



## *Annual Report 2003*

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## INTERBANK DEPOSIT PROTECTION FUND



### Composition of the Statutory Organs

**Chairman:** Enrico Filippi

**Deputy Chairman:** Roberto Brambilla

**Secretary General:** Roberto Moretti

**Counsellor by Right:** ABI President Maurizio Sella

**Representative from Banca d'Italia:** Bruno Bianchi

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Aureliano Benedetti  
Guido Leoni  
Antonio Patuelli  
Bruno Picca  
Giuseppe Vigorelli

#### Board of Auditors

Renato Mastrostefano  
Nicola Mattoscio  
Agostino Passadore  
Giuseppe Allocco (*Substituted Auditor*)

#### Board

Aureliano Benedetti  
Pio Bussolotto  
Antonio Cèola  
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Gianpiero Fiorani  
Maurizio Gobetti  
Divo Gronchi  
Carmine Lamanda  
Ademaro Lanzara  
Guido Leoni  
Elisabetta Magistretti  
Edoardo Massaglia  
Carlo Messina  
Franco Nale  
Lino Nisii  
Antonio Patuelli  
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Pier Giorgio Primavera  
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Massimo Santoro  
Maurizio Sella  
Gino Trombi  
Camillo Venesio  
Antonio Vigni  
Giuseppe Vigorelli  
Emilio Zanetti

This is a translation of the Italian original and has been prepared solely for the convenience of readers and in the event of any ambiguity, the Italian text will prevail.

The Italian version can be downloaded from the FITD web site ([www.fitd.it](http://www.fitd.it)) or can be requested to:

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Via del Plebiscito, 102  
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### ***The consortium***

In 2003 the Interbank Deposit Protection Fund (FITD) did not have to carry out any interventions.

As of 31 December 2003, participants to the consortium were 295, compared to 298 member banks of previous December. Of these, 13 are Italian branches of non-European Union banks and one is a branch of a European Union bank. In line with art. 96, third paragraph of the Italian Banking Law and art. 2, third paragraph of the Statutes of the Fund, the first are obliged to join the FITD if they are not members of an equivalent foreign guarantee system. The latter adheres to the Fund in a voluntary way in order to raise the level of coverage of their home country deposit fund up to 103.291,38 Euro per depositor.

During 2003, 11 new banks joined the Fund, 10 were mergers, 2 were transfers of assets and liabilities and 2 were recesses (Table 1). The last 2 banks were previously in a voluntary liquidation.

***Table 1 – Variation in the composition of the consortium  
(December 2002 – December 2003)***

	<i>Number of Banks</i>
<b><i>Member banks on 31 December 2002</i></b>	298
<b><i>Mergers</i></b>	10
<b><i>Transfers of Assets and Liabilities</i></b>	2
<b><i>Recesses</i></b>	2
<b><i>New member banks</i></b>	11
<b><i>Member banks on 31 December 2003</i></b>	295

*Source:* FITD Statutory Reports

### ***Reimbursable Funds of Member Banks***

As from data of 30 June 2003, total Reimbursable Funds (RF) were 336,9 billion Euro, corresponding to 652.378 billion Lire, with an increase of 5,3% comparing with previous year (Table 2 and Graph 1).

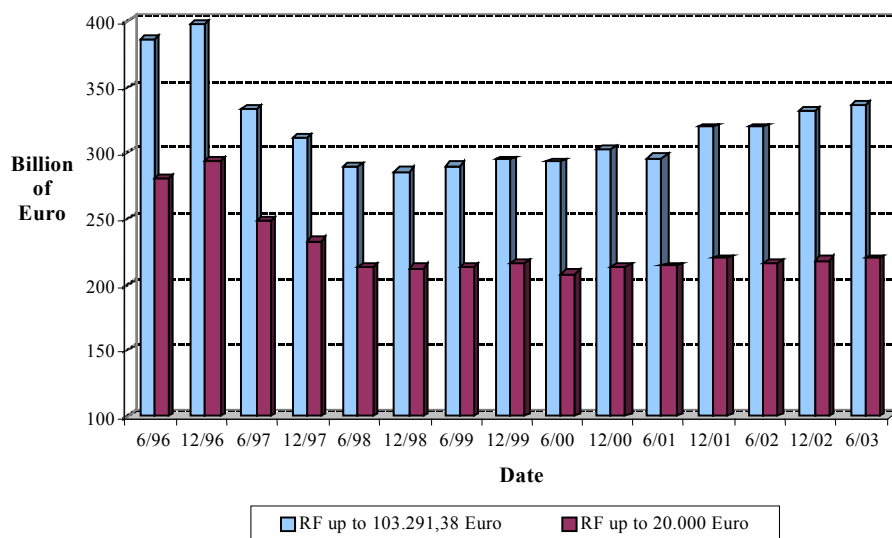
RF below the ceiling of 20.000 Euro per depositor which, according to art. 27, paragraph 8 of the Statutes of the Fund, must be reimbursed within three months from a bank's liquidation, grew by 1,8% comparing to June 2002. These funds represent 65,4% of total RF, confirming that majority of the funds protected by the FITD are composed by deposits of small amount.

**Table 2 – Reimbursable Funds by FITD**

<b>Date</b>	<b>RF up to 103.291,38 Euro</b>		<b>RF up to 20.000 Euro</b>	
	<b>Bln. Lire</b>	<b>Bln. Euro</b>	<b>Bln. Lire</b>	<b>Bln. Euro</b>
Jun-96	748.734	386,7	544.159	281,0
Dec-96	771.252	398,3	569.056	293,9
Jun-97	647.401	334,4	482.271	249,1
Dec-97	603.718	311,8	452.185	233,5
Jun-98	561.893	290,2	413.927	213,8
Dec-98	553.798	286,0	412.198	212,9
Jun-99	562.448	290,5	413.038	213,3
Dec-99	570.362	294,6	419.155	216,5
Jun-00	568.874	293,8	403.439	208,4
Dec-00	585.827	302,6	412.509	213,0
Jun-01	573.804	296,3	415.748	214,7
Dec-01	618.638	319,5	426.948	220,5
Jun-02	619.026	319,7	419.202	216,5
Dec-02	642.454	331,8	422.881	218,4
Jun -03	652.378	336,9	426.948	220,5

Source: FITD Statutory Reports

**Graph 1 –Time series of RF of member banks**



### ***The monitoring activity***

Analysing financial ratios during this past year (on the basis of data of June 2002, December 2002 and June 2003), the number of member banks included in the “Low Risk” categories (“Order” and “Attention”) remained basically constant and is now of 227 units. The amount of RF distributed between the two less risky statutory positions, thus recording a reduction of 19% for the “Order” class and an increase of almost 16% for the “Attention ” one.

Banks included in the “Medium risk” categories (“Warning” and “Penalty”) decreased by 1 comparing to December 2002 and by 8 comparing to June 2002. The amount of RF decreased comparing to June 2002 (-4,6%), and increased comparing to December 2002 (+3,6%).

Banks included in “High risk” categories (“Severe imbalance” and “Expulsion”) decreased by 1 comparing to December 2002 and by 8 comparing to June 2003, whereas the corresponding percentage on the total amount of RF decreased to 0,6% (table 3).

***Table 3 – Distribution of Banks according to statutory class***

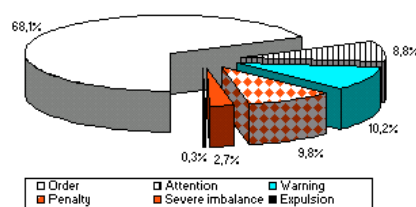
<b><i>Statutory Position</i></b>	<b>30/06/2002</b>		<b>31/12/2002</b>		<b>30/06/2003</b>	
	<i>n° banks</i>	<i>% RF</i>	<i>n° banks</i>	<i>% RF</i>	<i>n° banks</i>	<i>% RF</i>
Order	199	80,3	188	91,1	201	72,1
Attention	29	5,5	32	3,5	26	19,4
Warning	35	10,7	31	2,5	30	6,7
Penalty	32	1,8	35	1,8	29	1,2
Severe Imbalance	14	1,1	8	0,8	8	0,5
Expulsion	1	0,6	2	0,3	1	0,1
<i>Total Banks</i>	310	100	296	100	295	100

*Source:* FITD - Banca d'Italia Statutory Reports

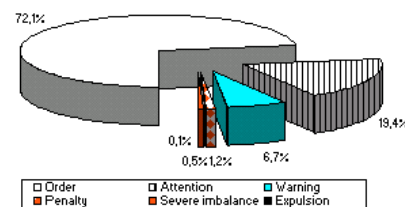


Comparing both graphs 2 and 3, where the percentage distribution of member banks and RF per statutory position is represented, banks in the Order class, which constitute the 76,9% of all FITD member banks as of June 2003, represent the 91,5% of the total RF. In all the other riskier statutory position, the RF percentage is always inferior to the corresponding percentage of banks on the total. Banks in the Warning and Penalty classes, respectively 10,2% and 9,8% of total member banks, represent the 6,7% and 1,2% of RF. Banks included in Severe Imbalance class (2,7% of the total) represent the 0,5% of total RF, while those in the Expulsion class (0,3% of the total) represent the 0,1%.

**Graph 2**  
*Distribution of member banks according to Statutory Position*



**Graph 3**  
*Distribution of RF according to Statutory Position*



Examining the weighted average indicators of individual profiles, A1 and B1 appear to be basically constant. The usual fluctuation of data of June and December of D1 and D2 is still recorded (table 4).

**Table 4 – Weighted average values of financial indicators**

<b>Indicators</b>		<b>Date</b>		
		<b>30/06/2002</b>	<b>31/12/2002</b>	<b>30/06/2003</b>
<b>A1</b>	Net Doubtful Loans/ Shareholders'equity	11,51	11,04	11,04
<b>B1</b>	Capital for Supervisory Purposes/ Supervisory Capital Requirements	199,94	199,67	200,31
<b>C</b>	Maturity Transformation Rules	N.C.	N.C.	N.C.
<b>D1</b>	Overhead Costs/ Net Operating Income	59,6	60,72	57,8
<b>D2</b>	Loan Losses/Gross Income	24,18	29,45	20,44

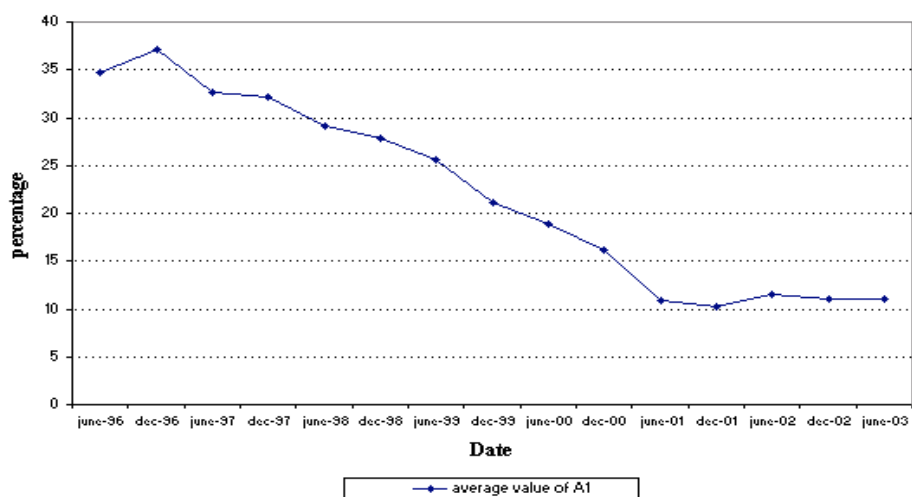
Source: FITD - Banca d'Italia Statutory Reports

## Analysis of individual profiles

### Risk profile

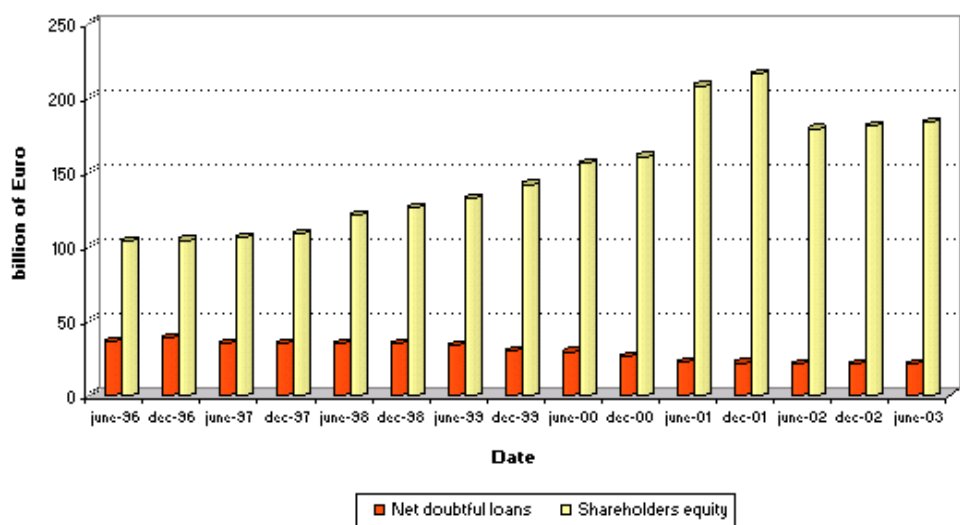
The average value of the Risk indicator A1 (Total Net Doubtful Loans/ Shareholder's equity + Subordinated liabilities) appears to be constant, around 11%, far from 40% limit, i.e. the borderline between the Normal class and the Attention one (Graph 4). After having continuously decreased until June 2001, this indicator seems to have settled around the present values.

**Graph 4 – A1 Performance from June 1996 to June 2003**



Total Net Doubtful Loans (A1 numerator) remained stable, thus showing that loan quality did not deteriorate during the persisting economic slowdown. Shareholder's equity (A1 denominator) slightly increased comparing to the previous survey (Graph 5).

**Graph 5 – Net Doubtful Loans and Shareholder's equity from June 1996 to June 2003**



Analysing the distribution of member banks according to classes, during this year, those included in the less risky class (Normal) recorded a decrease, in correspondence with an increase of RF. Other classes (Attention, Warning and Violation) recorded a reduction both in the number of member banks and in the percentage of RF (Table 5).

**Table 5 – A1 Indicator: Distribution of banks according to classes**

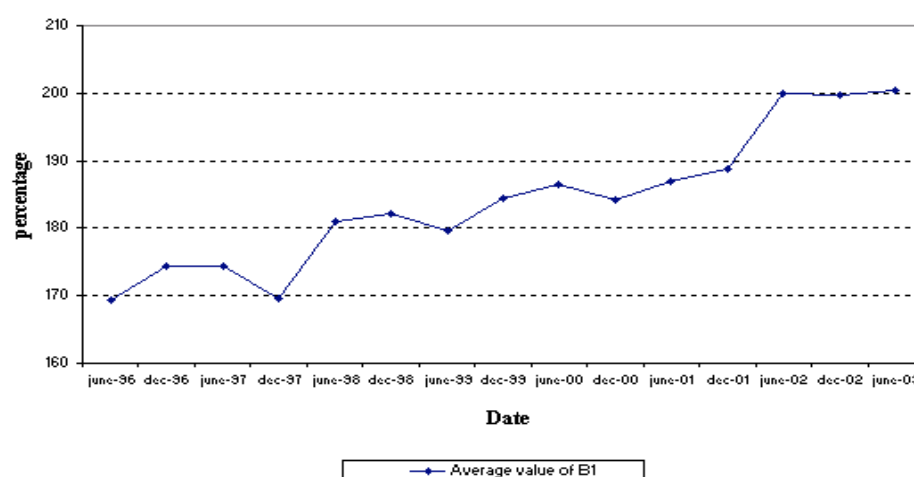
<i>Date of record</i>	<b>Normal &lt; 40%</b>		<b>Attention &lt; 60%</b>		<b>Warning &lt; 100%</b>		<b>Violation &gt; 100%</b>	
	<i>banks</i>	<i>% RF</i>	<i>banks</i>	<i>% RF</i>	<i>banks</i>	<i>% RF</i>	<i>banks</i>	<i>% RF</i>
<b>30/06/2002</b>	293	91,90	8	7,58	7	0,52	2	0,00
<b>31/12/2002</b>	283	97,31	6	2,66	5	0,03	2	0,00
<b>30/06/2003</b>	284	97,52	6	2,46	3	0,02	2	0,00

Source: FITD Statutory Reports

### *Solvency profile*

The weighted average value of indicator B1 (Capital for Supervisory Purposes / Supervisory Capital Requirements) as of June 30, 2003, overcame the threshold of 200%, the highest value from June 1996, thus strengthening the hypothesis of an increasing soundness of the Italian banking system on the whole (graph 6).

**Graph 6 – B1 Performance from June 1996 to June 2003**



The number of member banks that show B1 in the Normal class decreased during 2003, not as the result of a redistribution/reallocation within the classes of this indicator, but for the reduction of the number of member banks, following merging operations.

The number of member banks in the other three riskier classes remained unchanged (Table 6).

RF increased about 10% in the Normal class, decreased of about 9% in the Attention one, whereas are negligible in the other two classes.

**Table 6 –B1 Indicator: Distribution of banks according to classes**

<i>Date of record</i>	<b>Normal &gt; 120%</b>		<b>Attention &lt; 120%</b>		<b>Warning &lt; 100%</b>		<b>Violation &lt; 80%</b>	
	<i>banks</i>	<i>% RF</i>	<i>banks</i>	<i>% RF</i>	<i>banks</i>	<i>% RF</i>	<i>banks</i>	<i>% RF</i>
<b>30/06/2002</b>	270	81,91	34	16,89	2	0,28	4	0,92
<b>31/12/2002</b>	255	91,32	33	7,34	6	1,04	2	0,30
<b>30/06/2003</b>	255	91,89	35	7,71	3	0,14	2	0,26

Source: FITD Statutory Reports

### *Maturity Transformation profile*

Regarding indicator C of Maturity Transformation, the number of member banks that respects all the three rules increased by 9, while the amount of RF decreased a little bit more than 10% (table 7).

The number of member banks in the Attention and Warning classes decreased comparing to the previous year, while no bank was classified in the Violation class. For what concern the RF, the biggest increase was recorded in the Warning class, and it was 8,45%.

**Table 7 – With respect to Supervisory Maturity Transformation Rules**

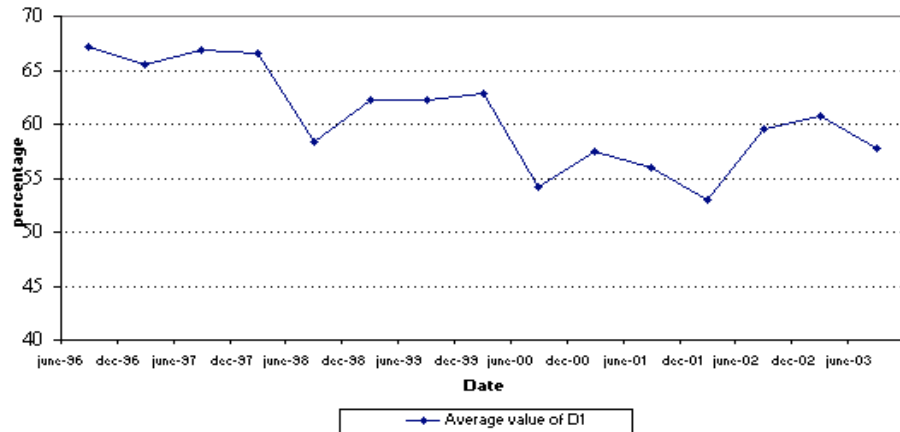
<i>Date of record</i>	<b>Normal 3 rules respected</b>		<b>Attention 1 rule not respected</b>		<b>Warning 2 rules not respected</b>		<b>Violation 3 rules not respected</b>	
	<i>banks</i>	<i>% RF</i>	<i>banks</i>	<i>% RF</i>	<i>banks</i>	<i>% RF</i>	<i>banks</i>	<i>% RF</i>
<b>30/06/2001</b>	263	94,13	23	4,97	24	0,90	0	0,00
<b>31/12/2001</b>	274	98,32	12	1,06	10	0,62	0	0,00
<b>30/06/2002</b>	272	83,42	12	7,03	11	9,55	0	0,00

Source: FITD Statutory Reports

### *Profitability profile*

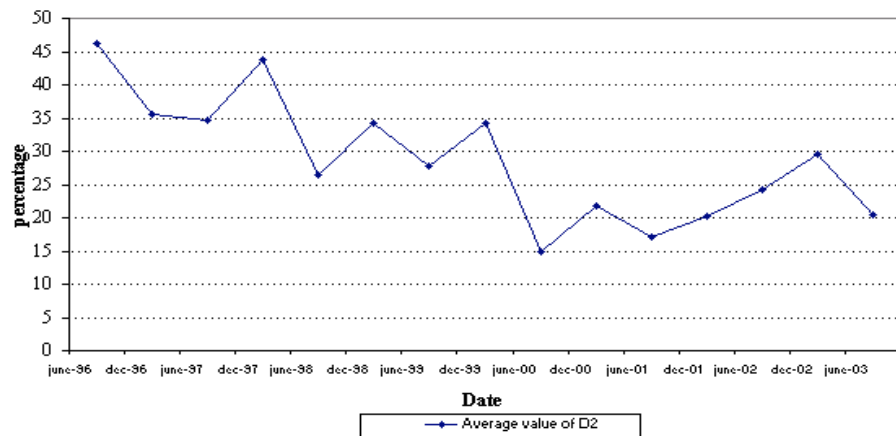
After the increase recorded in December 2002, the average values of indicators D1 (Overhead costs/Net Operating Income) and D2 (Loan Losses, net of recovery/Gross Income) both decreased.

**Graph 7 – D1 Performance from June 1996 to June 2003**

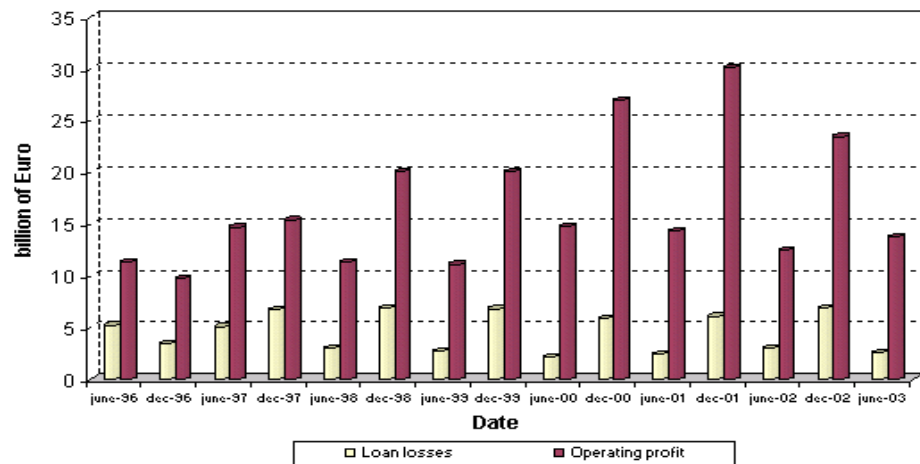


The indicator D1 (in the Normal class up to 70%) stemmed to 57,8%, while the D2 indicator (in the Normal class up to 50%) decreased to 20,44%. The swinging performance shown in the graphs (even sharper for the indicator D2) is due to the fact that income statement data in June and December refer to different time intervals (respectively the semester and the year).

**Graph 8 – D2 Performance from June 1996 to June 2003**



**Graph 9 – Loan losses, net of Recovery, and Gross Income  
from June 1996 to June 2003**



The analysis of data related to indicator D1 evidences that, between June 2002 and June 2003, there was an increase of the number of member banks classified in the Normal class (+17). There was also a corresponding reduction of those included in the Attention (-17), Warning (-8) and Violation classes (-7; Table 8). The percentage of RF referred to the Normal class increased by 2%, while there was a shift from the Attention class (-5,86%) to the Warning one (+3,80%).

**Table 8 – D1 Indicator: Distribution of banks according to classes**

Date of record	Normal < 70%		Attention < 75%		Warning < 85%		Violation > 85%	
	banks	% RF	banks	% RF	banks	% RF	banks	% RF
30/06/2002	168	74,69	56	14,45	32	7,17	54	3,69
31/12/2002	160	78,08	52	14,67	37	3,16	47	4,09
30/06/2003	185	76,67	39	8,59	24	10,97	47	3,77

Source: FITD - Statutory Reports

Regarding D2, in the Normal class there was an increase of 9 banks with a corresponding increase of RF of 20,79%.

The Attention class recorded a relevant change, with a reduction of 19 banks, and the RF went from 15,57% of June 2002 to 0,4% of June 2003.

Banks included in the Violation class reduced from 46 to 36, with RF of 4,67%.

**Table 9 – D2 Indicator: Distribution of banks according to classes**

<i>Date of record</i>	Normal < 50%		Attention < 60%		Warning < 80%		Violation > 80%	
	<i>banks</i>	<i>% RF</i>	<i>banks</i>	<i>% RF</i>	<i>banks</i>	<i>% RF</i>	<i>banks</i>	<i>% RF</i>
<b>30/06/2002</b>	228	73,59	33	15,57	3	0,12	46	10,72
<b>31/12/2002</b>	209	75,19	33	21,54	11	0,78	43	2,49
<b>30/06/2003</b>	237	94,38	14	0,40	8	0,55	36	4,67

Source: FITD Statutory Reports

***Activity carried out by the Offices of the Fund***

The activity carried out by the Fund focused on the review of the financial indicators.

The first part of this project dealt with a statistical analysis aimed to value FITD indicators' ability, individual or joint, to forecast banking crisis phenomena, and to test the hypothesis of integrating them with a profitability coefficient and/or a liquidity one.

The results suggested the opportunity to keep FITD the indicators unchanged; thresholds of valuation, fixed in 1996, were adapted to reflect the current profile of the banking system.

The research ended with the change of the system through the Aggregate Indicator and also the statutory position are determined.

These documents were submitted to the attention of the Board and of all the member banks, which were invited to comment them. Considering these comments, some of the proposed changes were introduced gradually.

The new system will come into force by 30 June 2004.

The "Banking Forum", created by the FITD, organized a convention on "The introduction of International Financial Reporting Standards", in Milan, at the Auditorium of Assolombarda, on the 27<sup>th</sup> and 28<sup>th</sup> November 2003. The Chairman E. Filippi and the Secretary General R. Moretti opened the convention. These were the participating reporters: G. Carosio (Banca d'Italia), G. Caruso (Banksiel), A. Costantini (Banca delle Marche), F. Dabbene (Banca Intesa, Organismo Italiano di Contabilità and Steering Committee Progetto IAS ABI), E. Magistretti (Unicredit, OIC e Steering Committee Progetto IAS ABI), L. F. Mariniello (Università di Napoli "Parthenope" and OIC), R. Mazzeo (KPMG), E. Palombini (FITD), P. Pandozy (Engineering) and C. Patalano (Studio Patalano).

All the presentations shown during the Convention are available on the web site of the Fund ([www.fitd.it](http://www.fitd.it)), whereas an integrated version with some additional comments will be published next April.

In regards of information technology, a new technological communication system between FITD and member banks was projected and realized; it is now based on https technology.

In this way, within the “Member bank’s zone” of the web site of the FITD, there will be a reserved channel for each bank, and it will be dedicated to the exchange of data and information, such as financial ratios and the Contribution Base.

This new system was used to send to a significant number of banks the financial indicators as of 30 June 2003, but it will be extended to all member banks from 30 December 2003.

### ***Projects in progress***

Year 2003 was also the starting point for the research project on consolidated financial ratios, to be considered together with the individual ones in the evaluation of riskiness of those banks belonging to banking groups, according to art. 1 of the Appendix of the Statutes of the FITD.

In the first phase of this project, the FITD, in collaboration with Banca d’Italia, should determine a group of financial indicators to be analysed in view of using them for statutory purpose. At the end of this phase the FITD will ask Banca d’Italia to send the relevant data from the “Matrice dei Conti”.

The procedures for the consideration of consolidated financial indicators will be influenced by the results of a deeper juridical analysis focused on the group leader responsibility.

During the last phase indicators will be analysed: risk thresholds and a weighting system will be determined. The proposal to modify the Statutes will follow this phase.

The analysis of the effects on the introduction of IFRS/IAS, started at the Convention held in Milan in November, will go on with the creation of a working group where some exponents from banks, from the academic world and the consulting area would participate. The aim of this working group will be to determine the most relevant themes for banks, which have not been faced yet, in order to take into a deeper consideration their impacts.

Next March the research project on “Internal Ratings and Credit Risk Control”, developed in collaboration with NewFin-Bocconi and co-ordinated by A. Sironi, F. Sàita and the Fund itself, will be completed.

The project is divided into four parts. The first part deals with themes of the assignment of ratings, both to single firms and groups, and the processes of monitoring and reviewing. It will follow the discussion of some practical applications of ratings, particularly the database management and the development in banks’ branches. The third part will include a discussion of experiences made by major banks in projecting and managing rating systems, according to a scheme that was already experimented in the previous research projects by FITD-



NewFin. The last part will cover topics such as rating validation systems, their setting in the new Basel Accord and some potential critics connected to the new supervisory rules.

During 2003, the Fund encouraged numerous meetings with foreign Deposit Insurance Funds, such as the Agency of Deposit Insurance of Albania and the Deposit Insurance Corporation of Japan. The Offices of the Fund also welcomed some representatives of the International Monetary Fund.

Year 2004 will see the second edition of the Assembly of the European Forum of Deposit Insurance. The Forum gave the FITD the mandate to organize a convention about guarantee systems and financial markets in Eastern European countries, which may take place together with the second meeting of the European Association.

### ***Past interventions***

During its last accounting year, the Fund continued managing interventions that were not completely defined.

This activity, developed together with the organs of the liquidation processes, had the purpose to examine all possible solutions allowing a complete definition of ongoing processes.

Here follows a descriptions of the “status” of current interventions and of the activity carried out by the Fund.

Banco di Tricesimo: taking into note that all the most relevant disputes are concluded, in order to close the liquidation, the solution is provided by art. 92, paragraphs 7 and 8, of the Legislative Decree of 1° September 1993, n° 385.

According to this law, the liquidator officer will operate in order to close all the liquidation activity completely, and will keep the trial legitimation of the present judges, also in subsequent degrees.

Te FITD is committed on not charging the organs of the compulsory administrative liquidation of the Banco di Tricesimo S.p.A. for all expenses and taxes not exceeding the overall limit of Euro 200.000,00.

Banca di Girgenti: in November 2001, the Fund, the liquidators and the representatives of the bank itself, made a precise acknowledgement of the position of the Banca di Girgenti, which allowed to evaluate the “status” of the ongoing judicial proceedings.

During 2003, there were no significant judicial developments regarding the disputes in progress. Therefore, the picture drew remained unaltered.

Cassa di Risparmio di Prato: going further with the liquidation, the majority of the positions were closed.

Only one dispute is still to be judicially defined. The Fund is waiting for the pronunciation of the Court of Florence.

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According to Article 21 of the Statutes, the General Meeting set participants' commitment in case of interventions to 0,4% of total Reimbursable Funds, as of June 30, 2002, for a total of 1.278.724.197,61 Euro.

As of December 31, 2003, the total commitment for interventions (quantified as the difference between the initial commitment and that related to interventions already resolved) was equal to 1.278.524.197,61 Euro.

## *Appendix*

<b><i>Appendix</i></b>	<p>This appendix contains some tables and graphs that support the content of the Annual Report.</p> <p>It contains:</p> <ul style="list-style-type: none"> <li>• time series of weighted average values of financial indicators. They offer the analysis of the evolution of the system from June 1996 to June 2003;</li> <li>• thresholds of the various classes of financial indicators;</li> <li>• determination of the Statutory Position in correspondence with the value of the Aggregate Indicator, on the basis of 5 indicators;</li> <li>• distributions of frequencies as of 30 June 2003 of A1, B1, D1 and D2 indicators and of the Aggregate Indicator.</li> </ul>
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<b>AVERAGE SYSTEM VALUES</b>
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Date	FINANCIAL INDICATORS						Aggregate Indicator	Reimbursable Funds		
	A1	A2	B1	B2	D1	D2		in bill Lire	in bill Euro	
30/6/96	34,65	5,44	169,44	14,07	67,12	46,31	3,56	751.354	388,0	
31/12/96	37,17	5,73	174,48	13,44	65,45	35,52	3,57	770.637	398,0	
30/6/97	32,71	5,06	174,41	13,54	66,84	34,66	3,46	647.401	334,4	
31/12/97	32,17	4,83	169,57	13,83	66,53	43,86	3,46	603.718	311,8	
30/6/98	29,05	4,74	181,08	15,15	58,39	26,41	2,8	561.139	289,8	
31/12/98	27,79	4,54	182,05	16,08	62,18	34,12	3,17	553.798	286,0	
30/6/99	25,67	4,27	179,62	16,09	59,58	24,84	3,41	562.448	290,5	
31/12/99	21,17	3,53	184,49	17,18	62,77	34,1	3,61	570.362	294,6	
30/6/00	18,89	3,28	186,55	18,15	54,1	14,86	2,74	568.874	293,8	
	A1		B1		D1		D2			
31/12/00	16,23		184,16		57,39		21,73	2,27	585.827	302,6
30/6/01	10,84		186,95		56,01		17,14	1,85	573.804	296,3
31/12/01	10,22		188,87		53		20,3	2,01	618.660	319,5
30/6/02	11,51		199,94		59,6		24,18	2,25	619.026	319,7
31/12/02	11,04		199,67		60,72		29,45	2,2	642.454	331,8
30/6/03	11,04		200,31		57,8		20,45	1,9	652.329	336,9

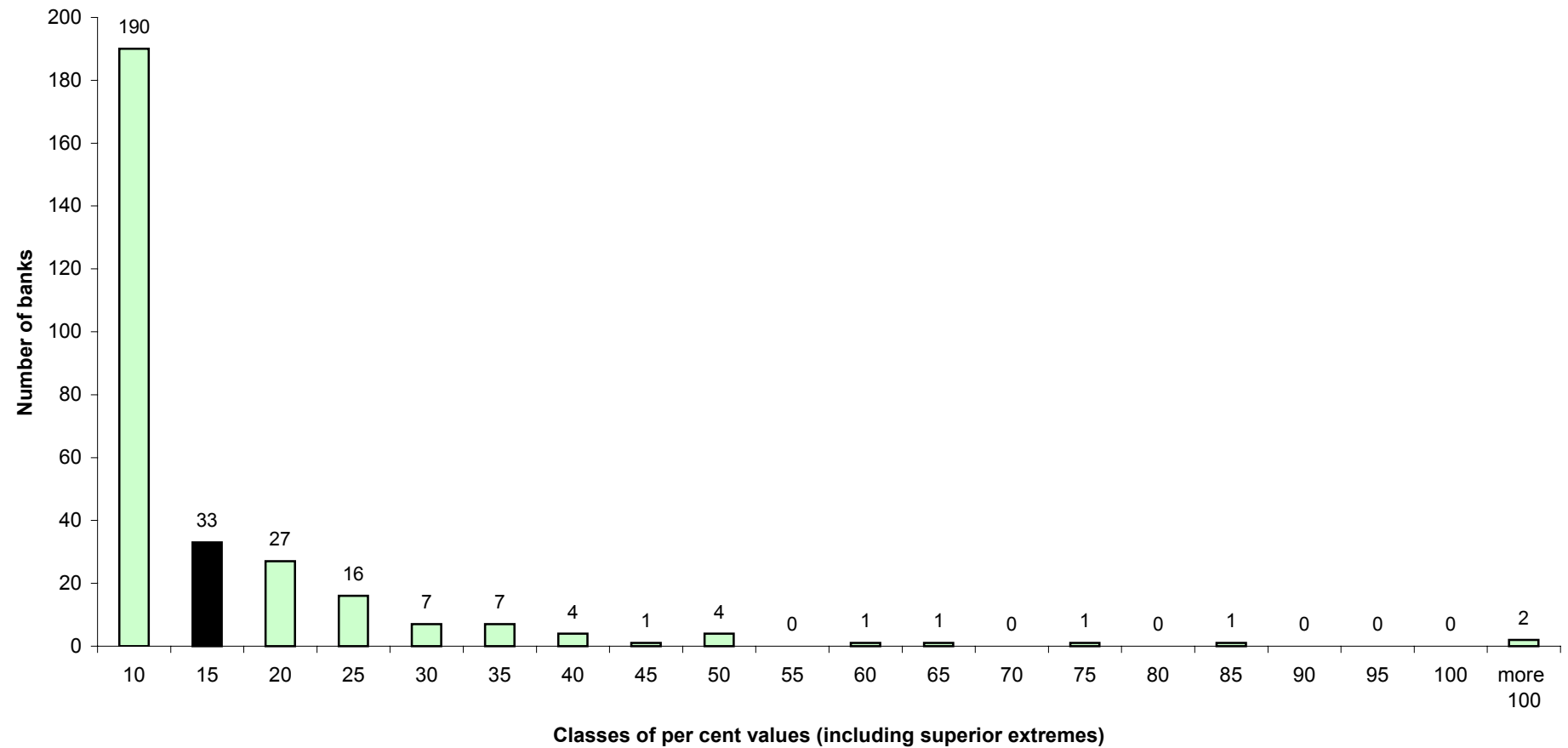
	INDICATORS' THRESHOLDS			
Indicators	Normal	Attention	Warning	Violation
<b>A1:</b> Net Doubtful Loans/Shareholders'Equity	up to 40%	from 40% to 60%	from 60% to 100%	more than 100%
<b>A2:</b> Net Doubtful Loans to Customers/Loans to Customers	up to 6%	from 6% to 8%	from 8% to 12%	more than 12%
<b>B1:</b> Capital for Supervisory Proposal/Supervisory Capital Requirements	more than 120%	from 100% to 120%	from 80% to 100%	less than 80%
<b>B2:</b> Shareholders' Equity/Deposits of Customers	more than 10%	from 8% to 10%	from 6% to 8%	less than 6%
<b>C:</b> Maturity transformation rules	3 rules respected	1 rule not respected	2 rules not respected	3 rules not respected
<b>D1:</b> Overhead Costs/Net Operating Income	up to 70%	from 70% to 75%	from 75% to 85%	more than 85%
<b>D2:</b> Loan Losses/ Gross Income	up to 50%	from 50% to 60%	from 60% to 80%	more than 80% or Gross Oper. Surplus < 0

P.S: A2 e B2 indicators have been abrogated since 31-12-2000.

<b>STATUTORY POSITIONS</b>
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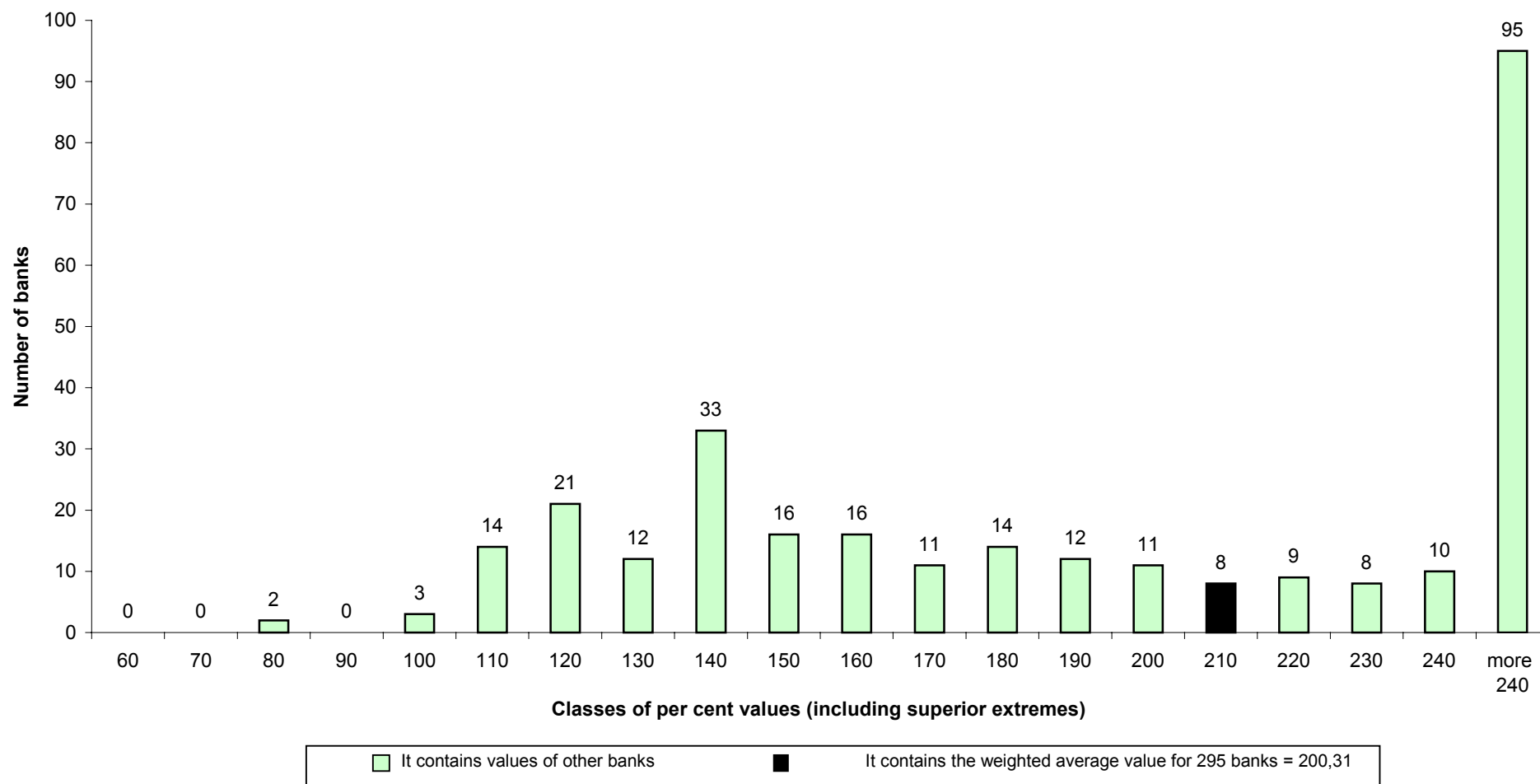
STATUTORY POSITION	AGGREGATE INDICATOR	CONDITIONS
ORDER	0-2	Without indicators in the Warning or Violation classes
ATTENTION	0-2	With one indicator in the Warning class
	3-5	Without indicators in the Warning or Violation class
WARNING	3-5	With one indicator in the Warning or Violation class
PENALTY	6-8	None
	$\geq 9$	With only one indicator in the Violation class
SEVERE IMBALANCE	$\geq 9$	With two or more indicators in the Violation class (except B1)
EXPULSION	$\geq 9$	With two or more indicators in the Violation class (B1 included)

**"A1" INDICATOR: NET DOUBTFUL LOANS / SHAREHOLDERS' EQUITY**  
**Data of 30/6/2003**

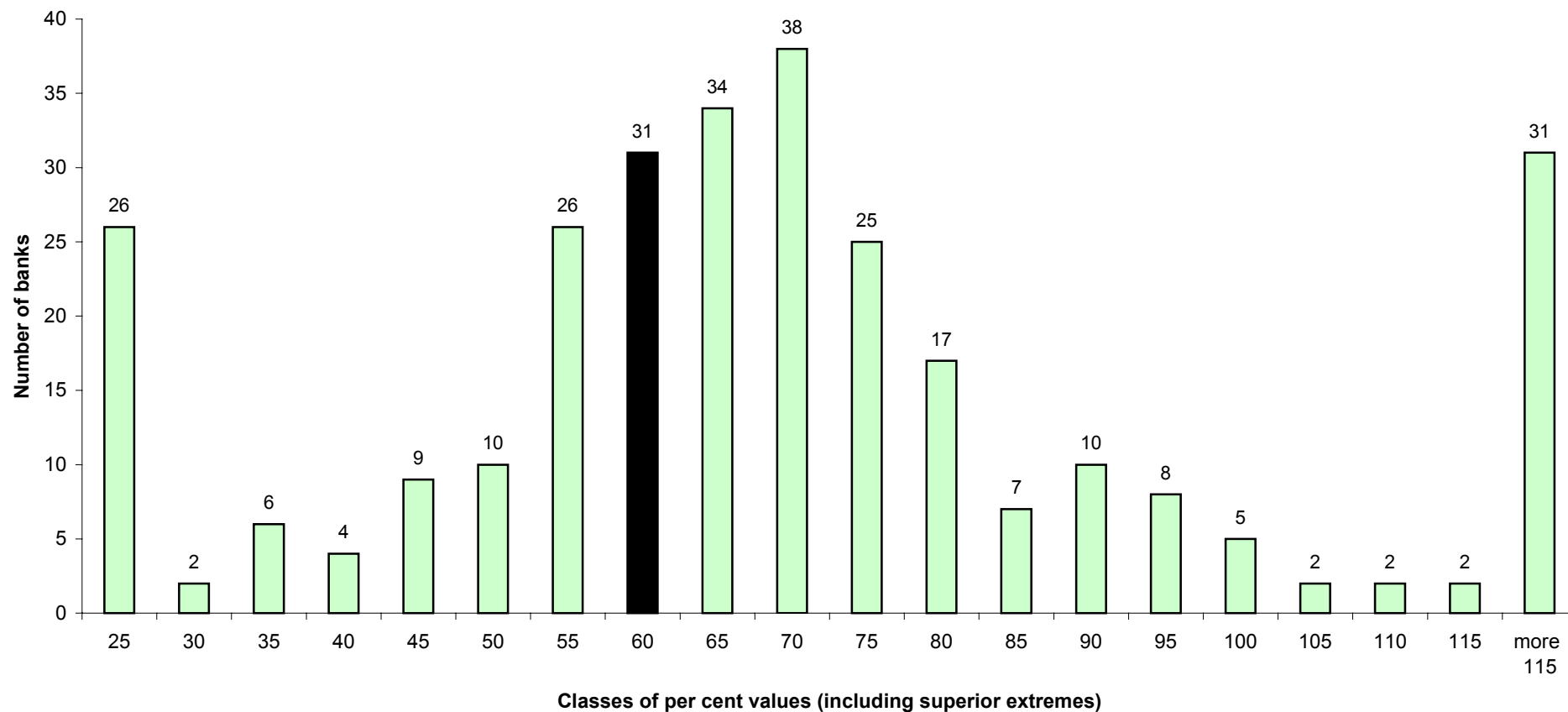




**"B1"INDICATOR: CAPITAL FOR SUPERVISORY PURPOSES / SUPERVISORY CAPITAL REQUIREMENTS**  
**Data of 30/6/2003**

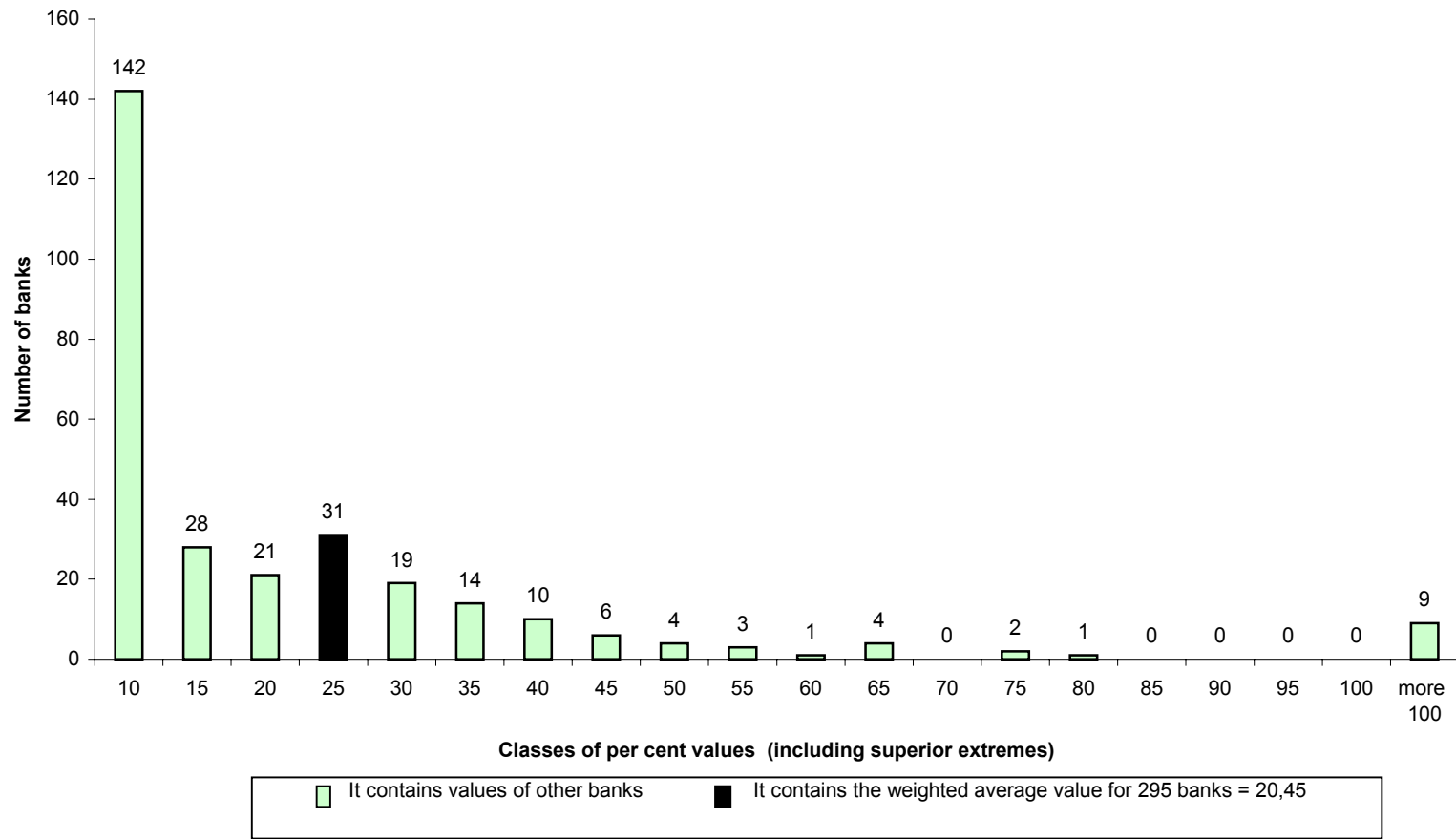


**"D1" INDICATOR: OVERHEAD COSTS / NET OPERATING INCOME**  
**Data of 30/6/2003**



<span style="color: green;">■</span> It contains values of other banks	<span style="color: black;">■</span> It contains the weighted average value for 295 banks = 57,80
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**"D2" INDICATOR: LOAN LOSSES / GROSS INCOME**  
**Data of 30/6/2003**



**AGGREGATE INDICATOR**  
**Data of 30/6/2003**

