

Federal Reserve Bank of Atlanta
Jekyll Island Financial Markets Conference 2009
“Financial Innovation & Crises”

**Policy Session 8.30am, Wed 13th May– International Exposure to
U.S.-Centered Credit Market Turmoil**

Discussion by Alistair Milne, Cass Business School

**I am expecting to cover some or all of the following issues raised
by the Claessens paper:**

- **Variety in exposure of different banks
(see Table 8.1, attached, from my July, 2009 book)**
- **Variety in institutional structure. High saving countries
(Germany) *versus* low saving (UK, Ireland, Spain);
International host banking (UK, Luxembourg) v. International
parent banking (Iceland, Austria)**
- **International aspects of the September and October 2008
crisis and policy response**
- **Some further practical and legal issues in resolution of
internationally active banks.**

Table 8.1. Major bank credit losses and write-downs compared with pre-tax earnings.

Bank	Origin	Credit losses and write-downs, 2007–8		Ratio to 2006 pre-tax earnings
		Taken in profit and loss	Total	
(\$ billion)				
Freddie Mac	US	64	88	22.2
Fannie Mae	US	65	71	15.3
AIG (insurance)	US	146	168	7.7
Merrill Lynch	US	63	73	7.5
UBS	Switzerland	56	56	5.5
Lehman Brothers	US	30	30	5.0
Fortis	Belgium/Netherlands	13	34	4.3
HBOS	UK	29	42	4.0
Citigroup	US	104	114	4.0
JP Morgan	US	41	41	2.8
ING	Netherlands	7	38	2.6
Deutsche Bank	Germany	23	30	2.4
Barclays	UK	27	30	2.3
HSBC	UK	101	135	2.3
UniCredit	Italy	22	26	2.1
Morgan Stanley	US	19	19	2.1
Royal Bank of Scotland	UK	35	36	2.1
BNP Paribas	France	22	29	1.9
Bank of America	US	45	57	1.8
Credit Suisse	Switzerland	14	19	1.5
Credit Agricole	France	7	14	1.4
Mizuho Financial Group	Japan	9	9	1.4
Mitsubishi UFJ Financial Group Inc	Japan	10	13	1.3
ICBC	China	13	13	1.3
Sumitomo Mitsui Finance	Japan	8	9	1.2
Santander	Spain	14	17	1.1
Societe Generale	France	6	11	0.9
Goldman Sachs	US	10	10	0.7
Total		1,005	1,235	

Source: Annual reports, Bankscope, author's calculations. Includes the world's 25 largest banks by dollar assets (Bankscope global format) plus Fannie Mae, Freddie Mac, Lehman and AIG. Lehman Brothers and Fortis are estimates.