*1.0*	143,419	*0.9*	155,255	*0.9*	204,269	*0.9*
Other assets	731,856	*8.4*	998,236	*9.8*	1,199,239	*11.0*	1,582,098	*12.5*	1,915,837	*13.1*	2,174,018	*13.6*	2,120,022	*13.6*	2,148,995	*13.5*	2,424,321	*13.8*	2,541,199	*11.5*
Total (a)	**8,708,612**	***99.9***	**10,160,794**	***99.9***	**10,910,210**	***99.9***	**12,667,672**	***99.7***	**14,530,022**	***99.3***	**15,919,320**	***99.3***	**15,485,458**	***99.3***	**15,806,493**	***99.3***	**17,455,206**	***99.3***	**21,878,453**	***99.3***
Deposits by banks	2,182,833	*25.0*	2,459,936	*24.2*	2,457,233	*22.5*	2,707,937	*21.3*	3,121,746	*21.3*	3,312,169	*20.7*	3,207,365	*20.6*	3,343,306	*21.0*	3,682,549	*20.9*	4,222,856	*19.2*
Customer deposits	3,525,037	*40.4*	4,069,883	*40.0*	4,223,305	*38.7*	4,684,683	*36.9*	5,394,485	*36.8*	6,090,873	*38.0*	5,918,762	*38.0*	5,994,995	*37.7*	6,542,903	*37.2*	7,772,082	*35.3*
Debt securities	1,567,570	*18.0*	1,780,475	*17.5*	2,050,591	*18.8*	2,482,836	*19.5*	2,738,808	*18.7*	2,945,332	*18.4*	2,863,937	*18.4*	2,791,476	*17.5*	3,069,062	*17.5*	3,927,764	*17.8*
Subordinated liabilities	160,677	*1.8*	193,252	*1.9*	203,448	*1.9*	267,103	*2.1*	314,223	*2.1*	357,906	*2.2*	359,605	*2.3*	356,685	*2.2*	364,478	*2.1*	437,568	*2.0*
Total funding	***7,436,117***	***85.3***	***8,503,546***	***83.6***	***8,934,577***	***81.8***	***10,142,559***	***79.9***	***11,569,262***	***79.0***	***12,706,280***	***79.2***	***12,349,669***	***79.2***	***12,486,462***	***78.4***	***13,658,992***	***77.7***	***16,360,270***	***74.3***
Provision for employee benefits	20,001	*0.2*	20,208	*0.2*	24,794	*0.2*	28,261	*0.2*	40,896	*0.3*	37,376	*0.2*	40,944	*0.3*	38,611	*0.2*	43,977	*0.3*	66,336	*0.3*
Deferred taxation	14,921	*0.2*	19,264	*0.2*	24,538	*0.2*	34,982	*0.3*	42,281	*0.3*	41,351	*0.3*	42,768	*0.3*	37,685	*0.2*	38,015	*0.2*	52,474	*0.2*
Other liabilities	892,763	*10.2*	1,222,261	*12.0*	1,492,626	*13.7*	1,971,041	*15.5*	2,349,829	*16.1*	2,545,320	*15.9*	2,510,751	*16.1*	2,679,651	*16.8*	3,103,957	*17.7*	4,710,695	*21.4*
Total liabilities (b)	**8,363,802**	***95.9***	**9,765,279**	***96.0***	**10,476,535**	***95.9***	**12,176,843**	***95.9***	**14,002,268**	***95.6***	**15,330,327**	***95.6***	**14,944,132**	***95.8***	**15,242,409**	***95.8***	**16,844,941**	***95.8***	**21,189,775**	***96.2***
Goodwill (c)	9,027	*0.1*	9,838	*0.1*	13,681	*0.1*	33,344	*0.3*	109,439	*0.7*	118,722	*0.7*	110,192	*0.7*	112,021	*0.7*	128,196	*0.7*	154,081	*0.7*
Net worth (a-b+c)	**353,837**	***4.1***	**405,353**	***4.0***	**447,356**	***4.1***	**524,173**	***4.1***	**637,193**	***4.4***	**707,715**	***4.4***	**651,518**	***4.2***	**676,105**	***4.2***	**738,461**	***4.2***	**842,759**	***3.8***
represented by:																				
Issued share capital	60,629	*0.7*	64,912	*0.6*	67,086	*0.6*	70,255	*0.6*	69,715	*0.5*	81,877	*0.5*	83,547	*0.5*	86,487	*0.5*	87,832	*0.5*	92,807	*0.4*
Reserves	271,570	*3.1*	314,977	*3.1*	351,589	*3.2*	414,217	*3.3*	511,631	*3.5*	564,068	*3.5*	515,112	*3.3*	529,241	*3.3*	588,345	*3.3*	705,909	*3.2*
Own shares	-3,925	*0.0*	-5,456	*-0.1*	-6,488	*-0.1*	-10,299	*-0.1*	-12,891	*-0.1*	-10,124	*-0.1*	-13,182	*-0.1*	-13,736	*-0.1*	-19,251	*-0.1*	-25,819	*-0.1*
Total	**328,274**	***3.8***	**374,433**	***3.7***	**412,187**	***3.8***	**474,173**	***3.7***	**568,455**	***3.9***	**635,821**	***4.0***	**585,477**	***3.8***	**601,992**	***3.8***	**656,926**	***3.7***	**772,897**	***3.5***
Minority interests	25,563	*0.3*	30,920	*0.3*	35,169	*0.3*	50,000	*0.4*	68,738	*0.5*	71,894	*0.4*	66,041	*0.4*	74,113	*0.5*	81,535	*0.5*	69,862	*0.3*
Funding from customers	**5,253,284**	***60.3***	**6,043,610**	***59.4***	**6,477,344**	***59.3***	**7,434,622**	***58.5***	**8,447,516**	***57.7***	**9,394,111**	***58.6***	**9,142,304**	***58.6***	**9,143,156**	***57.4***	**9,976,443**	***56.7***	**12,137,414**	***55.1***
Total assets (a+c)	**8,717,639**	***100.0***	**10,170,632**	***100.0***	**10,923,891**	***100.0***	**12,701,016**	***100.0***	**14,639,461**	***100.0***	**16,038,042**	***100.0***	**15,595,650**	***100.0***	**15,918,514**	***100.0***	**17,583,402**	***100.0***	**22,032,534**	***100.0***

TABLE II.3 - EMPLOYEES

EUROPE

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Average number of staff	1,681,749	1,781,862	1,853,072	1,950,321	2,082,298	2,216,171	2,209,392	2,196,586	2,179,738	2,249,636
of which: from country of origin (%) (1)	*73.8*	*69.7*	*67.0*	*65.1*	*58.4*	*55.8*	*55.2*	*54.2*	*53.3*	*50.7*
from elsewhere (%) (1)	*26.2*	*30.3*	*33.0*	*34.9*	*41.6*	*44.2*	*44.8*	*45.8*	*46.7*	*49.3*

(1) Figures for companies which cover 58% of total number of staff in 1996 and 1997, 65% in 1998, 71% in 1999, 89% in 2000, 90% in 2001, 2002 and 2003 and 91% in 2004 and 2005.

TABLE II.4 - FINANCIAL RATIOS

EUROPE

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Funding from customers per employee ('000 EUR) (1)	3,226	3,559	3,672	4,004	4,262	4,520	4,423	4,474	4,879	5,735
Loans and advances to customers per employee ('000 EUR) (1)	2,587	2,806	2,829	3,084	3,308	3,329	3,327	3,363	3,623	4,236
Labour cost per employee ('000 EUR) (1)	53	57	58	65	72	75	70	68	70	76
Cost / income ratio (%)	64.9	64.5	64.3	63.4	63.3	65.7	66.0	62.1	60.6	61.2
Bad debts written off as % of total income (2)	11.0	9.6	11.1	8.0	6.1	9.0	12.5	9.9	6.9	5.8
Dividends payout as % of net profit	46.3	45.0	43.6	38.4	36.4	54.4	73.5	59.6	47.2	42.4
ROE (%)	9.6	11.3	12.9	16.3	18.4	11.4	8.2	11.1	14.8	18.3
ROA (%)	0.3	0.4	0.4	0.5	0.6	0.4	0.3	0.4	0.5	0.5
Doubful loans as % of loans to customers (3)	1.8	1.3	1.2	1.1	1.1	1.2	1.3	1.2	0.9	0.8
Doubful loans as % of net worth (3)	20.8	15.6	13.8	12.5	10.9	11.4	12.8	11.3	8.6	8.6
Loans, advances and cash as % of total funding	104.7	105.3	105.9	106.5	106.1	105.2	105.5	106.8	107.7	116.2
Fixed assets as % of net worth	56.3	53.4	57.9	61.0	70.6	70.1	68.9	63.7	61.1	56.8

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.

(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 45.8% in 1996, 56.6% in 1997, 66% in 1998, 79.1% in 1999, 87.7% in 2000, 92.6% in 2001, 91% in 2002, 91.4% in 2003, 94.4% in 2004 and 95.1% in 2005 of loans to customers of the sample.

	1998		1999		2000		2001		2002		2003		2004		2005	
	JPY bn	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%
Interest receivable and similar income	20,694		16,834		14,659		12,845		9,915		8,854		8,897		10,754	
Interest payable and similar expenses	-13,619		-9,874		-8,007		-5,655		-3,315		-2,481		-2,694		-4,253	
Interest margin	**7,075**	***66.7***	**6,960**	***73.1***	**6,652**	***66.4***	**7,190**	***67.8***	**6,600**	***60.2***	**6,373**	***59.0***	**6,203**	***60.4***	**6,501**	***61.7***
Commissions receivable and other operating income	3,513	*33.1*	3,427	*36.0*	3,767	*37.6*	3,679	*34.7*	3,376	*30.8*	3,428	*31.7*	3,813	*37.1*	4,374	*41.5*
Commissions payable and other operating expenses	-1,204	*-11.4*	-1,356	*-14.2*	-1,376	*-13.7*	-1,235	*-11.7*	-1,009	*-9.2*	-827	*-7.7*	-847	*-8.3*	-990	*-9.4*
Dividends and share of profit (loss) (1)	o	*0.0*	8	*0.1*	43	*0.4*	44	*0.4*	50	*0.5*	68	*0.6*	109	*1.1*	90	*0.9*
Gains (losses) on financial transactions	1,223	*11.5*	486	*5.1*	937	*9.3*	921	*8.7*	1,955	*17.8*	1,762	*16.3*	987	*9.6*	559	*5.3*
Total income	**10,607**	***100.0***	**9,525**	***100.0***	**10,023**	***100.0***	**10,599**	***100.0***	**10,972**	***100.0***	**10,804**	***100.0***	**10,265**	***100.0***	**10,534**	***100.0***
Labour costs	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…
General expenses (2)	-5,535	*-52.2*	-5,278	*-55.4*	-5,271	*-52.6*	-5,463	*-51.5*	-5,220	*-47.6*	-5,002	*-46.3*	-4,696	*-45.7*	-5,096	*-48.4*
Bad debts recovered (written off)	-12,804	*-120.7*	-4,439	*-46.6*	-4,575	*-45.6*	-7,971	*-75.2*	-4,762	*-43.4*	-3,252	*-30.1*	-1,890	*-18.4*	-467	*-4.4*
Depreciation and amortization	-458	*-4.3*	-394	*-4.1*	-398	*-4.0*	-466	*-4.4*	-521	*-4.7*	-483	*-4.5*	-462	*-4.5*	-669	*-6.4*
Current pre-tax profit	**-8,190**	***-77.2***	**-586**	***-6.2***	**-221**	***-2.2***	**-3,301**	***-31.1***	**469**	***4.3***	**2,067**	***19.1***	**3,217**	***31.3***	**4,302**	***40.8***
Amortization of goodwill	-72	*-0.7*	-34	*-0.4*	-40	*-0.4*	-39	*-0.4*	-84	*-0.8*	-7	*-0.1*	-23	*-0.2*	-42	*-0.4*
Transfer from (to) reserves	2	*0.0*	0	*0.0*	0	*0.0*	-15	*-0.1*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*
Fixed asset revaluations (writedowns)	-797	*-7.5*	-646	*-6.8*	-403	*-4.0*	-1,751	*-16.5*	-2,090	*-19.0*	-111	*-1.0*	-789	*-7.7*	-338	*-3.2*
Extraordinary items	1,698	*16.0*	3,629	*38.1*	1,620	*16.2*	-484	*-4.6*	-1,956	*-17.8*	-203	*-1.9*	344	*3.4*	694	*6.6*
Cumulative effect of accounting changes	0	*0.0*	0	*0.0*	0	*0.0*	9	*0.1*	-1	*0.0*	0	*0.0*	-1	*0.0*	-16	*-0.2*
Profit (loss) before tax	**-7,359**	***-69.4***	**2,363**	***24.8***	**956**	***9.5***	**-5,581**	***-52.7***	**-3,662**	***-33.4***	**1,746**	***16.2***	**2,748**	***26.8***	**4,600**	***43.7***
Income tax	1,730	*16.3*	-1,353	*-14.2*	-562	*-5.6*	1,560	*14.7*	-300	*-2.7*	-1,524	*-14.1*	-1,281	*-12.5*	-1,120	*-10.6*
Profit attributable to minorities	-5	*0.0*	-17	*-0.2*	-86	*-0.9*	-82	*-0.8*	-129	*-1.2*	-176	*-1.6*	-197	*-1.9*	-329	*-3.1*
Net profit attributable to parent company	**-5,634**	***-53.1***	**993**	***10.4***	**308**	***3.1***	**-4,103**	***-38.7***	**-4,091**	***-37.3***	**46**	***0.4***	**1,270**	***12.4***	**3,151**	***29.9***
Dividends payout	*348*	*3.3*	*377*	*4.0*	*185*	*1.8*	*264*	*2.5*	*190*	*1.7*	*296*	*2.7*	*321*	*3.1*	*364*	*3.5*

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

		1998		1999		2000		2001		2002		2003		2004		2005	
		JPY bn	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%
Cash and deposits at central banks		…	...	…	...	…	...	…	...	…	...	…	...	…	...	…	...
Securities		132,476	*20.5*	149,854	*23.4*	190,120	*27.3*	166,866	*25.8*	181,479	*28.8*	207,833	*32.6*	220,910	*34.2*	233,793	*34.6*
Loans and advances to banks (1)		60,194	*9.3*	60,131	*9.4*	63,869	*9.2*	63,752	*9.9*	67,147	*10.7*	70,275	*11.0*	75,623	*11.7*	73,798	*10.9*
Loans and advances to customers		389,069	*60.2*	380,117	*59.3*	384,350	*55.2*	364,336	*56.3*	336,690	*53.5*	321,142	*50.4*	313,572	*48.5*	326,646	*48.4*
Loans, advances and cash		***581,739***	***90.0***	***590,102***	***92.1***	***638,339***	***91.6***	***594,954***	***92.0***	***585,316***	***93.0***	***599,250***	***94.0***	***610,105***	***94.3***	***634,237***	***93.9***
Interests in subsidiares and associated		214	*0.0*	461	*0.1*	669	*0.1*	399	*0.1*	376	*0.1*	385	*0.1*	1,571	*0.2*	2,199	*0.3*
Intangible assets		27	*0.0*	24	*0.0*	61	*0.0*	647	*0.1*	675	*0.1*	754	*0.1*	930	*0.1*	2,776	*0.4*
Net tangible assets		8,143	*1.3*	7,899	*1.2*	7,713	*1.1*	6,990	*1.1*	6,426	*1.0*	5,493	*0.9*	4,940	*0.8*	4,677	*0.7*
Other assets		56,293	*8.7*	42,280	*6.6*	49,753	*7.1*	43,766	*6.8*	36,592	*5.8*	31,267	*4.9*	28,674	*4.4*	29,380	*4.3*
Total	**(a)**	**646,416**	***100.0***	**640,766**	***100.0***	**696,535**	***100.0***	**646,756**	***100.0***	**629,385**	***100.0***	**637,149**	***100.0***	**646,220**	***99.9***	**673,269**	***99.7***
Deposits by banks		73,694	*11.4*	63,888	*10.0*	81,283	*11.7*	78,081	*12.1*	97,707	*15.5*	94,797	*14.9*	100,233	*15.5*	98,960	*14.6*
Customer deposits		398,396	*61.6*	406,114	*63.4*	438,391	*62.9*	431,660	*66.7*	422,063	*67.0*	433,735	*68.1*	438,193	*67.8*	447,753	*66.3*
Debt securities		60,490	*9.4*	60,785	*9.5*	57,931	*8.3*	52,014	*8.0*	44,697	*7.1*	40,071	*6.3*	38,760	*6.0*	39,897	*5.9*
Subordinated liabilities		17,742	*2.7*	17,416	*2.7*	18,166	*2.6*	16,258	*2.5*	12,644	*2.0*	13,079	*2.1*	13,223	*2.0*	15,289	*2.3*
Total funding		***550,322***	***85.1***	***548,203***	***85.5***	***595,771***	***85.5***	***578,013***	***89.4***	***577,111***	***91.7***	***581,682***	***91.3***	***590,409***	***91.3***	***601,899***	***89.1***
Provision for employee benefits		793	*0.1*	761	*0.1*	717	*0.1*	698	*0.1*	699	*0.1*	482	*0.1*	433	*0.1*	289	*0.0*
Deferred taxation		1,088	*0.2*	1,003	*0.2*	1,075	*0.2*	840	*0.1*	717	*0.1*	721	*0.1*	941	*0.1*	1,470	*0.2*
Other liabilities		65,581	*10.1*	60,225	*9.4*	68,807	*9.9*	42,698	*6.6*	30,096	*4.8*	28,911	*4.5*	27,188	*4.2*	35,442	*5.2*
Total liabilities	**(b)**	**617,784**	***95.5***	**610,192**	***95.2***	**666,370**	***95.6***	**622,249**	***96.2***	**608,623**	***96.7***	**611,796**	***96.0***	**618,971**	***95.7***	**639,100**	***94.6***
Goodwill	**(c)**	195	*0.0*	256	*0.0*	288	*0.0*	151	*0.0*	95	*0.0*	88	*0.0*	433	*0.1*	2,269	*0.3*
Net worth	**(a-b+c)**	**28,827**	***4.5***	**30,830**	***4.8***	**30,453**	***4.4***	**24,658**	***3.8***	**20,857**	***3.3***	**25,441**	***4.0***	**27,682**	***4.3***	**36,438**	***5.4***
represented by:																	
Issued share capital		11,958	*1.8*	12,088	*1.9*	12,168	*1.7*	10,406	*1.6*	9,525	*1.5*	10,001	*1.6*	9,206	*1.4*	8,553	*1.3*
Reserves		14,798	*2.3*	16,649	*2.6*	16,028	*2.3*	11,438	*1.8*	7,805	*1.2*	11,860	*1.9*	14,528	*2.2*	24,441	*3.6*
Own shares		-72	*0.0*	-41	*0.0*	-35	*0.0*	-216	*0.0*	-212	*0.0*	-171	*0.0*	-723	*-0.1*	-866	*-0.1*
Total		**26,684**	***4.1***	**28,696**	***4.5***	**28,161**	***4.0***	**21,628**	***3.3***	**17,118**	***2.7***	**21,690**	***3.4***	**23,011**	***3.6***	**32,128**	***4.8***
Minority interests		2,143	*0.3*	2,134	*0.3*	2,292	*0.3*	3,030	*0.5*	3,739	*0.6*	3,751	*0.6*	4,671	*0.7*	4,310	*0.6*
Funding from customers		**476,628**	***73.7***	**484,315**	***75.6***	**514,488**	***73.8***	**499,932**	***77.3***	**479,404**	***76.2***	**486,885**	***76.4***	**490,176**	***75.8***	**502,939**	***74.5***
Total assets	**(a+c)**	**646,611**	***100.0***	**641,022**	***100.0***	**696,823**	***100.0***	**646,907**	***100.0***	**629,480**	***100.0***	**637,237**	***100.0***	**646,653**	***100.0***	**675,538**	***100.0***

(1) Includes amounts available in cash and at central banks, for which amounts are not shown in company balance sheets.

TABLE II.3 - EMPLOYEES

JAPAN

	1998	1999	2000	2001	2002	2003	2004	2005
Average number of staff (1)	203,216 (2)	204,419 (3)	218,830 (4)	232,302	226,215	214,461	203,940	204,453
of which: from country of origin (%)	...	...	...	...	...	...	...	...
from elsewhere (%)	...	...	...	...	...	...	...	...

(1) In interpreting this data it should be remembered that not all companies considered here provide information on the total number of group employees.
(2) Concerning 22 of the 28 companies considered.
(3) Concerning 24 of the 28 companies considered.
(4) Concerning 22 of the 24 companies considered.

TABLE II.4 - FINANCIAL RATIOS

JAPAN

	1998	1999	2000	2001	2002	2003	2004	2005
Funding from customers per employee (JPY m) (1)	2,202 (2)	2,287 (2)	2,270 (2)	2,152	2,119	2,270	2,404	2,460
Loans and advances to customers per employee (JPY m) (1)	1,800 (2)	1,795 (2)	1,694 (2)	1,568	1,488	1,497	1,538	1,598
Labour cost per employee (JPY m)	...	...	...	...	...	...	...	...
Cost / income ratio (%)	56.5	59.5	56.6	55.9	52.3	50.8	50.2	54.8
Bad debts written off as % of total income (3)	120.7	46.6	45.8	75.2	43.4	30.1	18.4	4.4
Dividends payout as % of net profit	n.c.	38.0	60.1	n.c.	n.c.	643.5	25.3	11.6
ROE (%)	n.c.	3.6	1.1	n.c.	n.c.	0.2	5.8	10.9
ROA (%)	n.c.	0.2	o	n.c.	n.c.	o	0.2	0.5
Doubful loans as % of loans to customers	2.9 (4)	3.4 (4)	3.8	6.0	4.5	2.9	1.4	1.0
Doubful loans as % of net worth	39.3 (4)	41.8 (4)	48.1	88.0	73.4	36.3	16.0	8.5
Loans, advances and cash as % of total funding	105.7	107.6	107.1	102.9	101.4	103.0	103.3	105.4
Fixed assets as % of net worth	29.8	28.0	28.7	33.2	36.3	26.4	28.4	32.7

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

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

(1) In interpreting this data it should be remembered that not all companies considered here provide information on the total number of group employees.
(2) Figures cover Groups which accounted for 94.3% in 1998, 97.2% in 1999 and 96.5% in 2000 of total assets of the sample.
(3) Net of recovered amounts.
(4) In 1998 and 1999 these figures refer to companies representing 98% and 99% respectively of the total customer loans covered by the survey.

TABLE II.1 - PROFIT AND LOSS ACCOUNTS

	1998		1999		2000		2001		2002		2003		2004		2005	
	USD m	%	*USD m*	%	*USD m*	%	*USD m*	%	*USD m*	%	*USD m*	%	*USD m*	%	*USD m*	%
Interest receivable and similar income	262,993		263,533		310,401		292,233		250,650		237,641		256,845		315,199	
Interest payable and similar expenses	-143,395		-138,187		-179,554		-146,237		-93,129		-75,303		-83,528		-142,541	
Interest margin	**119,598**	***55.1***	**125,346**	***51.0***	**130,847**	***49.9***	**145,996**	***52.3***	**157,521**	***53.1***	**162,338**	***51.6***	**173,317**	***52.4***	**172,658**	***49.6***
Commissions receivable and other operating income (1)	84,128	*38.7*	99,687	*40.6*	110,948	*42.3*	117,389	*42.1*	127,012	*42.8*	136,037	*43.2*	147,049	*44.5*	160,080	*45.9*
Commissions payable and other operating expenses	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…
Dividends and share of profit (loss) (2)	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…
Gains (losses) on financial transactions	13,488	*6.2*	20,762	*8.4*	20,491	*7.8*	15,729	*5.6*	11,909	*4.0*	16,425	*5.2*	10,179	*3.1*	15,641	*4.5*
Total income	**217,214**	***100.0***	**245,795**	***100.0***	**262,286**	***100.0***	**279,114**	***100.0***	**296,442**	***100.0***	**314,800**	***100.0***	**330,545**	***100.0***	**348,379**	***100.0***
Labour costs	-66,819	*-30.8*	-72,768	*-29.6*	-81,627	*-31.1*	-83,456	*-29.9*	-84,473	*-28.5*	-92,467	*-29.4*	-99,457	*-30.1*	-107,333	*-30.8*
General expenses	-52,251	*-24.1*	-55,245	*-22.5*	-59,739	*-22.8*	-61,787	*-22.1*	-66,425	*-22.4*	-71,870	*-22.8*	-77,621	*-23.5*	-78,604	*-22.6*
Bad debts recovered (written off)	-16,417	*-7.6*	-15,772	*-6.4*	-21,719	*-8.3*	-33,208	*-11.9*	-35,694	*-12.0*	-25,146	*-8.0*	-18,637	*-5.6*	-23,387	*-6.7*
Depreciation and amortization	-8,953	*-4.1*	-9,947	*-4.0*	-11,786	*-4.5*	-11,248	*-4.0*	-11,793	*-4.0*	-12,127	*-3.9*	-13,453	*-4.1*	-14,109	*-4.0*
Current pre-tax profit	**72,774**	***33.5***	**92,063**	***37.5***	**87,415**	***33.3***	**89,415**	***32.0***	**98,057**	***33.1***	**113,190**	***36.0***	**121,377**	***36.7***	**124,946**	***35.9***
Amortization of goodwill	-3,353	*-1.5*	-3,723	*-1.5*	-3,380	*-1.3*	-3,839	*-1.4*	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	*0.0*	0	*0.0*	-1,864	*-0.7*	-3,632	*-1.3*	-3,222	*-1.1*	-553	*-0.2*	-556	*-0.2*	2,225	*0.6*
Extraordinary items	-5,418	*-2.5*	309	*0.1*	-237	*-0.1*	-7,114	*-2.5*	-2,762	*-0.9*	505	*0.2*	-7,871	*-2.4*	6,451	*1.9*
Cumulative effect of accounting changes	0	*0.0*	-211	*-0.1*	-46	*0.0*	-392	*-0.1*	-514	*-0.2*	-52	*0.0*	0	*0.0*	-80	*0.0*
Profit (loss) before tax	**63,999**	***29.5***	**88,438**	***36.0***	**81,888**	***31.2***	**74,438**	***26.7***	**91,559**	***30.9***	**113,090**	***35.9***	**112,950**	***34.2***	**133,542**	***38.3***
Income tax	-22,113	*-10.2*	-31,215	*-12.7*	-29,343	*-11.2*	-25,403	*-9.1*	-29,437	*-9.9*	-36,980	*-11.7*	-36,131	*-10.9*	-43,461	*-12.5*
Profit attributable to minorities	-389	*-0.2*	-477	*-0.2*	-316	*-0.1*	-155	*-0.1*	-259	*-0.1*	-493	*-0.2*	-450	*-0.1*	-966	*-0.3*
Net profit attributable to parent company	**41,497**	***19.1***	**56,746**	***23.1***	**52,229**	***19.9***	**48,880**	***17.5***	**61,863**	***20.9***	**75,617**	***24.0***	**76,369**	***23.1***	**89,115**	***25.6***
Dividends payout	*17,384*	*8.0*	*20,135*	*8.2*	*21,467*	*8.2*	*22,349*	*8.0*	*23,529*	*7.9*	*28,274*	*9.0*	*35,379*	*10.7*	*38,728*	*11.1*

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

		1998		1999		2000		2001		2002		2003		2004		2005	
		USD m	%	*USD m*	%	*USD m*	%	*USD m*	%	*USD m*	%	*USD m*	%	*USD m*	%	*USD m*	%
Cash and deposits at central banks		…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…
Securities		882,657	*22.0*	942,316	*22.1*	991,517	*21.7*	1,048,482	*21.8*	1,146,763	*22.7*	1,308,778	*23.6*	1,462,654	*23.4*	1,524,213	*22.7*
Loans and advances to banks (1)		450,756	*11.3*	499,865	*11.7*	478,655	*10.5*	536,498	*11.2*	545,363	*10.8*	651,248	*11.7*	706,583	*11.3*	864,367	*12.9*
Loans and advances to customers		2,120,185	*52.9*	2,231,431	*52.4*	2,446,280	*53.4*	2,449,661	*51.0*	2,580,870	*51.0*	2,750,342	*49.5*	3,145,322	*50.2*	3,417,481	*50.8*
Loans, advances and cash		***3,453,598***	***86.2***	***3,673,612***	***86.3***	***3,916,452***	***85.6***	***4,034,641***	***83.9***	***4,272,996***	***84.5***	***4,710,368***	***84.8***	***5,314,559***	***84.9***	***5,806,061***	***86.3***
Interests in subsidiares and associated		23,196	*0.6*	30,554	*0.7*	38,528	*0.8*	35,154	*0.7*	32,699	*0.6*	39,037	*0.7*	46,868	*0.7*	50,005	*0.7*
Intangible assets		19,940	*0.5*	27,858	*0.7*	35,593	*0.8*	43,969	*0.9*	39,311	*0.8*	51,436	*0.9*	64,917	*1.0*	72,669	*1.1*
Net tangible assets		43,864	*1.1*	44,558	*1.0*	44,639	*1.0*	44,791	*0.9*	45,653	*0.9*	47,436	*0.9*	46,117	*0.7*	46,736	*0.7*
Other assets		412,136	*10.3*	418,798	*9.8*	474,094	*10.4*	560,335	*11.7*	569,173	*11.2*	603,973	*10.9*	596,394	*9.5*	544,206	*8.1*
Total	**(a)**	**3,952,734**	***98.7***	**4,195,380**	***98.6***	**4,509,306**	***98.5***	**4,718,890**	***98.1***	**4,959,832**	***98.0***	**5,452,250**	***98.1***	**6,068,855**	***96.9***	**6,519,677**	***97.0***
Deposits by banks		726,023	*18.1*	858,837	*20.2*	866,646	*18.9*	893,391	*18.6*	926,555	*18.3*	1,007,815	*18.1*	1,116,878	*17.8*	1,353,150	*20.1*
Customer deposits		2,122,796	*53.0*	2,172,687	*51.1*	2,334,342	*51.0*	2,494,827	*51.9*	2,687,104	*53.1*	2,877,825	*51.8*	3,237,378	*51.7*	3,467,825	*51.6*
Debt securities		331,667	*8.3*	399,615	*9.4*	462,303	*10.1*	404,264	*8.4*	420,181	*8.3*	531,302	*9.6*	581,903	*9.3*	627,078	*9.3*
Subordinated liabilities		108,309	*2.7*	109,883	*2.6*	126,023	*2.8*	149,105	*3.1*	155,059	*3.1*	166,580	*3.0*	184,246	*2.9*	194,039	*2.9*
Total funding		***3,288,795***	***82.1***	***3,541,022***	***83.2***	***3,789,314***	***82.8***	***3,941,587***	***82.0***	***4,188,899***	***82.8***	***4,583,522***	***82.5***	***5,120,405***	***81.8***	***5,642,092***	***83.9***
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*
Deferred taxation		13,016	*0.3*	18,193	*0.4*	25,223	*0.6*	24,619	*0.5*	30,457	*0.6*	31,924	*0.6*	24,038	*0.4*	23,835	*0.4*
Other liabilities		408,125	*10.2*	390,172	*9.2*	422,520	*9.2*	465,718	*9.7*	432,436	*8.5*	500,777	*9.0*	558,822	*8.9*	473,005	*7.0*
Total liabilities	**(b)**	**3,709,936**	***92.6***	**3,949,387**	***92.8***	**4,237,057**	***92.6***	**4,431,924**	***92.2***	**4,651,792**	***91.9***	**5,116,223**	***92.1***	**5,703,265**	***91.1***	**6,138,932**	***91.3***
Goodwill	**(c)**	52,725	*1.3*	59,955	*1.4*	68,392	*1.5*	89,055	*1.9*	99,497	*2.0*	104,160	*1.9*	194,016	*3.1*	204,528	*3.0*
Net worth	**(a-b+c)**	**295,523**	***7.4***	**305,948**	***7.2***	**340,641**	***7.4***	**376,021**	***7.8***	**407,537**	***8.1***	**440,187**	***7.9***	**559,606**	***8.9***	**585,273**	***8.7***
represented by:																	
Issued share capital		45,347	*1.1*	42,839	*1.0*	39,915	*0.9*	36,066	*0.8*	31,318	*0.6*	30,945	*0.6*	71,544	*1.1*	99,942	*1.5*
Reserves		265,599	*6.6*	290,523	*6.8*	325,916	*7.1*	366,537	*7.6*	405,318	*8.0*	437,777	*7.9*	514,909	*8.2*	528,577	*7.9*
Own shares		-18,168	*-0.5*	-29,965	*-0.7*	-26,683	*-0.6*	-29,026	*-0.6*	-31,569	*-0.6*	-32,665	*-0.6*	-31,770	*-0.5*	-48,379	*-0.7*
Total		**292,778**	***7.3***	**303,397**	***7.1***	**339,148**	***7.4***	**373,577**	***7.8***	**405,067**	***8.0***	**436,057**	***7.8***	**554,683**	***8.9***	**580,140**	***8.6***
Minority interests		2,745	*0.1*	2,551	*0.1*	1,493	*0.0*	2,444	*0.1*	2,470	*0.1*	4,130	*0.1*	5,013	*0.1*	5,133	*0.1*
Funding from customers		**2,562,772**	***64.0***	**2,682,185**	***63.0***	**2,922,668**	***63.8***	**3,048,196**	***63.4***	**3,262,344**	***64.5***	**3,575,707**	***64.4***	**4,003,527**	***63.9***	**4,288,942**	***63.8***
Total assets	**(a+c)**	**4,005,459**	***100.0***	**4,255,335**	***100.0***	**4,577,698**	***100.0***	**4,807,945**	***100.0***	**5,059,329**	***100.0***	**5,556,410**	***100.0***	**6,262,871**	***100.0***	**6,724,205**	***100.0***

(1) Includes amounts available in cash and at central banks, for which amounts are not shown in company balance sheets.

TABLE II.3 - EMPLOYEES

UNITED STATES

	1998	1999	2000	2001	2002	2003	2004	2005
Average number of staff	1,105,849	1,130,147	1,160,582	1,191,011	1,195,772	1,200,006	1,225,735	1,257,055
of which: from country of origin (%)	...	...	...	...	...	...	...	...
from elsewhere (%)	...	...	...	...	...	...	...	...

TABLE II.4 - FINANCIAL RATIOS

UNITED STATES

	1998	1999	2000	2001	2002	2003	2004	2005
Funding from customers per employee ('000 USD)	2,317	2,373	2,518	2,559	2,728	2,980	3,266	3,412
Loans and advances to customers per employee ('000 USD)	1,917	1,974	2,108	2,057	2,158	2,292	2,566	2,719
Labour cost per employee ('000 USD)	60	64	70	70	71	77	81	85
Cost / income ratio (%)	59.0	56.1	58.4	56.0	54.9	56.1	57.7	57.4
Bad debts written off as % of total income (1)	7.6	6.4	8.3	11.9	12.0	8.0	5.6	6.7
Dividends payout as % of net profit	41.9	35.5	41.1	45.7	38.0	37.4	46.3	43.5
ROE (%)	16.5	23.0	18.2	15.1	18.0	21.0	16.0	18.1
ROA (%)	1.0	1.3	1.1	1.0	1.2	1.4	1.2	1.3
Doubful loans as % of loans to customers (2)	o	o	o	0.2	0.2	0.1	o	o
Doubful loans as % of net worth (2)	0.2	0.1	0.2	1.1	1.2	0.6	0.2	0.2
Loans, advances and cash as % of total funding	105.0	103.7	103.4	102.4	102.0	102.8	103.8	102.9
Fixed assets as % of net worth	47.3	53.3	54.9	56.6	53.3	55.0	62.9	63.9

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.

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

III. PRINCIPLES AND METHODS

The companies

The companies selected comprise the leading banking groups of the three main global economic areas, i.e. Europe, Japan and the United States. The criterion for selection is total assets.

To be included in this survey, the companies must represent a significant share of the total asset aggregate for their respective areas. In other words, companies are added to the sample for so long as their contribution exceeds one per cent of the previous cumulative assets aggregate. Banks which contributed less than one per cent of such aggregate were not included ([58]).

Statistics

The statistics have been compiled on the basis of annual and half-year consolidated figures; half-year figures have been included for 2005 and 2006 only. It is important to note that the financial reports used were prepared according to different accounting standards; in particular, most of the European banks began applying IAS/IFRS beginning in 2005.

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

The general aggregate of all companies and the aggregate for Europe have been compiled by converting the individual national currencies into Euros (ECUs until 1997) at exchange rates ruling as at 31 December of each year (the ECU was replaced by the Euro on 1 January 1999 at a ratio of 1:1).

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[58] Excluding in 2005 MBNA, which was incorporated by Bank of America from 1 January 2006.

TABLE III.1 - LIST OF COMPANIES

	BANKS	2005 TOTAL ASSETS	2005 TOTAL INCOME	2005 EMPLOYEES
	EUROPE	*EUR m*	*EUR m*	*Average no.*
1	BARCLAYS (GB) (#)	1,348,669	25,183	92,800
2	UBS (CH) (#)	1,324,834	26,115	68,488
3	HSBC HOLDINGS (GB) (#)	1,271,871	48,052	265,285
4	BNP PARIBAS (FR) (#)	1,255,796	21,146	98,405
5	CREDIT AGRICOLE (FR) (#)	1,169,242	26,578	136,175
6	ING GROEP (NL) (#)	1,150,354	16,335	115,328
7	THE ROYAL BANK OF SCOTLAND GROUP (GB) (#)	1,133,050	30,530	136,800
8	DEUTSCHE BANK (DE) (#)	992,161	24,282	64,036
9	ABN AMRO HOLDING (NL) #)	880,804	19,016	98,747
10	SOCIÉTÉ GÉNÉRALE (FR) (#)	848,089	18,717	100,186
11	CREDIT SUISSE GROUP (CH) (#)	844,880	16,336	62,028
12	BANCO SANTANDER CENTRAL HISPANO (ES) (#)	806,719	19,479	128,408
13	HBOS (GB) (#)	789,098	16,381	71,985
14	UNICREDITO ITALIANO (IT) (#)	787,000	11,254	71,384
15	FORTIS (BE / NL) (#)	727,827	9,382	53,879
16	DEXIA (BE) (#)	508,640	5,112	19,891
17	RABOBANK NEDERLAND (NL) (#)	506,234	9,401	47,876
18	DRESDNER BANK (DE) (1)	461,372	5,915	35,077
19	LLOYDS TSB GROUP (GB) (#)	451,198	14,745	79,594
20	COMMERZBANK (DE) (#)	444,861	6,251	32,715
21	CREDIT MUTUEL (FR) (2)	436,390	9,337	56,999
22	LANDESBANK BADEN-WUERTTEMBERG (DE) (*)	404,915	3,366	13,125
23	DZ BANK (DE)	401,604	4,311	23,849
24	BANCO BILBAO VIZCAYA ARGENTARIA (BBVA) (ES) (#)	392,154	12,477	90,744
25	KREDITANSTALT FUER WIEDERAUFBAU (KfW) (DE) (*)	341,116	1,863	3,740
26	BAYERISCHE LANDESBANK (DE) (*)	340,854	2,682	9,387
27	DANSKE BANK (DK) (#)	325,718	4,302	18,576
28	NORDEA BANK (SE) (#) (3)	325,545	6,378	29,720
29	KBC GROUP (BE) (#) (4)	325,519	7,402	51,622
30	BANCA INTESA (now INTESA SANPAOLO) (IT) (#)	273,535	10,219	60,627
31	WESTLB (DE) (*)	264,955	1,974	6,704
32	SANPAOLO IMI (IT) (#) (5)	263,229	7,878	43,426
33	EUROHYPO (DE) (#) (6)	234,303	1,416	2,502
34	BAYERISCHE HYPO- UND VEREINSBANK (HVB) (DE) (#) (7)	-	9,961	59,528
35	ABBEY NATIONAL (GB) (#) (8)	-	-	-
36	ARGENTARIA (ES) (9)	-	-	-
37	BANCA COMMERCIALE ITALIANA (IT) (10)	-	-	-
38	BANCO CENTRAL HISPANOAMERICANO (ES) (11)	-	-	-
39	BANK AUSTRIA (AT) (12)	-	-	-
40	BANK OF SCOTLAND (GB) (13)	-	-	-
41	BANQUE BRUXELLES LAMBERT (BE) (14)	-	-	-
42	BAYERISCHE HYPOTHEKEN- UND WECHSEL-BANK (DE) (15)	-	-	-
43	CREDIT COMMERCIAL DE FRANCE (FR) (16)	-	-	-

cont.

Table III.1 (*cont.*)

	BANKS	2005 TOTAL ASSETS	2005 TOTAL INCOME	2005 EMPLOYEES	
		EUR m	*EUR m*	*Average no.*	
44	CREDIT INDUSTRIEL ET COMMERCIAL-CIC (FR) (17)	-	-	-	
45	CREDIT LYONNAIS (FR) (18)	-	-	-	
46	CREDITANSTALT (AT) (19)	-	-	-	
47	GENERALE DE BANQUE (BE) (20)	-	-	-	
48	HALIFAX GROUP (GB) (13)	-	-	-	
49	LANDESKREDITBANK BADEN-WUERTTEMBERG (DE) (21)	-	-	-	
50	MERITA (FI) (22)	-	-	-	
51	NATIONAL WESTMINSTER BANK (GB) (23)	-	-	-	
52	NORDBANKEN (SE) (22)	-	-	-	
53	PARIBAS (FR) (24)	-	-	-	
54	REALDANMARK (DK) (25)	-	-	-	
55	SOCIETÀ DI BANCA SVIZZERA (CH) (26)	-	-	-	
56	UNIDANMARK (DK) (27)	-	-	-	
	TOTAL	**22,032,536**	**453,776**	**2,249,636**	
	JAPAN	*EUR m*	*EUR m*	*Average no.*	
1	MITSUBISHI UFJ FINANCIAL GROUP (#) (28)	1,339,991	16,323	80,000	
2	MIZUHO FINANCIAL GROUP (#)	1,037,119	15,274	25,823	(°)
3	SUMITOMO MITSUI FINANCIAL GROUP (#)	745,154	15,390	40,682	
4	NORINCHUKIN BANK	508,203	1,732	2,754	(°)
5	RESONA HOLDINGS (#)	278,462	5,627	16,192	
6	SHINKIN CENTRAL BANK	193,064	766	1,085	(°)
7	SUMITOMO TRUST & BANKING (#)	144,695	2,612	5,111	(°)
8	MITSUI TRUST HOLDINGS (#)	92,048	2,140	4,702	
9	SHOKO CHUKIN BANK (*)	82,177	1,109	4,452	
10	BANK OF YOKOHAMA (#)	74,933	1,610	3,400	(°)
11	CHIBA BANK (#)	69,786	1,207	3,760	(°)
12	HOKUHOKU FINANCIAL GROUP (#)	66,697	1,346	4,400	
13	SHINSEI BANK (#)	61,854	1,880	2,068	(°)
14	SHIZUOKA BANK (#)	61,633	1,002	3,498	(°)
15	BANK OF FUKUOKA (#)	55,104	972	3,032	(°)
16	JOYO BANK (#)	52,565	954	3,494	(°)
17	UFJ HOLDINGS (#) (29)	-	5,898	-	
18	ASAHI BANK (30)	-	-	-	
19	BANK OF KINKI (31)	-	-	-	
20	BANK OF TOKYO-MITSUBISHI (32)	-	-	-	
21	CHUO TRUST AND BANKING COMPANY (33)	-	-	-	
22	DAI-ICHI KANGYO BANK (34)	-	-	-	
23	FUJI BANK (34)	-	-	-	
24	HOKKAIDO BANK (35)	-	-	-	
25	IBJ – INDUSTRIAL BANK OF JAPAN (34)	-	-	-	

cont.

Table III.1 (*cont*).

	BANKS	2005 TOTAL ASSETS	TOTAL INCOME	EMPLOYEES
		EUR m	*EUR m*	*Average no.*
26	KINKI OSAKA BANK (30)	-	-	-
27	MITSUBISHI TRUST AND BANKING (32)	-	-	-
28	MITSUI TRUST AND BANKING COMPANY (33)	-	-	-
29	SAKURA BANK (36)	-	-	-
30	SANWA BANK (37)	-	-	-
31	SUMITOMO BANK (36)	-	-	-
32	TOKAY BANK (37)	-	-	-
33	TOYO TRUST AND BANKING (37)	-	-	-
	TOTAL	**4,863,485**	**75,842**	**204,453**
	UNITED STATES	*EUR m*	*EUR m*	*Average no.*
1	CITIGROUP (#)	1,266,455	69,273	300,500
2	BANK OF AMERICA (#)	1,095,027	47,266	176,190
3	JPMORGAN CHASE & CO. (#) (#)	1,016,311	45,719	164,908
4	WACHOVIA (formerly First Union) (#)	441,430	21,744	95,005
5	WELLS FARGO & CO. (#) (#)	408,359	27,161	149,500
6	WASHINGTON MUTUAL (#)	291,463	10,802	56,688
7	U.S. BANCORP (ex- Firstar) (#)	177,558	11,027	49,257
8	SUNTRUST BANKS (#)	152,338	6,542	33,281
9	NATIONAL CITY (#)	120,706	6,525	34,750
10	GOLDEN WEST FINANCIAL (#) (38)	105,633	2,864	10,475
11	BB & T (#)	92,540	4,884	26,947
12	FIFTH THIRD BANCORP (#)	89,196	4,538	20,670
13	THE BANK OF NEW YORK (#)	86,525	5,718	23,407
14	KEYCORP (#)	78,940	3,992	19,485
15	THE PNC FINANCIAL SERVICES GROUP (#)	77,947	5,389	23,985
16	CAPITAL ONE FINANCIAL (#)	75,189	8,515	20,845
17	REGIONS FINANCIAL (#)	71,871	3,873	25,662
18	MBNA (#) (39)	52,439	8,604	25,500
19	HIBERNIA (40)	-	875	-
20	ASSOCIATES FIRST CAPITAL (41)	-	-	-
21	BANK ONE (42)	-	-	-
22	BANKBOSTON (43)	-	-	-
23	FLEETBOSTON FINANCIAL (44)	-	-	-
24	GOLDEN STATE BANCORP (45)	-	-	-
25	J.P. MORGAN & CO. (46)	-	-	-
26	MERCANTILE BANCORP (47)	-	-	-
27	SOUTHTRUST (48)	-	-	-
28	SUMMIT BANCORP (49)	-	-	-
29	U.S. BANCORP (50)	-	-	-
30	UNION PLANTERS (51)	-	-	-
31	WACHOVIA (52)	-	-	-
	TOTAL	**5,699,927**	**295,311**	**1,257,055**

cont.

Table III.1 (*cont.*)

(#) Listed company.

(*) Government-controlled company.

(°) Figure refers to parent company only. The figure for Mizuho Financial Group also includes the employees of its three main banking subsidiaries.

(1) Allianz group.

(2) Consolidated figures include Crédit Industriel et Commercial-CIC.

(3) The largest shareholder is the Swedish government, with a stake of 19.9% at 31 December 2005.

(4) Formerly KBC Bank and Insurance Holding Company; in March 2005, the bank merged with its parent company Almanij and took on its current name.

(5) Effective as of 1/1/2007, Banca Intesa merged with Sanpaolo IMI and changed its name to Intesa Sanpaolo.

(6) Now Commerzbank Group. 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 31/12/2005, the largest shareholders were the groups Commerzbank (48.92%), Deutsche Bank (27.99%) and Allianz (21.13%); at the end of March 2006, Commerzbank bought the shares of the other two largest shareholders.

(7) Acquired by UniCredit Italiano in November 2005; only the balance sheet was consolidated.

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

(9) In 2000 Argentaria merged with Banco Bilbao Vizcaya, and the combined entity took on the name Banco Bilbao Vizcaya Argentaria. (BBVA)

(10) In 1999, Banca Commerciale Italiana was acquired by Banca Intesa. In 2001, Banca Commerciale Italiana merged with Banca Intesa, with the combined entity first taking on the name IntesaBci, and then in 2003, Banca Intesa.

(11) Banco Central Hispanoamericano merged with Banco Santander in 1999, with the combined entity taking on the name of Banco Santander Central Hispano.

(12) Acquired by Bayerische Hypo- und Vereinsbank in 2000.

(13) Bank of Scotland and the Halifax group merged in 2001 to form HBOS.

(14) Acquired by ING Groep in 1998.

(15) The company merged with Bayerische Vereinsbank in 1998, and the combined entity took on the name of Bayerische Hypo- und Vereinsbank (HVB).

(16) Acquired by HSBC Holdings in 2000.

(17) Acquired by Crédit Mutuel in 1998 and consolidated for the first time in 2002.

(18) Acquired by Crédit Agricole in 2003.

(19) Acquired by Bank Austria in 1997.

(20) Acquired by Fortis in 1998.

(21) Merged into Landesbank Baden-Wuerttemberg in 1999.

(22) Merita and Nordbanken merged in 1998 to form the Nordic Baltic Holding Group (subsequently Nordea, now Nordea Bank).

(23) Acquired by the Royal Bank of Scotland Group in 2000.

(24) Acquired by Banque Nationale de Paris in 1999. Paribas then merged with Banque Nationale de Paris in 2000, and the combined entity took on the name of BNP Paribas.

(25) Acquired by Danske Bank in 2000.

(26) Merged with UBS in 1998.

(27) Acquired by Nordea (now Nordea Bank) in 2000.

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

(29) Merged into Mitsubishi Tokyo Financial Group (now Mitsubishi UFJ Financial Group), with effect from 1 October 2005. Income is attributable to the period 1 April - 30 September 2005 (pre-merger).

(30) Acquired by Resona Holdings (formerly Daiwa Bank Holdings) in 2001.

(31) The company was merged into Bank of Osaka in 2000, with the latter taking on the name of Kinki Osaka Bank.

(32) The company became part of the Mitsubishi Tokyo Financial Group (now Mitsubishi UFJ Financial Group) in 2001.

(33) The Chuo Trust and Banking Company and the Mitsui Trust and Banking Company merged in 2000 to form the Chuo Mitsui Trust and Banking Company. In 2001 the latter became part of the Mitsui Trust Holdings Group.

(34) The company became part of the Mizuho Financial Group in 2000.

(35) Acquired in 2004 by Hokugin Financial Group, which took on the name Hokuhoku Financial Group.

(36) Sakura Bank was merged into Sumitomo Bank in 2001, with the latter taking on the name of Sumitomo Mitsui Banking. In 2002 Sumitomo Mitsui Banking became part of the Sumitomo Mitsui Financial Group.

(37) The company became part of the UFJ Holdings Group (now Mitsubishi UFJ Financial Group) in 2001.

(38) Acquired by Wachovia (formerly First Union) with effect from 1 October 2006.

(39) Acquired by Bank of America with effect from 1 January 2006.

(40) Acquired by Capital One Financial with effect from 16 November 2005. The total income figure refers to the pre-merger period.

cont.

Table III.1 (*cont.*)

(41) Acquired by Citigroup in 2000.

(42) Acquired by JPMorgan Chase & Co. with effect from 1 July 2004.

(43) Acquired by FleetBoston Financial in 1999.

(44) Acquired by Bank of America with effect from 1 April 2004.

(45) Acquired by Citigroup in 2002.

(46) The company was merged into the Chase Manhattan Corp. in 2000, with the latter taking on the name of J.P. Morgan Chase & Co. (now JPMorgan Chase & Co.).

(47) Acquired by Firstar (now U.S. Bancorp) in 1999.

(48) Acquired by Wachovia (formerly First Union) with effect from 1 November 2004.

(49) Acquired by FleetBoston Financial in 2001.

(50) The company was merged into Firstar in 2001, with the latter taking on the name of U.S. Bancorp.

(51) Acquired by Regions Financial with effect from 1 July 2004.

(52) The company was merged into First Union in 2001, with the latter taking on the name of Wachovia.

TABLE III.2 – MERGERS AND ACQUISITIONS INVOLVING BANKS IN THE SURVEY (1)
(Figures in brackets show total assets as at last annual reporting date prior to transaction)

Combined entity	Total assets of combined entity (EURm)	Companies involved in the transaction (total assets, EURm)
1996		
Crédit Agricole (FR)	369,797	Crédit Agricole (301,552); Banque Indosuez (68,245)
1997		
Bank Austria (AT)	106,432	Bank Austria (55,799); Creditanstalt (50,633)
1998		
Citigroup (US)	632,322	Travelers Group (350,457); Citicorp (281,865)
UBS (CH)	632,076	Unione di Banche Svizzere (359,506); Società di Banca Svizzera (272,570)
BankAmerica (now Bank of America) (US)	475,721	NationsBank (239,856); BankAmerica (235,865)
Bayerische Hypo- und Vereinsbank (DE)	411,316	Bayerische Vereinsbank (227,260); Bayerische Hypotheken- und Wechsel-Bank (184,056)
ING Groep (NL)	379,888	ING Groep (278,505); Banque Bruxelles Lambert (101,383)
Fortis (BE/NL)	298,579	Fortis (151,392); Générale de Banque (147,187)
Landesbank Baden-Württemberg (DE)	210,472	Südwestdeutsche Landesbank (116,498); Landeskreditbank Baden-Württemberg (banking) (53,339); Landesgirokasse (40,635)
Bank One (US)	208,519	Banc One (105,078); First Chicago NBD (103,441)
Crédit Mutuel (FR)	193,819	Crédit Mutuel (98,139); Union Européenne de CIC (now Crédit Industriel et Commercial-CIC) (95,680)
Wells Fargo & Co. (US)	168,627	Wells Fargo & Co. (88,355); Norwest (80,272)
Nordic Baltic Holding Group (now Nordea) (SE)	97,332	Merita (49,875); Nordbanken (47,457)
1999		
Deutsche Bank (DE)	740,251	Deutsche Bank (626,603); Bankers Trust (US) (113,648)

cont.

Table III.2 (*cont.*)

Combined entity	Total assets of combined entity (EURm)	Companies involved in the transaction (total assets, EURm)
BNP Paribas (FR)	589,941	Banque Nationale de Paris (324,826); Paribas (265,115)
IntesaBci (IT)	265,933	Banca Intesa (153,077); Banca Commerciale Italiana (112,856)
Banco Santander Central Hispano (ES)	235,732	Banco Santander (154,161); Banco Central Hispanoamericano (81,571)
Fleet Boston (now FleetBoston Financial) (US)	151,879	Fleet Financial Group (89,117); BankBoston (62,762)
Firstar (now U.S. Bancorp) (US)	63,413	Firstar (32,849); Mercantile Bancorp (30,564)
2000		
Mizuho Holdings (JP)	1,436,685	Fuji Bank (547,316); Dai-Ichi Kangyo Bank (486,312); IBJ – Industrial Bank of Japan (403,057)
Citigroup (US)	797,213	Citigroup (713,654), Associates First Capital (83,559)
J.P. Morgan Chase & Co. (US)	663,949	The Chase Manhattan Corp. (404,246); J.P. Morgan & Co. (259,703)
Bayerische Hypo- und Vereinsbank (DE)	643,084	Bayerische Hypo- und Vereinsbank (503,255); Bank Austria (139,829)
HSBC Holdings (GB)	635,959	HSBC Holdings (566,667); Crédit Commercial de France (69,292)
The Royal Bank of Scotland Group (GB)	441,654	National Westminster Bank (298,736); The Royal Bank of Scotland Group (142,918)
Banco Bilbao Vizcaya Argentaria (ES)	235,571	Banco Bilbao Vizcaya (154,504); Argentaria (81,067)
Nordea (SE)	181,240	Nordic Baltic Holding (103,977); UniDanmark (77,263)
Danske Bank (DK)	168,677	Danske Bank (94,202); RealDanmark (74,475)
Chuo Mitsui Trust and Banking Company (JP)	144,399	Mitsui Trust and Banking Company (94,778); Chuo Trust and Banking Company (49,621)
Kinki Osaka Bank (JP)	38,835	Bank of Kinki (23,301); Bank of Osaka (15,534)
2001		
Sumitomo Mitsui Banking (JP)	1,078,296	Sumitomo Bank (611,727); Sakura Bank (466,569)

cont.

Table III.2 (*cont.*)

Combined entity	Total assets of combined entity (EURm)	Companies involved in the transaction (total assets, EURm)
UFJ Holdings (JP)	881,094	Sanwa Bank (496,102); Tokay Bank (312,404); Toyo Trust and Banking (72,588)
Mitsubishi Tokyo Financial Group (JP)	880,567	Bank of Tokyo-Mitsubishi (714,337); Mitsubishi Trust and Banking (166,230)
Daiwa Bank Holdings (now Resona Holdings) (JP)	453,541	Asahi Bank (273,193); Daiwa Bank (139,855); Kinki Osaka Bank (40,493)
HBOS (GB)	430,423	Halifax Group (292,444); Bank of Scotland (137,979)
Wachovia (formerly First Union) (US)	352,716	First Union (273,154); Wachovia (79,562)
FleetBoston Financial (US)	235,449	FleetBoston Financial (192,852); Summit Bancorp (42,597)
U.S. Bancorp (formerly Firstar) (US)	177,239	Firstar (83,380); U.S. Bancorp (93,859)
2002		
Citigroup (US)	1,257,167	Citigroup (1,193,067); Golden State Bancorp (64,100)
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)
2005		
Mitsubishi UFJ Financial Group (JP)	1,337,941	Mitsubishi Tokyo Financial Group (776,074); UFJ Holdings (561,867)
UniCredito Italiano (IT)	732,904	Bayerische Hypo- und Vereinsbank (HVB) (467,408); UniCredito Italiano (265,496)
Capital One Financial (US)	55,837	Capital One Financial (39,459); Hibernia (16,378)

cont.

Table III.2 (*cont.*)

Combined entity	Total assets of combined entity (EURm)	Companies involved in the transaction (total assets, EURm)
2006		
Bank of America (US) (2)	1,147,466	Bank of America (1,095,027); MBNA (52,439)
Commerzbank (DE) (3)	679,164	Commerzbank (444,861); Eurohypo (234,303)
Wachovia (formerly First Union) (US) (4)	547,063	Wachovia (formerly First Union) (441,430); Golden West Financial (105,633)
Intesa Sanpaolo (IT) (5)	536,764	Banca Intesa (273,535); Sanpaolo IMI (263,229)

(1) Refers to period from 1 January 1996 to 31 December 2006 for European banks and to period from 1 January 1998 to 31 December 2006 for Japanese and US banks.
(3) Transaction completed with effect from 1 January 2006.
(5) In November 2005, Commerzbank reached an agreement with Deutsche Bank and the Allianz Group to acquire their stakes in Eurohypo, as follows: a first stake of 17.2% to be acquired in December 2005 and the outstanding 49.1% at the end of March 2006.
(4) Transaction completed with effect from 1 October 2006.
(5) Transaction approved in December 2006 with effect from 1 January 2007.

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