

# UNFINISHED BUSINESS

*"Both original and persuasive, this book demonstrates that we still have important lessons to learn from this devastating crisis."*

MARTIN WOLF

# Structure of Euro Area Banking



Lightly Capitalized Core Universal Banks

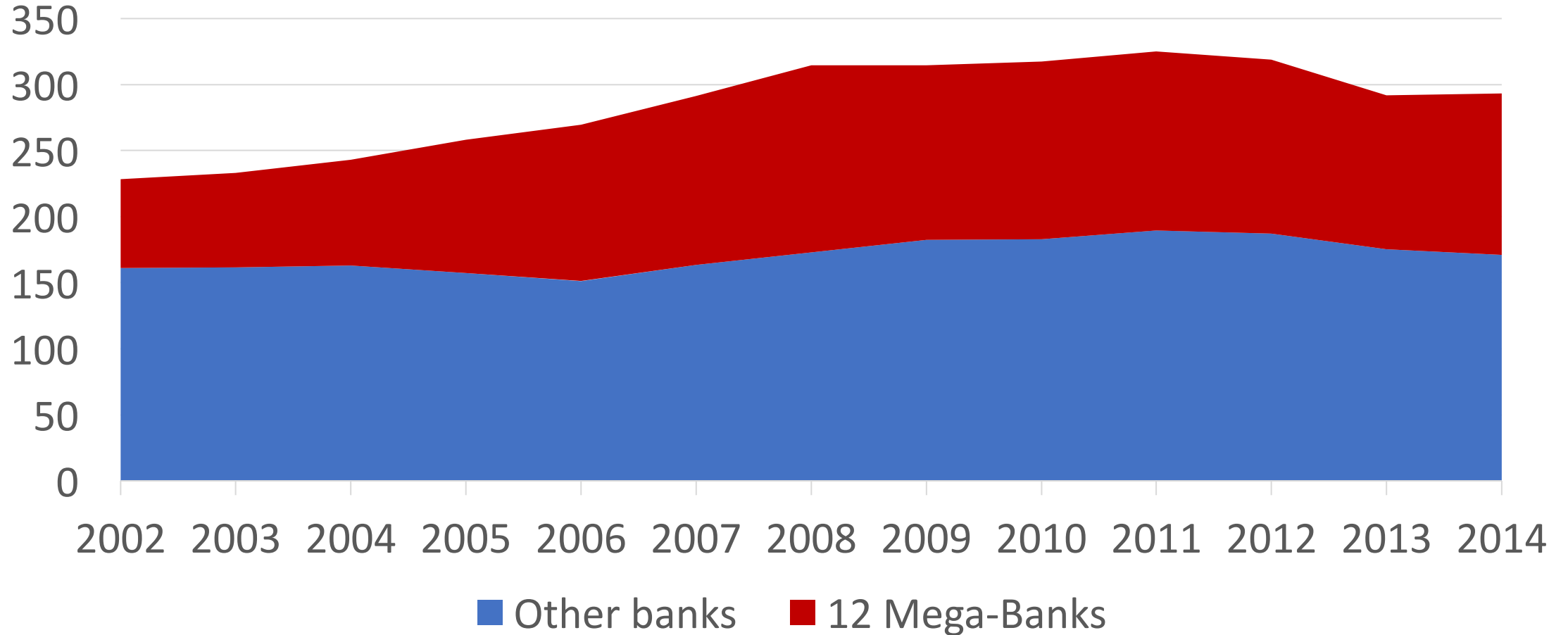
Deutsche, BNP Paribas, Credit Agricole, ING  
Societe Generale, Commerzbank, Dexia, Natixis

Loans

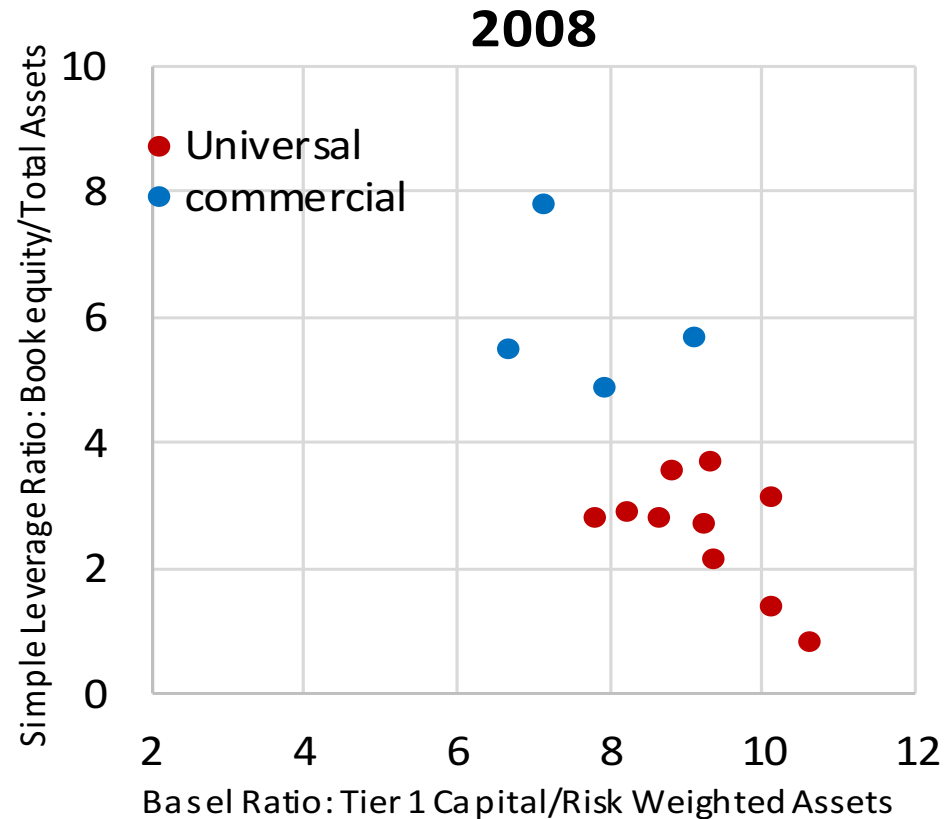
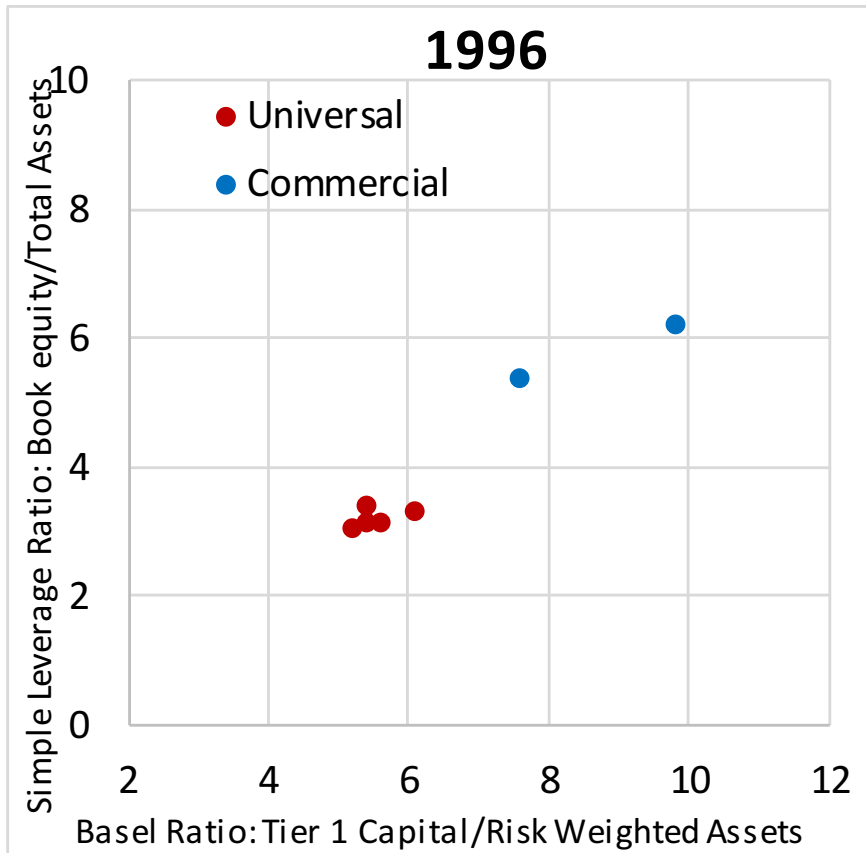
Better Capitalized Periphery Commercial Banks

Unicredit, Santander, Intesa, BBVA

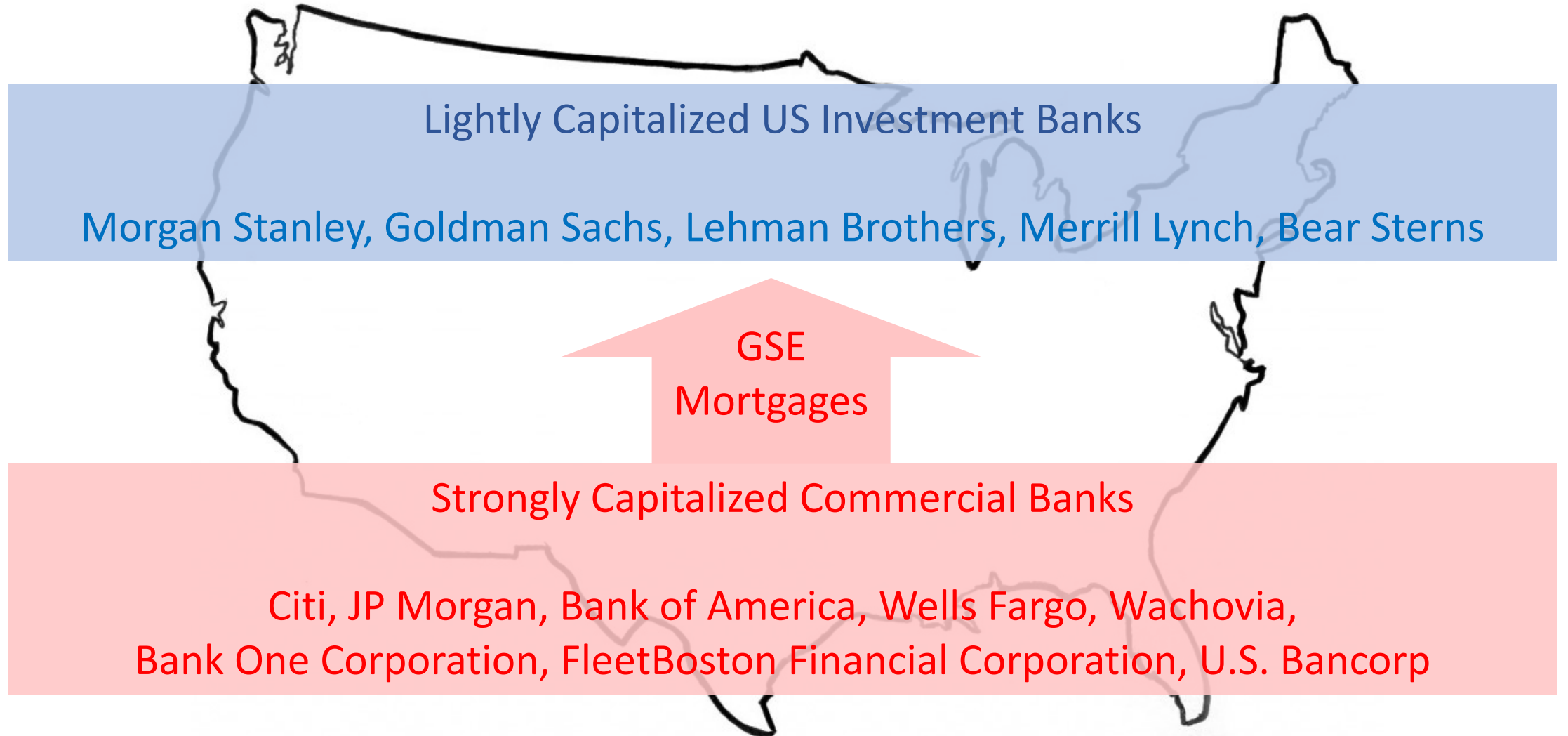
# Mega-Banks Expanded Unsustainably (Euro area bank assets as a ratio to GDP)



# Large Universal European Banks Exploited Internal Risk Models and Became More Fragile

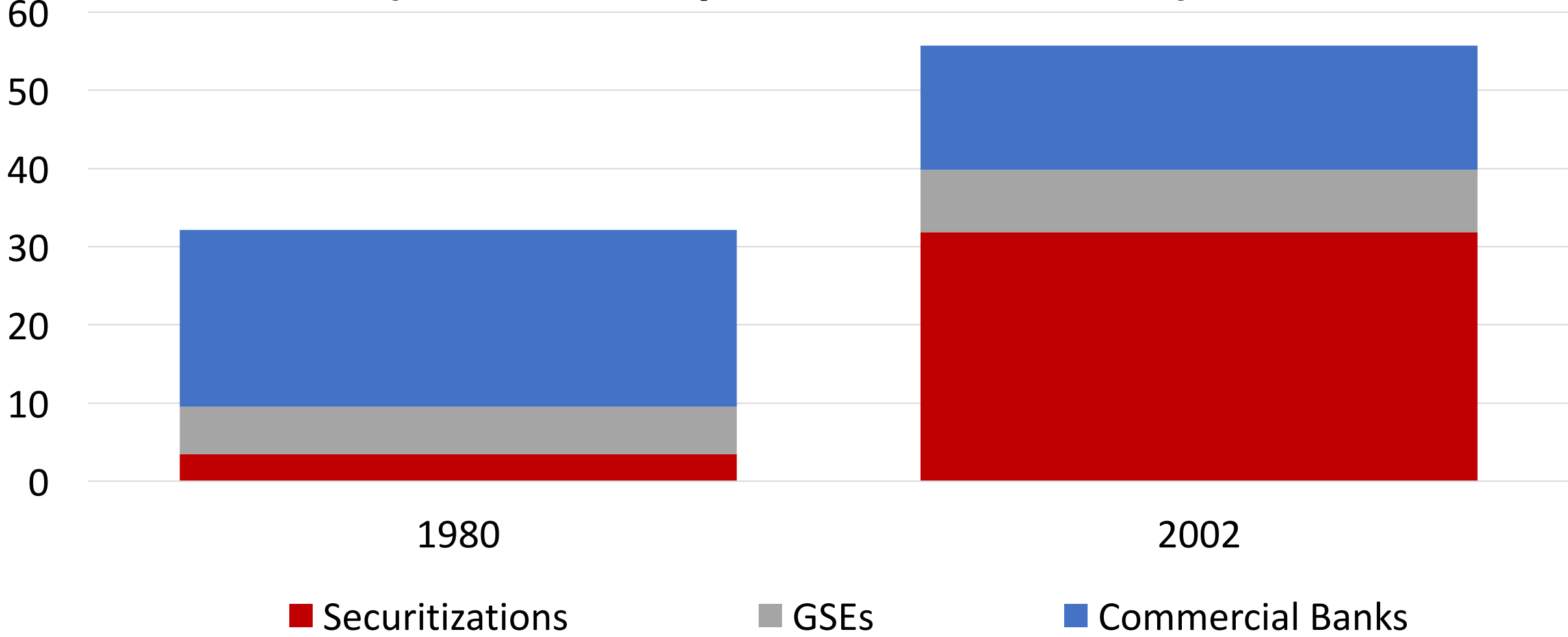


# Structure of US Banking in 2002



# Banks Sold Most Mortgages To Markets by 2002

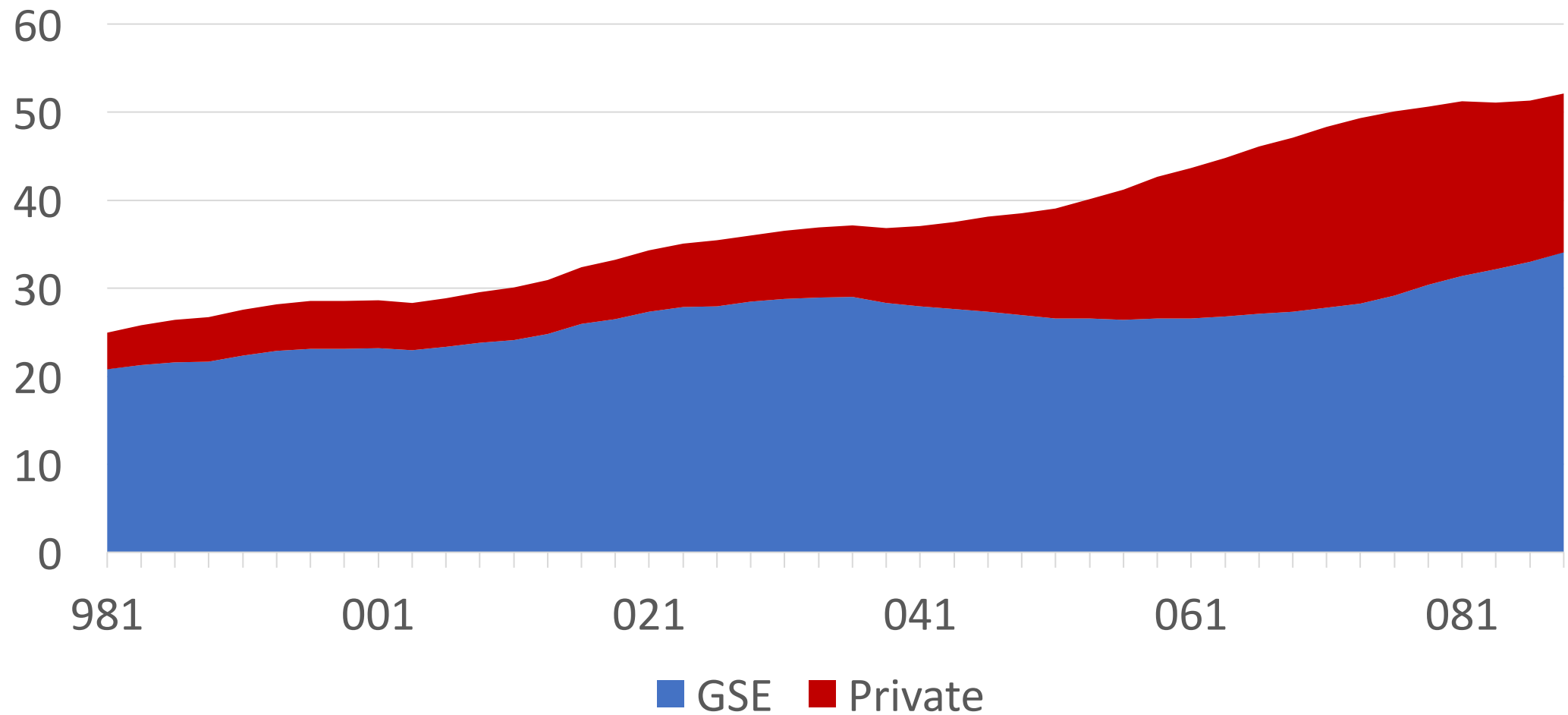
(Assets as a percent of US GDP)



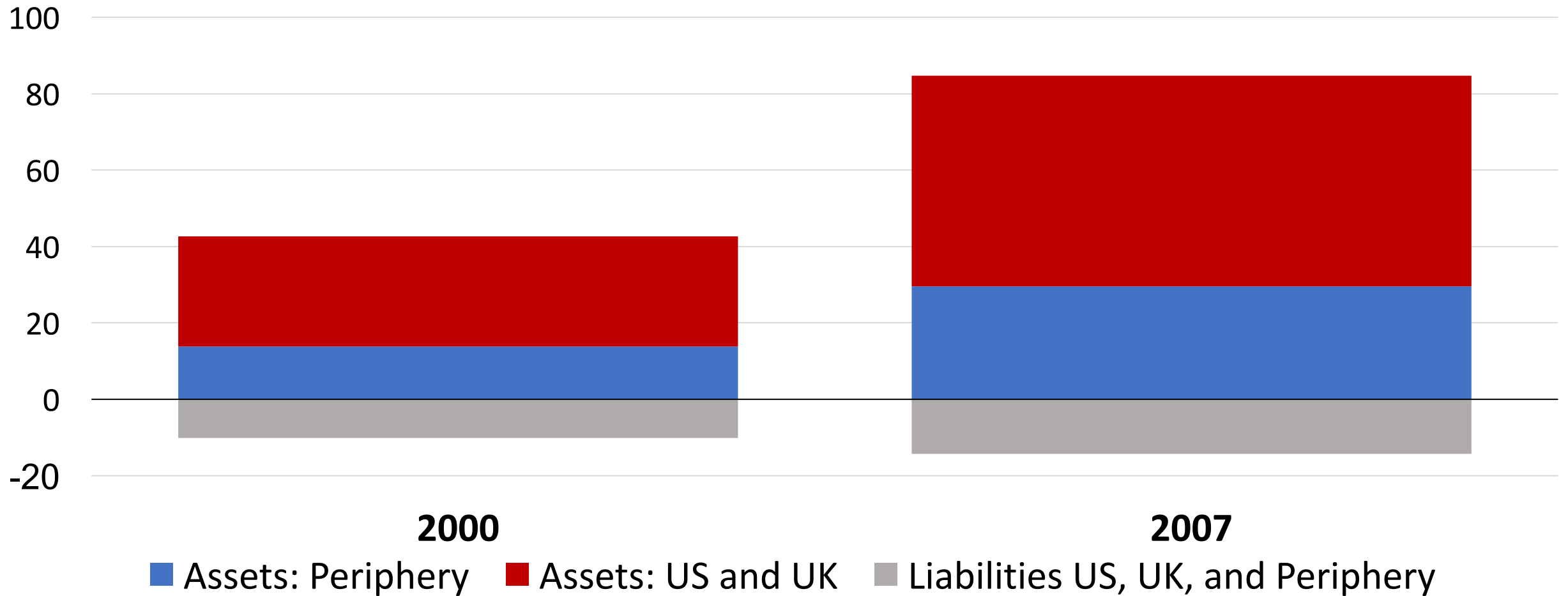
Source: US Flow of Funds

# Private Mortgage Securities Surged After 2003

(Assets as a percent of US GDP)

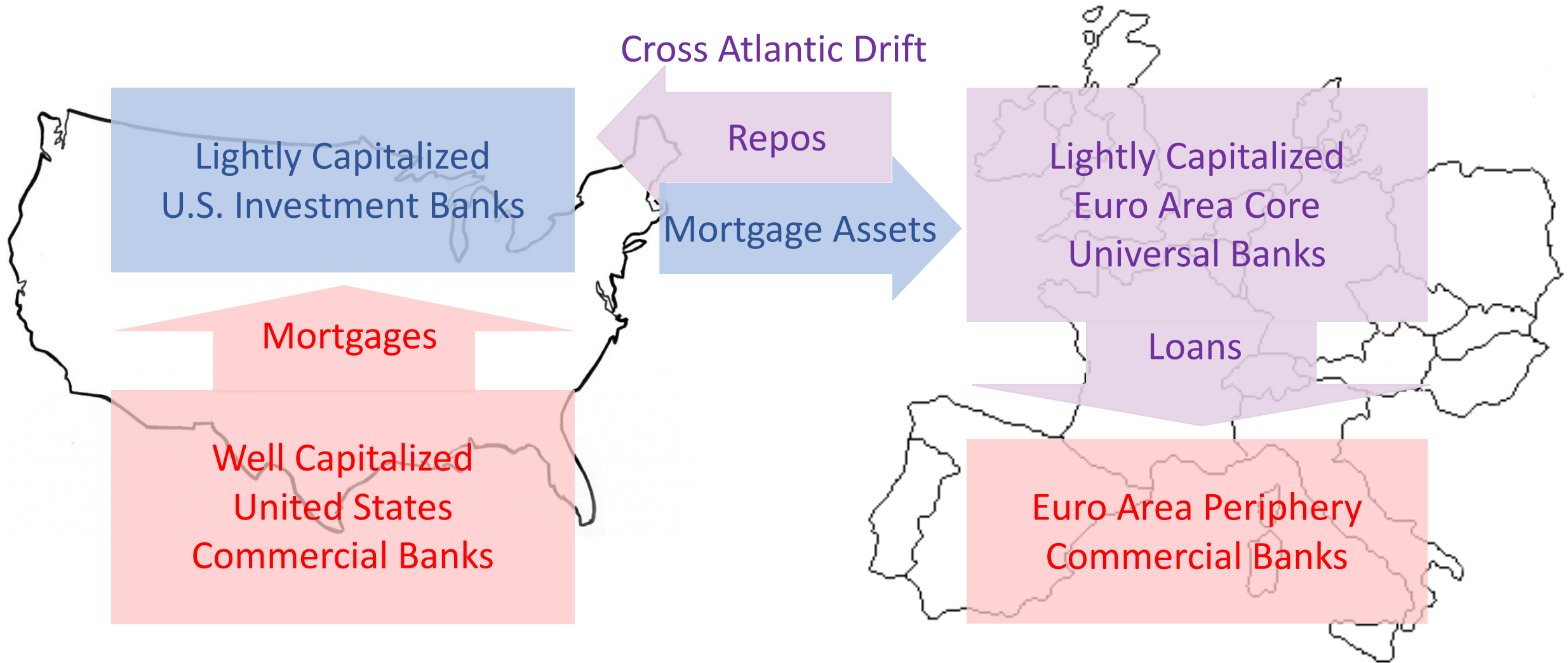


# Core Euro Area Banks Expanded Rapidly Overseas (Assets and Liabilities as a percent of GDP)

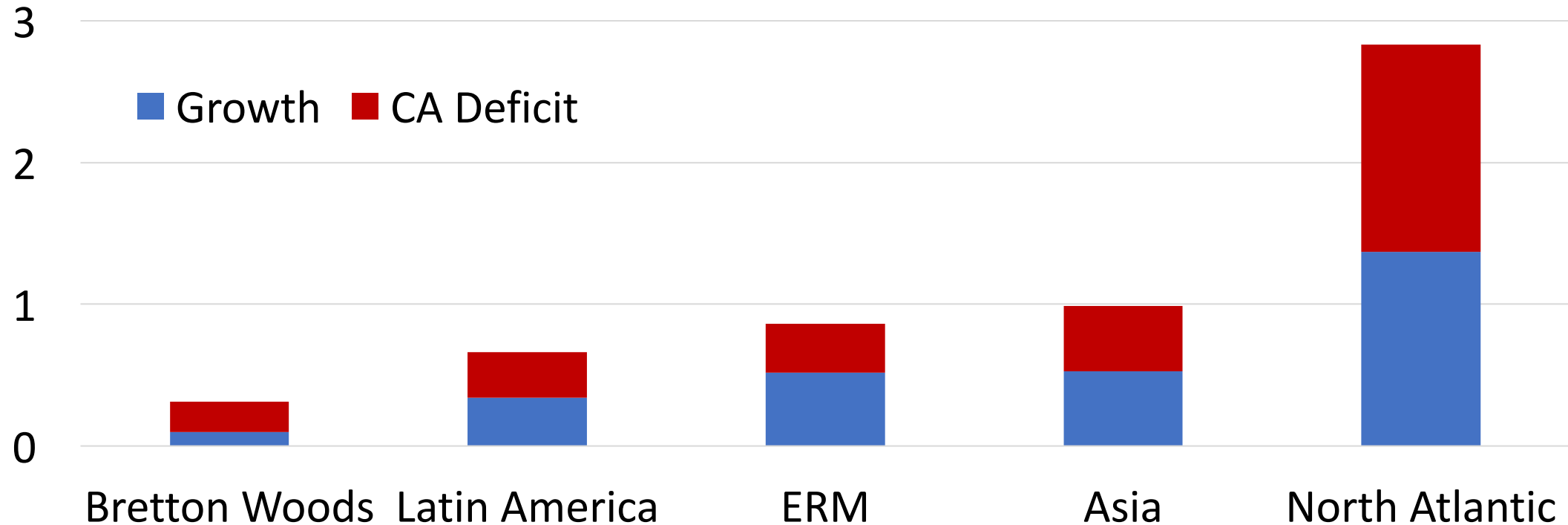




# The North Atlantic Financial Boom



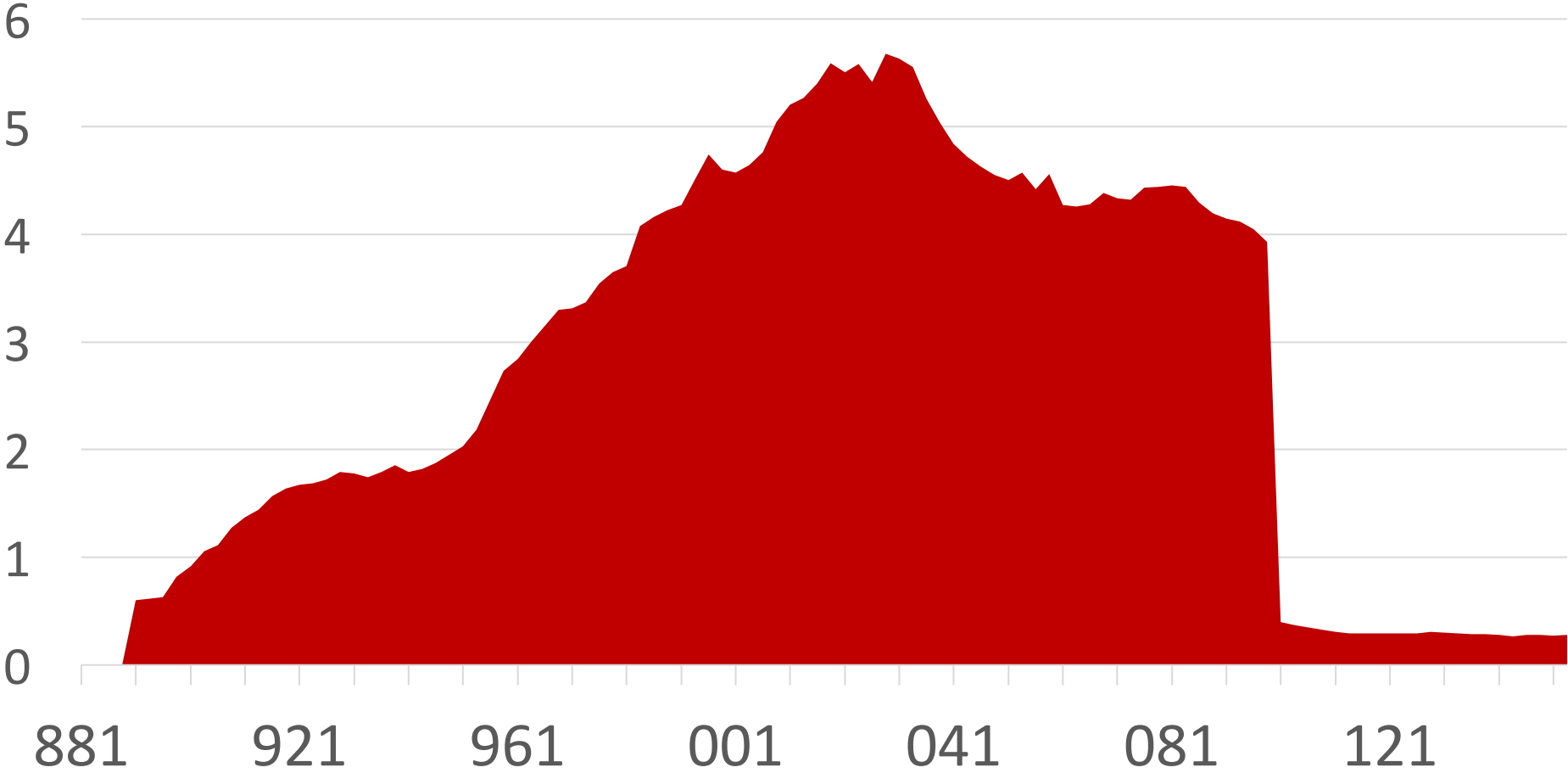
# Costs of Global Crises Rose With Capital Mobility (Ratio to Global GDP)



Source: World Economic Outlook

# Consumer Credit: Asset-Backed Security Stock

(Ratio to GDP)



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