OECD Banking Statistics

METHODOLOGICAL COUNTRY NOTES

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OECD Banking Statistics: Methodological Country Notes

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Foreword

This publication provides methodological country notes which complement the statistics published annually under the title Banking Statistics – Financial Statements of Banks. *Statistics are based on financial statements of banks in each Member country and are presented in the standard OECD framework. Although the objective is to include in the analysis all institutions which conduct ordinary banking business, namely institutions which primarily take deposits from the public and provide finance for a wide range of purposes, the institutional coverage of banks in the statistics is not the same in each country. Moreover, differences across the countries are due to the availability of the data as well as the structural and regulatory features of national banking systems, accounting rules and practices, and reporting methods.*

Considering the difficulties that may be encountered in the international comparability of the statistics, methodological notes were prepared to facilitate the comprehension and the interpretation of the data. In addition, the notes also provide some information on the banking system and the activities of banks in each OECD Member country.

The preparation of this publication benefited from the work of the Financial Statistics Section of the OECD Statistics Directorate but could not have been accomplished without the assistance of the members of the OECD Working Party on Financial Statistics and the national statistics and the national administrations which they represent.

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Introduction

The annual publication *Banking Statistics – Financial Statements of banks** provides statistics on financial statements of banks in OECD countries. National Statistics are re-classified and presented according to a standard framework that was agreed by the OECD Working Party on Financial Statistics. These statistical series also include data on the number of reporting banks, their branches and the staff employed by these institutions. Furthermore, general information is provided for some of the OECD countries regarding the structure of their financial system as well as the share of domestic and foreign currencies in their bank assets and liabilities.

The present volume includes methodological country notes with a view to facilitating the analysis and the interpretation of the quantitative information included in the above publication and to enabling the user of the data to judge how cautiously the figures should be used for comparative purposes. The presentation of the notes is, as much as possible, standardised under the following headings:

- institutional coverage, and the relative importance of the institutions covered as compared with the whole financial system;
- geographical coverage and degree of consolidation indicating whether domestic or foreign financial or non-financial subsidiaries of the reporting banks are covered by the data and whether branches and/or subsidiaries of foreign banks are included;
- structure of the banking system including information on the regulatory framework;
- summary description of activities of banks: payment facilities, deposit business, lending business, savings instruments, money market business, security business, foreign exchange business, non-bank business.
- explanations on individual items and reconciliation tables for income statement and balance sheet items giving detailed information on the way in which the data included in the present publication are derived from generally more detailed national data;
- sources of data.

Institutional coverage

In principle, the statistics are intended to cover all institutions which conduct ordinary banking business, *i.e.* institutions which primarily take deposits from the public and provide finance for a wide range of purposes. Given structural and regulatory differences between national systems, it is not possible to provide statistics based on a uniform concept of the institutional coverage of credit institutions for all OECD countries. Moreover, the availability of the underlying data also has an impact on the coverage of the statistics. It should be noted that, as a result of different reporting methods, these statistics are not

* *Banking Statistics—Financial Statements of Banks* is available both as paper and electronic editions.

compatible with the series published in *Financial Accounts of OECD Countries* while they are not integrated in the System of National Accounts.

Although data are published under the standard framework according to headings listed in Section V below, the coverage of banking groups may vary in their composition and definition across the reporting countries. Therefore, the coverage of banking groups is defined following national criteria for each country and described in the individual country notes.

Countries report data for one or more of the following standard banking groups:

- *All banks.*
- *Commercial banks.*
- *Large commercial banks as a sub-set of commercial banks.*
- *Savings banks.*
- *Other groups of banks, reported for countries where applicable.*

Geographical coverage and degree of consolidation

OECD recommends that data included in these statistics should be consolidated world-wide, *i.e.* overseas branches of reporting banks as well as domestic/foreign subsidiaries should be included. Country notes provide information regarding the coverage of reporting banks and the statistical treatment of foreign bank branches and/or subsidiaries.

Structure if the banking system

The country notes include a description of the banking system as well as information on the regulatory framework.

Summary description of activities of banks

A description of banks' activities is included, as much as possible, to cover information under the following headings:

- payment facilities;
- deposit business;
- lending business;
- savings instruments;
- money market business;
- security business;
- foreign exchange business;
- non-bank business;
- other.

Reconciliation of national data with the OECD presentation

To further facilitate the analysis for users of the statistics, this publication provides descriptive notes and/or reconciliation tables describing the correspondence between the standard OECD framework and their national accounting system used in Member countries. They show how national data are grouped and, where necessary, re-classified to fit as far as possible into the following standard framework which described below.

OECD Standard framework

Income statement

1. Interest income

This item generally includes income on interest-bearing assets, fee income related to lending operations, and dividend income on shares and participations. In some cases it may also include income on bonds calculated as the difference between the book value and the redemption value of bonds.

2. Interest expenses

This item generally includes interest paid on liabilities and fee expenses related to borrowing operations. It may include in some cases the difference between the issue price on debt instruments and their par value.

*3. **Net interest income*** (item 1 *minus* item 2)

*4. **Net non-interest income***

a) fees and commissions receivable;

b) fees and commissions payable;

c) net profit or loss on financial operations;

d) other net non-interest income.

This item is generally the net result of a number of different income and expense items (other than those included in items 1 and 2) such as the following: commissions received and paid in connection with payments services, securities transactions and related services (new issues, trading, portfolio management, safe-custody) and foreign exchange transactions in the banks own name and on behalf of clients. Other income and expenses resulting from special transactions which do not represent ordinary and regular banking business may also be included. Realised losses and gains on foreign-exchange operations and securities transactions are generally included as well.

*5. **Net interest and non-interest income*** (item 3 plus item 4)

6. Operating expenses

a) staff costs;

b) property costs;

c) other operating expenses.

This item includes all expenses relating to the ordinary and regular banking business other than those included in items 2 and 4, particularly salaries and other employee benefits, including transfers to pension reserves (staff costs), and expenses for property and equipment and related depreciation expenses. Taxes other than income or corporate taxes are also included.

*7. **Net income before provisions*** (item 5 *minus* item 6)

8. Net provisions

a) provisions on loans;

b) provisions on securities;

c) other net provisions.

This item includes, in part or in full, charges for value adjustments in respect of loans, credits and securities, book gains from such adjustments, losses on loans and transfers to and from reserves for possible losses on such assets. Realised gains or losses from foreign exchange transactions and securities transactions are, however, generally included under *Net non-interest income* (item 4).

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Assets

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This item includes short-term securities with an original maturity of usually up to 12 months, but with a maximum maturity of two years.

28. Bonds (included in item 17)

This item includes fixed or variable-interest rate securities with an original maturity of several years.

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Number of branches covered by the data.

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Number of employees of the institutions covered by the data.

Sources of data

Theses statistics cover data published by banks, central banks and/or statistical offices.

Austria

I. Institutional coverage

The statistics published in *Banking Statistics – Financial Statements of Banks* comprise all banks which have been granted a license by the Financial Market Authority to conduct banking business in Austria or which have the possibility to conduct banking business based on the freedom of settlement.

II. Geographical coverage and degree of consolidation

Data relate to domestic banks including their foreign branches and subsidiaries (on a consolidated basis) and to banks of foreign countries conducting banking business in Austria.

III. Summary description of activities of banks

Payment facilities

In general, the following payment facilities are offered: current account with overdraft facilities, debit cards, credit cards and cash dispensers.

Deposit business with non-banks

All banks, in general, offer a complete range of accounts: sight deposits, time and savings deposits (including savings with premium) at different interest rates.

Issues of marketable securities by banks

The Banking Act of 1993 (§ 1) allows the issue of a variety of instruments with various maturities: mortgage bonds, municipal bonds (issued by only a few banks), several kinds of specific assets earmarked in connection with the issuing of bonds, and other bonds. Securities issued by banks have become increasingly important.

Money market business

Day-to-day loans/deposits between banks (excluding money market papers), traditionally from the sectors with many retail outlets (especially postal savings banks, savings banks, etc.) to the large banks (including head institutions of sectors).

Interbank deposits (claims) (item 15) include interbank loans and deposits. *Interbank deposits* (liabilities) (item 21) do not include borrowing from the Central bank. The borrowing from the Central bank (against collateral) is shown in item 20.

Various types of lending business

The Banking Act of 1993 (§ 1) allows banks to engage in all types of lending operations; the maximum amount of lending to one single borrower is regulated by the Banking Act of 1993 (§ 27).

Traditionally, the large banks have concentrated on lending to industry, whereas the savings banks have been heavily involved in lending to local authorities and to private individuals. However, this clear borderline has become increasingly blurred and, in recent years, the savings banks, particularly the large ones, have gained an increasing share of the lending to industry business. Simultaneously, the other large banks have gone into lending to the public sector and private individuals.

For statistical purposes, discounting bills is considered as granting loans and thus included in *Loans* (item 16).

Up to now, banks' foreign business has been a fast growing line of activity.

Security business, portfolio management and trust business

Banks trade in bonds and shares for clients (including derivative instruments), participate and guarantee the sale of issues and provide management of clients' and the banks' own portfolios.

Other business

The Banking Act of 1993 (§ 29) stipulates that a bank's non-financial holdings may not exceed 60 per cent of the bank's capital.

IV. Reconciliation of national data with the OECD presentation

Income statement

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Special provisions can be made within the limits set by accounting standards and tax laws.

V. Sources

The data in *Banking Statistics – Financial Statements of Banks* has been compiled by the Austrian National Bank.

For more data please visit our homepage (*www.oenb.at*) – Statistics and Reporting – Statistical Data (*www.oenb.at/en/stat_melders/datenangebot/datenangebot.jsp*).

Belgium

Balance sheet figures refer to the information at the end of the calendar year (from 1 January to 31 December), implying the financial situation of 31 December, close of business.

From 1999 onwards, the income statement annual figure is the aggregation of the income statements ending between 1 January and 31 December (calendar year). For the previous years, the annual figure is the aggregation of the income statements ending between 1 July and 30 June of the following year. The information is collected with a quarterly frequency.

I. Institutional coverage

The statistics published in *Banking Statistics – Financial Statements of Banks*, Table 1, relate to credit institutions in Belgium. Belgian legislation on credit institutions is based on the Act of 22 March 1993 on the status and supervision of credit institutions. The Act lays down uniform rules for the establishment, status and supervision of credit institutions operating in Belgium. The term "credit institution" encompasses Belgian and foreign enterprises whose business consists of taking deposits of money or other redeemable funds from the public and making loans for their own account.

Since 1 January 1993, the activities of credit institutions have been supervised with the aid of a periodic financial data reporting sheet, Form/Scheme A. This form must be submitted, to the National Bank of Belgium and to the Banking, Finance and Insurance Commission, by Belgian credit institutions and by foreign institutions possessing a registered branch in Belgium, whether headquartered in another European Union country or not.

Form A consists of an accounting summary – including the balance sheet, off-balance-sheet items, the income statement and, once a year, allocations and assessments – and a series of annexes. Apart from reports intended to ensure compliance with capital adequacy regulations, the annexes contain more specific information on interbank transactions and on lending and deposit operations with customers.

The Act of 22 March 1993 is not applicable to the National Bank of Belgium, except for provisions amending Royal Decree No. 29 of 24 August 1939 on the activity, organisation and attributions of the National Bank of Belgium and the Post Office (Postchèque).

From 1999 onwards, the statistics published under all banks include all the credit institutions governed by Belgian law, so all domestically controlled (domestic banks) and foreign controlled (subsidiaries of foreign banks operating in Belgium) banks with legal independence are included, but branches governed by foreign law located in Belgium are excluded:

- Large commercial banks include the four large credit institutions (situation end-2009).

- Foreign commercial banks refer to credit institutions governed by Belgian law, but with foreign majority shareholding (foreign controlled).
- Money Market Funds are also monetary financial institutions, but are not included in all banks because the level of detail of the information available is too limited, in particular with regard to the income statement and the importance of money market funds is negligible compared to the credit institutions. Therefore, the money market funds will be included in the other financial institutions.

Before 1999, the statistics published under *All banks* include all the credit institutions in Belgium, so all domestically controlled (domestic banks) and foreign controlled (subsidiaries of foreign banks operating in Belgium) banks with legal independence are included, as well as branches governed by foreign law located in Belgium.

The statistics published in *Banking Statistics – Financial Statements of Banks*, Table 2, under *Other financial institutions* should include all the entities belonging to sub-sector S.123 ("Other financial intermediaries, except insurance corporations and pension funds") and S.124 ("Financial auxiliaries") described in the SNA 1993 (ESA 1995).

Following the ESA 1995 definition, the sub-sector other financial intermediaries except insurance corporations and pension funds (S.123) consists of all financial corporations and quasi-corporations which are principally engaged in financial intermediation by incurring liabilities in forms of other than currency, deposits and/or close substitutes for deposits from institutional units other than monetary financial institutions, or insurance technical reserves (paragraph 2.53). The paragraph 2.54 specifies that sub-sector S.123 includes various types of financial intermediaries especially those which are predominantly engaged in long-term financing. In most cases this predominant maturity forms the basis of a distinction from the other monetary financial institutions sub-sector. Based of the non-existence of liabilities in the form of insurance technical reserves, the borderline with the insurance corporations and pension funds sub-sector can be determined.

At the present time, there is no exhaustive list of entities included in the sector S.123 but some examples are presented in the ESA 1995 (paragraph 2.55):

- corporations engaged in financial leasing;
- corporations engaged in hire purchase and the provision of personal or commercial finance;
- corporations engaged in factoring;
- security and derivative dealers (on own account);
- specialised financial corporations such as venture and development capital companies, export/import financing companies;
- financial vehicle corporations, created to be holders of securitised assets;
- financial intermediaries which receive deposits and/or close substitutes for deposits from monetary financial institutions (MFIs) only;
- holding corporations which only control and direct a group of subsidiaries principally engaged in financial intermediation and/or in auxiliary financial activities, but which are not financial corporations themselves.

Following the ESA 1995 definition, "the sub-sector financial auxiliaries (S.124) consists of all financial corporations and quasi-corporations which are principally engaged in auxiliary financial activities, that is to say activities closely related to financial intermediation by which are not financial intermediation themselves" (paragraph 2.57).

At the present time, there isn't any exhaustive list of entities included in the sector S.124 but some examples are presented in the ESA 1995 (paragraph 2.58):

- insurance brokers, salvage and average administrators, insurance and pension consultants, etc.;
- loan brokers, securities brokers, investment advisers, etc.;
- flotation corporations that manage the issue of securities;
- corporations whose principal function is to guarantee, by endorsement, bills and similar instruments;
- corporations which arrange derivative and hedging instruments, such as swaps, options and futures (without issuing them);
- corporations providing infrastructure for financial markets;
- central supervisory authorities of financial intermediaries and financial markets when they are separate institutional units;
- managers of pension funds, mutual funds, etc.;
- corporations providing stock exchange and insurance exchange;
- non-profit institutions recognised as independent legal entities serving financial corporations, but not engaged in financial intermediation or auxiliary financial activities.

The statistics published in *Banking Statistics – Financial Statements of Banks*, Table 2, under *Insurance institutions* should include all the entities included under the sub-sector S.125 ("Insurance corporations and pension funds") described in the SNA 1993 (ESA 1995).

Following the ESA 1995 definition, "the sub-sector insurance corporations and pension funds (S.125) consists of all financial corporations and quasi-corporations which are principally engaged in financial intermediation as the consequence of the pooling of risks" (paragraph 2.60).

The paragraph 2.64 of the ESA 1995 specifies that, the sub-sector insurance corporations and pension funds may be subdivided into, on one hand, insurance corporations and, on the other hand, autonomous pension funds *i.e.* funds which have autonomy of decision and keep complete set of accounts.[1]

II. Geographical coverage and degree of consolidation

From 1999 onwards, all domestic banks and subsidiaries of foreign banks operating in Belgium are included in the population of credit institutions as well as their domestic and foreign branches. Foreign subsidiaries of these banks as well as branches of foreign banks operating in Belgium are excluded from the data.

Before 1999, all domestic banks and subsidiaries of foreign banks operating in Belgium are included in the population as well as their domestic and foreign branches. Foreign subsidiaries of these banks are excluded from the data. Also the branches of foreign banks operating in Belgium are included.

The statistics relating to *Other financial institutions* published in Table 2 include all the entities described above which are established on the Belgian territory. However, a characteristic of the Belgian market of mutual funds was taken into account: due to the historical importance of the links between Belgium and Luxembourg, a lot of mutual funds from Luxembourg are publicly distributed in Belgium and represent a large part of the mutual funds hold by Belgian households. Then the statistics related to the mutual funds governed by foreign law but publicly distributed in Belgium have been added to the statistics related to the mutual funds governed by Belgian law.

The statistics relating to *Insurance institutions* published in Table 2 include all the insurance corporations and mutual funds supervised by the Banking, Finance and Insurance Commission, *i.e.* in short, the corporations governed by Belgian law (included their foreign branches but excluded their foreign subsidiaries) and the subsidiaries of the corporations governed by foreign law.

All of the data relating to Credit institutions published by the OECD, under the title *Banking Statistics – Financial Statements of Banks,* are statistics on a corporate basis in the case of Belgian credit institutions. This implies that all transactions and positions among a domestic bank and its domestic and foreign branches are eliminated. Data relating to foreign subsidiaries of the banks governed by Belgian law are not included.

Statistics on *Other financial institutions* and *Insurance institutions* are not consolidated.

III. Structure of the financial system

The Act of 22 March 1993 on the status and supervision of credit institutions transposes, into Belgian legislation, the European Council Directive of 15 December 1989 on the co-ordination of laws, regulations and administrative provisions relating to the taking up and pursuit of the business of credit institutions and the Council Directive of 6 April 1992 relating to the supervision of credit institutions on a consolidated basis. Any credit institution licensed in a European Union country may therefore offer its financial services in Belgium, since Belgian law applies the principle of the mutual recognition of status and of authorisation accorded in an institution's country of origin.

At the end of 2009, there were 103 credit institutions active in the Belgian market, of which 55 branches of foreign credit institutions and 28 subsidiaries of foreign credit institutions. There are four large Belgian credit institutions (BNP Paribas Fortis, KBC Bank, ING Bank and Dexia Bank), of which two credit institutions (BNP Paribas Fortis, ING Bank) are foreign controlled.

The list of Belgian credit institutions drawn up by the Banking, Finance and Insurance Commission gives a breakdown between banks, savings banks, and, more recently, securities banks.[2] The fact that a credit establishment belongs to one of these categories or another implies only a difference in denomination, since all credit institutions operating in Belgium are subject, under the Act of 22 March 1993, to identical rules with regard to establishment, status and supervision. Therefore, all credit institutions are considered as commercial banks for the OECD publication.

On the basis of the ESA 1995 definitions and examples regarding Other financial institutions, some analysis and searches have been carried out within the framework of the financial accounts in order to establish lists of Belgian corporations to be included in the sub-sectors S.123 and S.124. At the present time, the following entities have been found and then included in the statistics published in Table 2:

- The mutual funds, *i.e.* the funds which have as goal the collective investment of capital collected within the general public. They incur liabilities through the issue of shares. They transform these funds by acquiring financial assets and/or real estate.
- The housing corporations, *i.e.* at the present time, the regional social housing corporations.
- The securitisation companies which include the collective investment undertakings in claims and the public companies for securitisation of debt governed by the Belgian law. These companies are specialised in the buying of claims of other companies (among others credit institutions) and finance themselves by issuing securities (bonds or others).
- The financial holdings which make a majority of control investments in corporations belonging to the financial sector.
- The real estate investment funds with fixed capital ("Sicafi") which invest in real estate and the private closed-end equity funds ("Pricaf") which invest in unquoted companies and growth stocks.
- The stock broking firms included in the investment firms which can offer all the investment services and auxiliary services but which are the only investment firms which can receive financial instruments and, on some conditions, deposits from their clients.
- The mutual funds management companies.
- The portfolio management companies.
- The financial instruments broking companies.
- The companies for the placing of orders in financial instruments.

At the present time, the statistics on *Insurance institutions* of Table 2 include all the entities included in the ESA 1995 sub-sector S.125, *i.e.* insurance corporations and pension funds which are supervised by the Banking, Finance and Insurance Commission as described in the Section I above (Institutional coverage).

IV. Summary description of activities of banks

Credit institutions operating in Belgium may perform all or some of the following activities:

- taking of deposits and other redeemable funds;
- lending business, including consumer credit, mortgage loans, factoring, and financing of commercial transactions;
- leasing;
- payment operations;
- issue and management of means of payment (credit cards, traveller's chèques, etc.);
- provision of guarantees and underwriting of commitments;
- dealings on own account or on behalf of clients in:
  - money market instruments (chèques, bills, certificates of deposit, etc.);
  - foreign exchange markets;
  - financial futures and options;

  - foreign-exchange and interest-rate instruments;
  - securities;
- participation in security issues and performance of related services;
- advice to corporations on capital structure, industrial strategy and related matters, and advice and services relating to corporate mergers and take-overs;
- intermediation in interbank markets;
- asset management and advice on asset management;
- custodial services;
- business intelligence;
- rental of safe deposits.

Under the legislation of 6 April 1995 concerning secondary markets, the status and supervision of investment firms, and investment brokers and advisers, credit institutions also have direct access to the stock exchange (as of 1 January 1996). However, securities banks, so called because they specialise in transactions in securities and financial instruments, are not allowed to perform a number of banking activities. Thus securities banks which take advantage of exemptions from initial capital and capital adequacy requirements are not allowed to conduct payments operations.

V. Reconciliation of national data with the OECD presentation

Data relating to the balance sheet, income statement and capital adequacy come from the periodic financial statements which credit institutions are required to transmit to the National Bank of Belgium and the Banking, Finance and Insurance Commission.

The framework used for these periodic statements is entirely consistent with the booking and valuation requirements laid down in the Royal Order of 23 September 1992 concerning the annual accounts of credit institutions. However, write-downs of interbank claims, claims on clients, investments in short-term negotiable paper, investments in securities and assets making up the statutory reserve constitute an exception. These are not deducted from the assets item to which they relate, but are entered under the liabilities item Write-downs, provisions, contingency fund and deferred tax. Securities not part of the investment portfolio are booked at their market value. In compliance with the rules applying to annual accounts, foreign currency amounts are valued at the exchange rate on the date of the statement (except for long-term financial assets, which may be valued at their purchase price).

Data on the number of bank branches and employees are taken from the *Aspects et documents* brochures published by the Belgian Banking Association. The data are obtained by way of an annual survey conducted by the Association, on a voluntary basis, among its members.[3]

Income statement

The annual figure is an aggregation of the income statements ended between 1 January and 31 December starting from 1999 onwards. For the previous years, the annual figure is the aggregation of the income statements ended between 1 July and 30 June of the following year.

Interest income[4]

Interest and related income from interbank claims and lending to clients, interest on financial assets and negotiable securities (including, for the investment portfolio, the difference between the purchase price and redemption value as determined by the actuarial yield), income from hedging operations (currency and interest rate), and interest and other income related to subordinated loans to affiliated enterprises or to other corporations with which there is a participation link.

Interest expenses[4]

Interest and related expenses payable on interbank debt, debt to clients, securitised debt (including subordinated securities), and fees payable on hedging operations (currency and interest rate).

Net interest income[4]

This item is the difference between Interest income and Interest expenses.

Net non-interest income

- Fees and commissions receivable: Commissions on credit commitments and fees for other financial services (issue and placement of securities, execution of security purchase or sale orders, payment services, asset management, etc.).
- Fees and commissions payable: Commissions payable on financial commitments underwritten by third parties on behalf of the credit institution, together with fees for third-party performance of other financial services (credit insurance, purchasing, etc.).
- Net profit or loss on financial operations: This item includes dividends and other income from variable-income securities, income from long-term financial assets (excluding interest and other income related to subordinated loans), income/expenses related to foreign exchange transactions (excluding income/expenses related to hedging operations), gains/losses on fixed-income and variable-income securities, net profits/losses on interest-rate operations (with the exception of interest-rate swaps, for which it is necessary to mention net interest and non-interest income/expenses), and net profits/losses on transactions in precious metals (including options and futures).
- Other net non-interest income: Income from banking business not covered by the preceding items (payment for services connected with clients' travel, refund of contributions paid under the deposit protection schemes, etc.), and income/expenses related to operations not part of ordinary banking business (write-backs/write-downs on long-term financial assets, write-backs/write-downs on long-term tangible and intangible assets, etc.).

Net interest and non-interest income

This item is the sum of Net interest income and Net non-interest income.

Operating expenses

- Staff costs: Staff pay and fringe benefits, employers' social security contributions, employer-paid premiums for non-statutory insurance, pensions, survivors' annuities and provisions/recovery of provisions for pensions and similar obligations.

- Property costs: Depreciation and write-downs on initial capital expenses and long-term intangible and tangible assets.
- Other operating expenses: Banking business expenses not covered by the preceding items (advertising costs, taxes such as non-recoverable VAT and vehicle tax, rent paid, contributions paid under the deposit guarantee scheme, etc.).

Net income before provisions

This item is the difference between Net interest and non-interest income and Operating expenses.

Net provisions

- Provisions on loans: Write-downs/write-backs on claims, provisions/recovery and use of provisions for credit commitments, and transfers to/withdrawals from the internal prudential fund.
- Provisions on securities: Write-downs/write-backs on shares and negotiable securities.
- Other net provisions: This item includes provisions/recovery and use of provisions for risks related to foreign exchange and securities positions, and transfers to/withdrawals from the fund for general banking risks.

Income before tax

This item is the difference between Net income before provisions and Net provisions.

Income tax

Tax on profits for the current year (advance payments), tax on profits for previous years (additional tax paid or due), and tax adjustments obtained, certified or estimated relative to the amount of tax liability for a previous year.

Net income after tax

This item is the difference between Income before tax and Income tax.

Distributed profit

Profits to be distributed as dividends or percentages.

Retained profit

This item is the difference between Net income after tax and Distributed profit.

Balance sheet

Assets

Cash and balance with Central bank

Notes and coin, demand deposits with Central banks and related institutions, and money reserves held in compliance with domestic and foreign legislation as regards monetary policy.

Interbank deposits

Claims on post-office banks, credit institutions and official banking establishments (*e.g.* multilateral development banks), and claims on Central banks and related institutions other than those covered by Cash and balance with the Central bank (item 14).

Also included are call loans, demand deposits, term deposits, advances and claims resulting from such operations as rediscounting, lending against collateral and on lending.

Loans

Claims on clients in respect of lending operations, with the exception of uncollectible or doubtful claims. The term "clients" covers all institutional units other than credit institutions.

This item covers, in particular, commercial bills, own acceptances, claims related to capital lease, loans at single-stage rates, mortgage loans, term loans and advances on current account.

Securities

Security portfolio including long-term financial assets. A distinction is made between the commercial portfolio (securities dealing) and the investment portfolio.

Other assets

This item includes bills for collection, suspense accounts, precious metals, uncollectible or doubtful claims, expenses carried forward, accrued interest, fixed assets, start-up costs and long-term intangible assets.

Liabilities

Capital and reserves

Capital, issue premiums, write-ups, reserves, profit or loss carried forward and profit or loss for the year.

Borrowing from the Central bank

Current account advances from Central banks and related institutions.

Interbank deposits

Debts to credit institutions, with the exception of securitised debt. This item covers, in particular, call borrowing, demand deposits, term deposits, debts related to such operations as rediscounting, lending against collateral and on lending, debts related to current account overdrafts, and contributions paid under the deposit protection scheme.

Customer deposits

Debts to clients, with the exception of securitised debt. The term "clients" covers all institutional units other than credit institutions. Included are demand deposits, term deposits with or without notice, special deposits, regulated savings deposits, deposits related to mortgage loans and debts on borrowing against real collateral.

Bonds

This item comprises securitised debt. It includes certificates of deposit, savings bonds and debt issues (subordinated and non-subordinated).

Other liabilities

This item includes the bear position of the commercial security portfolio, suspense accounts, tax debts, write-downs for credit risks, write-downs on securities, provisions, contingency reserves, deferred taxes, charges to be allocated, income to be carried forward, and over-the-counter subordinated borrowing with a fixed term or with notice.

Balance sheet total

End-year total

Balance sheet at the end of the calendar year.

Average total

Average of the monthly balance sheets for the calendar year.

Memorandum items

Assets

Short-term securities

Negotiable securities with an original maturity of up to and including 12 months.

Bonds

Negotiable paper with an original maturity of more than 12 months, including constituents of the statutory reserve. Also included are long-term investment certificates, shares in investment trusts, stock warrants and subscription rights.

Shares and participations

Shares, corporate equity and participations in affiliated corporations or corporations with which there is a participation link.

Claims on non-residents

Total claims on non-residents (items 14 to 18).

Liabilities

Liabilities to non-residents

Total liabilities to non-residents (items 19 to 24).

Capital adequacy

Belgian legislation[5] on capital of credit institutions is in conformity with the European Directive of 17 April 1989 on the own funds of credit institutions, the Directive of 18 December 1989 on a solvency ratio for credit institutions, the Directive of 21 December 1992 on the monitoring and control of large exposures of credit institutions, the Directive of 6 April 1992 on the supervision of credit institutions on a consolidated basis and the Directive of 15 March 1993 on the capital adequacy of investments firms and credit institutions.

It applies to Belgian credit institutions and to branches of foreign credit institutions other than branches of credit institutions governed by the law of another member State of the European Union or assimilated.

Risk-weighted assets

The amount mentioned under this item is the combined result of the two audit procedures used: credit institutions which meet the statutory adequacy requirements on a consolidated basis need to fill them only as to 75 per cent on a corporate basis.

Non-financial information

Number of institutions

Number of credit institutions, covered by the data.

Number of branches

Number of bank branches (branch offices and outlets represented by bank officers) located in Belgium. Although the coverage is broader than only the banks governed by Belgian law (also branches of foreign banks operating in Belgium are included), the figure is considered as a very good estimate of the figure for the banks, covered by the data.

Number of employees

Number of employees at 1 January, temporary staff included. Although the coverage is broader than only the banks governed by Belgian law (also branches of foreign banks operating in Belgium are included), the figure is considered as a very good estimate of the figure for the banks, covered by the data.

The total of assets and liabilities shown in Table 2 for Other financial institutions and Insurance institutions has been estimated on the basis of the aggregated balance sheets data of the Banking, Finance and Insurance Commission if they are available. If not, it's estimated on the basis of the individual balance sheets deposited at the Central Balance Sheet Office of the National Bank of Belgium. All these data are then in booked value. However, the data on mutual funds are not based on the balance sheet but are based on the concept of Net Asset Value (NAV) which is the reference concept for these entities.

VI. Sources

National Bank of Belgium is the source for most information published in *Banking Statistics – Financial Statements of Banks*.

Information on credit institutions is widely available in three publications:

- The balance sheet for all credit institutions is published monthly in the *Moniteur Belge*.
- The balance sheet, off-balance-sheet items and income statement for all credit institutions are published monthly by the National Bank of Belgium or, where appropriate, quarterly through the *Statistical Bulletin* and BELGOSTAT database. The published information also presents a breakdown between the larger Belgian credit institutions, the other Belgian credit institutions, and branches.
- Information on the balance sheet, off-balance-sheet items and income statement of credit institutions is also published by the Banking, Finance and Insurance Commission in its annual report.

Other financial intermediaries and insurance corporations statistics also come from: Banking, Finance and Insurance Commission, Belgian Assets Managers Association (BEAMA) and Assuralia.

Notes

1. The non-autonomous pension funds are not considered as separate institutional units but are included in the institutional units which have created them.
2. Act of 20 March 1996 amending the Act of 22 March 1993 on the status and supervision of credit institutions, the Act of 4 December 1990 on financial operations and financial markets and the Act of 6 April 1995 on secondary markets, the status and supervision of investment undertakings, investment intermediaries and advisors and securities banks.
3. The balance sheet of credit institutions belonging to the Belgian Banking Association represented nearly the total of the banking sector's overall balance sheet at 31 December 2009.
4. Interest refers to fee income receivable or payable in respect of lending/borrowing operations, the amount of interest being a percentage of the amount lent or borrowed determined by lending/borrowing maturity. Related income/expenses refers to the amounts which, in addition to interest, are booked under auxiliary charges for lending/borrowing and for related services.
5. Order of the Banking and Finance Commission of 5 December 1995 concerning the regulations pertaining to the capital of credit institutions, repealing the Commission's Order of 19 March 1991 concerning the capital of credit institutions and the capital of credit institutions on a consolidated basis.

Canada

I. Institutional coverage

The statistics published in *Banking Statistics – Financial Statements of Banks* include data for Canada's chartered banks operating under the federal Bank Act, credit unions and *caisses populaires* operating under provincial legislation and trust and other deposit taking or lending institutions operating under federal or provincial legislation, whichever is applicable. Data in these tables covering all institutions are readily available from 1988 and are presented in these tables. Data prior to 1988 are readily available only for chartered banks.

Domestic banks, foreign bank subsidiaries and foreign bank branches (which are excluded from the data in these statistics) operate under the Bank Act. These institutions have deposit liabilities that are measured in the monetary aggregates. At the end of 2009, there were 80 chartered banks operating in Canada: 22 Schedule I banks (domestic banks), 27 Schedule II Banks (foreign bank subsidiaries) and 31 Schedule III banks (foreign bank branches). These financial institutions make a variety of business and consumer loans, including mortgages; this activity is financed largely by time and demand deposits. The reporting period is the fiscal year ending in 31 October.

Credit unions and *caisses populaires* are chartered and governed by provincial legislation. Most operate within their provincial boundaries. Data in these tables are for local and central credit unions. These institutions operate on co-operatives principles. They provide banking and other financial services primarily to its customers who will also be its members. Their membership is made up of individuals and small businesses which share one or more communal, labour, religious or other characteristics. Credit union members can participate in the governance of their local as each member has a vote in the affairs of the local. Locals accept deposits, make loans and provide other services similar to those of chartered banks to their members. Central credit societies have been established by local societies in their province to provide centralised financial and support services to their local members. Centrals do not normally provide banking services to individuals or businesses. The reporting period is the fiscal year ending 31 December.

Trust and other companies operate under federal or provincial legislation, depending on the scope of their operations. They provide banking and other financial services to their clientele. Trust companies also provide fiduciary activities such as estate, trust and other administrative activities which banks and other financial institutions are not authorised to provide. Since the early 1990s, the sise of this industry by assets has declined substantially due changes in legislation which allowed banks to purchase trust companies and the impact of the recession in the early 1990s on real estate values. The reporting period is the fiscal year ending 31 December.

II. Geographical coverage and degree of consolidation

In Table 1, data for chartered banks are based on their worldwide consolidated results. Data for co-operatives are on a consolidated, booked-in-Canada basis. Data for trust and other financial companies, which are also on a consolidated, booked-in-Canada basis, are for independent companies whose activities are not consolidated within chartered banks or other financial institutions. Activities of similar companies which are controlled by chartered banks are consolidated within the banking data. Co-operatives, trust and other companies have little activities outside of Canada.

In Table 2, data for total assets and total financial assets are taken from Canada's National Balance Sheet Accounts. These data are on a booked-in-Canada basis and are for the period ending 31 December. The data for commercial banks include foreign branches, which are excluded from the data in Table 1.

In Table 3, data for total assets and liabilities by currency type are available only for commercial banks. Data by residency are not available.

III. Summary description of activities of banks and other deposit taking institutions

Loans

Chartered banks make a number of different types of loans, which include overdraft facilities tied to demand deposits and to lines of credit. Bank loans for other purposes (short- and medium-term) are made to individuals, corporations, governments as well as to non-residents. Best customers, usually large corporations, pay prime rate on their loans. Other customers pay prime plus a mark-up based on assessment of risk, purpose of the loan and extent to which it is secured. Business loans represent the largest single asset on the balance sheet of the banking sector. Individuals making loans to purchase consumer goods and services (consumer credit) typically pay a rate higher than prime. The banks account for approximately two-thirds of the consumer credit extended in Canada. Mortgage lending at banks took on a larger role with the consolidation of their mortgage loan subsidiaries in 1984. The banks currently account for more than half of the mortgage business in Canada, representing mainly residential mortgages.

Other deposit taking institutions provide to individuals loan facilities and services similar to those of banks. They also provide loans and services to businesses, although not, in general, the same range of services as the banks, as these institutional units are smaller than that of the banking sector.

Securities

Chartered banks are active in the Canadian money market, especially with respect to activity in the market for Treasury bills and bankers' acceptances. The banks also hold marketable bonds as assets (especially Government of Canada bonds) as well as shares and investments in foreign securities. Other institutions also participate in capital markets, although on a smaller scale.

Deposit business

Banks and other institutions accept various types of deposits. Demand deposits (or current accounts) are regarded as "money" in their role as substitutes for currency, given that they are liquid, pay no interest and are transferable by cheque. Personal savings deposits provide the largest single source of funds for the deposit taking sector. There are several types of different savings deposits, all of which pay interest, some with a fixed term to maturity. Some deposits (not fixed-term accounts) are transferable by cheque. Other notice deposits (fixed-term) are used mainly by corporations, governments and other institutions. Deposit receipts are the major form of this instrument and are sold in large denominations. Finally, these institutions also accept foreign currency deposits.

Payment facilities include demand and other chequable deposits, some with overdraft facilities as well as automatic (electronic) transfer services. Other services, national and international transfers of funds and automatic deduction of contractual payments, are available. Depending upon the type of service, they are available from most deposit taking institutions.

Other business

Canadian chartered banks are involved in international intermediation, with branches/offices in major financial/trading centres in the world. The banks also provide facilities for trade in foreign exchange for clients as well as for their own account.

Banks provide a number of other services, such as suppliers of financial advice and providers of guarantees. In 1988, some of the larger banks acquired and consolidated some of the major investment dealers, which allowed them to offer new services to clients through these subsidiaries. During the 1990s, banks also acquired many of the larger trust companies as a result of the dismantling of government regulated separation between banks and the trust industry and the financial difficulties experienced by some trust companies due to the recession and its effects on real estate values.

Credit unions and caisse populaires and other deposit taking institutions provide credit intermediation services to their members. Due to the relative concentration of its members, credit intermediation services provided to them will be within the provincial jurisdiction in which it is chartered.

In addition to providing credit intermediation facilities, trust companies also perform other specialised functions. These include trust and estate management activities, transfer agency and registrar for securities and trustee activities for pension and other assets.

IV. Reconciliation of national data with the OECD presentation*

V. Sources

The data in *Banking Statistics – Financial Statements of Banks* has been compiled by Statistics Canada, the Office of the Superintendent of Financial Institutions (OSFI), Finance Canada and the Credit Union Central of Canada.

* See the tables “Income Statement Reconciliation” and “Balance Sheet Reconciliation” that follow.

Canada

Income statement reconciliation – *All banks* – 2009

OECD presentation		Million CAD	National presentation
1.	**Interest income**	**102 263**	
		. .	Income from deposit with banks
		. .	Securities
		. .	Non-mortgage loans to individuals
		. .	Other non-mortgage loans
		. .	Mortgages
		. .	Others
2.	**Interest expenses**	**46 043**	
		. .	Interest on demand deposit
		. .	Interest on notice deposits
		. .	Interest on fixed-term deposits
		. .	Others
3.	**Net interest income**	**56 221**	
4.	**Net non-interest income**	**44 535**	
	a. Fees and commissions receivable	. .	
	b. Fees and commissions payable	. .	
	c. Net profit or loss on financial operations	. .	
	d. Other net non-interest income	44 535	
5.	**Net interest and non-interest income**	**100 756**	
6.	**Operating expenses**	**64 595**	
	a. Staff costs	30 237	
		. .	Salaries
		. .	Pension contributions and other staff benefits
	b. Property costs	9 757	
	c. Other operating expenses	24 600	
7.	**Net income before provisions**	**36 162**	
8.	**Net provisions**	**13 713**	
	a. Provisions on loans	13 713	
	b. Provisions on securities	. .	
	c. Other net provisions	. .	
9.	**Income before tax**	**22 449**	
10.	**Income tax**	**4 745**	
11.	**Net income after tax**	**17 704**	
12.	**Distributed profit**	**12 020**	
13.	**Retained profit**	**5 685**	

Canada

Balance sheet reconciliation – *All banks* – 2009

OECD presentation		Million CAD	National presentation
	Assets		***Assets***
14.	**Cash and balance with Central bank**	**43 004**	
		..	Other coin and bank notes
		..	Deposits with Bank of Canada
15.	**Interbank deposits**	**103 423**	
16.	**Loans**	**1 717 877**	**Loans to:**
		..	Regulated financial institutions
		..	Government
		..	Foreign governments
		..	Individuals for non-business purposes
		..	Individuals for business purposes
		..	Call and other short loans to investment dealers
		..	Lease receivables
		..	Reverse repurchase agreements
		..	Mortgages, less allowance for credit losses (residential)
		..	Mortgages, less allowance for credit losses (non-residential)
17.	**Securities**	**760 143**	
		..	Securities issued or guaranteed by Canada
		..	Securities issued and guaranteed by a Canadian Province
		..	Securities issued and guaranteed by a Canadian Municipality or School corporation
		..	Other securities
18.	**Other assets**	**460 670**	
		..	Accrued interest
		..	Other assets
	Liabilities		***Liabilities***
19.	**Capital and reserves**	**194 921**	
		..	Non-controlling interest in subsidiaries
		..	Preferred shares
		..	Common shares
		..	Retained earnings
20.	**Borrowing from Central bank**	**3**	**Advances from the Bank of Canada**
21.	**Interbank deposits**	**110 374**	
		..	Demand deposits
		..	Notice deposits
		..	Fixed-term deposits
22.	**Customer deposits**	**1 979 247**	
		..	Demand deposits
		..	Notice deposits
		..	Fixed term deposits
23.	**Bonds**	**39 176**	
24.	**Other liabilities**	**761 396**	
		..	Accrued interest
		..	Other liabilities
	Balance sheet total		***Balance sheet total***
25.	**End-year total**	**3 085 117**	

Chile

I. Institutional coverage

The statistics published in *Banking Statistics – Financial Statements of Banks* are on an annual basis and refer to calendar year (1 January-31 December).

In Table 1, the data relate to all banking 26 entities authorised to conduct businesses according to the Chilean Banking Act: domestic banks and foreign banks (9 subsidiaries and 4 branches).

The category of banks "All banks" is the same as the category of banks "Commercial banks". There are not Savings banks operating in Chile.

In Table 2, *Other financial institutions* refer to Credit unions (*Cooperativas de Ahorro y Crédito*), supervised by the Superintendence of Banks.

Pension funds and foundations are managed by the Pensions Fund Managers (AFP). The law requires that the accounting and management of the funds must be separate from the accounting of the AFP. The data provided for Total assets or liabilities and Total financial assets are a separate net worth which are completely independent of the AFP's capital. Pension Funds may only be invested in financial securities specifically established by law. The investments are diversified by instrument, issuer, economic sector and risk category, among others.

The list of all financial entities under the supervision of the Superintendence of Banks and Financial Institutions are available on the website: *www.sbif.cl/sbifweb/servlet/ConozcaSBIF?indice=7.5.1.1&idContenido=483*.

II. Geographical coverage and degree of consolidation

The branches and the subsidiaries of foreign banks operating in Chile are included, but the branches of the domestic banks operating abroad are not included.

Data is presented on an individual basis, *i.e.* transactions and position of the domestically controlled banks are consolidated with their branches. From December 2008, data is presented on a consolidated basis, *i.e.* consolidation includes subsidiaries and branches abroad.

III. Summary description of activities of banks

According to the article 69 of the Chilean Banking Act, banks are authorised to carry out the following transactions: receive deposits and enter into banking current account agreements, issue bonds or debentures without a special guarantee, make loans, discount bills of exchange, promissory notes and other documents representing a debt obligation, issue letters of credit, acquire, assign and transfer commercial papers, grant credits secured by a mortgage guarantee, effect collections, payments and transfer of funds, conduct foreign exchange transactions, subject to the legal provisions, organise affiliate companies, perform fiduciary duties, perform as financial agents for institutions and enterprises and render financial advisory services. For a more detailed list of activities, see article 69 of the Banking Act. (*www.sbif.cl/sbifweb/internet/archivos/ley_1102.pdf*).

Lending activities conducted by Commercial banks can be summarised as follows:

- Loans: commercial, including foreign trade; housing with mortgage guarantee; consumer, and interbank.
- Non-derivatives securities.
- Derivatives securities.

Banks conduct deposit business with individuals, enterprises and other banks. Sight deposits are wholly guaranteed by the Central Bank and time deposits are guaranteed by the state up to around USD 3 600.

From 2009, the income statement and balance sheet data are based on IAS/IFRS standards.

IV. Sources

The data in *Banking Statistics – Financial Statements of Banks* has been compiled by the Superintendence of Banks (*Superintendencia de Bancos e Instituciones Financieras*), the Superintendence of Pensions (*Superintendencia de Pensiones*) and the Central bank. Income statement and Balance sheet data are published on the website of the Superintendence of Banks (*www.sbif.cl*).

Czech Republic

I. Institutional coverage

The statistics presented in *Banking Statistics – Financial Statements of Banks* cover the 39 universal or specialised savings banks operating in the Czech Republic of which commercial banks (31 banks with more than 50% foreign capital and branches of foreign banks), and savings banks (building savings institutions).

All banks – universal or savings banks – operating in the Czech Republic are governed by law.*

II. Geographical coverage and degree of consolidation

Since 1993 to 2009, the data cover all domestic and foreign banks operating in the Czech Republic including branches of domestic banks abroad.

III. Summary description of activities of banks

Deposits

All commercial banks have a complete range of deposit accounts in domestic and foreign currency. Demand deposits and sight deposits have lower interest rates; term deposits have a higher interest rate. Some specialised banks accept specific-purpose deposits. Construction savings banks are reserved for Czech nationals permanently domiciled in the Czech Republic and legal entities/residents of the Czech Republic.

Loans

Czech banks offer a wide range of credit facilities, in domestic and foreign currency, to corporations, households, local governments as well as to non-residents. Mortgage lending has grown since the establishment of specialised mortgage credit institutions. Another area of lending is to support entrepreneurial activities of efficiently managed companies, particularly smaller and medium-sised enterprises.

Payment facilities

All Czech banks offer the totality of standard means of payment. The more developed banks have introduced electronic payment facilities and several types of payment cards. Some banks offer special services such as home banking, etc.

* Acts Nos. 21/92, revised by Acts 264/92, 292/93, 156/94, 83/95, 84/95, 61/96, 306/97, 16/98, 127/98, and 165/98 of the Collection of Laws.

Money market business

Czech banks are active in the domestic and foreign interbank market for short-term loans between banks.

Securities business and portfolio management

Banks operate with securities on the stock exchange, on the primary and secondary markets, under conditions governed by the Central bank. Banks invest part of their working capital in securities. Banks also have an important role as managers of client portfolios. This activity is often performed through investment funds or corporations.

Other business

Banks provide a number of other services, such as foreign exchange operation and hedging in foreign currencies, precious metal and crude oil, consulting and information services, issues of bank guarantees, export and import financing, etc.

IV. Reconciliation of national data with the OECD presentation

Balance sheet and Capital adequacy

From 2006, data are based on IAS/IFRS standards, and they are not fully comparable with those before 2006. Due to the implementation of Basel ll in 2007, the central bank (Czech central bank) is not able to provide Balance sheet data in accordance with the OECD presentation.

V. Sources

The data in *Banking Statistics – Financial Statements of Banks* has been compiled by the Czech National Bank.

Denmark

I. Institutional coverage

The statistics published in *Banking Statistics – Financial Statements of Banks* cover the activities of Danish banks and savings banks governed by the Financial Business Act. As from 1974, regulations for commercial banks and savings banks have been identical. A number of banks own non-bank financial subsidiaries such as leasing companies.

II. Geographical coverage and degree of consolidation

Statistics cover domestic banks with a working capital* of more than DKr 250 million (DKr 100 million through 1996). This accounts for 99 per cent of the total balance sheet of the sector. Banks' foreign branches as well as Danish subsidiaries of foreign banks are included. Foreign subsidiaries of Danish banks and Danish branches of foreign banks are excluded. Banks in the Faroe Islands are also excluded.

III. Summary description of activities of banks

Deposit taking

All banks have a complete range of deposit accounts. Cheque accounts and salary accounts are sight deposit accounts, bearing a low interest rate. Long term savings accounts carry a higher interest rate. Deposits on these accounts are in some cases linked to an income tax reduction scheme. Regarding time deposits are deposits where the interest rate is specific to each individual deposit.

Bank lending

Danish banks offer a wide range of credit facilities. Lending to households consists mainly of personal loans for consumption purposes. Banks' mortgage loans are of minor importance as compared to loans given by the specialised mortgage credit institutions. Lending to the business sector is partly in the form of short-term overdraft facilities, partly as long-term investment financing. Banks participate in financing public-sector debt mainly by buying government bonds and treasury bills. Local governments draw on the same credit facilities as the business sector.

Money market business

Danish banks are active in the domestic and foreign interbank market for short-term loans between banks.

* Working capital consists of deposits, issued bonds, subordinated capital investments and own funds.

Payment facilities

The cheque, which used to be the main instrument of cashless money transfer, has been surpassed in the 1990s by the Dancard, an electronic payment card. Also, the Banking Payment Service (*Pengeinstitutternes Betalingsservice* – PBS), an institution fully owned by Danish banks, offers automatic payment services to business and households. The trend is also that micro payment systems are being introduced on the internet.

Security business and portfolio management

Banks invest a considerable part of their working capital in bonds and shares. Banks play an important role as managers of private portfolios. This activity is often performed by bank-owned investment companies or investment funds.

IV. Reconciliation of national data with the OECD presentation

Income statement

Liquidity ratio and equity ratio

The banking law sets standards for required liquid reserves, sise of equity capital, etc. The Danish Financial Supervisory Authority controls that all banks comply with these standards.

Value adjustments and loan impairment losses

All value adjustments of assets and liabilities measured at fair value, exchange-rate adjustments and adjustment of assets linked to pooled schemes and deposits in pooled schemes, shall be stated.

Impairment losses on loans, receivables from credit institutions and central banks and other receivables that may involve a credit risk as well as provisions for guarantees and unutilised credit facilities and subsequent adjustments to the value of such items, shall be stated. The item for impairment charges includes the value adjustment relating to the credit risk on debtors for loans and receivables measured at fair value. The item also includes value adjustments of assets taken over temporarily in connection with settlement of an exposure.

The undertaking shall, at the balance sheet date, assess whether there is objective evidence of impairment on the undertaking's loans and receivables. This assessment shall be made for loans and receivables individually and for groups of loans and receivables.

Individual assessment shall, as a minimum, be made for all loans and receivables which are of a significant sise for the undertaking and for loans that do not fit into a group.

For individual assessment, objective evidence of impairment shall, as a minimum, be regarded as identified in one or more of the following situations:

- the debtor is in significant financial difficulties;
- breach of contract by the debtor, for example in the form of non-compliance with its liability to make repayments and pay interest;
- the undertaking grants the debtor easier terms that would not have been considered if it had not been for the debtor's financial difficulties; or
- it is likely that the debtor will go bankrupt or become subject to other financial reconstruction.

If objective evidence of impairment is identified and the situation(s) in question has(ve) an effect on the sise of the expected future cash flows from the loan or receivable that can be measured reliably, the loan or receivable shall be written down by the difference between the carrying amount before the write-down and the present value of the expected future cash flows from said loan or receivable.

V. Sources

The data in *Banking Statistics – Financial Statements of Banks* has been compiled by the Danish Financial Supervisory Authority.

Finland

I. Institutional coverage

The statistics published in *Banking Statistics – Financial Statements of Banks* relate to credit institutions which are part of SNA sector S.122. The credit institutions may be either deposit banks (S.1221) – commercial banks, foreign-owned banks, saving banks and co-operative banks – or other credit institutions (S.1223), such as finance companies or credit card companies.

At the end of 2009, there were 15 commercial banks, 35 savings banks, 261 co-operative banks and 7 other credit institutions in Finland. One of the commercial banks, the Central bank of the Co-operative Banks (*Pohjola Pankki Oyj formerly OKO Oyj*) acts as central monetary institution for co-operative banks.

Deposit banks form the primary reporting group in the compilation of monetary and banking statistics. The role of other credit institutions is small. Credit institutions and deposit banks are licensed by the Ministry of Finance and supervised by the Financial Supervision Authority.

Data provided in Table 1 for *All banks* correspond to the data provided in Table 2 for the same group. Description of structure, coverage and data sources of Table 2 is listed in the table below. Data sources of groups *Other financial institutions* and *Insurance institutions* are numerous and the scope of data varies. Only data relating to Central bank, and to the categories All banks and Other miscellaneous financial institutions (same source as banks) are comprehensive. There is very little information on the number of branches and number of employees.

Data provided in Table 1 and 2 for *All banks* correspond to the data provided in Table 3 for the same group. The breakdown between domestic and foreign currencies is not available since 2005.

Structure of Table 2	Coverage	Source
Central bank	S.121 Bank of Finland	Annual report of BOF
Other monetary institutions		
Commercial banks	S.1221 Deposit banks	Financial Supervisory Statistics
of which: Foreign-owned banks	S.1221 Deposit banks	Financial Supervisory Statistics
Co-operative banks	S.1221 Deposit banks	Financial Supervisory Statistics
Savings banks	S.1221 Deposit banks	Financial Supervisory Statistics
Other miscellaneous monetary institutions	S.1223 Other credit institutions	Financial Supervisory Statistics
Other financial institutions		
Mortgage credit institutions	Not existing	
Development credit institutions	S.1232 Investment firms	Investment Firms Statistics

Structure of Table 2	Coverage	Source
Finance companies	S.1222 Money market funds	Mutual Funds Statistics
	S.1231 Mutual funds	Mutual Funds Statistics
	S.1239 Other financial intermediaries	Annual Financial Accounts
Other miscellaneous financial institutions	S.124 Financial auxiliaries	Financial Supervisory Statistics
Insurance institutions		
Insurance corporations	S.1251 Insurance corporations	Federation of Finnish Financial Services
Pension funds and foundations	S.1252 Voluntary pension funds	Insurance Supervisory Authority
Other insurance institutions	S.13141 Employment pension schemes	Annual Financial Accounts

II. Geographical coverage and degree of consolidation

The data of the domestic banks operating in Finland covers all domestic and non-domestic branches, the domestic and non-domestic subsidiaries are not included. The subsidiaries of foreign banks operating in Finland are included, but the branches of the foreign banks are not included.

The consolidation is on a corporation basis: *i.e.* transactions and positions between a domestically controlled bank and its domestic and foreign branches are eliminated. The consolidation adjustments are made by the reporting entities.

III. Structure of the financial system

The monetary institutions providing services in the Finnish financial markets are listed in the Figure below. Many companies provide several different services or are part of a banking group providing full range of financial services. The biggest banking groups in Finland are Nordea group, Sampo group (part of Danske Bank group from 2007) and OP-group.

The regulation of monetary institutions is more extensive than the regulation of other companies. The Finnish Financial Supervision Authority (FIN-FSA) supervises financial markets and parties operating in these markets. The FIN-FSA evaluates the financial standing, risk-bearing capacity, and risk management systems of supervised organisations. It also monitors that sound practices are observed and investigates suspected cases of insider information abuse and other securities market crimes.

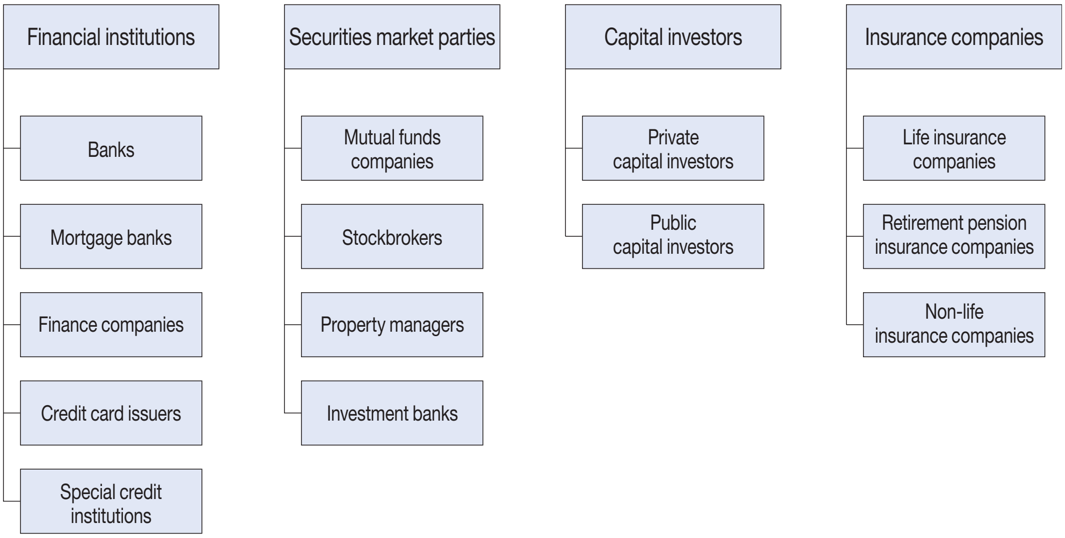
IV. Summary description of activities of banks

Payment intermediation

Both enterprises and households use banks in most of their financial transactions. Practically all wage and salary earners have their salary credited directly to bank accounts. In addition, use of bank and other debit cards is very common. Many Automated Teller Machines (ATMs) handle funds transfers between accounts and some of them have also been equipped with bar code readers which simplify the payment of bills via an ATM. However, the most popular and growing way to handle fund transfers are Internet services of banks.

Deposit business

Deposit banks are the only credit institutions allowed to accept deposits and issue certificates of deposits. Credit institutions and deposit banks are licensed by the Ministry of Finance and supervised by the Financial Supervision Authority.



Lending business

An important part of banking business is to lend money to households and enterprises. During the last year's competition in loans market has been fierce and banks loan margins have narrowed. This loss of income has been compensated with different service fees. The majority of loans are tied to either market rates (usually the 12-month euribor rate) or to banks' own reference rates (prime rates).

V. Reconciliation of national data with the OECD presentation*

Explanations on individual items

The banking data of Statistics Finland is based on the Financial supervisory data collection. It is joint data collection of Financial Supervisory, Bank of Finland and Statistics Finland, called Virati. The reporting form templates of Virati are available on Virati website: *www.stat.fi/tup/virati/index_en.html*.

A-tables contain the tables to the profit and loss accounts and B-tables contain the tables to the balance sheet. The data collection renewed 2007 to meet the IAS/IFRS-requirements. The previous form templates are available also (both the profit and loss accounts and the balance sheet in same file).

Valuation

The income statements and the balance sheets are compiled in accordance with the IAS/IFRS accounting rules from year 2005. Also, in previous years (at least from 1995 to 2004) the tradable instruments were valued at fair value.

VI. Sources

The data is from Statistics Finland. Statistics Finland publishes quarterly banking statistics on the Internet in *http://tilastokeskus.fi/til*. More detailed data is available in a paper publication "Monetary financial institutions". The paper publication of the first, second and third quarter is in Finnish language. The paper publication of the fourth quarter contains also in Swedish and English sections. The methodological information is from Statistics Finland and Finnish Bankers' Association.

* See also the tables "Income Statement Reconciliation" and "Balance Sheet Reconciliation" that follow.

Finland

Income statement reconciliation – *All banks* – 2009

OECD presentation		Million EUR	National presentation
1.	**Interest income**	**8 243**	
		8 157	Interest income
		480	From debt securities eligible for refinancing with central banks
		1 099	From claims on credit institutions
		53	Central banks
		1 045	Credit institutions
		5 476	From claims on the public and public sector entities
		219	From debt securities
		1 152	From derivative contracts
		–270	Other interest income
		87	Net income from leasing operations
2.	**Interest expenses**	**4 583**	**Interest expenses**
		872	On liabilities to credit institutions
		23	Central banks
		849	Credit institutions
		1 401	On liabilities to the public and public sector entities
		1 334	Deposits
		67	Other liabilities
		1 428	On debt securities issued to the public
		796	On derivate contracts and other liabilities held for trading
		136	On subordinated liabilities
		–49	Other interest expenses
3.	**Net interest income**	**3 660**	
4.	**Net non-interest income**	**1 181**	
	a. Fees and commissions receivable	1 638	Fee and commission income
	b. Fees and commissions payable	679	Fee and commission expenses
	c. Net profit or loss on financial operations	473	
		225	Income from equity investments
		151	Shares and participations in group undertakings
		6	Participating interests
		67	Other enterprises
		1 063	Net income from securities transactions and foreign exchange dealing
		4	Net income from available-for-sale financial assets
		–32	Net income from hedge accounting
		27	Net income from investment real estate
		–812	Impairment losses on loans and other receivables (–)
		–3	Impairment losses on other financial assets (–)
	d. Other net non-interest income	–251	
		191	Other operating income
		436	Other operating expenses
		–6	Extraordinary income and expenses
5.	**Net interest and non-interest income**	**4 840**	
6.	**Operating expenses**	**2 620**	
	a. Staff costs	1 281	
		1 101	Wages, salaries and fees (Part of: Administrative expenses)
		180	Pension costs (Part of: Administrative expenses)
	b. Property costs	148	Depreciation and write-downs on tangible and intangible assets
	c. Other operating expenses	1 192	
		106	Other staff-related costs (Part of: Administrative expenses)
		1 086	Other administrative expenses (Part of: Administrative expenses)
7.	**Net income before provisions**	**2 220**	

Finland

Income statement reconciliation – *All banks* – 2009 *(cont.)*

OECD presentation		Million EUR	National presentation
8.	**Net provisions**	**169**	
	a. Provisions on loans		
	b. Provisions on securities		
	c. Other net provisions	169	Appropriations
9.	**Income before tax**	**2 051**	
10.	**Income tax**	**507**	**Income taxes**
11.	**Net income after tax**	**1 544**	
12.	**Distributed profit**	**834**	
13.	**Retained profit**	**710**	

Finland

Balance sheet reconciliation – *All Banks* – 2009

OECD presentation		Million EUR	National presentation
	Assets		***Assets***
14.	**Cash and balance with Central bank**	**12 109**	
		11 951	Liquid assets
		159	On central banks (part of: Claims on credit institutions)
15.	**Interbank deposits**	**80 009**	**On other credit institutions (part of: Claims on credit institutions)**
16.	**Loans**	**166 186**	**Claims on the public sector entities**
17.	**Securities**	**33 320**	
		16 334	Debt securities eligible for refinancing with central banks
		11 372	Debt securities
		3 543	Shares and participations
		33	Participating interests
		1 948	Shares and participations in group undertakings
18.	**Other assets**	**87 841**	
		2 169	Leasing assets
		77 961	Derivative contracts
		173	Intangible assets
		1 341	Tangible assets
		4 509	Other assets
		1 606	Accrued income and prepayments
		82	Deferred tax assets
	Liabilities		***Liabilities***
19.	**Capital and reserves**	**23 812**	
		2 479	Appropriations
		21 334	Equity capital
20.	**Borrowing from Central bank**	**3 857**	**To central banks (part of: Liabilities to credit institutions)**
21.	**Interbank deposits**	**62 760**	**To credit institutions (part of: Liabilities to credit institutions)**
22.	**Customer deposits**	**110 385**	**Deposits (part of: Liabilities to the public and public sector entities)**
23.	**Bonds**	**37 574**	
		34 296	Bonds (part of: Debt securities issued to the public)
		3 277	Subordinated liabilities
24.	**Other liabilities**	**140 989**	
		5 454	Other liabilities (part of: Liabilities to the public and public sector entities)
		46 279	Other (part of: Debt securities issued to the public)
		76 741	Derivative contracts and other trading liabilities
		10 093	Other liabilities
		2 362	Accrued expenses and deferred income
		60	Deferred tax liabilities
	Balance sheet total		***Balance sheet total***
25.	**End-year total**	**379 377**	

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France

I. Institutional coverage

The statistics published in *Banking Statistics – Financial Statements of Banks*, Table 1, cover the main categories of banks, which are institutions "generally authorised to receive on-demand deposits or term deposits of less than two years from the public". Those institutions are classified as banks, mutual or co-operative banks, municipal credit banks (branches of foreign banks are not included).

As from the 1 January 2000, savings banks have taken on the legal status of co-operative banks and are from now on included in this category.

Municipal credit banks are classified among the "other monetary institutions".

Statistics on the large commercial banks cover, as asked, only the commercial banks (legal category) of the four main banking groups (*Société Générale, BNP-Paribas, Crédit Agricole, HSBC France*). These figures are taken from aggregated data using the corporate economic group method (credit institutions that have linkages and are controlled by the same entity).

Foreign-owned banks include only the French subsidiaries of Foreign banks and exclude French branches of all Foreign banks.

Banks settled in Monaco are included in these statistics.

Consequently, the statistics from 2004 onward are not completely comparable to those prior to 2004.

The statistics published in *Banking Statistics – Financial Statements of Banks*, Table 2, include also data on Finance companies and Specialised Financial Institutions. Finance companies may transact only such banking operations as are stipulated in their licensing agreements or authorised under the relevant legislation or regulations. Specialised financial institutions are those that the State has invested with an ongoing public-service mission. They may conduct no other banking business outside the confines of that mission. Unless specifically authorised to do so, finance companies and specialised financial institutions may not take demand deposits or time deposits having maturities of less than two years.

Data related to the number of institutions differ slightly from those on Table 1 as a result of methodological differences.

II. Geographical coverage and degree of consolidation

Data are presented on a parent-company basis and thus cover the activities and results of foreign branches of banks with headquarters in France but exclude subsidiaries outside France.

Aggregated data for the large commercial banks cover all banking branches and subsidiaries in France and Foreign branches of the major banking groups. As those data are a sub-set of commercial banks category, they are aggregated on a parent-company basis. Consolidated data are not provided.

III. Summary description of the activities of banks

According to the "Monetary and Financial Code", banking operations include deposit-taking, lending and managing or providing customers with payment facilities. Also included in the lending category are leasing arrangements and any leases incorporating a purchase option.

Financial institutions can also carry out the following: operations involving foreign exchange, gold, precious metals, coins, securities or any other financial product, counselling and assistance with asset or financial management, financial engineering, and all services intended to facilitate the creation or expansion of enterprises, the leasing of securities or real estate or equity investments in existing businesses or start-ups. Other activities may be carried out, but only on an occasional basis and on a limited scale.

IV. Reconciliation of national data with the OECD presentation*

Income statement

The data shown are taken from published income statements, which are established in accordance with the European Council Directive of 8 December 1986 on the annual accounts and consolidated accounts of banks and other financial institutions. Since 2000, the published statements have been modified. The income statement now includes some management performance measures. However, a few items are no longer broken down, which explains the unavailability of some information.

Interest income and *Interest expenses* encompass all operating income and operating expenses in the form of interest or flows treated as interest received or paid in connection with cash transfers to or from financial institutions, operations with customers, including leasing arrangements and ordinary leases, and the safekeeping or issuance of fixed-income securities.

Net non-interest income includes revenue from variable-income securities, net commissions and net gains on financial operations (involving securities, forward financial instruments or foreign exchange). It also includes other net operating income and exceptional profit or loss, as well as profit or loss on fixed assets starting in 2000.

Operating expenses include staff costs (these are no longer distinguished since 2000), other overheads and depreciation allowances.

Net provisions are made up of net additions to provisions on claims and off-balance-sheet items, net additions to funds for general banking risks, and net additions to provisions on financial fixed assets. (Only until 1999 for provisions on financial fixed assets).

Balance sheet

Assets

Interbank deposits include claims on financial institutions in connection with cash operations.

Loans to customers encompass all direct lending to customers, including leasing arrangements and ordinary leases.

* See also the tables "Income Statement Reconciliation" and "Balance Sheet Reconciliation" that follow.

Securities booked as assets include those held in portfolio as well as minority shareholdings and shares in affiliated enterprises.

Other assets include fixed assets, real estate promotion, adjustment accounts, unpaid capital and treasury stock.

Liabilities

Capital and reserves contains subscribed capital and paid-in surplus, reserves, retained earnings and funds for general banking risks.

Interbank deposits include debts to financial institutions in connection with cash operations.

Customer deposits represent deposits taken in from customers, in particular in the form of deposits and certificates of deposit. (Until 1999 for certificates of deposits)

Bonds: securities booked as liabilities consist of interbank securities, bonds, debentures and negotiable claims issued by the institutions. (Also including the certificates of deposit since 2000).

Other liabilities include contingency provisions, investment subsidies, co-operative security, adjustment accounts, revaluation differentials and loss for the year.

Changes in methodology

The reform of data collection from French financial institutions, which entered into force on 1 January 1993, entailed a modification of accounting documents. The series shown, available from 1988 onwards, have been adjusted in order to ensure consistency over time, in respect of both balance sheets and income statements.

The published statements (on a corporate basis as well as on a consolidated basis) have been modified in 2000. Compared to previous exercise, some items do not show a detailed breakdown (such as overheads that are not split up between personal expenses and other administrative costs).

V. Sources

The data in *Banking Statistics – Financial Statements of Banks* has been compiled by the Banking Commission.

All financial institutions are required to publish their balance sheets and income statements in official notice gazettes. Aggregate balance sheets and income statements for the various types of banks are presented and analysed in the annual collections that the General Secretariat also publishes.

The Advisory Committee on Financial Legislation and Regulation (*Comité Consultatif de la Législation et de la Réglementation Financières* – CCLRF) updates and edits a yearly collection of legislation and regulations concerning the banking business.

The monthly, quarterly and yearly statistics of the Bank of France, as well as the annual reports of the Bank of France, the Banking Commission, the Committee on Bank Regulation, the Committee on Financial Institutions and the National Credit Council contain information on the currency, on credit and on the activities of the various components of the French banking system.

France

Income statement reconciliation – *Commercial banks*

OECD presentation		National presentation until 1999	National presentation as from 2000
1.	**Interest income**		
		Operations with financial institutions	Other interest and similar income
		Operations with customers	Income from leasing arrangements operations and similar operations
		Bonds and fixed-income securities	Income from ordinary leases operations
		Leasing arrangements and ordinary leases	
		Other interest and similar income	
2.	**Interest expenses**		
		Operations with financial institutions	Interest and similar expenses
		Operations with customers	Expenses from leasing arrangements operations and similar operations
		Bonds and fixed-income securities	Expenses from ordinary leases operations
		Leasing arrangements and ordinary leases	
		Other interest and similar expenses	
3.	**Net interest income**		
4.	**Net non-interest income**		
	a. Fees and commissions receivable	Commissions received (income)	Commissions received (income)
	b. Fees and commissions payable	Commissions paid (expenses)	Commissions paid (expenses)
	c. Net profit or loss on financial operations	Net income from financial operations	Profit or loss on portfolio activities
	d. Other net non-interest income		Profit or loss on placement portfolio activities
		Income from variable-income securities	Income from variable-income securities
		Other net operating income	Other net operating income
		Net exceptional income	Net exceptional income
			Profit or loss on fixed assets
5.	**Net interest and non-interest income**		
6.	**Operating expenses**	**Operating overheads**	**Operating overheads**
	a. Staff costs	Staff costs	Overheads expenses
	b. Property costs	Depreciation and provisions on other administrative expenses	Depreciation and provisions on other administrative expenses
	c. Other operating expenses	Other administrative expenses	
7.	**Net income before provisions**		
8.	**Net provisions**		
	a. Provisions on loans	Net additions to provisions on loans	Cost risk
	b. Provisions on securities	Net additions to provisions on fixed assets	
	c. Other net provisions	Net additions to funds for general banking risks	Net additions to funds for general banking risks and to regulated provisions
9.	**Income before tax**		
10.	**Income tax**	**Profit tax**	**Profit tax**
11.	**Net income after tax**		
12.	**Distributed profit**		
		Funds paid to associates, managers	Funds paid to associates, managers
		Funds paid to shareholders	Funds paid to shareholders
		Funds paid to beneficiaries	Funds paid to beneficiaries
13.	**Retained profit**		

France

Balance sheet reconciliation – *Commercial banks*

	OECD presentation	National presentation until 1999	National presentation as from 2000
	Assets	***Assets***	***Assets***
14.	**Cash and balance with Central bank**	**Cash, Central banks, postal current accounts**	**Cash, Central banks, postal current accounts**
15.	**Interbank deposits**	**Claims on financial institutions**	**Claims on financial institutions**
16.	**Loans**		
		Commercial claims	Operations with customers
		Other receivables from customers	Leasing and renting with call option
		Ordinary accounts in debit	Ordinary renting
		Factoring	
		Leasing arrangements and ordinary leases	
17.	**Securities**		
		Government bills and similar securities	Government bills and similar securities
		Bonds and other fixed-income securities	Bonds and other fixed-income securities
		Shares and other variable-income securities	Shares and other variable-income securities
		Participations and portfolio activities	Participations and portfolio activities
		Investment in affiliates	Investment in affiliates
18.	**Other assets**		
		Real estate promotion	
		Long-term tangible and intangible assets	Long-term tangible and intangible assets
		Unpaid capital	Unpaid capital
		Treasury stock	Treasury stock
		Adjustment accounts	Adjustment accounts
	Liabilities	***Liabilities***	***Liabilities***
19.	**Capital and reserves**		
		Subscribed capital and issue premiums	Subscribed capital and issue premiums
		Reserves	Reserves
		Retained earnings	Retained earnings
		Funds for general banking risks	Funds for general banking risks
20.	**Borrowing from Central bank**	**Central banks, postal current accounts**	**Central banks, postal current accounts**
21.	**Interbank deposits**	**Debts to financial institutions**	**Debts to financial institutions**
22.	**Customer deposits**		
		Due to customers	Operations with customers
		Savings bonds	
23.	**Bonds**		
		Interbank market securities and negotiable claims	Securitised debts
		Debt issues	Subordinated debt
		Subordinated debt	
		Other securitised debt	
24.	**Other liabilities**		
		Adjustment accounts	Adjustment accounts
		Contingency provisions	Contingency provisions
		Investment subsidies	Revaluation differentials
		Co-operative security	Regulated provisions and Investment subsidies
		Revaluation differentials	Profit or loss for the year
		Profit or loss for the year	Other liabilities
		Other liabilities	
	Balance sheet total	***Balance sheet total***	***Balance sheet total***
25.	**End-year total**	**Total**	**Total**
	Memorandum items	***Memorandum items***	***Memorandum items***
	Assets		
27.	**Short-term securities**		
28.	**Bonds**	**Bonds and other fixed-income securities**	**Bonds and other fixed-income securities**

France

Balance sheet reconciliation – *Commercial banks (cont.)*

OECD presentation	National presentation until 1999	National presentation as from 2000
29. Shares and participations		
	Participations and portfolio activities	Participations and portfolio activities
	Investment in affiliates	Investment in affiliates
30. Claims on non-residents	**Claims on non-residents**	
Liabilities		
31. Liabilities to non-residents	**Debts to non-residents**	

Germany

I. Institutional coverage

Statistics published in *Banking Statistics – Financial Statements of Banks* relate to all universal banks operating in Germany (with the exception of the legally dependent branches of foreign banks). These include the following categories:

- Commercial banks[1] including the subsidiaries of foreign banks.
- Large commercial banks (a sub-category of Commercial banks).
- *Landesbanken*.
- Savings banks.
- Regional institutions of credit co-operatives.
- Credit co-operatives.[2]

Large commercial banks comprise only the category "big banks" from the German statistics. These are the *Deutsche Bank*, the *Dresdner Bank*, the *Commerzbank*, the *Bayerische Hypo – Vereinsbank* (since Januany 1999) and the *Deutsche Postbank AG* (since December 2004).[3]

As from 1993, data include eastern German credit institutions and are in accordance with the new accounting regulations.

Statistics are based on the data provided by individual banks and not by banking groups. The number of banks in each of the banking categories and their volume of business are presented in the table *Structure of the Financial System*.

As from 1999, banks are included only, if they comply with the definition of a Monetary Financial Institution (see ECB regulation ECB/2001/13).

II. Geographical coverage and degree of consolidation

The published data relate to German banks including their branches at home and abroad, but not to their foreign subsidiaries. The branches of foreign banks in Germany are not covered whereas the data of domestic subsidiaries of foreign banks are included in the statistics. Since 1993, the eastern German banks are included.

III. Summary description of activities of banks

In principle, the universal banks in Germany are permitted to carry out all banking business with domestic and foreign customers, *i.e.* with other banks as well as with enterprises, individuals and public authorities. Banking business comprises, besides the acceptance of deposits (including savings deposits) and the granting of loans of all kinds (including the purchase of bills), the raising of funds (also through the issuing of bonds), the purchase and sale of securities for the account of others (securities business), the safe custody and administration of securities for the account of others (safe custody business), the assumption of guarantees on behalf of third parties (guarantee business) and the handling of cashless payments (giro business). In addition, major banks, in particular, also engage in money market and foreign exchange dealings. The banks are not generally prohibited from conducting business other than bank business, but such business must be reported to the banking supervisory authorities. Business of this kind is, however, of virtually no significance.

Certain focal points have developed by tradition: the commercial banks are more active in the short-term lending and deposit business, in securities and in international business. Since the end of 1986, commercial banks also include the former category of specialised banks (instalment sales financing institutions), which have developed into universal banks.

Savings banks usually specialise in long-term business and hold a substantial part of their assets and liabilities in the form of mortgage credit and savings deposits, respectively. At local level, they are closely related to the region's Landesbank. Landesbanken, which act as financial institutions to State governments, as well as the Savings banks have the right to issue bonds.

Credit co-operatives conduct banking business primarily, but not exclusively, for their members. Credit co-operatives have one regional institution and one central institution.

The following categories of specialised banks' are not included in the category of universal banks:

- Mortgage banks specialise mainly or wholly in extending mortgage loans and distributing communal loans, *i.e.* loans granted to or guaranteed by a public entity. They raise the greater part of their funds through mortgage and communal bond issues and long-term credit, partly financed by government authorities.
- Banks with special functions carry out their activity in specific fields of the private or public sector.
- The building and loan associations, which grant housing credit to depositors out of the savings they accumulate.
- Investment companies work on a trust basis investing the funds deposited with them on behalf of depositors.
- The postal giro bank and the postal savings bank were institutions of the Federal Post Office until the end of 1991 and constituted an autonomous banking category. As from 1992 until the end of 1998, the *Deutsche Postbank AG* was part of the category "banks with special functions". As from 1999 until November 2004, the *Deutsche Postbank AG* belonged to the category "regional banks and other commercial banks" and therefore in the universal banks' category. Since December 2004, the bank is included in the category "Large commercial banks".

IV. Reconciliation of national data with the OECD presentation[4]

Income statement

Risk provisioning

Regarding the risk provision of banks, German accounting legislation distinguishes between:

- specific provisions;

- global loan loss provisions;
- provisions for contingencies;
- post-tax general provisions ("undisclosed reserves");
- fund for general banking risks.

Specific provisions (*Einzelwertberichtigungen*) must be created for acute and identified losses on individual loans. Claims considered irrecoverable must be written off directly.

Global loan loss provisions (*Pauschalwertberichtigungen*) should be set against the latent risks which exist – from experience – in any bank's claims but which are not yet individually identifiable. They do not refer to individual loans but to the total lendings. The same applies to provisions for individual country exposures; these are provisions not intended to cover the risk of losses on loans to individual borrowers, but the general payment risk arising from loans to borrowers in a particular country.

Risks from off-balance-sheet activities (*e.g.* guarantees, indemnities, endorsement liabilities, forward foreign exchange transactions, derivatives) must be included in the provisions for contingencies and for potential losses from pending transactions (*Rückstellungen*).

Post-tax general provisions (undisclosed reserves): Banks may attribute a value to their lendings and securities of the liquidity reserves which is (not more than 4 per cent) lower than the value required by the Commercial Code, provided that this is necessary according to reasonable commercial judgement as a safeguard against the specific risks of the banks' line of business. The formation as well as the cancellation of such risk provisions is not disclosed to the public.

Regardless of existing undisclosed reserves, the liability item *fund for general banking risks* may be openly appropriated.

In the statistical reports, specific provisions are always to be deducted from the corresponding asset items (as in the annual balance sheet); by contrast, all other provisions must be shown on the liabilities side of the statistical reports (notwithstanding the rules for the annual balance sheet) and do not affect the sise of the asset items.

Balance sheet

The stock of short-term securities shown under *Memorandum items* does not only include securities with maturities of up to one year, but also those with maturities of up to and including five years.

In Germany, the banks' capital and reserves comprise the capital shown, *i.e.* the capital stock and the published reserves (including the fund for general banking risks). In certain circumstances the capital also includes the funds contributed by silent partners and participation rights. Provisions (see the section *Risk provisioning* above) are not counted as part of the capital. Furthermore, subordinated bonds in circulation and other subordinated liabilities are not regarded as part of the capital either.

V. Sources

The responsibility for compiling the statistics lies with the *Deutsche Bundesbank, Statistics Department, Frankfurt am Main*. The data for the profit and loss accounts derive from the annual accounts which banks are required to submit to the *Deutsche Bundesbank* under Section 26 of the Banking Act. The data on assets and liabilities are taken from the monthly balance sheet statistics collected by the *Deutsche Bundesbank*. The figures of the monthly balance sheet statistics are regularly published in the *Monthly Report of the Deutsche Bundesbank* and in the statistical supplement, *Banking Statistics*. Every year, usually in September, an article on the results of the statistics on banks profit and loss accounts appears in the *Monthly Report* under the title "The performance of German credit institutions in [year]". Therefore, the latest data, *i.e.* the results of the previous year on credit institutions' profit and loss accounts are only publicly available by mid September at the earliest.

Notes

1. As from the financial year 1986, including instalment sales financing institutions (see also Section III).
2. Up to 1984, this group included only those credit co-operatives with a balance sheet total on 31 December 1972 of DM 10 million or more, and smaller institutions which were already subject to reporting requirements on 31 November 1973; as from 1985, all credit co-operatives are included.
3. See Section III: last paragraph, last bullet point.
4. See also the tables "Income Statement Reconciliation" and "Balance Sheet Reconciliation" that follow.

Germany

Income statement reconciliation – *All banks* – 2008

OECD presentation		Million EUR	National presentation
1.	**Interest income**	**327 831**	**Interest receivable**
		304 013	Interest receivable from:
		245 626	lending and money market transactions
		58 387	fixed-income securities and Dept Register claims
		18 758	Current income from:
		12 326	shares and other variable-yield securities
		1 426	participating interests
		5 006	shares in affiliated undertakings
		5 060	Receipts from profit-pooling and profit transfer agreements
2.	**Interest expenses**	**244 582**	**Interest payable**
3.	**Net interest income**	**83 249**	**Net interest received (1 *minus* 2)**
4.	**Net non-interest income**	**9 197**	
	a. Fees and commissions receivable	38 585	Commissions receivable
			minus:
	b. Fees and commissions payable	10 337	Commissions payable[1]
	c. Net profit or loss on financial operations	–18 797	Net profit or net loss on financial operations
		934	Net profit on financial operations
			minus:
		19 731	Net loss on financial operations
	d. Other net non-interest income	–254	
		178	Gross profit on transactions in goods or subsidiary transactions[2]
		10 887	Other operating income (including income from leasing business)[2]
		121	Income from release of special reserves[4]
		1 685	Extraordinary income[4]
		650	Income from loss transfers[4]
			minus:
		0	Gross loss on transactions in goods or subsidiary transactions[5]
		93	Value adjustments in respect of assets leased[5]
		5 329	Other operating charges[5]
		3 311	Charges incurred through loss transfers[6]
		32	Transfers to special reserves[6]
		1 481	Extraordinary charges[6]
		209	Other taxes (including taxes on net assets)[5]
		3 320	Profits transferred under profit-pooling and profit transfer agreements[6]
5.	**Net interest and non-interest income**	**92 446**	
6.	**Operating expenses**	**75 228**	**General administrative expenses**
	a. Staff costs	40 266	Staff costs
		31 420	Wages and salaries
		8 846	Social security costs and costs relating to pensions
	b. Property costs		
	c. Other operating expenses	34 962	Other administrative expenses
		31 414	Other administrative expenses
		3 641	Value adjustments in respect of intangible assets and tangible assets
			minus:
		93	Value adjustments in respect of assets leased
7.	**Net income before provisions**	**17 218**	
8.	**Net provisions**	**36 015**	
	a. Provisions on loans	27 805	

Germany

Income statement reconciliation – *All banks* – 2008 *(cont.)*

OECD presentation		Million EUR	National presentation
		30 354	Value adjustments in respect of loans and advances, and provisions for contingent liabilities and for commitments[7]
			minus:
		2 549	Value re-adjustments in respect of loans and advances, and provisions for contingent liabilities and for commitments[7]
	b. Provisions on securities[8]	. .	
	c. Other net provisions	8 210	
		9 915	Value adjustments in respect of participating interests, shares in affiliated undertakings and transferable securities held as financial fixed assets[9]
			minus:
		1 750	Value re-adjustments in respect of participating interests, shares in affiliated undertakings and transferable securities held as financial fixed assets[9]
9.	**Income before tax**	**–18 797**	**Profit for the financial year before tax**
10.	**Income tax**	**1 128**	**Taxes on income and earnings**
11.	**Net income after tax**	**–19 925**	**Profit or loss for the financial year after tax (9 *minus* 10)**
12.	**Distributed profit**	**2 960**	**Balance sheet profit or loss (11 *minus* 13)**
13.	**Retained profit**	**–22 885**	**Withdrawals from or transfers to reserves and participation rights capital including profit or loss brought forward and withdrawals from or increases in the fund for general banking risks**
		20 697	Withdrawals from:
		10 001	Capital reserve
		231	Legal reserve
		3 151	Reserve for own shares
		0	Reserves provided for by the articles of association
		7 093	Other revenue reserves
		221	Participation rights capital
		5 051	Withdrawals from the fund for general banking risks
		229	Profit brought forward
			minus:
		770	Transfers to:
		347	Legal reserve
		8	Reserve for own shares
		36	Reserves provided for by the articles of association
		375	Other revenue reserves
		4	Replenishment of participation of rights capital
		1 912	Increases in the fund for general banking risks
		410	Loss brought forward

1. Net commissions received.
2. Other operating income.
3. Net income or net charges from valuation of assets (other than tangible or financial fixed assets).
4. Other and extraordinary income.
5. Other operating charges.
6. Other and extraordinary charges.
7. In national presentation contained in net income or net charges from valuation of assets (other than tangible or financial fixed assets).
8. Included under provisions on loans (item 8. a.).
9. In national presentation contained in other and extraordinary charges.

Germany

Balance sheet reconciliation – *All banks* – 2008

OECD presentation		Million EUR	National presentation
	Assets		***Assets***
14.	**Cash and balance with Central bank**	**124 903**	
		17 762	Cash in hand
		107 141	Balances with central banks
15.	**Interbank deposits**	**1 405 690**	
		1 404 570	Balances and loans to banks (MFIs)
		1 120	Bills of exchange
		895	Fiduciary loans (for information only)
16.	**Loans**	**2 987 259**	
		2 985 305	Loans to non-banks (non-MFIs)
		784 279	for up to and including 1 year
		2 201 026	for more than 1 year
		1 954	Bills of exchange
		22 878	Fiduciary loans (for information only)
17.	**Securities**	**1 605 805**	
		107 613	Treasury bills, Treasury discount paper and Money market paper
		799 534	Domestic securities and participating interests, total
		408 153	Bank debt securities
		76 995	Public debt securities
		211 276	Industrial and other securities (including shares)
		103 110	Participating interests in banks and enterprises
		698 658	Foreign securities and participating interests, total
		650 470	Securities
		48 188	Participating interests in banks and enterprises
18.	**Other assets**	**320 883**	
		881	Cheques, matured debt securities, interest and dividend coupons and items received for collection
		320 002	Other assets (including fiduciary assets, tangible assets, subscribed capital unpaid, own shares, etc.)
	Liabilities		***Liabilities***
19.	**Capital and reserves**	**296 536**	
		70 775	Subscribed capital (less published loss)
		185 802	Reserves
		21 830	Fund for general banking risks
		18 129	Participation rights capital
20.	**Borrowing from Central bank**	**235 993**	
		6 597	Overnight loans taken up in the context of the marginal lending facility
		229 396	Open market operations
21.	**Interbank deposits**	**1 520 333**	
		1 520 083	Deposits and borrowing from banks (MFIs),1 total
		331 868	Sight deposits
		1 188 215	Time deposits
		250	Liabilities on bills (own acceptances and promissory notes outstanding)
		7 153	Fiduciary loans (for information only)
22.	**Customer deposits**	**2 994 856**	
		1 050 549	Sight deposits
		1 241 608	Time deposits and borrowing from non-banks (non-MFIs)[1]
		159 010	Bank saving bonds[2]
		543 689	Saving deposits
		17 114	Fiduciary loans (for information only)

Germany

Balance sheet reconciliation – *All banks* – 2008 *(cont.)*

OECD presentation		Million EUR	National presentation
23.	**Bonds**	**946 596**	
24.	**Other liabilities**	**450 226**	
		58 472	Provisions for liabilities and charges
		9 254	Value adjustments
		382 500	Other liabilities
	Balance sheet total		***Balance sheet total***
25.	**End-year total**	**6 444 540**	

1. Including liabilities arising from registered debt securities, registered money market paper, non-negotiable bearer debt securities.
2. Including liabilities arising from non-negotiable bearer debt securities.

Greece

I. Institutional coverage

The statistics published in *Banking Statistics – Financial Statistics of Banks* are on an annual basis and refer to calendar year. The data relate to commercial banks incorporated in Greece. Separate data are also provided for the: *a)* five largest banks in this group in terms of total assets; *b)* co-operative banks as of 2004 onwards. It is noted that after a reclassification starting from 2000, which affected the "commercial banks" category, and following a number of mergers and acquisitions that took place in the past few years and affected the composition of the group of "large commercial banks", data series from 2000 onwards are not comparable with those of earlier years and as of this year the large commercial banks data refer to the top-five banks. Also, other miscellaneous financial institutions refer to leasing, factoring and investment firms and mutual funds, while other miscellaneous monetary institutions refer to the Deposits and Loans Fund.

II. Geographical coverage and degree of consolidation

The data cover the Greek commercial banks and subsidiaries of foreign commercial banks incorporated in Greece. The balance sheet and the income statement are reported on a corporate basis and therefore they do not include data related to subsidiaries of the aforementioned banks. They include, however, data concerning the operations of Greek commercial bank branches located abroad.

III. Summary description of activities of banks

Payment facilities

All commercial banks offer checking accounts, but the use of these accounts is relatively limited. Salary accounts and automated fund transfers as well as credit-cards, Automated Teller Machines (ATMs) and Electronic Fund Transfer (EFT) are constantly increasing.

Deposits from the public

Commercial banks accept all types of deposits. A large majority (more than 85 per cent) of deposits is in the form of savings and time deposits. The banks are free to set interest rates on deposits.

Money market business

The interbank money market consists mainly of transactions involving day-to-day loans between banks at freely determined rates and is used to smooth out discrepancies between the demand for and the supply of liquid assets in the day-to-day business of banks. In addition to interbank deposits, banks can also utilise the two standing facilities of the Bank of Greece:

- deposit facility;
- marginal lending facility.

Another standing facility was available to banks until March 2000. They could make overdrafts, at a penalty rate, from their current accounts with the Bank of Greece.

Lending business and credit exposure

Commercial banks are allowed to engage in all kinds of lending operations. Most of their financing (approximately 95 per cent of total commercial bank lending) is granted to the private sector and the remaining part to public enterprises and entities. Commercial banks provide primarily short or medium-term credit to industrial and commercial companies, but they are also involved in long-term financing. During the last few years, credit to households, in the form of consumer credit and housing loans, has become increasingly widespread.

As from 1992, the European Union (EU) Second Banking Directive has been transposed into Greek Legislation. Consequently, no credit institution may maintain a qualifying holding (10 per cent or more of another firm's equity) in a non-bank enterprise that exceeds 15 per cent of the credit institution's own funds. As to the total amount of a credit institution's qualifying holdings in non-bank enterprises, it may not exceed 60 per cent of the credit institution's own funds. Moreover, in the context of prudential supervision, a credit institution's exposure to a client or group of connected clients can not exceed 25 per cent of the credit institution's own funds. Also, a credit institution may not incur large exposures (10 per cent or more of its own funds) which, as a total, exceed 800 per cent of its own funds.

Foreign exchange trading and foreign payments

All commercial banks operating in Greece have been authorised by the Bank of Greece to trade in foreign exchange on both the spot and forward markets, for their own account as well as for their customers.

Security business, portfolio management and trust business

All commercial banks are allowed to trade in shares and bonds for their clients, assist in share and bond issues, and offer portfolio management assistance to their clients and safekeeping services for securities. Banks are also allowed to underwrite new issues of securities.

Non-banking business

Commercial banks are not allowed to engage in commercial and industrial activities for their own account.

IV. Reconciliation of national data with the OECD presentation

Income statement

Net provisions

According to Greek law, banks must set aside general provisions to cover bad and doubtful debt. A general annual provision expense of up to 1 per cent of total outstanding loans is recognised as tax deductible in the case of commercial banks. Specific provision charges for loan losses or identified individual bad debts which are on a non-accrual status may be deducted from taxable income.

Balance sheet

Capital and reserves

According to Greek legislation a commercial bank must allocate at least 5 per cent of its annual profit to the ordinary reserve fund. This requirement applies until the ordinary reserve fund reaches at least one-third of the share capital. Additional reserves can also be created but always within the limits imposed by the statute of each bank and the Greek legislation concerning the distribution of profits.

Total assets/liabilities

This item reports the gross and not the consolidated total of the banks.

V. Sources

The responsibility for collecting and compiling the statistics lies with the Bank of Greece, Economic Research Department, Athens.

Hungary

I. Institutional coverage

The statistics in *Banking Statistics – Financial Statements of Banks* in section *Commercial banks* cover Commercial banks, Home savings and loan associations and Mortgage banks, but exclude branches of foreign credit institutions. Data refer to the end of each period (1994-2008).

As a result of the process of harmonisation the Hungarian financial regulation after the Accession to European Union (1 May 2004) fully comply with the European requirements. The most important change was the legal iimplementation of the CRD (Capital Requirement Directives) in 2007 being effective from the beginning of 2008.

II. Geographical coverage and degree of consolidation

Following the privatisation of banks completed in 2003, most Hungarian commercial banks came under the control of foreign strategic owners. There were no new privatisations during 2008. The ratio of direct and indirect foreign ownership in the Hungarian banking sector was about 90% at the end of 2008 based on total assets.

Foreign banks were authorised to open branches in Hungary beginning 1 January 1998, however, the first branches were established only in 2005. Moreover, the subsidiaries of several foreign owned banks changed into branches in 2008. Therefore, the number of foreign branches operating in Hungary at the end of 2008 exceeded 10 and their market share in total assets of commercial banks has grown up to 4.48 per cent. The data on these ten foreign branches are not included in the statistics. However, the data of subsidiaries of foreign banks operating in Hungary are taken into account in the statistics. Hungarian banks have subsidiaries (banks and other financial institutions) abroad, mainly in Central-Eastern Europe. However, the results of their activities are not included in the statistics.

Data in Banking Statistics – Financial Statements of Banks are consolidated on a corporate basis.

III. Summary description of activities of banks

Banks in Hungary are universal in nature, *i.e.* they are permitted to carry out all banking activities. Banks may perform the full range of investment services and related activities.

The banking system's average balance sheet total/GDP ratio increased heavily and reached 109.6 per cent at the end of 2008, driven by growth in loans to the private sector (however, with slowing dynamics due to the deepening of financial crisis). Growth of loans to corporations by domestic banks and households contributed to the growth by 6 per cent and 20 per cent increases, respectively with consideration of changes in FX exchange rates.

The new loans to households were still dominated by FX based loans in 2008, however, after October 2008 banks' willingness to lend in foreign currency decreased significantly, and credit conditions started to be tightened.

The market share of *Commercial banks* among *All banks* (see Table 2) is about 91 per cent, the numerous group of *Cooperative banks* is only 5 per cent and *Other miscellaneous monetary institutions* is about 4 per cent market share.

There were 3 Special purpose banks (section *Other miscellaneous monetary institutions* in Table 2) in Hungary at the end of 2008. The activities of special purpose banks are limited and regulated by special laws. Two of them are state-owned and perform tasks delegated mainly by the government, the third of them is the Central Depository Institution.

IV. Reconciliation of national data with the OECD presentation*

V. Sources

The data in *Banking Statistics – Financial Statements of Banks* has been compiled by the Magyar Nemzeti Bank, the central bank of Hungary.

* See the table "Income Statement Reconciliation" that follows.

Hungary

Income statement reconciliation – *Commercial banks* – 2008

OECD presentation		Million HUF	National presentation
1.	**Interest income**	**2 196 523**	**Interest and interest type revenues on:**
		1 346 968	Loans
		139 599	Interbank deposits and deposits with the central bank
		250 338	Securities
		459 618	Other
2.	**Interest expenses**	**1 482 580**	**Interest and similar expenses paid on:**
		611 072	Customer deposits
		165 487	Interbank deposits
		169 300	Loans
		186 041	Securities
		350 680	Other
3.	**Net interest income**	**713 943**	
4.	**Net non-interest income**	**346 721**	
	a. Fees and commissions receivable	427 573	
	b. Fees and commissions payable	184 859	
	c. Net profit or loss on financial operations	139 908	
		–39 789	Net income from securities transactions
		236 497	Net income from foreign exchange transactions
		73 263	Other derivative transactions
		–130 063	Others
	d. Other net non-interest income	–35 901	
		163 482	Dividend income
		–46 048	Income from selling own receivables minus expenditure on the sale and write-off of own receivables
		14 760	Extraordinary income
		–168 095	Others
5.	**Net interest and non-interest income**	**1 060 664**	
6.	**Operating expenses**	**642 276**	
	a. Staff costs	317 231	
	b. Property costs	104 162	
		58 530	Depreciation
		45 632	Rental fees paid
	c. Other operating expenses	220 883	IT, marketing, etc.
7.	**Net income before provisions**	**418 388**	
8.	**Net provisions**	**137 157**	
	a. Provisions on loans	113 139	
	b. Provisions on securities	3 670	
	c. Other net provisions	20 348	
		15 388	Provisions for pending and future liabilities
		6 197	General risk provisions
		–1 237	Others
9.	**Income before tax**	**281 231**	
10.	**Income tax**	**44 610**	**Tax paid**
11.	**Net income after tax**	**236 621**	
12.	**Distributed profit**	**62 510**	**Dividends, profit sharing paid (approved)**
13.	**Retained profit**	**174 111**	**Retained profit,** calculated in this manner, does not equal to Profit or Loss of the Year, because credit institutions shall disclose general reserves from after-tax profits prior to paying dividends, and profit reserves can be used for paying dividends
			Profit or Loss of the Year, which is the part of Shareholders' Equity in Balance Sheet is equal to HUF 150 407 millions in 2008

Ireland

I. Institutional coverage

The statistics published in *Banking Statistics – Financial Statements of Banks* refer to licensed banks and building societies. At the end of 2007, there were 50 banks licensed under Section 9 of the Central bank Act, 1971, and at the end of 2008 there were 49 licensed banks. When banks with the same beneficial ownership are considered as one entity, the number of banks in 2007 is reduced to 43, and in 2008 it is reduced to 23. Of these institutions, over half are engaged almost exclusively in International Financial Services Centre (IFSC)[1] business. There were also three building societies. As the Irish banking system has developed, barriers between sectors have become less distinct for the above institutions, as they operate in much the same markets and are collectively regarded as credit institutions.

For the purpose of this survey all Irish credit institutions are considered "Commercial Banks". Where a credit institution has Total Assets in excess of 4% of the entire Irish banking sector Total Assets data, they have been classified as "Large Commercial Banks".

II. Geographical coverage and degree of consolidation

The data for credit institutions are based on:

- branches and subsidiaries of Irish-authorised credit institutions;
- branches of non-EEA credit institutions;
- subsidiaries of international banks;
- building societies.

The data are based on consolidated accounts of the institutions concerned.

III. Structure of the banking system

In February 2001, the Irish Government announced a new structure for the regulation of financial services in Ireland, which came into effect on 1 May 2003. Until that date, the supervisory responsibilities of the Central Bank of Ireland (the Bank) encompassed banks and building societies, investment business firms, investment intermediaries, securities exchanges and collective investment schemes.

On 1 May 2003, the Bank was restructured and renamed the Central Bank and Financial Services Authority of Ireland (CBFSAI). The Irish Financial Services Regulatory Authority – IFSC* (the Financial Regulator) was established as a "constituent part" of the CBFSAI. The Financial Regulator was given by virtue of section 33C of the Central Bank Act 1942 (as amended), the statutory function of performing the functions the CBFSAI has

* The IFSC was established in 1988.

under designated enactments and statutory instruments (the Designated Legislation). The Designated Legislation is the principal body of law, setting out the scope and terms of financial services regulation in Ireland and includes, amongst others, the Investment Intermediaries Act 1995, the Unit Trusts Act 1990, the Investment Limited Partnership Act 1994, the Insurance Acts and Regulations, the EC (Reinsurance) Regulations 2006, the EC (Markets in Financial Instruments) Regulations 2007.

On 18 June 2009, the Minister for Finance announced that the Government had agreed to make certain changes to the structure of the CBFSAI. In particular, the Government intends to repeal the provisions of the 2003 CBFSAI Act that established the Irish Financial Services Regulatory Authority (the Financial Regulator) as an autonomous part of the CBFSAI, and to replace the CBFSAI with a single, fully integrated Central Bank of Ireland with responsibilities for both central banking and financial supervision tasks. In addition, certain functions of the CBFSAI relating to consumer information that are currently the statutory responsibility of the Financial Regulator, are to become the responsibility of a statutory body established by the Consumer Protection Act 2007, the National Consumer Agency. The Central Bank Reform Bill 2010, containing these changes, was published in March 2010 and is scheduled to be enacted in the summer of 2010.

IV. Summary description of activities of banks

Payment intermediation

Until 18 February 2008, large-value payments and interbank settlements were effected using a Real-Time Gross Settlement (RTGS) System known as IRIS, which was managed and operated by the Central bank and Financial Services Authority of Ireland in co-operation with the participating credit institutions; IRIS was also part of the TARGET system. However, from that date, large-value payments have been effected using the Eurosystem's TARGET2 single shared platform (SSP). Two separately incorporated clearing companies that are owned by the main domestic banks carry out retail payment clearing functions. The use of electronic means of payment such as payment cards, ATM, telephone banking and internet banking continues to rise.

Deposit business

All domestic banks and building societies offer a full range of deposit accounts to customers. IFSC banks are not involved in the small depositor market.

Lending business

All domestic banks offer a wide range of credit activities. Building societies traditionally were only involved in the mortgage lending business but now compete with banks offering a full range of services. IFSC banks and the corporate lending divisions of the larger domestic groups are involved in international and syndicated lending to various corporates, sovereign and regional authorities.

Other activities include:

- treasury business;
- money market;
- life insurance and pension broking;
- funds management;
- leasing;

- venture capital;
- credit cards.

V. Sources

The data are compiled by the Central Bank and Financial Services Authority of Ireland, based on FINREP, published annual accounts and statistical data provided by those entities referred to in Section II.

Italy

The figures provided are based on yearly data except when explicitly stated. Data refer to calendar year (1 January-31 December).

I. Institutional coverage

Definition of a credit institution

The 1993 Banking Code has confirmed the traditional definition of banking business as the joint activity of raising funds from the public and granting credit (Art. 10). It likewise restricts this activity to banks.

As regards the fund raising from the public (Art. 11), the Code clarifies that companies other than banks are prohibited from engaging in this activity, even if it is conducted separately from the granting of credit. There are some limited exceptions.

The Banking Code states that banks' corporate business comprises not only typical banking operations but "all other financial activities", as well as "related and instrumental activities" (Art. 10). Hence, universal banks can operate free of maturity constraints and carry on all the financial operations that are not restricted by law. Prudential supervision regulates maturity transformation and sets limits to banks' industrial share-holding.

The Code requires banks to be chartered in the form of a company or co-operative limited by shares. Banks established as co-operatives may only take the form of co-operative bank (*banca popolare*) or mutual bank (*banca di credito cooperativo*) (Arts. 14 and 28). Operationally there is no difference between co-operative banks and banks in the form of a company limited by shares (Arts. 29-32). In contrast, for mutual banks (formerly rural and artisans' banks) specific local and mutual assistance assignments apply.

Table 1

Up to 1989, the statistics published in *Banking Statistics – Financial Statements of Banks* relate to a sample of banks. Since 1990, data refer to the Italian Banking System. Former Special Credit Institutions (SCIs), previously lending only at long-term, are considered as banks according to the new Banking Code of 1993. Since 1995, SCIs submit the same reports as all other banks. The inclusion of the former SCIs for the previous periods did not introduce significant breaks in the series.

In each year, the data include those banks which have produced complete records for the income statement.

The statistics published under the title "All Banks" refer to limited company banks (including subsidiaries of foreign banks), co-operative banks, mutual banks, central credit institutions and branches of foreign banks.

Data referring from 2006 onward were collected on the basis of IAS/IFRS and therefore are not fully comparable with those referring to the preceding years. Four items show significant disparities as a consequence of the different aggregation criteria:

a) interest income;

b) fees and commissions receivable;

c) other non-interest income;

d) net provisions.

In the case of items *a)* and *b)* the break is primarily attributable to the different reclassification, not directly due to the application of IAS/IFRS, of some fee income. In the data published by the Bank of Italy until 2005, interest income included all the fee income arising in relation to loans to customers. When the statistics underwent the revision made necessary by the adoption of IAS/IFRS, and in accordance with the provisions governing the civil law financial statements, some of this fee income was reclassified and included under "fees and commissions receivable". In the case of item c) the introduction of the new IAS/IFRS valuation methods produced most of the discontinuity. As for "Net provisions", the discontinuity was mainly due to the value readjustments consequent on the passage of time (value readjustments consequent on discounting under "first-time adoption").

Due to a change in the supervisory reports, data on the balance sheet referring to 2008 are not fully comparable with those referring to the preceding year. The items that show the more significant disparities are:

a) loans (item 16);

b) securities (item 17);

c) short term securities (item 27);

d) bonds (item 28).

Item 16 now includes subordinated loans, that before were excluded. Item 17 is now evaluated at market value, as opposed to book value. Item 27 now includes all securities other than shares with a maturity of less than 2 years, as opposed to short term government bonds. Item 28 now includes all securities other than shares with a maturity greater than 2 years.

Data on capital adequacy from 2008 onward are on a consolidated basis, for the previous years they were drawn from supervisory reports on a non consolidated basis.

Table 2

Data referring to the different banking groups include also those institutions that did not produce complete records for income statement. Therefore they may differ from those reported in Table 1. Data on *Foreign Banks* refer to branches of foreign banks only.

Other financial institutions includes leasing and factoring companies, consumer credit, securities firms and other financial institutions.

Pension funds and foundations: data refer to three categories of intermediaries: 1) banking pension funds established before the 1993 supplementary pension legislation; 2) other pension funds established before the 1993 supplementary pension legislation; 3) pension funds established under the 1993 supplementary pension legislation. There is a break in the series in 1999 because data related to the second category are available only starting from that date.

In 2009, the banking institutions covered in Table 1 represented 76%, in terms of total assets, of the whole financial system as shown in Table 2.

II. Geographical coverage and degree of consolidation

Data cover all domestic banks, excluding their foreign branches/subsidiaries. They also include subsidiaries and branches of foreign banks operating in Italy.

Data are based on non-consolidated accounts except, from 2008 onward, for data on capital adequacy.

III. Structure of the financial system

All banks:

- Commercial Banks, including Central credit and refinancing institutions (*istituti centrali di categoria e di rifinanziamento*) and branches of foreign banks.
- Foreign-owned banks are defined as branches of foreign banks.
- Co-operative banks are defined as co-operative banks (*banche popolari*) and mutual banks (*banche di credito cooperative*).
- All banks are supervised by the Bank of Italy.

Other financial institutions:

- Leasing and factoring companies, consumer credit, securities firms and other financial institutions.
- All of them are supervised by the Bank of Italy.

Insurance institutions:

- Insurance companies are supervised by Isvap.
- Pension funds are supervised by Covip.

IV. Summary description of activities of banks

Liabilities

The types of deposits issued by Italian banks are:

- interest yielding checking accounts;
- passbook accounts, on which the client can freely draw without notice;
- time deposits.

The last two categories are indicated with the usual definition of savings deposits. Certificate of Deposits (CDs) are retail market instruments. Banks may also issue bonds.

Assets

According to the 1993 Banking Code, banks can offer directly all kinds of banking business listed in the Second European Banking Co-ordination Directive, provided that their Charter does not limit the scope of their activity.

V. Reconciliation of national data with the OECD presentation*

Available information from profit and loss accounts

The Bank of Italy collects data on profit and loss accounts of credit institutions. These data are collected quarterly (only for the major items up to net income before provisions), semi-annually and annually. Information is provided by banks on an individual basis. Foreign branches of Italian banks submit separate data on profit and losses. The banks' profit and loss accounts are currently published in the *Annual Report* of the Bank of Italy and in the "Supplement to Statistical Bulletin – Monetary Financial Institution: Banks and Money Market Funds".

Income statement

Interest income includes interest income on deposits with the Bank of Italy – Italian Exchange Office (BI-UIC) and with the Treasury, on domestic lending to customers, repos, securities, interbank claims and external assets. In *Banking Statistics – Financial Statements of Banks,* the data for interest and dividend income on shares and participations is also included; in the *Annual Report* of the Bank of Italy they are included in non-interest income. Interests accruing on bad loans are excluded. Information on interest income on repos is included since 1993 while for the former SCIs, the information is available since 1994.

Interest expenses include interest paid on domestic deposits, bonds, repos, BI-UIC financing, interbank liabilities, external liabilities. Information on interest expenses on repos is available since 1993 and for the former SCIs since 1994. In the *Annual Report* net interest income comprises, since 1993, the balance of derivative hedging contracts, which is included in non-interest income in the OECD presentation.

Non interest income includes net earnings from trading (securities, foreign currencies, other assets), net earnings from services (such as payments services, safe custody of securities), net earnings from other financial operations, and other earnings. Net income before provisions on derivative contracts is included in this item since 1993; previously this information was not available.

Operating expenses include total staff costs (salaries and other staff costs, including the extraordinary costs incurred in connection with early retirement incentive schemes), indirect taxation, expenses related to banking business, ordinary depreciation expenses.

Net provisions include charges for value adjustments in loans, in securities and in other assets, book gains from such adjustments, reserves against possible losses and net extraordinary income.

Income tax consists of income tax and, since 1994, the property tax.

Balance sheet

Cash and balance with the Central bank includes required reserves, free reserves, and collateral for banker's drafts.

Securities include government issued securities and other securities issued by residents denominated in euros and in other currencies, at book value up to 2007, at market value from 2008 onward.

Interbank deposits include the liquid balances on correspondent accounts.

Customer deposits refer to deposits in lire until 1998. As of 1999, the data also include deposits in euros and other euro area currencies.

Loans do not include those granted to residents by branches abroad. It includes subordinated loans from 2008 onward.

* See also the tables "Income Statement Reconcilation" and "Balance Sheet Reconcilation" that follow.

Other assets include, *inter alia*, repo operations, bad loans at nominal value and assets *vis-à-vis* non-residents.

Capital and reserves consist of share capital, fund for general banking risks, revaluation reserves and other equity reserves.

Other liabilities include, *inter alia*, repo operations and liabilities *vis-à-vis* non-residents.

Interest-earning external assets and liabilities refer to aggregates that do not coincide exactly with those included in the foreign exchange statistics.

Average total assets are calculated as a weighted average of monthly data, with weights equal to 1 for December of the current and the previous year, and equal to 2 for the remaining months.

VI. Sources of data

All data on banks and other financial institutions are drawn from the Supervisory Reports to the Bank of Italy.

Those on insurance companies and pension funds are based on Isvap, Ania and Covip data.

A substantial part of these data are published on the *Annual Report*, the *Statistical Bulletin* and the *Supplements to the Statistical Bulletin,* also available on the website *www.bancaditalia.it*.

Italy

Income statement reconciliation – *All banks* – 2009

OECD presentation		Million EUR	National presentation
1.	**Interest income**	**104 014**	**Interest income on:**
		11 005	Loans to banks
		64 750	Loans to custumers
		10 916	Securities
		6 118	Claims on non-residents
		7 749	Dividend income on shares and participations
		3 476	Other
2.	**Interest expenses**	**55 296**	**Interest paid on:**
		12 797	Interbank accounts
		8 792	Deposits
		24 797	Debt securities
		6 412	Liabilities to non-residents
		2 498	Other
3.	**Net interest income**	**48 718**	**Net interest income**
4.	**Non interest income**	**27 760**	**Non interest income**
		1 644	Trading
		21 096	Services
		5 020	Other
5.	**Net interest and non-interest income**	**76 478**	**Gross earning income**
6.	**Operating expenses**	**48 340**	**Operating costs**
		24 867	Staff costs
		2 712	Indirect taxation
		20 760	Other expenses
7.	**Net income before provisions**	**28 139**	**Operating surplus**
8.	**Net provisions**	**17 083**	**Depreciation and provisions**
	a. Provisions on loans	13 502	
	b. Provisions on securities	1 099	
	c. Other net provisions	2 482	
9.	**Income before tax**	**11 056**	**Income before tax**
10.	**Income tax**	**3 628**	**Tax**
11.	**Net income after tax**	**7 428**	**Net income after tax**
12.	**Distributed profits**	**5 261**	**Distributed profits**
13.	**Retained profits**	**2 168**	**Retained profits**

Italy

Balance sheet reconciliation – *All banks* – 2009

OECD Presentation		Million EUR	National presentation
	Assets		***Assets***
14.	**Cash and balance with Central bank**	**43 000**	
		11 635	Cash and liquid assets
		31 365	Balance with Central Bank
15.	**Interbank deposits**	**537 266**	**Interbank claims**
16.	**Loans**	**1 491 972**	**Loans**
17.	**Securities**	**360 055**	
		161 995	Government bonds
		63 282	Other bonds
		134 779	Shares and participations
18.	**Other assets**	**1 008 294**	
		321 037	Claims on non-resident
		58 782	Bad debts
		44 833	Repos
		583 642	Other assets
	Liabilities		***Liabilities***
19.	**Capital and reserves**	**284 992**	**Capital and reserves**
20.	**Borrowing from Central bank**	**28 662**	**Borrowing from Central bank**
21.	**Interbank deposits**	**539 994**	**Interbank deposits**
22.	**Customer deposits**	**1 001 971**	
		10 174	Central Government deposits
		770 641	Current account deposits
		221 155	Other deposits
23.	**Bonds**	**810 690**	**Bonds**
24.	**Other liabilities**	**774 239**	
		415 974	Liabilities to non-residents, including liabilities to bank branches
		358 265	Other liabilities
	Balance sheet total		***Balance sheet total***
25.	**End-year total**	**3 440 547**	

Japan

I. Institutional coverage

The statistics published in *Banking Statistics – Financial Statements of Banks* relate to all banks as defined in the Japanese publication "Analysis of Financial Statements of All Banks", which is released every fiscal year by the Japanese Bankers Association. The number of all banks has changed from 129 banks in 2005 (7 city banks, 64 regional banks, 48 regional banks II, 8 trust banks, plus Shinsei bank and Aozora bank) to 123 banks in 2009 (6 city banks, 64 regional banks, 44 regional banks II, 7 trust banks, plus Shinsei bank and Aozora bank).

II. Geographical coverage and degree of consolidation

Coverage includes overseas branches of Japanese banks but exclude affiliates. Foreign banks are also excluded from the coverage.

III. Structure of the banking system

Types of banks

Private banks can be divided into several categories, based on such factors as their business function or historical background. The distinction between city, regional banks and member banks of the Second Association of Regional Banks (regional banks II) is not a legal one, but is a customary classification for the purposes of administration and statistics.

City banks are large in size, with headquarters in major cities and branches in Tokyo, Osaka, other major cities, and their immediate suburbs.

Regional banks are usually based in the principal city of a prefecture and they conduct the majority of their operations within that prefecture and have strong ties with local enterprises and local governments.

Like traditional regional banks, regional banks II serve smaller companies and individuals within their immediate geographical regions. Most of these banks have converted from mutual savings banks to ordinary commercial banks.

Market share

Banks play a dominant role in the Japanese financial markets.

At the end of 2008, the banks' market share is 64.9% of total fund[1] – raising (city banks: 21.9%, regional banks: 16.4%, member banks of Second Association of Regional Banks: 4.6%, trust banks: 5.2%, foreign banks: 0.8%, and trust accounts: 16 %) whereas the other financial institutions' market share in total fund-raising is 35.1% (postal savings: 14.4%).

Central Bank	Bank of Japan		
Private financial institution	Depository institution	Banks	City Banks (6)
			Regional Banks (64)
			Member banks of the Second Association of Regional Banks (44)
			Foreign Banks (61)
			Trust banks (19)
			Others (14)
			Bank holding companies (12)
		Cooperative-type financial institution	Schinkin Central bank
			Schinkin banks (279)
			Shinkumi Federation Bank
			Credit cooperatives (162)
			Rokinren
			Labor banks (13)
			Norinchukin Bank
			Credit federation of agricultural cooperatives (36)
			Agricultural cooperatives (740)
			Credit federation of fishery cooperatives (30)
			Fishery cooperatives (168)
	Other financial institution	Insurance companies	Life Insurance companies
			No-life Insurance companies
		Securities firms	
Public financial institution	Government financial institution		Japan Finance Corporation
			Japan Bank for international cooperation (JBIC)
			Okinawa Development Finance Corporation
	Joint corporation by local governments		Okinawa Development Finance Corporation
			Development Bank of Japan Inc.
			The Shoko Chukin Bank, Ltd.*
			Japan Post Bank Co.*
			Japan Post Insurance Co.*

* As the laws related to the privatisation of postal services took effect in October 2007, Japan Post Bank Co. and Japan Post Insurance Co. started their operations as subsidiaries of the government owned company Japan Post Holdings Co. Both institutions are categorised under "public financial institutions" in the above chart because they are in a transition period toward final privatisation slated for the end of September 2017 at the latest. The Development Bank of Japan, Inc. and The Shoko Chukin Bank, Ltd. are treated in the same manner until the final privatisation scheduled for sometime during the period from 2017 to 2019.

Note: Figures in parentheses represent the number of financial institutions in each category, basically as of 1 April 2009.

The banks' market share in total loans is 64.2% (city banks: 27.9%, regional banks: 22.0%, member banks of Second Association of Regional Banks: 6.2%, trust banks: 6.2%, foreign banks: 1.1%, and trust accounts: 0.8%) whereas the other financial institutions' market share in total loans is 35.8% (government financial institutions: 15.8%).

IV. Summary description of activities of banks

Scope of business

Businesses permitted to banks are defined primarily in the Banking Act, which was enacted in 1927 and overhauled in 1981, and fall into six main categories as illustrated below. Ancillary businesses may be conducted either by the bank itself or through its affiliate. Peripheral businesses, on the other hand, must be undertaken only through the bank's affiliate.

Banking businesses may be conducted by bank agents. Revision to the Banking Act in October 2005 eliminated the regulations on wholly-owned subsidiaries and duty of dedicated services, and thus expanded the scope of parties that may serve as bank agents.

Typical bank businesses	Taking of deposits and instalment savings Lending, discounting of bills and notes Transfer of funds
Ancillary businesses	Guarantees and bill acceptance Trading of securities, securities over-the-counter derivatives, securities index futures, securities options and so on Securities lending Underwriting of government bonds, etc. Acquisition (factoring) and ceding of monetary claims Arrangement for private placement Subscription agency for local government, corporate and other bonds Other
Securities businesses	Retail sales and dealing of government bond and municipal bonds Retail sales of investment trust Intermediary business for the sale of stocks and other securities OTC transaction of some kinds of securities derivates
Insurance business	Retail sales of insurance products*
Peripheral business	Leasing Venture capital Management consultation Investment advisory services Other
Trust businesses	

* Based on Article 12.

Fund-raising

The main source of funds differs depending on the type of banks. Ordinary banks depend on deposits, while trust banks' main source of funds is trusts, notably investment trusts, money in trusts and pension trusts.

Incidentally, the percentage of all household assets comprised by cash and deposits is comparatively large in Japan. At the end of June 2009, the currency and deposits account for 55.2% of the total households' assets (1 441.3 trillion yens).

Operation of funds

At the end of 2008, loans and discounts account for about 54% of the total assets of domestically licensed banks,[2] 813.3 trillion yens:

- breakdown by sector, manufacturing, real estate, services, and individuals are major borrowers;
- breakdown according to the sise of the borrowers, there had been an increase in loans to small enterprises and to individuals in the 1980s. Since the end of 1980s, the share of loans to those borrowers has remained same at approximately 70%.

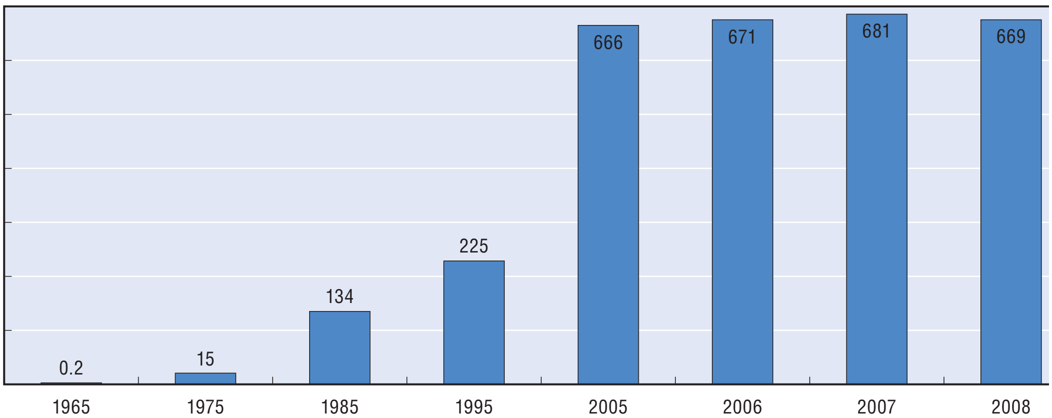
Securities businesses

The Financial Instruments and Exchange Act, formerly the Securities and Exchange Act (of which, Article 65 was the Japanese equivalent of the Glass-Steagall Act in the US), has instituted restrictions concerning the conducting of securities businesses by banks. Banks may underwrite and trade public bonds such as government bonds (GB), but may not engage in underwriting and trading equities and corporate bonds (however, banks are allowed to hold them in their portfolios). Due to deregulation in the last decade, banks now may sell investment trusts and handle intermediate sales of other securities including equities.

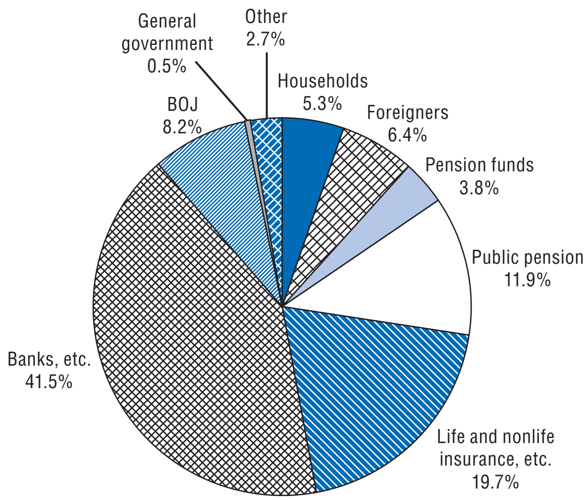
As to the GB-related business, the first GBs were issued in 1965, and since then banks have played a major role in this business. In correlation with the increase in the outstanding balance of bank's GB holdings, the Japanese government, in its revision of the Banking Act, initiated steps that allowed banks to engage in retail sales and the dealing of GBs from the early 1980s.

Banks as well as securities firms are now involved in commercial paper-related business.

Outstanding amount of government bonds (end of fiscal year)



Sectoral holdings of JGB (March 2009)



Other businesses

Insurance sales by banks

The sale of insurance by banks was not permitted in the past. However, the revisions to the Insurance Business Act in 2000 made it possible for banks to sell insurance products at bank counters and since then the bans have been lifted step by step. The deregulation of insurance sales at banks was completed in December 2007.

Promotion of deregulation concerning insurance sales

	Insurance products for which the ban on sales was lifted
Apr. 2001	Debt repayment support insurance, long-term fire insurance, credit life insurance related to housing loans, overseas travel accident insurance.
Oct. 2002	Private pension insurance, asset formation insurance, accident insurance with an annuity payout feature, asset formation accident insurance.
Dec. 2005	Single premium whole life insurance, single premium endowment insurance, level premium endowment insurance with an insured period of up to ten years, savings-based pure endowment insurance, non-life insurance for individuals other than automobile insurance, maturity refund personal accident insurance.
Dec. 2007	Complete lifting of the ban (term insurance, level premium whole life insurance, medical and long-term care insurance, automobile insurance, etc.).

International banking business

Japanese banks conduct international banking businesses such as foreign exchange operations, lending, securities business, trusts business, leasing business, foreign currency deposits, foreign currency exchanges, derivative operations (*e.g.* future, forwards, swaps and options), and trade finance and so on. Japanese banks were reducing their overseas business as a part of their restructuring programs since the mid-1990s. The number of foreign branches of Japanese banks decreased from 437 as of the end of March 1995 to 130 as of the end of March 2006. However, some signs of recovery have been appearing recently (there were 144 overseas branches as of the end of March 2009).

V. Reconciliation of national data with the OECD presentation[3]

VI. Sources

The data in *Banking Statistics – Financial Statements of Banks* come from Japanese Bankers Association. More detailed data are available on their website *www.zenginkyo.or.jp/en*.

Notes

1. Funds include deposits, debentures and trusts.
2. Domestically licensed banks are defined as banks which are established and licensed under the Japanese legislation.
3. See the tables "Income Statement Reconciliation" and "Balance Sheet Reconciliation" below.

Japan

Income statement reconciliation – *All banks* – 2008

OECD presentation		100 million Yen	National presentation
1.	**Interest income**	**132 295**	
		95 228	Interest on loans and discounts
		27 341	Interest and dividends on securities
		1 353	Interest on call loans
		345	Interest on receivable under resale agreements
		432	Interest on receivables under securities borrowing transaction
		20	Interest on bills bought
		2 875	Interest on deposits with banks
		811	Interest on interest swaps
		3 887	Other interest income
2.	**Interest expenses**	**45 257**	
		22 140	Interest on deposits
		3 031	Interest on negotiable certificates of deposit
		443	Interest on debentures
		1 794	Interest on call money
		2 144	Interest on payables under repurchase agreements
		1 463	Interest on payables under securities lending transactions
			Interest on bills sold
			Interest on commercial papers
		5 538	Interest on borrowings and rediscounts
		61	Interest on short-term bonds
		2 787	Interest on bonds
		5	Interest on bonds with subscription rights to shares
		1 873	Interest on interest swaps
		3 975	Other interest expenses
3.	**Net interest income**	**87 037**	
4.	**Non-interest income (net)**	**–14 233**	
	a. Fees and commissions receivable	29 120	
		7 325	Fees and commissions on domestic and foreign exchanges
		18 648	Other fees and commissions
		3 146	Trust fees
	b. Fees and commissions payable	9 078	Fees and commissions on domestic and foreign exchanges
		1 722	Other fees and commissions
		7 356	
	c. Net profit or loss financial operations	–37 394	
		28 061	Income (1) + (2) + (3)
		5 813	(1) Trading income
		139	Gains on trading account securities transactions
		242	Income from securities and derivatives related to trading transactions
		4 792	Income from trading-related financial derivatives
		640	Other trading income
		14 430	(2) Other ordinary income
		2 124	Gains on foreign exchange transactions
		22	Gains on trading account securities transactions
		10 693	Gains on sales of bonds
		30	Gains on redemption of bonds
		1 242	Income from derivatives other than for trading or hedging
		318	Other
		7 818	(3) Other income
		4 182	Gain on sales of stocks and other securities
		308	Gain on money held in trust

Japan

Income statement reconciliation – *All banks* – 2008 *(cont.)*

OECD presentation		100 million Yen	National presentation
		3 327	Other
		65 455	Expenses (4) + (5) + (6)
		697	(4) Trading expenses
			Expenses on trading securities and derivatives
		124	Expenses on securities and derivatives related to trading transactions
		570	Expenses on trading-related financial derivatives transactions
		2	Other trading expenses
		20 956	(5) Other ordinary expenses
		389	Loss on foreign exchange transactions
		1	Loss on trading account securities transactions
		6 734	Loss on sales of bonds
		2 204	Loss on redemption of bonds
		7 371	Loss on devaluation of bonds
		5	Amortisation of debenture issuance cost
		39	Amortisation of bond issuance cost
		584	Expenses on derivatives other than for trading or hedging
		3 628	Other
		43 802	(6) Other expenses
		14 094	Written-off of loans
		3 767	Losses on sales of stocks and other securities
		20 034	Losses on devaluation of stocks and other securities
		259	Loss on money held in trust
		5 648	Other
	d. Other net non-interest income	3 119	(1) – (2)
		5 990	(1) Extraordinary profits
		1 230	Gain on disposal of noncurrent assets
		796	Reversal of allowance for loan losses
		1 203	Recoveries of written-off claims
		2 761	Other
		2 871	(2) Extraordinary loss
		670	Loss on disposal of noncurrent assets
		380	Impairment loss
		1 820	Other
5.	**Net interest and non-interet income**	**72 804**	
6.	**Operating expenses**	**69 348**	**General and administrative expenses**
		29 209	Personnel expenses
		36 561	Non-personnel expenses
		3 577	Taxes
7.	**Net income before provisions**	**3 456**	
8.	**Net Provisions**	**16 430**	
	a. Provisions on loans	16 430	Provisions of allowance for loan losses
	b. Provisions on securities		
	c. Other net provisions		
9.	**Income before tax**	**–12 974**	**Income before income taxes**
10.	**Income tax**	**3 415**	**Income taxes-current**
11.	**Profit after tax**	**–16 389**	**Income taxes-deferred**
12.	**Distributed profit**	**11 546**	**Dividends from surplus**
13.	**Retained profit**	**–27 935**	

Japan

Balance sheet reconciliation – *All banks* – 2008

OECD presentation		100 million Yen	National presentation
	Assets		***Assets***
14.	**Cash and balance with Central bank**		
15.	**Interbank deposits**	**317 349**	**Cash and due from banks**
		76 987	Cash
		240 361	Due from banks
16.	**Loans**	**4 659 971**	**Loans and bills discounted**
		30 607	Bills discounted
		262 140	Loans on bills
		3 700 233	Loans on deeds
		666 989	Overdrafts
17.	**Securities**	**1 961 943**	
		12 631	Trading assets: Trading account securities
		1 179	Trading account securities
		1 948 133	Securities
		961 098	Government bonds
		97 800	Local government bonds
		190	Short-term corporate bonds
		296 570	Corporate bonds
		183 949	Stocks
		408 524	Other securities
18.	**Other assets**	**1 129 624**	**Residual**
	Liabilities		***Liabilities***
19.	**Capital and reserves**	**289 677**	
20.	**Borrowing from Central bank**		
21.	**Interbank deposits**		
22.	**Customer deposits**	**6 117 889**	
		5 763 524	Deposits
		320 928	Current deposits
		2 416 623	Ordinary deposits
		76 500	Saving deposits
		83 000	Deposits at notice
		2638 889	Time deposits
		10 841	Installment deposits
		217 120	Other deposits
		354 365	Negotiable certificates of deposit
23.	**Bonds**	**179 981**	
		44 732	Debentures
		5 741	Short-term bonds payable
		128 639	Bonds payable
		870	Bonds with subscription rights to shares
24.	**Other liabilities**	**1 481 340**	**Residual**
	Balance sheet total		***Balance sheet total***
25.	**End-year total**	**8 068 887**	**Total assets = Total liabilities and net assets**

Korea

I. Institutional coverage

The statistics of All Banks published in *Banking Statistics – Financial Statements of Banks* relate to commercial banks, savings banks, and other miscellaneous monetary institutions such as specialised banks (excluding Korea Development Bank and The Export-Import Bank of Korea), merchant banking corporations, and credit unions.

Commercial banks refer to nation-wide commercial banks and regional banks. Subsidiaries of foreign banks are included in the commercial banks, but branches of foreign banks are not included. These banks are established and operate pursuant to the provisions of the General Banking Act of Korea. Specialised banks established under the respective acts are included in other miscellaneous monetary institutions. Two specialised banks, Korea Development Bank and The Export-Import Bank of Korea are, however, classified as development credit institutions and thus are not included in other miscellaneous monetary institutions.

II. Geographical coverage and degree of consolidation

Subsidiaries of foreign banks operating in Korea are included, but branches of foreign banks are not included. Data included in these statistics are not on a consolidated basis: the trust account and merchant banking account of the banks as well as the activities and results of their subsidiaries inside and outside Korea are excluded. However, the activities and results of overseas branches of domestic banks are included in these statistics and net income and net provisions on trust accounts are included in the income statement.

III. Structure of the banking system

The banking system may be broadly classified into two categories based on their establishment:

a) Commercial banks established under the Banking Act including nation-wide commercial banks, regional banks and domestic branches of foreign commercial banks.

b) Specialised banks established under their own acts in order to increase capital mobilisation and to strengthen financial support for underdeveloped or strategically important sectors.

The legal authority to supervise and examine commercial banks, including domestic branches of foreign commercial banks, is given to the Financial Supervisory Commission (FSC) and the Financial Supervisory Service(FSS) respectively which were established 1 April 1998 as the supreme policy-making and policy-executing bodies for the oversight of financial institutions in Korea. Some specialised banks are subject to the supervision of the Ministry of Finance and Economy or the Board of Audit and Inspection as well as the FSC/FSS.

IV. Summary description of activities of banks

Commercial banks in Korea including domestic branches of foreign commercial banks may, as in most countries, engage in a wide range of business. Their core activities are the taking of deposits, the extension of loans and discounts, remittances, and collections. They also handle such business as guarantees and acceptances; own-account securities investment; negotiable certificates of deposits business; the mutual installment deposits and mutual remuneration loans; foreign exchange transactions; factoring business; safe custody and such securities business as sales of commercial bills discounted by banks, cover bills issued on the basis of underlying primary bills accepted and held by banks and government, public and corporate bonds under repurchase agreements; the acceptances, discounts and sales of trade bills.

The legislative framework for their operations is provided by the Banking Act and other relevant legislation. Specific authorisation is required for each area of non-bank business in which they engage; for example, trust business, credit card business, and some aspects of securities business.

Specialised banks, which function as deposit money banks alongside commercial banks, conduct a similar range of business in addition to that related to their own area as authorised by their respective special acts.

V. Reconciliation of national data with the OECD presentation*

VI. Sources

The data in *Banking Statistics – Financial Statements of Banks* has been compiled by the Financial Supervisory Service (FSS).

* See the tables "Income Statement Reconciliation" and "Balance Sheet Reconciliation" that follow.

Korea

Income statement reconciliation – *Commercial banks* – 2008

OECD presentation		Billion KRW	National presentation
1.	**Interest income**	**67 051**	
		57 558	Interest income on loans
		7 415	Interest income on Securities
		1 355	Other Interest income
		723	Dividend Income
2.	**Interest expenses**	**40 053**	
		26 619	Interest expenses on deposits
		8 299	Interest expenses on bonds
		4 327	Interest expenses on borrowings
		888	Other Interest expenses
3.	**Net interest income**	**26 998**	
4.	**Net non-interest income**	**3 132**	
	a. Fees and commissions receivable	5 397	
	b. Fees and commissions payable	2 339	
	c. Net profit or loss on financial operations	1 593	
		–533	Net profit or loss on Securities transactions
		1 764	Net profit or loss on Foreign Exchange transactions and Derivatives Instruments
		362	Net profit or loss on Trust business
	d. Other net non-interest income	–1 519	
5.	**Net interest and non-interest income**	**30 130**	
6.	**Operating expenses**	**13 871**	
	a. Staff costs	6 012	
	b. Property costs	7 859	
	c. Other operating expenses		
7.	**Net income before provisions**	**16 259**	
8.	**Net provisions**	**7 582**	
	a. Provisions on loans	7 126	
	b. Provisions on securities		
	c. Other net provisions	456	
9.	**Income before tax**	**8 677**	
10.	**Income tax**	**2 581**	
11.	**Net income after tax**	**6 096**	
12.	**Distributed profit**	**161**	
13.	**Retained profit**	**5 935**	

Korea

Balance sheet reconciliation – *Commercial banks* – 2008

OECD presentation		Billion KRW	National presentation
	Assets		***Assets***
14.	**Cash and balance with Central bank**	**48 482**	
		11 455	Cash
		27 452	Deposits with the Bank of Korea
15.	**Interbank deposits**	**15 093**	
		5 569	Interbank deposits in won
		9 524	Interbank deposits in foreign currency
16.	**Loans**	**793 722**	
		713 448	Loans in won
		80 274	Loans in foreign currency
17.	**Securities**	**170 502**	
		10 620	Trading securities
		111 973	Available-for-sale securities
		42 960	Held-to-maturity securities
		4 951	Investments in associates
18.	**Other assets**	**150 277**	
	Liabilities		***Liabilities***
19.	**Capital and reserves**	**71 039**	
		23 113	Capital Stock
		47 926	Others
20.	**Borrowing from Central bank**	**7 328**	
21.	**Interbank deposits**	**0**	
22.	**Customer deposits**	**683 455**	
		646 863	Deposits in won
		36 592	Deposits in foreign currency
23.	**Bonds**	**152 955**	
24.	**Other liabilities**	**263 300**	
	Balance sheet total		***Balance sheet total***
25.	**End-year total**	**1 178 095**	

Luxembourg

I. Institutional coverage

The statistics published in *Banking Statistics – Financial Statements of Banks* relate to credit institutions in Luxembourg. The right to establish and operate a credit institution is governed by the Act of 5 April 1993 on the financial sector, as modified, which distinguishes between:

- Luxembourg banks and credit institutions. This category also includes savings banks and credit unions set up as agricultural associations or as co-operatives.
- Branches of foreign credit institutions. This category makes a distinction between branches of European Union (EU) credit institutions and branches of non-EU credit institutions.

The aforementioned Act theoretically makes all of the establishments cited above subject to the same legal requirements. For this reason, the data published in the quarterly bulletin of the Central bank of Luxembourg make no distinctions by category of bank. It should be noted, however, that the published figures do not include local rural savings banks.

II. Geographical coverage and degree of consolidation

The data in *Banking Statistics – Financial Statements of Banks* are taken from the quarterly bulletin of the Central bank of Luxembourg and cover all banks established or incorporated in Luxembourg, including branches of foreign banks. Foreign-based subsidiaries and branches of Luxembourg banks are included in the figures for the profit and loss account.

As of 31 December 2008, the financial sector comprised 152 credit institutions. Considering the banks by their geographical origin, German institutions constitute the largest group with 43 entities, followed by the Luxembourg and Belgian institutions with 21 entities. Other countries of origin are France and Italy with respectively 14 and 11 credit institutions, Switzerland with 12, Sweden with 7 and the United Kingdom with 6 banks. At present, there are 5 US and 5 Japanese banks. Among the 28 other institutions are banks from Bermuda, Brazil, Greece, Israel, Liechtenstein, Netherlands, the People's Republic of China, Portugal, Russia, Iceland and Turkey. In this connection, it may be noted that many banks in Luxembourg hold their capital in euro.

III. Summary description of activities of banks

In as much as all banks are subject to the same legal requirements, they are authorised to carry out all routine banking transactions. It is obvious, however, that not all banks are able to offer a full range of banking services. The focus here will be limited to an overview of bank activities and the distinguishing features of the Luxembourg financial sector.

The banks' primary activities are carried out in Euro markets, and most of their assets and commitments are denominated in this currency. Nevertheless, some banks, and the *Banque et Caisse d'Épargne de l'État* (State Savings Bank) in particular, transact a portion of their business with the resident non-bank sector.

Geographically speaking, the assets and commitments of Luxembourg establishments are heavily concentrated in the western economies, and particularly in those of the OECD member countries. The member States of the European Economic Area are the main providers of funds to establishments in Luxembourg; no less than 80 per cent of the deposits made in Luxembourg originate in these countries. The distribution of bank assets reflects the same orientation towards European Economic Area countries, to which more than 79 per cent of the loans granted by Luxembourg establishments are directed.

The dimensions attained by the Luxembourg financial market attributed a certain independence, which is illustrated, *inter alia*, by the emergence in Luxembourg of an interbank market linking euro-banks with traditional banks and enabling the latter to invest their surplus cash in international markets. In addition, recent years have seen a trend towards diversification of the activities of credit institutions in Luxembourg. Indeed, when the first symptoms of trouble on the euro-market arose in the late 1970s, many banks came to realise that their activities were too concentrated on euro-transactions. Thereafter, they refocused on banking activities having more to do with a private clientele. This shift was supported by a variety of legislative measures, especially in the areas of fiduciary operations, transactions involving precious metals and issuance of certificates of deposit.

These developments were reflected in the decline of the interbank market as a source of funds. This can be illustrated by the ratio of commitments to banks and to commitments to private clients, which dropped from 4.5 at the end of 1979 to 3.2 at year-end 1984, 1.2 by the end of 1996. Since end 2001, this rate is relatively stable at about 1.3.

All banks are authorised to conduct transactions in foreign currencies.

Lastly, it is important to grasp the monetary situation in Luxembourg in order to understand the activities of Luxembourg banks. Conditions have been regulated during many years by a protocol of monetary association between Belgium and Luxembourg. Under the terms of association, the Grand-Ducal Regulation of 31 March 1979 had stipulated the parity of exchange between the Belgian and Luxembourg currencies. It was the National Bank of Belgium that intervened in the foreign-exchange markets to maintain the value of the Belgian franc. There was no intervention in respect of the Luxembourg franc *per se*, and there was no separate trading of the Luxembourg franc on foreign-exchange markets: its external value was maintained indirectly by the action of the National Bank of Belgium insofar as its exchange rate *vis-à-vis* the Belgian franc was fixed.

It should be noted, however, that a Central bank of Luxembourg was created by the Act of 22 April 1998. On 1 June 1998, the Luxembourg Monetary Institute (*Institut Monétaire Luxembourgeois*), creation of which dates back to 20 May 1983, was in effect replaced by the Central bank of Luxembourg (*Banque Centrale du Luxembourg*). The setting up of a new institution was a necessary consequence of requirements laid down by the Maastricht Treaty, which entered into force on 1 November 1993. Articles 107 and 108 of the Treaty establishing the European Community, as amended, respectively emphasise the independence of each national Central bank (NCB) *vis-à-vis* all political power, and the compatibility of each member State's national legislation with this principle, to be achieved at the latest at the date of the establishment of the European System of Central banks (ESCB), which was ultimately set up on 1 June 1998 – coinciding with the creation of the Central bank of Luxembourg.

The main objective of the Central bank of Luxembourg is to maintain price stability and, without prejudice to that first objective, to support overall economic policy. It is responsible for issuing money in the form of banknotes and for introducing coins, which are issued by the Treasury, into circulation.

IV. Reconciliation of the national data with the OECD presentation

Income statement

Luxembourg practices in respect of provisions and depreciation

The supervisory authority issues instructions on valuation adjustments and provisions for claims. These instructions are consistent with the general principles of accounting law.

a) valuation adjustments and provisions must satisfy the criteria of prudence, sincerity and good faith;

b) they must be constituted systematically;

c) they must take all foreseeable risks into account.

Pursuant to the aforementioned instructions, banks constitute depreciation allowances and make valuation adjustments by debiting their profit and loss accounts, and they cancel provisions by crediting those accounts.

Distinctions are made between three categories of provisions and valuation adjustments: contingency provisions, the fund for general banking risks, and valuation adjustments. Within these categories there may be further subdivisions.

Contingency provisions

This item includes contingency provisions to cover:

- Losses or debts that are of a clearly defined nature and, at the date the balance sheet is established, either probable or certain, but the amount or date of occurrence of which is indeterminate.
- Expenses accruing in the current year or a prior year that are of a clearly defined nature and, at the date the balance sheet is established, either probable or certain, but the amount or date of occurrence of which is indeterminate.

Credit institutions may maintain their provisions in the currency in which their accounts are denominated, or in the currency in which the corresponding contingencies are denominated. Adjustments to provisions on account of exchange rate fluctuations are charged to the relevant items of the profit and loss account.

It should also be noted that contingency provisions may not exceed needs.

Fund for general banking risks

This heading includes sums that an institution sets aside to cover general banking risks when prudence dictates that allowance be made for special risks inherent in banking operations. Amounts credited to the fund may be included in Tier 1 capital.

Valuation adjustments

The term Valuation adjustment relates to any adjustment intended to reflect the depreciation – permanent or not – of assets as of the date on which the balance sheet is established.

Valuation adjustments, with the exception of those within the meaning of Section 62 of the Act on the accounts of banks and standard provisions, are to be made and maintained in the same currency as the corresponding assets. While the adjustments are a component of the foreign-exchange position in that currency, the general rules for assessing foreign-currency transactions are applicable thereto. Changes to valuation adjustments as a result of exchange rate fluctuations are posted to the relevant items of the profit and loss account.

Valuation adjustments within the meaning of Section 62 of the Act on the accounts of banks and standard provisions are to be maintained in the same currency as share capital.

- Valuation adjustments within the meaning of Section 62 of the Act on the accounts of banks. This section includes valuation adjustments that a credit institution may apply to the following asset items if prudence *vis-à-vis* the special risks inherent in banking operations so require:
  - *a)* claims on credit institutions and on clients, as well as leasing arrangements. Note that the Central bank of Luxembourg oversees the adequacy of valuation adjustments in respect of doubtful claims;
  - *b)* securities not constituting investments and not belonging to the commercial portfolio. A capital loss or depreciation of a security is booked as the excess of cost over market value. Any capital loss must give rise to a valuation adjustment to depreciate the securities portfolio by that same amount. Valuation adjustments are calculated separately for each distinct issue. This means that capital gains on some securities may not be used to offset capital losses on others. A valuation adjustment constituted earlier but no longer corresponding to a capital loss, because the market value of the issue in question has increased, may be maintained as long as the corresponding securities are kept in the bank's portfolio.
- Standard provisions: These are tax-deductible provisions set up by virtue of the Instructions from the Tax Director of 16 December 1997 concerning the tax treatment of standard provisions for non-recovery of the claims of credit institutions.Such provisions are restricted to assets to which no specific or foreseeable risk can be assigned, and for which no special provision has been constituted.
- Other valuation adjustments: These include valuation adjustments for specific and clearly specified risks, and thus for reflecting the depreciation (permanent or not) of assets at the date accounts are closed. Depreciation allowances for fixed assets are also taken into account.

Balance sheet

For some banks, the financial year does not correspond to the calendar year. The method adopted to incorporate figures from these establishments into the statistics is to include, in respect of a given year, all establishments closing their accounts in the last three quarters of the year in question and the first quarter of the year thereafter. Thus, for example, 2001 figures encompass financial years ending on 30 June 2001, 30 September 2001, 31 December 2001 and 31 March 2002. In recent years a very limited number of banks have changed their closing dates by inserting a financial year that was either shorter or longer than 12 months. Similarly, some new banks have opted to begin their activities with an initial financial year shorter or longer than 12 months. The resulting effects to some extent cancel each other out and have no significant impact on statistical orders of magnitude.

The figures presented are based on banks' year-end balance sheets. It should be noted that this method differs from the one used to compile the operating accounts of credit institutions.

Cash and cash equivalents

This line includes:

- coins and banknotes that are legal tender in their respective countries of issue;
- coins and medals made of precious metals and kept on hand to satisfy clients' routine needs;
- claims receivable on demand from the postal cheque office serving an area in which an establishment has an operating entity;
- claims available on demand from Central banks in countries in which an establishment has an operating entity.

Capital and reserves

In addition to capital, this line includes paid-in surplus and reserves.

Average total assets/liabilities

This is the average calculated over 12 months.

IV. Sources

The data in *Banking Statistics – Financial Statements of Banks,* compiled by the Central bank of Luxembourg, are available on the following sources:

- Quarterly bulletin.
- Annual report.
- Web site (*www.bcl.lu*).

Mexico

Time coverage refers to a calendar basis (1 January-31 December), based on end-year data. Average assets are calculated with two end-year totals. The number of periods reported for each bank group is determined by their respective data availability, quality and consistency.

I. Institutional coverage

The reported statistics cover *Commercial banks*, public savings and loan associations (included in *Savings banks*), credit unions (in *Co-operative banks*), and development banks (in *Other miscellaneous monetary institutions*). *Foreign Commercial Banks* refer to banks with majority control of foreign investors.

It is worth noting that of the 6 development banks accounted for, only one of them receives deposits from the general public, and one more takes deposits from national armed forces personnel.

The numbers for "All banks" and "Other financial institutions" refer to information received by the National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores* – CNBV), while data for "Insurance institutions" is obtained from other financial authorities (see Section V. *Sources*). Information for branches and employees is included according to the quality, availability and consistency of data.

II. Geographical coverage and degree of consolidation

A territorial approach is used. The data cover transactions made by banks both in national territory and abroad, but not by foreign deposit-taking subsidiaries. Subsidiaries are not included, although all domestic subsidiaries are not deposit-taking and the importance of foreign deposit-taking subsidiaries is not significant (hence, the territorial approach is quite similar to a domestically-controlled cross-border consolidation method). No inter-group consolidation adjustments are made.

For all reported figures, tradable instruments are valued at marketor fair value, non-tradable instruments are valued at nominal value, and provisions are valued according to their type of asset. Off-shore operations are expressed in line with national reporting criteria, which are very close to IAS/IFRS.

However, the change in IAS/IFRS accounting rules for financial instruments (concerning the use of "fair value" and not the concept of "historical cost"/"book value" for all financial assets and liabilities) was adopted as of 1 January 2007.

III. Summary description of activities of banks

1. Commercial banks

All commercial banks have been granted universal operating licenses, and hence are allowed to:

a) Receive deposits from the general public and financial institutions, in terms of *demand deposits*, *time deposits* and *interbank deposits*. Commercial bank deposits are insured (approximately 99% of the total number of accounts of *Commercial Banks* as of end 2009) by the Bank Savings Protection Institute (*Instituto de Proteccion al Ahorro Bancario* – IPAB, *www.ipab.org.mx*).

b) Conduct lending business, according to 3 main business lines:

- *commercial credit*, including corporate loans, loans to financial institutions and government loans;
- *mortgage loans*, for individual home buyers (loans to housing construction developers are considered as commercial credit);
- *consumer loans*, including credit cards, durable goods (including car loans), personal loans and financial leasing, among others.

c) Trade with securities, derivatives, foreign currency and precious metals, as well as debt securities issuance through public offerings.

d) Carry on other business operations, such as property appraisals, financial factoring, fiduciary and custody activities, promoting insurance products, and assuming obligations on behalf of third parties (issuing letters of credit, bank acceptances, underwriting and endorsing loans, etc.), among others.

As of 2007, a bank accounting standards amendment changed the legal and operational nature of repurchase agreements, eliminating the transfer of property from these operations in order to converge with international practices, which characterise them as collateralised loans. Although the recording of these transactions affected balance sheets significantly, reported figures for *Commercial banks* include adjustments to allow for time series comparability.

In addition, during 2008 and 2009, Commercial Banks increased their allowance for loan-losses for credit cards due to a regulatory change stating that these provisions should be calculated proactively on an *expected loss* basis (previously, they were determined reactively according to the number of past-due payments). Similar changes are expected during 2010 for mortgage and non-revolving consumer loans.

Prudential regulation regarding capital adequacy is very close to Basel II recommendations, including an early-warnings framework. As of end 2009, all commercial banks maintain capitalisation ratios above 10%.

As of December 2009, authorised banks are allowed to carry out deposits, withdrawals, payments (both to bank loans and non-banking services), queries on account balances, and other financial operations through commercial agencies, such as department and convenience stores.

2. Savings banks (savings and loan associations)

Savings banks are classified by the *National Banking and Securities Commission* in four different levels, depending on the sise of their assets and limiting the number of operations they allowed to carry out:

Type of savings bank	Asset size
Level 1	Up to 15 miu
Level 2	15 < Level 2 ≤ 50 miu
Level 3	50 < Level 3 ≤ 280 miu
Level 4	More than 280 miu

miu = million investment units; 1 investment unit = 0.3322 USD as of end 2009.

All *Savings banks* are authorised to:

a) Receive deposits from the general public and financial institutions, in terms of *demand deposits*, *time deposits* and *interbank deposits*. Besides managing debit cards, *Savings banks* are allowed to issue pre-paid cards.

b) Conduct lending business, including *commercial*, *mortgage* and *consumer* loans (as described for *Commercial Banks* in the previous section). Credit cards are reserved only to Level 4 *Savings banks*.

c) Trade with securities, but not with derivatives, foreign currency or precious metals. Investments in retirement funds and mutual funds are only allowed to Level 4 *Savings banks*.

d) Promote insurance and bonding products.

According to their classification, *Savings banks* are incrementally allowed to perform the following additional operations:

Level 2: financial factoring, as well as payroll and safe deposit services;

Level 3: financial leasing, cash management and treasury services (in addition to Level 2 operations);

Level 4: debt securities issuance through public offerings, as well as assuming obligations on behalf of third parties through bank acceptances, loan endorsements and loan underwritings (in addition to Level 3 operations).

3. Co-operative banks (credit unions)

According to the number of operations they are allowed to perform, *co-operative banks* are classified by the *National Banking and Securities Commission* in three different levels, limiting the number of operations they allowed to carry out:

Type of co-operative bank	Required shareholders' equity
Level 1	At least 2 miu
Level 2	At least 3 miu
Level 3	At least 5 miu

miu = million investment units; 1 investment unit = 0.3322 USD as of end 2009.

All *co-operative banks* are authorised to:

a) Receive deposits exclusively from their members and from financial institutions, in terms of *demand deposits*, *time deposits* and *interbank deposits*.

b) Conduct lending business, limited only to *commercial* loans (as described for *commercial banks*).

c) Trade with securities and derivatives. Operations with derivatives are limited only for hedging purposes. Debt securities issuance through public offerings is allowed, but excludes subordinated debt. They can also trade with foreign currency exclusively with their members.

d) Carry on other business operations with their members, such financial factoring, financial leasing fiduciary and custody activities, promoting insurance products, and assuming obligations on behalf of third parties (issuing letters of credit, underwriting and endorsing loans, etc.), among others.

4. Other miscellaneous monetary institutions (development banks)

Although development banks are allowed to exercise practically the same operations as *commercial banks,* some of them depend on the internal ruling of each institution.

As of 2007, a bank accounting standards amendment changed the legal and operational nature of repurchase agreements, eliminating the transfer of property from these operations in order to converge with international practices, which characterise them as collateralised loans. The recording of these transactions affected balance sheets significantly, specifically investment securities.

IV. Reconciliation of national data with the OECD presentation*

V. Sources

Data for banks and other financial institutions come from financial information received by the National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores* – CNBV – *www.cnbv.gob.mx*). Data on insurance institutions are obtained from figures received by the National Insurance and Bonding Commission (*Comisión Nacional de Seguros y Fianzas* – CNSF – *www.cnsf.gob.mx*) and the National Retirement Savings System Commission (Comisión *Nacional del Sistema de Ahorro para el Retiro* – CONSAR – *www.consar.gob.mx*).

* See the tables "Income Statement Reconciliation" and "Balance Sheet Reconciliation" that follow.

National presentation of income statement

1.	Interest income	*Ingresos por intereses*
2.	Interest expenses	*Gastos por intereses*
	Net interest income	***Margen financiero***
3.	Loan-loss allowance	*Estimación preventiva para riesgos crediticios*
4.	Fees and commissions receivable	*Comisiones y tarifas cobradas*
5.	Fees and commissions payable	*Comisiones y tarifas pagadas*
6.	Net income on financial operations	*Resultado por intermediación*
7.	Other income and expenses on operations	*Otros ingresos (egresos) de la operación*
7.1.	Incurred employee profit sharing expenses	*Participación de los trabajadores en las utilidades causada*
7.2.	Deferred employee profit sharing expenses	*Participación de los trabajadores en las utilidades diferida*
7.3.	Dividend income	*Dividendos de inversiones permanentes*
7.4.	Other operating income and expenses	*Otros ingresos (egresos) de la operación*
8.	Operating expenses	*Gastos de administración y promoción*
8.1.	Wages and benefits	*Remuneraciones y prestaciones*
8.2.	Professional fees	*Honorarios*
8.3.	Net cost of retirement liabilities	*Costo neto de obligaciones laborales al retiro*
8.4.	Property rents	*Rentas*
8.5.	Depreciations and amortisations	*Depreciaciones y amortizaciones*
8.6.	Publicity expenses	*Gastos de promoción y publicidad*
8.7.	Taxes and other rights	*Impuestos y derechos diversos*
8.8.	Non-deductible expenses	*Gastos no deducibles*
8.9.	Technology investments	*Gastos en tecnología*
8.10.	Contributions to Bank Savings Protection Institute	*Aportaciones al IPAB*
8.11.	Revaluations	*Incremento por actualización*
8.12.	Other operating expenses	*Otros gastos de administración y promoción*
	Operating income	***Resultado de la operación***
9.	Other non-recurring income	*Otros productos*
10.	Other non-recurring expenses	*Otros gastos*
11.	Incurred income taxes	*Impuestos a la utilidad causados*
12.	Deferred income taxes	*Impuestos a la utilidad diferidos*
13.	Income from subsidiaries and associates	*Participación en el resultado de subsidiarias y asociadas*
14.	Discontinued operations	*Operaciones discontinuadas*
	Net income	***Resultado neto***

Mexico

Income statement reconciliation – *Commercial banks* – 2009

OECD presentation		Million pesos	National presentation	
1.	**Interest income**	**395 916**		
			1.	Interest income
			7.3.	Dividend income
2.	**Interest expenses**	**159 862**	2.	Interest expenses
3.	**Net interest income**	**236 054**		
4.	**Non-interest income (net)**	**110 219**		
	a. Fees and commissions receivable	75 380	4.	Fees and commissions receivable
	b. Fees and commissions payable	14 896	5.	Fees and commissions payable
	c. Net profit or loss financial operations	33 518	6.	Trading income
	d. Other net non-interest income	16 217		
			7.4.	Other operating income and expenses
			9.	Other non-recurring income
			10.	Other non-recurring expenses
			13.	Income from subsidiaries and associates
			14.	Discontinued operations
5.	**Net interest and non-interest income**	**346 273**		
6.	**Operating expenses**	**158 764**		
	a. Staff costs	76 364		
			8.1.	Wages and benefits
			8.2.	Professional fees
			8.3.	Net cost of retirement liabilities
	b. Property costs	7 804		
			8.4.	Property rents
			8.5.	Depreciations and amortisations
	c. Other operating expenses	74 595		
			8.6.	Publicity expenses
			8.7.	Taxes and other rights
			8.8.	Non-deductible expenses
			8.9.	Technology investments
			8.10.	Contributions to Bank Savings Protection Institute
			8.11.	Revaluations
			8.12.	Other operating expenses
7.	**Net income before provisions**	**187 509**		
8.	**Net Provisions**	**107 014**		
	a. Provisions on loans	107 014	3.	Loan-loss allowance
	b. Provisions on securities	0		
	c. Other net provisions	0		
9.	**Income before tax**	**80 495**		
10.	**Income tax**	**14 731**		
			11.	Incurred income taxes
			12.	Deferred income taxes
11.	**Profit after tax**	**65 764**		
12.	**Distributed profit**	**3 525**	7.1.	Incurred employee profit sharing expenses
			7.2.	Deferred employee profit sharing expenses
13.	**Retained profit**	**62 239**		

National presentation of balance sheet

1.	**Assets**	***Activo***
2.	Cash and due	*Disponibilidades*
2.1.	In other financial entities	*Depósitos en otras entidades financieras*
2.2.	Interbank deposits (call money operations)	*Préstamos interbancarios (call money)*
2.3.	Other cash and due	*Otras disponibilidades*
3.	Investment securities	*Inversiones en valores*
3.1.	Held-for-trading securities	*Títulos para negociar*
3.1.1.	Government debt	*Deuda gubernamental*
3.1.2.	Bank debt	*Deuda bancaria*
3.1.3.	Other Debt	*Otros títulos de deuda*
3.1.4.	Equity	*Instrumentos de patrimonio neto*
3.2.	Available-for-sale securities	*Títulos disponibles para la venta*
3.2.1.	Government debt	*Deuda gubernamental*
3.2.2.	Bank debt	*Deuda bancaria*
3.2.3.	Other Debt	*Otros títulos de deuda*
3.2.4.	Equity	*Instrumentos de patrimonio neto*
3.3.	Held-to-maturity securities	*Títulos conservados a vencimiento*
3.3.1.	Government debt	*Deuda gubernamental*
3.3.2.	Bank debt	*Deuda bancaria*
3.3.3.	Other Debt	*Otros títulos de deuda*
4.	Transactions with securities and derivatives	*Operaciones con valores y derivados (saldo deudor)*
5.	Performing loans	*Cartera de crédito vigente*
6.	Non-performing loans	*Cartera de crédito vencida*
7.	Loan-loss allowance	*Estimación preventiva para riesgos crediticios*
8.	Other accounts receivable	*Otras cuentas por cobrar*
9.	Repossessed assets	*Bienes adjudicados*
10.	Bank premises and fixed assets	*Inmuebles, mobiliario y equipo*
11.	Long-term equity investments	*Inversiones permanentes*
12.	Long-term available-for-sale assets	*Activos de larga duración disponibles para la venta*
13.	Deferred income taxes and employee profit sharing	*Impuestos y PTU diferidos (a favor)*
14.	Other assets	*Otros activos*
15.	**Liabilities**	***Pasivo***
16.	Demand deposits	*Depósitos de exigibilidad inmediata*
17.	Term deposits	*Depósitos a plazo*
18.	Bank bonds and other securities	*Bonos bancarios y otros títulos de crédito emitidos*
19.	Interbank loans	*Préstamos interbancarios y de otros organismos*
19.1.	Short-term deposits in Central Bank	*Préstamos de Banco de México de corto plazo*
19.2.	Long-term deposits in Central Bank	*Préstamos de Banco de México de largo plazo*
19.3.	Other interbank loans	*Otros Préstamos Interbancarios*
20.	Subordinated bonds	*Obligaciones subordinadas en circulación*
21.	Transactions with securities and derivatives	*Operaciones con valores y derivados (saldo acreedor)*
22.	Collateral sold or given in guarantee	*Colaterales vendidos o dados en garantía*
23.	Other accounts payable	*Otras cuentas por pagar*
24.	Deferred income taxes and employee profit sharing	*Impuestos y PTU diferidos (a cargo)*
25.	Deferred credit and collections in advance	*Créditos diferidos y cobros anticipados*
26.	**Shareholders' equity**	***Capital contable***

Mexico

Balance sheet reconciliation – *Commercial banks* – 2009

	OECD presentation	Million pesos		National presentation
	Assets			***Assets***
14.	**Cash and balance with Central bank**	**453 736**	**2.3.**	**Other cash and due**
15.	**Interbank deposits**	**110 554**	**2.1.**	**In other financial entities**
			2.2.	Interbank deposits (call money operations
16.	**Loans**	**1 968 554**	**5.**	**Performing loans**
			6.	Non-performing loans
17.	**Securities**	**1 590 693**	**3.**	**Investment securities**
18.	**Other assets**	**705 001**	**4.**	**Transactions with securities and derivatives**
			7.	Loan-loss allowance
			8.	Other accounts receivable
			9.	Repossessed assets
			10.	Bank premises and fixed assets
			11.	Long-term equity investments
			12.	Long-term available-for-sale assets
			13.	Deferred income taxes and employee profit
			14.	Other assets
	Liabilities			***Liabilities***
19.	**Capital and reserves**	**516 376**	**26.**	**Shareholders' equity**
20.	**Borrowing from Central bank**	**44 008**	**19.1.**	**Short-term deposits in Central Bank**
			19.2.	Long-term deposits in Central Bank
21.	**Interbank deposits**	**127 160**	**19.3.**	**Other interbank loans**
22.	**Customer deposits**	**2 222 487**	**16.**	**Demand deposits**
			17.	Term deposits
23.	**Bonds**	**151 189**	**18.**	**Bank bonds and other securities**
			20.	Subordinated bonds
24.	**Other liabilities**	**1 767 319**	**21.**	**Transactions with securities and derivatives**
			22.	Collateral sold or given in guarantee
			23.	Other accounts payable
			24.	Deferred income taxes and employee profit
			25.	Deferred credit and collections in advance
	Balance sheet total			***Balance sheet total***
25.	**End-year total**	**4 828 538**		

Netherlands

I. Institutional coverage

The statistics published in *Banking Statistics – Financial Statements of Banks* cover, as from 1989, universal banks, banks organised on a co-operative basis, savings banks, mortgage banks, other capital market institutions and security credit institutions. These institutions constitute the most important sectors of the Dutch banking system. As a result of the process of despecialisation, the Netherlands Bank (the Bank) – the Central bank and banking supervisory authority – no longer distinguishes between these groups for statistical purposes. Before 1989, the data include only universal banks and banks organised on a co-operative basis.

Since January 1979, the size and structure of the banking system are largely determined by the subsequent acts on banking supervision. The Act on the Supervision of the Credit System 1978 confined the banking system to the so-called credit institutions and capital market institutions. These institutions are those defined as legal entities, partnerships, limited partnerships and individuals whose business is to obtain funds, withdrawable at less than two years' notice (credit institutions) or at two years' notice or more (capital market institutions). They also grant credits and make investments on their own account. The Act on the Supervision of the Credit System 1992 (the Act), which implemented the Second European Union (EU) Banking Directive, took effect on 1 January 1993. Under the Act, capital market institutions no longer form a separate category.

An enterprise or institution is permitted to conduct banking business only after it has been granted a license from the Bank. An institution which has obtained a license is then recorded in a Register (the Register) maintained by the Bank, as stipulated in the Act on the Supervision of the Credit System, 1992. It is explicitly stated that enterprises and institutions which have not been registered may not use the word "bank" and are not allowed to approach the public or to act as intermediary in any way for the purpose of commercially soliciting deposits. Exemptions or dispensations from some of the relevant sections, which are incorporated in the Act or granted by the Minister of Finance, having consulted the Bank, are limited and only relate to enterprises or institutions with a special character.

The group "Large commercial banks" represent the four largest banks. They represent more than 80 per cent of the balance sheet total. Savings banks, co-operative banks and other miscellaneous monetary institutions are included within the group "Commercial banks". Most of these institutions do not report separately because they are consolidated (as a subsidiary) in the group company.

II. Geographical coverage and degree of consolidation

The data include all banks operating within the country, *i.e.* domestic banks, as well as branches and subsidiaries of foreign banks. Exception to this is the *memorandum items* on capital adequacy, for which the data for branches from EU credit institutions are excluded.

If a credit institution has a majority participation in a financial institution which is also a subsidiary of a group company, the assets and liabilities and the results of the participation are included for 100 per cent in the consolidated balance sheet and the consolidated profit and loss account, respectively. Any interest of third parties must then be shown separately.

Participations in non-financial institutions must be treated as set out above, unless their business activities differ so markedly from the group's other activities that consolidation would not contribute to the insight into the financial statements. The financial statistics of joint ventures must, where financial institutions are concerned, be included proportionally in the credit institution's consolidated annual accounts, to the extent that this is conducive to the insight into the financial statements.

III. Summary description of activities of banks

The activities of banks in the Netherlands can be classified broadly into three groups.

On-balance sheet activities

One salient feature of the banking business, mentioned in the definition of a credit institution in the Act, is to grant credits and to make investments on the bank's own account.

The granting of credits consists of all kinds of lending facilities, *i.e.* lending with a national and an international character for short (including current account and overdraft credits as well as bill and acceptance finance), medium and long periods to all possible debtors: governments, banks, the non-bank business sector and the households sector. It concerns lending with guarantees or lending covered by marketable securities or real estate (mortgage lending) as well as lending without guarantee or cover. Investing relates to all sorts of financial assets such as cash, call money, treasury paper, certificates of deposit, securities, bills, promissory notes as well as investments in financial and non-financial participations, real estate, equipment and precious metals. It should be noted that all these activities are subject to the prudential supervision of the banking system.

According to the definition of a credit institution in the Act, the second salient feature of a credit institution is to obtain funds. Besides long-term financing, which consists of share capital, subordinated loans, notes, bonds and other loans with an original term of at least two years, most funds have been obtained from banks and the non-bank private sector (both business and households) in the form of deposits and cash balances, or borrowed in the money market. The deposit business includes temporary investment of money of business clients that is not immediately required for production purposes in the business sector of the economy as well as savings mostly from the households sector. The accounts consist of private checking accounts (transfer accounts and salary accounts) and savings accounts, notice savings accounts and fixed-term savings accounts. In addition, marketable savings instruments have been issued in the form of savings certificates and notes (security-like documents of value). In the money market, the most important participants are the Bank and the credit institutions.

Off-balance sheet activities

Besides lending and deposit business, banks provide a wide range of services which are not reflected in their balance sheets. These services concern lending-related business (documentary credits, several kinds of commitments, guarantees, etc.) as well as other business (interest rate and foreign exchange transactions, securities services, trustee activities, brokerage activities for certain types of insurance and for travel and holiday arrangements, etc.).

Intermediation in the payment system

The banks in the Netherlands offer facilities for national and international payments. By means of a giro-transfer system, each account holder can transfer money from his account to another account with the same bank or another credit institution by completing a pre-printed transfer form or by using issued payment orders, by using cards for automatic funds transfer or by internet transfer. As a result of these developments, payments in the Netherlands take place largely through a transfer system.

IV. Reconciliation of the national data with the OECD presentation*

Income statement

As from the 1997 edition of *Banking Statistics – Financial Statements of Banks*, income statement data have been taken from and are represented according to one of the Banks quarterly report forms. The yearly reporting form which is used in Table 5.7 of the Statistical Bulletin of the Bank, does not contain all the required details of Table 1.

Interest income, interest expenses and net interest income

Interest income relates to interest income on loans and bonds, the investment portfolio and the result of interest rate arbitrage (interest plus or minus forward premium or discount in respect of swaps, mismatching forward transactions or other cover operations). Interest expenses relate to interest in respect of (subordinated) loans, money borrowed and deposit liabilities.

Net non-interest income

Net non-interest income comprises Commission, Results on financial transactions, Other income, Extraordinary income and expenses and Income from securities and participating interests.

Commission

These items comprise income in the form of fees received or receivable in the instance of services performed for third parties and charges in the form of fees paid or to be paid on account of services rendered by third parties, to the extent that such income and charges do not constitute interest (such as lending commission calculated on the basis of the maturity or amount of the debt).

* See also the tables "Income Statement Reconciliation" and "Balance Sheet Reconciliation" that follow.

Results on financial transactions

This item comprises the following income and charges:

- All price and valuation differences in respect of shares and other variable-yield securities as well as debt securities including fixed-income securities not held as financial fixed assets.
- All exchange rate differences in respect of the holding of assets, liabilities and forward contracts and the results of the related hedging transactions, in currencies other than that in which the annual accounts are drawn up. Excluded are exchange rate differences in respect of capital invested in foreign establishments and the related hedging transactions. These exchange rate differences and the results of the related hedging transactions are to be debited or credited, whichever is appropriate, to a separate reserve for exchange rate differences.
- All price and valuation differences in respect of trading in other financial instruments.
- Results of trading in precious metals.

Other income

This item comprises income not classifiable elsewhere and not constituting extraordinary income.

Extraordinary income and expenses

Relates to income and expenditure not ensuing from normal banking operations.

Income from securities and participating interests

This item comprises income from shares and other variable-yield securities, income from group companies, income from participating interests and profit/loss on sale of participating interests not classified as extraordinary income or extraordinary charges.

Staff costs

This item comprises staff costs, such as salaries, social security costs and costs in respect of pensions, as well as other administrative expenses.

Other operating expenses

This item comprises all charges not classifiable elsewhere and not constituting extraordinary charges.

Net provisions

This item comprises Value adjustments to receivables, Value adjustments to financial fixed assets and Transfers to and from the Fund for general banking risks.

Value adjustments to receivables

This item comprises all value adjustments in respect of loans and advances to credit institutions and to customers, as well as value adjustments in respect of provisioning for some off-balance-sheet items. (Up to and including 1992, this item comprises "Value adjustments to financial fixed assets" and "Transfer to provision for loan losses and/or country risk").

Value adjustments to financial fixed assets

This item comprises all value adjustments in respect of Debt securities including fixed-income securities and Shares and other variable-yield securities (held as financial fixed assets), of Participating interests in group companies and Other participating interests, to the extent that the value adjustments are not charged to the revaluation reserve.

Transfers to and from the Fund for general banking risks

This item comprises the balance of transfers to and from the Fund for general banking risks to the extent that such transfers are required by prudential policy in view of the general risks inherent in banking.

Income tax

This item comprises the tax liability on the pre-tax profit or loss on ordinary activities.

Balance sheet

Balance sheet data have been derived from one of the Banks quarterly report forms. The yearly reporting form which is used in Table 5.6 of the Statistical Bulletin of the Bank, does not contain all the required details of Table 1.

Borrowing from Central bank and Interbank deposits

While Borrowing from Central bank (item 20) data have been derived from DNB's Balance Sheet (which is published in the *Annual Report* of the bank), Interbank deposits are derived from Table 5.6. As opposed to the national framework in Table 5.6, Interbank deposits (item 21) excludes Borrowing from Central bank which is recorded separately under item 20.

Memorandum items

As from 2005 data, short-term securities cannot be calculated separately. The short-term securities are included in the items "Bonds" and "Shares and participations".

Capital adequacy

Data on items 32 up to and including 36 pertain to the institutions which have been registered in Sections I and II of the Register, *i.e.* capital adequacy data of branches of credit institutions established in European Union (EU) countries (Section III) are not included. Data have been derived from internal calculations by the Bank.

Risk-weighted assets

As of 1996, capital requirements have been imposed for market risks under the EU Capital Adequacy Directive. The figure for Risk-weighted assets is therefore calculated as the total of credit risk and market risk capital requirement, multiplied by 12.5, in order to obtain the correct capital adequacy ratio for the banks concerned as published by the Bank.

Supplementary information

Number of institutions and Number of branches

Number of institutions (item 37) includes branches of foreign banks and has been derived from the Register (Sections I, II and III); as from 1999 the number of independently reporting institutions only are presented. Number of branches (item 38) reflects the total number of bank offices in the sense of selling points.

V. Notes on the national reporting framework

As from 1993, the model for the profit and loss account has been adjusted to reflect the requirements of banks' annual accounts legislation as referred to in Section 415 of Volume 2 of the Civil code. This new model applies to the financial years commencing on or after 1 January 1993. Data for years prior to 1993 have been restated in conformity with the structure of the new model. When interpreting the statistics, allowance should be made for the fact that the differences between the 1992 and 1993 data reflect not only the movements in the various variables but also the changes in the system.

As from December 2004, institutions are able to report new forms based on IAS/IFRS. These forms make it more difficult to fit in the data within the model of Table 1. Therefore, some items show breaks in series. The year 2005 is the first year that includes data based on IAS/IFRS.

The IAS/IFRS model of the balance sheet, which is used for our publications, cannot be directly linked to the OECD model. Therefore, the data presented below in the balance sheet table, as well as in the income statement table, relate to 2005.

As from 2008, the FINREP model is applied by the Dutch reporting entities. The FINREP model is developed by the Committee of European Banking Supervisors (CEBS). This organisation consists of most of the supervisional autorities and is trying to make an universal reporting model. The changes in the model are as many as possible redressed to the existing banking profitability model.

With regard to the national reporting framework for balance sheet data, the following can be observed:

For the valuation of assets and liabilities detailed recommendations have been given. The most important elements can be summarised as follows:

- Claims, certificates of deposits, commercial paper and Euronotes, to be valued at face value less any write-downs which are considered necessary.
- Bonds included in the investment portfolio to be valued at redemption value less any write-down reflecting a permanent decline in value.
- Bonds included in the dealing portfolio, shares, options and premiums to be valued at the last known quotation at balance sheet date less any write-down reflecting reduced marketability.
- Bank premises and premises let by way of long-term investment to be valued at current value (replacement value and possible selling price respectively).
- Premises and ships obtained from public sale, buildings under construction and development projects to be valued at cost.

Compensation of debit and credit balances is not allowed in principle, except in the cases listed below. Compensation of balances is compulsory for current account balances and for balances at a fixed equal term, provided that:

- The accounts belong to the same holder or group.

- The accounts belong to different holders. Compensation of balances in this case is allowed if one of the following arrangements has been made:
  a) The credit balance is formally pledged to the bank as security for the debit balance.
  b) The debit balance is for account and risk of the creditor, or the creditor is guarantee for the debtor, or the creditor and the debtor are jointly and severally liable for the debit balance; while at the same time the credit balance is formally pledged to the bank as security for the creditor's liability. In cases where the relationship between the bank and the creditor is subject to General Conditions and these already provide for such a pledge, no separate pledge agreement need be concluded.
  c) The bank is empowered to obtain full discharge *vis-à-vis* the creditor at any time by assigning its claim on the debtor to the creditor.

VI. Sources

The data in *Banking Statistics – Financial Statements of Banks* has been compiled by the Netherlands Bank (De Nederlandshe Bank – DNB).

Netherlands

Income statement reconciliation – *All banks* – 2005*

OECD presentation		Million EUR	National presentation*
1.	**Interest income**	**125 373**	**Interest income**
2.	**Interest expenses**	**95 638**	**Interest expense**
3.	**Net interest income**	**29 736**	
4.	**Net non-interest income**	**25 671**	
	a-b. Fees and commissions (net)	11 550	Commission
	c. Net profit or loss on financial operations	5 199	Results on financial transactions
	d. Other net non-interest income	8 922	
		6 667	Other income
		466	Extraordinary income and expenses
		1 789	Income from securities and participating interests
5.	**Net interest and non-interest income**	**55 407**	
6.	**Operating expenses**	**36 952**	
	a. Staff costs	18 948	Staff costs
	b. Property costs	2 141	Depreciation
	c. Other operating expenses	15 863	
		15 685	Other administrative expenses
		178	Other operating expenses
7.	**Net income before provisions**	**18 455**	
8.	**Net provisions**	**1 498**	
	a. Provisions on loans	1 446	Value adjustments to receivables
	b. Provisions on securities	53	Value adjustments to financial fixed assets
	c. Other net provisions	–1	Transfer to/from fund for general banking risks
9.	**Income before tax**	**16 958**	
10.	**Income tax**	**3 438**	**Taxation on operating result**
11.	**Net income after tax**	**13 520**	
12.	**Distributed profit**	. .	
13.	**Retained profit**	. .	

* The figures shown here are slightly different from the data published in the statistical volume.

1. The figures correspond to Table 5.7 in the Statistical Bulletin of the Bank (also downloadable from *www.dnb.nl*, Research and Statistics, DNB Statistics). Due to introducing a new reporting form, the lay out of Table 5.7 is not comparissible to the lay out used in this publication.

Netherlands

Balance sheet reconciliation – *All banks (consolidated balance sheet)* – 2005*

OECD presentation		Million EUR	National presentation*
	Assets		***Assets***
14.	**Cash and balance with Central bank**	**48 183**	**Cash [1]**
15.	**Interbank deposits**	**285 412**	**Banks**
16.	**Loans**	**1 408 789**	**Loans and advances**
17.	**Securities**	**609 758**	
		0	Short-dated government paper
		523 996	Interest-bearing securities
		85 762	Shares
			Participating interests
18.	**Other assets**	**417 872**	
		6 091	Intangible assets
		21 634	Property and equipment
		70 282	Prepayments and accrued income
		319 865	Other assets
	Liabilities		***Liabilities***
19.	**Capital and reserves**	**94 548**	
		5 072	Share capital
		59 922	Reserves
		16 817	Share premium reserve
		5 467	Revaluation reserve
		798	Reserves prescribed by law and articles of association
		36 840	Other reserves
		16 044	Undistributed profit
		13 510	Third-party interests
20.	**Borrowing from Central bank**	**35 701**	**Lending to euro area credit institutions**
21.	**Interbank deposits**	**517 432**	
		517 432	Banks
		35 701	less: Borrowing from Central bank
22.	**Customer deposits**	**1 123 410**	**Funds entrusted**
		484 432	Savings accounts
		638 578	Other funds entrusted
23.	**Bonds**	**511 509**	**Debt securities**
24.	**Other liabilities**	**523 115**	
		427 133	Other liabilities
		35 181	Accruals and deferred income
		14 850	Provisions
		0	Fund for general banking risks
		45 951	Subordinated liabilities
	Balance sheet total		***Balance sheet total***
25	**End-year total**	**2 770 014**	
	Memorandum items		**Memorandum items**
	Assets		***Assets***
27	**Short-term securities**	**0**	**Short-dated government paper**
28	**Bonds**	**523 996**	**Interest-bearing securities**
29	**Shares and participations**	**85 540**	
		77 000	Shares
		8 540	Participating interests
30	**Claims on non-residents**	..	
	Liabilities		***Liabilities***
31.	**Liabilities to non-residents**	..	

* The figures shown here are slightly different from the data published in the statistical volume.

1. The figures correspond to Table 5.6 in the Statistical Bulletin of the Bank (also downloadable from *www.dnb.nl*, Research and Statistics, DNB Statistics). Due to introducing a new reporting form, the layout of Table 5.6 is not comparable to the layout used in this publication.

New Zealand

The information included in the three tables in *Banking Statistics – financial statements of banks* is for December years. Exceptions are mentioned under "sources of data".

I. Institutional coverage

The statistics published in Tables 1 (income statement and balance sheet) and 3 (classification of assets and liabilities of banks) cover organisations registered as banks in New Zealand under the Reserve Bank of New Zealand Act 1989. A significant number of registered banks are branches of foreign banks. Values for branches of foreign banks included in the aggregate data are provided as memo items in Table A at the end of these notes. As at 31 December 2009, there were ten foreign bank branches, six locally-incorporated but overseas-owned banks, and three New Zealand-owned banks. A history of banks registered in New Zealand is available from the Reserve Bank of New Zealand (RBNZ) website (*www.rbnz.govt.nz/nzbanks*).

Other than for banks and the central bank, most of the rest of the data in Table 2 (Structure of the financial system) is from statistical surveys conducted by the RBNZ. These surveys capture aggregate asset values for institutions defined in Table 2 as "Other financial institutions" and "Insurance institutions". Values are not comprehensive, but are estimated to cover more than 98% of total aggregate value.

Registered banks comprise around 80 per cent of financial system institutional assets. Other non-bank lending institutions account for a further 7 per cent, with the remainder comprising managed fund, pension and insurance assets.

During the year 2009, a locally-incorporated but overseas-owned bank and a foreign bank branch were registered and a foreign bank branch gave up its registration. There have been no changes in definitions used for Banking Statistics statistics.

II. Geographical coverage and degree of consolidation

The data in Table 1 has been aggregated from the financial statements published by registered banks in their quarterly General Disclosure Statements. General Disclosure Statements present the consolidated accounts of the business administered by the New Zealand head office of the registered bank. Less than 2% of this business is situated outside New Zealand.

The data in Table 2 is based on consolidated accounts.

Non-resident financial data in Table 3 is sourced from monthly standard statistical returns (SSRs). This data is reconciled to aggregate General Disclosure Statement (GDS) financial data, which is the source used to allocate residency to equity values.

III. Structure of the financial system

New Zealand's financial system comprises:

- Registered banks.
- Other financial institutions:
  - building societies;
  - finance companies;
  - savings and credit cooperatives;
  - credit unions;
  - friendly societies;
  - managed funds (long-term savings excluding pensions and life insurance).
- General and life insurance companies.
- Pension funds.

A range of specialist financial capital market institutions operate in New Zealand, including money market brokers, foreign exchange brokers, credit card issuers and investment and merchant banks.

In New Zealand there are no defined regulatory sub-categories for "banks" – *e.g.* "savings banks", commercial banks, regional and public sector banks. The New Zealand financial market is not as deep as those of the G10, for example. Specialist financial institutions (*e.g.* money market dealers, foreign exchange dealers) are few in number.

Publications available on the RBNZ website that provide an overview of the financial market structure or comment on the New Zealand financial system include:

- From 2001 to 2004: Reserve Bank of New Zealand's June *Bulletin* – an article entitled "Developments in the New Zealand banking industry" (*www.rbnz .govt.nz/research/bulletin*).
- From October 2004 – Reserve Bank of New Zealand's Financial Stability Reports (*www.rbnz.govt.nz/finstab/fsreport/index.html*).
- Reserve Bank Bulletin, June 2003 – an article entitled "Financial intermediation beyond the banks" (*www.rbnz.govt.nz/research/bulletin/2002_2006/jun2003.html*)

A number of government agencies have financial system and market regulatory and/or supervisory responsibility. An overview of financial sector regulation in New Zealand can be found in "New Zealand financial sector regulation", *Reserve Bank Bulletin,* December 2003 (*www.rbnz.govt.nz/research/bulletin/2002_2006/dec2003.html*).

Major agencies involved are:

- The Reserve Bank of New Zealand, which registers and supervises banks, regulates non-bank deposit-takers and is in the process of becoming the regulator and supervisor for the insurance sector (*www.rbnz.govt.nz*).
- The Commerce Commission, which enforces legislation promoting competition in New Zealand markets and prohibits misleading and deceptive conduct by traders (*www.comcom.govt.nz*).
- The Securities Commission – New Zealand's securities market regulator (*www.sec-com.govt.nz*).
- The Ministry of Economic Development (MED), which is responsible for regulatory policy development (*www.med.govt.nz*). Through the Companies Office it registers companies,

superannuation funds, incorporated societies, building societies, charitable trusts, unit trusts, friendly societies and credit unions (*www.companies.govt.nz*).

A comprehensive review of New Zealand's regulatory framework was begun in 2005. Information regarding the review may be found on the Ministry of Economic Development's website (*www.med.govt.nz*). Recommendations from the review are currently being implemented.

IV. Summary description of activities of banks

There are no restrictions on the type of financial products that may be offered by registered banks. There is a limit on the amount of insurance business that may be undertaken. A wide range of financial products is offered, with some banks offering a comprehensive range of products and others operating in niche markets.

The four largest banks operate in both the retail and wholesale markets. All branch banks operate in the wholesale markets and a minority of foreign-owned banks offer retail products. The three domestically-owned banks are small retail banks.

V. Reconciliation of national data with the OECD presentation

Income statement and balance sheet

In 1996, the RBNZ introduced a public disclosure regime requiring all banks to publish financial and other relevant information on a quarterly basis. These public documents, the most important of which are the General Disclosure Statements, replaced regulatory returns to the RBNZ.

The data in Table 1 has been aggregated from information in General Disclosure Statements (from 1996) and the pre-1996 regulatory return data.

As the consolidated data for a banking group is used, where a bank is a subsidiary of another bank it will be excluded from the aggregations.

Data are on a gross basis. For those registered banks netting a liability off against an asset under the right of set off accounting standard, the RBNZ has used the gross amounts.

Capital adequacy data only applies to New Zealand-incorporated banks.

Registered banks have different annual balance dates. Income data in these tables are derived from quarterly GDS, cumulating to an annual total at 31 December.

Up to 2004, the information provided is based on local accounting standards. New Zealand has moved from domestic accounting standards to those issued by the International Accounting Standards Board. Organisations could use these standards for annual accounting periods beginning on or after the 1 January 2005 but were not required to do so until their annual accounting period beginning on or after 1 January 2007. Some overseas-owned banks adopted the new standards in their financial year beginning in 2005 to be consistent with their global accounting practice. Other banks waited until 2007. Therefore aggregate data for 2005 and 2006 is a mix of both standards. From 2007, the data is fully based on international standards.

To ease the reporting burden on banks in "off quarters" (reporting periods covering three or nine months of earnings) reporting concessions are available and taken by most banks. For some banks, 31 December is an "off quarter". This means that aggregate time series data are less detailed than would be the case if all General Disclosure Statements at December related to a full or half year reporting period.

Explanation for individual items

Income statement

In New Zealand there is provision to report separately in the income statement, items that do not normally occur or are large enough to require separate disclosures. These items are included in non-interest income when they generate income and in operating expenses when they are a cost. When the item applies to provisioning, the amount concerned is added to provisions.

Provisions (net): charges against profits for loan losses and provisioning for future possible loan losses less any recoveries of previous charges. From 1994 to 1996, the value of recoveries exceeded the value of new provisions.

Distributed profit: dividend payments or profit repatriations by branches.

Assets

Cash and balance with Central bank: cash and current account balance with the central bank.

Interbank deposits: deposits and placements with other financial institutions (these funds are primarily interbank)

Loans: includes overdrafts, credit card lending, housing loans, personal loans, lease finance, commercial bills, redeemable preference share finance and other term lending, net of provisions for bad and doubtful debts.

Securities: includes trading and investment financial instruments.

Other assets: assets not included elsewhere.

Liabilities

Capital and reserves: equity of non branches plus the difference between assets and liabilities of branches.

Borrowings from Central bank: are included under customer deposits until 2003: from 2004 to 2007, they are included in interbank deposits due to lack of materiality. With the changing financial climate in 2008 the amount borrowed by banks from the central bank increased. Borrowing from the central bank is not reported separately in the data source used to compile the information for this publication. The value for borrowings by banks has been taken directly from the central bank's published accounts with the amount deducted from interbank deposits. This is only possible at the all bank level.

Interbank deposits: included under customer deposits up to 2003; covers deposits from other financial institutions (and are primarily interbank), includes borrowings from related parties. There is less borrowing from the central bank from 2008 for the all bank level.

Customer deposits: a breakdown of borrowings was not readily available until recently. Up to 2003, this item represents total borrowings including: interbank deposits, bonds, borrowings from Central bank as well as customer deposits.

Bonds: included under customer deposits up to 2003: from 2004 covers such items as repurchase agreements, subordinated debt, certificates of deposit, debt issues, commercial paper and debenture stock.

Other liabilities: liabilities not included elsewhere.

Balance-sheet total

End-year total: total assets (sum of cash and balance with Central bank, interbank deposits, loans, securities, and other assets).

Average total: calculated as an average of quarter end totals.

Memorandum items

Claims on non-residents: sum of New Zealand dollar claims and foreign dollar claims on non-residents from the RBNZ's money, credit and financial statistics.

Liabilities to non-residents: sum of New Zealand dollar funding and foreign dollar funding from non-residents from the RBNZ's money, credit and financial statistics.

Capital adequacy

Tier 1 Capital: for banks incorporated in New Zealand (non-branches).

Total net capital resources: for banks incorporated in New Zealand (non-branches).

Risk-weighted assets: sum of both on and off balance sheet exposures for banks incorporated in New Zealand (non-branches).

Supplementary information

Number of institutions (covered by the data): the number of banks registered on 31 December of the year. Much of the movement in bank numbers has been due to mergers and acquisitions.

Valuation of data

While most items are valued using historical cost, securities held for trading are valued at market by most banks. International accounting standards have been adopted in New Zealand.

Values for foreign branches included in bank figures

Aggregate values for foreign branches included in Table 1 are provided below. The data is on a consolidated basis. Therefore, where a branch owns a locally-incorporated subsidiary which is registered as a bank, that subsidiary's figures are included in Table A. In 2004 and 2005, two foreign branches had such subsidiaries. That increased to three branches in 2006 with a forth branch from 2009. Figures are in New Zealand dollar millions.

VI. Sources

The main sources are:

- **For Central bank data**: RBNZ -Reserve Bank of New Zealand balance sheet published monthly (*www.rbnz.govt.nz/statistics/rbnz*).
- **For Registered bank data**: RBNZ – General Disclosure Statements (for Table 1) and the registered bank monthly Standard Statistical Return (for Table 3). For more information, see the RBNZ website(*www.rbnz.govt.nz/statistics/monfin/rbssr/index.html*) and (*www.rbnz.govt.nz/statistics/banksys*). Many registered bank websites carry their GDSs. Links to these websites are available through the RBNZ website (*www.rbnz.govt.nz/nzbanks/0091622.html*).
- **For Other financial institutions data**: RBNZ – Reserve Bank of New Zealand's non-bank financial institution (nbfi) survey (*www.rbnz.govt.nz/statistics/monfin/nbfissr/index.html*)

and funds under management survey (*www.rbnz.govt.nz/statistics/monfin/c15/data.html*); Annual RBNZ surveys of smaller nbfis and managed funds (unpublished); Registrar of Friendly Societies and Credit Unions' annual report.

- **For Insurance institutions**: RBNZ – Reserve Bank of New Zealand survey C15, "funds under management" and Statistics New Zealand for general insurance company assets. Statistics New Zealand data is balance date information and covers a range of dates. Those dates are predominantly 31 March: general insurance data is incorporated in these tables for the December of the preceding year.

New Zealand

The values in this table are memo items for Table A.
They are for the branches of foreign banks and their consolidated subsidiaries, included in Table A.

Income statement and balance sheet reconciliation

		2004	2005	2006	2007	2008	2009[1]
Table A							
	Income statement						
1.	Interest income	6 967.363	8 234.026	9 736.03	11 243.23	13 073.745	16 576.541
2.	Interest expenses	4 459.788	5 850.79	7 293.09	8 759.82	10 116.54	11 269.166
3.	Net interest income	2 507.575	2 383.236	2 442.94	2 483.42	2 957.205	5 307.375
4.	Net non-interest income	1 051.992	1 067.236	1 014.07	1 185.60	893.577	2 126.856
5.	Net interest and non-interest income	3 559.567	3 450.472	3 457.01	3 669.02	3 850.782	7 434.231
6.	Operating expenses	1 451.359	1 447.66	1 478.39	1 562.83	1 654.073	3 174.5
7.	Net income before provisions	2 108.208	2 002.812	1 978.62	2 106.19	2 196.709	4 259.731
8.	Net provisions	58.421	53.52	68.314	114.012	409.357	2 095.985
9.	Income before tax	2 049.787	1 949.292	1 910.31	1 992.17	1 787.352	2 163.746
10.	Income tax	623.492	566.471	556.488	628.26	553.306	1 795.76
11.	Net income after tax	1 426.295	1 382.821	1 353.82	1 363.91	1 234.046	367.986
12.	Distributed profit	294.528	579.167	1 696.11	1 066.97	2 128.74	370.382
13.	Retained profit	1 131.767	803.654	–342.288	296.942	–894.694	–2.396
Balance sheet							
	Assets						
14.	Cash and balance with Central bank	447.747	445.853	1 894.31	3 790.14	5 141.445	7 849.186
15.	Interbank deposits	1 618.609	1 977.171	4 184.86	2 598.23	1 278.917	4 942.165
16.	Loans	85 019.024	88 778.948	102 859.74	118 122.82	129 599.855	223 446.15
17.	Securities	14 176.058	14 222.039	12 781.65	10 904.59	13 572.654	21 493.258
18.	Other assets	16 408.207	9 371.345	13 690.47	15 538.08	26 282.892	32 255.87
	Liabilities						
19.	Capital and reserves	8 024.905	7 696.134	7 982.14	8 359.99	8 016.804	16 278.976
20.	Borrowing from Central bank	..	..	..	..	..	..
21.	Interbank deposits	28 748.505	20 622.212	27 370.35	29 725.82	33 600.58	42 554.643
22.	Customer deposits	51 735.018	56 199.232	63 497.43	72 642.15	77 732.595	136 108.748
23.	Bonds	24 962.967	27 292.849	30 743.30	33 620.67	39 239.915	74 481.538
24.	Other liabilities	4 198.25	2 984.929	5 817.80	6 605.22	17 285.869	20 562.724
Balance sheet total							
25.	End-year total	117 669.645	114 795.356	135 411.02	150 953.86	175 875.763	289 986.629
26.	Average total	111 170.258	119 171.356	124 753.76	144 778.79	161 200.775	298 887.259
Memorandum items							
	Assets						
29.	Shares and participations	154.926	135.07	321.457	340.171	68.524	167.217
Non-financial information							
37.	Number of institutions	9	9	9	10	10	10

1. The substantial increase in the balance sheet values between 2008 and 2009 is due to the registration of a branch which owns the biggest locally incorporated bank in New Zealand.

Norway

I. Institutional coverage

The statistics published in *Banking Statistics – Financial Statements of Banks* refer exclusively to commercial banks (including the Postal savings bank – *Postbanken* – from 1994) and savings banks. At the end of 2009, there were 148 banks in Norway. They accounted for 64 per cent of total outstanding loans to non-financial corporations, municipalities and households, defined as the general public. Several other institutions, apart from commercial banks and savings banks, play an important role in the Norwegian monetary and credit system.[1]

The State lending institution (also called State banks) system is well developed. There were three state lending institutions at the end of 2009. These institutions are primarily meant to ensure a reasonable credit supply to specific sectors of the economy, according to social, industrial or regional criteria. The state lending institution system has largely been built up since the Second World War, particularly in connection with counter-cyclical policy in the latter half of the 1970s, when it was provided with substantial funds. Since 1992, the state lending institutions' share of total credit supply has declined from approximately 22 per cent of outstanding loans to the general public to 7 per cent. Credit extended by the state lending institutions is mainly to households in the form of housing loans and loans for education, but loans are also granted to municipalities and enterprises. The state lending institutions primarily acquire lendable funds directly from the Government.

Private finance companies render financial services in the same way as the banks in the form of loans against promissory notes and mortgages. On the whole, they offer complementary services such as leasing, factoring and instalment credits. Finance companies are, to a large extent, owned by foreign and domestic credit institutions. They obtain funds primarily by borrowing in the money market, partly in competition with commercial banks and savings banks, or from the parent company.

The bond market, including mortgage companies, also represents an important segment of the Norwegian monetary and credit system. It is an essential source of credit for industrial and housing construction, shipbuilding and export credits. After a new administrative regulation regarding bonds with right of priority was introduced on 1 June 2007, the mortgage companies have also become an important funding source for the banks. In October 2008, the Norwegian Government put into effect an arrangement where Norwegian banks and mortgage companies could swap covered bonds with treasury bills. The swap agreement was an effort to reduce the negative effects of the financial crisis. The swap arrangement has increased the importance of mortgage companies in the Norwegian monetary and credit system as loan portfolios are transferred from the banks to the mortgage companies. Since 2007, the mortgage companies' share of total credit supply has nearly doubled from approximately 13 per cent of outstanding loans to the general public to 25 per cent.

Insurance companies, pension funds, etc. are also domestic sources of credit. They obtain funds in the form of premium payments and deposits to pension schemes. These funds are mainly used for the purchase of bearer bonds and for loans to individuals or to institutions that have insurance policies or pension agreements with the companies.

In the 1980s, an increasing proportion of the domestic credit supply was intermediated outside the regular credit system, due to strict regulation of the financial institutions. These regulations caused increasing problems in credit market supervision and policy. From 1985, the credit supply regulations were gradually abolished, and most of the credit supply was again intermediated inside the regular credit system.

II. Geographical coverage and degree of consolidation

The income statement and balance sheet figures in this publication refer to Norwegian banks (both savings banks and commercial banks, from 1994 including Postbanken), including all branches in Norway, but excluding their foreign subsidiaries and branches. Foreign banks' subsidiaries and branches are regarded as Norwegian commercial banks.

III. Structure of the banking system

The activities of Norwegian banks are regulated pursuant to three acts: The act relating the supervision of Credit Institutions, Insurance Companies and Securities Trading (The Financial Supervisory Authority of Norway, FSA – *Finanstilsynet*), the Act relating to Savings Banks and the Act relating to Commercial Banks.

The FSA ensures that banks function in an appropriate and satisfactory manner in compliance with legal provisions and regulations, and that they operate in accordance with their founding principles, objectives and articles of association. The examination of accounts is a key feature in the supervision of all commercial and savings banks.

Detailed rules regarding the establishment of banks, their controlling bodies, activities, accounts and auditing, etc., are stipulated in the Act relating to Commercial Banks and the Act relating to Savings Banks. Statutory provisions require the banks to be members of the guarantee fund.

The FSA, the Central Bank of Norway and Statistics Norway cooperate in the collection of the financial institutions accounting data (with statistical specifications). These data are being controlled and loaded into a common database where it can be used for supervision, surveillance, analytical and statistical purposes. Statistics Norway publishes data from this database on (*www.ssb.no/english/subjects/10/13/10*) on a monthly, quarterly and yearly basis.

Since 1981, the number of savings banks has been reduced from 308 to 119, while the number of commercial banks has been reduced from 22 to 15.

From 2004, Norway's largest commercial bank and largest savings bank merged. Therefore, from 2004 on, Statistics Norway publish these two bank groups as one group ("banks").

Norwegian savings and commercial banks were subject to strict credit supply regulations in the 1980s. Non-regulated credit market institutions thus increased their share of the total credit market. As from 1985/86, credit supply regulations were gradually eased and in 1990 all credit supply regulations were abolished.

IV. Summary description of activities of banks

Deposits from customers

Norwegian banks offer their customers many different types of deposit accounts. Traditionally, deposits on three or twelve months notice were the main types of deposit. In more recent years deposits usually carry interest at a rate linked to the money market rate. This refers to deposits on special terms, which the banks obtain in the money market in competition with other banks, finance companies and brokers. Another feature is that demand deposits (for example, employee accounts with card privileges) account for a growing proportion of deposits. Several banks pay interest on such accounts at a rate progressing with the sise of the deposit, the top rate often being closely linked to the money market rate. Some banks also provide special savings instruments offering a high interest rate combined with a lock-in period, and savings accounts which, according to special rules, ensure the depositor the right to obtain loans, for example, for housing. All banks can offer saving for young people with tax deductions, as long as the savings are used to pay for housing loans granted after the tax-deductible savings have been accumulated.

Loans to the public

Loan structures, traditionally different for commercial banks and savings banks, are becoming more and more similar. Commercial banks grant more overdraft facilities than savings banks while the proportion of loans with fixed repayment schedules is greater in savings banks. The reason is that, traditionally, commercial banks catered to the business sector to a greater extent than savings banks. Overdraft facilities are used by enterprises and self-employed persons in particular; within the scope of the loan, they can draw on it whenever necessary. However, in the last few years some banks have started offering overdraft facilities with mortgage on dwellings. As regards house-building loans, they are normally converted into a mortgage with a floating interest rate and repayable in instalments when the building is completed. Of the Norwegian banks' total loans to employees, pensioners, social security recipients and students at the end of 2009, 6.9 per cent had fixed interest rate, while the share of loans with fixed interest rate to non-financial enterprises was 27 per cent. It should be noted that the largest part of the fixed interest loans to non-financial enterprises have a fixed interest rate period of only up to 3 months. Some banks also provide factoring, leasing services and credit lines secured on dwellings, a product which becomes more and more popular.

Foreign exchange

Norwegian banks are allowed to provide foreign exchange services.

Money market

Norwegian banks take part in the money market.

Payments intermediation

Norwegian banks play a key role in payments intermediation. In addition to notes and coins, bank cards, giros and Internet banking are the main payment instruments. All these instruments, especially bank cards and Internet banking, have taken on increased importance relative to the use of notes and coins in recent years. The banks have co-ordinated their systems for bank cards, so that customers can use their cards to receive money from any automatic teller machine at any time. One can normally use internationally accepted credit and debit cards in these machines. The bank cards can also be used in payment terminals in shops, petrol stations etc. Even though other types of cards have shown rapid growth in recent years, the above-mentioned instruments are clearly predominant.

Other activities

Apart from the tasks already mentioned, banks are involved in activities which may be grouped under the following headings:

- Guarantees: according to certain rules, banks can grant guarantees for loans, securities, payments, etc.
- Counselling: several banks offer financial consultancy services both for businesses and private persons.
- Estate agent services and property management: some banks engage in such activities in the same way as regular estate agents.
- Securities trading/management are included as a part of a bank's ordinary operations.
- Participation in derivative markets, as a part of banks' hedging and trading strategies.

V. Reconciliation of national data with the OECD presentation[2]

Income statement

Net interest income represents the most important component in the profit and loss accounts of the banks. In addition to interest on outstanding loans, such income includes commissions on overdrafts and building loans as well as float earnings. Share dividends are another income item, which have varied considerably in recent years. Other important income items are guarantee commissions, fees and capital gains on securities and foreign exchange. On the expenditure side, interest on deposits from customers and banks are important. Salaries, depreciation and capital losses are other important expenditure items. From 1987 to 1991, the loan losses increased substantially, but a major part of the loan losses has been recovered in the later years when the banks have had low loan losses. The turbulence in the international financial markets, which emerged in the summer of 2007, however, increased the banks' losses on loans and continued turbulence gives prospect of increasing losses in the periods to come.

Net interest income account for a smaller share of banks' income when compared to total loans. Both publicly appointed commissions and the banks themselves have concluded that the pricing of the banks' services should reflect the costs. This will result in a better allocation of resources, both for the banks and the economy as a whole, since the prices charged will encourage the customers to use payment services that require fewer resources. An example is that customers are encouraged to use the bank's Internet services, instead of using the branches. Accordingly, the banks have introduced fees on most banking services, while the interest float and the interest margin income has been reduced.

VI. Sources

The data in *Banking Statistics – Financial Statements of Banks* has been compiled by Statistics Norway (in the period 1996-2006: Norges Bank).

Notes

1. See the table "Structure of the Financial System", *Banking Statistics*, Financial Statements of Banks, OECD, Paris.
2. See also the tables "Income Statement Reconciliation" and "Balance Sheet Reconciliation" that follow.

Norway

Income statement reconciliation – *All banks* – 2009

OECD presentation	Million NOK	National presentation
1. Interest income	**135 717**	
	128 885	Interest income
	3 735	Credit commission income
	629	Leasing income
	2 468	Share dividend
2. Interest expenses	**82 615**	**Interest expenses (including intermediation commissions)**
3. Net interest income	**53 102**	
4. Net non-interest income	**23 910**	
a. Fees and commissions receivable	14 882	
	13 467	Other commissions and charges
	1 414	Underwriting commissions
b. Fees and commissions payable	3 942	
	3 928	Commission expenses, charges and broker commissions
	14	Underwriting commissions
c. Net profit or loss on financial operations	10 478	
	128 982	Capital gains
	118 504	Capital losses
d. Other net non-interest income	2 492	
	119	Operating income real property
	2 372	Other operating income
5. Net interest and non-interest income	**77 012**	
6. Operating expenses	**37 687**	
a. Staff costs	20 203	Wages and salaries, fees and other personnel expenses
b. Property costs	2 216	
	688	Operating expenses real property
	1 528	Depreciation of capital assets
c. Other operating expenses	15 268	
	13 906	Other operating expenses
	1 362	Premium to the guarantee fund
7. Net income before provisions	**39 325**	
8. Net provisions	**10 368**	
a. Provisions on loans	8 901	
	8 834	Losses on loans (net)
	67	Losses on guarantees (net)
b. Provisions on securities	7	Losses on securities
c. Other net provisions	1 460	
	2 207	Write-down of capital assets (net)
	97	Losses on sale of capital assets
	7	Extraordinary expenses and losses
		less:
	799	Gains on sale of capital assets
	53	Extraordinary income
9. Income before tax	**28 957**	
10. Income tax	**8 798**	**Taxes**
11. Net income after tax	**20 159**	
12. Distributed profit	**3 782**	**Dividends**
13. Retained profit	**16 377**	

Norway

Balance sheet reconciliation – *All banks* – 2009

OECD presentation		Million NOK	National presentation
Assets			***Assets***
14.	**Cash and balance with Central bank**	**86 488**	
		6 278	Notes and coin
		80 210	Deposits, sector 150 – Central bank of Norway
15.	**Interbank deposits**	**305 337**	**Deposits, excluding sector 150 – Central bank of Norway**
16.	**Loans**	**2 370 750**	**Loans (including loss provisions)**
17.	**Securities**	**744 678**	
		233 286	Treasury bills and notes, negotiable certificates, commercial papers
		62 345	Shares, participations and primary capital certificates
		449 046	Bearer bonds
18.	**Other assets**	**191 177**	**Residual**
Liabilities			***Liabilities***
19.	**Capital and reserves**	**195 023**	**Equity capital**
20.	**Borrowing from Central bank**	**74 600**	**Other loans, sector 150**
21.	**Interbank deposits**	**767 789**	**Deposits sectors 150, 210-259, 910-929 (*i.e.* bank sectors)**
22.	**Customer deposits**	**1 560 324**	**Deposits non-bank sectors**
23.	**Bonds**	**557 799**	**Bearer bonds**
24.	**Other liabilities**	**542 895**	
		100 560	Negotiable certificates, etc.
		262 185	Other loans
		. .	Trust/participation certificates
		180 150	Other liabilities
		. .	Preference capital
Balance sheet total			***Balance sheet total***
25.	End-year total	3 698 430	
Memorandum items			**Memorandum items**
Assets			***Assets***
27.	**Short-term securities**	**233 286**	**Treasury bills and notes, negotiable certificates, commercial papers**
28.	**Bonds**	**449 046**	**Bearer bonds**
29.	**Shares and participations**	**62 345**	**Shares, participations and primary capital certificates, etc.**
30.	**Claims on non-residents**	**660 736**	**Assets (foreign institutional sectors plus foreign notes and coins)**
Liabilities			***Liabilities***
31.	**Liabilities to non-residents**	**1 308 855**	**Liabilities (foreign institutional sectors excluding share capital)**

Poland

I. Institutional coverage

Statistics published in the *Banking Statistics – Financial Statements of Banks* relate to Polish banks (excluding bankrupt banks, banks in liquidation and the National Bank of Poland) since 1993. (See methodological notes in Table 1 of the statistical volume)

II. Geographical coverage and degree of consolidation

Income statement and balance sheet figures published in *Banking Statistics – Financial Statements of Banks* relate to the Polish banking sector.

III. Structure of the banking system

Banking sector structure did not change significantly in 2008. At the end of the year, 649 banks and branches of credit institutions conducted operations.

Foreign investors controlled 42 commercial banks and all branches of credit institutions. Their market share measured by assets, loans and deposits accounted for 72.3%, 71.7% and 67.6% respectively.

Polish banking sector at present includes investors from 17 countries, the dominant share held by Italian investors (13.4% of sector assets), followed by Dutch, German and US investors.

Domestic investors controlled 10 commercial banks and all cooperative banks, while the State Treasury continued to control 4 commercial banks. Their market share measured by assets, loans and deposits accounted for 27.7%, 28.3% and 32.4% respectively.

The positive prospects of their development maintained by the end of Q3 (high demand for good financial results of banks) implied increased employment and network development.

At the end of 2008, 181.3 thousand persons were employed in the banking sector, which was a rise by 8.5% (by 14.2 thousand) as compared to the end of 2007.

In terms of 2008 as a whole, balance sheet total of the banking sector increased over 30.0% and exceeded PLN 1 billion for the first time in history.

Face value of loans for the non-financial sector increased from PLN 427.5 billion as of the end of 2007 to PLN 593.6 billion as of the end of 2008, *i.e.* by no less than 38.8%, which not only was the highest growth rate in the present decade, but also since the beginning of transformation process. As it was the case in the previous years, the highest growth rate was noted in respect of households, which increased by 45.0%, while corporate loans increased by 29.7%.

The share of irregular claims in total claims from non-financial customers in commercial banks decreased by 0.8 percentage points (to 4.4%) due to very fast development of loan portfolio.

The average risk-based capital ratio at commercial banks went down by 1.3 percentage points (to 10.8%). Despite the fact that the average level of the ratio decreased, all banks (with the exception of 1 cooperative bank) had the capital adequacy ratio at the level required by law.

Despite poor results in Q4, throughout 2008 banks managed to maintain high performance or even improved it in certain areas. Return On Equity (ROE) dropped to 21.2% (from 22.5% in 2007).

IV. Summary description of activities of banks

See Structure of the banking system

V. Reconciliation of national data with the OECD presentation

VI. Sources

The data in *Banking Statistics – Financial Statements of Banks* has been compiled by the National Bank of Poland.

Notes

The activity of Polish banks is subject to the following regulations:

1. The Act on the National Bank of Poland of 29 August 1997 (as published and amended in *Dziennik Ustaw* Nos. 1/2005, item 2; 167/2005, item 1398; 157/2006, item 1119; 218/2006, item 1592; 61/2007, item 410).
2. The Banking Act of 29 August 1997 (as published and amended in *Dziennik Ustaw* Nos. 72/2002, item 665; 126/2002, item 1070; 144/2002, item 1208; 141/2002, item 1178; 241/2002, item 2074; 50/2003, item 424; 60/2003, item 535; 65/2003, item 594; 169/2003, item 1385; 153/2003, item 1271; 64/2004, item 594; 68/2004, item 623; 91/2004, item 870; 96/2004, item 959; 121/2004, item 1264; 146/2004, item 1546; 173/2004, item 1808; 91/2004, item 870; 83/2005, item 719; 85/2005, item 727; 183/2005, item 1538; 167/2006, item 1398; 104/2006, item 708; 157/2006, item 1119; 190/2006, item 1401; 245/2007, item 1775; 42/2007, item 272; 112/2007, item 769).
3. The Act on Mortgage Bonds and Mortgage Banks of 29 August 1997 (as published in *Dziennik Ustaw* Nos. 99/2003, item 919; 153/2003, item 1271; 184/2005, item 1539; 249/2005, item 2104).
4. The Personal Data Protection Act of 29 August 1997 (as published and amended in *Dziennik Ustaw* Nos. 101/2002, item 926; 153/2002, item 1271; 25/2004, item 219; 33/2004, item 285; 104/2006, item 708; 104/2006, item 711; 165/2007, item 1170; 175/2007, item 1238).
5. The Accounting Act of 29 September 1994 (as published and amended in *Dziennik Ustaw* Nos. 76/2002, item 694; 60/2003, item 535; 139/2003, item 1324; 229/2003, item 2276;

96/2004, item 959; 146/2004, item 1546; 213/2004, item 2155; 10/2004, item 66; 184/2004, item 1539; 267/2005, item 2252; 157/2006, item 1119).

6. The Act on the Bank Guarantee Fund of 14 December 1994 (as published and amended in *Dziennik Ustaw* Nos. 9/2000, item 131; 86/2000, item 958; 119/2000, item 1252; 122/2000, item 1316; 154/2001, item 1802; 60/2003, item 535; 217/2003, item 2124; 223/2003, item 2218; 91/2004, item 870; 121/2004, item 1262; 146/2004, item 1546; 179/2005, item 1484; 183/205, item 1538; 1538/2006, item 1354; 157/2006, item 1119).
7. The Act on Interest Rate Subsidies to Certain Bank Loans of 5 January 1995 (as published and amended in *Dziennik Ustaw* Nos. 13/1995, item 60; 83/1995, item 418; 152/1996, item 719; 80/1997, item 504; 107/1997, item 690; 121/1997, item 770; 158/1997, item 1044; 27/1999, item 243; 63/1999, item 702; 70/1999, item 778; 122/2000, item 1315; 72/2001, items 744 and 746; 122/2002, item 1315; 104/2003, item 962; 188/2003, item 1839; 91/2004, item 867; and 123/2004, item 1291).
8. The Act on Bonds of 29 June 1995 (as published and amended in *Dziennik Ustaw* Nos. 120/2001, item 1300; 216/2002, item 1824; 217/2003, item 2124; 183/2005; item 1538; 184/2005, item 1539; 249/2005, item 2104; 157/2005, item 1316).
9. The Act on Certain Forms of Support to Residential Construction of 26 October 1995 (as published and amended in *Dziennik Ustaw* Nos. 98/2000, item 1070; 4/2001, item 27; 154/2001, item 1800; 216/2002, item 1824; 240/2002, item 2058; 25/2002, item 253; 153/2002, item 127; 65/2003, item 594; 146/2004, item 1546; 213/2004, item 2157; 281/2004, item 2783; 220/2006, item 1600; 251/2006, item 1844).
10. The Act on State Assistance in the Repayment of Certain Housing Loans and the Reimbursement of Banks for Guarantee Premiums Disbursed of 30 November 1995 (as published and amended in *Dziennik Ustaw* Nos. 119/2003, item 1115; 213/2004, item 2157; 94/2005, item 786; 53/2006, item 385, 249/2006, item 1828).
11. The Act on Credit Unions of 14 December 1995 (as published and amended in *Dziennik Ustaw* Nos. 1/1996, item 2; 101/1999, item 1178; 8/2001, item 64; 100/2001, item 1081; 169/2002, item 1387; 241/2002, item 2074; 68/2004, item 623; 146/2004, item 1546; 183/2006, item 1354).
12. The Act on the Amalgamation and Consolidation of Certain Banks Incorporated as Public Limited Companies of 14 June 1996 (as published and amended in *Dziennik Ustaw* Nos. 90/1996, item 406; 156/1996, item 775; 121/1997, item 770; 140/1997, item 939).
13. The Act on the Financial Restructuring of Enterprises and Banks and on Amendments to Certain Legislation of 3 February 1993 (as published and amended in *Dziennik Ustaw* Nos. 18/1993, item 82; 52/1996, item 235; 106/1996, item 496; 118/1996, item 561; 98/1997, item 603; 141/1997, item 943; 63/2001, item 637; and 148/2005, item 1539).
14. Resolution 1/2007 of the Commission for Banking Supervision on the scope of the capital requirements against particular risks and the detailed principles to be applied in determining those requirements, including but not limited to the scope and conditions of applying statistical methods and the scope of information attached to an application for authorisation to apply them, principles and conditions of taking account of contracts on debt assignment, subparticipation, credit derivative and contracts other than those on debt assignment, subparticipation, in calculating the capital requirements, terms and conditions, scope and manner of making use of the ratings assigned by external credit assessment institutions and the export credit agencies,

manner and specific principles of calculating the solvency ratio of a bank, the scope and manner of taking account of banks conducting their activities in groups in calculating their capital requirements as well as establishing additional items of bank balance sheets included in bank regulatory own funds in the capital adequacy account, the amount thereof and the conditions to be used in calculating them.

15. Resolution 2/2007 of the Commission for Banking Supervision on other deductions from a bank's core capital, amount thereof, scope and conditions of such deductions from the core capital of a bank, other balance sheet items included in the supplementary capital, the amount and scope thereof, and the conditions of including them in a bank's supplementary capital, deductions from a bank's supplementary capital, the amount and scope thereof and conditions of performing such deductions from the banks' supplementary capital, the scope and manner of taking account of the business of banks conducting their activities in groups in calculating their own funds.
16. Resolution 3/2007 of the Commission for Banking Supervision on detailed principles and conditions of accounting for exposures in determining compliance with exposure concentration limit and large exposure limit, specifying exposures exempt from the provisions regarding exposure concentration limits and large exposure limits, and the conditions they have to satisfy, specifying exposures that need the authorisation of the Commission for Banking Supervision for the exemption from provisions related to exposure concentration limits and large exposure limits and the scope and manner of accounting for the activities of banks operating in groups in calculating exposure concentration limits.
17. Resolution 4/2007 of the Commission for Banking Supervision on detailed principles of the functioning of risk management and internal control systems and detailed conditions of banks' assessment of their internal capital and review of the process of assessing and maintaining internal capital.
18. Resolution 5/2007 of the Commission for Banking Supervision on requirements for the identification, monitoring and control of exposure concentration, including large exposures.
19. Resolution 6/2007 of the Commission for Banking Supervision on detailed principles related to and the manner of publishing disclosures by banks with regard to qualitative and quantitative information regarding capital adequacy and the scope of information subject to disclosure.

Prudential recommendations

1. Prudential recommendation A on the management of the risk arising on banks entering into transactions on the market for derivative instruments, 2002.
2. Prudential recommendation B on the control of banks' capital investment risk, 2002.
3. Prudential recommendation C on the management of large exposure risk, 2002.
4. Prudential recommendation D on the management of IT and telecommunications risk at banks, 2002.
5. Prudential recommendation F on the basic criteria applied by the Commission for Banking Supervision in approving rules issued by mortgage banks for the determination of the mortgage lending value of property, 2003.
6. Prudential recommendation G on the management of interest rate risk at banks, 2002.

7. Prudential recommendation H on bank internal controls and audit, 2002.
8. Prudential recommendation I on the management of foreign exchange risk at banks and principles for the performance by banks of transactions involving exposure to foreign exchange risk, 2002.
9. Prudential Recommendation J on the creation by banks of data bases concerning the property market, 2000.
10. Prudential Recommendation K on the principles for the maintenance by mortgage banks of collateral accounts for mortgage bonds and projections of those accounts, 2002.
11. Prudential Recommendation L on the role of external auditors in contributing to the process of bank supervision, 2001.
12. Prudential Recommendation M on the management of operational risk at banks, 2004.
13. Prudential Recommendation P concerning cash-flows planning and liquidity management.
14. Prudential Recommendation R concerning principles for the identification of on-balance sheet credit exposures that have become impaired as well as the determination of valuation allowances against the impairment of on-balance sheet credit exposures and provisions against off-balance sheet credit exposures.
15. Prudential Recommendation S concerning good practice with regard to mortgage-secured credit exposures.

Poland

Income statement reconciliation – *All banks* – 2008

OECD presentation		Million PLN	National presentation
1.	**Interest income**	**58 054.3**	
			Operations with financial entities
			Operations with non-financial entities
			Operations with state and local budgets
			Securities operations
2.	**Interest expenses**	**30 030.8**	
			Operations with financial entities
			Operations with non-financial entities
			Operations with state and local budgets
			Securities operations
3.	**Net interest income**	**28 023.6**	
4.	**Net non-interest income**	**21 225.7**	
	a. Fees and commissions receivable	14 759.3	
	b. Fees and commissions payable	3 297.0	
	c. Net profit or loss on financial operations	1 429.1	
	d. Other net non-interest income	8 334.4	
			Net income of brokerage office
			Net income on incidental operations
			Net income on extraordinary operations
5.	**Net interest and non-interest income**	**49 249.3**	
6.	**Operating expenses**	**27 364.8**	
	a. Staff costs	13 638.9	
	b. Property costs	2 329.3	
	c. Other operating expenses	11 396.6	
7.	**Net income before provisions**	**21 884.5**	
8.	**Net provisions**	**5 084.0**	
	a. Provisions on loans	4 949.0	
	b. Provisions on securities	–17.9	
	c. Other net provisions	152.9	
9.	**Income before tax**	**16 800.5**	
10.	**Income tax**	**3 123.3**	
11.	**Net income after tax**	**13 677.3**	
12.	**Distributed profit**	**273.5**	
13.	**Retained profit**	**13 403.8**	

Poland

Balance sheet reconciliation – *All banks* – 2008

OECD presentation		Million PLN	National presentation
Assets			***Assets***
14.	**Cash and balance with Central bank**	**39 520.8**	
			Cash
			Operations with Central bank
15.	**Interbank deposits**	**67 152.8**	
			Operations with financial entities: term and demand due
			Current accounts
16.	**Loans**	**667 360.5**	
			Due from non-financial entities
			Due from government entities
17.	**Securities**	**174 212.9**	
18.	**Other assets**	**86 452.8**	
Liabilities			***Liabilities***
19.	**Capital and reserves**	**95 833.9**	
20.	**Borrowing from Central bank**	**18 200.2**	**Operations with Central bank**
21.	**Interbank deposits**	**90 390.4**	**Operations with banks**
			Term and demand loans and deposits
			Current accounts
22.	**Customer deposits**	**589 381.1**	
			Deposits of non-financial entities
			Deposits of government entities
23.	**Bonds**	**3 692.8**	**Securities**
24.	**Other liabilities**	**237 201.4**	
Balance sheet total			***Balance sheet total***
25.	**End-year total**	**1 034 699.8**	

Portugal

I. Institutional coverage

The statistics published in *Banking Statistics – Financial Statements of Banks* refer to financial statements of (universal) banks with their head-offices in national territory, and to some resident bank-like institutions. Includes subsidiaries of foreign banks.

Excluded from these statistics are the following types of other monetary and financial institutions:

- Savings banks: a small group of mutual savings institutions, with limited banking activity, in the form of credit granted against pledges or mortgages.
- Mutual agricultural credit banks: a group of relatively small sise institutions, established as co-operatives for extending agricultural credit to their members and to undertake other operations inherent to banking activity.
- Branches of foreign banks: banks with their head-offices outside national territory.
- Money market funds: collective investment undertakings whose units are, in terms of liquidity, close substitutes of deposits.

Excluded are also data on non-monetary financial institutions: other financial intermediaries, financial auxiliaries, insurance companies and pension funds.

II. Geographical coverage and degree of consolidation

As from 1992, these statistics are consolidated world-wide and reported on a home-country basis. Data are reported on a corporate basis, *i.e.* all transactions and positions among a bank and its domestic and foreign branches are eliminated. Data relating to domestic/foreign subsidiaries of domestic banks are not included.

There is a structural break in series in 1990 due to the adoption of a new accounting framework for the Portuguese banking sector, significantly different from the previous one.

Also, the change in the accounting framework (new international accounting standards) as of January 2005 affected the series presented.

III. Structure of the banking system

Up to its revision at the end of 1992, when an overall legal framework was created and the Portuguese financial sector reorganised, a large part of the legislation governing the activity of credit institutions dated from 1957.

Following the 1974 April revolution, all the Portuguese banks were nationalised. In 1983, the sector was re-opened to private investors. These developments and the accession to the European Community in 1986 were the major factors behind the process of innovation and deregulation of financial activities in Portugal. Consequently, the existing legal framework became obsolete. Furthermore, certain European Community Directives had to be transposed into the national law, particularly the Second Banking Co-ordination Directive.

Therefore, at the end of 1992, new regulations were issued for the sector: Credit Institutions and Financial Companies – Legal Framework, Decree-Law No. 292/92, of 31 December 1992. This law provides for two types of financial institutions (other than insurance companies and pension funds), namely credit institutions and financial companies.

In Portugal, the following institutions are legally considered as credit institutions: banks, savings banks, mutual agricultural credit banks and other institutions such as investment companies, financial leasing companies, factoring companies and credit-purchase financing companies. Out of these, only banks may carry out all types of activities foreseen by the law. The other types of credit institutions may only carry out a limited number of transactions, according to the specific legislation governing their activities.

Banks

The 1992 legislation transformed the definition of a bank in Portugal. Presently, banking activity is ruled by a concept of universal banking, whereby every bank can operate in any of the credit areas, including factoring and financial leasing contracts. The former practice of categorising banks according to their legally authorised operations is no longer valid.

The core of the new regulatory framework governing banking activity is defined in Decree-Law No. 298/92 of 31 December 1992, with the amendments introduced by Decree-Law No. 246/95 of 14 September 1995 and by Decree-Law No. 232/96 of 5 December 1996. Banking activity is also regulated by other legal documents issued by the Central Government or by the Bank of Portugal.

Some resident bank-like institutions, due to their relevance in the Portuguese financial system, are also considered as universal banks. Such is the case of:

- *Caixa Geral de Depósitos:* a State-owned institution, established in 1876, with a status of a savings bank operating at the national level. Its scope of activity is similar to that of a universal bank (according to Decree-Law No. 287/93 of 20 August 1993).
- *Caixa Económica Montepio Geral:* a savings bank that was developed as a mutual aid association. It can engage in a limited number of banking operations.

Besides universal banks, the all banks sector includes the following institutions:

- *Savings banks* (*Caixas Económicas*): Savings banks emerged in Portugal in the 19th century, associated with mutual savings institutions, and had a larger development in the autonomous region of the Azores Islands, where few banks were established and where they could therefore carry out a wider range of activities. On the whole, their number has been decreasing due to the widening of the banking network.

  Savings banks are characterised by their limited banking activity in the form of credit granted against pledges or mortgages. In certain cases, restricted foreign exchange operations may also be carried out. They are allowed to carry out a wider scope of operations if so authorised.
- *Central mutual agricultural credit bank* (*Caixa Central de Crédito Agrícola Mútuo*): The *Caixa Central de Crédito Agrícola Mútuo*, created in 1984, is the core institution within the mutual agricultural credit system and has the aim of managing and co-ordinating its liquidity.

The current regulatory framework[1] specific to the mutual agricultural credit system extended its range of activities, making it possible to perform all bank operations, whether by means of these legal documents, or by authorisation from the Bank of Portugal.

This institution is presently considered together with all mutual agricultural credit banks.

- *Mutual agricultural credit banks* (*Caixas de Crédito Agrícola Mútuo*): Mutual agricultural credit banks are institutions set up as co-operatives for extending agricultural credit to their members (farmers and agricultural associations) and to undertake other operations inherent to banking activity. In particular, they are allowed to accept securities, administrate real estate, mediate in payments, and carry out foreign exchange operations.

  The mutual agricultural credit banks can be divided in two groups: those institutions that belong to the mutual agricultural credit system (most mutual agricultural credit banks are in this category).

  The number of these institutions is diminishing following a number of mergers organised as part of a plan for a global re-organisation of the mutual agricultural credit system, aiming at a re-dimensioning of the individual institutions.

- *Branches of foreign banks:* Data relating to branches of foreign banks are reported under "other miscellaneous monetary institutions".

All banks correspond to other monetary financial institutions except money market funds.

Money market funds are collective investment undertakings which units are, in terms of liquidity, close substitutes for deposits and which primarily invest in money market instruments and/or in money market fund shares/units and/or in other transferable debt instruments with a residual maturity of up to and including one year, and/or in bank deposits, and/or which pursue a rate of return that approaches the interest rates of money market instruments. In the Portuguese financial system, these institutions have only appeared in 2000.

Other financial institutions

Not all other financial intermediary and financial auxiliary are considered. Investment funds, securitisation funds and companies, risk capital funds, pension funds managing companies and insurance auxiliaries are excluded.

Insurance institutions

As the number of pension funds and foundations, pension funds managing companies and insurance companies that are currently managing pension funds are considered, as pension funds cannot be clearly considered as legal entities.

From 2004 onwards, the number of insurance auxiliaries are reported under "other insurance institutions".

IV. Summary description of activities of banks

As mentioned earlier, the reported data are derived from the financial statements of banks and bank-like credit institutions. The differences in the operations of these two types of institutions, once significant, have virtually disappeared as a consequence of the recent move towards universal banking.

Payment facilities

Banks provide to their customers a wide range of payment services either free of charge or at a fee established between the bank and their clients. The range of such services includes payment services, issue of debt cards and credit cards, and transfers between accounts.

Deposit business

The main types of deposits existing in Portugal are:

- Demand deposits: sight deposits, in domestic or foreign currencies, which can be converted into currency without restriction or cost and can be transferred by cheque or other means of payment.
- Time deposits and deposits with periods of notice: deposits for a fixed period, denominated in euros or foreign currencies, which may or may not be withdrawn before maturity, and do not constitute an immediate means of payment unless previously converted into cash or sight deposits.
- Savings deposits: special deposits in euros in savings accounts or savings book accounts, of all maturities, and intended for the investment of households' savings, usually under the terms defined in specific legislation.
- Certificates of deposit (CDs): securities representing deposits for a fixed term.
- Repurchase agreements: banks' liabilities that are created from a simultaneous agreement to sell financial assets (which remain in banks' portfolio) and to repurchase them at a date and price specified by contract. These operations have a cash collateral.

Lending business

All banks may place funds as:

- Loans: credit where the maturity, interest rate, repayment and interest schedules are defined in a contract.
- Discount: credit secured by commercial trade bills with upfront interest payment.
- Current account credit, bank overdrafts and credit lines, as well as other types of credit secured by collateral.
- Factoring and financial leasing operations.
- Reverse repos: purchase of assets with a simultaneous agreement to reverse the transaction at a future date and price specified by contract.

Savings instruments

Banks can provide instruments that are regulated by specific legislation and that have fiscal or other benefits. Some of these instruments are savings deposits already mentioned. Some insurance type products having capitalisation possibilities are also sold at bank agencies.

Money market business

In Portugal there are two interbank money markets:

- Interbank Money Market (IMM) – Through this system, the authorised institutions exchange funds represented either by balances on their demand deposit accounts, or by dematerialised transferable securities registered in the institutions' accounts, both categories of accounts constituted with the Bank of Portugal. One of the main purposes of this market is to allow institutions to balance their base money needs in order to meet reserve requirements. The maturities of operations carried out on the IMM range from overnight to one year. According to the current market system, which emerged in 1993, these operations may or may not be guaranteed by securities purchased, under a resale agreement to the Bank of Portugal.
- Interventions Transactions Market (ITM) – The Bank of Portugal intervenes in the ITM with a view to maintaining rates within spreads consistent with the equilibrium of the different markets. These objectives have mainly emerged since most interest rates ceased to be administratively fixed, and have been consolidated with the establishment of the system of indirect monetary control. Currently operations can be done through the outright sale or purchase or transactions with resale agreement of discount paper and at an interest rate established by the Bank of Portugal, according to bids received and type of transaction to be carried out. Since their creation, the types of securities traded on the ITM have widened. Presently, the most preferred are government paper, Central bank's securities and dematerialised securities held in custody accounts opened with the Bank of Portugal. Government paper includes Treasury bills (created in 1985 and with maturities of 91, 182 and 364 days), and fixed-rate Treasury bonds – *i.e.* medium-term securities created in 1987 (currently with maturities up to ten years). Securities issued by the Bank of Portugal are: Central bank's monetary certificates (TRM) with maturities ranging from overnight to 14 days; Central bank's intervention bills (TIM) issued at 4, 9, 13, 26 or 52 weeks; and Central bank securities (TD), securities issued in 1994 to neutralise the excess deposits that banks had with the Bank of Portugal when the reserve regime was changed.
- Besides these two organised markets, money market business should include commercial paper. These securities are issued either in national or foreign currencies and must have a maturity shorter than one year.

Security business

Banks can raise funds through the issue of cash certificates, bonds or other debt instruments, both in national or foreign currencies. Their capitals are normally collected through the issue of shares or debt instruments with subordinate provisions.

In this field banks can perform transactions, on their own behalf or that of clients, on securities, units on Undertakings for Collective Investment in Transferable Securities (UCITS) or derivatives. Banks can belong to financial syndicates that place securities in the primary market and help other entities organising issuing processes. These institutions can also carry out other services related to securities operations.

Foreign-exchange business

Banks can do transactions in foreign currencies either at the foreign-exchange market or over the counter. In this regard, banks can also contract forward operations and negotiate on travel cheques and other forms of internationally accepted payment systems.

Since the 1992 foreign exchange liberalisation, banks can accept deposits or grant loans denominated in foreign currencies both to residents or non-residents.

Non-bank business

Banks can also deal in precious metals and stones as well as insurance contracts. Other authorised activities are rental of safes and selling consulting services in the area of financial organisation.

Other

Banks may detain participations in other institutions and perform services in the area of managing portfolios on clients' behalf.

V. Reconciliation of national data with the OECD presentation[2]

VI. Sources

The data are derived from the accounting information of the banks and the other bank-like credit institutions. To a small extent, statistics are completed with other data: data available at the Bank of Portugal and data published by the Portuguese Insurance Institution.

Regarding financial assets of Central bank, some items are excluded, due to the fact that they are specific investments of a Central bank. Namely:

1. equity instruments, participating interests and investments in subsidiaries;
2. investment portfolios related to pension funds and severance schemes;
3. securities held owing to statutory requirements and investment activities for a specific purpose, carried out by NCBs on their own account such as the management of an earmarked portfolio corresponding to capital and reserves and the management of an earmarked portfolio held as a permanent investment (financial fixed assets);
4. reverse repo transactions with credit institutions in connection with the management of security portfolios.

Concerning financial assets of Insurance Companies, they are not net of reinsurance.

See the decision of the European Central bank published on the 2 February 2001 in the official journal of the European Communities, No. L33/1.

Notes

1. Decree-Law No. 298/92 of 31 December 1992, and Decree-Law No. 24/91 of 11 January 1991, with the amendments introduced by Decree-Law No. 230/95 of 12 September 1995 and by the Decree-Law No. 320/97 of 25 September 1997.
2. See the tables "Income statement reconciliation" and "Balance sheet reconciliation" that follow.

Portugal

Income statement reconciliation – *Commercial banks*

OECD presentation	National presentation[1]
1. Interest income	
	Interest and other profit-like revenues (80)
	Securities revenues (81)
2. Interest expenses	**Interest and other cost-like expenses (70)**
3. Net interest income	
4. Net non-interest income	
a. Fees and commissions receivable	Commissions received (82)
b. Fees and commissions payable	Commissions paid (71)
c. Net profit or loss on financial operations	
	Profits on financial transactions (83)
	Losses on financial transactions (72)
d. Other net non-interest income	Other income (89)
5. Net interest and non-interest income	
6. Operating expenses	
a. Staff costs	Personnel costs (73)
b. Property costs	Appropriations for depreciation (78)
c. Other operating expenses	
	Supplies and services of third parties (74)
	Taxes (76)
	Other costs (77)
7. Net income before provisions	
8. Net provisions	
a. Provisions on loans	
	Provisions for bad debt on loans (790)
	Provisions for bad debt on other applications (793)
	Provisions for other bad debts (799)
	Repositions and cancellations on provisions for bad debt on loans (–840)
	Reposit. and cancel. on provisions for bad debt on other applications (–843)
	Reposit. and cancel. on provisions for other bad debts (–849)
b. Provisions on securities	
	Provisions bad debt on negotiable securities (791)
	Provisions for bad debt on investment securities (792)
	Provisions for bad debt on long term investment in securities (794)
	Repositions and cancellations on provisions for bad debt on negotiable securities (–841)
	Repositions and cancellations on provisions for bad debt on investment securities (–842)
	Reposit. and cancel. on provisions for bad debt on long term invest. in securities (–844)
c. Other net provisions	
	Non-expected losses (671)
	Non-expected incomes (–672)
	Provisions for country-risk (795)
	Repositions and cancellations on provisions for country-risk (–845)
9. Income before tax	
10. Income tax	**Income taxes (68)**
11. Net income after tax	
12. Distributed profit	
13. Retained profit	

1. The number in parenthesis correspond to the item numbers of the Portuguese Chart of Accounts for the Banking System.

Portugal

Balance sheet reconciliation

OECD presentation	National presentation[1]
Assets	***Assets***
14. Cash and balance with Central bank	
	Escudos notes and coins (10)
	Demand deposits at the Bank of Portugal (11)
	Credit with Bank of Portugal (200)
15. Interbank deposits	
	Liquid assets on national credit institutions (12)
	Liquid assets on foreign credit institutions (13)
	Credit with national credit institutions except Bank of Portugal (20-200)
	Credit with foreign credit institutions (21)
	Bad debt credit with national credit institutions (280)
	Bad debt credit with foreign credit institutions (281)
	Non-paid interest on credit with national credit institutions (2 880)
	Non-paid interest on credit with foreign credit institutions (2 881)
	Expenses with bad debt credit with national credit institutions (2 890)
	Expenses with bad debt credit with foreign credit institutions (2 891)
16. Loans	
	Liquid assets with the Treasury (16)
	Domestic credit (22)
	Cross border credit (23)
	Bad debt domestic credit (282)
	Bad debt cross border credit (283)
	Other bad debt credits (287)
	Non-paid interest on domestic credit (2 882)
	Non-paid interest on cross border credit (2 883)
	Non-paid interest on other credits (2 887)
	Expenses with bad debt domestic credit (2 892)
	Expenses with bad debt cross border credit (2 893)
	Expenses with other bad debt (2 897)
17. Securities	
	Negotiable securities (24)
	Investment securities (25)
	Securities held until its maturity (26)
	Bad debt on securities (284)
	Non-paid interest on securities (2 884)
	Expenses with bad debt securities (2 894)
	Participations (400)
	Affiliated enterprises capital shares (401)
18. Other assets	
	Gold (14)
	Other precious metals, numismatic and medals (15)
	Other liquid assets (19)
	Debtors and other assets (27)
	Amounts allocated to foreign representations (402)
	Other financial long-term assets (409)
	Non-tangible fixed assets (41)
	Fixed assets (42)
	Non-finished fixed assets (46)
	Income to be received (51)
	Expenses already paid which represents future costs (55)
	Exchange rate fluctuations (56)
	Other regularisation accounts (58)
	Other internal accounts (59)
	Accumulated provisions (–29)

Portugal

Balance sheet reconciliation *(cont.)*

OECD presentation	National presentation[1]
	Accumulated appropriations for depreciations (–48)
	Accumulated provisions for long term financial assets (–49)
Liabilities	***Liabilities***
19. Capital and reserves	
	Participation bonds and subordinated loans (60)
	Provisions (61)
	Capital (62)
	Reserves (63)
	Previous years profits (66)
	Current year profits (item 11 – income statement)
20. Borrowing from Central bank	**Liabilities to the Bank of Portugal (300)**
21. Interbank deposits	
	Liabilities to national credit institutions except Bank of Portugal (30-300)
	Liabilities to foreign credit institutions (31)
22. Customer deposits	
	Deposits (32)
	Certificates of deposit (340)
23. Bonds	**Securities' liabilities except Certificates of deposit (34-340)**
24. Other liabilities	
	Loans (33)
	Other liabilities (35)
	Creditors (36)
	Liabilities waiting to be paid (39)
	Cost due (52)
	Income already received but referring to a future moment (54)
	Exchange rate fluctuations (56)
	Other regularisation accounts (58)
	Other internal accounts (59)
Balance sheet total	***Balance sheet total***
25. End-year total	
Memorandum items	**Memorandum items**
Assets	***Assets***
27. Short-term securities	
	Treasury bills – negotiation (24 000)
	CLIPs – negotiation (24 001)
	Foreign Treasury bills – negotiation (24 100)
	Treasury bills – investment (25 000)
	CLIPs – investment (25 001)
	Foreign Treasury bills – investment (25 100)
	Treasury bills – held until maturity (26 000)
	CLIPs – held until maturity (26 001)
	Foreign Treasury bills – held until maturity (26 100)
28. Bonds	
	Treasury bonds – negotiation (24 005)
	Other bonds issued by the General Government – negotiation (24 006)
	Bonds issued by other public issuers – negotiation (24 010)
	Cash certificates issued by other residents – negotiation (24 020)
	Other bonds issued by other residents – negotiation (24 021)
	Bonds issued by foreign General Governments – negotiation (24 101)
	Bonds issued by international financial entities – negotiation (24 110)
	Cash certificates issued by other non-residents – negotiation (24 120)
	Other bonds issued by other non-residents – negotiation (24 121)

Portugal

Balance sheet reconciliation *(cont.)*

OECD presentation	National presentation[1]
	Treasury bonds – investment (25 005)
	Other bonds issued by the General Government – investment (25 006)
	Bonds issued by other public issuers – investment (25 010)
	Other bonds issued by other public issuers – investments (25 011)
	Cash certificates issued by other residents – investment (25 020)
	Other bonds issued by other residents – investment (25 021)
	Bonds issued by foreign General Governments – investment (25 101)
	Bonds issued by international financial entities – investment (25 110)
	Cash certificates issued by other non-residents – investment (25 120)
	Other bonds issued by other non-residents – investment (25 121)
	Treasury bonds – held until maturity (26 005)
	Other bonds issued by the General Government – held until maturity (26 006)
	Bonds issued by other public issuers – held until maturity (26 010)
	Other bonds issued by other public issuers – held until maturity (26 011)
	Bonds issued by other residents – held until maturity (26 021)
	Bonds issued by foreign General Governments – held until maturity (26 101)
	Bonds issued by international financial entities – held until maturity (26 110)
	Bonds issued by other non-residents – held until maturity (26 121)
29. Shares and participations	
	Shares issued by residents – negotiation (2 430)
	Participation bonds issued by residents – negotiation (2 431)
	Trust units issued by residents – negotiation (2 432)
	Shares issued by non-residents – negotiation (2 440)
	Participation bonds issued by non-residents – negotiation (2 441)
	Trust units issued by non-residents – negotiation (2 442)
	Subordinated bonds – negotiation (245)
	Own shares – negotiation (24 810)
	Own participation bonds – negotiation (24 811)
	Shares issued by residents – investment (2 530)
	Participation bonds issued by residents – investment (2 531)
	Trust units issued by residents – investment (2 532)
	Shares issued by non-residents – investment (2 540)
	Participation bonds issued by non-residents – investment (2 541)
	Trust units issued by non-residents – investment (2 542)
	Subordinated bonds – investment (255)
	Own shares – investment (25 810)
	Own participation bonds – investment (25 811)
	Participations (400)
	Affiliated enterprises capital shares (401)
30. Claims on non-residents	
Liabilities	***Liabilities***
31. Liabilities to non-residents	

1. The numbers in parentheses correspond to the item numbers of the Portuguese Chart of Accounts for the Banking System.

Slovak Republic

I. Institutional coverage

All banks cover commercial banks, home saving banks and branch offices of foreign banks operating in the Slovak Republic except providers of banking services on the cross-border basis. All banks operating in the Slovak Republic are governed by law. A bank is a legal entity with its registered office in the territory of the Slovak republic, founded as a joint stock company, which accepts deposits and provides loans and which holds banking license to perform payments and settlements, clearing and investments in securities for the bank's own account.

Commercial banks (for the purposes of this statistics) are banks excluding home savings banks (Savings banks) and branch offices of foreign banks.

Savings banks are a group of banks conducting typical operations of savings banks according to the act on building savings; however they have universal license according to the act on banks and act on home savings banks.

Branch offices of foreign banks are part of the Slovak banking sector. All statistical reports of Slovak banking sector always include also data concerning branch offices of foreign banks. (*i.e.* total assets, profit/loss, etc.). As mentioned, they are included in the category "All banks".

Foreign banks as a part of commercial banks are owned by foreign shareholders (more than 50 %).

Large commercial banks include all banks with the amount of assets greater than 5% of the all banks amount.

Branches correspond to branches of commercial banks including sub-branches of commercial banks.

Data about number of branches during 1995-2001 shows only number of domestic branches.

Number of branches of insurance companies from 2004 includes only number of foreign branches of insurance companies based in the Slovak Republic.

Due to the change of methodology data for 2002-08 include local units only.

II. Geographical coverage and degree of consolidation

The data cover all domestic and foreign banks operating in the Slovak Republic excluding branches of domestic banks abroad.

Data included in this statistics are not consolidated.

IFSR accounting rules were applied to all financial instruments.

III. Summary description of activities of banks

Deposits

All commercial banks have a complete range of deposit accounts in domestic and foreign currency, *i.e.* demand deposits, sight deposits, term deposits, deposit certificates and specific-purpose deposits. Deposit means entrusted funds that represent an obligation towards the depositor to repay them. There are four types of deposit protection: state guarantees, reserve funds created by banks and centralised in Deposit Protection Fund, insurance of deposits and banking supervision.

Home savings banks are reserved for the Slovak residents permanently domiciled in the Slovak Republic and legal entities or entrepreneurs permanently domiciled in the Slovak Republic.

Loans

Slovak banks offer credit facilities, in domestic and foreign currency, to corporations, households, local governments and non-residents. They also offer loan guarantees and endorsements and provide factoring and leasing. Ten mortgage banks provide mortgage lending.

Payment facilities

Slovak banks offer the totality of standard means of payment. Banks have introduced electronic payment facilities and several types of payment cards and provide clients with special services such as home banking, internet banking, etc.

Money Market business

Slovak banks participate on:

- Interbank deposit and securities market:
  1. Operation with bank's deposits in domestic and foreign currency.
  2. Guarantee's operations in securities form.
- Intervention operation market.

Slovak banks are active in the domestic and foreign interbank market.

Securities business and portfolio management

Banks operate with securities on the stock exchange, on the primary and secondary markets, under conditions governed by the Central bank. Banks invest part of their working capital in securities. Banks manage client's portfolios as well. This is often performed through investments funds or corporations.

Other business

Banks provide other services such as foreign exchange operations, consulting and information services, export and import financing, bank guarantees, hedging in foreign currencies, etc.

Financial assets

Financial assets are cash and other assets that convert directly into known amounts of cash.

Assets on residents and non-residents

Assets on residents and non-residents are quoted in brut value (including provisions), other amount of assets or liabilities are net.

Assets of the Central bank

Assets of the Central bank do not consider changes in accounting procedures which have influenced total amount of assets of the Central bank.

By the Act on Accounting 431/2002 Z.z. was the bank obligated from the day of 1 January 2003 to evaluate and show gold, financial derivates and trading securities in his real value. Price revaluation to the real value as at 1 January 2003 is shown directly in the own funds account (it is valid in the case of the change of the real value of gold). Under the influence of the revaluation of the Central bank's gold to the market price was established a fund for the new revaluation of gold. The difference from the revaluation of trading securities and financial derivates to market prices as at 1 January 2003 was 2 198 mil. Sk. The whole amount of changes to the real value from the revaluation of gold, financial derivates and trading securities as at 1 January 2003 was 15 476 mil. Sk.

Since August 2005, assets of the Central bank include:

Gold. This item includes the value of the gold reserves administered by the National Bank of Slovakia (NBS).

Deposits with the International Monetary Fund in foreign currency. Slovak Republic's membership quota paid in foreign currency.

Deposits with foreign banks and international institutions in foreign currency. Foreign currency deposits held at foreign banks and international finance institutions.

Claims on abroad in foreign currency

Foreign currency loans made by the NBS to clients abroad.

Claims on domestic financial institutions

This item consists of NBS loans in Slovak crowns and foreign currency granted to financial institutions, banks and branch offices of foreign banks.

Securities

This item includes securities owned by the NBS.

Participations

This item represents the NBS domestic and foreign participating interests including capital share of the NBS in ECB.

Claims on the general government

Resources granted to the general government units, which are not components of the State Treasury. Claims on general government include delimited part of redistributed loans, which have been taken over from the banking sector and granted by the former State Bank of Czechoslovakia.

Other assets

This item includes tangible and intangible assets net of accumulated depreciation, loans granted to other NBS clients, and assets that are not covered in above accounts.

IV. Reconciliation of national data with the OECD presentation

Balance sheet total

Average total

This is the average calculated over 12 months.

V. Sources

The data in *Banking Statistics – Financial Statements of Banks* has been compiled by the National Bank of Slovakia (*www.nbs.sk*) from Income Statement and Balance Sheet.

Spain

I. Institutional coverage

The statistics published in *Banking Statistics – Financial Statements of Banks* cover "all banks" encompassing commercial banks, savings banks and credit co-operatives. The credit institutions included are characterised by the fact that customers' deposits represent a large part of their liabilities. However, the importance of other substitute financial instruments has been growing progressively.

The institutions known under Spanish legislation as "credit institutions" (*entidades de crédito*) comprise, in addition to the institutions mentioned in the previous paragraph (commercial banks, saving banks and credit co-operatives) the official credit institute *(Instituto de crédito oficial)* and "specialised credit institutions" (*establecimientos financieros de crédito*). Official credit institute and specialised credit institutions are not included in the statistics published in *Banking Statistics – Financial Statements of Banks.*

A brief description is given in Section III below regarding the scope of each of these groups, summarising their main features and the recent changes in their legal status. An explanation is also provided on the exclusion of official credit institutions and specialised credit institutions from the statistics published in *Banking Statistics – Financial Statements of Banks*.

II. Geographical coverage and degree of consolidation

The income statement and balance sheet information presented in *Banking Statistics – Financial Statements of Banks* is based on residence criteria, *i.e.* the data relate to Spanish banks and their activity in Spain (thus, excluding their foreign branches and subsidiaries) and to foreign banks (branches and subsidiaries) operating in Spain. However, due to several exceptional cases, these criteria could not be applied to all years covered by the series:

- *Commercial banks*: Exceptionally, data from 1979 to 1982 include the branches (not subsidiaries) of Spanish banks located abroad. In this period, institutions reported their domestic and foreign business in a consolidated form, thus preventing a separation of the data between the two segments. However, activities of banks abroad were not significant at that time.
- *Savings banks*: For the same reason, data for 1979 and 1980 relate to resident Spanish savings banks (there were no branches or subsidiaries of foreign savings banks) and their foreign branches.

These exceptions introduce a discontinuity in the data for 1983. However, the break in the case of savings banks is insignificant (in 1979 and 1980 there was only one small branch abroad).

III. Structure of the banking system

All banks

The institutional grouping "all banks" encompasses three types of institutions – commercial banks, savings banks and credit co-operatives. The main feature, distinguishing them from the other institutions of the credit system, is the authority to grant financing to, and raise funds from, all sectors through any type of financial instrument at terms without limitations. More concretely, they are the only institutions authorised to take deposits from customers other than credit institutions. In fact, a large part of their liabilities represents the deposits of other sectors. In the past, the regulations governing the three groups tended to be complex and disparate, although the first initiatives aimed at aligning their legal status were taken in the mid-1970s to promote greater competition among these institutions. At present, these three types of institutions have the same operating possibilities, differing only in their individual bylaws or founding structures. These legal differences not only affect their governing bodies but also their distribution of profit and the channels available to them for increasing their own funds.

In terms of assets, commercial banks are the most important of the three groups of institutions, accounting for around 55 per cent of the total assets held by this group of institutions, followed by savings banks with a 41 per cent share and credit co-operatives with 4 per cent.

Commercial banks

Commercial banks are the major component in the total group, although in recent years their relative weight has diminished. They have the legal status of a Spanish limited liability company (*sociedad anónima*) and are allowed to engage in all activities proper to their business with the exception of specific operations (such exceptions are relatively few and include, for example, business dealings in precious metals, asset management and insurance transactions). Under Law 26/1988 of 29 July 1988, which regulates the activities of credit institutions, commercial banks are authorised to engage in financial leasing operations and to issue mortgage bonds.

According to their nationality, banks are classified as foreign or Spanish. In the past, the operational differences between the two were significant, particularly with respect to deposit customers. Foreign banks were limited in their ability to raise funds on the Spanish market (with the exception of the interbank market) and to expand through the creation of new branches. In 1993, these restrictions were lifted, thus providing the same possibilities to national and foreign banks for financing and for their expansion. Nonetheless, these former restrictions determined the characteristics of foreign banks: they were specialised in raising funds on the interbank market and in lending transactions primarily aimed at large corporations, since they are not equipped to compete for individual customers due to the extensive branch networks built up by Spanish banks in the past.

Savings banks

The savings bank sector encompasses the institutions belonging to the Spanish Confederation of Savings Banks and the Confederation itself. The latter is the representative body of the savings banks and conducts clearing and credit transactions for the group. It also functions as a financial institution engaged in lending and liabilities transactions with the general public. Savings institutions, whether created under official or private initiative, are non-profit institutions that are considered to be in the public interest, although they are of a private nature. In the use of their profits they are social welfare institutions, but in their operations they follow normal business practices. They have no capital in the form of shares; instead they have a foundation fund. As a result, they are unable to strengthen their own funds through capital increases, although they can issue participation units that any investor can acquire.

Their governing bodies, as established in Law 31/1985, are:

- general assembly, the highest decision-making and governing body;[1]
- board of directors, with the same representative structure as the general assembly, and whose functions are the administration and management of the institution;
- control committee, elected by the General assembly, and whose basic task is to supervise the activities of the Board.

Initially, savings banks were limited in their operating scope, but they are now allowed to engage in the same transactions as commercial banks. Their business focuses mainly on retail activity, holding the deposits of a large number of small customers in savings accounts and fixed-term deposits.

Credit co-operatives

Credit co-operatives are formed by partners, which may be business co-operatives or individuals (known as "single partners"). They are classified as farm (rural savings banks) and non-farm institutions. The activity of rural savings banks is related to the agricultural, forestry and livestock sectors, as well as work focusing on social conditions in rural areas.

Credit co-operatives are companies with their own legal status and whose corporate purpose is to finance the activities of members of the co-operative and third parties. They can engage in any type of lending, liabilities transaction or service transaction open to any other deposit money institution. Altogether, total lending operations with third parties cannot exceed 50 per cent of the institution's total funds. This percentage does not take into account transactions with the partners of associated co-operatives, the placement of surplus cash on the interbank market, or the acquisition of securities and other assets purchased to cover legal reserve requirements or related to the investment of surplus cash.

Official credit institutions

Official credit institutions include the Official Credit Institute (*Instituto de Crédito Oficial*). Currently, its nature, legal regime and functions are regulated by Royal Decree-Law 12/1995 of 28 December and by the Royal Decree-Law 706/1999 of 30 April. Until June 1994, official credit banks (*Banco de Crédito Agrícola, Banco Hipotecario de España, Banco de Crédito Industrial* and *Banco de Crédito Local*) were also included. These are all public institutions created to complement private initiative via medium and long-term financing to specific sectors of the Spanish economy and to act as the government's financial agent. Until 1988 they raised funds chiefly through privileged financing channels, mainly in the form of government loans, and compulsory placement of certain securities (government investment bonds) with other credit institutions.

The Law 3/1994 of 14 April 1994, adapting Spanish legislation on credit institutions to the second EU directive on banking co-ordination, considerably changed the structure of the Spanish credit institutions. This law gives official credit banks the legal status of banks, and to all intents and purposes they now form part of the banking group, while the Official

Credit Institute remains the only entity in the official credit category. Under the new law, this Institute functions as a financial agency of the government, in charge of covering the long-term financing required for promoting the competitiveness of Spanish enterprise, the development of certain areas and regions of the Spanish economy, and the financing of government-approved aid programs for developing countries. The statistics in the *Banco de España's Bolet'n Estad'stico* reflect these changes as of June 1994. Thus, the information for Commercial banks includes official credit banks (now simply banks) as from 1994, *i.e.* the historical series have not been modified to include these entities.

Specialised credit institutions

Specialised credit institutions form a heterogeneous group whose common and basic characteristic – which in turn distinguishes them from deposit money institutions – is their specialisation in lending operations. In addition, the specialised credit institutions are clearly restricted in their capacity to raise funds: they were not allowed to take funds from the public in the form of deposits, loans, repos or other similar categories. However, they are able to raise funds on securities markets through any instrument at any term. As from 1997, this group comprises: the previously named "mortgage loan companies", "financial leasing companies", "finance companies", and "money-market intermediary companies" (the latter were phased out in May 1995 following the creation of securities-dealer companies and securities agencies in 1988).

Exclusion of official credit institutions and specialised credit institutions from "All banks"

Even though these institutions engage in activities typical to the banking business, the statistics presented in *Banking Statistics – Financial Statements of Banks* do not include official credit institutions[2] and specialised credit institutions, for two reasons:

- The treatment of these institutions as credit institutions and their supervision and control by the Banco de España started in 1988 (Law 26/1988). The lack of reliable time series, in addition to the particularities of their lending and borrowing transactions, is the determinant factor to exclude these institutions from the publication.
- Commercial banks, saving banks and credit co-operatives were, and are, by far the most important component in the credit system. Their assets represent approximately the 96 per cent of the system's total assets, and they provide 96 per cent of credit to "other resident sectors".[3] Regarding the liabilities, this observation is further underscored while they absorb almost 100 per cent of the funds raised by credit institutions from other resident sectors and 97 per cent of funds from the external sector.

IV. Summary description of activities of banks[4]

Commercial banks, savings banks and credit co-operatives engage in a very wide range of activities. The most important ones are described below:

Payment facilities

All these institutions accept sight deposits, which represent 17 per cent of the total deposits with other resident sectors. Sight deposits can be transferred by cheque or credit card. Overdraft facilities can be provided and are treated as a normal credit operation, although higher interest rates are applied than in the case of other lending transactions. Interest rates on sight deposits were fully liberalised in 1987.

Deposit business

This category includes savings deposits, time deposits and other similar instruments.

In Spain, savings accounts, which represent 13 per cent of total deposits with other resident sectors, are under a contract similar to that of sight deposits but implemented via passbooks. In practice, the same transactions as in the case of sight deposits can be carried out, but without the use of cheques. Time deposits, representing 51 per cent of total deposits, are bank contracts under which the customer agrees to keep the amount of the deposit at the bank until its maturity. If the customer wishes to withdraw it before maturity, the bank can provide the amount in cash, normally at a penalty in terms of interest accrued, or it can extend credit with the deposit amount as the guarantee.

There are other two important instruments classified under this category. The first came into being in 1984 and now accounts for 6 per cent of deposits with other resident sectors: repo asset sales. A repo asset sale is a transaction whereby a deposit money institution sells a negotiable security from its portfolio and agrees to repurchase it on a given date. Rather than eliminating the asset from its balance sheet, the institution enters the amount received as a liability in a special account. Finally, there are "hybrid financial liabilities", which include both a host contract of a deposit nature and an associated financial derivative that affects the flows generated by the deposit.

Other savings instruments

All the institutions included in "all banks" are authorised to issue securities, long-term and short-term, similar to those issued by non-financial enterprises. Medium and long-term issues can include bank bonds, treasury bonds and mortgage securities. Bank bonds, issued in the past by investment banks, are increasingly rare. Treasury bonds can be issued only by banks and savings banks. Mortgage securities, which can be issued by all these institutions, are of three types: mortgage bonds, which are guaranteed by specific mortgage loans; mortgage certificates, which are guaranteed by all the mortgage loans granted by the issuing institution as a whole; and mortgage participations, formed by sales to third parties of all or part of the mortgage loans granted by the institution. Institutions can also issue subordinated financing, which first appeared in 1986 and consists of securities and loans that are considered as own funds in the calculation of certain ratios.

Deposit money institution activities also include the issue of CDs (whose main feature is their negotiability, which distinguishes them from time deposits), and non-tradable banking notes. All are included in the accounts under time deposits.

Money market business

Through the interbank market, deposit money institutions (as well as the other credit institutions) borrow and lend deposits and other financial assets overnight and for longer terms. The financial assets traded on the interbank market comprise deposits, repurchase agreements, and the *Banco de España* certificates (CBEs) issued in 1990 and fully redeemed in the year 2000. As from 1999, the domestic interbank market has seen its importance diminish owing to the new operational framework for the implementation of the single monetary policy in the euro area and the establishment of the TARGET system for routing liquidity transfers. These new arrangements have provided for an effective, integrated European interbank deposit market.

Lending business

All these credit institutions are allowed to engage in the same lending business, although credit co-operatives primarily operate with their associates. About 90 per cent of assets *vis-à-vis* other resident sectors are extended in the form of credit.

Transactions involving variable interest rates, fairly insignificant in the past, are now increasingly frequent. Transactions of this type currently represent nearly 70 per cent of total credit to other resident sectors. Particularly notable in the area of secured loans is the weight of mortgage loans, primarily for housing purchases.

Securities business

In addition to the aforementioned transactions, a large portion of private portfolios is deposited with these institutions, in particular with the major banks and the Confederation of Savings Banks. These institutions participate actively in the issuance, trading and management of their customers' securities. Since 1989, securities-dealer companies and securities agencies (*sociedades y agencias de valores*) have become increasingly active on securities markets at the expense of banks, although the latter own large stakes in these companies.

Foreign exchange business

Throughout the late 1980s and early 1990s, Spanish laws governing exchange controls were gradually lifted. As from February 1992, transactions between residents and non-residents were liberalised. Nonetheless, despite the elimination of prior official authorisation, parties are still required to report the related information for statistical and fiscal purposes.

Non-banking business

Banking institutions are not expressly prohibited by law from engaging in non-banking business. As included in Non-interest income (item 4), they receive non-banking income from real estate (earnings on sales and rentals) and, more recently, from the rental of computers and other equipment.

Deposit guarantee funds

Each group (commercial banks, savings banks and credit co-operatives) is covered by its own guarantee fund. All such funds operate in the same way and are, in practice, compulsory. The funds are financed from annual contributions made by their member institutions (based on a variable percentage of their deposits) and until 1996 an annual contribution from the Banco de España.

The function of the funds is twofold:

- To guarantee deposits to a maximum amount of EUR 100 000 per depositor.
- To resolve problematic asset situations of ailing institutions: when, at the request of the Banco de España, an institution in crisis increases its capital to regain its soundness, the corresponding fund may subscribe the portion of the issue not covered by shareholders. If this subscription entails a controlling position in the institution, the fund takes over the management of the bank until its recovery. The fund must then sell the bank to the highest-bidding institution (or group of institutions).

V. Reconciliation of national data with the OECD presentation[5]

Income statement

In *Banking Statistics – Financial Statements of Banks*, information on income statement is presented in cascade form, with each of the most relevant margins for the analysis of banking business and the principal components, up to the figures for Net income after tax (item 11) and Retained profits (item 13). In addition, Staff costs (item 6.a), Provisions on loans (item 8.a), and Provisions on securities (item 8.b) are included to reflect three significant income statement captions.

The contents of each item are described below:

Interest income

This item includes amounts accrued from interest and similar income generated by credit transactions and securities portfolios, as well as the income adjustments related to hedging operations (exchange rate differences adjusted for interest and future hedges) and other financial income.

Interest expenses

Included here is any type of interest accrued as a return in cash or in kind, paid to creditors or other financial intermediaries for borrowed funds, as well as the cost adjustments related to hedging operations, commissions, and costs taken to internal pension funds for employees.[6]

Net non-interest income

This includes the income and expenses related to services rendered or received and the typical banking results from financial transactions not directly related to intermediation:

- fees and commissions receivable;
- fees and commissions payable;
- net profit or loss on financial operations: gains or losses on transactions in foreign currency, gains or losses on the trading of fixed-income securities held in the investment portfolio, gains or losses on other financial transactions and on non-hedging transactions, and the extraordinary results generated by the purchase and sale of securities (other than those held in the investment portfolio);
- other net non-interest income: extraordinary results generated by the purchase and sale of property and other extraordinary income and expenses not related to personnel.

Operating expenses

- Staff costs includes costs of both a compulsory and voluntary nature, social security contributions, retirement pensions, profit-sharing, and net allowances to provision funds set up by the institutions to cover future pension payments, except for the costs related to internal pension funds.
- Property costs: overhead costs covering service maintenance, insurance, employee travel expenses, depreciation of fixed assets, amortisation of start-up and formation expenses and of other intangible assets and contributions paid to deposit guarantee funds by member institutions.

- Other operating expenses: taxes on banking business that cannot be transferred to customers and property taxes.

Net provisions

This includes both impairment of assets (the carrying amount of an asset is adjusted with a charge to the income statement when there is objective evidence that an impairment loss has occurred) and other provisions and contingencies (present obligations of the entity arising from past events and possible obligations/assets of the entity arising from past events whose existence is conditional on the occurrence or not of one or more future events beyond the control of the entity). The main features of net provisions (items 8.a to 8.c) are as follows:

- Provisions on loans: difference between the value book and the recoverable amount of the credit portfolio.
- Provisions on securities: impairment loss on *Available for sale financial assets, Held to maturity investment, and Shareholdings.*
- Other net provisions: impairment of non-financial assets (tangible assets, goodwill and other assets) and other provisions and contingencies (transfers to funds for pensions and similar obligations, provisions for taxes and for contingent exposures and commitments, and other).

Income tax

Since 1992, corporate tax has been recorded in the income statement under expenses. Also since 1992, the income tax series has included tax on the activity in Spain of resident entities. Due to the lack of information, until that year the series encompassed total tax, *i.e.* tax on business in Spain and abroad.

Distributed profit

In the case of commercial banks, this item includes the total profits to be distributed to shareholders, even though partial payments may have already been made. For savings banks, which have no share capital due to their special legal status, this item records their contributions to social and welfare activities. In the case of credit co-operatives, this item includes contributions to social and cultural activities, interest paid to associates on capital contributions and the co-operative's returns.

Retained profit

The institution included in "all banks" must assign the following compulsory reserves:

- commercial banks: as in the case of all joint-stock companies, commercial banks are required to assign at least 10 per cent of their liquid surplus to a reserve, which must equal at least 20 per cent of share capital;
- savings banks: as a general rule, savings banks are required to set aside at least 50 per cent of their liquid surplus to reserves before establishing welfare fund provisions;
- credit co-operatives: credit co-operatives must assign at least 20 per cent of their liquid surplus to a compulsory reserve fund and 10 per cent to an education and welfare fund. The rest remains at the disposal of the general assembly, which can distribute it among members or use it to enlarge its compulsory reserve fund.

In addition, all institutions must comply with the capital adequacy ratio. If an institution presents a deficit in its eligible own funds of more than 20 per cent of the minimum compulsory funds, it must assign to reserves all net profit or liquid surplus. If the deficit is 20 per cent or less, the institution must submit its proposal for profit distribution for prior authorisation by the Banco de España, which then sets the minimum percentage -in no case less than 50 per cent- that must be assigned to reserves.

Balance sheet

Banking Statistics – Financial Statements of Banks also includes the components of the balance sheet (items 14 to 39). The contents of each item are:

Cash and balance with Central bank

This reflects the cash in pesetas and other claims on the Banco de España in the form of compulsory sight deposits, asset purchases with resale agreements, and CBEs (until the year 2000).

Interbank deposits

Included here are the outstanding balances of correspondent accounts, time deposits, repos, and other accounts *vis-à-vis* resident credit institutions.

Loans

This item includes the amounts withdrawn or other debtor balances related to the credits and loans extended to customers, both resident (General Government and other sectors) and non-resident: trade credit, secured loans, other non-secured loans, repos, sight and sundry debtors, financial leasing, etc. Doubtful loans are also included.

Securities

This reflects the portfolio of fixed-income securities and shares issued by credit institutions, General Government and other resident and non-resident sectors. Also included are own securities held in the portfolio.

Other assets

This item covers a heterogeneous group of assets that do not fit into the previous items, including among others: foreign banknotes, claims on other Central banks and non-resident credit institutions, fixed assets, welfare activities, and accrual and sundry accounts.

Capital and reserves

Included here are the entries for capital, reserves, provisions, and the profits and losses of previous years and the current year:

- Capital: in the case of savings banks and credit co-operatives, this item includes the contributions of promoters and associates, respectively. The participation units issued by savings banks also figure here.
- Reserves: this item includes share issue premiums, compulsory and voluntary reserves, and accumulated reserves derived from the revaluation of assets (buildings, securities,

etc.), as allowed under legislation on the restatement (revaluation) of balance sheets (Laws 2432/1979, 621/1981, 382/1984).

- Financial assets and liabilities valuation adjustments: differences between the valuation of public and statistical statements except those arising from accrued interest.
- Impairment allowances: provisions to cover impairment losses of financial and non financial assets.
- Profits: includes the profits of the current year and the undistributed profits of previous years.
- Losses: includes the losses of the current year and of previous years, as well as losses offset under balance-sheet restatements allowed by law.

Borrowing from Central bank

All liabilities to the *Banco de España*, in any form, are included under this item.

Interbank deposits

This encompasses the debit balances of interbank deposits, correspondent accounts, time deposits, repos, and other accounts *vis-à-vis* other resident credit institutions.

Customer deposits

Included here are the credit balances in pesetas and foreign currencies opposite General Government (including tax-collection accounts), other resident and non-resident sectors for sight, savings and time accounts, participations, repo asset sales, and insurance transactions.

Bonds

This item covers issues of bonds and other negotiable assets (including those held by the institution itself) and subordinated financing.

Other liabilities

This encompasses the other liabilities that do not figure in the previous items, including the special creditor accounts of other resident sectors, the internal pension fund, accounts with non-resident credit institutions, and accrual and sundry accounts.

Memorandum items

Assets

Short-term securities

This includes the short-term securities issued by all resident sectors that are held by deposit money institutions: General Government bills and notes; commercial paper, notes and other instruments of official credit institutions.

Bonds

Included here are the medium and long-term securities issued by all resident and non-resident sectors that are held by institutions: General Government bonds, fixed-income portfolios of credit institutions (except notes and other instruments of official credit institutions), bonds of other resident sectors, and the total fixed-income portfolio of non-residents.

Shares and participations

This encompasses the participations, shares and variable-yield securities issued by credit institutions and other resident and non-resident sectors that are held by deposit money institutions.

Claims on non-residents

This item covers the total claims on non-residents: foreign banknotes, claims on non-resident credit institutions, claims on other Central banks, and fixed assets in foreign currency, all of which figure in Other assets (item 18); the doubtful loans of non-residents and of non-resident credit institutions and credit extended to non-bank non-residents reflected in Loans (item 16); the portfolio of fixed-income securities and shares included in Securities (item 17).

Liabilities

Liabilities to non-residents

This encompasses all liabilities to non-residents: the liabilities to non-resident credit institutions included in Other liabilities (item 24); the deposits of non-bank non residents in Non-banks deposits (item 22), and the subordinated financing in foreign currency included in Bonds (item 23).

Capital adequacy

Tier 1 Capital

Essentially capital and reserves, from which are deducted intangible assets and negative results and losses at consolidated companies.

Tier 2 Capital

The most significant components are subordinated financing, and preference shares, savings banks' welfare funds and credit co-operatives' education and welfare funds, and generic and statistical (dynamic) provisions.

Supervisory deductions

They essentially represent the surplus of participations in financial and non-financial institutions.

VI. Sources

All information is drawn from the statements presented by institutions to the Banco de España for supervisory purposes. Balance sheets and income statements are published in the *Bolet'n Estad'stico* of the *Banco de España* (chapter 4, *www.bde.es*). These balance sheets and income statements were used to derive the statistics published in *Banking Statistics – Financial Statements of Banks*, although not all the data are published in the *Bolet'n Estad'stico* (*e.g.* capital adequacy).

Notes

1. The structure of the General Assembly: less than 50 per cent of its members represent State (Regional and Local), between 25 and 50 per cent represent customers, and between 5 and 15 per cent represent employees. This composition applies to saving banks from those Regional (autonomous) Governments adopting State legislation. Nonetheless, the Regional (autonomous) Governments are free to set different proportions for those groups, and some have, in fact decided to do so.
2. With the aforementioned exception of the inclusion of official credit banks under Commercial banks since 1994.
3. Throughout the text, "other resident sectors" refers to resident sectors other than the Central bank, credit institution and General Government (including Social Security funds).
4. Unless otherwise specified, all ratios given in this item refer to December 2008.
5. See also the tables "Income statement reconciliation" and "Balance sheet reconciliation" that follow.
6. Since the entry in force of Banco de España Circular 4/1991 (now replaced by Circular 4/2004), income generated by the investment of an institution's internal pension funds must be treated as a financial cost of the institution. Until then, this cost was included under allocations to the funds and, therefore, figured as a personnel expense. For the period prior to 1992, an estimate was made of this cost (applying to pension funds the average interest rate of the loan transactions in the balance sheet), and this figure was then deducted from the amount assigned to the pension fund, thus ensuring the homogeneity of the series.

Spain

Income statement reconciliation – *All banks* – 2008

	OECD presentation	Million EUR	National presentation
1.	**Interest income**	**153 688**	**Interest income (36.1) + Return on equity instruments (36.2) (p)**
2.	**Interest expenses**	**106 495**	**Interest expenses (36.2)**
3.	**Net interest income**	**47 192**	**Net interest income (36.3) + Return on equity instruments (36.2) (p)**
4.	**Net non-interest income**	**22 921**	**Net non-interest income**
	a. Fees and commissions receivable	15 555	Fees and commissions receivable (40.3)
	b. Fees and commissions payable	2 529	Fees and commissions payable (40.8)
	c. Net profit or loss on financial operations	7 186	Net profit or loss on financial operations 40 (12 + 13 + 14) + 36.11 (p)
	d. Other net non-interest income	2 712	36.11 (p)
5.	**Net interest and non-interest income**	**70 113**	**Net interest and non-interest income**
6.	**Operating expenses**	**30 210**	**Operating expenses**
	a. Staff costs	18 171	Staff cost
		17 901	General staff cost (36.7)
		270	Extraordinary staff cost (36.8) (p)
	b. Property costs	11 648	General expenses 36.6 (p)
	c. Other operating expenses	391	Non-income taxes 36.6 (p)
7.	**Net income before provisions**	**39 902**	**Net income before provisions**
8.	**Net provisions**	**19 505**	**Net provisions**
	a. Provisions on loans	13 981	Provisions on loans 36.9 (p)
	b. Provisions on securities	1 875	Provisions on securities 36.9 (p)
	c. Other net provisions	3 650	Other 36.9 (p) + 36.8 (p)
9.	**Income before tax**	**20 397**	**Income before tax (36.13)**
10.	**Income tax**	**1 903**	**Income tax (36.14)**
11.	**Net income after tax**	**18 495**	**Net income after tax (36.15 + 36.16)**
12.	**Distributed profit**	**10 993**	**Distributed profit**
13.	**Retained profit**	**7 501**	**Retained profit**

P: Parcial. Only part of this item is included.

1. The numbers correspond to the tables and columns of Chapter 4 in the *Boletín Estadístico of the Banco de Espana* (*www.bde.es*).

Spain

Balance sheet reconciliation – *All banks* – 2008

OECD presentation		Million EUR	National presentation
Assets			***Assets***
14.	**Cash and balance with Central bank**	**62 473**	**Cash and balance with Central bank 51.2 (p) + 61.2 (p) + 71.2 (p) + 51.10 (p) + 61.10 (p) + 71.10 (p)**
15.	**Interbank deposits**	**374 002**	**Interbank deposits 51.2 (p) + 61.2 (p) + 71.2 (p) + 51.5 (p) + 61.5 (p) + 71.5(p)**
16.	**Loans**	**1 901 605**	**Loans**
		48 688	Credit to General Government 51.3 + 61.3 + 71.3
		1 795 109	Credit to other resident sectors 51.4 + 61.4 + 71.4
		57 808	Credit to external sector 51.5 (p) + 61.5 (p) + 71.5 (p)
17.	**Securities**	**486 027**	**Securities**
		96 572	General Government debt 51.6 (p) + 61.6 (p) + 71.6 (p)
		389 455	Others.51.6 (p) + 61.6 (p) + 71.6 (p) + 51 [7 + 8 + 9] + 61 [7 + 8 + 9] + 71 [7 + 8+ 9]
18.	**Other assets**	**272 148**	**Other assets**
		161	External sector 51.10 (p) + 61.10 (p) + 71.10 (p)
		35 638	Fixed and welfare assets 56.1 + 66.1 + 76.1 + 66.8 + 76.8
		236 349	Miscellaneous 56.8 + 66.11 + 76.11
Liabilities			***Liabilities***
19.	**Capital and reserves**	**232 758**	**Capital Accounts 52.8 + 62.8 + 72.8**
20.	**Borrowing from Central bank**	**102 187**	**Borrowing from Central bank 52.3 (p) + 62.3 (p) + 72.3 (p)**
21.	**Interbank deposits**	**583 169**	**Interbank deposits 52.3 (p) + 62.3 (p) + 72.3 (p) + 52.6 (p) + 62.6 (p) + 72.6 (p)**
22.	**Customer deposits**	**1 576 841**	**Customer deposits**
		75 058	General Government sector deposits 52.4 + 62.4 + 72.4
		1 428 935	Other resident sector deposits 52.5 + 62.5 + 72.5
		72 848	External sector 52.6 (p) + 62.6 (p) + 72.6 (p)
23.	**Bonds**	**355 874**	**Bonds**
		328 259	Bonds 52.7 (p) + 62.7 (p) + 72.7 (p)
		27 615	Subordinating financing 52.7 (p) + 62.7 (p) + 72.7 (p)
24.	**Other liabilities**	**245 426**	**Other liabilities 52.9 + 62.9 + 62.10 + 72.9 + 72.10**
		20 937	Pensions funds
		224 489	Miscellaneous
Balance sheet total			***Balance sheet total***
25.	**End-year total**	**3 096 255**	**51.1 + 61.1 + 71.1**

P: Partial. Only part of this item is included.

1. The numbers correspond to the tables and columns of Chapter 4 in the *Boletín Estadístico of the Banco de Espana* (*www.bde.es*).

Sweden

I. Institutional coverage

The statistics published in *Banking Statistics – Financial Statements of Banks* relate to commercial banks, savings banks, co-operative banks and foreign owned branches. Co-operative banks were transformed into a limited company at the end of 1991. Thereafter these banks are included with commercial banks. Further, a number of significant savings banks were transformed into a limited company, *Sparbanken Sverige AB*, at the end of 1992 and this is also included in the commercial banks from 1993. Foreign owned banks were allowed in Sweden in 1986 and foreign owned branches in 1990.

At the end of 2008, there were 34 domestic commercial banks, two minor co-operative banks and 29 foreign banks. The assets for this group amounted to SEK 7 233 billion, whereof foreign commercial banks and foreign owned branches accounted for SEK 917 billion. The number of Savings banks amounted to 53 and their total assets amounted to SEK 151 billion. The regulations that apply to banking and financing activities in Sweden are laid down in the Banking and Financing Business Act of 2004. A license is required from the Swedish Financial Supervisory Authority to operate a banking and finance business.

A banking business means a business which includes the mediation of payment by general payment systems and acceptance of deposits which are available to the depositor within 30 days' notice at most. The banks' monopoly on accepting deposits was abolished on 1 July 2004 enabling credit market companies to also accept deposits from the public.

Banks may operate as limited banks, savings banks and co-operative banks. The Banking and Financing Business Act governs the operations of all forms of banks, what they are allowed to do as well as their supervision. The Act also includes special regulations for limited banks, whereas the formation and organisation of savings banks and co-operative banks is regulated in special Acts.

A credit market company is a limited company or an economic association licensed to pursue financing operations.

Example of another law with significance as regards the banks and the credit market companies is the Deposit Guarantee Fund Act which is intended to guarantee the funds in depositors' accounts up to SEK 500 000.

II. Geographical coverage and degree of consolidation

Data included in the statistics cover all institutions operating inside Sweden. It means that data included cover all Swedish domestic banks, domestic branches and subsidiaries of Swedish banks, branches and subsidiaries of foreign banks operating in Sweden. Swedish banks' branches abroad are included. Foreign subsidiaries of Swedish banks are not included: they are most likely reported in other countries' data. Data is compiled on a corporate basis except for the foreign owned bank branches.

Concerning consolidation, corporate basis means that the reporting unit is the enterprise (corporation). And the statistics presented is an aggregation of data collected. The only exemption from the corporate basis is the collection of data from the branches (not enterprises) of foreign banks operating in Sweden. Foreign owned bank branches are consolidated with their parent bank (in their respective home country).

Up to 2003 the banking groups shown in the publication were as follows:

- Commercial banks – Swedish banks limited by shares, including two minor co-operative banks.
- Foreign commercial banks – foreign owned banks and foreign owned branches.
- Savings banks – lack equity capital, usually small, operating on a regional or local market.

From 2004 onwards, the banking groups presented are made up as follows:

- All banks – made up of "Commercial banks" and "Savings banks" (see below).
- Commercial banks – banks limited by shares, including foreign owned banks and foreign owned branches and including two minor co-operative banks:
  - large commercial banks – the four largest banks in Sweden, a sub-set of commercial banks, accounting for about 80% of the banks' balance sheet total;
  - foreign owned banks – foreign owned banks and foreign owned branches – a sub-set of commercial banks.
- Savings banks.

III. Summary description of activities of banks

Payment facilities

All accounts are in practice sight deposit accounts and they can be linked with the bank giro system and automated cash dispensers. Many accounts also include overdraft facilities.

Deposit business with non-banks

Banks offer a wide range of accounts for enterprises and households, both transactions and savings accounts. Many bank accounts propose features which are typical of both types of accounts.

Money market business

The interbank money market consists of transactions in daylight and overnight loans between banks, transactions in CDs, borrowing from and repurchase agreements with the Central bank, and short-term deposits with the National Debt Office. The money market comprises furthermore short-term deposits with special terms from the non-financial sector, *i.e.* enterprises and local authorities, and transactions in Treasury bills and commercial papers.

Various kinds of lending business

Banks grant construction loans to housing but mortgage lending for housing is handled by specialised institutions, often owned by banks. Lending to the government consists of investments in Treasury bills and government bonds. Lending to the business sector is formally short-term, although the banks are allowed to grant loans on longer terms within certain limits. Lending to households is mainly in the form of personal loans. Banks do not grant instalment credits; such credits are granted by the finance companies.

Banks' international lending is mainly related to export/import financing. About 40 per cent of bank lending is made in foreign currencies. Government guarantees for export financing are provided by the Swedish Export Credit Guarantee Board.

Security business, portfolio management, and trust business

There are certain restrictions for the Banks to invest in shares or trade in shares in their own name. For clients, the banks trade in bonds and shares, assist in issuing securities, and provide portfolio management.

Foreign exchange trading and foreign payments

Commercial banks and large savings banks are authorised by the Central bank to trade in foreign exchange.

Non-banking business

Banks are not allowed to perform non-banking business.

IV. Reconciliation of national data with the OECD presentation*

Income statement

Interest income

Interest income includes leasing income. Depreciation on leasing assets is charged to Operating expenses.

Credit losses

As from 1991 onwards the reserve for possible credit losses is shown as a deduction from the lending/loan item on the asset side. Previously this was shown gross included under liabilities.

Between 1990 and 2001, Net income before provisions (item 7) has been charged with actual and possible credit losses which are also included under Operating expenses (item 6).

From 2002 onwards, credit losses are included under Provisions on loans, item 8.a; also write-down of financial fixed assets are shown separately under Provisions on securities, item 8.b. Item 8.c includes from 2002 transfers to/from untaxed reserves. Previously this was the only item included under item 8, Net provisions.

Net provisions/Other provisions

Up to 1990, the Swedish tax system made it possible to make provisions for lending, etc. by making transfers to untaxed reserves. This was a method to balance the tax

* See also the tables "Income statement reconciliation" and "Balance sheet reconciliation" that follow.

expenses over the years for the banks. These provisions have been reflected in Net provisions (item 8). As the tax system changed in 1991 these accumulated untaxed reserves had to be dissolved. This is the main reason to the substantial (negative) figures shown in 1991 and 1992 under Net provisions (item 8). Later on, this was the case again, when substantial tax allocation reserves were dissolved, especially in 2004 and also in 2005, creating negative figures for other provisions (item 8.c).

Balance sheet

From year 2002 onwards, a stricter definition on securities is being used. Previously balances with certain credit institutions were included. These balances are now included under interbank deposits.

Leasing assets are not reflected as loans but shown as tangible assets, *i.e.* included under Other assets (item 18) due the Swedish Financial Accounting Standards Council's recommendation on leases on corporate basis.

V. Changes in accounting principles

Before 1996, holdings of interest-bearing securities and their associated derivatives were divided into an investment portfolio (long-term holdings) and a trading portfolio (short-term holdings). Investment- and trading portfolios were valued at the lower of acquisition price and market value. The operating profit was consequently influenced by net changes in unrealised losses but not in unrealised gains. The changes in unrealised losses in the trading portfolio were included in the net interest income, thereby influencing the operating profit, whereas the corresponding loss in the investment portfolio was reported as appropriations.

On 1 January 1996, new accounting principles were introduced in Sweden based on the Annual Accounts Act (1995:1559) for Credit Institutions and Securities Brokerage Companies. These new accounting principles imply that securities intended to be kept to maturity are reported at their accrued acquisition price, whereas other securities are valued at market value. Derivative instruments with positive/negative market values are now reported gross in the balance sheet as other assets/other liabilities, respectively.

From 1 January 2005, companies that are listed on a regulated market in the EU must harmonise their consolidated accounts with the accounting standards of the IASB. In Sweden applied accounting policies have been harmonised to a great extent with the accounting recommendations (IAS or IFRS) which the IASB has issued and the EU has adopted. These recommendations have also been harmonised to a considerable extent with the Swedish accounting legislation so as to facilitate the preparation of accounts for the parent companies to be in relative harmony with the corresponding consolidated accounts.

Generally the most important differences in accounting policies between the consolidated accounts and the (parent) company, being the survey unit, is the treatment of pension costs, fair value option on financial instruments, goodwill and leases.

Previous accounting regulations can be applied by unlisted companies up to the end of 2006.

VI. Sources

The data in *Banking Statistics – Financial Statements of Banks* has been compiled by Statistics Sweden.

Sweden

Income statement reconciliation – *All banks* – 2008

OECD presentation		Million SEK	National presentation
1.	**Interest income**	**271 987**	
		35 606	Swedish financial institutions
		35 580	Foreign banks
		34 171	Securities
		128 196	Non-bank public
		25 922	Others
		12 512	Leasing income
2.	**Interest expenses**	**209 274**	
		54 273	Non-bank public
		18 459	Swedish financial institutions
		41 051	Foreign banks
		55 670	Securities
		39 821	Others
3.	**Net interest income**	**62 713**	
4.	**Net non-interest income**	**72 722**	
	a. Fees and commissions receivable	36 077	
	b. Fees and commissions payable	8 213	
	c. Net profit or loss on financial operations	7 154	
	d. Other net non-interest income	37 704	
		26 472	Dividends received
		11 232	Other items
5.	**Net interest and non-interest income**	**135 435**	
6.	**Operating expenses**	**78 949**	
	a. Staff costs	38 995	
	b. Property costs	. .	
	c. Other operating expenses	39 954	
		4 162	Rents paid
		20 426	Administrative expenses
		12 644	Depreciation including real estate
		2 722	Other items
7.	**Net income before provisions**	**56 476**	
8.	**Net provisions**	**13 766**	
	a. Provisions on loans	9 139	
	b. Provisions on securities	5 214	
	c. Other net provisions	–587	Transfers to/from untaxed reserves
9.	**Income before tax**	**42 710**	
10.	**Income tax**	**4 571**	
11.	**Net income after tax**	**38 139**	
12.	**Distributed profit**	**34 312**	
13.	**Retained profit**	**3 827**	

Sweden

Balance sheet reconciliation – *All banks* – 2008

OECD presentation	Million SEK	National presentation
Assets		***Assets***
14. Cash and balance with Central bank	**92 721**	
	13 888	Cash
	281	Swedish financial institution: the Riksbank
	78 552	Other accounts
15. Interbank deposits	**1 875 233**	
	170 460	Central bank
	123 313	Swedish banks
	575 893	Swedish credit market companies
	827 175	Foreign banks
	428	Swedish securities brokerage companies
	177 964	Other financial institutions
16. Loans	**2 969 868**	**Advances to non-bank public**
17. Securities	**1 356 195**	
	153 716	Instruments eligible with the Central Bank
	821 791	Bonds and other interest-bearing securities
	61 924	Shares – current assets
	3 005	Shares – associated companies
	315 759	Shares – group companies
18. Other assets	**1 090 520**	
	14 835	Intangible assets
	66 856	Tangible assets
	49 352	Prepaid expenses and accrued income
	959 477	Other assets
Liabilities		***Liabilities***
19. Capital and reserves	**359 648**	
	34 477	Untaxed reserves
	325 171	Equity
20. Borrowing from Central bank	**342 814**	**Swedish financial institution: the Riksbank**
21. Interbank deposits	**1 822 697**	
	151 303	Swedish banks
	1 292 938	Foreign banks
	378 457	Other financial institutions
22. Customer deposits	**2 189 397**	
	1 959 586	Deposits by non-bank public
	229 811	Loans from non-bank public
23. Bonds	**1 549 616**	
	1 314 514	Bonds and CDs
	235 101	Debenture loans
24. Other liabilities	**1 120 367**	**Accruals and other liabilities**
Balance sheet total		***Balance sheet total***
25. End-year total	**7 384 539**	

Switzerland

I. Institutional coverage

The statistics published in *Banking Statistics – Financial Statement of Banks* relate to five categories of banks: *i)* cantonal banks; *ii)* major banks; *iii)* regional banks and savings banks; *iv)* mutual loan banks and Raiffeisen banks (co-operative banks); *v)* the other banks, both Swiss and foreign-owned. The transactions of branches of foreign banks and private bankers are not covered by these data.

Article 1 of the law on banks contains a comprehensive list of the enterprises Switzerland governs. Thus the law applies in particular to banks, private bankers and savings banks. One particularity of Swiss banks is that they usually perform all banking transactions, *i.e.* they are universal (general-purpose banks), although certain types of activities predominate in each category of bank.

II. Geographical coverage and degree of consolidation

The statistics provided in this publication is based on the so called "parent company" approach. In this approach, a parent company comprises Swiss as well as foreign-controlled deposit-takers with their domestic and foreign branches. An exception are branches of foreign-controlled deposit-takers in Switzerland which – although dependent – report their data in the same way as autonomous deposit-takers. The "parent company" approach is unconsolidated but aggregated.

III. Summary description of activities of banks

The main banking transactions can be divided into two categories, the importance of which varies according to the type of bank, namely transactions which are shown in the balance sheet and those which are not.

Of the transactions which affect the balance sheet, the foremost are those concluded with customers (the non-bank sector) involving interest margins. These transactions consist of accepting deposits from the public, on the one hand, and granting credits, on the other. Credits are granted in the form of discounts (purchase of bills of exchange and cheques, after deduction of interim interest), advances against collateral (credits granted against movables as security), current account advances (overdrafts both secured and unsecured), fixed-term advances and loans, mortgage lending (credits granted against real estate) and personal loans (credits not covered by collateral security corresponding to banking practices and repayable in instalments).

Transactions with no direct effect on the balance sheet refer here to security business (purchase and sale of paper securities for third parties), issues (share and bond placings with syndicates formed with the object of underwriting the amounts offered for subscription), foreign currency and precious metals business, wealth management, the renting of safe-boxes, transactions of a conditional nature (guarantees, letters of credit) and fiduciary transactions (investments and credits that the bank makes or grants in its own name, but on behalf of the client and at his risk).

Transactions with entities abroad are of particular importance for Swiss banks. These activities result from the close links of the Swiss economy with non-residents, the high level of domestic saving, the inflow of foreign capital – because of the central role of the Swiss financial market – and Swiss banks' extensive network of branches abroad.

IV. Reconciliation of national data with the OECD presentation*

Capital adequacy

Banks in Switzerland have a transition period from March 2007 to March 2008 for changing their reporting to the new Basel II standard. Therefore, reported 2007 data comprises capital adequacy data which still follows the Basel I guidelines and data which are already in accordance with Basel II. To publish aggregated capital adequacy data for 2007 which contains a mixture of both standards is not meaningful: as a consequence, 2007 data for capital adequacy are not available due to the change in reporting from Basel I to Basel II in 2007.

From 2008 on, data are in accordance with the Basel II definitions. Under Basel II, Tier 1 capital and Tier 2 capital are net values, which means that Supervisory deduction are not presented as a separate item because they are already included in Tier 1 capital (eligible Tier 1 capital) and Tier 2 capital (eligible Tier 2 capital). Total regulatory capital is calculated as the sum of Tier 1, Tier 2 and Tier 3, *minus* other specific deductions.

V. Sources

The data in *Banking Statistics – Financial Statements of Banks* are available in the *Statistical Yearbook of the Banks in Switzerland*, an annual publication produced by the Statistics Division of the Swiss National Bank.

* See the tables "Income statement reconciliation" and "Balance sheet reconciliation" that follow.

Switzerland

Income statement reconciliation – *All banks*[1] – 2008

OECD presentation		Million CHF	National presentation
1.	**Interest income**	**114 651**	
			Interest receivable:
			Including net income from call loans
			Excluding interest whose collection is doubtful
			Income from securities (interest and dividends)
			Income from permanent participations
2.	**Interest expenses**	**88 715**	**Interest payable**
3.	**Net interest income**	**25 937**	
4.	**Net non-interest income**	**22 391**	**Property and net non-interest income**
	a. Fees and commissions receivable	32 950	
			Including:
			Safe deposit fees
			Safe deposit box rental fees
			Brokerage
			Income from the security issuing business
	b. Fees and commissions payable	5 671	Commission expenses may be offset against commission income only to the extent that it concerns retrocession agreed upon in advance
	c. Net profit or loss on financial operations	–8 419	Income from trading in foreign exchange and precious metals:
			Foreign exchange profits
			Income from foreign bank note and coin trading
			Income from trading precious metals
			less:
			Exchange rate losses and write-offs
	d. Other net non-interst income	3 531	
			Including:
			Income from coupon accounts; rental income after deduction of maintenance costs, including capital gains from the sale of real estate holdings less capital losses
5.	**Net interest and non-interest income**	**48 328**	
6.	**Operating expenses**	**39 345**	
	a. Staff costs	23 671	Bank directors and staff
			Attendance fees and fixed emoluments for bank officers, salaries, allowances, social security, disability and other statutory contributions including to staff welfare funds
	b. Property costs	. .	
	c. Other operating expenses	. .	
7.	**Net income before provisions**	**8 983**	
8.	**Net provisions**	**39 529**	
	a. Provisions on loans	. .	
	b. Provisions on securities	. .	
	c. Other net provisions	. .	
9.	**Income before tax**	**–30 546**	
10.	**Income tax**	**323**	**Taxes (including allocations to provisions for taxes)**
11.	**Net income after tax**	**–30 869**	
12.	**Distributed profit**	**4 731**	**Distributed profit**[2]
13.	**Retained profit**	**–35 600**	**Retained profit**[3]

1. All banks include the following five groups: Large banks, Cantonal banks, Regional and Savings banks, Loan associations and agricultural credit co-operatives, Other Swiss and foreign-controlled banks.
2. Dividends, interests paid to the appropriation capital and transfers to the canton or the municipality.
3. Allocation to reserves and amount carried forward.

Switzerland

Balance sheet reconciliation – *All banks*[1] – 2008

OECD presentation	Million CHF	National presentation
Assets		***Assets***
14. Cash and balance with Central bank	**122 653**	**Cash on hand, giro-account deposits with the National Bank and deposits with the Post Office**
15. Interbank deposits	**797 683**	**Balances with other banks on sight and time deposits**
16. Loans	**1 271 058**	**Loans to non-banking sector**
17. Securities	**489 343**	
18. Other assets	**334 489**	
Liabilities		***Liabilities***
19. Capital and reserves	**154 981**	
		Capital
		Statutory reserves
		Other reserves
20. Borrowing from Central bank	**. .**	
21. Interbank deposits	**698 209**	
		Balances of other banks on sight and on time
		Borrowing from Central bank
22. Customer deposits	**1 371 399**	
		Sight deposits
		Time deposits
		Savings deposits
23. Bonds	**355 391**	
		Medium-term notes and cash bonds
		Bonds
		Mortgage bond loans
24. Other liabilities	**435 248**	
		Money market papers
		Other liabilities (also included value adjustments, transitory liabilities)
Balance sheet total		***Balance sheet total***
25. End-year total	**3 015 226**	

1. All banks include the following five groups: Large banks, Cantonal banks, Regional and Savings banks, Loan associations and agricultural credit co-operatives, Other Swiss and foreign-controlled banks.

Turkey

I. Institutional coverage

The statistics published in *Banking Statistics – Financial Statements of Banks* relate to all commercial banks operating in Turkey from 1986 and 2009.[1] At the end of 2009, there were 30 commercial banks including 16 domestic-owned banks and 14 foreign-owned banks. of which 4 banks are participation banks operating on Islamic principles. Participation banks[2] data is included in the data set after 2004. All domestic and foreign-owned banks with their domestic and foreign branches are included in the data set but their domestic or foreign subsidiaries are not counted. The data set also does not cover branches of foreign banks operating in Turkey.

Foreign-owned banks are the banks established in Turkey according to Turkish Commercial Law and Turkish Banking Act, and not only the larger portion of shareholders composition but also the control power over the bank management, operations etc. belongs to foreign shareholders. Their consolidated figures with their branches (both domestic and foreign) are included in the data set. However, the branches of foreign bank means that the bank is established in a country other than Turkey and at least one of its branches is operating in Turkey, and their figures are excluded from the data set.

As of 2008, the banking sector (including commercial banks, branches of foreign banks, investment and development banks and participation banks, excluding Central Bank) holds 77.1 per cent of the GDP.[3] In addition, 77 per cent of total assets of financial system[4] belongs to the banking sector.

The table "Structure of the Financial System" in *Banking Statistics – Financial Statements of Banks* is compiled using the data from Central Bank for the years 1986-2001 and Banking Regulation and Supervision Agency (BRSA) – *Bankacilik Düzenleme ve Denetleme Kurumu* (BDDK) for the years 2002-09, which supervises all banks (including commercial banks, participation banks also recognised as commercial bank, development and investment banks and branches of foreign banks) and non bank financial institutions (leasing, factoring and consumer finance companies, bank holding companies, asset management companies).

II. Geographical coverage and degree of consolidation

The data cover all commercial banks operating in Turkey including domestic banks with their domestic and foreign branches and foreign-owned banks established in Turkey with their domestic and foreign branches. Domestic or foreign financial or non-financial subsidiaries are not covered by the data. As well, branches of foreign banks are not included in the data set.

All transaction and position among commercial banks and their domestic and foreign branches are eliminated. Data relating to foreign or domestic subsidiaries of commercial banks are not included in the population.

III. Structure of the financial system

The financial system comprises the Central bank, commercial banks, investment and development banks, participation banks, leasing companies, credit co-operatives, mutual funds, pension funds, insurance companies, capital market intermediaries, factoring companies and consumer finance companies. The banking sector dominates the financial system in Turkey.

IV. Summary description of activities of banks

Banks covered in this publication are allowed to engage in most of the activities that universal banks perform. These activities are listed below.

Payment facilities

All commercial banks offer sight deposits, some with overdraft facilities. Credit cards and cheques are the main instruments of cashless money transfer. Automated Teller Machines (ATMs) are being used extensively. All cashless money transfers are made through Electronic Fund Transfer (EFT) which has been administered by the Central Bank since 1992.

Deposit taking

Commercial banks offer interest bearing sight and time deposits to their customers both in Turkish Lira (TRY) and in foreign exchange. Time deposits have maturities of up to 1 month, 1-3 months, 3-6 months, 6-12 and over 12 months. Seven-day-notice deposits are also available. Participation banks offer non interest bearing instruments return of which is based on profit or loss created through investments.

Lending

Most types of lending facilities are available to all types of debtors. However, there are prudential limits on large exposures and concentration of credit as well as on insider borrowing and connected lending. Average maturity of bank lending has increased as compared to previous years.

Banks may provide both cash and non-cash credit to their customers. Investment and development banks and participation banks are entitled to engage in leasing business. There are public banks that have specialised financing instruments providing credits to agriculture and industrial artisans.

Participations in corporations

According to the new Banking Law (No. 5411), banks can participate to any financial and non-financial institution and acquisition of participation shall be considered as a credit. However, acquisition of single non financial participation by banks cannot exceed 15 per cent its equities. And, the total amount of non financial participation by banks cannot exceed 60 per cent of banks' equities.

Securities business

Banks' activities in the securities market are regulated by the Capital Market Law. Banks can buy and sell securities at the stock exchange directly on their own account. Banks can manage security portfolios for their customers through intermediary institutions. A large portion of banks' securities portfolios is made up of government bonds and bills. Banks can establish and manage mutual funds and can underwrite securities.

Foreign exchange trading

Banks can engage in foreign exchange operations and maintain foreign exchange positions. The Foreign Exchange and Banknotes Market was established at the Central Bank in 1988 for the purpose of determining exchange rates under market conditions. On the other hand, as a change of policy, the Central Bank has started to phase out its intermediary role in the Foreign Exchange and Banknotes Markets during 2002. The interbank transactions carried out among the market participants were terminated in the FX deposits against TL deposits (swap) market and forward FX purchase/sale against TL (forward) market on 1 March 2002 and in the foreign banknotes purchase/sale against TL market on 1 July 2002.

The Central Bank also began to phase out its intermediary function in the foreign exchange deposits market starting on 1 July 2002 to be completely terminated on 2 December 2002. In 2 September 2002, FX purchase/sale against TL market with the intermediation of the Central Bank was terminated. In 1989, foreign exchange operations and international capital movements were entirely liberalised.

The Turkish lira was declared, in 1990, convertible with regard to Article 8 of the International Monetary Fund (IMF). Banks are required to maintain FX Net General Position/regulatory capital standard ratio being as maximum 20 per cent (in terms of absolute value) calculated by dividing their net foreign exchange position by regulatory capital according to Regulation On Calculation and Practice of the FX Net General Position/ Own fund Standard Ratio by Banks in Consolidated and Non-Consolidated Base, Published in the Official Gazette No. 26333 dated 1 November 2006.

Money market business

The Central bank initiated the Interbank Money Market in 1986. Although the type of maturities in the market includes overnight, 1-4 weeks and 1-3 months, most of the transactions undertaken are overnight. Banks also hold a large portfolio of government securities which are subject to repurchase agreements. The Central bank began to phase out its intermediary function in the TL market starting on 1 July 2002 to be completely terminated on December 2002.

V. Reconciliation of the national data with the OECD presentation[5]

In the tables that follow, "Income statement reconciliation" and "Balance sheet reconciliation", the national presentation information provided is based on two prudential reports submitted to the BRSA. Statistics in published financial reports may vary slightly.

Income statement

The Central bank did not have to pay interest on Turkish lira required reserves, a policy which started in 1986. This point should be taken into consideration when comparing interest income items of the income statement between 1986 and 2001. However, The Central bank has started to pay interest on Turkish Lira Required reserves in 2001. Beginning 1998, “Extraordinary incomes” and “Extraordinary expenses” are taken into account in “other item (4.d)” due to new income statement.

The year-end income statement sheet, which is sent to the BRSA, includes some items showing the provisions for taxes, but not the actual amount of taxes paid. In order to collect the information required for Income tax, Net income after tax, Distributed profit and Retained profit (items 10 through 13), each bank was asked to provide information for taxes actually paid and distributed profits but after the end of 1997, dividend is taken as distributed profit. For the year 2001, tax provision is taken into account as income tax and dividend is taken as distributed profit.

BRSA has officially started to take data from participation banks in 2005. And they have been included in commercial banks figures since 2005. These banks’ profit share income and profit share expenses included in interest income and interest expenses in commercial banks’ income statement sheet.

Balance sheet

Until 1997, items in the OECD balance sheet presentation such as Borrowing from Central bank (item 20), Interbank deposits (item 21) and Customer deposits (item 22) were not separate items in the national presentation. For example, “Deposits” in the national presentation equals the sum of Interbank and Customer deposits (items 21 and 22) in the OECD presentation. Borrowing from Central bank, which was shown in item “Loans used” in the national presentation, was subtracted from Loans used and shown as a separate item for the purpose of reconciliation. For the year 2001, loan used is added to interbank deposits. Data related to the above-mentioned items, not separately shown in the national balance sheet, were extracted from other prudential reports. From 1997, all mentioned items are shown in balance sheet. Additionally up through 1996, banks do not report short and long-term securities separately. From 1997, the term of securities are derived from securities form. According to this form short term securities (item 27) includes treasury bills, Asset Backed Securities, Bank Notes and Bank Guaranted Notes and Investment Fund Participations Certificates.

Participations banks’ collected funds have been included in deposits in commercial banks’ balance sheet since 2005.

VI. Sources

For the years 1986-2001, the source of the data is Central Bank Türkiye Cumhuriyet Merkez Bankas (TCMB) while from 2002 onwards, data are provided by Banking Regulation and Supervision Agency (BRSA) – Bankaclk Düzenleme ve Denetleme Kurumu (BDDK). In obtaining the total figures for commercial banks, data for both investment and development banks and branches of foreign banks were subtracted from the overall figures.

Specific notes

a) Iller Bankasi, which is not a full commercial bank, is included in these statistics until 1988 when it ceased accepting deposits.

b) As of end December 2001, financial statements of 25 privately owned commercial banks were adjusted within the scope of recapitalisation program through a special audit process. However in order to keep the data on a same base, unadjusted financial statements are taken into account for this particular report.

c) All banks in Turkey were supervised by the Treasury according to Banks Act No. 3182, and the Central bank of Turkey according to Central bank Act No. 1211 of Turkey. Special Finance Houses were carrying out business in accordance with the "Decree of Ministry on Establishment of Special Finance Houses" and the Communiques of Treasury and Central bank. According to this Decree, fundamental principles and methods of Special Finance Houses were regulated by the Prime Ministry with the advice of the Central bank. But, after the Banking Regulation and Supervision Agency starts its operations by the 31.8.2000, the regulating and supervising functions (on banks and special finance houses) are carried out only by this institution according to new Banks Act No. 4389 which came into force in June 1999 and amended in December 1999 by the Act No. 4491, in May 2001 by the Act No. 4672, in January 2002 by the Act No. 4743, in April 2003 by the Act No. 4842 and in December 2003 by the Act No. 5020. In November 2005, a new banking law (No. 5411) came into force in which special finance houses are redefined as participation banks. According to this law, the supervision of non bank financial institutions are under the responsibility of Banking Regulation and Supervision Agency.

d) Participation banks are financial institutions operating on a non-interest basis. Supervision of these institutions is executed by the Banking Regulation and Supervision Agency. As of end-2009, their balance sheet total is only 4.18 per cent of the total for the banking system.

Notes

1. All data series do not cover branches of foreign banks operating in Turkey. Commercial banks' data from 1981 to 1985, which are compiled by the Undersecretariat of Treasury, are included.
2. With the new Banking Law No. 5411 which came into force as of November 2005, special finance houses are redefined as participation banks.
3. 2009 GDP data will be published at the end of March 2010, so the banking sector/GDP ratio is presented as of 2008.
4. 2009 total assets of financial system is not published yet, so the proportion of the banking sector in total assets of financial system is presented as of 2008.
5. See also the tables "Income statement reconciliation" and "Balance sheet reconciliation" that follow.

Turkey

Income statement reconciliation – *Commercial banks* – 2009

OECD presentation		Million TRY	National presentation
1.	**Interest incomes**	**71 438**	
		38 620	Interest received on loans
		612	Interest received on past-due loans
		2 320	Interest received from banks
		24 032	Interest received on securities portfolio
		3 065	Other interest incomes
		2 009	Fees and commissions received on loans
		781	Dividend incomes
2.	**Interest expenses**	**45 416**	
		35 423	Interest paid for deposits
		4 815	Interest paid for loans
		0	Interest paid for bonds
		3 289	Other interest expenses
		1 890	Fees and commissions paid
3.	**Net interest income**	**26 022**	
4.	**Net non-interest income**	**5 813**	
		118 039	Non-interest income:
		36 028	Profits from capital market transactions
		8 175	Incomes from banking services
		68 684	Profits from foreign exchange transactions
		5 152	Others
			less:
		112 226	Non-interest expenses:
		36 912	Losses from capital market transactions
		66 999	Losses from foreign exchange transactions
		8 314	Others
5.	**Net interest and non-interest income**	**31 835**	
6.	**Operating expenses**	**8 932**	
	a. Staff costs	7 814	Personnel expenses
	b. Property costs	1 118	Depreciation
	c. Other operating expenses	0	Taxes and charges
7.	**Net income before provisions**	**22 903**	
8.	**Net provisions**	**5 769**	**Net provisions**
		2 941	Provisions for past-due loans
		128	Provision on securities for severance pay
		2 700	Other net provisions
9.	**Income before tax**	**17 135**	**Income before tax**
10.	**Income tax**	**3 198**	
11.	**Net income after tax**	**13 937**	
12.	**Distributed profit**		
13.	**Retained profit**		

Turkey

Balance sheet reconciliation – *Commercial banks* – 2009

OECD presentation		Million TRY	National presentation
Assets			***Assets***
14.	**Cash and balance with Central bank**	**37 221**	
		7 559	Cash assets
		29 662	Balance with Central bank
15.	**Interbank deposits**	**42 304**	
16.	**Loans**	**378 390**	**Loans**
17.	**Securities**	**259 102**	**Securities portfolio**
18.	**Other assets**	**87 115**	
		13 262	Required reserves
		3 509	Past-due loans (net)
		24 838	Interest and income accruals
			Bonds held against legal reserves
		12 249	Equity participations (net)
		11 004	Fixed assets (net)
		4 088	Prepaid taxes
		18 165	Other
Liabilities			***Liabilities***
19.	**Capital and reserves**	**97 400**	**Equity capital**
		95 890	total equity
		1 510	profit
20.	**Borrowing from Central bank**	**65**	
21.	**Interbank deposits**	**77 825**	**Deposits**
22.	**Customer deposits**	**513 633**	
23.	**Bonds**	**0**	**Bonds**
24.	**Other liabilities**	**115 209**	
		95	Debts from capital leases
		4 664	Funds
			Import deposits and transfer orders
		1 207	Taxes, duties, charges and premiums payable
		7 688	Interest and expense rediscounts
		16 271	Reserves
			Deferred taxes
		82 572	Others
		19 045	Profit for the period
		–17 535	Profit for the previous years
		1 200	Fixed revaluation fund
Balance sheet total			***Balance sheet total***
25.	**End-year total**	**804 131**	

United Kingdom

I. Institutional coverage

The statistics published in *Banking Statistics – Financial Statements of Banks* cover the world-wide operations of the seven main retail banking groups operating in the UK, but the following paragraphs explain the whole financial services sector in the UK.

The primary regulation governing banking in the UK is the Financial Services and Markets Act 2000 (FSMA), which superseded the Banking Act 1987. There is no explicit definition of a bank in FSMA, but national banking statistics cover all regulated credit institutions which are permitted to accept deposits in the UK. At end-December 2008, 239 institutions (either incorporated in the UK or branches of overseas non-European Economic Area institutions) were regulated by the Financial Services Authority. In addition, 97 European authorised institutions (from the European Economic Area) were operating through branches in the UK under The Banking Co-ordination (Second Council Directive) Regulations 1992, having been authorised to do so by the relevant supervisory authority in their home state.

Banking operations in the Channel Islands and the Isle of Man were included in the UK banking sector, prior to September 1997, but thereafter have been classified as "non-resident" banks in UK statistics. All UK national banking statistics cover the institutions within the sector, either in total or by sub-divisions according to the nationality of the parent companies. The aggregated balance sheet at end-2008 is presented in Table 2 below, "Structure of banks in the United Kingdom".

Retail banks offer a wide range of services, in particular money transmission facilities, to the general public through their extensive branch networks (more than 10 300 in the UK at end-2008). They also have large international operations or branch networks outside the UK. Their subsidiary companies, sometimes themselves banks, tend to concentrate on offering specialised services or facilities such as insurance broking, unit trust and merchant banking services, or leasing and consumer credit.

Besides retail banks, banks in the UK include investment banks, other UK-owned banks, branches and subsidiaries of overseas banks; these generally specialise in certain areas, such as bill finance, new issues, company finance, and instalment credit, or they may have been established in the UK to operate in the wholesale markets through sterling and foreign currency deposits and certificates of deposit. Unlike retail banks, most of these institutions do not seek to provide a regular domestic money transmission service but prefer to deal in bespoke services on behalf of customers. Outside the banking sector, the government's National Savings and Investment Bank remains primarily a holder of longer-term personal savings deposits. Although the range of institutions offering retail banking or similar services to the general public is increasing, the data in *Banking Statistics – Financial Statements of Banks* cover the majority of those services in the United Kingdom.

The other main deposit-taking institutions in the United Kingdom are building societies. Unlike banks, these take the form of mutual associations and have historically been governed by their own Acts of Parliament, but are now regulated by the FSA under FSMA. Building societies have become public limited companies and therefore joined the banking sector, a course initially set by The Abbey National Building Society and subsequently followed by the Alliance and Leicester, Bradford and Bingley, Halifax, Northern Rock and Woolwich building societies.

A breakdown by type of financial institution and corresponding balance-sheet total is presented in Table 3 below, "Structure of the financial system". The banks were dominant with an aggregate balance sheet of GBP 7 918 billion at end-2008. The other major financial institutions are the insurance companies with a balance sheet of GBP 1 241 billion and pension funds totalling GBP 915 billion.

II. Geographical coverage and degree of consolidation

The data cover the operations, both within the United Kingdom and abroad, of the seven main retail British banking groups.[1] It thus includes the business of:

- the parent bank and other banks in each group;
- other domestic and foreign (non-bank) subsidiaries in each group;
- the group share of the net tangible assets and of the contributions of associate companies.

III. Summary description of activities of banks

Deposit-taking

The retail banks historically accepted deposits on non-interest-bearing chequable sight accounts and on interest-bearing time deposit accounts. Until the system of credit control was introduced in 1971, the latter were nearly all at seven days' notice. After 1971, however, these banks were able to expand their activities into other fields and to accept longer-term deposits and issue time certificates of deposits. They also increased their foreign currency business. In the mid-1980's , the retail banks introduced a number of high interest-bearing chequable and other sight accounts, and subsequently, banks expanded their range of deposit products to offer tiered interest rates dependent on the account balance, automated transfers between accounts and, encouraged by government policy, a range of investment accounts which are exempt of tax.

Payment facilities

The cheque, the traditional instrument of cashless money transmission in the United Kingdom, has been eclipsed in recent years by giro credits (paper and electronic) and automated payments. Banks and building societies process the majority of paper-based payments affecting their customers' accounts through their membership of three operational clearing companies overseen by the UK Payments Council (formerly the Association for Payment Clearing Services – APACS). These are the Cheque and Credit Clearing Company which operates high volume paper (cheque and credit) clearings; the Bankers' Automated Clearing System (BACS), which carries out electronic clearing of direct debits, standing orders, etc.; and the Clearing House Automated Payment System (CHAPS)

Clearing Company Ltd., which operates all high-value same day electronic credit transfer and paper debit clearings.

Lending

Corporate customers of the main retail banking groups have a very wide range of financing facilities open to them. Fluctuations in working capital requirements may be accommodated by an agreed overdraft limit on a current account. Longer term financing requirements, may be met by structured term loans, sometimes for up to ten years or more. The banks also carry out bill and acceptance financing. Personal customers' facilities include overdrafts and loans, and also revolving credit and budget accounts; additionally, the banks have traditionally been the sources of bridging finance for those exchanging housing, and, since the early 1980s, have significantly increased their share of the mortgage market, advancing considerable sums in long-term loans for actual house purchase or improvements. Other credit facilities are normally provided to clearing bank customers via subsidiaries, *e.g.* factoring (invoice discounting), and finance for specific acquisitions of fixed assets through instalment credit, consumer credit, and finance leasing contracts.

The provision of finance to central government is mainly in the form of investment in Treasury bills and central government bonds, but current account advances are also made. Similarly, lending to local government takes the form of advances and investment in bills and securities, while funds are also lent to local government through the wholesale markets. Public sector enterprises also maintain current accounts with the clearing banks, on which advances may be made. Much of the international business undertaken by the clearing banks in the United Kingdom is international trade finance, conducted on "open account" terms or through trade bills (letters of credit, acceptance credits, bill negotiation). Special schemes exist for lending to small business under a UK government guarantee and for the provision of fixed-rate export finance in co-operation with the government's Export Credits Guarantee Department.

Money market business

The main retail banks are major participants in the markets for wholesale sterling deposits, Eurocurrency deposits, and both sterling and eurocurrency certificates of deposit. Sterling deposits made with the banks may be lent in the markets at call or for a variety of fixed terms up to one year, either via the discount market or directly, through the offices of brokers, to other banks. The banks also deal in the various types of money market paper, including short-term sale and repurchase arrangements and are major holders of Treasury, local authority, and commercial bills, central government bonds, and other short-term securities. In the Eurocurrency market the banks borrow predominantly at short-term but lend under various arrangements for periods up to five years.

Securities, portfolio management, and trust business

Apart from investment activity on their own account, the banks have traditionally offered executor and trustee services, from which has developed a role as investment managers of private portfolios. They also now are active in the management of unit trusts and of institutional funds such as pension funds.

International business

The banks provide various means of effecting international payments arising from trading and tourists' requirements. Overseas business may be undertaken locally, by means of branch networks, or through co-operative relationships with local banks. Traditional retail banking services are offered in some territories, but the banks' presence overseas is largely in order more easily to deal with the needs of large international corporate customers.

Other business

Other services provided by the clearing banks include acting as insurance brokers, tax advisers, corporate finance advisers, company registrars, new issues receivers, and providers of guarantees, indemnities and performance bonds on behalf of customers.

IV. Reconciliation of national data with the OECD presentation[2]

The United Kingdom national banking statistics, drawn from statistical returns made by banking sector institutions, cannot be reconciled with the statistics in *Banking Statistics – Financial Statements of Banks*, compiled from seven main UK retail banking groups' published reports and accounts, because:

- the coverage of national statistics does not extend to foreign branches and subsidiaries of banks incorporated in the United Kingdom;
- for operating account statistics: the United Kingdom does not publish operating account data for the banking sector nor for any component groups of banks (though some data is published for "financial companies", which comprises both the banking and other financial institutions sectors);
- for balance sheet statistics: data for subsidiaries of the retail banks outside the banking sector are not included in the banking statistics but, depending on the nature of the business, in those for other financial institutions or for private non-financial enterprises.

Income statement

Impairment (net provisions): No breakdown is available of provisions into those on loans and those on securities.

Balance sheet

Assets

Interbank deposits: money at call and short notice, certificates of deposit, and placing with banks.

Loans: advances to customers less provisions.

Securities: British Treasury bills and other bills, and investments (including trade investments).

Liabilities

Deposits comprise deposit, current and other accounts.

Bonds comprise loan capital.

Memorandum items

Short-term securities: No breakdown is available on Short-term securities.

Bonds, Shares and participations, Claims on non-residents, and Liabilities to non-residents, are not available.

Supplementary information

Number of institutions: the main retail banks and their United Kingdom banking sector subsidiaries.

Number of branches: the branches of the main retail banks in the United Kingdom, together with certain subsidiaries providing mass retail products.

V. Sources

The data in *Banking Statistics – Financial Statements of Banks* has been compiled by the British Bankers' Association from the published reports of the seven banking groups covered. As explained in Section IV above, official data published in the United Kingdom do not have the same coverage as that included in *Banking Statistics – Financial Statements of Banks*.[3]

All statistical returns by banks in the United Kingdom for official purposes are made to the Bank of England. Balance sheet data for monthly reporting banks, analysed by nationality of ownership groupings, are published in *Monetary and Financial Statistics* each month and reproduced in an interactive database on its website. An Abstract contains quarterly consolidated banking sector information and some information on the income and expenses of the UK offices of the UK banking sector. The Office for National Statistics also publishes banking sector information in *Financial Statistics*, other periodicals and on its website.

Notes

1. Barclays Group; Bradford and Bingley Group (included in the coverage beginning 1999); HSBC Bank Group; Lloyds Banking Group [comprising the former LloydsTSB Group and HBOS Group (included in the coverage beginning 1996)]; Northern Rock Group (included in the coverage beginning 1997); Santander UK Group (including the former Abbey National Group, the Alliance and Leicester Group (included in the coverage beginning 1996); Royal Bank of Scotland Group. Prior to the 1996 data, the Standard Chartered Group was included.
2. See also the tables "Income statement reconciliation" and "Balance sheet reconciliation" that follow.
3. An income statement for the main British high street banking groups is included in their Annual Abstract of Banking Statistics.

Table 1. **Structure of the banking system**

Monetary financial institutions, other than Central bank, at end-2008 – Number of institutions

Banks incorporated in the UK	157
Branches of banks incorporated in the EEA	97
Branches of banks incorporated elsewhere	82
All banks in the UK	**336**
Building societies	55

Source: Financial Services Authority.

Table 2. **Structure of banks in the United Kingdom**

Balance sheet totals at end-2008 (GBP billion)

Central bank	237.7
Building societies	359.0
Analysis of aggregated balance sheet of all banks in United Kingdom	
Assets	
Cash and balances with Central bank	60.3
UK loans to monetary financial institutions	801.9
UK non-monetary financial institutions loans	2 353.0
Non-resident loans	3 179.4
Other assets	1 523.2
Total	***7 917.9***
Liabilities	
UK deposits from monetary financial institutions	857.8
UK non- monetary financial institutions deposits	1 987.0
Non-resident deposits	3 554.0
Other liabilities	1 519.2
Total	***7 917.9***

Source: Bank of England.

Table 3. **Structure of the financial system**

Balance sheet totals at end-2008 (GBP billion)

Central bank	238
Other monetary institutions (all banks)	7 918
Building societies	359
Non-bank credit companies	58
Insurance companies (long-term funds)	1 125
Insurance companies (general insurance)	134
Pension funds	865
Unit trust and investment trust companies	437

United Kingdom

Income statement reconciliation – *Large commercial banks*[1] – 2008

OECD presentation		Million GBP	National presentation
1.	**Interest incomes**	**172 286**	
			Interest receivable and similar income from debt securities
			Other interest receivable
2.	**Interest expenses**	**117 611**	
3.	**Net interest income**	**54 674**	
4.	**Net non-interest income**	**30 144**	
	a. Fees and commissions receivable	31 667	
	b. Fees and commissions payable	7 071	
	c. Net profit or loss on financial operations	–3 163	
			Dividend income
			Income from associated undertakings
			Minority interests
			Disposal profits
			Dealing profits
			Net insurance income
			Other income
	d. Other net non-interest income	8 711	
5.	**Net interest and non-interest income**	**84 819**	
6.	**Operating expenses**	**92 765**	
	a. Staff costs	29 716	
	b. Property costs	16 133	
			Property and equipment
			Depreciation and amortisation
	c. Other operating expenses	46 916	
7.	**Net income before provisions**	**–7 917**	
8.	**Net provisions**	**33 711**	
	a. Provisions on loans	. .	
	b. Provisions on securities	. .	
	c. Other net provisions	. .	
9.	**Income before tax**	**–41 658**	
10.	**Income tax**	**–4 162**	
11.	**Net income after tax**	**–37 496**	
12.	**Distributed profit**	**–8 560**	
13.	**Retained profit**	**–28 936**	

1. Main UK high street banking groups (previously named Major British banking groups).

United Kingdom

Balance sheet reconciliation – *Large commercial banks*[1] – 2008

OECD presentation	Million GBP	National presentation
Assets		***Assets***
14. Cash and balances with Central bank	**72 853**	
15. Interbank deposits	**332 303**	
16. Loans	**2 738 126**	**Loans and advances to customers**
17. Securities	**1 066 475**	
		Debt securities
		Equity securities
		Treasury and other bills
18. Other assets	**2 762 315**	
		Items in course of collection
		Tangible fixed assets
		Long-term assurance fund assets
		Interest in associated undertakings
		Prepayments and accrued income
		Other assets
Liabilities		***Liabilities***
19. Capital and reserves	**293 835**	
		Share capital
		Share premium account
		Revaluation reserve
		Other capital reserve
		Profit and loss account
20. Borrowing from Central bank	**0**	
21. Interbank deposits	**630 791**	**Deposits by banks**
22. Customer deposits	**2 080 933**	**Customer accounts**
23. Bonds	**1 274 175**	
		Dated loan capital
		Undated loan capital
		Other subordinated liabilities
		Debt securities in issue
24. Other liabilities	**2 692 338**	
		Deferred taxation
		Minority interests
		Long-term assurance fund liabilities
		Items in course of collection
		Accruals and deferred income
		Other provisions
		Other liabilities
Balance sheet total		***Balance sheet total***
25. End-year total	**6 972 072**	

1. Main UK high street banking groups (previously named Major British banking groups).

United States

I. Institutional coverage

The statistics published in *Banking Statistics – Financial Statements of Banks* relate to domestic depository institutions including commercial banks, savings institutions, and credit unions. All of these institutions have deposit liabilities that are included in the national monetary aggregates. Commercial banks make a variety of business, real estate, and personal loans, financed mainly by time, savings, and demand and other checkable deposits. Savings institutions lend primarily for housing; their funding sources are similar to those for banks. Credit unions provide personal savings and borrowing products and are not subject to US corporate taxes.

Before 1980, only banks that were members of the Federal Reserve System were subject to its reserve requirements. Under the Monetary Control Act of 1980, all depository institutions, including US branches and agencies of foreign banks are subject to reserve requirements set by the Federal Reserve. The Monetary Control Act also provides that all institutions subject to reserve requirements have access to the Federal Reserve's discount window and its payment services.

II. Geographical coverage and degree of consolidation

These statistics cover the domestic and foreign financial statements of domestically chartered banks. For purposes of this report, domestic includes the US 50 states and the US territories and possessions. Data for foreign-controlled banks that are chartered under United States laws are included. Institutions operating in the United States as branches and agencies of foreign banks are not included.

III. Summary description of activities of banks

Payment facilities

Payment vehicles include non-interest-bearing demand or sight deposits, with optional overdraft facilities offered by many institutions, and interest-bearing other checkable deposits, consisting of negotiable orders of withdrawal (NOW) and automatic transfer service (ATS) accounts. These accounts appear in the M1 monetary aggregate published by the Federal Reserve Board. Interest-bearing savings accounts allow a limited number of transactions each month. Along with small time deposits, they are included in M2. Funds in savings and checkable accounts may be accessed by Automated Teller Machines (ATMs). A growing number of banks offer arrangements whereby excess funds in demand accounts are automatically transferred into savings accounts. In addition, other services such as wire transfer of funds, automatic deduction of personal contractual payments, payroll account services, and interbank correspondent services are widely available.

Deposit business with non-banks

Deposits of all types are offered to individuals, businesses, and governmental units. A large variety of types of deposits, maturities, and rate structures are available. Large time certificates of deposit (USD 250 000 or more) are often negotiable and can be sold in a secondary market. The terms of accounts, such as minimum balance requirements, and the interest rates paid, if any, depend on the sise of the account and the liquidity of the funds.

Issues of non-marketable and/or marketable savings instruments

Savings bonds are not issued by private financial institutions in the United States. Both commercial banks and savings institutions issue marketable bonds and debentures as part of their long-term financing arrangements, but these are not understood as savings instruments, which take the form of non-negotiable certificates and deposits.

Money market instruments

Both commercial banks and savings institutions are active as lenders in the market for "federal funds", amounts that are available immediately rather than on the next business day and are generally borrowed for very short periods of time, principally by commercial banks.

In addition, both of these institutions deal in various types of money market paper. They are major purchasers of short-term Treasury securities and Federal agency securities and hold bankers' acceptances and commercial paper. Commercial banks invest in state and local government short-term securities.

Various types of lending business

Savings institutions are primarily engaged in mortgage lending but also make smaller amounts of personal loans both on instalment and non-instalment bases. Commercial banks make many different types of loans, including overdraft facilities or lines or credit connected with demand deposits and acceptance financing. They make short and medium-term commercial and industrial loans; commercial, residential, and agricultural mortgages; instalment and non-instalment personal loans; agricultural loans; loans to other financial institutions including banks in foreign countries; and loans to finance the purchase of securities. Banks also provide lease financing.

Some banks specialise in certain types of loans: banks in rural areas hold high proportions of agricultural loans, for instance, while other banks have emphasised loans to large business. Banks in the United States do not make direct loans to the public sector, but instead contribute to public sector finance by the purchase of public securities.

Security business, portfolio management, and trust business

Many commercial banks provide trust services for clients. As part of these services they purchase and sell securities and administer clients' portfolios. Trust operations, however, are completely separate from lending and deposit operations of banks, although fees generated from trust services are part of bank income reported here.

In the United States there is a tradition going back to the 1930s of separation of commercial banking from investment banking. Commercial banks themselves are not allowed to underwrite securities, except those issued by state and local governments, and they may not invest in equity securities for their own account. However, bank holding companies may underwrite corporate bonds and equities, under certain restrictions, through "section 20"* subsidiaries.

Foreign exchange trading and foreign payments

Commercial banks provide facilities for trading in foreign exchange and in gold and other precious metals, both for their own account and for client.

IV. Reconciliation of national data with the OECD presentation

Types of institutions

Large commercial banks: the largest 100 commercial banks by total assets.

Foreign commercial banks: commercial banks whose regulated top holder is considered a Foreign Banking Organisation (FBO) under the Bank Holding Company Act, International Banking Act, or Regulation K.

Savings banks: state-chartered and federal savings banks.

Other banks: credit unions and savings and loan institutions.

Income statement

Net non-interest income: total non-interest income, *i.e.* gains or losses on securities held in investment accounts, and extraordinary items.

- Fees and commissions include service charges on deposit accounts in domestic offices, income from fiduciary activities, and other fee income.
- Net profit or loss on financial operations includes trading revenue, and gains (losses) on securities held in investment accounts.
- Other net non-interest income: residual.
- Credit unions reported interest and fee income as a single item from 1980 through 1986. Consequently, Interest Income and Net Interest Income include fee income, and Net Non-Interest Income excludes fee income for these years. This affects the "Other Banks" category only.

Operating expenses: total non-interest expenses, excluding provisions and taxes.

- Staff costs include salaries and employee benefits.
- Property costs include cost of premises and fixed assets.
- Other operating expenses: residual.

Net provisions:

- Provisions on loans include provision against loan and lease losses (includes any provisions against losses on securities), and provision for allocated transfer risk.
- Provisions on securities are included with Provisions on loans.

Income tax: taxes on ordinary and extraordinary income.

Distributed profits: cash dividends.

Retained profit: retained income.

* Glass-Steagall Act, 1933.

Balance sheet

Assets

Cash and balance with Central bank: cash and non-interest earning balances due from depository institutions less non-interest earning balances due from depository institutions in the US.

Interbank deposits: interest earning balances due from depository institutions and non-interest earning balances due from depository institutions in the US.

Loans: interest earning loans less loss reserves, and Federal funds sold.

Securities: securities held in investment accounts and securities held in trading accounts.

Other assets: residual.

Liabilities:

Capital and reserves: capital account (limited life preferred stock and related surplus plus total equity capital).

Interbank deposits: demand and non-transaction deposits at commercial banks and other depository institutions in the US and at banks in foreign countries.

Customer deposits: deposits less interbank deposits.

Bonds: subordinated notes and debentures.

Other liabilities: total liabilities plus capital, less deposits, bonds and capital.

Capital adequacy

Total regulatory capital: sum of Tier 1, Tier 2, and Tier 3 capital.

V. Sources

Authority that collects or publishes the data are:

- For commercial banks: Federal Reserve Board, Federal Deposit Insurance Corporation, Controller of the Currency.
- For savings institutions: Federal Deposit Insurance Corporation and the Office of Thrift Supervision.
- For credit unions: National Credit Union Association.

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OECD Banking Statistics
METHODOLOGICAL COUNTRY NOTES

Trends in bank profitability and factors affecting it are major indicators of changes in the state of health of national banking systems. The present publication complements OECD *Banking Statistics: Financial Statements of Banks 2010* which provides a unique tool for analysing developments in bank profitability in OECD countries. In addition to information on financial statements of banks in OECD countries, they include data on the number of reporting banks, their branches and staff, structural information on the whole financial sector and ratios aiming at facilitating the analysis of bank profitability of OECD countries.

The methodological country notes included in this volume were prepared to facilitate the comprehension and the interpretation of the statistics and to provide a brief description of the activities of banks in each country.

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