MAJOR INTERNATIONAL BANKS
FINANCIAL AGGREGATES

(1997 - 2007)

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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.
IAS / IFRS	International Accounting Standards / International Financial Reporting Standards
Income (total income)	Interest income, commissions receivable and other operating income net of commissions payable and other operating expenses, dividends and share of profit, trading profits and losses.
Net interest income (gross margin)	Difference between interest income and interest expense.
Loans and available funds	Cash and available funds, securities, deposits by banks, loans and advances to customers.
Mega-merger	A merger involving two banks included in the survey.
Net capital (net worth)	Share capital and reserves (including results for the year), net of own shares. This is equal to the difference between total assets and total liabilities. The net capital attributed to shareholders excludes the portion attributed to minority interests.
ROA (*return on assets*)	Ratio between net profit and total assets (%).
ROE (*return on equity*)	Ratio between net profit and net worth less minority interests and net profit (%).
Tangible net worth	Net worth less intangible assets less goodwill
Tax rate	Ratio between income tax and pre-tax results (%).
Total capital ratio	Under the Basel Capital Accord, the ratio between net worth less certain intangible fixed assets (including goodwill) and risk-weighted assets. The total coefficient (total capital ratio) also includes subordinate liabilities.

Preface

This survey contains the aggregated earnings and financial position figures for the leading international banks based in Europe, Japan, and the United States. It covers a variety of periods, depending on the aggregate in question, with the longest time horizon for European banks (1997-2006). For the first time it also contains aggregate figures for the major Chinese banks for the three-year period from 2004 to 2006.

A specific section also sets outs the results for the first six months of 2007, both in terms of aggregates and broken down by geographical area. Furthermore, considering the difficulties that have affected the international banking system since summer 2007, triggered by the rise in the delinquency rate on subprime mortgages in the United States and the ensuing decrease in the liquidity of securities arising from securitisation of mortgage loans, preliminary aggregates for 2007 were also prepared for banks in Europe and the United States representing 84% of the sample for both areas. A separate table lists banks that posted losses in the fourth quarter of 2007 or the first quarter of 2008.

The survey sets forth detailed data for each individual bank, including total assets, total income, and the average workforce in 2006, in addition to several indicators, for the five-year period from 2002 to 2006, such as bad-debt write-offs, the amount of doubtful loans and the rate of coverage by means of adjustment provisions, profitability indicators (such as ROE and the cost/income ratio), free capital and solvency ratios (the latter of which have been updated through the first six months of 2007). Further details provided for each geographical area include capital issues, purchases of treasury shares, and dividends paid. One section is devoted specifically to derivatives transactions, including a detailed analysis by geographical area for the three-year period from 2004 to 2006.

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From 1998 to 2006, the banks considered in the survey posted a significant increase in average size in terms of total assets, achieved primarily through mergers and acquisitions. The latter were essentially undertaken between institutions from the same country until 2003, after which significant international transactions also occurred. The industry's concentration consequently increased, chiefly in Japan and the United States, and to a much lesser extent, in Europe, where national systems are still highly segmented. Japanese and US banks (with the partial exception of the largest banks) are primarily concentrated in their respective domestic markets, whereas European banks boast significant positions in the North American market, in addition to Central and Eastern Europe.

The increase in assets on the balance sheet in Europe in United States was accompanied by an increase in overall workforce levels, whereas in Japan substantially unchanged asset levels over the period resulted in a decline in employees. Productivity per employee also rose, to a significant extent in Europe and the United States, and less so in Japan. In Europe, however, contrary to the United States, the increase in unit income exceeded the rise in the per-capita cost of labour.

In 2006 current pre-tax profit was up over the previous year, by 15% for European banks, 9% for US banks, and only 1% for Japanese banks. European banks posted their best results in a decade, both in absolute terms and in relation to income. Current profit was driven by sustained income growth, which was stronger in Europe than in the other two areas, and the drop in the cost/income ratio both in Europe, where it still remains at a higher level than in the other two areas, and in Japan. The indicator was up slightly in the United States. Japanese banks posted a sharp rise in loan losses. Loan losses by European banks were also up, whereas US banks continue to run counter to the prevailing trend, while, however, showing a higher level of coverage of doubtful positions at year-end. In 2006 the earnings of European banks, in terms of ROE, exceeded those in the United States and Japan. European banks continue to reflect a lower level of capitalisation, as shown by the comparison of equity with total assets, the weaker ratio of liabilities to tangible net worth, and a lower free capital indicator.

The major Chinese banks show profit and loss account with income structures in which net interest income is far and away the primary component, with low labour costs, and also low per-capita productivity and high loan losses. Current profit as a percentage of income stands approximately three percentage points above the average for the Triad due to the effect of strong income growth and an incidence of labour costs slightly above half of that in recorded in Europe and the United States. At the end of 2006, the amount of doubtful loans, excluding the Agricultural Bank of China, in which the government is still the sole shareholder, showed indicators superior to those of European and Japanese banks. This was achieved through the transfer of a significant amount of non-performing positions to the government due to the granting private investors access to capital. As a percentage of assets, shareholders' equity exceeds the average figure for international banks due to recent capital issues, two-thirds of which were subscribed by new private shareholders.

Current profit in the first six months of 2007 was up 4% in aggregate terms on the first six months of 2006, showing a sharp rise in loan losses, primarily in Japan and the United States, while the cost/income ratio remained substantially unchanged in all three areas. In the second six months of the year, following the occurrence of significant losses on certain exposures, primarily those associated with mortgages issued to subprime clients, the scenario changed dramatically. As a percentage of total income, the current profits of US banks declined by 4% from the 37% recorded in the first six months of the year, and those of the major European banks were down 16% from 36%. The decline was due to the combined effect of lower trading profits (including trading losses for US banks) and greater loan losses. In the fourth quarter of 2007 and the first quarter of 2008 several banks in the sample stated losses for the period. Of these, the most significant in terms of amount were Citigroup in the United States (USD 14.9 bn) and UBS in Europe (CHF 24 bn).

The leading European, Japanese, and US banks were selected on the basis of their total assets according to the criteria set forth in Section III. A specific section analyses the top ten Chinese banks for the three-year period from 2004 to 2006 ([1]). Turning to the Triad banks, the survey refers to 66 banking groups, 32 of which are based in Europe, 16 in Japan, and 18 in the United States ([2]). Tab. I.1 contains some of the main summary figures: for a detailed list of the banks considered, see Tab. III.1 in Section III. The number of units has decreased with respect to the previous edition of this survey as the result of three business combinations and two new entries. The combinations involved Eurohypo in Germany, acquired by Commerzbank, and MBNA and Golden West Financial in the U.S., acquired by the Bank of America and Wachovia, respectively. The ranks of the US banks were expanded to include Sovereign Bancorp, following the achievement of the minimum size requirements set for this survey, and Countrywide Financial, due to the increasing importance of its commercial banking operations. These new entries naturally affected all years considered in the survey ([3]).

European banks account for 70% of the aggregate in terms of total assets, 58% of total income and 60% 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

[1] The survey does not cover other countries inasmuch as they do not feature a number of large banks.

[2] At the end of 2006, European banks consolidated a total of 12,037 subsidiaries. This total does not include the United Kingdom or Benelux, with the exception of the Belgian KBC Group, as figures are not available for these areas. The Japanese groups control 828 companies, while the only figures available for the United States involve 13 groups which consolidate 6,800 subsidiaries.

[3] This edition also included for the first time AmSouth Bancorporation, North Fork Bancorporation (incorporated in 2006 by Regions Financial and Capital One Financial, respectively) and GreenPoint Financial (incorporated by North Fork Bancorporation in 2004), with the aim of ensuring greater homogeneity in the historical data series.

largest number of banks in the sample, while UK institutions rank first in terms of total assets, income and staff (23%, 29% and 30% 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 Japan-based banks, with the exception of those ranking top of the league tables, focus chiefly on their own domestic markets ([4]). Banks also play a relatively less important role in US financial markets than elsewhere, owing to the strong presence of non-banking institutions.

TABLE I.1 – BANKS COVERED IN THE SURVEY

	No. of Groups	Total assets at 31.12.06	Total income in 2006	No. of employees in 2006
		EUR bn	*EUR bn*	*'000*
United Kingdom	5	5,584	147	701
Benelux	6	4,429	74	399
France	4	4,257	88	442
Germany	8	4,097	57	192
Switzerland	2	2,273	50	119
Italy	3	1,404	43	242
Spain	2	1,245	37	224
Scandinavia	2	714	11	49
Europe	**32**	**24,003**	**507**	**2,368**
Japan (*)	**16**	**4,274**	**70**	**206**
United States	**18**	**5,979**	**300**	**1,380**
Total	**66**	**34,256**	**877**	**3,954**

(*) 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.

[4] On the basis of the figures for a sub-group of European banks representing 76% of total assets in the area, assets outside the country of origin represented 51.4% of the total at year-end 2006 (approximately half of which were in other European countries); this figure falls to approximately 18% for Japanese banks. It was not possible to prepare a corresponding ratio for US banks.

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 2001 and 2006, the former by 33% and the latter by 27% (the euro representing the currency of account for most of the European groups).

In terms of total assets, the European banks considered here account for slightly more than 60% of the Western European banking system as a whole ([5]); the Japanese banks represent approximately 60% of their country's total, whereas the US banks make up around 80% of their nation's banking system ([6]).

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 2006, due to both organic growth and mergers and acquisitions. In terms of total assets, the average size recorded per group in 2006 was EUR 513bn, 2.9 times the figure recorded in 1998, the result of a 77% increase in overall total assets (excluding goodwill) against a reduction in the number of groups from 109 to 66. Based on calculations in local currency, banks grew in all three areas considered, but more so in the United States and Europe (Table I.2).

Excluding the effect of the very large mergers between groups included in the sample, which will be discussed below, the increase in

[5] Eurozone countries plus Denmark, the U.K., Sweden and Switzerland.

[6] This figure falls to 65% when financial service companies not owned by banks are considered. These are particularly strong in the United States in the areas of consumer credit and leasing.

average size from 1998 to 2006 was 118% for European banks ([7]), 88% for US banks and only 3% for Japanese banks. It may therefore be stated that, whereas the increase in size of the latter was almost entirely due to combinations, large mergers account for more than two-thirds of the increase in the size of US banks, but 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	2005	2006	2006 / 2005	2006 / 1998	2006 / 1998 (2)
		EUR bn			*% increase* (3)	
Europe (4)	242.4	662.9	744.8	+ 12.4	+ 207.3	+ 118.4
Japan	171.4	302.9	266.2	- 0.7	+ 80.9	+ 3.4
United States	96.2	264.3	320.9	+ 35.5	+ 275.2	+ 87.6
All banks (5)	**175.9**	**458.3**	**513.1**	**+ 12.0**	**+ 191.7**	**+ 76.7**

(1) Not including goodwill.
(2) Calculated excluding the effect of mergers between groups included in the sample.
(3) Calculated in euros for European banks and in local currency for Japanese and US banks.
(4) 45 groups in 1998; 33 in 2005 and 32 in 2006.
(5) 109 groups in 1998; 66 in 2006. The size of the changes is impacted by exchange rates between local currencies and the euro.

In 2006, the average size of US banks was up 35% on the previous year, an increase that was markedly superior to that of European banks, which only grew by 12%, whereas the size of

[7] By virtue of (EC) Regulation No. 1606/2002, the EU established, effective from 1 January 2005, accounting harmonisation of listed companies by means of the adoption of IAS/IFRS, as approved by the European Commission, in the preparation of consolidated financial statements. Of the 33 banks forming the European sample in 2005, 26 have adopted the new accounting standards, whereas 2 have continued to apply US GAAP and 5 unlisted banks have continued to apply national accounting standards. The change in accounting standards resulted in an approximately 8% increase in total assets at 1 January 2005 with respect to 2004 year-end balances. Excluding this effect, the increase in the average size of European banks during the period considered stands at approximately 106%.

Japanese banks was down slightly. The US figure is the result of an 11% increase in assets, while the number of banks fell by 4; in Europe assets increased by 9% and the number of banks decreased by one.

Based on 2006 assets, the European banks are more than twice the size of the US banks and almost three times the size of the Japanese banks ([8]). As may 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 60% of total assets respectively, whereas the top three European banks represented just 18% of their area. A comparison between 1998 and 2006 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 53% to 75% in the United States, and from 23% to 30% 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.

Europe was home to the banking groups with the largest total assets at the end of 2006: UBS (CH) and Barclays (GB) are nearly identical in size. These are followed by three other groups of equal size: BNP Paribas (FR) and HSBC Holdings (GB) in Europe and the US-based Citigroup. The largest Japanese bank, Mitsubishi UFJ Financial Group, comes in ninth place in the overall rankings.

As mentioned above, acquisitions were a crucial factor in the growth of banks in all three of the world's main economic areas. In the years from 1998 to 2006 there were a total of 53 mega-mergers, 22 of which involved European and US banks and 9 Japanese banks. In 2007 there were a further two mega-mergers between European banks: a consortium formed by The Royal Bank of Scotland Group (38.3%), Fortis (33.8%) and Banco Santander (27.9%) acquired control of Dutch group ABN AMRO, with the aim of splitting and acquiring its assets on a pro-rata basis. In Italy Banca Intesa merged with Sanpaolo IMI at the beginning of 2007. A breakdown of these mergers is provided in Table III.2 in Section III. Firstly, it may be remarked that

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[8] This figure is substantially confirmed by the ratio of total income to the gross domestic product of the respective geographical areas, which stands at 4.4% for the European banks, 2.9% for the US banks, and 2% for the Japanese banks.

the large deals involved banking groups from the same economic areas, and, within Europe, up to 2003, with the exception of Scandinavian countries, banking groups from the same country. The sole exception was Deutsche Bank, which acquired the US-based Bankers Trust in 1999. However, two major cross-border transactions did take place in 2004 and 2005: the Spanish group Santander acquired UK bank Abbey National and UniCredito Italiano acquired HVB, Germany's number-three bank by assets. In 2007 the ABN AMRO transaction described above, which involved four EU countries, was added to this list. 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 195bn in deals involving European banks between 1998 and 2006, approximately EUR 156bn, or 80% 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 541bn, but the cash outlay was only USD 20.8bn, or 3.8% of the total. The sole transaction between the two areas, the aforementioned acquisition of Bankers Trust by Deutsche Bank, was also the only transaction undertaken solely for cash, with an outlay of approximately USD 9.7bn, which the German bank financed partly through a capital issue of EUR 3.4bn. 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: 24 of the 32 European banks, 13 of the 16 Japanese banks, and all the US are listed. 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.

Also with regard to German banks, Dresdner Bank, the third-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 ([9]). In late 2007 and early 2008 several sovereign wealth funds subscribed for securities issued by Citigroup and UBS, which are compulsorily convertible into shares at maturity, for total investments of USD 17.4bn and CHF 11bn respectively ([10]).

TABLE I.3 – STATE-CONTROLLED BANKS IN SAMPLE

	No. of groups	No. of employees in 2006	Total assets at 31.12.06	Total income in 2006
			EUR bn	*EUR bn*
State-controlled banks	5	37,326	1,496	11.0
as % of total	*7.6*	*0.9*	*4.4*	*1.3*
of which: Europe	4	32,954	1,426	10.0
as % of total for Europe	*12.5*	*1.4*	*5,9*	*2.0*

Workforce

In the 1998-2006 period, the aggregate workforce of the banks covered in this survey increased by 28% in Europe, or 515,000 employees, and by 21% in the United States, or 240,000 employees. In Japan, on the other hand (with reference to 2001-2006, the period for which like-for-like data are available), the aggregate workforce decreased by 12%, or 27,000 employees (cf. Table I.4). There is a positive correlation between balance-sheet asset growth rates and

[9] In February 2008 the government of the United Kingdom decided to acquire complete control of Northern Rock Plc after the Bank of England granted GBP 26.9bn in credit facilities to the latter, with maturity in the first few months of 2008.

[10] Due to the effect of conversion of these securities, Government of Singapore Investment Corp. will acquire up to 10% of the share capital of UBS. Abu Dhabi Investment Authority, Singapore Investment Corp., and Kuwait Investment Authority will acquire up to 4.9%, 3.7%, and 1.6% respectively of Citigroup.

workforce expansion, which is more clearly observable in terms of geographical area.

TABLE I.4 – CHANGES IN HEADCOUNT

	Average number of employees (1)				Change of employees (2)			Change of total assets (2)
	1998		2005	2006	No.	%		%
United Kingdom	490,788		646,464	701,141	210,353	+ 42.9		+ 228.1
France	312,934		392,653	442,022	129,088	+ 41.3		+ 135.6
Benelux	299,722		387,343	398,997	99,275	+ 33.1		+ 151.5
Italy	184,237		234,965	241,813	57,576	+ 31.3		+ 21.9
Spain	207,224		219,152	224,077	16,853	+ 8.1	(3)	+ 85.9
Germany	192,354		191,135	192,042	- 312	- 0.2		+ 62.5
Switzerland	113,505		130,516	118,573	5,068	+ 4.5	(4)	+ 128.9
Scandinavia	52,308		48,296	49,403	- 2,905	- 5.6		+ 124.6
Europe	**1,853,072**		**2,250,524**	**2,368,068**	**514,996**	**+ 27.8**		**+ 119.7**
Japan	**232,302**	(5)	**204,453**	**205,516**	**- 26,786**	**- 11.5**		**+ 3.7**
United States	**1,140,027**		**1,334,776**	**1,380,055**	**240,028**	**+ 21.1**		**+ 91.6**

(1) The breakdown refers to the country in which the parent company was based in 2006 and therefore includes group staff employed elsewhere; the figures for 1998 and 2005 have been restated to allow comparison on a like-for-like basis.
(2) Refers to 1998-2006 for Europe and the United States and 2001-2006 for Japan.
(3) In 1996-98 the increase was 39.5%.
(4) Up 36.4% excluding employees of the Winterthur insurance group in 1998, which was sold to third parties in 2006.
(5) Refers to 2001, the first year for which like-for-like data is available.

In Europe, the largest increases during the period, with values of over 40%, were posted by banks based in the United Kingdom and France, which together account for two-thirds of the workforce expansion in the area. Higher-than-average percentage increases were also shown by banks based in the Benelux countries and Italy, whereas the Scandinavian countries and German recorded opposite trends with declines in their workforces. Spanish banks showed growth of just 8% during the period, following on the rapid growth (up 40% or 59,000 employees) from 1996 to 1998. The figure for Swiss banks was affected by the sale by Crédit Suisse of the insurance group Winterthur to the French insurer Axa at the end of 2006. Excluding employees of the Winterthur Group, the increase in the workforce of Swiss banks from 1998 to 2006 stands at approximately 36%.

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.:

- the aggregation of medium and small banks from the same countries by the largest groups forming the sample. This is the case, firstly, in the United States, where domestic acquisitions account for the majority of workforce expansion, but also in Italy, where in 2002 and 2002 SanpaoloIMI (merged into Intesa Sanpaolo in 2007) acquired Banco di Napoli and Gruppo Cardine, respectively;

- non-domestic acquisitions, which mostly affected European banks. Apart from Deutsche Bank's acquisition of Bankers Trust referred to above, in 2000 Swiss groups UBS and Crédit Suisse acquired US banks Paine Webber and Donaldson, Lufkin & Jenrette, which between them employed around 36,000 staff. Spanish banks, meanwhile, made some major acquisitions in Latin America in the years between 1997 and 2000 ([11]), a region where both Dutch groups ING and ABN AMBRO and UK-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

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[11] From 1996 to 2000 the non-domestic employees of the two Spanish banks included in the survey increased from 34,013 to 146,664, i.e. from 27% to 65% of the total. On the other hand, domestic employees fell from 92,242 to 79,843. In 2006, despite cut-backs involving approximately 20,000 employees, the number of non-domestic employees still stood at 140,478, or 68% of the total (these figures do not include Abbey National of the U.K., which was acquired by Banco Santander in late 2004).

International, which had 31,000 staff on its pay-roll at year-end 2002. Royal Bank of Scotland Group, which in 2004 acquired Charter One, with a staff of 8,100 and USD 50bn in assets, and BNP Paribas, which in late 2004 and early 2005 acquired three minor banks with a total of USD 17bn in assets and 4,800 employees, have both been particularly active on the US market in the past few years. In 2005 Barclays acquired the South Africa-based Absa Group, which employees staff of 32,700. During the period considered, significant acquisitions were undertaken in Central and Eastern Europe by the German-based Commerzbank and HVB, the latter of which was merged into UniCredito Italiano at year-end 2005, Belgium-based KBC, France-based Société Générale, and UniCredito Italiano ([12]); in 2006 BNP Paribas and Crédit Agricole acquired two Ukrainian banks, which employed total staff of 12,000. Also in 2006, Crédit Agricole acquired the Greek-based Emporiki Bank, with 7,650 employees, whereas control of two Italian banks, Banca Nazionale del Lavoro (16,820 employees and EUR 88.2bn in total assets) and Banca Antonveneta (9,600 employees and EUR 48.4bn in assets) was acquired by BNP Paribas and ABN AMRO respectively. The main non-domestic acquisition made by a US bank during the period under review was that of the Mexican group Banamex by Citigroup in 2001.

The significant non-domestic expansion undertaken by European banks between 1997 and 2006 is well reflected in the more than 21 point increase in staff employed outside the companies' country of origin, who in 2006 accounted for more than 51.5% of the total (cf. Table. II.3 for Europe) ([13]).

[12] Worthy of note in this respect was UniCredito Italiano's acquisition in 1999 of Polish-based Bank Pekao, which at that stage had 24,400 staff.

[13] It is not possible to calculate the corresponding ratio for Japanese and US banks due to the absence of figures. The only figures available for the United States in 2006 are those of Citigroup and The Bank of New York, whose non-domestic employees represented 54.3% and 30.1% of the total respectively. The only figures available for Japan are those of the UFJ Financial Group, 27% of whose employees were non-domestic. Moreover, as mentioned above, the banks in these areas focus primarily on their respective domestic markets.

TABLE I.5 – DETAILS OF LEADING EUROPEAN BANKS' OPERATIONS IN THE U.S. AS AT YEAR-END 2006

Parent company	Main subsidiary	Total assets	Total income	Total staff
		USD bn	USD bn	No.
Barclays	Barclays Group US	450.6	5.6	...
Deutsche Bank (1)	Taunus Corp.	419.0	10.3	11,300
Crédit Suisse Group	Crédit Suisse (USA) (formerly Credit Suisse First Boston)	359.5	10.7	11,000
HSBC Holdings	HSBC Finance Corp. (formerly Household International)	179.5	15.6	36,000
	HSBC USA, Inc.	168.9	5.6	12,000
	Total HSBC Holdings	348.4	21.2	48,000
The Royal Bank of Scotland Group	Citizens Financial Group	160.8	6.0	24,800
ABN AMRO	LaSalle Bank (2)	125.0	4.1	14,800
BNP Paribas	BancWest	67.3	2.7	12,000

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

(2) Acquired by Bank of America in 2007.

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 be noted that, based on year-end 2006 data, these groups were between the sixth and tenth largest banks in the United States in terms of total assets. The Japanese bank with the most extensive profile in the United States is Mitsubishi UFJ Financial Group, which controls Union Bank of California (USD 52.6bn in total assets and 10,200 employees at 31 December 2006).

Table I.6 shows income and labour costs per employee for the European and US banks ([14]). Firstly, in aggregate terms the ratio between the increase in the two indicators from 1998 to 2006, the first of which is a proxy for productivity, clearly favoured the European banks, which posted 1.15, compared to 0.89 for the US banks. This is the result of a rise in per-capita labour costs in Europe, contrary to the trend in the United States, where labour costs rose more slowly than unit income ([15]).

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

	Total income per employee			Cost of labour per employee				
	2006	% change over 1998		2006	% change over 1998			
	EUR '000	EUR (a)	*in local currency* (a')	EUR '000	EUR (b)	*in local currency* (b')	a/b	a'/b'
Switzerland	419.0	+ 49.2	*+ 49.6*	205.6	+ 54.7	*+ 55.1*	0.90	0.90
Germany	311.5	+ 56.2		131.5	+ 69.5		0.81	
Scandinavia	242.2	+ 47.3	*+43.2*	74.8	+ 49.9	*+ 49.4*	0.95	0.87
United Kingdom	218.5	+ 71.3	*+ 64.2*	65.8	+ 61.0	*+ 54.3*	1.17	1.18
Benelux	227.0	+ 31.2		77.4	+ 28.8		1.08	
France	198.2	+ 29.3		73.6	+ 20.8		1.41	
Italy	179.1	+ 6.1		57.7	- 4.1		n.c.	
Spain	166.4	+ 53.5		45.2	+ 23.9		2.24	
Europe	**224.9**	**+ 43.2**	***+ 41.8***	**78.9**	**+ 37.4**	***+ 36.3***	**1.16**	**1.15**
Japan (2)	**342.8**	**- 4.9**	***+ 10.9***	...	...	...	...	...
United States	**217.3**	**+ 30.1**	***+ 46.3***	**69.4**	**+ 35.3**	***+ 52.2***	**0.85**	**0.89**

(1) Calculated excluding insurance activities insofar as is possible based on available figures
(2) In interpreting income per employee figures for 2006, cf. asterisk note to Table I.1.

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

[15] The higher growth rates of both income and costs per employee in the United States than in Europe are partly attributable to the difference in inflation rates in the two areas: from 1998 to 2006 consumer prices rose by 23.7% in the United States and 17.5% in the Eurozone.

In the European countries, the highest income levels per employee in 2006 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 by Spanish banks, for which the increase in income per employee was 2.2 times the increase in unit costs. Spanish banks showed a moderate increase in per-capita labour costs due to the significant acquisitions in Central and Southern America mentioned above. Among the other countries, France, the United Kingdom and the Benelux countries showed ratios of more than 1. While income per employee in France and the Benelux countries rose more slowly than the European average, matched by an even more moderate increase in unit costs, UK-based banks posted the highest unit income growth rate during the period.

German, Swiss, and Scandinavian banks showed a deterioration in the indicator due to a higher-than-average increase in per-capita labour costs that was not offset by an equal increase in unit income. In Italy, meanwhile, a reduction in labour costs brought about by acquisitions in Central and Eastern Europe, where staff is cheaper to employ, combined with a slight increase in unit income, had a positive effect on banks' profitability.

The higher cost of labour incurred by the Swiss and German banks is due to the high per-capita figure for investment banking operations, in addition to the large percentage of the total workforce employed in such operations, particularly by Swiss banks. The increase in labour costs in the industry may largely be attributed to the acquisitions undertaken in the late 1990s, as described in Appendix 2. In 2006, Crédit Suisse First Boston, currently the investment banking division of the Crédit Suisse Group, employed 42% of the Group's total staff, with a unit cost of EUR 341,000; the per-capita costs incurred by the investment banking division of the UBS Group, which employed 27% of the total workforce, were even higher (EUR 353,000). Excluding such operations, the labour costs incurred by the two Swiss banks in 2006 falls to EUR 137,000 per employee. In Germany, Deutsche Bank and WestLB had above average per capita labour costs in 2006 of EUR 192,000 and EUR 162,000 respectively. At Deutsche Bank in particular unit labour costs soared by 80% in 1999-2000, the period of the Bankers Trust acquisition, while over the same timespan WestLB saw its per capita labour costs rise by 36%, principally in connection with the building up of its equity and investment banking activities in London ([16]).

Operating results

Total income for the 66 banks covered in this survey rose from EUR 546.1bn in 1998 to EUR 877.2bn in 2006, an increase of 60.6%, representing the balance between a 69.6% increase due to growth in size, as outlined above, and a reduction of nine points due to the depreciation of the dollar and yen against the euro. Such growth was not, however, uniform across the three areas: on the basis of figures in local currencies, income rose by 83% in Europe, 77% in the United States, and only 4% in Japan.

As a percent of total income, net interest income (Table I.7) fell from 55% at the beginning of the period to 46.2% in 2006, marking a decline of 6.3 points from 1998 to 2005 and a further 2.5 points in 2006. In 2006 this decrease, which until 2005 may be attributed to a general decline in interest rates in the three geographical areas considered, was affected by a growth trend that underperformed other income sources, particularly trading income. The reduction in net interest income during the period was accompanied by an increase in fee and commission income, which rose by 6.1 points, despite posting a slight decrease in relative terms during 2006.

[16] These activities, which were mostly focused on London-based group subsidiary WestLB Panmure Ltd, were sold to the Lazard group in January 2004.

TABLE I.7 – 66 BANKS: PERFORMANCE INDICATORS 1998 – 2006

	1998	2003	2004	2005	2006	Change	
	as % of total income						
	a	*b*	*c*	*d*	*e*	*e-a*	*e-d*
Net interest income	55.0	51.0	50.4	48.7	46.2	- 8.8	- 2.5
Net fee and commission income	36.4	39.5	41.2	42.7	42.5	6.1	- 0.2
Gains (losses) on financial transactions	8.6	9.5	8.4	8.6	11.3	2.7	2.7
Cost/income ratio	61.3	58.5	58.5	59.1	58.3	- 3.0	- 0.8
Bad debt writeoffs (1)	25.6	11.4	7.5	5.9	6.3	- 19.3	0.4
Current pre-tax profit	13.1	30.1	34.0	35.0	35.4	22.3	0.4
Net profit	7.6	17.0	20.8	26.5	27.4	19.8	0.9
ROE (%)	5.1	12.4	13.9	17.1	17.8	12.7	0.7
ROA (%)	0.2	0.5	0.6	0.7	0.7	0.5	0.0

(1) Net of bad debts recovered.

In 2006 current pre-tax profit stood at 35.4% of income, the best result of the nine years considered, up just 0.4 points on 2005. The improvement versus 2003 comes to more than 5 points. In assessing the change with respect to the figure for 1998, it should be recalled that profits in the latter year were severely affected by the bad debt writeoffs recognised by Japanese banks (Table II.1 for Japan). The improvement in 2006 is wholly attributable to the fall in the cost/income ratio, whereas bad debt writeoffs posted an increase, after hitting the lowest level for the entire period in 2005.

In 2006 aggregate net profit came to EUR 240bn, representing 27.4% of income, marking an 8.3% increase in absolute terms and nearly one point in percentage terms over 2005. The more rapid increase in aggregate net profit than in current profit is chiefly related to increased extraordinary income, partly offset by the rise in net bad debt writeoffs ([17]). Aggregate ROE came to 17.8% in 2006, up 0.7 points on the previous year. ROA remained stable at 0.7, following on the gain of 0.5 points from 1998 to 2005.

Results by geographical area

Table I.8 provides some indicators of the banks' results by geographical area. Comparison between indicators for the different areas should be treated with caution, as there are considerable differences in the accounting standards adopted between countries. As regards the comparison between time periods, it should be recalled that the majority of the European banks adopted IAS/IFRS for the first time in 2005 ([18]). One such aspect in particular involves insurance activities, which are carried out mainly by several European banking groups, and until 2004 were subject to different treatment in their respective consolidated statements. A review of the different policies adopted and the proportion of aggregate data accounted for by such activities is provided in Appendix 3.

[17] Regarding the amortisation of goodwill, which in 1998 represented 1.3% of total income and in 2006 was nearly nil, it should be recalled that US-based banks have ceased to record the amortisation of goodwill since 2002, and European banks since 2005, following the adoption of IAS/IFRS established by the EU. Indeed, both the former (IAS 36) and US GAAP-General Accepted Accounting Principles (SFAS 142, "Goodwill and Other Intangible Assets") consider goodwill as an intangible asset having an indefinite life. Such assets are tested annually for impairment and if necessary write-offs are charged to earnings accordingly.

[18] It should be noted that, although international accounting standards required the preparation of at least one prior comparative period according to the same criteria, the delay with which IAS 39 was approved led authorities to introduce an option to waive the application of said standard, thereby allowing the postponement until 1 January 2005 of the first-time adoption of IAS 32 (*Financial Instruments: Disclosure and Presentation*), IAS 39 (*Financial Instruments: Recognition and Measurement*), and IFRS 4 (*Insurance Contracts*). The 2004 financial statements were therefore not reclassified.

TABLE I.8 – RESULT INDICATORS BY GEOGRAPHICAL REGION

	1998			2006		
	Europe	Japan	United States	Europe	Japan	United States
	as % of total income			*as % of total income*		
Net interest income	51.8	66.7	55.0	43.3	61.8	47.5
Net fee and commission income	35.0	21.7	39.0	39.2	30.9	46.8
Cost/income ratio	64.3	56.5	58.8	59.3	53.3	57.7
Bad debt writeoffs (1)	11.1	120.7	7.4	6.5	7.3	5.9
Current pre-tax profit	24.6	- 77.2	33.7	34.2	39.4	36.4
Net profit	17.0	- 53.1	19.2	27.9	27.4	26.5
Tax rate (2) (%)	31.8	n.c.	34.7	24.1	32.8	32.2
ROE (%)	12.9	n.c.	16.5	19.8	9.9	18.0
ROA (%)	0.5	n.c.	1.1	0.6	0.5	1.3

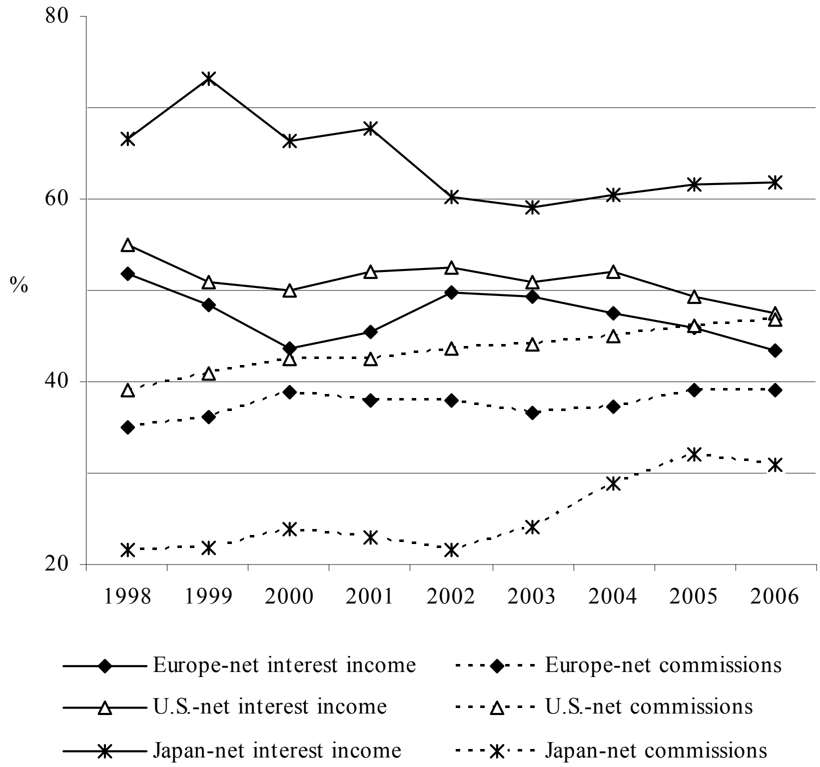
(1) Net of bad debts recovered.

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

With regard to income, the first point to note is that, from 1998 to 2006, net interest income decreased as a percentage of total income in all three regions, falling by 8.5 percentage points in Europe, 7.5 points in the United States and nearly 5 points in Japan. Secondly, it should be noted that net interest income was relatively more important for Japanese banks than for the other two areas, and conversely, that the net fee and commission component made a smaller contribution (Fig. I.1). The latter accounted for the largest share of income for US banks, even when compared with European banks for the entire period under review. Moreover, following a growth trend in both areas in 1999-2000, the gap between the indicators tended to widen: while total fees and commissions represented an increasingly large portion of income for US banks from 2002 onwards, until becoming nearly equal to net interest income in 2006, this indicator began to decline in Europe, where it only recovered slightly less than 2 points in 2005, raising it above the 2000 level, before stabilising in the final year considered.

From 2003 to 2005 Japanese banks made efforts to diversify their income sources in reaction to the decrease in net interest income as a percentage of total income from 2002 onwards.

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



Turning to total income (Tab. I.9), European banks showed a significant recovery in 2005-2006, following the slight decline in 2002-2004, and strong growth in the previous three years. The results achieved by European banks in the last two years may largely be attributed to the positive performance of fees and commission, as mentioned above (up 30.6% during the period), and the increase in trading income, which rose from 11.6% of income in 2004 to 15% in 2006 ([19]). The change from 2002 to 2004 was certainly affected by the depreciation of the dollar against the euro (down 35% at end-of-period exchange rates) as result of the greater degree of internationalisation of European banks. US banks showed a more stable increase in income; the figure for 2005-2006 is substantially in line with the increase during the previous three years, while larger rise of 29.3% was recorded in 1999-2001. Japanese banks also posted growth in 2005-2006, reversing the downward trend recorded in 2002-2004 and the substantial stability of the previous three years.

TABLE I.9 – TOTAL INCOME: PERCENTAGE CHANGES

	2001 / 1998	2004 / 2001	2006 / 2004
		%	
Europe	+ 47.7	- 0.2	+ 24.1
Japan	- 0.1	- 3.2	+ 7.7
United States	+ 29.3	+ 19.9	+ 14.3

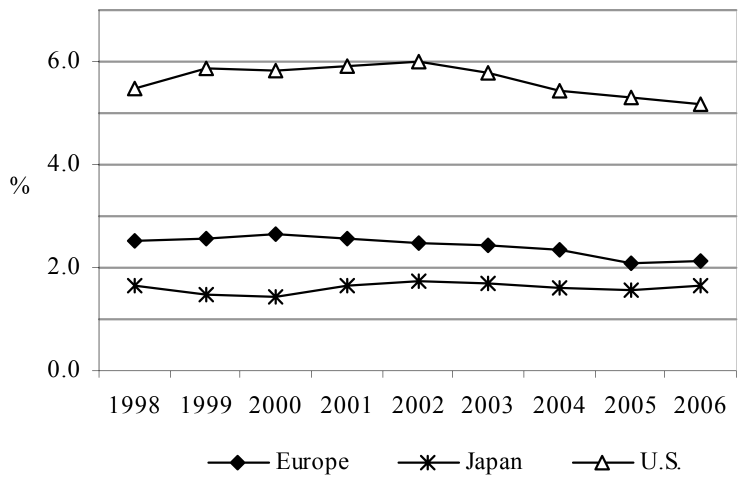
The higher total income recorded by the US banks is reflected in the total income/total assets ratio, which, though 0.8 points lower than the high reached in 2002, nonetheless stood at 5.2% in 2006, compared with 2.1% for the European banks and 1.7% for the Japanese banks (see Fig. I.2). Over the entire period under review, it may also be noted that the growth in the assets of US banks, as mentioned above, was

[19] The oft-mentioned adoption of IAS/IFRS by European banks from 2005 seems, on the other hand, not to have had a negative impact on total income as it did for total balance-sheet assets. A calculation involving 11 companies, representing 38% of the income of companies that changed accounting standards, which provided a comparative income statement for 2004 prepared according to the same criteria as 2005 (and therefore including the application of IAS 32, IAS 39, and IFRS 4, which come into force on 1 January 2005), showed a decrease of EUR 6.7bn in total income, representing 4.9% of the income earned in 2004 as calculated according to previous accounting standards.

exceeded by income growth until 2002, whereas the same did not occur, except to a marginal extent in 1999-2000, for European banks. Both areas showed a decline in the indicator in the last few years, to a more marked extent in the United States following sustained asset growth. Europe recovered slightly in 2006, due to considerable income growth, as mentioned above. For Japanese banks, the indicator reflects substantial stability in terms of both assets and total income.

In 2006 current pre-tax profit came to 39.4% of income for Japanese banks, 36.4% for US banks, and 34.2% for European banks, up by 1 point year-on-year in Europe and 0.2 points in the United States. Japanese banks, on the other hand, posted a drop of 1.4 points in profit as a percentage of total income, while continuing in absolute terms to improve on the positive results posted in 2002, following the negative balances posted in 1998-2001; the 2006 figure benefited from a 1.4 point decrease in the cost/income ratio, whereas bad debt writeoffs marked an increase of nearly 3 points as a percentage of income.

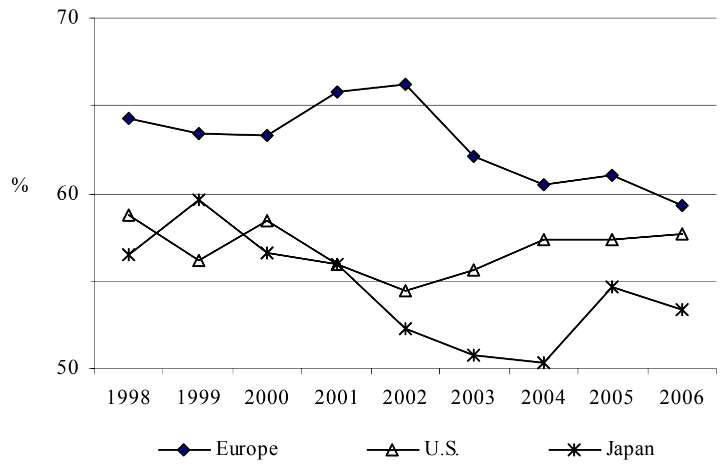
FIGURE I.2 – TOTAL INCOME AS A % OF TOTAL ASSETS ([1])



(1) Not including goodwill.

Similary, the European banks recognised higher bad debt writeoffs in 2006, although the change is lesser in extent when compared to income, whereas the cost/income ratio fell by 1.7 points following the slight increase of the previous year. US banks, on the other hand, posted a 0.6 point decrease in bad debt writeoffs as percentage of income, largely offset, however, by the rise in the cost/income ratio.

FIGURE I.3 – COST/INCOME RATIO



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 2006 that brought it to its lowest levels for the period (Fig. I.3). The chart also shows a narrowing of the distance between the indicators for Europe and the United States, with the gap falling from slightly over 12 points in 2002 to a mere 1.6 points in 2006. The difference with respect to the figures for Japanese banks also shrank as they tended to converge towards the median figure recorded in the United States. For European banks, it should be noted that only in 2003 was there improvement 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 2006 growth in income (up 5.5% and 12%, respectively) was accompanied by higher operating costs, albeit to a lesser extent (up 2.8% and 8.9% respectively).

Writeoffs of customer loans are described in greater depth in the following section.

The best net profit figures in 2006 were recorded by the European banks, at 27.9% of total income, or 0.5 percentage points higher than Japanese banks and 1.4 points higher than US banks. The relative decline in the current profit figures for Japan and the United States compared with Europe is due to the lesser contribution of extraordinary income and the increased incidence of income taxes.

The 2006 tax rate was markedly higher for US and Japanese banks than European banks, which enjoyed tax rates that were approximately 8 and 9 points lower respectively (Table I.8). The tax rate fell during the period under review in both Europe and United States, but more so in the former, where it declined by more than 7.7 percentage points, while in the latter the reduction was less than 2.5 points ([20]).

Extraordinary items provided a net positive contribution in 2006 of 5% of income for European banks, 4.2% for Japanese banks, and 3% for US banks. The most significant sums in this area were booked under the item *Extraordinary income and expense*, which showed an improvement with respect to the previous year in all three areas, partly offset by the rise in writeoffs by Japanese banks and the lower writebacks recognised by US banks.

In Europe extraordinary income stood at 5.2% of total income in 2006 (0.6 points higher than in 2005), and consisted primarily of capital gains on disposals, both of securities classified as available for sale (3.2% of income) and other fixed assets and long-term investments (essentially equity investments and business divisions: 2.8% of income) ([21]), partly

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

[21] The main capital gains realised by European banks in 2006 include those arising from the sale of the insurance company Winterthur to the Axa Group by Crédit

offset by restructuring expenses and various provisions (0.8% of total income). For US banks, extraordinary income and expenses came to 2.7% of total income (0.9 points higher than in 2005), largely consisting of capital gains on disposals (primarily of controlling investments and business divisions) ([22]), whereas merger and restructuring costs (0.4% of total income) were almost entirely offset by the release of provisions and sundry income of an equal amount. In 2004 net extraordinary expenses stood at USD 7.8bn, which included USD 11.6bn in provisions accrued by Citigroup and JPMorgan Chase for pending litigation and the conclusion of settlement agreements with claimants. In 2005 JPMorgan Chase accrued an additional USD 2.8bn, partly offset by insurance indemnities of USD 0.2bn in 2005 and USD 0.5bn in 2006 ([23]). The positive balance of the item *Bad debts recovered (written back)* recorded for US banks in 2005-2006 (0.8% and 0.3% of income respectively) is mainly attributable to the valuation of bank rights over mortgage loans sold to third parties following an increase in interest rates.

Japanese banks, on the other hand, recorded net extraordinary income of 10.5% of total income in 2006 (up nearly 4 points on 2005),

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Suisse (EUR 1.1bn), real-estate assets by Banco Santander (EUR 1.2bn), which also sold a 4.8% stake in Sanpaolo IMI on the market (EUR 0.7bn), equity investments in Banca Nazionale del Lavoro (14.4% under the public tender offer by BNP Paribas) and Repsol YPF (5%) by BBVA (EUR 0.6bn and EUR 0.5bn, respectively), the securities servicing operations and control of the Croatian Splitska Banka, both sold by UniCredito Italiano to Société Générale (for a total of EUR 0.8bn), and real-estate assets by Barclays (EUR 0.6bn).

[22] The main capital gains realised by US banks in 2006 were those recognised by The Bank of New York on the sale of its retail banking division to JPMorgan Chase (USD 2.2bn) and the sale by JPMorgan Chase of its corporate banking division to The Bank of New York (USD 1.1bn); by The PNC Financial Services Group as part of its transaction to dilute its controlling investment in BlackRock (which operates in investment management), following the contribution of assets by Merrill Lynch (USD 2.1bn); by National City on the disposal of First Franklin (mortgages) to third parties (USD 1bn) and by Bank of America on the sale of Brazilian assets to the local Banco Itaú (USD 0.7bn).

[23] The class action suits were primarily related to the Enron, Worldcom and Parmalat crises and consisted largely of initial public offerings, the conditions for the sale of mutual funds, the sale of securities associated with loan securitisation transactions, and corporate research. The allegations were primarily related to the preparation and publication of documents regarding the offering and sale of securities containing misleading information concerning the financial conditions of the issuers and the distribution of equally misleading reports on the companies.

primarily accounted for by capital gains on the disposal of equities and bonds classified to the available-for-sale portfolio; writeoffs, both of securities in portfolio and fixed assets and long-term investments (5.2% and 3.1% of income respectively in 2006), increased more rapidly, from 3.2% to 8.3% of income ([24]). Also in 2006, net profit for the year was also boosted by more than 2 percentage points by the change in the accounting standard governing the treatment of deferred tax assets by Resona Holdings.

In 2006, the profitability of European banks, as measured by ROE, exceeded that of US banks by nearly 2 percentage points, coming to slightly under 20%, an increase of 1.5 points on 2005, while US banks posted a slight decline in the indicator. The higher profits of European banks were also driven, as mentioned above, by the increased incidence of extraordinary income. The ROE of Japanese banks remained markedly inferior at slightly less than 10% in 2006 (cf. Table I.23 for a breakdown by bank for the last five years). 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 2006 was nearly equal to that of its European counterparts.

Bad debts written off and doubtful loans

Table I.21 provides a breakdown of bad debts written off in the last five years by bank and geographical area as a percentage of total income, loans to customers and net worth. For European banks, the

[24] Concerning the latter, Mitsubishi UFJ Financial Group recognised writeoffs of long-term costs for a total of JPY 185 bn (1.7% of aggregate income in the area), essentially due to customer relationships and commercial brands of subsidiaries operating in the consumer credit sector, following legislative amendments aimed at reducing interest rates applicable to loans. These long-term costs had been valued on the basis of the discounting of expected future cash flows when UFJ Holdings was incorporated in October 2005, partly offsetting the merger differences. Similary, Shinsei Bank wrote down intangible assets associated with its subsidiaries operating in the consumer credit sector for a total of JPY 95 bn.

indicators deteriorated in 2006, after recording their lowest values for the decade under review in 2005. In 2006 six institutions recognised net writeoffs that exceeded 10% of income (compared to four in 2005[25]), with three UK-based banks - HSBC Holdings, Lloyds TSB Group and HBOS – posting the highest figures; on the other hand, six banks (compared to eight in 2005) reported positive balances and, in this case, two German institutions, KfW and WestLB, showed the highest values, following the severe writeoffs recognised in 2002-03.

Japanese banks also saw a deterioration of these indicators in 2006: four institutions booked writeoffs that exceeded 10% of income, with Shoko Chukin Bank and Shinsei Bank posting the highest figures, significantly above average, whereas only two banks recognised net recoveries. The situation in Japan also reflected a higher degree of variation in terms of average readings during the period, as well as a more frequent alternation between positive and negative values.

US banks, on the other hand, saw an improvement in these indicators with respect to 2005, once more with figures that run counter to the prevailing trend in the other two areas. There were two institutions with bad debt writeoffs that exceeded 10% of income, Sovereign Bancorp and Capital One Financial, while only The Bank of New York reported recoveries that exceeded accruals. As in the other two areas, the indicators for the US banks also hit five-year highs in 2002.

Of the banks in the sample, only the UK-based Lloyds TSB Group recognised writeoffs that exceeded 10% of its shareholders' equity in 2006.

[25] It should also be noted that in 2005 the German banks HVB and Eurohypo, which were then merged into UniCredito Italiano and Commerzbank respectively, also reported writeoffs exceeding 10% of income.

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

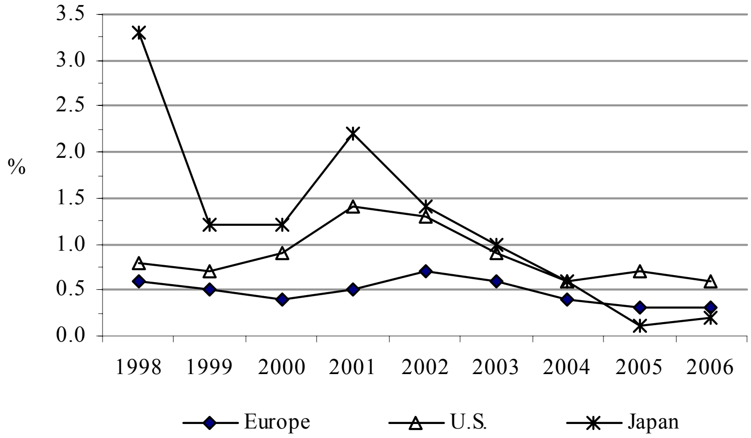
	Annual bad debt writeoffs			Doubtful loans	
	as % of total income	as % of customer loans	as % of net worth	as % of customer loans	as % of net worth
	avg. 1998-2006 levels			*as at 31/12/06*	
Europe	8.2	0.4	4.7	0.7	8.2
Japan	43.4	1.3	16.1	0.7	6.4
United States	7.8	0.9	5.5	0.1	0.4

In comparison with Europe (Table I.10), US banks posted annual writeoffs that came to a slightly smaller average percentage of total income over the period, but as a consequence of larger income figures in relative terms, as mentioned in the previous section (Fig. I.2). However, writeoffs came to a larger percentage of shareholders' equity and total loans to customers: in the case of customer loans in particular, the average was almost double that of European banks. 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 (Fig. I.4).

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

With regard to the loan book, the non-performing loan ratio (i.e. net doubtful debt as a percentage of customer loans) fell by 0.3 percentage points year-on-year in 2006 for Japanese banks, by 0.1 points for European banks, and remained at insignificant levels for US banks (Table I.22).

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



Similary, doubtful debt as a percentage of net worth fell more significantly in Japan (by 2.1 points) than in Europe (0.4 points), whereas the figure rose slightly in the United States. There remain significant differences between the 2006 year-end figures for the European and Japanese banks, on the one hand, and those of US banks on the other: while doubtful debt represented more than 8% of European banks' net worth and 6.4% of Japanese banks' net worth, the same figure for US banks was merely 0.4%; similary, doubtful debts came to 0.7% of customer loans in Europe and Japan, and almost zero in the United States ([26]). During the entire period under review, these indicators both fell by half in Europe, with the former falling from 1.4% in 1997 to 0.7% in 2006, while doubtful debts declined from 16.4% to 8.2% of net worth ([27]). In Japan, on the other hand, doubtful

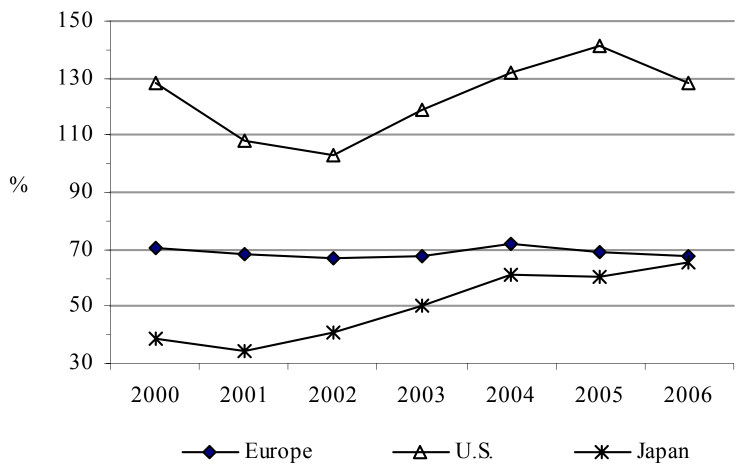
[26] US indicators have been calculated on the assumption that cases in which adjustment provisions exceed gross doubtful debt amount to zero. This is because prudential lump-sum provisions are taken to cover possible instances of insolvency, calculated on the basis of historical experience.

[27] Although the figures are meaningful and indicative of trends during the period, they do not all reflect the same degrees of representativeness. In 2006 they refer to

debts rose sharply from 1998 to 2001, climbing to 6% of customer loans and 88% of shareholders' equity. By comparison, the indicators for US banks only showed minor changes, rising slightly in 2001-2002 (Table II.4, respective areas).

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 seven years, the coverage ratio, obtained by also including general risk provisions to cover loans still classified as performing, remained above 100% in the United States (despite a significant dip in 2001-2002), averaged just under 70% in Europe and remained around 50% for Japanese banks. Japanese banks have also shown a significant improvement in their coverage ratios in recent years, bringing the average figure to slightly below that of European banks in 2006 (Fig. I.5).

FIGURE I.5 – COVERAGE RATIO ([1])



(1) Ratio of provision to gross doubtful loans.

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groups representing 97% of aggregate total customer loans, whereas the 1997 data refer to groups accounting for just 54% of the total.

In evaluating these indicators, it should be remembered that different policies are adopted in accounting for bad debt writeoffs. An idea of these differences may be gained by comparing writeoffs taken through 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 31% for Japanese banks and 44% for European banks, meaning that bad loans in the two areas had a book life of three years and approximately two years and three months respectively. As for US banks, the amount of adjustment provisions was always higher in aggregate terms than bad debt, as mentioned above ([28]).

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 ([29]). For the difficulties encountered in summer 2007 following the rise in the default rate of mortgage borrowers in the United States, the reader is referred to the section on the preliminary figures for 2007.

Financial issues

Between 1998 and 2006, aggregate total assets on the books of the 66 banks included in the survey rose from EUR 19,233bn to EUR 34,256bn, an increase of 78%, or 86% 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

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

[29] In Europe, according to figures provided by the EFS-European Securitisation Forum, total loans securitised per year increased from EUR 158bn in 2002 to EUR 481bn in 2006, for an annual average of EUR 285bn. In the United States, during the same period, according to figures provided by SIFMA-Securities Industry and Financial Markets Association, considering the banking industry alone, loans securitised rose from USD 703bn to USD 2,026bn, making for an average of USD 1,353bn per year from 2002 to 2006.

increase in local-currency terms was 119.7% for European banks (approximately 108% excluding the effects of the first-time application of IAS/IFRS mentioned above) and 91.6% for US banks, the assets of Japanese banks increased by only 3.7% during the period.

TABLE I.11 – 66 BANKS: MAIN BALANCE-SHEET ITEMS BY GEOGRAPHICAL AREA

	1998			2006		
	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	53.0	42.7	49.5	50.6
Securities	21.4	20.5	22.1	30.3	33.8	23.2
Fixed assets	2.4	1.3	3.6	2.1	1.7	6.4
of which: goodwill	*0.1*	o	*1.3*	*0.7*	*0.3*	*3.4*
Funding from customers	59.3	73.7	64.1	56.6	76.3	64.1
Deposits by banks (1)	3.7	2.1	7.1	5.9	1.1	5.3
Shareholders' equity (2)	3.8	4.1	7.4	3.6	5.0	8.7

(1) Net of loans and advances to banks.

(2) Net worth excluding minority interest.

The period opening and closing figures set forth in Table I.11 show a decrease in loans and advances to customers across all three geographical areas. Similary, all three areas posted an increase in securities, although the rise was minor in the United States. Both these changes were particularly accentuated for Japanese banks, which saw loans and advances to customers decrease by approximately 11 percentage points and securities increase by more than 13 points over the period under review.

The differing composition of loans to customers in the various geographical areas is also worthy of note: in 2006 loans to households represented 64% of the total for US banks (of which 43% related to home purchases), while they represented 39% of the total for European banks and only 26% for Japanese banks (of which 22% related to home purchases) ([30]). An assessment of the amount of loans to customers should consider that the figure was certainly influenced by both total writeoffs taken through profit and loss account, and, as mentioned in the previous section, the increasingly widespread use of securitisation.

From 1998 to 2006 funds raised from customers increased by 3 percentage points in relative terms in Japan, whereas in Europe they decreased by a similar amount. Both changes, despite the difference in direction, may be attributed entirely to deposits by non-banking customers. At US banks customer deposits also fell by 3 percentage points, while funds raised from customers remained virtually unchanged as a percentage of total assets during the period under review, as a result, in this case, of the increase in funds raised through bonds. Funds raised from customers by European banks showed a turnaround in 2006, marking an increase of more than one point as a percentage of total assets, following a decline of four points in this figure from 1997 to 2005, entirely attributable to the lesser contribution of deposits.

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

Fixed assets increased as a percentage of total assets in the United States 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 55 bn to USD 268 bn, or from 18% of net worth to 38%. In 2005, the goodwill recorded by the Japanese

[30] The figures refer to sub-groups comprising 92% and 95% of loans to customers for European and Japanese banks respectively. The US figure refers to the entire sample. No separate figure for loans for home purchases is available for European banks.

banks increased mostly due to the merger between Mitsubishi Tokyo Financial Group and UFJ Holdings, which also resulted in an increase in long-term costs, while property, plant and equipment decreased during the period as a result of writeoffs and disposals, primarily of real-estate assets. Goodwill also increased for European banks, up from EUR 14bn in 1998 to EUR 171bn in 2006, or 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 available for sale securities in 2005 in conformity with IAS/IFRS.

Similary, fixed assets as a percentage of net worth varied significantly between the three areas, as may be observed in the indicator shown in Table II.4, which in 2006 stood at 30% for Japanese banks, at 54% for European banks, and 72% for US banks (as mentioned above, the fixed assets of US banks consisted as to 38% of goodwill and 15% of other long-term costs).

Shareholders' equity, considering the opening and closing figures for the period and expressed as a percentage of total assets, was down, albeit slightly, in Europe, but up in Japan, and even more so in the Untied States. It should be noted that US banks posted figures of 2.4 times those of European banks and 1.7 times those of Japanese banks at year-end 2006. However, considering tangible net worth, which also includes intangible assets, compared to total liabilities (Table II.4, respective areas), Japanese banks posted the best figures, with liabilities that came to 19 times shareholders' equity. US banks were not far behind, at 22 times shareholders' equity, although the figure deteriorated significantly over the period (up 5.2 points). European banks continue to show significantly worse figures (32 times shareholders' equity at year-end point 2006), which, although down by one point on 2005, was up by 7.3 points on 1998 ([31]).

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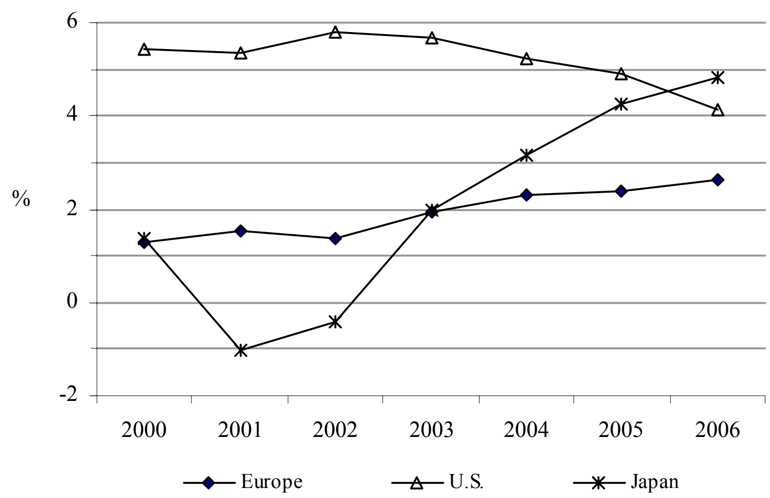
[31] Under the Basel Interbank Acords, the minimum capital adequacy required, i.e. the ratio between shareholders' equity, less certain intangible fixed assets, including goodwill, and risk-weighted assets (known as the core capital ratio), is 4%. The minimum total capital ratio, which also includes subordinated liabilities, is 8%.

FIGURE I.6 – FREE CAPITAL AS A PERCENTAGE OF FUNDING FROM CUSTOMERS



Similarly, in 2006, free capital, which is calculated as a percentage of funds raised from clients, averaged 4.8% for Japanese banks, 4.1% for US banks and 2.6% for European banks (cf. Table I.23). The significant improvement in the indicator for Japan, which rose from a negative figure in 2001-2002 to exceed those of the other two areas in 2006 (Fig. I.6), is primarily due to the decrease in the amount of doubtful debts and the rise in shareholders' equity. The improvement of European banks is the result of the decrease in equity investments (in part merely rendered apparent by the new IAS/IFRS rules, as mentioned above), and, to a lesser extent, doubtful debts and other fixed asset items, partly offset by the decline in shareholders' equity in relative terms. Conversely, the decrease in the indicator for US banks in the last three years is almost entirely attributable to the rise in goodwill, not offset by the increase in shareholders' equity.

The European banks with the highest free capital levels in 2006 included the Belgian KBC and the Spanish BBVA, two cooperative banking groups, Crédit Mutuel, Rabobank Nederland, and the Italian

Banca Intesa (currently Intesa Sanpaolo). In Japan, the highest free capital indicator was posted by Shinsei Bank, followed by Chuo Mitsui Trust Holdings and a cooperative bank, Norinchukin Bank, and then by regional bank Shizuoka Bank and Sumitomo Trust & Banking. In the United States the highest free capital indicators were posted by smaller banks, Capital One Financial, Suntrust Banks and U.S. Bancorp, whereas the three largest also showed figures that exceeded the area average.

On the basis of figures for a significant sub-group of the sample, the volume of indirect funding averaged slightly more than 80% of direct funding from customers in Europe and the United States over the past five years, while exhibiting a downward trend in both areas (Table I.12) ([32]). For the United States, it should be noted that there were two important asset disposals in 2005 and 2006, representing 5.9% and 11.3% of funding raised from customers respectively ([33]). At year-end 2006, assets under management were up nearly 9% year-on-year in Europe and 13% in the United States. In both areas the improvement is a continuation of the growth trend in assets under management that began in 2003, following the decline, which was particularly severe in Europe, recorded in 2002 ([34]). The positive result for the period was doubtless driven by the general increase in share prices on the world's main stock exchanges, whereas low interest-rate levels in both areas contributed to keeping bond prices high.

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

[33] In 2005 Citigroup sold USD 201.6bn in assets under management to Legg Mason. In 2006 The PNC Financial Services Group deconsolidated BlackRock after its equity stake in the latter fell from 69% to 34% following the contribution of assets by Merrill Lynch. Assets under management by BlackRock at the end of 2005 came to USD 414bn.

[34] The change in assets under management of European banks was also influenced by the EUR/USD exchange rate, due to the significant profile of European banks in the North American market, whereas US banks do not have a similar profile in the Eurozone. In comparing figures at the end of various years, it should be remembered that these were also influenced by the acquisition and disposal of assets undertaken with companies not covered by the survey.

TABLE I.12 – ASSETS UNDER MANAGEMENT

	2002	2003	2004	2005	2006
Europe (EUR bn) (1)	6,693	7,014	7,672	9,006	9,929
% change vs previous year (2)	*- 8.4*	*+ 4.8*	*+ 8.7*	*+ 17.4*	*+ 8.6*
as % of funds raised from customers	*82.7*	*85.3*	*84.7*	*78.6*	*76.1*
United States (USD bn) (3)	2,570	2,843	2,935	3,002	2,923
% change vs previous year (4)	*- 0.5*	*+ 10.6*	*+ 3.2*	*+ 9.8*	*+ 12.9*
as % of funds raised from customers	*92.6*	*92.7*	*85.6*	*81.8*	*68.5*

(1) Data for 30 groups representing 96% of total assets as at year-end 2006. Two of the groups have no operations in the asset management sector.

(2) Calculated on a like-for-like basis in 2004 and 2006.

(3) Data for 12 groups for which full data is available for the whole five-year period and which represent 85% of total assets for the survey as at year-end 2006.

(4) Calculated on a like-for-like basis in 2005 and 2006.

Another aspect to be considered is the valuation of the securities portfolio, an item which in aggregate terms represents slightly less than 30% of total assets. According to international accounting standards, securities must be measured at their fair value, with the exception of securities which pursuant to an independent decision by directors, are to be held until maturity, which may be recognized at cost ([35]). Assignment

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

to this latter category involves overstating the relevant asset on the balance sheet and charging lower writeoffs of securities through profit and loss account during bear stock markets. This aspect took on particular importance for European banks in 2004, when securities valued at cost represented 28% of the total, a considerably higher figure than those of Japanese and US banks, of 11% and 1% respectively. The adoption of IAS/IFRS brought the figures for European banks back into line with those of the other two areas: Japanese banks posted the highest percentage of securities valued at cost at year-end 2006, 12.7% of the total (Table I.13) ([36]).

TABLE I.13 – 66 BANKS: SECURITIES PORTFOLIO COMPOSITION IN 2006

	Europe		Japan		United States	
	EUR bn	%	JPY bn	%	USD bn	%
Held for trading	3,877	53.2	21,036	9.3	889	48.7
Designated at fair value	882	12.1	-	-	-	-
Available for sale	2,305	31.7	191,030	84.2	933	51.2
of which: stated at cost	-	-	*14,174*	*6.2*	-	-
Held to maturity	220	3.0	14,651	6.5	2	0.1
Total	**7,284**	**100.0**	**226,717**	**100.0**	**1,824**	**100.0**
of which: stated at cost	*220*	*3.0*	*28,825*	*12.7*	*2*	*0.1*

Also with regard to the 2006 figures, it should be noted that a higher percentage of held-for-trading or "designated" at fair value securities by European banks (65%) than by US banks (49%) and Japanese banks (9%), leading to increased volatility in net profit for the year for the former, due to the immediate impact on profit and loss account of changes in the market value of securities. It should also be noted that as much as 66% of the "available-for-sale" portfolio of US banks consisted of securities arising from securitisations ([37]).

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

[37] The only figure available for European banks concerned five banks based in the United Kingdom, for which securities arising from securitisations represented 11% of the total securities portfolio. No figures were available for Japanese banks.

Rights issues worth a total of EUR 198bn were implemented in Europe between 1997 and 2006. 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 157bn, 44% of the overall total. Over the same period, a total of EUR 289bn was paid out in dividends, while net share buybacks amounted to EUR 76bn (Table I.24). Dividends paid out came to 2.4 times the proceeds from rights issues minus the outlay incurred in connection with share buybacks, which translated to a net outflow of EUR 167bn. Over the same period, net profits for the year totalled EUR 755bn. In other words, retained earnings were the principal means by which European banks kept levels of shareholders' equity aligned with the strong growth in total assets.

For the US banks, net share buybacks outpaced rights issue from 1998 to 2006 in each of the years concerned, leading to net outflows of approximately USD 114bn, which, along with dividends paid out during the period, meant a total of USD 366bn, more than aggregate shareholders' equity at the beginning of the period, was returned to investors ([38]). Over the same period, net profits came to USD 628bn, representing far and way the largest source of growth of shareholders' equity. The opposite was true in Japan, however, where the banks in this survey tapped investors for an amount in excess of JPY 13,382bn, against dividend payouts amounting to approx. JPY 2,785bn, just 21% of sums collected. However, in 2004-2006 share buybacks exceeded the amount offered to the market through rights issues, marking a turnaround compared to previous years ([39]).

In terms of dividend policy, the payout ratio in 2006 (i.e. dividends as a percentage of net profit) stood at slightly over 42% for European and US banks and at 17% for Japanese banks (Table II.4, respective regions).

[38] Similary, in 1997-2006 industrial multinationals based in North America returned USD 1,362bn to investors (both in the form of dividends and share buybacks) and issued a mere USD 269bn in shares.

[39] These purchases largely took the form of the return of public funding, undertaken through the repurchase of preferred stock owned by government agencies.

In 2005-2006 the European indicator fell with respect to the four previous years due to the growth in net profits, whereas the ratio for US banks was slightly above the average for the entire period under review. The indicator for Japanese banks was largely irrelevant due to the variability of profits.

Dividends paid by European and US banks in 2006 also exceeded those paid by Japanese banks when measured as a percentage of total income, at 11.8% and 11%, respectively, compared to 4.6% for Japanese banks. In absolute terms, aggregate dividends declared for 2006 increased by 10% compared to the previous year, with increases of 19% recorded by European banks, 30% by Japanese banks and 9% by US banks.

The total capital ratio, i.e. available capital as a percentage of risk-weighted assets, was higher on average in Japan and the United States in 2006, standing at over 12%, above the figure of 11.8% recorded by Europe (Table I.25). The total capital ratio for US banks fell by one percentage point in 2003-2006, while remaining substantially stable for European banks. The ratio for Japanese banks gradually improved, becoming the highest of the three areas covered by the survey by 2006.

In Europe, the banks with the highest ratios at year-end 2006 included two Swiss institutions, Crédit Suisse and UBS, the German Dresdner Bank, and the British HSBC Holdings ([40]). Smaller banks occupied the top rankings in both Japan and the United States. However, the two largest Japanese banks posted higher-than-average values, whereas of the three largest US banks, only JPMorgan Chase & Co. showed a ratio that slightly exceeded the area average ([41]).

In the first six months of 2007, capital ratios, on the basis of partial data for Europe and Japan, fell on average with respect to year-end 2006 across all three areas covered due to the increase in risk positions.

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[40] At year-end 2007, whereas HSBC Holdings had slightly improved its ratio to 13.6%, the ratios of the Crédit Suisse Group and UBS fell to 14.7% and 12% respectively.

[41] The main US banks that showed a decrease in their ratios at year-end 2007 included Wells Fargo, Citigroup (10.7%), and the Bank of America (11%).

Table I.26 shows the activity of banks in all three areas covered in derivatives for 2004, 2005 and 2006 ([42]). The data, when available, refers to both trading and hedging derivatives, with the exception of Japan, which does not provide information on the latter ([43]). Firstly, it may be remarked that the nominal value of contracts increased significantly in all three areas from the first to the last years of the survey: by 68% in Europe, 48% in the United States, and 44% in Japan. Derivatives are coming to account for an increasing multiple of total assets, up from 13.8x to 16.7x for US banks, from 9.6x to 11.8x for European banks, and, to a more moderate extent, from 3.8x to 5.1x for Japanese banks. The main type of risk involved for all three areas is by far that of changes in interest rates, with a share of the total which in 2006 ranged from 81% for European banks to 90% for Japanese banks. Exchange rate risk hedging declined in importance in Europe from

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

[43] It has not been possible to provide a split between trading and hedging 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 value stated on the financial statements, trading derivatives represent more than 90% of the total for both European and US banks.

2004 to 2006, whereas the value of other types of hedging contracts increased in all areas, primarily credit risk, and, to a lesser extent, the risk associated with equities.

The net fair value of contracts at the end of 2006 was negative for all three areas: the Japanese and US banks fell from a positive balance (potential profits) in 2004 to a negative balance (potential losses) in 2006, whereas the negative position of European banks deteriorated. When assessed in relative terms, the negative balance of European banks appears large than those of the other two areas, as it represented 9% of net worth at the end of 2006, compared to a figure of 2% in the United States, and a figure of less than 1% for Japanese banks.

Between 2004 and 2006 credit risk rose by 26% in Japan and by 3% in Europe, but fell by 8% in the United States. The ratio of credit risk to net worth was higher for European banks than the other two areas in all three years under review, although it declined to 87% at the end of 2006. US and Japanese banks showed more favourable ratios of 22% and 32% respectively in the last year under review ([44]).

Table I.14 lists the banks that are most present in the derivatives segment, chosen on the basis of the notional value of contracts outstanding at the end of 2006. 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 percent changes compared to the previous year are recorded by European banks, with the Royal Bank of Scotland, UBS and Deutsche Bank. Only Bank of America and the Crédit Suisse Group posted a positive net fair value for their outstanding contracts, while the most significant negative fair values were recorded by BNP Paribas, Citigroup and Deutsche Bank.

[44] The figures provided above are strongly representative of this phenomenon, constituting an amount 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 31/12/2006

Company	Notional amounts at 31/12/06		Fair value (balance)	Credit risk
	EUR bn	*% change from 2005* (1)	EUR m	EUR m
JPMorgan Chase & Co. (US)	44,538	*+ 34.6*	- 1,418	37,213
Deutsche Bank (DE)	39,814	*+ 36.0*	- 17,114	75,515
Barclays (GB)	31,247	*+ 17.3*	- 3,491	...
Royal Bank of Scotland (GB)	29,455	*+ 61.5*	-2,131	...
BNP Paribas (FR)	24,683	*+ 17.5*	- 21,276	41,270
UBS (CH)	24,197	*+ 38.8*	- 2,544	67,599
Citigroup (US)	22,274	*+ 27.1*	- 18,281	41,763
Bank of America (US)	20,637	*+ 22.4*	+ 5,391	17,797
Credit Suisse Group (CH)	18,151	*+ 25.7*	+ 477	37,570

(1) Calculated in local currency.

The major Chinese banks

For the first time, Table II contains the aggregated profit and loss account and balance sheet figures for the top ten Chinese banks, selected on the basis of total assets on the books. These banks represent approximately 65% of the Chinese banking industry. The years considered were 2004, 2005, and 2006, for which a full series of annual financial statements was available. The banks included are set forth in Table III.1.

Firstly, it should be recalled that in recent years the Chinese government has allowed domestic and foreign investors access to the capital of local banks. This took place, first through agreements for the direct sale of minority stakes to foreign investors, generally subject to multi-year lock-up restrictions, and more recently through the offering of shares for listing on the Shanghai and Hong Kong stock exchanges ([45]). The Chinese government continues to control nine out of ten of the banks surveyed, the sole exception being China Minsheng Banking. Similary, with the exception of Agricultural Bank of China, the banks covered by the survey are all listed on one or both of the aforementioned stock exchanges. Table I.15 lists the IPOs (initial public offerings) and secondary offerings undertaken by Chinese banks from 2005, the year in which the listing process was initiated.

TABLE I.15 – IPOS AND PUBLIC OFFERS FOR CHINESE BANKS

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

(1) Shanghai Pudong Development Bank and China Minsheng Banking have been listed on the Shanghai stock market since 1999 and 2000 respectively.

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

45 The European and US banks with the largest equity investments in Chinese banks at year-end 2006 included HSBC with 19.9% of the Bank of Communications and 16% of Industrial Bank (reduced to 18.6% and 12.8%, respectively, during the first few months of 2007), the Bank of America with 8.5% of China Construction Bank, the Royal Bank of Scotland with 8.2% of Bank of China, and BBVA with 7% of China Citic Bank.

compliant with international standards ([46]). In particular, the accounting standards for financial institutions established in 2001 imposed stricter rules on the valuation of doubtful debts and the accounting treatment of future liabilities than the rules in force since 1993 ([47]).

With the aim of listing the banks on the stock exchange, in the late 1990s the Chinese government also began to launch initiatives to improve asset quality and strengthen shareholders' equity in major Chinese banks, including in particular the formation of public companies to manage financial assets, to which major banks transferred significant amounts of doubtful debts. The main transaction undertaken in the years covered by the survey was that by Industrial and Commercial Bank of China, which in 2005 transferred CNY 705bn in net doubtful loans to customers, with a corresponding entry of loans to the government and interest-bearing five-year bonds issued by the Chinese central bank. In terms of the contribution of public funds, in 2003 the Bank of China and the China Construction Bank received CNY 186.4bn and CNY 186.2bn, respectively, for a rights issue, and, during the years covered by the survey, the Industrial and Commercial Bank of China received CNY 124.1bn in 2005.

A review of the profit and loss accounts for 2004-2006 shows that net interest income represented a large portion of total income, nearly twice the aggregate figure for the banks forming the international sample, and, as a consequence, a limited contribution from fees and commissions, which rose over the period. Chinese banks also had low productivity indices, measured in terms of income per employee, which came to EUR 48,500 in 2006, or approximately one-fifth of the figure

[46] Of the ten banks forming the sample, nine prepared their 2006 financial statements according to IAS/IFRS (as opposed to three in 2005 and two in 2004), whereas Agricultural Bank of China continued to use local accounting standards in its 1993 financial statements. In 2004 and 2005 six banks prepared their financial statements according to the 2001 version of national accounting standards.

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

posted by European and US banks (Table I.6), and was larger for the smaller banks in the sample ([48]).

Current pre-tax profit exceeded the Triad average by more than three percentage points in both 2005 and 2006. In the last year of the survey current pre-tax profit came to 38.8% of total income, a result exceeded only by the Japanese banks. The high profitability of Chinese banks is primarily due to strong income growth, up 44% in 2005 and 2006. By comparison, Europe, the most dynamic area for international banks, was up 24% during the same period (Table I.9). Low operating costs also made a significant contribution, with a cost-income ratio down by four percentage points in 2005-2006, and nearly 11 percentage points below the international average in 2006. The gap was particularly evident in the labour costs component, which represented an average of 17% of income in the three years surveyed, compared to 31% for US banks and 35% for European banks. The labour costs of Chinese banks per employee was up sharply over the period (up 65% in 2004-2006), whereas the average workforce was down slightly in 2006 ([49]).

The positive impact of low operating costs on current profit was, however, largely offset by the heavier weight of bad debt writeoffs, which in 2006 were nearly twice the international average if considered as a percentage of total income, and also considerably higher than in the other three geographical areas when compared to loans to customers and net worth (Tab. I.21).

In 2006 aggregate net profit stood at CNY 178bn, up by 34% over the previous year in absolute terms, and 1.5 percentage points in terms of total income. Profit in 2006 was negatively affected by the increase in extraordinary expenses, primarily writeoffs and capital losses on disposals involving fixed assets, while benefiting from a decrease in the tax rate from 35.3% to 31.5%, a level that is substantially in line with that of Japanese and US banks.

[48] Even excluding the very low productivity index of the Agricultural Bank of China, China's third-largest bank, which came to a mere EUR 24,100 in 2006, the average figure for the other banks would come to EUR 60,100.

[49] According to data collected by the International Monetary Fund, consumer prices rose by 3.3% in mainland China over the same period.

ROE (return on equity) stood at 13.3% in 2006, down by 1.5 percentage points on 2005, primarily due to the considerable increase in shareholders' equity due to the rights issues set forth in Table I.15. The figure for the Chinese banks remains markedly lower than that of European and US banks but higher than that of Japanese banks. The payout ratio climbed to 42% in 2006, in line with international levels.

Over the three years of the survey, the financial position showed an increase in securities over the other of seven percentage points, matched by a nearly equal decline in loans to non-banking customers, ([50]) while in terms of liabilities funds raised from customers consisted almost exclusively of deposits. Excluding the compulsory reserve held with the central bank ([51]) included under "loans and advances to banks" and representing 7.7% of total assets in 2006, interbank accounts showed a small negative balance, although markedly below those of other areas when compared to total assets.

The securities portfolio, which represented 31% of total assets in 2006, a percentage that is substantially equal to the Triad bank average, was largely measured at amortised cost, as opposed to the portfolios of Triad banks, which are largely measured at their fair value (Table I.13). The portion of the securities of Chinese banks measured at cost stood at 88.6% of the total in 2004, 82.1% in 2005, and 72.3% in 2006.

Turning to asset quality, doubtful debts stood at an average of 5.1% of loans to customers at year-end 2006 and 49.3% of net worth, whereas the coverage ratio of gross doubtful debts stood at 33.3% (Table I.22) ([52]). These figures also take account of the Agricultural

[50] At year-end 2006 loans to households represented 17% of the total, of which 11.6% consisted of home mortgage loans.

[51] At year-end 2006, the sums to be earmarked for the compulsory reserve at the central bank came to 9% of customer deposits denominated in the local currency and 4% of those denominated in foreign currencies.

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

Bank of China, which is fully controlled by the government and, as opposed to other state-owned banks, has not yet benefited from the "cleaning" of non-performing loans described above ([53]). These figures, while improving over the three years surveyed, are markedly higher than the averages for international banks. However, excluding the Agricultural Bank of China, the average percent of doubtful loans for the other banks in the sample is better than that of the European and Japanese banks, and worse only than that of the US banks.

Shareholders' equity climbed from 3.6% of total assets in 2004 to 5.2% in 2006, a marked improvement over European banks (3.6%) and half a percentage point higher than the average for international banks. The main sources of the increase in shareholders' equity were certainly funds provided by third parties, which came to CNY 652bn in 2004-2006, by means of the rights issues described above ([54]), a figure that is more than twice retained earnings, which came to CNY 256bn over the same period. The average solvency ratio, which does not take account of the figure for the Agricultural Bank of China which was not available, and which was severely affected by non-performing loans, as mentioned above, rose from 8.9% in 2004 to 10.8% in 2006, a figure which remains below the average for other international banks.

2007: half-year results

Tables I.27 to I.30 contain the profit and loss and financial position figures for the first six months of 2007, both in aggregate terms and broken down by geographical area. The figures refer to 57

[53] Excluding the Agricultural Bank of China, at year-end 2006 net doubtful loans came to 0.5% of customer loans and 4.4% of net worth, whereas the coverage ratio climbed to 86.4% of gross doubtful loans.

[54] Of this total, CNY 440m was contributed by new local and foreign shareholders and international investors and CNY 212m by the Chinese government and other public entities.

Groups that published complete half-yearly data ([55]). In terms of total assets, these represent 94% 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 refers to the period from 1 April to 30 September.

TABLE I.16 – INTERIM RESULTS BY GEOGRAPHICAL REGION (1)

	Current pre-tax profit			Net profit		
	1H 2006	1H 2007	Change	1H 2006	1H 2007	Change
	EUR bn		%	*EUR bn*		%
Europe	89.7	95.5	*+ 6.4*	68.3	83.7	*+ 22.4*
Japan	12.8	11.1	*- 13.7*	9.9	6.5	*- 33.9*
United States	56.0	58.8	*+ 5.1*	37.6	39.7	*+ 5.6*
Total 57 banks	**158.5**	**165.4**	***+ 4.3***	**115.8**	**129.9**	***+ 12.1***

(1) Balances recorded in currencies other than the euro have been translated into euros at exchange rates ruling on 30 June 2007.

Aggregate net profit stood at EUR 129.9bn, compared with EUR 115.8bn in H1 2006, an increase of 12%. The improvement was mainly attributable to the European banks, which posted a 22% rise for the period, compared to the 6% increase posted by the US banks and a decline of 34% in the profits of the Japanese banks. In the second six months of the year, following the occurrence of significant losses on certain exposures, primarily those associated with mortgages issued to subprime clients, the scenario changed dramatically. Further details are provided in the following section.

55 In the first six months of 2007 the number of banks in the sample fell by one following the merger of Sanpaolo IMI into Banca Intesa (currently Intesa Sanpaolo) (cf. Table III.2).

Aggregate current pre-tax profit was up 4% in the first half of 2007 compared to the same period of 2006, following a 9% increase in income, offset by a rise in general expenses of nearly the same amount and a 47% increase in bad debt writeoffs. Consequently, bad debt writeoffs increased by 1.8 percentage points as a percentage of total income, climbing from 5.3% to 7.1%, while the cost/income ratio remained substantially unchanged at 57%.

The more rapid growth of net profit with respect to current profit was primarily due to the increase in extraordinary income, which rose from 2.3% to 4.1% of income, and, to a lesser extent, the decrease in the aggregate tax rate from 27.7% to 26%. The increase in extraordinary items was entirely attributable to the European banks and was primarily due to the recognition of greater capital gains, largely pertaining to financial investments ([56]). Similary, the decrease in the tax rate largely involved European banks, for which it reached 22%, a drop of approximately 4 percentage points on the first half of 2006, and, to a lesser extent, the US banks (down 0.5 points), while the average tax rate for the Japanese banks rose from 22% to 34%.

The increase in aggregate income was due both to the rise in net fees and commissions and primarily to trading profits (including *Other operating income*), which were up by 27% on the first half of 2006, whereas net interest income, although up in absolute terms, fell by approximately 2 percentage points in relative terms. The European and US banks proved to be the most dynamic, posting income growth of over 9%, with fees and commissions rising more rapidly in Europe,

[56] The primary capital gains recognised by the European banks in the first half of 2007 include that booked by Intesa Sanpaolo on the disposal of assets to Crédit Agricole (including control of Cassa di Risparmio di Parma e Piacenza and Banca Popolare FriulAdria) (EUR 2,867m), that booked by Crédit Agricole due to the "dilution effect" arising from the merger between Banca Intesa and Sanpaolo IMI and the subsequent disposal of an equity stake (a total of EUR 1,535m), those booked by HSBC Holdings on minority investments in the Chinese Industrial Bank, Ping An Insurance and Bank of Communications following rights issues subscribed for by third parties (EUR 797m), the disposals of 20.7% of Julius Baer by UBS (EUR 1,178m), 5% of Iberdrola by BBVA (EUR 847m), shares in ABN AMRO Holding by ING Groep (EUR 573m), and 1.8% of Intesa Sanpaolo by Banco Santander (EUR 566m).

while the increase was limited to 5.4% for the Japanese banks, approximately two-thirds of which was due to trading income.

In the first half of 2007 the cost/income ratio, which, as mentioned above, remained substantially unchanged at the aggregate level compared to the first half of 2006, fell by 0.8 points for the US banks, following a rise in operating costs that did not keep pace with income growth, while the ratio rose by 1.5 points for the Japanese banks, and, albeit to a limited extent (0.2 points), for the European banks. For the European banks, as opposed to the US banks, labour costs rose more rapidly than income ([57]).

Bad debt writeoffs through profit and loss account increased in absolute terms across all three geographical areas on the first half of 2006. The increase was more marked in Japan (up 140%) and the United States (up 66%) than in Europe (up 27%) due to the deterioration of the financial situation of customers, especially loans to families ([58]). As a percentage of total income, bad debt writeoffs in the first half of 2007 were highest for the Japanese banks (10.9%), followed by the US banks (7.4%) and the European banks (6.5%). These figures are near the average for the 1998-2006 period for US banks, while they remain markedly below the respective averages for the other two areas (cf. Table I.10).

The bad debt writeoffs recognised by the European banks in the first half of 2007 vary by country (Table I.17): the largest increases were recorded by the French banks, followed by the Spanish banks, while UK, German, Benelux, and particularly Italian banks posted increases below the average. The Swiss and Scandinavian banks posted insignificant figures. In terms of bad debt writeoffs as a percentage of total income,

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[57] On the basis of partial data for 22 banks, the average workforce in Europe in the first half of 2007 was up by 3.5% versus the first half of 2006, whereas per-capita labour costs increased by 6.2%. The increase in labour costs for the US banks, which was also calculated on the basis of partial data for 13 groups, was primarily due to the increase in per-capita labour costs (up 6.8%), whereas the average workforce only rose by 0.5% from the first half of 2006.

[58] It should be noted that the Japanese banks close their half-yearly accounts on 30 September, as opposed to the European and US banks, which generally close their half-yearly accounts on 30 June. As a result, the Japanese banks experienced the first effects of the financial difficulties of sub-prime clients in the United States, which began to occur in summer 2007.

the highest values in 2007 were recorded by UK banks, followed by Spanish and Italian banks, whereas French, Benelux and German banks reported figures markedly below the average ([59]).

TABLE I.17 – FIRST-HALF BAD LOAN WRITEOFFS BY GEOGRAPHICAL AREA (1)

	Bad debt writeoffs booked during first six months of financial year					
	1H 2006	1H 2007	Change	1H 2006 *a*	1H 2007 *b*	Change *b -a*
	EUR bn		*%*	*as % of total income*		
United Kingdom	- 8,113	- 10,056	*23.9*	- 11.2	- 12.6	*- 1.4*
Spain	- 1,750	- 2,376	*35.8*	- 9.5	- 11.0	*- 1.5*
Italy	- 1,541	- 1,604	*4.1*	- 7.1	- 7.1	-
France	- 846	- 1,330	*57.2*	- 2.5	- 3.6	*- 1.1*
Benelux	-1,122	- 1,281	*14.2*	- 2.9	- 3.2	*- 0.3*
Germany	- 635	- 756	*19.1*	- 2.4	- 2.6	*- 0.2*
Switzerland	104	- 11	*n.c.*	0.4	o	*- 0.4*
Scandinavia	184	40	*n.c.*	2.9	0.6	*- 2.3*
Europe	**- 13,719**	**- 17,374**	***26.6***	**- 5.6**	**- 6.5**	***- 0.9***
Japan	**- 1,460**	**- 3,495**	***139.5***	**- 4.8**	**- 10.9**	***- 6.1***
United States	**- 7,098**	**- 11,756**	***65.6***	**- 4.9**	**- 7.4**	***- 2.5***
Total 57 banks	**- 22,277**	**- 32,625**	***46.5***	**- 5.3**	**- 7.1**	***- 1.8***

(1) Net of bad debts recovered.

Turning to the financial position at the end of the first half of 2007, in aggregate terms there was an increase of approximately 6% in funding raised from customers, accompanied by a lesser rise in loans to customers (up 5.4%). However, both items grew much more slowly than total assets. The securities portfolio expanded more rapidly than the

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[59] The banks that showed significant variations with respect to their home country averages in the first half of 2007 included ABN Amro, whose bad debt writeoffs came to 8.2% of income and represented more than two-thirds of the total writeoffs in the Benelux area, EUR 729m of which pertained to the consumer loan portfolio; in the United Kingdom, HSBC, which posted writeoffs of EUR 4.7bn, or 17.2% of income, 60% of which referred to positions (primarily consumer credit) in North America, HBOS and Lloyds TSB Group, which posted writeoffs that represented 15.4% and 15% of income respectively.

average (up 11.7%). Net interbank funding remained positive at the end of the half-year. Shareholders' equity fell by 0.3 points as a percentage of total assets. The item also grew significantly more slowly than total assets.

Breaking the figures down by geographical area, Europe was the most dynamic, posting asset growth of 12% versus end-2006, compared with an increase of 8% in the United States and only 2% in Japan. Across all three areas, this growth was primarily achieved on an organic basis, and, to a lesser extent, through the acquisition of smaller companies operating in the general financial service industry ([60]).

For the European banks, an increase of approximately 7% in funding raised from customers was accompanied by a rise in loans to customers of nearly the same amount. Both items failed to keep pace with asset growth and therefore fell in relative terms. It is important to note that the growth rate of the customer portfolio was higher for Europe than the other two areas. Net interbank funding was up slightly over the period. Among assets, the securities portfolio and intangible fixed assets both increased their relative weight, the latter primarily due to the recognition by Intesa Sanpaolo of a difference arising on merger of EUR 20.3bn following its merger with Sanpaolo IMI. In the United States an increase in funding raised from customers, which grew slower than total assets in this instance too, primarily in the bond component, was accompanied by a very moderate increase in customer loans. As for the European banks, the relative weight of the securities portfolio increased, whereas, unlike for the European banks, the weight of net interbank funding decreased. For the Japanese banks, funding raised from customers remained substantially stable, whereas customer loans grew moderately, in line with asset growth. Net interbank funding was higher.

The quality of customer loans (Table I.18) improved for both the European and Japanese banks (albeit on the basis of partial, yet significant figures), while deteriorating for the US banks, which, however, maintained a coverate ratio of doubtful positions of more than

[60] In Europe, these include the acquisitions and mergers of Berliner Bank by Deutsche Bank and of Finland-based Sampo Bank by Danske Bank.

one. Shareholders' equity decreased in relative terms across all three areas, but most markedly in the United States, where the decline came to 0.6 percentage points. In absolute terms, the greatest increase was recorded by the European banks, while, as mentioned above, failing to keep pace with asset growth.

TABLE I.18 – NET DOUBTFUL LOANS BY GEOGRAPHICAL AREA (1)

	Net doubtful loans				Coverage ratio	
	Year-end 2006	1H 2007	Year-end 2006	1H 2007	Year-end 2006	1H 2007
	as % of loans to customers		*as % of net worth*		*%*	
Europe (2)	0.74	0.67	7.71	6.94	69.3	70.3
Japan (3)	0.67	0.61	6.36	5.82	68.1	71.0
United States	0.09	0.14	0.52	0.82	124.6	111.9

(1) As at 31 December 2006 and 30 June 2007 for the European banks and the United States, and as at 31 March and 30 September 2007 for the Japanese banks. Period-end data has been restated on a like-for-like basis. For methodological notes, see Table I.19.
(2) Data for 21 banks which represent 77% of the sample for the area as at end-2006.
(3) Data for 11 banks which represent 81% of the sample for the area as at 31 March 2007.

Preliminary results for 2007

In summer 2007 the financial markets began to show an increase in the volatility of the prices of equities and bonds due to increasing difficulties in liquidating securities arising from the securitisation of mortgage loans. These difficulties arose from the increase in the default rate for mortgage borrowers in the United States, primarily those with the lowest creditworthiness (known as sub-prime clients) following the rise in interest rates and the cessation of the growth of the value of residential real estate ([61]). This type of loan is characterised by a high

[61] Difficulties in making payments were also exacerbated by the practice of issuing mortgage loans not backed by adequate guarantees, high loan-to-value ratios, and

rate of securitisation by the banking industry, particularly in the United States, resulting in the transfer of loans to unconsolidated special-purpose vehicles that are financed through the bond market using the mortgages they acquire as guarantees ([62]). By undertaking such transactions, the banks decreased the risk associated with their own loan portfolios, but transferred part of this risk to their securities portfolios, a significant portion of which, as mentioned above, consists of the securities issued by the special-purpose vehicles. These securities were promoted by the banks themselves or other operators, but their chief purpose was to remove the risk from the balance sheet, thereby improving capital ratios, while maintaining the commitment to intervene if the special-purpose vehicles should encounter difficulty in securing funds on the market ([63]).

Tables I.31 and I.32 contain the profit and loss accounts and balance sheets of the major European and US banks for 2007, drawn from financial statements available at the reporting date. The figures refer to banks that represented 84% of total assets at the end of 2006, for both European and US samples.

The US banks posted the largest decrease in current profits in 2007 compared to 2006, marking a decline of 39% in absolute terms and from 37% to 23% as a percentage of total income. It should be noted that the profit for the entire year was slightly higher than that recorded in the first half of the year. The profits earned in the second half of the year come to a mere USD 6.2bn (Table I.19). The deterioration of profits in 2007 is essentially attributable to two profit and loss items: trading, which fell from net income to a net loss, marking a decrease of more than 11 percentage points as a percent of

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technical forms of payment involving very moderate starter rates, and consequently small initial payments, subject to transformation to floating rates in subsequent years.

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

[63] In transferring loans for securitisation, banks generally assume a commitment to finance the special-purpose vehicle in the event of disturbances to financial markets.

total income, and greater bad debt writeoffs, which rose by 137% in absolute terms and more than 8 points as a percentage of total income.

TABLE I.19 – PRELIMINARY RESULTS FOR FY 2007 (1)

	Europe			United States		
	1H 07	2H 07	Total	1H 07	2H 07	Total
		EUR bn			*USD bn*	
Current pre-tax profit	88.9	30.7	119.6	67.7	6.2	73.9
Net profit	77.9	42.1	120.0	45.3	6.6	51.9
		as % of total income			*as % of total income*	
Current pre-tax profit	*35.7*	*16.1*	*27.2*	*37.3*	*4.4*	*22.8*
Net profit	*31.3*	*22.1*	*27.3*	*24.9*	*4.6*	*16.0*

(1) 1H results have been restated on a like-for-like basis.

On the whole, income was down by 1% on 2006. However, excluding trading, there was a year-on-year increase of approximately 11%. The cost/income ratio also deteriorated, rising from 57.2% to 62.9%. However, it should be noted that operating costs rose more slowly than income, if, as mentioned above, trading is excluded. Profits also fell by 39% on 2006, driven, on the one hand, by the negative impact of extraordinary items, which fell from a net income in 2006 to a net loss in 2007 due to lesser capital gains on disposals and greater writeoffs to assets, while on the other hand benefiting from lower taxes due to decreased profitability.

European banks posted a 20% decrease in current profit in absolute terms in 2007, or a decrease from 34% to 27% as a percentage of total income. The deterioration in profit was in this case also primarily attributable to trading, which fell by 43% in absolute terms and by 6.6 points as a percentage of income. As opposed to US banks, European banks posted net trading income. European banks also posted a smaller increase in bad debt writeoffs, which rose by 31%, or from 7.2% to 9.6% of income.

On the whole, total income was down by 2% on 2006. Excluding trading, income was up by 6%. The cost/income ratio increased by nearly 4 percentage points in 2007, climbing to 63.2% of income, a figure in line with that of the US banks. In this case as well, costs increased more slowly than income on the average, when considered net of trading. Profits were down by approximately 3%, benefiting from both the increase in extraordinary items, primarily due to the increased capital gains on asset disposals, and the decrease in income taxes.

At the end of 2007, shareholders' equity, as a percentage of total assets, remained unchanged at 3.4% for the European banks, whereas it was down by nearly one percentage point, from 8.3% to 7.5%, for the US banks. As a percentage of total assets, the shareholders' equity of US banks remained more than twice that of their European counterparts. The total solvency ratio for the European banks fell, on a like-for-like basis, from 11.7% at the end of 2006 to 11% at the end of 2007, following on the increase in risk positions, whereas the solvency ratio of the US banks remained substantially unchanged at 12%, aided by rights issues of USD 4.3bn undertaken by Wachovia and Countrywide Financial (the latter, for USD 2bn, was subscribed for by the Bank of America).

In the fourth quarter of 2007 and the first quarter of 2008, some banks in the European and US sample stated net losses due to writeoffs and losses pertaining to direct and indirect exposure to sub-prime clients. These banks are listed in Table I.20.

The largest losses in this connection include those of Citigroup, which recognised a loss of USD 18.1bn in Q4 2007 and a further USD 6bn in Q1 2008 due to direct exposures to sub-prime loans, in addition to further writeoffs of USD 4.1bn and USD 3.1bn respectively, relating to the consumer credit portfolio; those of UBS, which recognised a total of USD 13.7bn in losses and write-offs in Q4 2007 and a further USD 19bn in Q1 2008 in relation to the exposure to the US real estate market and associated structured loans; and those of Crédit Suisse, which recognised CHF 5.3bn in writeoffs in Q1 2008 on positions relating to leveraged finance and structured products. Société Générale lost EUR 4.9bn in Q4 2007 due to fraudulent transactions undertaken by its staff on financial markets, in addition to EUR 2.6bn in relation to the US mortgage market.

The first few months of 2008 witnessed the acquisition of several banks undergoing financial difficulties: the government of the United Kingdom decided to acquire complete control of Northern Rock on a temporary basis, after the Bank of England had granted credit facilities for GBP 26.9bn, expiring on 30 April 2008, in September 2007; in the United States, JPMorgan Chase announced the acquisition of investment bank The Bear Stearns Companies Inc., with the Federal Reserve agreeing to finance the less liquid assets of the acquired bank up to USD 30bn. Also in the United States, the Bank of America reached agreements to acquire control of Countrywide Financial.

TABLE I.20 – LOSSES POSTED BY SOME BANKS COVERED IN THE SURVEY

		Net results for the period	
		4Q '07	1Q '08
Citigroup	USD m	- 9,833	- 5,111
Washington Mutual	» »	- 1,867	- 1,138
Countrywide Financial	» »	- 422	- 893
Wachovia	» »	51	- 350
Société Générale	EUR m	- 3,351	1,096
Crédit Agricole	» »	- 857	892
Deutsche Bank	» »	953	- 131
UBS	CHF m	- 12,451	- 11,535
Crédit Suisse	» »	540	- 2,148

TABLE I.21 – BAD DEBTS WRITTEN OFF

EUROPE

BANKS	COUNTRY	BAD DEBTS WRITTEN OFF (1) 2002	2003	2004	2005	2006	2002	2003	2004	2005	2006	2002	2003	2004	2005	2006
		as % of total income					as % of loans to customers					as % of net worth				
HSBC HOLDINGS	GB	-4.9	-14.8	-12.5	-13.8	-16.4	-0.4	-1.2	-0.9	-1.0	-1.1	-2.1	-6.8	-6.1	-7.8	-9.1
LLOYDS TSB GROUP	GB	-12.0	-9.9	-9.4	-12.9	-14.9	-0.8	-0.7	-0.6	-0.7	-0.8	-10.3	-8.1	-7.3	-12.2	-13.5
HBOS	GB	-11.6	-12.0	-12.5	-14.2	-14.4	-0.4	-0.4	-0.4	-0.5	-0.5	-5.0	-5.5	-5.6	-8.7	-8.2
COMMERZBANK	DE	-22.4	-18.4	-14.2	-9.1	-11.1	-0.8	-0.7	-0.5	-0.4	-0.3	-13.1	-10.5	-7.6	-4.1	-5.7
BANCO SANTANDER	ES	-11.7	-11.2	-11.3	-9.0	-10.9	-1.0	-0.9	-0.5	-0.4	-0.5	-6.6	-5.9	-3.9	-4.1	-5.3
BANCO BILBAO VIZCAYA ARGENTARIA	ES	-14.5	-11.8	-8.3	-6.5	-10.2	-1.2	-0.9	-0.5	-0.4	-0.6	-9.0	-6.7	-4.4	-4.6	-6.5
BARCLAYS	GB	-13.2	-10.9	-7.9	-9.1	-9.7	-0.7	-0.6	-0.4	-0.4	-0.5	-9.2	-7.7	-5.6	-6.4	-7.6
UNICREDITO ITALIANO	IT	-9.8	-9.6	-8.6	-8.1	-9.5	-0.9	-0.8	-0.6	-0.2	-0.5	-7.3	-7.1	-6.0	-2.3	-5.3
LANDESBANK BADEN-WUERTTEMBERG	DE	-36.9	-22.1	-13.6	-11.9	-9.2	-1.0	-0.6	-0.4	-0.3	-0.3	-11.2	-6.7	-4.1	-3.6	-2.6
DZ BANK	DE	-57.7	-8.8	-11.4	-9.8	-8.8	-2.1	-0.3	-0.5	-0.4	-0.3	-34.4	-4.8	-6.2	-5.1	-3.7
ABN AMRO HOLDING	NL	-9.3	-6.8	-3.5	-3.4	-8.5	-0.5	-0.4	-0.2	-0.2	-0.4	-10.5	-7.1	-3.2	-2.7	-7.2
THE ROYAL BANK OF SCOTLAND GROUP	GB	-8.4	-8.9	-7.7	-8.5	-8.5	-0.6	-0.6	-0.4	-0.4	-0.4	-4.3	-4.6	-3.9	-4.5	-4.1
BANCA INTESA	IT	-24.1	-12.6	-10.2	-5.0	-6.2	-1.4	-0.8	-0.6	-0.3	-0.3	-17.5	-8.3	-6.1	-2.9	-3.5
SANPAOLO IMI	IT	-8.1	-9.4	-6.6	-5.6	-5.2	-0.5	-0.6	-0.4	-0.3	-0.3	-5.5	-6.4	-4.4	-3.2	-3.0
CREDIT AGRICOLE	FR	-5.1	-8.3	-5.8	-5.3	-4.9	-0.3	-0.5	-0.4	-0.3	-0.2	-2.3	-4.3	-2.9	-2.6	-2.1
RABOBANK NEDERLAND	NL	-6.3	-6.7	-5.6	-5.5	-4.4	-0.2	-0.2	-0.2	-0.2	-0.1	-2.3	-2.7	-2.1	-1.9	-1.5
SOCIÉTÉ GÉNÉRALE	FR	-9.0	-7.9	-3.3	-2.4	-3.1	-0.6	-0.6	-0.2	-0.2	-0.2	-7.3	-6.5	-2.6	-1.6	-2.0
BNP PARIBAS	FR	-8.7	-7.5	-3.6	-2.9	-2.9	-0.7	-0.6	-0.3	-0.2	-0.2	-4.6	-4.0	-1.9	-1.3	-1.4
CREDIT MUTUEL	FR	-7.9	-8.2	-4.6	-2.8	-2.2	-0.4	-0.5	-0.2	-0.1	-0.1	-4.4	-4.4	-2.2	-1.3	-1.0
KBC	BE	-7.6	-11.3	-3.2	-0.5	-2.2	-0.5	-0.7	-0.2	0.0	-0.1	-4.4	-6.0	-1.7	-0.2	-1.0
DEXIA	BE	-13.8	-3.4	-4.2	-0.6	-1.9	-0.5	-0.1	-0.1	0.0	0.0	-6.3	-1.5	-1.9	-0.2	-0.6
FORTIS	BE/NL	-7.0	-9.0	-1.8	-2.0	-1.3	-0.4	-0.4	-0.1	-0.1	-0.1	-3.9	-4.5	-0.9	-1.0	-0.7
DEUTSCHE BANK	DE	-9.7	-5.4	-1.7	-1.5	-1.2	-1.2	-0.8	-0.3	-0.2	-0.1	-6.8	-3.9	-1.4	-1.2	-1.0
ING GROEP	NL	-9.3	-7.4	-2.8	-0.5	-0.6	-0.5	-0.4	-0.1	0.0	0.0	-6.4	-4.5	-1.6	-0.2	-0.2
DRESDNER BANK	DE	-30.6	-16.4	-5.5	1.9	-0.4	-1.4	-0.6	-0.2	0.1	0.0	-18.3	-7.5	-2.6	0.8	-0.2
BAYERISCHE LANDESBANK	DE	-67.3	-34.2	-12.4	3.3	0.0	-1.6	-0.7	-0.3	0.1	0.0	-22.8	-9.7	-3.4	0.8	0.0
CREDIT SUISSE GROUP	CH	-19.9	-3.9	-0.5	0.6	0.3	-1.6	-0.3	-0.1	0.1	0.0	-15.2	-2.5	-0.3	0.3	0.2
UBS	CH	-0.6	-0.3	0.7	0.9	0.3	-0.1	0.0	0.1	0.1	0.0	-0.5	-0.3	0.7	0.7	0.3
DANSKE BANK	DK	-5.1	-5.7	0.1	3.4	1.5	-0.1	-0.2	0.0	0.1	0.0	-2.3	-2.6	0.0	1.5	0.5
NORDEA	SE	-4.3	-6.4	-0.4	2.1	3.7	-0.2	-0.3	0.0	0.1	0.1	-2.1	-3.1	-0.2	1.1	1.7
WESTLB	DE	-74.8	-45.5	5.9	6.3	10.3	-2.2	-1.4	0.2	0.1	0.3	-37.8	-30.7	3.0	2.1	3.0
KREDITANSTALT FUER WIEDERAUFBAU	DE	-35.0	-15.0	26.7	38.4	18.9	-0.7	-0.3	0.5	0.7	0.4	-7.5	-2.8	4.1	5.3	2.4
Average		**-12.5**	**-9.9**	**-6.9**	**-5.8**	**-6.5**	**-0.7**	**-0.6**	**-0.4**	**-0.3**	**-0.3**	**-7.4**	**-5.7**	**-3.8**	**-3.1**	**-3.5**

(1) Net of bad debts recovered. Companies no longer existing in their previous form as at 31 December 2006 are not included.

TABLE I.21 – BAD DEBTS WRITTEN OFF

JAPAN

BANKS	BAD DEBTS WRITTEN OFF (1)														
	2002	2003	2004	2005	2006	2002	2003	2004	2005	2006	2002	2003	2004	2005	2006
	as % of total income					as % of loans to customers					as % of net worth				
SHOKO CHUKIN BANK	-48.3	-41.6	-35.3	-25.6	-26.2	-0.9	-0.7	-0.6	-0.4	-0.4	-13.2	-10.1	-8.1	-5.9	-5.7
SHINSEI BANK	9.4	13.7	0.4	-11.2	-25.2	0.3	0.6	0.0	-0.6	-1.0	1.5	2.3	0.1	-2.6	-6.4
HOKUHOKU FINANCIAL GROUP	-63.0	-58.1	-32.7	-23.7	-14.1	-1.6	-1.7	-0.8	-0.7	-0.4	-37.3	-36.6	-13.4	-10.9	-5.4
SUMITOMO TRUST & BANKING	-18.5	-5.6	2.1	-1.7	-10.2	-0.6	-0.2	0.1	-0.1	-0.4	-7.0	-1.8	0.6	-0.5	-2.8
MITSUBISHI UFJ FINANCIAL GROUP	-24.8	5.5	-6.6	-4.9	-9.5	-1.0	0.2	-0.2	-0.1	-0.4	-15.8	2.7	-2.3	-1.0	-3.2
CHUO MITSUI TRUST HOLDINGS	-21.3	-7.1	-11.3	-14.6	-9.2	-1.0	-0.3	-0.4	-0.6	-0.4	-20.0	-3.6	-4.4	-4.5	-2.4
BANK OF YOKOHAMA	-23.6	-15.6	-16.7	-8.3	-9.1	-0.6	-0.4	-0.5	-0.2	-0.2	-10.4	-5.9	-6.0	-2.5	-2.6
RESONA HOLDINGS	-51.8	-118.5	-2.9	-0.9	-9.0	-1.6	-3.7	-0.1	0.0	-0.3	-76.4	-82.7	-1.5	-0.4	-3.6
SUMITOMO MITSUI FINANCIAL GROUP	-47.2	-30.9	-51.0	-9.4	-5.4	-1.7	-1.2	-1.9	-0.4	-0.2	-30.2	-15.9	-27.6	-3.6	-1.9
BANK OF FUKUOKA	-18.8	-5.5	-2.6	-2.2	-5.3	-0.5	-0.1	-0.1	-0.1	-0.1	-7.7	-2.1	-0.9	-0.7	-1.4
JOYO BANK	-13.7	-18.0	-8.0	-13.1	-4.6	-0.4	-0.5	-0.2	-0.4	-0.1	-4.7	-5.4	-2.2	-3.5	-1.1
CHIBA BANK	-26.5	-22.6	-16.8	-2.7	-4.0	-0.8	-0.6	-0.5	-0.1	-0.1	-12.5	-8.9	-6.3	-0.8	-1.2
MIZUHO FINANCIAL GROUP	-75.1	-12.9	-0.6	5.2	-2.8	-2.5	-0.4	0.0	0.2	-0.1	-42.9	-5.8	-0.2	1.8	-0.9
SHIZUOKA BANK	-6.1	-2.1	-0.2	-2.8	-2.0	-0.2	-0.1	0.0	-0.1	-0.1	-1.5	-0.4	0.0	-0.5	-0.4
SHINKIN CENTRAL BANK	0.0	4.2	3.6	3.3	2.1	0.0	0.0	0.1	0.1	0.0	0.0	0.5	0.4	0.4	0.2
NORINCHUKIN BANK	-21.4	-17.2	4.1	19.0	5.4	-0.4	-0.2	0.1	0.4	0.1	-3.8	-1.7	0.4	1.2	0.4
UFJ HOLDINGS (2)	-37.6	-75.2	-32.0	-	-	-1.4	-3.0	-1.4	-	-	-22.2	-48.8	-18.7	-	-
HOKKAIDO BANK (3)	-95.7	-30.6	-	-	-	-2.7	-0.9	-	-	-	-60.6	-17.1	-	-	-
Average	**-43.4**	**-30.1**	**-18.4**	**-4.5**	**-7.3**	**-1.4**	**-1.0**	**-0.6**	**-0.1**	**-0.2**	**-22.8**	**-12.8**	**-6.8**	**-1.3**	**-2.1**

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

TABLE I.21 – BAD DEBTS WRITTEN OFF

UNITED STATES

BANKS	BAD DEBTS WRITTEN OFF (1)														
	2002	2003	2004	2005	2006	2002	2003	2004	2005	2006	2002	2003	2004	2005	2006
	as % of total income					as % of loans to customers					as % of net worth				
SOVEREIGN BANCORP	-9.7	-9.8	-6.8	-4.1	-20.1	-0.6	-0.6	-0.3	-0.2	-0.8	-5.0	-4.7	-2.4	-1.5	-5.5
CAPITAL ONE FINANCIAL	-26.6	-18.5	-13.8	-14.8	-12.3	-8.2	-4.9	-3.3	-2.6	-1.4	-46.5	-25.1	-14.6	-10.6	-5.9
CITIGROUP	-14.9	-11.1	-7.9	-10.0	-8.1	-2.3	-1.7	-1.2	-1.4	-1.0	-11.4	-8.1	-5.7	-7.2	-5.8
BANK OF AMERICA	-10.5	-7.3	-5.6	-7.2	-7.1	-1.1	-0.8	-0.5	-0.7	-0.7	-7.3	-5.9	-2.8	-4.0	-3.7
NATIONAL CITY	-9.8	-8.3	-4.0	-3.7	-6.5	-0.7	-0.7	-0.3	-0.2	-0.4	-8.2	-6.8	-2.5	-2.3	-3.3
FIFTH THIRD BANCORP	-4.9	-7.5	-5.2	-6.2	-6.4	-0.5	-0.7	-0.4	-0.5	-0.5	-2.8	-4.7	-3.0	-3.5	-3.4
WELLS FARGO & CO	-6.5	-6.0	-5.9	-7.4	-6.3	-0.7	-0.6	-0.5	-0.7	-0.6	-5.7	-5.0	-4.5	-5.9	-4.8
WASHINGTON MUTUAL	-4.6	-1.6	-1.7	-2.5	-5.7	-0.3	-0.1	-0.1	-0.1	-0.3	-3.0	-1.0	-1.0	-1.1	-2.8
JPMORGAN CHASE & CO.	-14.4	-4.6	-6.0	-6.5	-5.2	-2.1	-0.7	-0.6	-0.8	-0.7	-10.2	-3.3	-2.4	-3.2	-2.8
U.S. BANCORP	-10.7	-9.6	-5.4	-5.1	-4.1	-1.1	-1.1	-0.5	-0.5	-0.4	-7.5	-6.5	-3.4	-3.3	-2.5
BB & T	-5.9	-4.9	-4.6	-3.8	-3.8	-0.5	-0.4	-0.4	-0.3	-0.3	-3.6	-2.5	-2.3	-2.0	-2.0
SUNTRUST BANKS	-8.4	-5.6	-2.2	-2.3	-3.3	-0.6	-0.4	-0.1	-0.1	-0.2	-5.1	-3.1	-0.8	-1.0	-1.4
KEYCORP	-12.2	-11.2	-4.2	-3.2	-3.2	-0.9	-0.8	-0.3	-0.2	-0.2	-8.1	-7.2	-2.6	-2.0	-1.9
REGIONS FINANCIAL	-4.8	-4.4	-3.6	-3.6	-2.7	-0.4	-0.4	-0.2	-0.3	-0.1	-3.1	-2.8	-1.2	-1.6	-0.7
COUNTRYWIDE FINANCIAL	-1.0	-1.0	-0.9	-1.3	-2.2	-0.3	-0.2	-0.1	-0.1	-0.2	-1.4	-1.0	-0.7	-0.9	-1.6
THE PNC FINANCIAL SERVICES GROUP	-5.9	-3.4	-1.0	-0.3	-1.8	-0.9	-0.5	-0.1	0.0	-0.2	-4.3	-2.5	-0.6	-0.2	-1.1
WACHOVIA (ex-First Union)	-8.3	-2.9	-1.1	-1.0	-1.5	-0.9	-0.3	-0.1	-0.1	-0.1	-4.5	-1.7	-0.5	-0.5	-0.6
THE BANK OF NEW YORK	-14.3	-2.8	-0.2	-0.2	0.2	-2.2	-0.4	0.0	0.0	0.0	-10.2	-1.8	-0.2	-0.2	0.1
MBNA (2)	-15.2	-13.7	-10.6	-9.9	-	-4.9	-4.3	-3.5	-2.7	-	-14.7	-12.5	-8.6	-7.5	-
AMSOUTH BANCORPORATION (3)	-9.7	-7.9	-5.9	-4.0	-	-0.8	-0.6	-0.4	-0.3	-	-6.9	-5.4	-3.6	-2.6	-
NORTH FORK BANCORPORATION (4)	-2.6	-2.8	-1.9	-1.5	-	-0.2	-0.2	-0.1	-0.1	-	-1.7	-1.8	-0.3	-0.4	-
GOLDEN WEST FINANCIAL (5)	-1.0	-0.5	-0.1	-0.2	-	0.0	0.0	0.0	0.0	-	-0.4	-0.2	-0.1	-0.1	-
HIBERNIA (6)	-7.8	-5.8	-4.2	-	-	-0.7	-0.5	-0.3	-	-	-4.8	-3.4	-2.5	-	-
BANK ONE (7)	-14.8	-12.5	-	-	-	-1.7	-1.5	-	-	-	-11.1	-8.7	-	-	-
FLEETBOSTON FINANCIAL (8)	-23.4	-9.4	-	-	-	-2.4	-0.9	-	-	-	-16.5	-5.9	-	-	-
UNION PLANTERS (9)	-9.9	-9.1	-	-	-	-0.8	-0.8	-	-	-	-6.1	-5.9	-	-	-
SOUTHTRUST (10)	-5.4	-5.4	-	-	-	-0.4	-0.4	-	-	-	-2.7	-2.9	-	-	-
GREENPOINT FINANCIAL (11)	-0.5	-0.3	-	-	-	0.0	0.0	-	-	-	-0.3	-0.2	-	-	-
Average	**-11.7**	**-7.7**	**-5.5**	**-6.5**	**-5.9**	**-1.3**	**-0.9**	**-0.6**	**-0.7**	**-0.6**	**-8.6**	**-5.6**	**-3.2**	**-3.8**	**-3.3**

(1) Net of bad debts recovered.
(2) Acquired by Bank of America in 2006.
(3) Acquired by Regions Financial in 2006.
(4) Acquired by Capital One Financial in 2006.
(5) Acquired by Wachovia (formerly First Union) in 2006.
(6) Acquired by Capital One Financial in 2005.
(7) Acquired by JPMorgan Chase & Co. in 2004.
(8) Acquired by Bank of America in 2004.
(9) Acquired by Regions Financial in 2004.
(10) Acquired by Wachovia (formerly First Union) in 2004.
(11) Acquired by North Fork Bancorporation in 2004.

TABLE I.21 – BAD DEBTS WRITTEN OFF

CHINA

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

(1) Net of bad debts recovered.

TABLE I.22 - DOUBTFUL LOANS

EUROPE

BANKS (3)	COUNTRY	DOUBTFUL LOANS (1)										COVERAGE RATIO (2)				
		2002	2003	2004	2005	2006	2002	2003	2004	2005	2006	2002	2003	2004	2005	2006
		as % of loans to customers					as % of net worth					%				
BANCO BILBAO VIZCAYA ARGENTARIA (4)	ES	-	-	-	-	-	-	-	-	-	-	146.8	166.3	239.9	237.1	257.0
BANCO SANTANDER (4)	ES	-	-	-	-	-	-	-	-	-	-	133.5	156.1	172.2	174.7	177.0
DEXIA	BE	0.5	0.4	0.3	0.0	0.0	6.9	5.4	4.7	0.3	0.3	59.3	63.1	66.8	96.8	95.6
KBC	BE	0.4	1.2	0.6	0.1	0.1	4.1	9.8	5.0	0.6	0.4	84.5	70.7	80.7	96.4	96.4
DANSKE BANK	DK	0.4	0.4	0.3	0.1	0.1	6.5	6.2	5.3	2.1	2.3	76.2	76.1	76.8	76.5	65.6
ING GROEP	SE	0.8	0.4	0.3	0.3	0.2	9.8	4.7	3.7	4.0	3.5	68.9	79.9	79.5	68.3	64.4
UBS	FR	1.6	1.1	0.6	0.3	0.2	12.0	9.0	5.5	3.4	2.5	50.7	53.1	54.1	48.2	47.8
CREDIT SUISSE GROUP	NL	1.7	0.9	0.8	0.5	0.2	16.0	7.0	3.8	2.2	1.1	62.3	64.9	65.0	67.5	69.6
CREDIT AGRICOLE	CH	1.5	1.6	1.4	0.3	0.4	11.8	13.2	11.5	2.4	3.2	67.9	66.7	68.2	91.2	87.6
NORDEA	DE	0.8	0.5	0.3	0.6	0.4	9.3	5.9	4.3	8.1	5.0	66.0	73.1	75.9	58.1	59.0
THE ROYAL BANK OF SCOTLAND GROUP	DE	0.4	0.5	0.4	0.5	0.5	3.2	3.9	3.5	5.5	5.3	80.5	76.1	76.4	65.5	62.1
BARCLAYS	NL	0.8	0.6	0.5	0.5	0.5	10.4	7.3	6.3	7.2	6.4	64.2	70.3	69.4	66.2	65.5
BNP PARIBAS	CH	1.3	1.9	1.4	0.6	0.5	9.4	12.2	10.1	4.1	3.5	77.5	69.6	70.8	85.0	87.8
DRESDNER BANK	GB	2.4	1.8	1.0	0.8	0.5	30.7	22.3	13.2	9.1	7.1	62.9	63.3	69.3	52.0	49.5
RABOBANK NEDERLAND	GB	1.0	1.0	0.7	0.8	0.6	11.1	11.1	8.2	9.2	7.1	43.1	44.1	49.9	49.0	51.6
HSBC HOLDINGS	GB	0.8	0.9	0.5	0.5	0.7	4.7	5.3	2.9	4.0	5.6	76.0	74.3	80.8	74.2	67.7
DEUTSCHE BANK	FR	3.7	2.3	1.8	1.0	0.7	21.1	11.7	9.7	6.4	4.6	40.0	49.5	47.7	49.8	53.1
ABN AMRO HOLDING	DE	0.7	0.3	0.4	0.5	0.8	13.0	5.8	5.7	7.2	14.1	65.9	79.1	71.3	63.1	50.0
CREDIT MUTUEL	NL	1.8	1.7	1.5	1.2	1.0	18.3	15.3	13.5	10.6	8.9	60.4	60.1	61.9	67.0	66.6
LLOYDS TSB GROUP	FR	1.3	1.2	1.3	1.2	1.0	17.4	14.0	16.7	19.3	15.8	50.3	50.6	45.6	50.3	54.7
SOCIÉTÉ GÉNÉRALE	GB	1.6	1.8	1.6	1.3	1.1	17.6	20.0	17.6	11.5	9.8	69.6	64.1	64.0	69.7	69.1
SANPAOLO IMI	FR	1.5	1.2	1.2	1.6	1.2	17.0	13.6	12.2	16.3	13.2	71.4	76.2	78.1	69.2	74.9
FORTIS	DE	2.6	2.2	1.5	1.3	1.3	28.2	24.4	18.1	18.7	17.0	41.1	43.1	42.8	40.0	38.2
HBOS	BE/NL	0.9	0.9	1.1	1.5	1.3	12.3	13.6	15.1	28.3	24.1	49.8	46.9	43.5	36.0	37.7
KREDITANSTALT FUER WIEDERAUFBAU	DE	2.0	1.4	0.9	0.4	1.8	21.1	13.1	7.7	2.9	10.5	51.4	56.7	67.9	78.9	46.7
COMMERZBANK	GB	0.9	1.0	0.6	0.4	1.9	14.6	15.2	8.9	3.8	35.0	78.5	77.9	84.3	90.8	57.9
BANCA INTESA	IT	5.6	4.8	4.5	2.4	1.9	69.1	50.7	43.1	23.6	20.2	55.1	59.4	60.5	54.9	59.2
LANDESBANK BADEN-WUERTTEMBERG	IT	…	…	…	…	2.1	…	…	…	…	20.9	…	…	…	…	44.0
UNICREDITO ITALIANO	IT	2.8	2.8	2.6	3.8	2.8	23.9	25.1	24.2	42.1	29.2	60.0	60.5	62.0	54.1	55.3
Average (5)		**1.3**	**1.2**	**0.9**	**0.8**	**0.7**	**12.8**	**11.3**	**8.6**	**8.6**	**8.2**	**66.8**	**67.7**	**71.8**	**68.7**	**67.9**

(1) Net of provision. The average as been calculated assuming that there are no cases in which provision exceeds gross doubtful loans.
(2) Ratio of provision to gross doubtful loans.
(3) The table does not include companies no longer existing in their previous form as at 31 December 2006, 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) For 31 groups in 2002, and 30 in 2003 and 2004, and 29 in 2005 and 2006.

TABLE I.22 - DOUBTFUL LOANS

JAPAN

BANKS	DOUBTFUL LOANS (1)										COVERAGE RATIO (2)				
	2002	2003	2004	2005	2006	2002	2003	2004	2005	2006	2002	2003	2004	2005	2006
	as % of loans to customers					as % of net worth					%				
SHINSEI BANK (3)	0.4	-	-	-	-	1.9	-	-	-	-	94.4	187.4	142.6	135.7	183.4
SHINKIN CENTRAL BANK	0.2	0.2	0.1	0.1	0.1	2.0	2.2	1.0	0.7	0.4	65.3	57.0	70.7	72.9	73.8
SUMITOMO TRUST & BANKING	2.2	1.6	1.0	0.3	0.3	27.8	15.4	8.7	2.5	2.0	41.1	44.9	48.4	70.7	78.9
SUMITOMO MITSUI FINANCIAL GROUP	5.9	3.4	1.8	0.4	0.3	103.1	46.1	25.1	3.7	3.3	38.9	43.1	57.2	83.3	83.3
MIZUHO FINANCIAL GROUP	3.8	2.1	0.6	0.4	0.5	65.6	28.4	7.8	3.9	5.0	46.4	58.2	74.6	77.2	71.8
CHUO MITSUI TRUST HOLDINGS	6.6	4.3	2.2	1.1	0.6	133.6	54.5	21.8	8.0	4.0	24.5	24.2	29.9	43.9	62.3
MITSUBISHI UFJ FINANCIAL GROUP	3.0	1.8	1.1	1.1	0.6	48.2	20.0	11.4	9.6	5.2	49.4	51.3	57.6	49.5	65.5
NORINCHUKIN BANK	1.7	1.6	1.1	0.6	0.7	18.0	11.2	5.9	1.9	1.9	53.3	56.6	65.0	75.3	70.4
RESONA HOLDINGS	7.8	3.3	1.2	0.9	0.7	360.2	74.0	20.5	12.7	8.7	26.8	55.4	67.4	70.1	76.0
BANK OF FUKUOKA	3.2	2.0	1.6	1.3	1.0	50.8	28.8	21.2	16.1	10.7	52.9	50.5	53.8	56.3	59.0
BANK OF YOKOHAMA	3.9	3.1	2.3	1.9	1.8	65.4	43.2	29.8	20.6	19.3	23.1	25.9	29.5	29.4	27.5
CHIBA BANK	5.9	4.5	3.2	2.5	2.2	94.8	63.2	43.2	28.1	23.5	41.9	31.4	33.8	33.5	31.0
JOYO BANK	4.6	3.2	2.7	3.3	2.4	52.9	33.1	26.4	29.5	20.1	27.0	32.7	34.0	27.3	29.6
SHIZUOKA BANK	3.9	4.0	3.5	2.9	2.5	35.1	32.2	27.8	20.8	17.7	35.6	32.7	30.8	31.3	30.6
SHOKO CHUKIN BANK	4.2	3.9	3.9	3.4	2.8	63.9	56.9	54.6	46.1	37.4	54.3	54.6	49.6	48.8	49.3
HOKUHOKU FINANCIAL GROUP	6.3	5.6	4.7	3.7	3.0	149.3	122.0	80.9	59.0	40.5	28.1	33.0	34.5	40.0	37.4
UFJ HOLDINGS (4)	6.1	4.8	1.2	-	-	96.0	78.8	15.6	-	-	39.2	51.9	77.8	-	-
HOKKAIDO BANK (5)	8.1	5.4	-	-	-	179.9	105.5	-	-	-	31.3	38.0	-	-	-
Average	**4.5**	**2.9**	**1.4**	**1.0**	**0.7**	**73.4**	**36.3**	**16.0**	**8.5**	**6.4**	**40.8**	**50.1**	**60.8**	**60.6**	**65.7**

(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, 2005 and 2006.
(4) Merged into Mitsubishi UFJ Financial Group in 2005.
(5) Acquired by Hokuhoku Financial Group in 2004.

TABLE I.22 - DOUBTFUL LOANS

BANKS	DOUBTFUL LOANS (1)										COVERAGE RATIO (2)				
	2002	2003	2004	2005	2006	2002	2003	2004	2005	2006	2002	2003	2004	2005	2006
	as % of loans to customers					as % of net worth					%				
THE BANK OF NEW YORK	-	-	-	-	-	-	-	-	-	-	178.3	181.0	258.1	441.9	531.5
CAPITAL ONE FINANCIAL	-	-	-	-	-	-	-	-	-	-	303.4	350.5	360.9	334.0	326.3
KEYCORP	-	-	-	-	-	-	-	-	-	-	121.9	155.4	227.1	243.3	240.2
THE PNC FINANCIAL SERVICES GROUP	-	-	-	-	-	-	-	-	-	-	116.0	156.8	260.5	192.9	206.6
REGIONS FINANCIAL	-	-	-	-	-	-	-	-	-	-	122.4	133.9	143.3	158.7	201.9
BB & T	-	-	-	-	-	-	-	-	-	-	127.7	139.2	175.8	204.2	196.9
BANK OF AMERICA	-	-	-	-	-	-	-	-	-	-	112.2	152.0	219.7	257.8	183.1
WACHOVIA (ex-First Union)	-	-	-	-	-	-	-	-	-	-	128.5	159.6	155.0	197.8	165.4
U.S. BANCORP	-	-	-	-	-	-	-	-	-	-	134.5	158.6	163.8	168.4	150.8
SOVEREIGN BANCORP	-	-	-	-	-	-	-	-	-	-	100.3	127.6	205.5	161.5	135.0
JPMORGAN CHASE & CO.	0.3	-	-	-	-	1.4	-	-	-	-	90.1	105.7	104.9	117.0	125.9
FIFTH THIRD BANCORP	-	-	-	-	-	-	-	-	-	-	157.0	165.9	160.2	144.2	115.9
WELLS FARGO & CO	-	-	-	-	-	-	-	-	-	-	163.0	180.6	161.5	174.8	115.7
CITIGROUP	0.4	0.2	-	-	-	2.2	0.9	-	-	-	85.7	93.5	102.4	117.4	113.8
SUNTRUST BANKS	-	-	-	-	-	-	-	-	-	-	129.2	163.8	168.0	145.6	110.6
NATIONAL CITY	0.3	0.1	-	0.1	0.5	3.0	1.0	-	1.1	3.7	81.3	92.1	100.3	88.8	67.7
WASHINGTON MUTUAL	0.7	0.5	0.3	0.3	0.6	6.0	4.6	3.2	2.6	5.3	57.6	57.9	65.4	70.0	51.1
COUNTRYWIDE FINANCIAL	3.2	1.0	0.4	0.7	0.9	12.9	6.5	2.7	6.1	6.9	5.9	13.0	31.3	19.3	21.0
NORTH FORK BANCORPORATION (3)	-	-	-	-	-	-	-	-	-	-	884.6	878.6	99.5	444.9	-
AMSOUTH BANCORPORATION (4)	-	-	-	-	-	-	-	-	-	-	132.6	178.6	226.5	207.3	-
GOLDEN WEST FINANCIAL (5)	0.2	0.2	0.1	0.1	-	2.9	2.4	0.9	1.0	-	65.7	66.8	81.9	77.5	-
MBNA (6)	1.7	1.0	0.6	0.8	-	5.1	3.0	1.5	2.2	-	70.5	78.6	84.9	76.4	-
HIBERNIA (7)	-	-	-	-	-	-	-	-	-	-	291.8	280.3	259.1	-	-
SOUTHTRUST (8)	-	-	-	-	-	-	-	-	-	-	161.0	174.6	-	-	-
BANK ONE (9)	-	-	-	-	-	-	-	-	-	-	122.7	134.5	-	-	-
FLEETBOSTON FINANCIAL (10)	0.0	-	-	-	-	0.1	-	-	-	-	99.6	134.1	-	-	-
UNION PLANTERS (11)	0.8	0.4	-	-	-	5.8	3.0	-	-	-	65.2	78.4	-	-	-
GREENPOINT FINANCIAL (12)	1.1	1.5	-	-	-	9.2	11.7	-	-	-	30.6	26.5	-	-	-
Average (13)	**0.2**	**0.1**	**0.0**	**0.1**	**0.1**	**1.3**	**0.7**	**0.2**	**0.3**	**0.4**	**103.3**	**119.0**	**131.6**	**141.2**	**128.1**

(1) Net of provision. In case where there are no figures, provisions exceed doubtful loans.
(2) Ratio of provision to gross doubtful loans.
(3) Acquired by Capital One Financial in 2006.
(4) Acquired by Regions Financial in 2006.
(5) Acquired by Wachovia (formerly First Union) in 2006.
(6) Acquired by Bank of America in 2006.
(7) Acquired by Regions Financial in 2005.
(8) Acquired by Wachovia (formerly First Union) in 2004.
(9) Acquired by JPMorgan Chase & Co. in 2004.
(10) Acquired by Bank of America in 2004.
(11) Acquired by Regions Financial in 2004.
(12) Acquired by North Fork Bancorporation in 2004.
(13) Average as been calculated assuming that there are no cases in which provision exceeds gross doubtful loans.

TABLE I.22 - DOUBTFUL LOANS

CHINA

BANKS	DOUBTFUL LOANS (1)						COVERAGE RATIO (2)		
	2004	2005	2006	2004	2005	2006	2004	2005	2006
	as % of loans to customers			as % of net worth			%		
SHANGHAI PUDONG DEVELOPMENT BANK (3)	-	-	-	-	-	-	117.1	142.1	151.4
CHINA MERCHANTS BANK (3)	-	-	-	-	-	-	101.4	111.0	135.6
INDUSTRIAL BANK (3)	0.3	0.2	-	6.6	4.4	-	87.0	90.5	126.0
CHINA MINSHENG BANKING (3)	-	-	-	-	-	-	112.5	103.4	118.4
BANK OF COMMUNICATIONS	1.6	0.7	0.1	18.8	6.6	1.0	45.5	69.7	94.8
BANK OF CHINA	1.7	0.9	0.2	15.1	7.6	1.0	68.0	80.6	96.0
CHINA CITIC BANK	1.5	0.9	0.4	40.2	13.3	5.6	77.6	79.9	84.6
CHINA CONSTRUCTION BANK	1.5	1.3	0.6	17.0	10.8	5.1	61.6	66.8	82.2
INDUSTRIAL AND COMMERCIAL BANK OF CHINA	18.5	2.2	1.1	408.8	27.5	8.4	3.0	54.2	70.6
AGRICULTURAL BANK OF CHINA	25.8	25.2	22.5	845.4	884.8	831.5	4.7	4.9	5.0
Average (4)	**11.4**	**6.4**	**5.1**	**178.9**	**78.5**	**49.3**	**14.1**	**28.1**	**33.3**

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

(4) Excluding the Agricultural Bank of China, the 2006 ratios were 0.4%, 4.1% and 86.4% respectively.

TABLE I.23 - PROFITABILITY AND FREE CAPITAL RATIOS

EUROPE

BANKS (1)	COUNTRY	ROE 2002	ROE 2003	ROE 2004	ROE 2005	ROE 2006	COST / INCOME RATIO 2002	COST / INCOME RATIO 2003	COST / INCOME RATIO 2004	COST / INCOME RATIO 2005	COST / INCOME RATIO 2006	FREE CAPITAL 2002	FREE CAPITAL 2003	FREE CAPITAL 2004	FREE CAPITAL 2005	FREE CAPITAL 2006
				%					%			as % of funding from customers				
CREDIT SUISSE GROUP	CH	n.c.	18.7	18.4	16.1	35.1	98.5	79.2	77.2	79.3	67.4	-4.2	-1.0	-1.9	0.1	3.8
LLOYDS TSB GROUP (2)	GB	23.8	42.4	27.3	32.4	33.6	54.7	53.3	52.9	54.1	50.6	-3.0	-1.9	-2.2	-1.3	-0.9
UBS	CH	10.0	22.0	30.1	46.8	32.7	77.6	73.1	71.1	68.2	70.6	1.3	1.6	1.3	2.4	2.4
BARCLAYS	GB	16.3	18.9	21.6	24.7	30.0	56.5	56.7	58.3	60.9	61.3	3.7	3.7	3.7	2.3	2.7
BANCO BILBAO VIZCAYA ARGENTARIA	ES	15.3	20.5	20.6	29.5	27.4	53.3	51.2	48.3	49.8	46.9	2.6	3.5	4.0	4.9	6.2
FORTIS	BE/NL	4.4	19.0	26.1	26.3	26.7	60.8	62.4	55.3	60.2	57.9	1.0	1.6	2.2	1.5	1.5
NORDEA	SE	8.1	13.9	18.0	21.2	25.9	64.8	61.6	58.9	55.3	52.7	3.7	4.9	5.4	2.9	3.8
ABN AMRO HOLDING	NL	21.8	28.7	34.2	24.6	25.0	70.1	67.0	68.8	70.9	72.4	1.3	1.5	2.1	1.2	0.9
ING GROEP	NL	32.7	23.4	30.0	24.2	25.0	54.0	54.0	52.0	53.8	50.4	3.2	3.7	4.1	1.3	1.1
KBC	BE	13.6	13.5	19.8	16.7	24.9	61.0	61.8	59.1	60.1	55.0	4.4	4.6	5.2	6.7	6.9
DZ BANK	DE	2.4	8.8	9.6	10.7	23.5	62.7	64.9	59.6	56.2	62.2	…	…	…	…	…
HBOS	GB	15.2	17.9	19.8	21.5	23.1	47.2	42.8	39.7	44.4	41.4	3.1	2.9	3.2	0.3	0.1
DEUTSCHE BANK	DE	1.3	5.1	10.5	13.4	22.3	90.2	82.9	78.7	75.5	71.7	-1.2	0.7	0.7	1.6	2.6
SOCIETE GENERALE	FR	9.6	17.1	20.0	23.3	21.9	71.8	68.2	66.6	64.9	62.8	0.0	-0.2	0.4	2.6	2.9
BANCO SANTANDER	ES	13.9	15.9	10.5	18.2	20.4	58.4	54.2	51.3	55.7	50.1	2.3	4.3	2.9	3.0	3.2
DEXIA	BE	13.8	14.7	17.9	16.9	20.3	58.2	58.5	55.1	56.5	57.1	2.5	3.0	3.0	4.0	4.1
THE ROYAL BANK OF SCOTLAND GROUP	GB	12.3	16.1	15.7	18.4	18.9	56.1	49.8	50.4	55.4	52.8	2.1	1.2	0.5	-0.6	1.1
SANPAOLO IMI	IT	9.2	9.7	13.4	17.2	17.6	71.5	72.4	64.1	61.5	59.4	0.7	1.1	2.0	4.5	3.5
BNP PARIBAS	FR	13.7	14.9	17.8	16.8	17.3	64.8	62.9	61.0	63.3	62.4	0.2	2.3	2.4	4.7	4.1
HSBC HOLDINGS	GB	12.7	12.6	15.0	19.2	16.8	56.0	51.2	50.9	52.1	52.2	4.6	5.0	5.2	3.5	3.4
DANSKE BANK	DK	15.1	17.0	19.6	20.8	16.6	55.6	50.9	52.2	53.2	54.1	3.4	3.1	2.8	2.7	3.6
UNICREDITO ITALIANO (3)	IT	17.1	17.6	18.4	17.1	16.5	54.6	54.9	57.6	58.7	59.9	1.5	1.0	1.6	-0.1	1.0
BANCA INTESA	IT	1.6	9.4	13.8	22.1	16.4	72.8	66.0	60.7	62.2	55.7	-2.8	-1.5	-0.2	3.7	4.3
CREDIT MUTUEL	FR	7.5	8.7	9.0	13.2	14.0	68.5	64.1	65.9	63.9	59.7	3.9	4.7	4.8	5.3	5.5
CREDIT AGRICOLE	FR	7.2	6.9	9.5	13.2	13.9	66.9	64.8	63.2	61.8	63.4	4.3	2.6	3.1	4.4	3.9
COMMERZBANK	DE	n.c.	n.c.	4.2	10.1	13.7	87.4	76.7	76.0	74.6	65.7	-2.4	-1.4	-0.2	2.1	1.1
WESTLB	DE	n.c.	n.c.	n.c.	6.5	13.5	86.1	70.5	89.6	94.3	93.6	…	…	…	…	…
LANDESBANK BADEN-WUERTTEMBERG	DE	6.1	6.8	8.2	9.2	10.0	52.2	49.5	48.8	47.1	49.4	…	…	…	…	2.0
RABOBANK NEDERLAND	NL	8.0	8.9	8.3	8.7	9.1	65.6	65.0	64.6	65.6	69.2	6.4	5.9	6.4	5.3	4.3
DRESDNER BANK	DE	n.c.	n.c.	0.2	17.0	7.7	103.7	96.1	88.0	89.8	80.0	-4.0	-2.4	-1.0	3.7	4.0
BAYERISCHE LANDESBANK	DE	2.6	3.3	3.6	9.0	7.6	41.5	43.5	46.7	54.1	55.9	…	…	…	…	…
KREDITANSTALT FUER WIEDERAUFBAU	DE	3.4	2.6	3.3	4.8	6.8	23.1	30.7	30.9	31.2	30.5	2.5	2.6	3.3	3.8	3.8
Average		**8.2**	**11.1**	**14.8**	**18.3**	**19.8**	**66.0**	**62.1**	**60.6**	**61.0**	**59.3**	**1.4**	**1.9**	**2.3**	**2.4**	**2.6**

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 2006 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).

TABLE I.23 - PROFITABILITY AND FREE CAPITAL RATIOS

JAPAN

BANKS	ROE					COST / INCOME RATIO					FREE CAPITAL				
	2002	2003	2004	2005	2006	2002	2003	2004	2005	2006	2002	2003	2004	2005	2006
			%					%				as % of funding from customers			
RESONA HOLDINGS (1)	n.c.	n.c.	44.5	30.1	58.0	66.3	65.8	50.0	49.1	48.2	-6.6	-0.6	2.0	3.2	3.9
MIZUHO FINANCIAL GROUP	n.c.	12.6	19.1	15.6	14.5	55.5	53.3	54.7	51.6	52.0	-0.5	2.3	3.8	4.9	5.6
SUMITOMO MITSUI FINANCIAL GROUP	n.c.	12.1	n.c.	18.2	12.7	40.6	41.6	41.6	39.9	46.4	-2.5	0.5	1.3	4.2	3.6
CHUO MITSUI TRUST HOLDINGS	n.c.	12.3	18.3	16.2	12.7	48.6	47.0	45.7	43.4	40.6	-4.1	0.3	3.5	7.4	8.6
BANK OF YOKOHAMA	3.8	9.3	10.7	9.8	10.2	48.4	43.5	40.7	40.6	42.8	-0.5	1.8	2.9	4.5	4.7
CHIBA BANK	2.8	7.6	9.5	10.1	9.8	52.3	51.9	48.9	49.8	48.0	-1.3	0.5	1.8	3.5	3.6
SUMITOMO TRUST & BANKING	n.c.	11.0	11.9	9.8	9.2	49.9	47.4	48.0	48.1	46.8	3.8	6.1	7.2	7.0	7.6
HOKUHOKU FINANCIAL GROUP	1.4	2.6	4.4	7.1	9.0	53.9	46.4	50.5	50.3	48.2	-3.1	-2.2	-1.0	0.4	1.6
BANK OF FUKUOKA	2.5	6.2	7.8	8.5	8.1	60.4	58.4	54.9	55.6	54.3	0.2	1.6	2.3	3.0	4.4
NORINCHUKIN BANK	3.8	6.1	5.1	7.3	6.1	39.9	49.0	43.0	48.4	36.9	2.6	4.3	5.5	7.7	8.5
MITSUBISHI UFJ FINANCIAL GROUP	8.7	27.2	10.5	6.4	5.9	60.4	54.0	60.8	75.0	61.8	0.7	3.1	2.9	2.7	3.7
JOYO BANK	2.4	6.1	6.4	5.4	5.4	60.4	60.2	57.5	53.7	55.2	1.3	2.9	3.7	4.1	5.0
SHIZUOKA BANK	2.5	4.8	6.0	4.8	5.2	64.5	66.0	60.7	58.3	55.4	3.2	4.2	5.5	7.3	7.9
SHINKIN CENTRAL BANK	4.8	4.9	5.2	5.4	4.3	43.8	45.9	43.2	44.4	52.4	3.6	3.7	3.9	3.0	3.1
SHOKO CHUKIN BANK	0.6	1.4	1.4	2.0	2.1	46.4	51.4	51.8	48.2	49.9	1.5	2.1	2.4	3.0	3.8
SHINSEI BANK	8.5	10.0	9.4	9.8	n.c.	64.8	56.8	56.6	56.1	67.2	12.3	16.8	9.1	12.1	9.3
UFJ HOLDINGS (2)	n.c.	n.c.	n.c.	-	-	48.6	47.8	46.4	-	-	-1.1	-0.3	2.8	-	-
HOKKAIDO BANK (3)	n.c.	9.5	-	-	-	57.8	54.9	-	-	-	-3.8	-1.1	-	-	-
Average	**n.c**	**0.2**	**5.8**	**10.9**	**9.9**	**52.3**	**50.8**	**50.2**	**54.7**	**53.3**	**-0.4**	**2.0**	**3.1**	**4.2**	**4.8**

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

(1) ROE for 2006 falls to approx. 35% excluding the effect of the amendment to the method of accounting for deferred taxes.
(2) Merged into Mitsubishi UFJ Financial Group in 2005.
(3) Acquired by Hokuhoku Financial Group in 2004.

TABLE I.23 - PROFITABILITY AND FREE CAPITAL RATIOS

UNITED STATES

BANKS	ROE					COST / INCOME RATIO					FREE CAPITAL				
	2002	2003	2004	2005	2006	2002	2003	2004	2005	2006	2002	2003	2004	2005	2006
	%					%					as % of funding from customers				
THE BANK OF NEW YORK	15.6	15.9	18.3	18.9	35.1	57.6	62.8	66.4	66.4	67.0	5.0	3.6	5.0	5.2	3.3
THE PNC FINANCIAL SERVICES GROUP	20.9	17.7	19.1	18.3	31.7	62.4	67.1	68.8	68.2	66.2	6.3	4.9	4.6	3.6	1.2
U.S. BANCORP	22.2	24.1	27.1	28.8	28.9	44.8	45.0	43.5	44.0	46.2	6.1	6.9	6.4	5.8	6.0
COUNTRYWIDE FINANCIAL	19.5	41.6	27.1	24.6	23.0	39.9	42.3	55.9	60.0	62.1	-8.2	-1.6	-2.1	-5.2	-8.0
WELLS FARGO & CO.	21.8	21.9	22.7	23.3	22.7	52.1	57.2	57.9	57.5	57.4	3.0	3.0	3.0	2.2	1.7
CITIGROUP	22.1	22.3	18.5	28.0	21.9	52.0	52.6	54.1	56.0	60.5	7.8	7.3	5.9	5.8	4.7
NATIONAL CITY	23.7	29.4	27.7	18.7	18.7	53.8	52.6	54.6	59.6	61.6	4.6	5.3	4.3	3.2	0.3
BANK OF AMERICA	22.5	29.1	17.6	19.4	18.5	52.5	51.8	53.5	50.7	49.2	5.3	4.8	5.1	5.0	4.5
KEYCORP	16.7	14.9	15.5	17.5	15.9	58.7	61.3	62.9	64.4	63.3	6.6	7.0	5.9	4.9	5.0
WASHINGTON MUTUAL	24.0	24.5	15.7	14.2	15.2	49.3	60.7	63.5	61.8	61.8	-1.4	-2.1	-1.0	-0.4	0.6
BB & T	21.4	12.0	16.7	17.5	15.0	50.0	52.5	53.0	55.1	55.7	7.6	7.1	6.7	6.1	5.4
WACHOVIA (ex-First Union)	12.6	15.1	14.0	16.2	14.9	63.3	63.7	62.3	60.6	58.7	6.8	6.5	5.8	5.7	4.9
CAPITAL ONE FINANCIAL	24.2	23.1	22.5	15.4	14.5	56.8	59.1	59.3	56.6	57.5	20.2	20.1	25.5	18.0	9.7
J.P. MORGAN CHASE & CO.	4.1	17.0	6.9	8.6	14.3	67.3	64.9	68.8	65.9	62.3	3.8	4.4	4.9	5.2	5.3
SUNTRUST BANKS	17.9	15.9	10.9	13.3	13.5	59.2	60.6	61.1	59.5	60.3	7.3	7.8	6.2	5.9	6.1
FIFTH THIRD BANCORP	23.9	25.9	20.6	19.6	13.4	44.3	44.1	48.9	53.9	56.0	12.0	8.0	7.2	4.6	4.3
REGIONS FINANCIAL	17.4	17.1	9.2	10.4	10.5	62.8	63.5	64.2	60.9	58.9	6.9	7.7	6.5	6.1	5.9
SOVEREIGN BANCORP	14.1	14.1	10.0	13.2	1.6	59.4	56.4	54.4	53.1	58.6	0.5	2.0	4.9	4.4	2.4
AMSOUTH BANCORPORATION (1)	24.3	24.1	21.1	24.9	-	51.1	54.5	58.3	54.3	-	6.0	5.4	5.8	5.5	-
GOLDEN WEST FINANCIAL (2)	23.6	22.9	21.4	20.7	-	27.6	28.6	28.9	28.5	-	7.8	8.3	8.5	8.9	-
MBNA (3)	24.1	26.6	25.1	15.2	-	53.3	50.4	51.1	55.6	-	8.1	11.2	15.8	16.7	-
NORTH FORK BANCORPORATION (4)	38.0	36.6	11.4	11.8	-	31.8	35.8	39.5	40.7	-	7.6	6.4	6.0	6.4	-
HIBERNIA (5)	17.4	17.0	17.8	-	-	52.0	54.2	55.6	-	-	9.3	9.5	8.0	-	-
GREENPOINT FINANCIAL (6)	35.4	34.6	-	-	-	35.4	39.8	-	-	-	6.2	5.0	-	-	-
UNION PLANTERS (7)	19.6	19.4	-	-	-	53.2	56.0	-	-	-	4.9	4.5	-	-	-
SOUTHTRUST (8)	16.3	19.3	-	-	-	54.0	50.5	-	-	-	8.8	7.6	-	-	-
BANK ONE (9)	17.2	17.8	-	-	-	57.3	60.4	-	-	-	8.5	7.5	-	-	-
FLEETBOSTON FINANCIAL (10)	7.6	16.6	-	-	-	57.2	56.9	-	-	-	6.5	7.8	-	-	-
Average	**18.2**	**21.4**	**16.0**	**18.2**	**18.0**	**54.4**	**55.6**	**57.4**	**57.2**	**57.7**	**5.8**	**5.7**	**5.2**	**4.9**	**4.1**

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 Regions Financial in 2006.
(2) Acquired by Wachovia (formerly First Union) in 2006.
(3) Acquired by Bank of America in 2006.
(4) Acquired by Capital One Financial in 2006.
(5) Acquired by Capital One Financial in 2005.
(6) Acquired by North Fork Bancorporation in 2004.
(7) Acquired by Regions Financial in 2004.
(8) Acquired by Wachovia (formerly First Union) in 2004.
(9) Acquired by JPMorgan Chase & Co. in 2004.
(10) Acquired by Bank of America in 2004.

TABLE I.23 - PROFITABILITY AND FREE CAPITAL RATIOS

CHINA

BANKS	ROE			COST / INCOME RATIO			FREE CAPITAL		
	2004	2005	2006	2004	2005	2006	2004	2005	2006
		%			%		as % of funding from customers		
INDUSTRIAL BANK	20.0	25.4	30.6	47.9	48.3	45.2	1.8	2.0	2.8
CHINA MINSHENG BANKING	18.8	21.2	24.2	54.2	55.7	57.4	2.0	1.9	2.4
CHINA CONSTRUCTION BANK	32.4	19.3	16.3	46.8	45.8	44.3	2.6	4.6	5.0
SHANGHAI PUDONG DEVELOPMENT BANK	16.7	19.1	15.7	46.0	47.9	47.6	2.2	2.3	3.6
BANK OF COMMUNICATIONS	3.1	12.5	15.3	60.0	52.0	47.9	1.3	3.9	4.4
CHINA MERCHANTS BANK	17.7	18.9	14.0	48.5	47.7	44.6	2.7	2.9	6.5
CHINA CITIC BANK	29.1	15.3	13.9	49.0	52.1	51.8	-0.7	2.0	3.2
BANK OF CHINA	11.4	13.3	12.6	45.2	44.0	44.1	3.3	4.0	7.0
INDUSTRIAL AND COMMERCIAL BANK OF CHINA	1.4	15.3	11.5	48.5	47.0	42.7	-11.8	1.2	5.1
AGRICULTURAL BANK OF CHINA	2.6	1.3	7.4	71.4	76.2	62.1	-20.0	-18.1	-15.3
Average	**12.7**	**14.8**	**13.3**	**51.6**	**50.7**	**47.5**	**-5.6**	**-1.0**	**1.3**

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.

TABLE I.24 – 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)*
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	20.9	10.8	38.9	28.8	3.9
2006	23.2	17.4	46.9	41.1	8.1
Total	**197.5**	**75.6**	**288.8**	**166.9**	**2.4**
			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	554	1,156	355	957	n.c.
2006	147	3,028	432	3,313	n.c.
Total	**13,382**	**4,943**	**2,785**	**- 5,654**	**0.3**
			United States (4)		
	USD bn	USD bn	USD bn	USD bn	
	a	*b*	*c*	*d = b+c-a*	*c / (a-b)*
1998	9.9	14.4	17.2	21.7	n.c.
1999	8.0	26.6	20.7	39.3	n.c.
2000	7.8	12.0	21.9	26.1	n.c.
2001	7.2	17.0	22.5	32.3	n.c.
2002	6.5	17.5	24.3	35.3	n.c.
2003	12.5	22.7	28.7	38.9	n.c.
2004	10.7	19.1	35.1	43.5	n.c.
2005	10.7	35.7	39.9	64.9	n.c.
2006	19.8	41.6	42.6	64.4	n.c.
Total	**93.1**	**206.6**	**252.9**	**366.4**	**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.25 - CAPITAL ADEQUACY RATIOS

EUROPE

BANKS	COUNTRY	TOTAL CAPITAL RATIO (1) 31/12/02	31/12/03	31/12/04	31/12/05	31/12/06	30/06/07	
		as % of risk-weighted assets						
CREDIT SUISSE GROUP	CH	16.5	17.4	16.6	13.7	18.4	16.3	
UBS	CH	13.8	13.3	13.6	14.1	14.7	15.5	
DRESDNER BANK	DE	10.6	13.4	13.3	16.3	15.6	15.1	
HSBC HOLDINGS	GB	13.3	12.0	12.0	12.8	13.5	13.2	
BANCO SANTANDER	ES	12.6	12.4	13.0	12.9	12.5	13.1	
THE ROYAL BANK OF SCOTLAND GROUP	GB	11.7	11.8	11.7	11.7	11.7	12.5	
DZ BANK	DE	10.5	11.7	12.3	10.4	12.6	12.2	
HBOS	GB	10.4	11.1	11.8	12.4	12.0	12.0	
CREDIT MUTUEL	FR	10.8	11.5	12.4	11.8	12.0	…	
DEUTSCHE BANK	DE	12.6	13.9	13.2	13.5	12.8	11.8	
BANCO BILBAO VIZCAYA ARGENTARIA	ES	12.5	12.7	12.5	12.0	12.0	11.8	
BARCLAYS	GB	12.8	12.8	11.5	11.3	11.7	11.8	
WESTLB	DE	10.1	10.3	11.5	14.2	12.1	11.2	
COMMERZBANK	DE	12.3	13.0	12.6	12.5	11.1	11.1	
KBC	BE	13.7	13.4	12.9	12.5	11.7	11.0	
ING GROEP	NL	11.0	11.3	11.5	10.9	11.0	11.0	
FORTIS	BE/NL	13.0	12.4	12.3	10.5	11.1	10.7	
BANCA INTESA	IT	11.1	11.7	11.6	10.3	10.5	10.6	
ABN AMRO HOLDING	NL	11.5	11.7	11.3	13.1	11.1	10.5	
UNICREDITO ITALIANO	IT	11.6	11.1	11.6	10.3	10.5	10.5	
DEXIA	BE	10.7	11.2	11.7	10.9	10.3	10.5	
RABOBANK NEDERLAND	NL	10.5	10.9	11.4	11.8	11.0	10.4	
BAYERISCHE LANDESBANK	DE	10.3	11.3	12.5	11.1	10.7	10.4	
LLOYDS TSB GROUP	GB	9.6	11.3	10.0	10.9	10.7	10.4	
CREDIT AGRICOLE	FR	11.7	10.5	10.4	10.1	10.0	10.4	
LANDESBANK BADEN-WUERTTEMBERG	DE	9.7	11.0	10.8	10.5	11.0	10.3	
BNP PARIBAS	FR	10.9	12.9	10.3	11.0	10.5	10.2	
DANSKE BANK	DK	10.5	11.0	10.2	10.3	11.4	9.7	
NORDEA	SE	9.9	9.3	9.5	9.2	9.8	9.7	
SOCIÉTÉ GÉNÉRALE	FR	11.1	11.7	11.9	11.3	11.1	8.9	(2)
KREDITANSTALT FUER WIEDERAUFBAU	DE	…	…	…	…	…	…	
SANPAOLO IMI (3)	IT	10.7	10.5	12.0	9.4	9.2	-	
EUROHYPO (4)	DE	10.1	11.0	10.8	10.7	-	-	
BAYERISCHE HYPO- UND VEREINSBANK (5)	DE	9.1	9.7	10.4	-	-	-	
ABBEY NATIONAL (6)	GB	11.6	13.3	-	-	-	-	
CREDIT LYONNAIS (7)	FR	11.2	-	-	-	-	-	
Average (8)		**11.4**	**11.9**	**11.9**	**11.7**	**11.8**	**(11.5)**	

(1) Ratio between regulatory capital and risk-weighted assets. According to Basle's Bank for International Settlements (BIS) guidelines, the minimum requirement is 8%.
(2) As at 31 December 2007. Half-yearly figures not known.
(3) Acquired by Banca Intesa (now Intesa Sanpaolo) with effect from 1 January 2007.
(4) Acquired by Commerzbank in 2006.
(5) Acquired by UniCredito Italiano in 2005.
(6) Acquired by Banco Santander Central Hispano in 2004.
(7) Acquired by Crédit Agricole in 2003.
(8) For 28 groups only at 30 June 2007.

TABLE I.25 - CAPITAL ADEQUACY RATIOS

JAPAN

BANKS	TOTAL CAPITAL RATIO (1)					
	31/03/03	31/03/04	31/03/05	31/03/06	31/03/07	30/09/07
	as % of risk-weighted assets					
SHINKIN CENTRAL BANK	16.2	16.6	15.8	14.3	20.1	…
SHIZUOKA BANK	12.4	13.6	13.5	13.6	14.5	14.8
RESONA HOLDINGS	3.8	7.8	9.7	10.0	10.6	13.6
CHUO MITSUI TRUST HOLDINGS	7.5	10.1	10.3	12.4	12.1	12.9
MITSUBISHI UFJ FINANCIAL GROUP	10.8	13.0	11.8	12.2	12.6	12.7
NORINCHUKIN BANK	9.9	12.9	11.7	12.1	12.8	12.6
SHINSEI BANK	20.1	21.1	11.8	15.5	13.1	12.4
JOYO BANK	11.3	11.4	11.8	12.0	12.0	12.3
MIZUHO FINANCIAL GROUP	9.5	11.4	11.9	11.6	12.5	11.8
SUMITOMO TRUST & BANKING	10.5	12.5	12.5	10.9	11.4	11.8
CHIBA BANK	10.4	11.1	11.2	11.2	11.6	11.7
BANK OF YOKOHAMA	10.3	10.7	11.0	11.0	11.2	10.8
SUMITOMO MITSUI FINANCIAL GROUP	10.1	11.4	9.9	12.4	11.3	10.6
HOKUHOKU FINANCIAL GROUP	7.5	8.3	8.3	9.0	10.4	10.0
FUKUOKA FINANCIAL GROUP (2)	9.4	9.5	9.3	9.7	11.3	8.4
SHOKO CHUKIN BANK	7.5	7.7	7.8	8.0	8.3	…
UFJ HOLDINGS (3)	10.0	9.2	10.4	-	-	-
HOKKAIDO BANK (4)	6.1	6.5	-	-	-	-
Average (5)	**10.2**	**11.4**	**11.1**	**11.6**	**12.2**	**(11.9)**

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

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

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

(4) Acquired by Hokuhoku Financial Group in 2004.

(5) For 14 groups only at 30 September 2007.

TABLE I.25 - CAPITAL ADEQUACY RATIOS

UNITED STATES

BANKS	TOTAL CAPITAL RATIO (1)					
	31/12/02	31/12/03	31/12/04	31/12/05	31/12/06	30/06/07
	as % of risk-weighted assets					
BB & T	13.4	12.5	14.5	14.4	14.3	14.7
CAPITAL ONE FINANCIAL	13.0	14.0	16.6	13.9	12.3	14.0
COUNTRYWIDE FINANCIAL	13.6	13.7	11.7	11.7	12.8	13.7
U.S. BANCORP	12.2	13.6	13.1	12.5	12.6	13.0
KEYCORP	12.5	12.6	11.5	11.5	12.4	12.2
THE BANK OF NEW YORK	12.0	11.5	12.2	12.5	12.5	12.1
BANK OF AMERICA	12.4	11.9	11.6	11.1	11.9	12.1
JPMORGAN CHASE & CO	12.0	11.8	12.2	12.0	12.3	12.0
THE PNC FINANCIAL SERVICES GROUP	12.5	13.8	13.0	12.1	13.5	11.8
WELLS FARGO & CO	11.3	12.2	12.1	11.6	12.5	11.7
REGIONS FINANCIAL	13.8	14.5	13.5	12.8	11.5	11.6
WACHOVIA (ex-First Union)	12.0	11.8	11.1	10.8	11.3	11.5
CITIGROUP	11.2	12.0	11.8	12.0	11.7	11.2
WASHINGTON MUTUAL	11.6	10.9	11.3	10.9	11.8	11.0
SUNTRUST BANKS	11.6	11.8	10.4	10.6	11.1	10.7
FIFTH THIRD BANCORP	13.5	13.4	12.3	10.4	11.1	10.5
SOVEREIGN BANCORP	10.7	12.1	11.6	10.7	10.1	10.5
NATIONAL CITY	11.5	13.1	11.8	10.5	12.2	10.3
MBNA (2)	19.7	22.2	25.4	23.9	-	-
GOLDEN WEST FINANCIAL (3)	14.3	14.2	12.9	13.0	-	-
NORTH FORK BANCORPORATION (4)	16.8	15.5	12.5	12.7	-	-
AMSOUTH BANCORPORATION (5)	10.6	11.2	10.9	11.4	-	-
HIBERNIA (6)	11.8	11.8	11.3	-	-	-
UNION PLANTERS (7)	13.9	15.6	-	-	-	-
BANK ONE (8)	13.7	13.7	-	-	-	-
GREENPOINT FINANCIAL (9)	13.8	12.8	-	-	-	-
FLEETBOSTON FINANCIAL (10)	11.7	11.9	-	-	-	-
SOUTHTRUST (11)	11.1	10.7	-	-	-	-
Average	**12.8**	**13.1**	**12.8**	**12.4**	**12.1**	**11.9**

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

TABLE I.25 - CAPITAL ADEQUACY RATIOS

CHINA

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

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

(2) Refers to 8 companies in 2004 and 9 companies in 2005 and 2006.

TABLE I.26 - DERIVATIVE CONTRACTS

	2004						2005						2006					
	Europe		Japan		United States		Europe		Japan		United States		Europe		Japan		United States	
	EUR bn	%	JPY bn	%	USD bn	%	EUR bn	%	JPY bn	%	USD bn	%	EUR bn	%	JPY bn	%	USD bn	%
Notional amounts by risk category:																		
interest rate	127,600	*81.1*	1,553,589	*90.0*	73,152	*87.7*	165,791	*80.4*	1,769,155	*90.1*	80,968	*85.3*	212,452	*80.6*	2,226,917	*89.5*	102,999	*83.5*
foreign exchange	19,578	*12.5*	153,759	*8.9*	6,399	*7.6*	23,337	*11.4*	174,014	*8.9*	7,110	*7.5*	26,148	*9.9*	231,030	*9.3*	9,679	*7.9*
credit (1)	-	-	3,253	*0.2*	2,170	*2.6*	8,350	*4.0*	6,388	*0.3*	5,300	*5.6*	14,263	*5.4*	18,003	*0.7*	8,073	*6.5*
equity (1)	-	-	2,732	*0.2*	946	*1.2*	5,956	*2.9*	2,719	*0.1*	1,125	*1.2*	6,795	*2.6*	3,916	*0.1*	1,993	*1.6*
other	10,032	*6.4*	12,468	*0.7*	778	*0.9*	2,610	*1.3*	11,456	*0.6*	411	*0.4*	3,935	*1.5*	9,197	*0.4*	664	*0.5*
Total (2)	**157,210**	***100.0***	**1,725,801**	***100.0***	**83,445**	***100.0***	**206,044**	***100.0***	**1,963,732**	***100.0***	**94,914**	***100.0***	**263,593**	***100.0***	**2,489,063**	***100.0***	**123,408**	***100.0***
Index number	*100.0*		*100.0*		*100.0*		*131.1*		*113.8*		*113.7*		*167.7*		*144.2*		*147.9*	
Notional amount / total assets	9.6		3.8		13.8		10.1		4.0		14.6		11.8		5.1		16.7	
Fair value (balance) (millions) (3)	-51,148		653,763		14,937		-58,826		-214,724		-2,945		-85,361		-177,587		-13,864	
as % of net worth	*-6.9*		*2.4*		*2.5*		*-7.0*		*-0.6*		*-0.5*		*-9.1*		*-0.5*		*-2.1*	
Credit risk (millions) (4)	707,448		9,947,919		164,002		777,606		10,056,083		138,510		725,406		12,501,123		150,973	
Index number	*100.0*		*100.0*		*100.0*		*109.9*		*101.1*		*84.5*		*102.5*		*125.7*		*92.1*	
as % of net worth	*107.4*		*35.9*		*27.9*		*103.4*		*27.6*		*22.4*		*87.1*		*32.4*		*21.6*	

(1) For Europe, in 2004, included under the heading "other".
(2) For Japan data refers only to trading derivatives. Data refers to companies representing 93% of 2006 total assets for Europe, 72% for Japan, and 94% for the United States.
(3) This is the algebraic sum of positions with positive fair value and with negative fair values.
(4) Refers to companies which account for 88% of 2006 total assets for Europe; refers to the whole survey for Japanese and US banks.

TABLE I.27 – PROFIT AND LOSS ACCOUNT AND BALANCE SHEET FOR 1H 2007

57 BANKS

Profit and loss account

	1H 2006		1H 2007		Change
	EUR m	%	EUR m	%	%
Net interest income	189,271	*45.1*	197,563	*43.0*	4.4
Net fee and commission income	135,426	*32.2*	149,042	*32.5*	10.1
Other operating income	95,424	*22.7*	112,330	*24.5*	17.7
Total income	**420,121**	***100.0***	**458,935**	***100.0***	**9.2**
Labour costs	...	...	...	...	...
General expenses (1)	- 223,083	*- 53.1*	- 244,062	*- 53.2*	9.4
Bad debts recovered (written off)	- 22,277	*- 5.3*	- 32,625	*- 7.1*	46.5
Depreciation and amortisation	- 16,289	*- 3.9*	- 16,887	*- 3.7*	3.7
Current pre-tax profit	**158,472**	***37.7***	**165,361**	***36.0***	**4.3**
Extraordinary items	9,573	*2.3*	18,535	*4.1*	n.c.
Profit (loss) before tax	**168,045**	***40.0***	**183,896**	***40.1***	**9.4**
Income tax	- 46,573	*- 11.1*	- 47,827	*- 10.4*	2.7
Minority interest	- 5,649	*-1.3*	- 6,182	*- 1.4*	9.4
Net profit	**115,823**	***27.6***	**129,887**	***28.3***	**12.1**

Balance sheet

	31-12-2006		30-6-2007		Change
	EUR m	%	EUR m	%	%
Cash and deposits at central banks	…	…	…	…	…
Securities	9,567,657	*30.1*	10,683,134	*30.6*	11.7
Loans and advances to banks (2)	4,119,604	*13.0*	4,564,769	*13.1*	10.8
Loans and advances to customers	13,948,316	*44.0*	14,707,766	*42.2*	5.4
Interests in subsidiaries and associated	…	...	…	…	…
Net tangible assets	262,885	*0.8*	263,427	*0.7*	0.2
Intangible assets (3)	505,159	*1.6*	556,235	*1.6*	10.1
Other assets (4)	3,336,194	*10.5*	4,110,392	*11.8*	23.2
Total assets	**31,739,815**	***100.0***	**34,885,723**	***100.0***	**9.9**
Customer deposits	13,120,330	*41.3*	13,831,270	*39.7*	5.4
Debt securities (5)	5,258,582	*16.6*	5,666,678	*16.2*	7.8
Subordinated liabilities	…	…	…	…	…
Total funding from customers	*18,378,912*	*57.9*	*19,497,948*	*55.9*	*6.1*
Deposits by banks	5,474,254	*17.2*	6,102,964	*17.5*	11.5
Other liabilities	6,332,697	*20.0*	7,663,840	*22.0*	21.0
Total liabilities	**30,185,863**	***95.1***	**33,264,752**	***95.4***	**10.2**
Net worth	**1,553,952**	***4.9***	**1,620,971**	***4.6***	**4.3**
of which:					
shareholders' equity	1,434,552	*4.5*	1,502,867	*4.3*	4.8
minority interests	119,400	*0.4*	118,104	*0.3*	- 1.1

(1) Includes labour costs.
(2) Includes cash and deposits at central banks.
(3) Includes goodwill.
(4) Includes interest in subsidiaries and associated.
(5) Includes subordinated liabilities.

TABLE I.28 – PROFIT AND LOSS ACCOUNT AND BALANCE SHEET FOR 1H 2007

EUROPE

Profit and loss account

	1H 2006		1H 2007		Change
	EUR m	%	EUR m	%	%
Net interest income	102,255	*42.0*	107,257	*40.2*	4.9
Net fee and commission income	71,265	*29.3*	79,151	*29.7*	11.1
Other operating income	69,847	*28.7*	80,201	*30.1*	14.8
Total income	**243,367**	***100.0***	**266,609**	***100.0***	**9.6**
Labour costs	- 83,365	*- 34.3*	- 92,761	*- 34.8*	11.3
General expenses	- 48,216	*- 19.8*	- 52,202	*- 19.6*	8.3
Bad debts recovered (written off)	- 13,719	*- 5.6*	- 17,374	*- 6.5*	26.6
Depreciation and amortisation	- 8,349	*- 3.4*	- 8,790	*- 3.3*	5.3
Current pre-tax profit	**89,718**	***36.9***	**95,482**	***35.8***	**6.4**
Extraordinary items	9,245	*3.8*	18,790	*7.1*	n.c.
Profit (loss) before tax	**98,963**	***40.7***	**114,272**	***42.9***	**15.5**
Income tax	- 25,770	*- 10.6*	- 25,517	*- 9.6*	- 1.0
Minority interest	- 4,874	*- 2.0*	- 5,099	*- 1.9*	4.6
Net profit	**68,319**	***28.1***	**83,656**	***31.4***	**22.4**

Balance sheet

	31-12-2006		30-6-2007		Change
	EUR m	%	EUR m	%	%
Cash and deposits at central banks	148,614	*0.7*	162,622	*0.6*	9.4
Securities	7,248,718	*32.1*	8,153,947	*32.4*	12.5
Loans and advances to banks	2,850,802	*12.6*	3,176,643	*12.6*	11.4
Loans and advances to customers	9,209,317	*40.8*	9,867,844	*39.2*	7.2
Interests in subsidiaries and associated	75,124	*0.3*	75,496	*0.3*	0.5
Net tangible assets	192,671	*0.9*	189,890	*0.8*	- 1.4
Intangible assets (1)	205,388	*0.9*	233,674	*0.9*	13.8
Other assets	2,635,044	*11.7*	3,320,678	*13.2*	26.0
Total assets	**22,565,678**	***100.0***	**25,180,794**	***100.0***	**11.6**
Customer deposits	7,883,319	*34.9*	8,500,481	*33.7*	7.8
Debt securities	3,819,662	*16.9*	4,105,635	*16.3*	7.5
Subordinated liabilities	423,775	*1.9*	426,711	*1.7*	0.7
Total funding from customers	*12,126,756*	*53.7*	*13,032,827*	*51.7*	*7.5*
Deposits by banks	4,013,008	*17.8*	4,527,691	*18.0*	12.8
Other liabilities	5,578,793	*24.7*	6,715,247	*26.7*	20.4
Total liabilities	**21,718,557**	***96.2***	**24,275,765**	***96.4***	**11.8**
Net worth	**847,121**	***3.8***	**905,029**	***3.6***	**6.8**
of which:					
shareholders' equity	764,897	*3.4*	823,960	*3.3*	7.7
minority interests	82,224	*0.4*	81,069	*0.3*	- 1.4

(1) Includes goodwill.

TABLE I.29 – PROFIT AND LOSS ACCOUNT AND BALANCE SHEET FOR 1H 2007

JAPAN

Profit and loss account

	1H 2006		1H 2007		Change
	JPY bn	%	JPY bn	%	%
Net interest income	3,056	*60.5*	3,081	*57.9*	0.8
Net fee and commission income	1,472	*29.2*	1,513	*28.4*	2.8
Other operating income	519	*10.3*	726	*13.7*	39.9
Total income	**5,047**	***100.0***	**5,320**	***100.0***	**5.4**
Labour costs	…	…	…	…	…
General expenses (1)	- 2,330	*- 46.2*	- 2,526	*- 47.5*	8.4
Bad debts recovered (written off)	- 243	*- 4.8*	- 582	*- 10.9*	139.5
Depreciation and amortisation	- 337	*- 6.7*	- 367	*- 6.9*	8.9
Current pre-tax profit	**2,137**	***42.3***	**1,845**	***34.7***	**- 13.7**
Extraordinary items	85	*1.7*	- 10	*- 0.2*	n,c,
Profit (loss) before tax	**2,222**	***44.0***	**1,835**	***34.5***	**- 17.4**
Income tax	- 487	*- 9.6*	- 630	*- 11.8*	29.4
Minority interest	- 84	*- 1.7*	- 114	*- 2.2*	n,c,
Net profit	**1,651**	***32.7***	**1,091**	***20.5***	**- 33.9**

Balance sheet

	31-3-2007		30-9-2007		Change
	JPY bn	%	JPY bn	%	%
Cash and deposits at central banks	…	…	…	…	…
Securities	161,973	*29.1*	163,326	*28.7*	0.8
Loans and advances to banks (2)	67,438	*12.1*	70,931	*12.4*	5.2
Loans and advances to customers	298,052	*53.5*	303,960	*53.3*	2.0
Interests in subsidiaries and associated	…	…	…	…	…
Net tangible assets	4,154	*0.7*	4,246	*0.8*	2.2
Intangible assets (3)	4,186	*0.8*	4,562	*0.8*	9.0
Other assets (4)	21,259	*3.8*	22,960	*4.0*	8.0
Total assets	**557,062**	***100.0***	**569,985**	***100.0***	**2.3**
Customer deposits	386,170	*69.3*	387,231	*68.0*	0.3
Debt securities	20,446	*3.7*	20,084	*3.5*	- 1.8
Subordinated liabilities	12,686	*2.3*	12,681	*2.2*	o
Total funding from customers	*419,302*	*75.3*	*419,996*	*73.7*	*0.2*
Deposits by banks	72,212	*12.9*	79,674	*14.0*	10.3
Other liabilities	33,811	*6.1*	38,401	*6.7*	13.6
Total liabilities	**525,325**	***94.3***	**538,071**	***94.4***	**2.4**
Net worth	**31,737**	***5.7***	**31,914**	***5.6***	**0.6**
of which:					
shareholders' equity	26,728	*4.8*	27,160	*4.8*	1.6
minority interests	5,009	*0.9*	4,754	*0.8*	- 5.1

(1) Includes labour costs.
(2) Includes cash and deposits at central banks.
(3) Includes goodwill.
(4) Includes interest in subsidiaries and associated.

TABLE I.30 – PROFIT AND LOSS ACCOUNT AND BALANCE SHEET FOR 1H 2007

UNITED STATES

Profit and loss account

	1H 2006		1H 2007		Change
	USD m	%	USD m	%	%
Net interest income	92,747	*46.9*	96,985	*44.8*	4.6
Net fee and commission income	74,722	*37.8*	82,125	*37.9*	9.9
Other operating income	30,336	*15.3*	37,506	*17.3*	23.6
Total income	**197,805**	***100.0***	**216,616**	***100.0***	**9.5**
Labour costs	- 63,981	*- 32.3*	- 69,252	*- 32.0*	8.2
General expenses	- 40,711	*- 20.6*	- 44,108	*- 20.4*	8.3
Bad debts recovered (written off)	- 9,586	*- 4.9*	- 15,877	*- 7.3*	65.6
Depreciation and amortisation	- 7,998	*- 4.0*	- 7,963	*- 3.7*	- 0.4
Current pre-tax profit	**75,529**	***38.2***	**79,416**	***36.7***	**5.1**
Extraordinary items	- 250	*- 0.1*	- 260	*- 0.1*	n.c.
Profit (loss) before tax	**75,279**	***38.1***	**79,156**	***36.6***	**5.2**
Income tax	- 24,143	*- 12.2*	- 25,021	*- 11.6*	3.6
Minority interest	- 366	*- 0.2*	- 540	*- 0.3*	n.c.
Net profit	**50,770**	***25.7***	**53,595**	***24.7***	**5.6**

Balance sheet

	31-12-2006		30-6-2007		Change
	USD m	%	USD m	%	%
Cash and deposits at central banks	…	…	…	…	…
Securities	1,824,332	*23.1*	2,097,351	*24.7*	15.0
Loans and advances to banks (1)	966,246	*12.3*	1,080,165	*12.7*	11.8
Loans and advances to customers	3,984,368	*50.6*	4,072,788	*48.0*	2.2
Interests in subsidiaries and associated	…	…	…	…	…
Net tangible assets	61,156	*0.8*	64,895	*0.8*	6.1
Intangible assets (2)	370,919	*4.7*	398,639	*4.7*	7.5
Other assets (3)	667,787	*8.5*	773,061	*9.1*	15.8
Total assets	**7,874,808**	***100.0***	**8,486,899**	***100.0***	**7.8**
Customer deposits	3,942,760	*50.1*	4,060,807	*47.9*	3.0
Debt securities (4)	1,102,423	*14.0*	1,266,363	*14.9*	14.9
Subordinated liabilities	…	…	…	…	…
Total funding from customers	*5,045,183*	*64.1*	*5,327,170*	*62.8*	*5.6*
Deposits by banks	1,388,150	*17.6*	1,481,663	*17.5*	6.7
Other liabilities	744,121	*9.4*	969,847	*11.4*	30.3
Total liabilities	**7,177,454**	***91.1***	**7,778,680**	***91.7***	**8.4**
Net worth	**697,354**	***8.9***	**708,219**	***8.3***	**1.6**
of which:					
shareholders' equity	687,747	*8.8*	696,738	*8.2*	1.3
minority interests	9,607	*0.1*	11,481	*0.1*	19.5

(1) Includes cash and deposits at central banks.
(2) Includes goodwill.
(3) Includes interest in subsidiaries and associated.
(4) Includes subordinated liabilities.

TABLE I.31 – PROFIT AND LOSS ACCOUNT AND BALANCE SHEET FOR FY 2007

EUROPE (*)

Profit and loss account

	Years ended December 31				
	2006		2007		Change
	EUR m	%	EUR m	%	%
Net interest income	195,444	*43.7*	202,118	*46.0*	3.4
Other operating income	251,751	*56.3*	236,936	*54.0*	- 5.9
of which: gains (losses) on financial transactions	*71,475*	*16.0*	*41,087*	*9.4*	*- 42.5*
Total income	**447,195**	***100.0***	**439,054**	***100.0***	**- 1.8**
Labour costs	- 157,296	*- 35.2*	- 162,337	*- 37.0*	3.2
General expenses (1)	- 107,766	*- 24.1*	- 114,923	*- 26.2*	6.6
Bad debts recovered (written off)	- 32,265	*- 7.2*	- 42,218	*- 9.6*	30.8
Current pre-tax profit	**149,868**	***33.5***	**119,576**	***27.2***	**- 20.2**
Extraordinary items	24,349	*5.5*	41,364	*9.5*	n.c.
Profit (loss) before tax	**174,217**	***39.0***	**160,940**	***36.7***	**- 7.6**
Income tax	- 42,141	*- 9.4*	- 31,347	*- 7.2*	- 25.6
Minority interest	- 8,789	*- 2.0*	- 9,588	*- 2.2*	9.1
Net profit	**123,287**	***27.6***	**120,005**	***27.3***	**-2.7**

Balance sheet

	31-12-2006		31-12-2007		Change
	EUR m	%	EUR m	%	%
Cash and deposits at central banks	145,178	*0.7*	224,303	*1.0*	54.5
Securities	6,206,952	*30.2*	6,392,730	*28.2*	3.0
Loans and advances to banks	2,458,355	*12.0*	2,590,705	*11.4*	5.4
Loans and advances to customers	8,595,992	*41.8*	9,125,139	*40.3*	6.2
Interests in subsidiaries and associated	72,341	*0.4*	114,977	*0.5*	58.9
Net tangible assets	184,138	*0.9*	175,786	*0.8*	- 4.5
Intangible assets (2)	207,006	*1.0*	276,836	*1.2*	33.7
Other assets	2,695,730	*13.1*	3,728,795	*16.5*	38.3
Total assets	**20,565,692**	***100.0***	**22,629,271**	***100.0***	**10.0**
Customer deposits	7,287,080	*35.4*	7,709,208	*34.1*	5.8
Debt securities	3,529,513	*17.2*	3,815,077	*16.9*	8.1
Subordinated liabilities	402,604	*2.0*	413,388	*1.8*	2.7
Total funding from customers	*11,219,197*	*54.6*	*11,937,673*	*52.8*	*6.4*
Deposits by banks	3,707,359	*18.0*	4,020,750	*17.8*	8.5
Other liabilities	4,854,878	*23.6*	5,786,782	*25.6*	19.2
Total liabilities	**19,781,434**	***96.2***	**21,745,205**	***96.1***	**9.9**
Net worth	**784,257**	***3.8***	**884,066**	***3.9***	**12.7**
of which:					
shareholders' equity	708,314	*3.4*	764,460	*3.4*	7.9
minority interests	75,943	*0.4*	119,606	*0.5*	57.5

(*) Data refers to 20 companies which accounted for 83.8% of the total assets of European banks included in the survey as at end-2006.
(1) Includes depreciation and amortization.
(2) Includes goodwill.

TABLE I.32 – PROFIT AND LOSS ACCOUNT AND BALANCE SHEET FOR FY 2007

UNITED STATES (*)

Profit and loss account

	Years ended December 31				
	2006		2007		Change
	USD m	%	USD m	%	%
Net interest income	148,635	*45.4*	164,619	*50.8*	10.8
Other operating income	178,504	*54.6*	159,375	*49.2*	- 10.7
of which: gains (losses) on financial transactions	*22,022*	*6.7*	*- 15,143*	*- 4.7*	*n.c.*
Total income	**327,139**	***100.0***	**323,994**	***100.0***	**- 1.0**
Labour costs	- 103,814	*- 31.7*	- 112,500	*- 34.7*	8.4
General expenses (1)	- 83,276	*- 25.5*	- 91,404	*- 28.2*	9.8
Bad debts recovered (written off)	- 19,500	*- 6.0*	- 46,208	*- 14.3*	137.0
Current pre-tax profit	**120,549**	***36.8***	**73,882**	***22.8***	**- 38.7**
Extraordinary items	3,953	*1.2*	- 2,073	*- 0.6*	n.c.
Profit (loss) before tax	**124,502**	***38.0***	**71,809**	***22.2***	**- 42.3**
Income tax	- 39,384	*- 12.0*	- 18,864	*- 5.8*	- 52.1
Minority interest	- 808	*- 0.2*	- 1,059	*- 0.4*	31.1
Net profit	**84,310**	***25.8***	**51,886**	***16.0***	**- 38.5**

Balance sheet

	31-12-2006		31-12-2007		Change
	USD m	%	USD m	%	%
Cash and deposits at central banks	...	...	...	...	...
Securities	1,641,931	*24.7*	1,881,622	*24.8*	14.6
Loans and advances to banks (2)	909,912	*13.7*	962,098	*12.7*	5.7
Loans and advances to customers	3,143,495	*47.3*	3,529,494	*46.4*	12.3
Interests in subsidiaries and associated	...	...	...	...	...
Net tangible assets	43,152	*0.7*	48,386	*0.6*	12.1
Intangible assets (3)	302,404	*4.5*	336,146	*4.4*	11.2
Other assets (4)	609,264	*9.1*	843,374	*11.1*	38.4
Total assets	**6,650,158**	***100.0***	**7,601,120**	***100.0***	**14.3**
Customer deposits	3,156,444	*47.5*	3,539,296	*46.6*	12.1
Debt securities (5)	995,924	*15.0*	1,303,125	*17.1*	30.8
Subordinated liabilities	...	...	...	...	...
Total funding from customers	*4,152,368*	*62.5*	*4,842,421*	*63.7*	*16.6*
Deposits by banks	1,168,046	*17.5*	1,294,835	*17.0*	10.9
Other liabilities	774,229	*11.6*	884,125	*11.7*	14.2
Total liabilities	**6,094,643**	***91.6***	**7,021,381**	***92.4***	**15.2**
Net worth	**555,515**	***8.4***	**579,739**	***7.6***	**4.4**
of which:					
shareholders' equity	548,859	*8.3*	568,408	*7.5*	3.6
minority interests	6,656	*0.1*	11,331	*0.1*	70.2

(*) Data refers to 8 companies which accounted for 84.4% of the total assets of US banks included in the survey as at end-2006.
(1) Includes depreciation and amortization.
(2) Includes cash and deposits at central banks.
(3) Includes goodwill.
(4) Includes interest in subsidiaries and associated.
(5) Includes subordinated liabilities.

APPENDIX 1 – Unusual features of several banking groups

Germany

The German banks included in our survey comprise five groups, all of which have certain features that could be described as unusual. Three of them are *Landesbanken*, i.e. publicly-owned or state banks, which operate *inter alia* as central banks for savings institutions in their local regions or *Länder*. These local savings institutions own stakes in the *Landesbanken* via their associations, as do the regions themselves and the municipalities ("state capital"). In some cases the *Landesbanken* also control the local savings banks, or have merged with them during the course of their history, and hence their role as central banks is complemented by commercial banking activities. The *Landesbanken* also provide other services, whether themselves or via subsidiaries, such as real estate loans, leasing, factoring, project finance, exchange rate and derivatives trading, equity investment, asset management, and private banking. Most of them have also built up networks outside Germany for the benefit of their associated savings banks, and some of them have even expanded by acquiring local banks. They have a public mission in support of their municipalities, which can include investment in works of public interest, supporting residential property development and granting loans under pledge. Obligations entered into by the *Landesbanken* were backed by unlimited public guarantees issued by their guarantor shareholders until 18 July 2005 ([64]).

[64] 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

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 ([65]). 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 ([66]). 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 ([67]).

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company reporting to the State of North Rhine-Westphalia. In addition, following a ruling by the European Commission on 20 October 2004, WestLB, Norddeustsche Landesbank and Bayerische Landesbank were required to pay an aggregate amount of EUR 2.4 bn 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.

[65] 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.

[66] In 2003 KfW reached agreements with the EU to spin off operations through which it operates in competition with other banks (in particular export loans and project financing) to an independent entity, KfW IPEX-Bank GmbH, which has been operating since 1 January 2008. At 31 December 2006, the KfW Group owned 34.1% of Deutsche Post and 16.9% of Deutsche Telekom.

[67] WestLB serves as a central bank for 121 savings banks in North Rheine-Westphalia and Brandenburg, Bayerische Landesbank for 77 savings banks in Bavaria, and Landesbank Baden-Wuerttemberg for 82 savings banks in the region of the same name and Rheinland-Pfalz (in the latter following the acquisition of Landesbank Rheinland-Pfalz, the region's central bank, in 2005).

Two of the French banks featured here are co-operatives, namely Crédit Agricole and Crédit Mutuel. Crédit Agricole underwent large-scale changes in the course of 2001, which led to the setting up of Crédit Agricole S.A. and its listing on 14 December of the same year. The Crédit Agricole "group" has an inverse pyramidal structure with the local co-operative banks at the top, which as at year-end 2007 numbered 2,570, had around 5.8 million shareholders, and control 39 regional banks (Caisses Régionales de Crédit Agricole), which in turn control Crédit Agricole S.A. (formerly Caisse Nationale de Crédit Agricole) through SAS Rue la Boétie. The latter engages in treasury operations 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, giving a total of 3,125 consolidated entities in 2006. 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. ([68]) 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.

[68] Share diluted to 54.7% on 30 June 2007, 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 1,940 local savings banks, which are co-operative institutions with variable share capital and 6.9 million shareholders. These are grouped into 18 *Fédérations Régionales*, which are made up of one federative body and one Caisse Fédérale, alongside which are the *Fédération du Crédit Mutuel Agricole et Rural* which operates at a national level in the agricultural sector. The shareholders of the regional Caisse Fédérale are the local banks, and all the local banks are associates of the Fédération Régionale, which represents, directs and oversees but does not engage in banking activities, these being the remit of the Caisse Fédérale. Operating on a national level there are the Confédération Nationale, which is a representative body, and the Caisse Centrale du Crédit Mutuel, a national financial body whose capital is owned by the Caisses Fédérales. The Crédit Mutuel group's consolidated figures include the local banks, regional federations, the Fédération du Crédit Mutuel Agricole et Rurale, and the Caisse Centrale, in addition to their respective subsidiaries (formed to provide common services to clients), making for a total of 2,294 consolidated companies in 2006 ([69]). 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 likewise not included in the basis of consolidation until 2001. The tables providing data for the Crédit Mutuel group contained in the text refer to the aggregate of the two groups for the years between 1998 and 2001.

There are also two other French banking groups which have a shareholder structure along the lines outlined above, but which were set up more recently, namely Groupe Caisse d'Epargne and Groupe Banques Populaires. Groupe Caisse d'Epargne was established in 1999, the first year for which consolidated financial statements are available. The group's central body is the Caisse Nationale des Caisses d'Epargne et de Prévoyance (CNCE), controlled by 21 local savings banks, which are in turn controlled by 411 local savings companies with 3.5 million

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

shareholders ([70]). Groupe Banque Populaire was set up in May 2001, the year from which it has prepared consolidated reporting. Its central body at national level is Banque Fédérale des Banques Populaires, which is owned by 20 co-operative banks with approximately 3.2 million shareholders ([71]). 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 2007, Norinchukin Bank was owned by 4,445 co-operatives, while Shoko Chukin Bank was 77.5% owned by the Japanese government, with the outstanding share capital owned by 26,484 co-operative companies comprised of small and medium-sized firms.

Shinkin Central Bank acts as central bank for the 287 Japanese co-operative banks, or *shinkin*, which comprised the institution's shareholders at 31 March 2007. 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 9.3 million shareholders, made up of both individual investors and local small and medium businesses, and as at the financial-year-end 2006 had a network of 7,734 branches, with 112,362 employees and total assets of JPY 120,000 bn.

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[70] The Caisse d'Epargne group recorded total assets at year-end 2006 worth EUR 539,711m, shareholders' equity of EUR 20,032m and net profit for the twelve months of EUR 3,832m.

[71] The Banque Populaire group recorded total assets at year-end 2006 worth EUR 305,307m, shareholders' equity of EUR 19,610m, and net profit for the twelve months of EUR 3,332m.

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 ([72]). In 2002 the three leading German banks, Deutsche Bank, Commerzbank, and Dresdner Bank deconsolidated their respective operations in the mortgage lending sector and transferred them to Eurohypo, in which each acquired a minority interest. Commerzbank then acquired the interests of the other two largest shareholders in two stages, in December 2005 and March 2006, thereby acquiring control over the company. In November 2005, 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 UK group HSBC Holdings. Crédit Lyonnais was also privatized in 1999 through the formation of a core shareholder group that controlled

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

approximately one-third of share capital, within which Crédit Agricole owned the largest stake, equal to 11% of voting rights. In 2003 Crédit Agricole acquired control of Crédit Lyonnais via a public tender offer on the entirety of share capital.

In the **Benelux** countries, Banque Bruxelles Lambert was bought by Dutch company ING Groep with effect from 1 January 1998, while in the same year Belgian-Dutch group Fortis ([73]) 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 merging in 1998 to become the UBS group; in **Spain**, Banco Santander acquiring Banco Central Hispanoamericano in 1999, plus Banco Bilbao Vizcaya acquiring Argentaria in 2000; in **Italy**, Banca Intesa buying Banca Commerciale Italiana in 1999 and absorbing Sanpaolo IMI, taking on the name Intesa Sanpaolo, effective from 1 January 2007; in the **United Kingdom,** the Royal Bank of Scotland group buying the National Westminster Bank in 2000, and in 2001 Halifax and the Bank of Scotland merging to form a single holding company named HBOS. In **Denmark**, in 2000 Danske Bank acquired RealDanmark, the holding company which owns BG Bank, the third largest bank in the country prior to this transaction, and Realkredit Danmark, a mortgage lender.

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

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

Recent years have witnessed the largest cross-border European deals. In 2004 the Spanish group Santander acquired the UK-based Abbey National; in 2005, as mentioned above, UniCredito Italiano acquired the German HVB; in October 2007, a special purpose vehicle incorporated and owned by The Royal Bank of Scotland Group (38.3%), Fortis (33.8%) and Banco Santander (27.9%) acquired control of the Dutch ABN AMRO Holding on the basis of agreements to spin off and acquire the assets of the absorbed group on a pro-rata basis ([74]).

In **Japan**, several major aggregations took place during the 2000 and 2001 fiscal years ([75]) which involved the largest banks belonging to different business groupings ([76]). In September 2000, Fuji Bank, Dai-Ichi Kangyo Bank and the medium-/short-term credit institution IBJ were grouped under the common holding company Mizuho Holdings and subsequently came to report to the new Mizuho Financial Group ([77]). 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 was set up in December 2002, Sumitomo Mitsui Financial Group, which took

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

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

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

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

on the role of parent company); Mitsubishi Tokyo Financial Group brought Bank of Tokyo-Mitsubishi and Mitsubishi Trust and Banking into the group under its control; and the new holding company UFJ Holdings brought Sanwa Bank, Tokay Bank and Toyo Trust and Banking under its umbrella. In December 2001, Daiwa Bank, Kinki Osaka Bank (the product of the previous merger between Bank of Kinki and Bank of Osaka), and the smaller Nara Bank combined under the name Daiwa Bank Holdings (later to become Resona Holdings), which in March 2002 in turn merged with Ashai Bank. In September 2004 Hokugin Financial Group, which in 2003 had acquired Hokuriku Bank, 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, thereby creating the largest Japanese bank by total assets.

In the **United States**, Citicorp and insurer Travelers Group merged in 1998 to form Citigroup. Citigroup then acquired two smaller banks: Associates First Capital (which was established in 1998 following a spin-off by the Ford Motor Group) in 2000 and Golden State Bancorp in 2002. Three other mergers also took place in 1998 between groups of virtually the same size, enabling the new combined entities to double in size and rank among the leading players in the country in terms of total assets. These were: NationsBank and BankAmerica, with the former taking on the name of the latter before becoming Bank of America; Banc One and First Chicago NBD, which combined to form Bank One; and Wells Fargo & Co., which acquired Norwest. The merger between Chase Manhattan and J.P. Morgan & Co. took place in 2000, with the former taking on the name of J.P. Morgan Chase & Co., which was subsequently changed into JPMorgan Chase & Co. as from July 2004 ([78]).

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;

[78] In March 2008 JPMorgan Chase announced the acquisition of investment bank The Bear Stearns Companies Inc. on the basis of a share exchange.

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

Several significant new mergers took place in 2004: in April, Bank of America acquired FleetBoston Financial, and in July JPMorgan Chase & Co. bought Bank One and Regions Financial merged with Union Planters; in November, Wachovia acquired SouthTrust. The concentration of US banks has continued in subsequent years, with Capital One Financial absorbing first Hibernia and then North Fork Bancorporation in 2006. Also in 2006, Bank of America acquired MBNA, whereas Golden West Financial was acquired by Wachovia and AmSouth Bancorporation by Regions Financial.

* * *

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. Società di Banca Svizzera, which later merged with UBS, acquired the investment banking activities of SG Warburg Group Plc of London in 1995, forming SBC Warburg. In 1997 it then acquired the U.S.-based Dillon Read, followed by Paine Webber in 2000. In 1998 the Crédit Suisse Group, which acquired control of The First Boston in 1998, acquired BZW from Barclays in 1997 and Donaldson, Lufkin & Jenrette in 2000. In 1995 Deutsche Bank and Dresdner Bank acquired Morgan Grenfell and Kleinwort Benson, respectively. Deutsche Bank further reinforced its presence in the sector through the acquisition of Bankers Trust in 1999, whereas Dresdner Bank acquired Wasserstein Perella in 2000. The ING Groep, following the acquisition of the Barings Group in 1995, extended its investment banking activities through the acquisition of Banque Bruxelles Lambert in 1998 and the German BHF-Bank in 1999 (a part of these latter assets were then sold in 2004). Among national activity, as mentioned above, Crédit Agricole acquired Banque Indosuez in 1996; Banque Nationale de Paris acquired Paribas in 1999; Istituto Bancario San Paolo di Torino (subsequently Sanpaolo IMI, currently Intesa Sanpaolo) acquired and absorbed IMI-Istituto Mobiliare Italiano. In 2000, Crédit Agricole, which had operated a joint-venture with Banque Lazard since 1995 through Crédit Agricole Lazard Financial Products of London, acquired a 30.9% stake (20.5% of voting rights) in Rue Impériale de Lyon, which at the time was controlled by the Lazard Group (this equity investment was then transformed into Eurazeo in 2004) ([79]).

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.

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

APPENDIX 3 – Insurance activities

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

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

	Current pre-tax profit			Total assets (1)		
	2004	2005	2006	2004	2005	2006
		EUR bn			*EUR bn*	
Banking	114.5	131.1	153.3	16,599.3	20,600.7	22,579.5
Insurance	18.8	19.2	20.1	984.1	1,430.6	1,423.6
Total	**133.3**	**150.3**	**173.4**	**17,583.4**	**22,031.3**	**24,003.1**
		as % of total income			*as % of total assets*	
Banking	*28.0*	*29.0*	*30.2*	*94.4*	*93.5*	*94.1*
Insurance	*4.6*	*4.2*	*4.0*	*5.6*	*6.5*	*5.9*
Total	***32.6***	***33.2***	***34.2***	***100.0***	***100.0***	***100.0***

(1) For insurance activities this figures involves technical reserves, and starting from 2005, also sums collected in respect of issuance of insurance policies with a primarily financial content (EUR 427,3bn in 2006).

Of the US banks, only Citigroup included an insurance group among its consolidated accounts following the merger with Travelers Group in 1998; these operations were cut back in 2002 through the disposal of the non-life business and discontinued altogether in 2005 through the sale of the life business as well ([80]). As a percent of the total aggregate figures of the US banks, insurance operations accounted for 0.6% of current pre-tax profits in 2005 (1.2% in 2004). Technical reserves represented 1.4% of total assets at the end of 2004. There are no insurance operations on the accounts of the 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

[80] In March and August 2002, Citigroup offered to the public and distributed to its own shareholders by way of a dividend shares in its subsidiary Travelers Property Casualty Corp. Upon completion of these transactions, the former of which yielded a gain of USD 1.2bn, Citigroup had reduced its interest in this company to approx. 9.9%. The life insurance activities were sold to the MetLife group with effect from 1 July 2005 for a consideration of USD 11.8bn, 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 — 66 BANKS

	1998		1999		2000		2001		2002		2003		2004		2005		2006	
	EUR m	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%
Interest receivable and similar income	966,659		1,033,869		1,225,144		1,233,241		981,858		828,861		858,830		1,172,409		1,371,689	
Interest payable and similar expenses	-666,039		-681,288		-851,402		-814,721		-583,654		-457,426		-488,361		-764,886		-966,388	
Net interest income	**300,620**	***55.0***	**352,581**	***52.8***	**373,742**	***48.8***	**418,520**	***50.5***	**398,204**	***52.0***	**371,435**	***51.0***	**370,469**	***50.4***	**407,523**	***48.7***	**405,301**	***46.2***
Commissions receivable and other operating income (1)	198,567	*36.4*	250,535	*37.5*	308,747	*40.3*	330,633	*39.9*	302,903	*39.5*	287,814	*39.5*	303,035	*41.2*	357,609	*42.7*	372,482	*42.5*
Commissions payable and other operating expenses	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…
Dividends and share of profit (loss)	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…
Gains (losses) on financial transactions	46,922	*8.6*	64,577	*9.7*	83,933	*11.0*	78,883	*9.5*	64,973	*8.5*	68,796	*9.4*	62,092	*8.4*	72,157	*8.6*	99,460	*11.3*
Total income	**546,109**	***100.0***	**667,693**	***100.0***	**766,422**	***100.0***	**828,036**	***100.0***	**766,080**	***100.0***	**728,045**	***100.0***	**735,596**	***100.0***	**837,289**	***100.0***	**877,243**	***100.0***
Labour costs	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…
General expenses (2)	-310,137	*-56.8*	-372,421	*-55.8*	-429,801	*-56.1*	-465,867	*-56.3*	-424,287	*-55.4*	-394,464	*-54.2*	-399,096	*-54.3*	-459,528	*-54.9*	-476,217	*-54.3*
Bad debts recovered (written off)	-140,030	*-25.6*	-84,976	*-12.7*	-90,145	*-11.8*	-144,768	*-17.5*	-120,762	*-15.8*	-82,682	*-11.4*	-55,533	*-7.5*	-49,646	*-5.9*	-55,815	*-6.3*
Depreciation and amortization	-24,437	*-4.5*	-29,289	*-4.4*	-34,781	*-4.5*	-37,385	*-4.5*	-35,450	*-4.6*	-31,430	*-4.3*	-30,544	*-4.2*	-35,032	*-4.2*	-35,041	*-4.0*
Current pre-tax profit	**71,505**	***13.1***	**181,007**	***27.1***	**211,695**	***27.6***	**180,016**	***21.7***	**185,581**	***24.2***	**219,469**	***30.1***	**250,423**	***34.0***	**293,083**	***35.0***	**310,170**	***35.4***
Amortization of goodwill	-6,862	*-1.3*	-7,528	*-1.1*	-9,802	*-1.3*	-14,613	*-1.8*	-12,723	*-1.7*	-10,729	*-1.5*	-7,786	*-1.1*	-301	*0.0*	-217	*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*	-1,255	*-0.1*
Fixed asset revaluations (writedowns)	-6,949	*-1.3*	-6,237	*-0.9*	-6,535	*-0.9*	-25,663	*-3.1*	-30,731	*-4.0*	-7,990	*-1.1*	-7,123	*-1.0*	-354	*0.0*	-4,769	*-0.5*
Extraordinary items	18,432	*3.4*	47,135	*7.1*	32,220	*4.2*	-545	*-0.1*	-5,446	*-0.7*	2,678	*0.4*	-1,201	*-0.2*	31,531	*3.8*	42,340	*4.8*
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*	-172	*0.0*	1,670	*0.2*
Profit (loss) before tax	**75,428**	***13.8***	**211,995**	***31.8***	**226,115**	***29.5***	**136,131**	***16.4***	**135,434**	***17.7***	**202,604**	***27.8***	**233,672**	***31.8***	**322,608**	***38.5***	**347,939**	***39.7***
Income tax	-30,102	*-5.5*	-73,305	*-11.0*	-69,674	*-9.1*	-42,243	*-5.1*	-55,287	*-7.2*	-70,980	*-9.7*	-72,097	*-9.8*	-90,125	*-10.8*	-96,161	*-11.0*
Profit attributable to minorities	-3,564	*-0.7*	-4,860	*-0.7*	-7,770	*-1.0*	-7,539	*-0.9*	-6,861	*-0.9*	-7,672	*-1.1*	-8,698	*-1.2*	-10,620	*-1.3*	-11,414	*-1.3*
Net profit attributable to parent company	**41,762**	***7.6***	**133,830**	***20.0***	**148,671**	***19.4***	**86,349**	***10.4***	**73,286**	***9.6***	**123,952**	***17.0***	**152,877**	***20.8***	**221,863**	***26.5***	**240,364**	***27.4***
Dividends payout	*38,239*	7.0	*49,683*	7.4	*57,649*	7.5	*63,710*	7.7	*57,364*	7.5	*61,139*	8.4	*69,071*	9.4	*86,921*	10.4	*95,973*	10.9

(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

66 BANKS

		1998		1999		2000		2001		2002		2003		2004		2005		2006	
		EUR m	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%	*EUR m*	%
Cash and deposits at central banks		…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…
Securities		4,099,919	*21.3*	5,277,389	*22.7*	6,169,455	*23.5*	6,443,315	*23.6*	6,107,495	*23.8*	6,320,527	*25.1*	6,952,076	*25.7*	9,758,074	*29.7*	10,114,385	*29.5*
Loans and advances to banks (1)		2,970,951	*15.4*	3,312,701	*14.2*	3,545,450	*13.5*	3,854,822	*14.1*	3,712,368	*14.5*	3,815,347	*15.1*	4,119,522	*15.2*	4,468,750	*13.6*	4,577,711	*13.4*
Loans and advances to customers		9,739,266	*50.6*	11,707,204	*50.3*	12,853,341	*49.0*	12,953,503	*47.5*	12,137,372	*47.3*	11,533,121	*45.7*	12,104,610	*44.8*	14,552,895	*44.2*	15,399,319	*45.0*
Loans, advances and cash		***16,810,136***	***87.4***	***20,297,294***	***87.2***	***22,568,246***	***86.1***	***23,251,640***	***85.3***	***21,957,235***	***85.6***	***21,668,995***	***85.9***	***23,176,208***	***85.8***	***28,779,719***	***87.5***	***30,091,415***	***87.8***
Interests in subsidiares and associated		140,040	*0.7*	180,540	*0.8*	220,260	*0.8*	238,399	*0.9*	201,407	*0.8*	187,059	*0.7*	191,203	*0.7*	135,769	*0.4*	140,474	*0.4*
Intangible assets		27,394	*0.1*	40,907	*0.2*	64,523	*0.2*	81,938	*0.3*	67,461	*0.3*	75,711	*0.3*	85,091	*0.3*	139,580	*0.4*	140,024	*0.4*
Net tangible assets		220,463	*1.1*	257,473	*1.1*	271,828	*1.0*	278,353	*1.0*	251,772	*1.0*	223,657	*0.9*	231,586	*0.9*	293,056	*0.9*	293,619	*0.9*
Other assets		1,972,988	*10.3*	2,416,079	*10.4*	2,897,997	*11.1*	3,197,755	*11.7*	2,967,773	*11.6*	2,867,084	*11.4*	3,063,211	*11.3*	3,191,075	*9.7*	3,201,612	*9.3*
Total	**(a)**	**19,171,021**	***99.7***	**23,192,293**	***99.6***	**26,022,854**	***99.3***	**27,048,085**	***99.2***	**25,445,648**	***99.2***	**25,022,506**	***99.2***	**26,747,299**	***99.0***	**32,539,199**	***98.9***	**33,867,144**	***98.9***
Deposits by banks		3,641,580	*18.9*	4,212,604	*18.1*	4,836,332	*18.5*	5,041,566	*18.5*	4,925,541	*19.2*	4,895,541	*19.4*	5,284,481	*19.6*	6,181,709	*18.8*	6,203,631	*18.1*
Customer deposits		9,043,283	*47.0*	10,858,114	*46.6*	12,080,166	*46.1*	12,746,414	*46.7*	11,952,531	*46.6*	11,560,258	*45.8*	12,146,741	*44.9*	14,123,082	*42.9*	14,539,598	*42.4*
Debt securities		2,790,315	*14.5*	3,482,773	*15.0*	3,791,297	*14.5*	3,875,761	*14.2*	3,642,341	*14.2*	3,537,055	*14.0*	3,800,861	*14.1*	4,796,350	*14.6*	5,387,251	*15.7*
Subordinated liabilities		429,450	*2.2*	548,393	*2.4*	622,315	*2.4*	671,062	*2.5*	611,914	*2.4*	588,941	*2.3*	598,083	*2.2*	720,762	*2.2*	745,631	*2.2*
Total funding		***15,904,628***	***82.7***	***19,101,884***	***82.0***	***21,330,110***	***81.4***	***22,334,803***	***81.9***	***21,132,327***	***82.4***	***20,581,795***	***81.6***	***21,830,166***	***80.8***	***25,821,903***	***78.5***	***26,876,111***	***78.5***
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*	72,686	*0.2*	67,580	*0.2*
Deferred taxation		44,789	*0.2*	64,270	*0.3*	81,498	*0.3*	79,015	*0.3*	80,200	*0.3*	70,873	*0.3*	65,195	*0.2*	87,801	*0.3*	82,978	*0.2*
Other liabilities		2,330,719	*12.1*	2,948,690	*12.7*	3,451,770	*13.2*	3,451,697	*12.7*	3,172,181	*12.4*	3,296,778	*13.1*	3,716,232	*13.8*	5,279,898	*16.1*	5,512,272	*16.1*
Total liabilities	**(b)**	**18,310,815**	***95.2***	**22,150,517**	***95.1***	**24,910,978**	***95.0***	**25,908,947**	***95.0***	**24,431,267**	***95.2***	**23,991,626**	***95.1***	**25,658,673**	***94.9***	**31,262,288**	***95.0***	**32,538,941**	***95.0***
Goodwill	**(c)**	61,734	*0.3*	97,279	*0.4*	188,823	*0.7*	223,393	*0.8*	207,853	*0.8*	196,819	*0.8*	279,821	*1.0*	351,354	*1.1*	388,685	*1.1*
Net worth	**(a-b+c)**	**921,940**	***4.8***	**1,139,055**	***4.9***	**1,300,699**	***5.0***	**1,362,531**	***5.0***	**1,222,234**	***4.8***	**1,227,699**	***4.9***	**1,368,447**	***5.1***	**1,628,265**	***5.0***	**1,716,888**	***5.0***
represented by:																			
Issued share capital		195,802	*1.0*	232,598	*1.0*	228,232	*0.9*	215,117	*0.8*	191,897	*0.7*	186,884	*0.7*	208,778	*0.8*	218,310	*0.7*	229,513	*0.7*
Reserves		696,108	*3.6*	874,592	*3.8*	1,023,750	*3.9*	1,092,652	*4.0*	978,114	*3.8*	978,113	*3.9*	1,089,059	*4.0*	1,380,209	*4.2*	1,440,449	*4.2*
Own shares		-23,394	*-0.1*	-41,451	*-0.2*	-43,210	*-0.2*	-46,527	*-0.2*	-46,855	*-0.2*	-42,977	*-0.2*	-48,532	*-0.2*	-76,249	*-0.2*	-75,913	*-0.2*
Total		**868,516**	***4.5***	**1,065,739**	***4.6***	**1,208,772**	***4.6***	**1,261,242**	***4.6***	**1,123,156**	***4.4***	**1,122,020**	***4.4***	**1,249,305**	***4.6***	**1,522,270**	***4.6***	**1,594,049**	***4.7***
Minority interests		53,424	*0.3*	73,316	*0.3*	91,927	*0.4*	101,289	*0.4*	99,078	*0.4*	105,679	*0.4*	119,142	*0.4*	105,995	*0.3*	122,839	*0.4*
Funding from customers		**12,263,048**	***63.8***	**14,889,280**	***63.9***	**16,493,778**	***62.9***	**17,293,237**	***63.4***	**16,206,786**	***63.2***	**15,686,254**	***62.2***	**16,545,685**	***61.2***	**19,640,194**	***59.7***	**20,672,480**	***60.3***
Total assets	**(a+c)**	**19.232.755**	***100.0***	**23,289,572**	***100.0***	**26,211,677**	***100.0***	**27,271,478**	***100.0***	**25,653,501**	***100.0***	**25,219,325**	***100.0***	**27,027,120**	***100.0***	**32,890,553**	***100.0***	**34,255,829**	***100.0***

(1) Including cash and central banks deposits.

TABLE II.3 - EMPLOYEES

66 BANKS

	1998	1999	2000	2001	2002	2003	2004	2005	2006
Average number of staff	3,196,315	3,319,987	3,498,281	3,680,933	3,682,354	3,671,760	3,676,202	3,789,753	3,953,639
of which: from country of origin (%)	...	...	...	...	...	...		...	...
from elsewhere (%)	...	...	...	...	...	...		...	...

TABLE II.4 - FINANCIAL RATIOS

66 BANKS

	1998	1999	2000	2001	2002	2003	2004	2005	2006
Funding from customers per employee ('000 EUR) (1)	3,877	4,564	4,805	4,881	4,578	4,458	4,672	5,371	5,384
Loans and advances to customers per employee ('000 EUR) (1)	3,079	3,589	3,745	3,656	3,429	3,278	3,418	3,980	4,011
Labour cost per employee ('000 EUR)	...	...	...	...	...	...	...	...	...
Cost / income ratio (%)	61.3	60.2	60.6	60.8	60.0	58.5	58.5	59.1	58.3
Bad debts written off as % of total income (2)	25.6	12.7	11.8	17.5	15.8	11.4	7.5	5.9	6.3
Dividends payout as % of net profit	91.6	37.1	38.8	73.8	78.3	49.3	45.2	39.2	39.9
ROE (%)	5.1	14.4	14.0	7.3	7.0	12.4	13.9	17.1	17.8
ROA (%)	0.2	0.6	0.6	0.3	0.3	0.5	0.6	0.7	0.7
Doubful loans as % of loans to customers (3)	1.6	1.7	1.7	2.2	1.8	1.3	0.8	0.7	0.6
Doubful loans as % of net worth (3)	16.6	17.6	16.3	20.3	17.5	12.0	7.0	5.9	5.5
Loans, advances and cash as % of total funding	105.7	106.3	105.8	104.1	103.9	105.3	106.2	111.5	112.0
Fixed assets as % of net worth	48.8	50.6	57.3	60.3	59.6	55.7	57.6	56.5	56.1
Total liabilities/Tangible net worth	22.0	22.1	23.8	24.5	25.8	25.1	25.6	27.5	27.4

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

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

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

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

(2) Net of recovered amounts.

(3) Calculated only on the basis of those exposures not completely covered by provisions. Figures cover Groups which accounted for 80.6% in 1998, 88% in 1999, 93.7% in 2000, 96% in 2001, 94.9% in 2002, 94.8% in 2003, 96.6% in 2004, 97% in 2005 and 98% in 2006 of loans to customers of the sample.

TABLE II.1 - PROFIT AND LOSS ACCOUNTS

	1997		1998		1999		2000		2001		2002		2003		2004		2005		2006	
	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	540,499		582,479		600,256		744,852		779,546		654,499		567,531		598,141		814,139		968,423	
Interest payable and similar expenses	-402,652		-438,995		-443,377		-577,569		-593,716		-464,307		-376,160		-404,089		-605,920		-748,951	
Net interest income	**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***	**208,219**	***46.0***	**219,472**	***43.3***
Commissions receivable and other operating income	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*	216,156	*47.8*	241,944	*47.7*
Commissions payable and other operating expenses	-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*	-38,755	*-8.6*	-42,858	*-8.5*
Dividends and share of profit (loss)	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*	12,603	*2.8*	12,362	*2.4*
Gains (losses) on financial transactions	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*	54,345	*12.0*	76,005	*15.0*
Total income	**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***	**452,568**	***100.0***	**506,925**	***100.0***
Labour costs	-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	*-35.5*	-178,025	*-35.1*
General expenses	-57,302	*-22.4*	-63,652	*-23.0*	-71,050	*-21.9*	-83,012	*-21.7*	-93,444	*-22.9*	-87,836	*-23.0*	-82,344	*-21.3*	-86,430	*-21.1*	-97,795	*-21.6*	-104,397	*-20.6*
Bad debts recovered (written off)	-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*	-28,053	*-6.9*	-26,173	*-5.8*	-32,925	*-6.5*
Depreciation and amortization	-12,211	*-4.8*	-13,217	*-4.8*	-15,286	*-4.7*	-18,041	*-4.7*	-20,185	*-4.9*	-19,697	*-5.2*	-17,939	*-4.6*	-17,007	*-4.2*	-17,780	*-3.9*	-18,209	*-3.6*
Current pre-tax profit	**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***	**150,323**	***33.2***	**173,369**	***34.2***
Amortization of goodwill	-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*	0	*0.0*
Transfer from (to) reserves	-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*	-1,255	*-0.2*
Fixed asset revaluations (writedowns)	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*	-268	*-0.1*	120	*0.0*
Extraordinary items	-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*	20,984	*4.6*	26,654	*5.2*
Cumulative effect of accounting changes	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*	19	*0.0*
Profit (loss) before tax	**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**	***37.5***	**198,907**	***39.2***
Income tax	-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*	-47,970	*-9.5*
Profit attributable to minorities	-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*	-9,400	*-1.9*
Net profit attributable to parent company	**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**	***26.4***	**141,537**	***27.9***
Dividends payout	*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*	*40,062*	*9.8*	*50,259*	*11.1*	*59,665*	*11.8*

	1997		1998		1999		2000		2001		2002		2003		2004		2005		2006	
	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	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*	166,692	*0.7*
Securities	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*	6,735,242	*30.6*	7,284,467	*30.3*
Loans and advances to banks	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*	3,020,726	*13.7*	3,206,197	*13.4*
Loans and advances to customers	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*	7,416,852	*42.2*	9,115,585	*41.4*	10,260,201	*42.7*
Loans, advances and cash	***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***	***14,716,335***	***83.7***	***19,031,992***	***86.4***	***20,917,557***	***87.1***
Interests in subsidiares and associated	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*	75,942	*0.3*
Intangible assets	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*	45,362	*0.2*	44,900	*0.2*
Net tangible assets	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*	210,343	*1.0*	218,627	*0.9*
Other assets	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*	2,416,127	*13.7*	2,514,235	*11.4*	2,575,488	*10.8*
Total (a)	**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***	**21,877,231**	***99.3***	**23,832,514**	***99.3***
Deposits by banks	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*	4,240,513	*19.2*	4,631,915	*19.3*
Customer deposits	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*	7,832,420	*35.6*	8,630,550	*36.0*
Debt securities	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*	3,936,098	*17.9*	4,490,852	*18.7*
Subordinated liabilities	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*	441,251	*2.0*	459,350	*1.9*
Total funding	***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***	***16,450,282***	***74.7***	***18,212,667***	***75.9***
Provision for employee benefits	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*	70,605	*0.3*	65,903	*0.3*
Deferred taxation	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*	46,645	*0.2*
Other liabilities	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*	4,615,391	*20.9*	4,736,386	*19.7*
Total liabilities (b)	**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***	**21,188,752**	***96.2***	**23,061,601**	***96.1***
Goodwill (c)	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*	170,605	*0.7*
Net worth (a-b+c)	**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***	**842,560**	***3.8***	**941,518**	***3.9***
represented by:																				
Issued share capital	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*	91,938	*0.4*	93,678	*0.4*
Reserves	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*	708,015	*3.2*	787,964	*3.3*
Own shares	-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*	-27,254	*-0.1*	-23,578	*-0.1*
Total	**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***	**772,699**	***3.5***	**858,064**	***3.6***
Minority interests	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*	69,861	*0.3*	83,454	*0.3*
Funding from customers	**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***	**12,209,769**	***55.4***	**13,580,752**	***56,6***
Total assets (a+c)	**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***	**22,031,312**	***100.0***	**24,003,119**	***100.0***

TABLE II.3 - EMPLOYEES

EUROPE

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Average number of staff	1,781,862	1,853,072	1,950,321	2,082,298	2,216,171	2,209,392	2,196,586	2,179,738	2,250,524	2,368,068
of which: from country of origin (%) (1)	*69.7*	*67.0*	*65.1*	*58.4*	*55.8*	*55.2*	*54.2*	*53.3*	*50.7*	*48.5*
from elsewhere (%) (1)	*30.3*	*33.0*	*34.9*	*41.6*	*44.2*	*44.8*	*45.8*	*46.7*	*49.3*	*51.5*

(1) Figures for companies which cover 58% of total number of staff in 1997, 65% in 1998, 71% in 1999, 89% in 2000, 90% in 2001, 2002 and 2003, 91% in 2004 and 2005 and 97% in 2006.

TABLE II.4 - FINANCIAL RATIOS

EUROPE

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Funding from customers per employee ('000 EUR) (1)	3,559	3,672	4,004	4,262	4,520	4,423	4,474	4,879	5,766	6,025
Loans and advances to customers per employee ('000 EUR) (1)	2,806	2,829	3,084	3,308	3,329	3,327	3,363	3,627	4,305	4,552
Labour cost per employee ('000 EUR) (1)	57	58	65	72	75	70	68	70	76	79
Cost / income ratio (%)	64.6	64.3	63.4	63.3	65.8	66.2	62.1	60.5	61.0	59.3
Bad debts written off as % of total income (2)	9.6	11.1	8.0	6.1	9.0	12.5	9.9	6.9	5.8	6.5
Dividends payout as % of net profit	45.0	43.6	38.4	36.4	54.4	73.5	59.6	47.3	42.1	42.2
ROE (%)	11.3	12.9	16.3	18.4	11.4	8.2	11.1	14.8	18.3	19.8
ROA (%)	0.4	0.5	0.6	0.6	0.4	0.3	0.4	0.5	0.6	0.6
Doubful loans as % of loans to customers (3)	1.4	1.2	1.1	1.1	1.2	1.3	1.2	0.9	0.8	0.7
Doubful loans as % of net worth (3)	16.4	14.4	13.0	10.9	11.4	12.8	11.3	8.6	8.6	8.2
Loans, advances and cash as % of total funding	105.3	105.9	106.5	106.1	105.2	105.5	106.8	107.7	115.7	114.9
Fixed assets as % of net worth	53.4	57.9	61.0	70.6	70.1	68.9	63.7	61.1	57.6	54.2
Total liabilities/Tangible net worth	25.0	24.5	25.2	27.5	26.9	28.6	28.2	28.7	32.9	31.8

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.

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

(1) Calculated excluding staff employed in insurance operations where possible based on information available.
(2) Net of recovered amounts.
(3) Figures cover Groups which accounted for 53.8% in 1997, 63.3% in 1998, 76.2% in 1999, 87.7% in 2000, 92.6% in 2001, 91% in 2002, 91.4% in 2003, 94.4% in 2004, 95.1% in 2005 and 97% in 2006 of loans to customers of the sample.

TABLE II.1 - PROFIT AND LOSS ACCOUNTS JAPAN

	1998		1999		2000		2001		2002		2003		2004		2005		2006	
	JPY bn	%	*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		13,354	
Interest payable and similar expenses	-13,619		-9,874		-8,007		-5,655		-3,315		-2,481		-2,694		-4,253		-6,525	
Net interest income	**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***	**6,829**	***61.8***
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*	4,399	*39.8*
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*	-988	*-8.9*
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*	-156	*-1.4*
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*	972	*8.8*
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***	**11,056**	***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	*-45.8*	-5,099	*-48.4*	-5,161	*-46.7*
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	*-4.5*	-812	*-7.3*
Depreciation and amortization	-458	*-4.3*	-394	*-4.2*	-398	*-4.0*	-466	*-4.4*	-521	*-4.7*	-483	*-4.5*	-462	*-4.5*	-666	*-6.3*	-729	*-6.6*
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***	**4,354**	***39.4***
Amortization of goodwill	-72	*-0.7*	-34	*-0.4*	-40	*-0.4*	-39	*-0.4*	-84	*-0.8*	-7	*-0.1*	-23	*-0.2*	-42	*-0.4*	-34	*-0.3*
Transfer from (to) reserves	2	*0.0*	0	*0.0*	0	*0.0*	-15	*-0.1*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*
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*	-921	*-8.3*
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*	1,168	*10.5*
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*	258	*2.3*
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***	**4,825**	***43.6***
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*	-1,583	*-14.3*
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*	-211	*-1.9*
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***	**3,031**	***27.4***
Dividends payout	*348*	*3.3*	*377*	*4.0*	*185*	*1.8*	*264*	*2.5*	*190*	*1.7*	*296*	*2.7*	*321*	*3.1*	*392*	*3.7*	*510*	*4.6*

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

TABLE II.2 - FINANCIAL STATEMENTS

		1998		1999		2000		2001		2002		2003		2004		2005		2006	
		JPY bn	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%	*JPY bn*	%
Cash and deposits at central banks		…	...	…	...	…	...	…	...	…	...	…	...	…	...	…	...	…	...
Securities		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*	233,761	*34.6*	226,717	*33.8*
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*	73,938	*11.0*
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*	331,716	*49.5*
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***	***634,205***	***93.9***	***632,371***	***94.3***
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*	2,230	*0.3*	2,103	*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*	2,816	*0.4*	2,643	*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*	4,482	*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*	29,341	*4.3*	26,709	*4.0*
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***	**668,308**	***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*	81,241	*12.1*
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*	457,499	*68.2*
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*	38,202	*5.7*
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*	16,035	*2.4*
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***	***592,977***	***88.4***
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*	263	*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*	1,823	*0.3*
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*	36,971	*5.5*
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***	**632,034**	***94.2***
Goodwill	**(c)**	195	*0.0*	256	*0.0*	288	*0.0*	151	*0.0*	95	*0.0*	88	*0.0*	433	*0.1*	2,269	*0.3*	2,310	*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***	**38,584**	***5.8***
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*	8,606	*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*	26,216	*3.9*
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*	-1,274	*-0.2*
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***	**33,548**	***5.0***
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*	5,036	*0.8*
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***	**511,736**	***76.3***
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***	**670,618**	***100.0***

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

TABLE II.3 - EMPLOYEES

JAPAN

	1998	1999	2000	2001	2002	2003	2004	2005	2006
Average number of staff (1)	203,216 (2)	204,419 (3)	218,830 (4)	232,302	226,215	214,461	203,940	204,453	205,516
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	2006
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	2,490
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	1,614
Labour cost per employee (JPY m)	...	...	...	...	...	...	...	...	...
Cost / income ratio (%)	56.5	59.6	56.6	55.9	52.3	50.8	50.3	54.7	53.3
Bad debts written off as % of total income (3)	120.7	46.6	45.6	75.2	43.4	30.1	18.4	4.5	7.3
Dividends payout as % of net profit	n.c.	38.0	60.1	n.c.	n.c.	643.5	25.3	12.4	16.8
ROE (%)	n.c.	3.6	1.1	n.c.	n.c.	0.2	5.8	10.9	9.9
ROA (%)	n.c.	0.2	0.1	n.c.	n.c.	o	0.2	0.5	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	0.7
Doubful loans as % of net worth	39.3 (4)	41.8 (4)	48.1	88.0	73.4	36.3	16.0	8.5	6.4
Loans, advances and cash as % of total funding	105.7	107.6	107.1	102.9	101.4	103.0	103.3	105.4	106.6
Fixed assets as % of net worth	29.8	28.0	28.7	33.2	36.3	26.4	28.4	32.9	29.9
Total liabilities/Tangible net worth	21.6	20.0	22.1	26.1	30.3	24.9	23.5	20.4	18.8

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.

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

(1) In interpreting this data it should be remembered that not all companies considered here provide information on the total number of group employees.
(2) Figures cover Groups which accounted for 94.3% 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		2006	
	USD m	%	*USD m*	%	*USD m*	%	*USD m*	%	*USD m*	%	*USD m*	%	*USD m*	%	*USD m*	%	*USD m*	%
Interest receivable and similar income	270,034		270,981		319,341		301,687		259,712		247,258		268,313		331,315		419,035	
Interest payable and similar expenses	-147,509		-142,445		-185,120		-151,564		-97,212		-79,439		-88,517		-151,413		-231,610	
Net interest income	**122,525**	***55.0***	**128,536**	***51.0***	**134,221**	***49.9***	**150,123**	***52.1***	**162,500**	***52.5***	**167,819**	***50.9***	**179,796**	***52.0***	**179,902**	***49.4***	**187,425**	***47.5***
Commissions receivable and other operating income (1)	86,959	*39.0*	102,742	*40.8*	114,452	*42.5*	122,299	*42.4*	134,882	*43.6*	144,941	*44.0*	155,182	*44.9*	168,223	*46.2*	184,766	*46.8*
Commissions payable and other operating expenses	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…
Dividends and share of profit (loss) (2)	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…
Gains (losses) on financial transactions	13,488	*6.0*	20,762	*8.2*	20,502	*7.6*	15,812	*5.5*	12,032	*3.9*	16,865	*5.1*	10,525	*3.0*	16,260	*4.5*	22,732	*5.8*
Total income	**222,972**	***100.0***	**252,040**	***100.0***	**269,175**	***100.0***	**288,234**	***100.0***	**309,414**	***100.0***	**329,625**	***100.0***	**345,503**	***100.0***	**364,385**	***100.0***	**394,923**	***100.0***
Labour costs	-68,481	*-30.7*	-74,562	*-29.6*	-83,588	*-31.1*	-85,928	*-29.8*	-87,758	*-28.4*	-96,547	*-29.3*	-104,250	*-30.2*	-112,663	*-30.9*	-126,151	*-31.9*
General expenses	-53,597	*-24.0*	-56,785	*-22.5*	-61,513	*-22.8*	-63,598	*-22.1*	-68,392	*-22.1*	-74,093	*-22.5*	-80,184	*-23.2*	-81,429	*-22.4*	-85,769	*-21.7*
Bad debts recovered (written off)	-16,605	*-7.5*	-16,005	*-6.3*	-22,186	*-8.2*	-34,262	*-11.9*	-36,159	*-11.7*	-25,596	*-7.7*	-18,995	*-5.5*	-23,723	*-6.5*	-23,325	*-5.9*
Depreciation and amortization	-9,158	*-4.1*	-10,218	*-4.1*	-12,113	*-4.5*	-11,596	*-4.0*	-12,127	*-3.9*	-12,524	*-3.8*	-13,936	*-4.0*	-14,695	*-4.0*	-16,052	*-4.1*
Current pre-tax profit	**75,131**	***33.7***	**94,470**	***37.5***	**89,775**	***33.4***	**92,850**	***32.2***	**104,978**	***33.9***	**120,865**	***36.7***	**128,138**	***37.1***	**131,875**	***36.2***	**143,626**	***36.4***
Amortization of goodwill	-3,446	*-1.5*	-3,842	*-1.5*	-3,528	*-1.3*	-3,996	*-1.4*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*
Transfer from (to) reserves	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*
Fixed asset revaluations (writedowns)	-73	*0.0*	71	*0.0*	-1,979	*-0.7*	-5,182	*-1.8*	-6,561	*-2.1*	-1,892	*-0.6*	-893	*-0.3*	2,772	*0.8*	1,289	*0.3*
Extraordinary items	-5,494	*-2.5*	100	*0.0*	-635	*-0.2*	-7,013	*-2.4*	-2,213	*-0.7*	848	*0.3*	-7,758	*-2.2*	6,548	*1.8*	10,857	*2.7*
Cumulative effect of accounting changes	0	*0.0*	-211	*-0.1*	-46	*0.0*	-392	*-0.1*	-514	*-0.2*	-52	*0.0*	0	*0.0*	-80	*0.0*	11	*0.0*
Profit (loss) before tax	**66,118**	***29.7***	**90,588**	***35.9***	**83,587**	***31.1***	**76,267**	***26.5***	**95,690**	***30.9***	**119,769**	***36.3***	**119,487**	***34.6***	**141,115**	***38.7***	**155,783**	***39.4***
Income tax	-22,910	*-10.3*	-32,000	*-12.7*	-29,903	*-11.1*	-25,978	*-9.0*	-30,833	*-10.0*	-39,355	*-11.9*	-38,465	*-11.1*	-46,132	*-12.7*	-50,179	*-12.7*
Profit attributable to minorities	-389	*-0.2*	-477	*-0.2*	-334	*-0.1*	-182	*-0.1*	-281	*-0.1*	-528	*-0.2*	-472	*-0.1*	-989	*-0.3*	-886	*-0.2*
Net profit attributable to parent company	**42,819**	***19.2***	**58,111**	***23.1***	**53,350**	***19.8***	**50,107**	***17.4***	**64,576**	***20.9***	**79,886**	***24.2***	**80,550**	***23.3***	**93,994**	***25.8***	**104,718**	***26.5***
Dividends payout	*17,772*	*8.0*	*20,620*	*8.2*	*22,059*	*8.2*	*22,953*	*8.0*	*24,183*	*7.8*	*28,986*	*8.8*	*36,379*	*10.5*	*39,925*	*11.0*	*43,538*	*11.0*

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

		1998		1999		2000		2001		2002		2003		2004		2005		2006	
		USD m	%	*USD m*	%	*USD m*	%	*USD m*	%	*USD m*	%	*USD m*	%	*USD m*	%	*USD m*	%	*USD m*	%
Cash and deposits at central banks		…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…
Securities		909,809	*22.1*	975,871	*22.3*	1,021,360	*21.7*	1,085,001	*21.9*	1,197,074	*22.8*	1,368,477	*23.6*	1,521,814	*23.2*	1,580,663	*22.3*	1,824,332	*23.2*
Loans and advances to banks (1)		455,138	*11.1*	503,983	*11.5*	486,898	*10.4*	544,752	*11.0*	555,045	*10.6*	665,289	*11.5*	723,893	*11.0*	892,191	*12.6*	966,246	*12.3*
Loans and advances to customers		2,178,913	*53.0*	2,291,253	*52.4*	2,515,526	*53.5*	2,534,107	*51.1*	2,678,534	*51.1*	2,882,565	*49.8*	3,326,720	*50.7*	3,640,132	*51.5*	3,984,368	*50.6*
Loans, advances and cash		***3,543,860***	***86.2***	***3,771,107***	***86.3***	***4,023,784***	***85.5***	***4,163,860***	***84.0***	***4,430,653***	***84.5***	***4,916,331***	***84.9***	***5,572,427***	***85.0***	***6,112,986***	***86.4***	***6,774,946***	***86.0***
Interests in subsidiares and associated		24,039	*0.6*	31,866	*0.7*	39,601	*0.8*	36,516	*0.7*	34,524	*0.7*	41,227	*0.7*	48,741	*0.7*	52,394	*0.7*	67,337	*0.9*
Intangible assets		24,782	*0.6*	33,624	*0.8*	41,784	*0.9*	50,867	*1.0*	45,430	*0.9*	59,086	*1.0*	75,065	*1.1*	87,235	*1.2*	103,096	*1.3*
Net tangible assets		45,305	*1.1*	46,001	*1.1*	46,221	*1.0*	46,538	*0.9*	47,927	*0.9*	49,967	*0.9*	55,787	*0.9*	57,852	*0.8*	61,156	*0.8*
Other assets		416,776	*10.1*	424,360	*9.7*	480,906	*10.2*	567,782	*11.5*	580,536	*11.1*	614,537	*10.6*	601,725	*9.2*	549,275	*7.8*	600,450	*7.6*
Total	**(a)**	**4,054,762**	***98.7***	**4,306,958**	***98.6***	**4,632,296**	***98.5***	**4,865,563**	***98.2***	**5,139,070**	***98.1***	**5,681,148**	***98.2***	**6,353,745**	***96.9***	**6,859,742**	***97.0***	**7,606,985**	***96.6***
Deposits by banks		746,390	*18.2*	886,827	*20.3*	888,038	*18.9*	927,460	*18.7*	978,111	*18.7*	1,073,922	*18.6*	1,204,354	*18.4*	1,449,548	*20.5*	1,388,150	*17.6*
Customer deposits		2,181,254	*53.1*	2,230,424	*51.1*	2,405,809	*51.1*	2,566,976	*51.8*	2,769,308	*52.8*	2,972,599	*51.4*	3,358,992	*51.2*	3,618,257	*51.2*	3,942,760	*50.1*
Debt securities		340,433	*8.3*	410,117	*9.4*	475,182	*10.1*	422,515	*8.5*	439,481	*8.4*	566,915	*9.8*	618,734	*9.4*	675,984	*9.6*	859,956	*10.9*
Subordinated liabilities		110,439	*2.7*	112,274	*2.6*	128,584	*2.7*	151,750	*3.1*	158,000	*3.0*	171,022	*3.0*	189,225	*2.9*	199,884	*2.8*	242,467	*3.1*
Total funding		***3,378,516***	***82.2***	***3,639,642***	***83.3***	***3,897,613***	***82.9***	***4,068,701***	***82.1***	***4,344,900***	***82.9***	***4,784,458***	***82.7***	***5,371,305***	***81.9***	***5,943,673***	***84.0***	***6,433,333***	***81.7***
Provision for employee benefits		0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*	0	*0.0*
Deferred taxation		14,260	*0.3*	19,611	*0.4*	27,134	*0.6*	26,777	*0.5*	33,207	*0.6*	35,170	*0.6*	27,848	*0.4*	29,194	*0.4*	32,550	*0.4*
Other liabilities		411,370	*10.0*	393,205	*9.0*	426,543	*9.1*	472,514	*9.5*	439,907	*8.4*	509,067	*8.8*	568,801	*8.7*	482,901	*6.8*	711,571	*9.0*
Total liabilities	**(b)**	**3,804,146**	***92.6***	**4,052,458**	***92.8***	**4,351,290**	***92.5***	**4,567,992**	***92.2***	**4,818,014**	***91.9***	**5,328,695**	***92.1***	**5,967,954**	***91.0***	**6,455,768**	***91.3***	**7,177,454**	***91.1***
Goodwill	**(c)**	54,591	*1.3*	61,722	*1.4*	71,358	*1.5*	91,092	*1.8*	101,612	*1.9*	106,280	*1.8*	202,308	*3.1*	213,451	*3.0*	267,823	*3.4*
Net worth	**(a-b+c)**	**305,207**	***7.4***	**316,222**	***7.2***	**352,364**	***7.5***	**388,663**	***7.8***	**422,668**	***8.1***	**458,733**	***7.9***	**588,099**	***9.0***	**617,425**	***8.7***	**697,354**	***8.9***
represented by:																			
Issued share capital		46,785	*1.1*	44,878	*1.0*	41,600	*0.9*	37,908	*0.8*	33,324	*0.6*	33,267	*0.6*	74,945	*1.1*	76,436	*1.1*	106,667	*1.4*
Reserves		274,851	*6.7*	299,683	*6.9*	337,037	*7.2*	378,438	*7.6*	419,748	*8.0*	456,014	*7.9*	540,317	*8.2*	585,411	*8.3*	639,311	*8.1*
Own shares		-19,174	*-0.5*	-30,890	*-0.7*	-27,904	*-0.6*	-30,431	*-0.6*	-33,526	*-0.6*	-35,331	*-0.6*	-32,831	*-0.5*	-50,443	*-0.7*	-58,231	*-0.7*
Total		**302,462**	***7.4***	**313,671**	***7.2***	**350,733**	***7.5***	**385,915**	***7.8***	**419,546**	***8.0***	**453,950**	***7.8***	**582,431**	***8.9***	**611,404**	***8.6***	**687,747**	***8.7***
Minority interests		2,745	*0.1*	2,551	*0.1*	1,631	*0.0*	2,748	*0.1*	3,122	*0.1*	4,783	*0.1*	5,668	*0.1*	6,021	*0.1*	9,607	*0.1*
Funding from customers		**2,632,126**	***64.1***	**2,752,815**	***63.0***	**3,009,575**	***64.0***	**3,141,241**	***63.4***	**3,366,789**	***64.2***	**3,710,536**	***64.1***	**4,166,951**	***63.6***	**4,494,125**	***63.5***	**5,045,183**	***64.1***
Total assets	**(a+c)**	**4.109.353**	***100.0***	**4,368,680**	***100.0***	**4,703,654**	***100.0***	**4,956,655**	***100.0***	**5,240,682**	***100.0***	**5,787,428**	***100.0***	**6,556,053**	***100.0***	**7,073,193**	***100.0***	**7,874,808**	***100.0***

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

TABLE II.3 - EMPLOYEES

UNITED STATES

	1998	1999	2000	2001	2002	2003	2004	2005	2006
Average number of staff	1,140,027	1,165,247	1,197,153	1,232,460	1,246,747	1,260,713	1,292,524	1,334,776	1,380,055
of which: from country of origin (%)	...	...	...	...	...	...		...	...
from elsewhere (%)	...	...	...	...	...	...		...	...

TABLE II.4 - FINANCIAL RATIOS

UNITED STATES

	1998	1999	2000	2001	2002	2003	2004	2005	2006
Funding from customers per employee ('000 USD)	2,309	2,362	2,514	2,549	2,700	2,943	3,224	3,367	3,656
Loans and advances to customers per employee ('000 USD)	1,911	1,966	2,101	2,056	2,148	2,286	2,574	2,727	2,887
Labour cost per employee ('000 USD)	60	64	70	70	70	77	81	84	91
Cost / income ratio (%)	58.8	56.2	58.4	55.9	54.4	55.6	57.4	57.3	57.7
Bad debts written off as % of total income (1)	7.5	6.3	8.2	11.9	11.7	7.7	5.5	6.5	5.9
Dividends payout as % of net profit	41.5	35.5	41.3	45.8	37.4	36.3	45.2	42.5	41.6
ROE (%)	16.5	22.7	17.9	14.9	18.2	21.4	16.0	18.2	18.0
ROA (%)	1.1	1.3	1.1	1.0	1.2	1.4	1.2	1.3	1.3
Doubful loans as % of loans to customers (2)	o	o	o	0.2	0.2	0.1	o	0.1	0.1
Doubful loans as % of net worth (2)	0.3	0.2	0.3	1.2	1.3	0.7	0.2	0.3	0.4
Loans, advances and cash as % of total funding	104.9	103.6	103.2	102.3	102.0	102.8	103.7	102.8	105.3
Fixed assets as % of net worth	48.7	54.8	56.5	57.9	54.3	55.9	64.9	66.6	71.6
Total liabilities/Tangible net worth	16.8	18.3	18.2	18.5	17.5	18.2	19.2	20.4	22.0

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.

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

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

	2004		2005		2006	
	CNY m	%	*CNY m*	%	*CNY m*	%
Interest receivable and similar income	694,728		854,139		1,089,999	
Interest payable and similar expenses	-250,952		-336,686		-441,235	
Net interest income	**443,776**	***88.7***	**517,453**	***90.0***	**648,764**	***90.0***
Commissions receivable and other operating income	47,765	*9.5*	55,711	*9.7*	83,192	*11.5*
Commissions payable and other operating expenses	-7,081	*-1.4*	-7,899	*-1.4*	-9,217	*-1.3*
Dividends and share of profit (loss)	2,620	*0.5*	780	*0.1*	1,719	*0.2*
Gains (losses) on financial transactions	13,410	*2.7*	8,717	*1.5*	-3,373	*-0.5*
Total income	**500,490**	***100.0***	**574,762**	***100.0***	**721,085**	***100.0***
Labour costs	-81,105	*-16.2*	-103,086	*-17.9*	-123,778	*-17.2*
General expenses	-148,444	*-29.6*	-160,566	*-27.9*	-189,270	*-26.2*
Bad debts recovered (written off)	-101,038	*-20.2*	-64,258	*-11.2*	-98,728	*-13.7*
Depreciation and amortization	-28,853	*-5.8*	-27,928	*-4.9*	-29,688	*-4.1*
Current pre-tax profit	**141,050**	***28.2***	**218,924**	***38.1***	**279,621**	***38.8***
Amortization of goodwill	0	*0.0*	0	*0.0*	0	*0.0*
Transfer from (to) reserves	0	*0.0*	0	*0.0*	0	*0.0*
Fixed asset revaluations (writedowns)	-4,266	*-0.9*	-1,473	*-0.3*	-2,153	*-0.3*
Extraordinary items	-15,238	*-3.0*	-2,785	*-0.5*	-8,754	*-1.2*
Cumulative effect of accounting changes	11	*0.0*	0	*0.0*	0	*0.0*
Profit (loss) before tax	**121,557**	***24.3***	**214,666**	***37.3***	**268,714**	***37.3***
Income tax	-30,420	*-6.1*	-75,861	*-13.2*	-84,614	*-11.7*
Profit attributable to minorities	-4,685	*-0.9*	-5,557	*-1.0*	-6,043	*-0.8*
Net profit attributable to parent company	**86,452**	***17.3***	**133,248**	***23.2***	**178,057**	***24.7***
Dividends payout	*19,104*	*3.8*	*27,807*	*4.8*	*73,931*	*10.3*

		2004		2005		2006	
		CNY m	*%*	*CNY m*	*%*	*CNY m*	*%*
Cash and deposits at central banks		131,233	*0.6*	137,307	*0.6*	152,844	*0.5*
Securities		5,075,853	*23.8*	7,495,828	*30.1*	8,973,267	*30.9*
Loans and advances to banks (1)		2,776,679	*13.0*	3,423,072	*13.7*	4,195,354	*14.5*
Loans and advances to customers		12,556,551	*58.9*	13,098,998	*52.6*	14,926,942	*51.4*
Loans, advances and cash		***20,540,316***	***96.3***	***24,155,205***	***97.0***	***28,248,407***	***97.3***
Interests in subsidiares and associated		2,482	*0.0*	5,746	*0.0*	6,654	*0.0*
Intangible assets		18,709	*0.1*	33,527	*0.1*	51,376	*0.2*
Net tangible assets		400,001	*1.9*	419,940	*1.7*	409,358	*1.4*
Other assets		367,090	*1.7*	295,470	*1.2*	301,846	*1.0*
Total	**(a)**	**21,328,598**	***100.0***	**24,909,888**	***100.0***	**29,017,641**	***100.0***
Deposits by banks		1,416,579	*6.6*	1,659,622	*6.7*	2,036,599	*7.0*
Customer deposits		18,428,076	*86.4*	21,208,301	*85.1*	24,409,945	*84.1*
Debt securities		67,395	*0.3*	134,746	*0.5*	128,802	*0.4*
Subordinated liabilities		105,693	*0.5*	177,948	*0.7*	188,236	*0.6*
Total funding		***20,017,743***	***93.9***	***23,180,617***	***93.1***	***26,763,582***	***92.2***
Provision for employee benefits		7,591	*0.0*	8,701	*0.0*	14,972	*0.1*
Deferred taxation		2,088	*0.0*	1,839	*0.0*	5,221	*0.0*
Other liabilities		503,962	*2.4*	653,800	*2.6*	689,593	*2.4*
Total liabilities	**(b)**	**20,531,384**	***96.3***	**23,844,957**	***95.7***	**27,473,368**	***94.7***
Goodwill	**(c)**	0	*0.0*	0	*0.0*	3,621	*0.0*
Net worth	**(a-b+c)**	**797,214**	***3.7***	**1,064,931**	***4.3***	**1,547,894**	***5.3***
represented by:							
Issued share capital		618,090	*2.9*	780,128	*3.1*	922,688	*3.2*
Reserves		147,780	*0.7*	251,821	*1.0*	590,687	*2.0*
Own shares		0	*0.0*	0	*0.0*	-216	*0.0*
Total		**765,870**	***3.6***	**1,031,949**	***4.1***	**1,513,159**	***5.2***
Minority interests		31,344	*0.1*	32,982	*0.1*	34,735	*0.1*
Funding from customers		**18,601,164**	***87.2***	**21,520,995**	***86.4***	**24,726,983**	***85.2***
Total assets	**(a+c)**	**21,328,598**	***100.0***	**24,909,888**	***100.0***	**29,021,262**	***100.0***

(1) Includes compulsory reserve held at central bank.

TABLE II.3 - EMPLOYEES

CHINA

	2004	2005	2006
Average number of staff	1,390,122 (1)	1,467,814	1,446,507
of which: from country of origin (%)	...	...	...
from elsewhere (%)	...	...	...

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

TABLE II.4 - FINANCIAL RATIOS

CHINA

	2004	2005	2006
Funding from customers per employee ('000 CNY) (1)	12,260	14,662	17,094
Loans and advances to customers per employee ('000 CNY) (1)	8,317	8,924	10,319
Labour cost per employee ('000 CNY) (1)	52	70	86
Cost / income ratio (%)	51.6	50.7	47.5
Bad debts written off as % of total income (2)	20.2	11.2	13.7
Dividends payout as % of net profit	22.1	20.9	41.5
ROE (%)	12.7	14.8	13.3
ROA (%)	0.4	0.5	0.6
Doubful loans as % of loans to customers	11.4	6.4	5.1
Doubful loans as % of net worth	178.9	78.5	49.3
Loans, advances and cash as % of total funding	102.6	104.2	105.5
Fixed assets as % of net worth	52.8	43.1	30.4
Total liabilities/Tangible net worth	26.4	23.1	18.4

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

(1) For 2004 calculated on the basis of no. of staff as at year-end.
(2) Net of recovered amounts.

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.

Starting with this edition, the survey has been extended to include the top ten Chinese banks, for details of which see the relevant section.

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).

TABLE III.1 - LIST OF COMPANIES

	BANKS	TOTAL ASSETS (2006)	TOTAL INCOME (2006)	EMPLOYEES (2006)
	EUROPE	*EUR m*	*EUR m*	*Average no.*
1	UBS (CH) (#)	1,491,388	28,895	73,855
2	BARCLAYS (GB) (#)	1,484,162	31,771	118,600
3	BNP PARIBAS (FR) (#)	1,437,929	27,321	123,630
4	HSBC HOLDINGS (GB) (#)	1,411,532	48,822	296,197
5	CREDIT AGRICOLE (FR) (#)	1,379,363	27,817	144,879
6	THE ROYAL BANK OF SCOTLAND GROUP (GB) (#)	1,297,306	32,953	136,000
7	ING GROEP (NL) (#)	1,219,778	18,013	118,243
8	DEUTSCHE BANK (DE) (#)	1,126,230	27,384	65,745
9	ABN AMRO HOLDING (NL) (#) (1)	987,064	21,766	105,433
10	SOCIÉTÉ GÉNÉRALE (FR) (#)	956,546	21,811	115,134
11	HBOS (GB) (#)	880,028	17,993	74,252
12	BANCO SANTANDER (ES) (#) (2)	833,611	22,790	128,339
13	UNICREDITO ITALIANO (IT) (#)	823,284	23,808	139,061
14	CREDIT SUISSE GROUP (CH) (#)	781,602	20,784	44,718
15	FORTIS (BE / NL) (#)	774,226	10,668	55,566
16	COMMERZBANK (DE) (#)	608,339	7,918	35,808
17	DEXIA (BE) (#)	566,655	5,472	21,490
18	RABOBANK NEDERLAND (NL)	556,455	9,955	48,076
19	LLOYDS TSB GROUP (GB) (#)	511,016	15,590	76,092
20	DRESDNER BANK (DE) (3)	497,287	6,744	33,480
21	CREDIT MUTUEL (FR)	482,676	10,639	58,379
22	DZ BANK (DE)	438,984	4,332	24,055
23	LANDESBANK BADEN-WUERTTEMBERG (DE) (*)	428,253	3,309	12,921
24	BANCO BILBAO VIZCAYA ARGENTARIA (BBVA) (ES) (#)	411,884	14,490	95,738
25	DANSKE BANK (DK) (#)	367,154	4,536	19,244
26	KREDITANSTALT FUER WIEDERAUFBAU (KfW) (DE) (*)	359,580	1,946	3,946
27	BAYERISCHE LANDESBANK (DE) (*)	353,218	2,803	9,723
28	NORDEA BANK (SE) (#) (4)	346,886	6,938	30,159
29	KBC GROUP (BE) (#) (5)	325,110	7,997	50,189
30	BANCA INTESA (now INTESA SANPAOLO) (IT) (#) (6)	291,781	10,794	56,553
31	SANPAOLO IMI (IT) (#) (6)	288,505	8,549	46,199
32	WESTLB (DE) (*)	285,287	1,956	6,364
33	EUROHYPO (DE) (7)	-	361	-
34	ABBEY NATIONAL (GB) (8)	-	-	-
35	ARGENTARIA (ES) (9)	-	-	-
36	BANCA COMMERCIALE ITALIANA (IT) (10)	-	-	-
37	BANCO CENTRAL HISPANOAMERICANO (ES) (11)	-	-	-
38	BANK AUSTRIA (AT) (12)	-	-	-
39	BANK OF SCOTLAND (GB) (13)	-	-	-
40	BANQUE BRUXELLES LAMBERT (BE) (14)	-	-	-
41	BAYERISCHE HYPO- UND VEREINSBANK (HVB) (DE) (15)	-	-	-
42	BAYERISCHE HYPOTHEKEN- UND WECHSEL-BANK (DE) (16)	-	-	-
43	CREDIT COMMERCIAL DE FRANCE (FR) (17)	-	-	-

cont.

Table III.1 (*cont.*)

	BANKS	2006			
		TOTAL ASSETS	*TOTAL INCOME*	*EMPLOYEES*	
		EUR m	*EUR m*	*Average no.*	
44	CREDIT INDUSTRIEL ET COMMERCIAL-CIC (FR) (18)	-	-	-	
45	CREDIT LYONNAIS (FR) (19)	-	-	-	
46	GENERALE DE BANQUE (BE) (20)	-	-	-	
47	HALIFAX GROUP (GB) (13)	-	-	-	
48	LANDESKREDITBANK BADEN-WUERTTEMBERG (DE) (21)	-	-	-	
49	MERITA (FI) (22)	-	-	-	
50	NATIONAL WESTMINSTER BANK (GB) (23)	-	-	-	
51	NORDBANKEN (SE) (22)	-	-	-	
52	PARIBAS (FR) (24)	-	-	-	
53	REALDANMARK (DK) (25)	-	-	-	
54	SOCIETÀ DI BANCA SVIZZERA (CH) (26)	-	-	-	
55	UNIDANMARK (DK) (27)	-	-	-	
	TOTAL	**24,003,119**	**506,925**	**2,368,068**	
	JAPAN	*EUR m*	*EUR m*	*Average no.*	
1	MITSUBISHI UFJ FINANCIAL GROUP (#) (28)	1,186,097	24,061	79,150	
2	MIZUHO FINANCIAL GROUP (#)	926,524	13,387	26,801	(°)
3	SUMITOMO MITSUI FINANCIAL GROUP (#)	619,717	12,206	41,055	
4	NORINCHUKIN BANK	433,312	1,918	2,761	(°)
5	RESONA HOLDINGS (#)	247,946	5,087	16,184	
6	SHINKIN CENTRAL BANK	165,671	571	1,069	(°)
7	SUMITOMO TRUST & BANKING (#)	130,544	2,498	5,420	(°)
8	CHUO MITSUI TRUST HOLDINGS (#) (29)	85,257	1,908	4,600	
9	BANK OF YOKOHAMA (#)	69,848	1,409	3,731	(°)
10	SHOKO CHUKIN BANK (*)	69,592	942	4,372	
11	SHINSEI BANK (#)	64,253	1,517	2,171	(°)
12	CHIBA BANK (#)	61,523	1,130	3,783	(°)
13	HOKUHOKU FINANCIAL GROUP (#)	60,269	1,205	4,292	
14	SHIZUOKA BANK (#)	55,037	929	3,353	(°)
15	BANK OF FUKUOKA (#) (30)	50,539	873	3,289	(°)
16	JOYO BANK (#)	47,230	810	3,485	(°)
17	ASAHI BANK (31)	-	-	-	
18	BANK OF KINKI (32)	-	-	-	
19	BANK OF TOKYO-MITSUBISHI (33)	-	-	-	
20	CHUO TRUST AND BANKING COMPANY (34)	-	-	-	
21	DAI-ICHI KANGYO BANK (35)	-	-	-	
22	FUJI BANK (35)	-	-	-	
23	HOKKAIDO BANK (36)	-	-	-	
24	IBJ – INDUSTRIAL BANK OF JAPAN (35)	-	-	-	
25	KINKI OSAKA BANK (31)	-	-	-	
26	MITSUBISHI TRUST AND BANKING (33)	-	-	-	
27	MITSUI TRUST AND BANKING COMPANY (34)	-	-	-	

cont.

Table III.1 (cont.)

	BANKS	2006		
		TOTAL ASSETS	*TOTAL INCOME*	*EMPLOYEES*
		EUR m	*EUR m*	*Average no.*
28	SAKURA BANK (37)	-	-	-
29	SANWA BANK (38)	-	-	-
30	SUMITOMO BANK (37)	-	-	-
31	TOKAY BANK (38)	-	-	-
32	TOYO TRUST AND BANKING (38)	-	-	-
33	UFJ HOLDINGS (39)	-	-	-
	TOTAL	**4,273,359**	**70,451**	**205,516**
	UNITED STATES	*EUR m*	*EUR m*	*Average no.*
1	CITIGROUP (#)	1,430,765	65,342	322,000
2	BANK OF AMERICA (#)	1,108,380	53,722	202,382
3	JPMORGAN CHASE & CO. (#)	1,026,211	47,368	171,603
4	WACHOVIA (formerly First Union) (#)	536,918	22,390	97,889
5	WELLS FARGO & CO. (#)	365,980	26,643	155,750
6	WASHINGTON MUTUAL (#)	262,937	10,826	55,311
7	U.S. BANCORP (formerly Firstar) (#)	166,463	10,158	50,043
8	COUNTRYWIDE FINANCIAL (#)	151,819	8,106	55,377
9	SUNTRUST BANKS (#)	138,316	6,125	33,503
10	CAPITAL ONE FINANCIAL (#)	113,697	9,150	22,980
11	REGIONS FINANCIAL (#)	108,860	4,038	26,600
12	NATIONAL CITY (#)	106,447	5,607	32,770
13	BB&T (#)	92,142	4,769	28,545
14	THE BANK OF NEW YORK (#) (40)	78,489	5,577	23,483
15	THE PNC FINANCIAL SERVICES GROUP (#)	77,312	5,097	23,545
16	FIFTH THIRD BANCORP (#)	76,438	4,076	21,522
17	KEYCORP (#)	70,112	3,572	20,006
18	SOVEREIGN BANCORP (#) (41)	68,065	1,834	10,648
19	GOLDEN WEST FINANCIAL (42)	-	2,103	8,745
20	AMSOUTH BANCORPORATION (43)	-	1,741	9,833
21	NORTH FORK BANCORPORATION (44)	-	1,623	7,520
22	ASSOCIATES FIRST CAPITAL (45)	-	-	-
23	BANK ONE (46)	-	-	-
24	BANKBOSTON (47)	-	-	-
25	FLEETBOSTON FINANCIAL (48)	-	-	-
26	GOLDEN STATE BANCORP (49)	-	-	-
27	GREENPOINT FINANCIAL (50)	-	-	-
28	HIBERNIA (51)	-	-	-
29	J.P. MORGAN & CO. (52)	-	-	-
30	MBNA (53)	-	-	-
31	MERCANTILE BANCORP (54)	-	-	-
32	SOUTHTRUST (55)	-	-	-
33	SUMMIT BANCORP (56)	-	-	-

cont.

Table III.1 (*cont.*)

	BANKS	2006 TOTAL ASSETS	TOTAL INCOME	EMPLOYEES
		EUR m	*EUR m*	*Average no.*
34	U.S. BANCORP (57)	-	-	-
35	UNION PLANTERS (58)	-	-	-
36	WACHOVIA (59)	-	-	-
	TOTAL	**5,979,351**	**299,867**	**1,380,055**
	CHINA			
1	INDUSTRIAL AND COMMERCIAL BANK OF CHINA (#) (*)	730,473	17,629	356,536
2	CHINA CONSTRUCTION BANK (#) (*)	530,047	14,634	298,897
3	AGRICULTURAL BANK OF CHINA (*)	519,874	11,230	465,680
4	BANK OF CHINA (#) (*)	518,289	13,394	200,639
5	BANK OF COMMUNICATIONS (#) (*)	167,276	4,238	59,094
6	CHINA MERCHANTS BANK (#) (*)	90,872	2,421	21,928
7	CHINA MINSHENG BANKING (#)	70,539	1,679	11,639
8	CHINA CITIC BANK (#) (*)	68,752	1,738	12,062
9	SHANGHAI PUDONG DEVELOPMENT BANK (#) (*)	67,061	1,843	10,969
10	INDUSTRIAL BANK (#) (*)	60,088	1,343	9,063
	TOTAL	**2,823,272**	**70,149**	**1,446,507**

(#) 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) In October 2007 control of the company was acquired by RFS Holdings B.V., a company owned by The Royal Bank of Scotland Group (38.3%), Fortis (33.8%) and Banco Santander (27.9%).

(2) Formerly Banco Santander Central Hispano. The current name was taken on in August 2007.

(3) Allianz group.

(4) The largest shareholder is the Swedish government, with a stake of 19.9% at 31 December 2006.

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

(6) With effect from 1 January 2007 Banca Intesa merged with Sanpaolo IMI and took on the name of Intesa Sanpaolo. Based on pro-forma data as at year-end 2006, the combined entity had total assets of EUR 576,738m, ranking it 17th in Europe ahead of Dexia.

(7) Formerly Deutsche Hyp (Gruppo Dresdner Bank), in 2002 the company merged with Eurohypo (Deutsche Bank Group) and Rheinhyp (Commerzbank Group), and took on the name Eurohypo. At end-March 2006 Commerzbank acquired control of the company buying out the shares of the other two leading shareholders. The income figures shown refer to the first quarter.

(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 (now Intesa Sanpaolo).

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

(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) Acquired by UniCredit Italiano in November 2005.

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

(17) Acquired by HSBC Holdings in 2000.

cont.

Table III.1 (*cont.*)

(18) Acquired by Crédit Mutuel in 1998 and consolidated for the first time in 2002.
(19) Acquired by Crédit Agricole in 2003.
(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) Formerly Mitsui Trust Holdings. The current name was taken on in October 2007.
(30) With effect from 2 April 2007 the Bank of Fukuoka, along with Kumamoto Family Bank, became part of the new holding company Fukuoka Financial Group, which itself acquired Shinwa Bank in September 2007.
(31) Acquired by Resona Holdings (formerly Daiwa Bank Holdings) in 2001.
(32) The company was merged into Bank of Osaka in 2000, with the latter taking on the name of Kinki Osaka Bank.
(33) The company became part of the Mitsubishi Tokyo Financial Group (now Mitsubishi UFJ Financial Group) in 2001.
(34) 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.
(35) The company became part of the Mizuho Financial Group in 2000.
(36) Acquired in 2004 by Hokugin Financial Group, which took on the name Hokuhoku Financial Group.
(37) 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.
(38) The company became part of the UFJ Holdings Group (now Mitsubishi UFJ Financial Group) in 2001.
(39) Merged into Mitsubishi Tokyo Financial Group (now Mitsubishi UFJ Financial Group), with effect from 1 October 2005.
(40) With effect from 1 July 2007 the Bank of New York and Mellon Financial merged to form The Bank of New York Mellon.
(41) 24.8% of Banco Santander at 31 December 2006.
(42) Acquired by Wachovia (formerly First Union) with effect from 1 October 2006. The total income and average number of employees figures refer to the pre-merger period.
(43) Acquired by Regions Financials with effect from 1 November 2006. The total income and average number of employees figures refer to the pre-merger period.
(44) Acquired by Capital One Financial with effect from 1 December 2006. The total income and average number of employees figures refer to the pre-merger period.
(45) Acquired by Citigroup in 2000.
(46) Acquired by JPMorgan Chase & Co. with effect from 1 July 2004.
(47) Acquired by FleetBoston Financial in 1999.
(48) Acquired by Bank of America with effect from 1 April 2004.
(49) Acquired by Citigroup in 2002.
(50) Merged into North Fork Bancorporation with effect from 1 October 2004.
(51) Acquired by Capital One Financial with effect from 16 November 2005.
(52) 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.).
(53) Acquired by Bank of America with effect from 1 January 2006.
(54) Acquired by Firstar (now U.S. Bancorp) in 1999.
(55) Acquired by Wachovia (formerly First Union) with effect from 1 November 2004.
(56) Acquired by FleetBoston Financial in 2001.
(57) The company was merged into Firstar in 2001, with the latter taking on the name of U.S. Bancorp.
(58) Acquired by Regions Financial with effect from 1 July 2004.
(59) 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)
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)
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)

cont.

Table III.2 (*cont.*)

Combined entity	Total assets of combined entity (EURm)	Companies involved in the transaction (total assets, EURm)
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	The Royal Bank of Scotland Group (142,918); National Westminster Bank (298,736)
Banco Bilbao Vizcaya Argentaria (ES)	235,571	Banco Bilbao Vizcaya (154,504); Argentaria (81,067)
Nordea (SE)	181,240	Nordic Baltic Holding (103,977); UniDanmark (77,263)
Danske Bank (DK)	168,677	Danske Bank (94,202); RealDanmark (74,475)
Chuo Mitsui Trust and Banking Company (JP)	144,399	Mitsui Trust and Banking Company (94,778); Chuo Trust and Banking Company (49,621)
Kinki Osaka Bank (JP)	38,835	Bank of Osaka (15,534); Bank of Kinki (23,301)
2001		
Sumitomo Mitsui Banking (JP)	1,078,296	Sumitomo Bank (611,727); Sakura Bank (466,569)
UFJ Holdings (JP)	881,094	Sanwa Bank (496,102); Tokay Bank (312,404); Toyo Trust and Banking (72,588)
Mitsubishi Tokyo Financial Group (JP)	880,567	Bank of Tokyo-Mitsubishi (714,337); Misubishi Trust and Banking (166,230)

cont.

Table III.2 (*cont.*)

Combined entity	Total assets of combined entity (EURm)	Companies involved in the transaction (total assets, EURm)
Daiwa Bank Holdings (now Resona Holdings) (JP)	453,541	Asahi Bank (273,193); Daiwa Bank (139,855); Kinki Osaka Bank (40,493)
HBOS (GB)	430,423	Halifax Group (292,444); Bank of Scotland (137,979)
Wachovia (formerly First Union) (US)	352,716	First Union (273,154); Wachovia (79,562)
FleetBoston Financial (US)	235,449	FleetBoston Financial (192,852); Summit Bancorp (42,597)
U.S. Bancorp (formerly Firstar) (US)	177,239	Firstar (83,380); U,S, Bancorp (93,859)
2002		
Citigroup (US)	1,257,167	Citigroup (1,193,067); Golden State Bancorp (64,100)
2003		
Crédit Agricole (FR)	825,499	Crédit Agricole (580,613); Crédit Lyonnais (244,886)
2004		
JPMorgan Chase & Co. (US)	868,943	JPMorgan Chase & Co, (610,382); Bank One (258,561)
Bank of America (US)	741,631	Bank of America (583,092); FleetBoston Financial (158,539)
Banco Santander Central Hispano (ES)	597,235	Banco Santander Central Hispano (346,419); Abbey National (250,816)
Wachovia (US)	358,635	Wachovia (317,523); SouthTrust (41,112)
Hokuhoku Financial Group (JP)	66,226	Hokugin Financial Group (40,555); Hokkaido Bank (25,671)
Regions Financial (US)	63,744	Regions Financial (38,478); Union Planters (25,266)
North Fork Bancorporation (US)	34,796	North Fork Bancorporation (16,597); GreenPoint Financial (18,199)
2005		
Mitsubishi UFJ Financial Group (JP)	1.337.941	Mitsubishi Tokyo Financial Group (776,074); UFJ Holdings (561,867)
UniCredito Italiano (IT)	732,904	UniCredito Italiano (265,496); Bayerische Hypo- und Vereinsbank (HVB) (467,408)
Capital One Financial (US)	55,837	Capital One Financial (39,459); Hibernia (16,378)

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)	1,147,466	Bank of America (1,095,027); MBNA (52,439)
Commerzbank (DE)	679,164	Commerzbank (444,861); Eurohypo (234,303)
Wachovia (formerly First Union) (US)	547,063	Wachovia (formerly First Union) (441,430); Golden West Financial (105,633)
Capital One Financial (US)	124,029	Capital One Financial (75,189); North Fork Bancorporation (48,840)
Regions Financial (US)	116,465	Regions Financial (71,871); AmSouth Bancorporation (44,594)
2007		
RFS Holdings B.V. (NL) (2)	987,064	ABN AMRO Holding (987,064)
Intesa Sanpaolo (IT) (3)	580,286	Banca Intesa (291,781); Sanpaolo IMI (288,505)
2008		
Bank of America (4)	1,260,199	Bank of America (1,108,380); Countrywide Financial (151,819)

(1) Refers to period from 1 January 1997 to 31 March 2008 for European banks and to period from 1 January 1998 to 31 March 2008 for Japanese and US banks.
(2) Special purpose vehicle company set up and owned by The Royal Bank of Scotland (38.3%), Fortis (33.8%) and Banco Santander (27.9%) for the purpose of acquiring control of ABN AMRO Holding; this transaction was successfully completed in October 2007. The three shareholder banks have executed agreements to break up and acquire pro-rata the assets of the ABN AMRO group.
(3) Transaction approved in December 2006 with effect from 1 January 2007.
(4) Agreement reached in January 2008.

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