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FINANCIAL STABILITY REPORT UPDATE 2012

This *Update* covers the first six months of 2012 and evaluates developments, which may impact the resilience of the financial system, since the publication of the *Financial Stability Report 2011* and analyses whether any new risks have emerged.[1,2] The *Update* is prepared by the Financial Stability Department and is subsequently reviewed and endorsed by the Financial Stability Committee of the Central Bank of Malta.

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The analysis contained in the *Financial Stability Report 2011 (FSR 2011)* showed that the domestic financial system remained resilient in 2011 and during the initial months of 2012, despite difficult international economic conditions. The *Financial Stability Report Update (Update)* confirms that the challenging environment has remained unchanged, with no new risks or threats emerging for the financial system in Malta.

During the first half of 2012 the risks associated with the euro area debt crisis appear to have slightly abated. This environment was later supported by the announcement of a new bond buying programme by the European Central Bank (ECB) known as Outright Monetary Transactions (OMTs). In the domestic market, the flow of credit continued uninterrupted, supported by the banks' sound solvency positions, as none of the banks were involved in any deleveraging activity. This fuelled growth in the banks' aggregate balance sheet during the first half of 2012. However, owing to their exposure to certain economic sectors that continued to experience weak business activity, in particular the construction and real estate sectors, the main challenges faced by core domestic banks are the current level of non-performing loans in certain sectors, accompanied by the continued concentration in lending to the construction and real estate sectors and the volume of collateral in the form of property. The *Update* thus recommends that core banks continue to exercise the utmost prudence, especially as growth in the local economy remains contained. The main policy recommendations stated in the *FSR 2011*, primarily the further mitigation of credit risk, is thus reaffirmed.

The external macro-financial conditions remained challenging but the domestic economy continues to show signs of resilience, and thus supports financial stability

International economic conditions during the first half of the year remained fragile with the ongoing post-financial crisis weighing heavily on economic activity and employment in the European Union (EU). According to the ECB's revised forecasts, the euro area is expected to contract by between -0.6% to -0.2% during 2012.[3] Nonetheless, financial markets in Europe were calmer and share prices recovered, with the DJ Stoxx 600 (Europe) practically reversing the 2011 downturn.[4] The risks associated with the euro area sovereign

[1] The cut-off date for information published in this *Update* is 7 September 2012.
[2] The main text of the *Update* is based on activities of core domestic banks. The last section of the *Update* contains an analysis relating to the other components of the Maltese financial system. Refer to the Special Feature in the *Financial Stability Report 2011* for an explanation of the various categories.
[3] Source: ECB Staff Macroeconomic Projections for the euro area (September 2012).
[4] Although even banking share prices increased, these still remained below the end-2010 level.

debt crisis appear to have receded following the announcement of the ECB in September 2012 that it would be undertaking OMTs in secondary sovereign bond markets. OMTs are aimed at repairing the monetary transmission mechanism in dysfunctional financial markets, particularly those in peripheral euro area countries.[5] Furthermore, to continue supporting liquidity, the ECB widened the eligibility criteria for collateral used as part of the Eurosystem's monetary operations, and extended the list of eligible marketable debt instruments to include instruments issued and held in the euro area, but which are denominated in currencies other than the euro. The latest data for the euro area do not indicate any easing of credit supply conditions for the private sector.

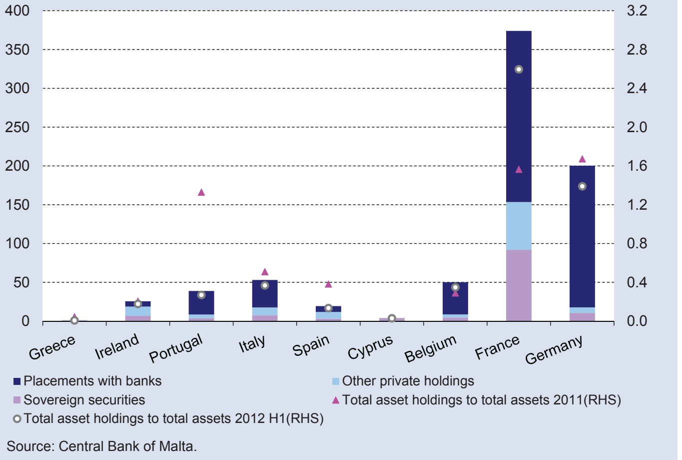
In Malta economic growth for the first half of the year was modestly positive, with negative growth in the first quarter offset by an expansion in the second quarter. Economic conditions in the first half of the year were sustained by higher net exports, which compensated for a slackening in domestic demand. In particular, activity within the construction sector remained subdued.

Banks expand their balance sheet through higher customer loans, which are funded through additional customer deposits, maintaining healthy loan-to-deposit ratios

The core banks' balance sheet expanded by 1.2% during the first six months of 2012, at a decelerating pace when compared with the 5.2% annual growth recorded in 2011. Just over 74% of the increase reflected additional customer loans, which rose by 1.5% since end-2011. Customer resident loans thus continued to account for the bulk of the banks' assets, at around 60%. Higher lending to households was the main driver, as this component grew by 2.4%. In particular, mortgage lending was up by 3.1%, while consumer credit decreased by 0.4%. In turn, lending to the corporate sector expanded by 0.6% in the first six months of 2012.[6,7] At a sectoral level, the slowdown in corporate sector credit growth was broad-based, with the notable exception of the manufacturing sector (operating across a range of activities), which expanded by 10.8% since December 2011. Replies to the Bank Lending Survey (BLS) continued to suggest that the moderation being observed in credit growth is largely demand-driven, triggered by a somewhat uncertain macroeconomic outlook, rather than as a result of credit constraints.

Since end-2011 banks expanded their securities portfolio by 1.8%, mainly through an increase in holdings of Malta Government Stocks (MGS). The share of government paper in the securities portfolio of the banks amounts to 52%.[8] This represents 38.1% of total outstanding government paper.[9] Holdings of securities of other euro area sovereigns also increased, mainly reflecting a larger portfolio of French sovereign bonds, which contributed to a rise in the share of French securities in total asset holdings (see Chart 1). The core banks further scaled down their holdings of sover-

Chart 1
EURO AREA ASSET HOLDINGS OF SELECTED COUNTRIES
(EUR millions; per cent)



Source: Central Bank of Malta.

5 Countries which benefit from this Programme must however fulfil strict policy conditions, primarily through the application for aid via the European Financial Stability Fund/European Stability Mechanism Programme. The liquidity created through OMTs will be sterilised to avoid inflation, whereas the senior creditor status of the bonds purchased by the ECB will be waived, thus ensuring equal treatment as private creditors in case of default.

6 In 2011 the annual growth rate of resident corporate lending was 2.6%.

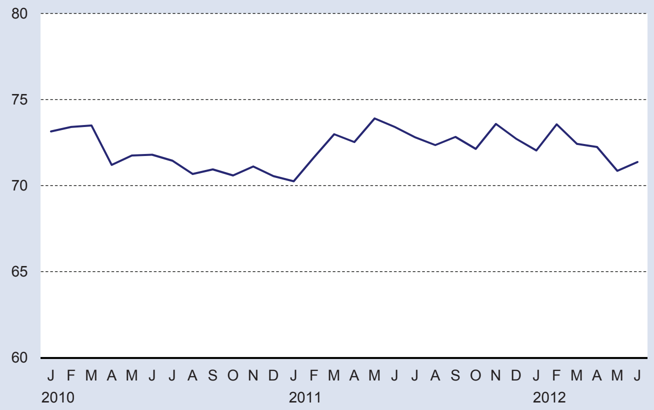
7 Overall corporate sector indebtedness was further contained since, during the first half of the year, the outstanding amount of corporate bonds declined by 2.8% as bond redemptions exceeded the value of new bond issues.

8 This consists of MGS and Treasury bills.

9 The amount of securities held for trading purposes remained insignificant, merely 0.3% of the securities portfolio, although 68.5% of the securities portfolio is subject to market price movements in view of their fair value accounting treatment.

eign debt issued by the three European Union-International Monetary Fund Programme countries to under 0.1% of their total assets. Placements with credit institutions, which mainly reflect deposits held with related banks abroad, represented 8% of total assets (2011: 8.2%).

Chart 2
CUSTOMER LOAN-TO-DEPOSIT RATIO
(per cent)

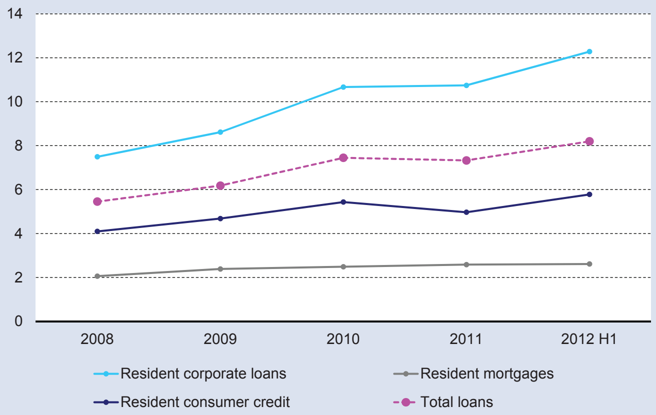


Source: Central Bank of Malta.

Banks continued to fund most of their activities through retail deposits which represented 82.2% of their total liabilities (including capital) in June 2012. During the first half of 2012, retail deposits increased by 3.4%. While resident customer deposits rose by 1.8%, with both households and corporates contributing to this increase, non-resident retail deposits grew at a faster pace - by 12.3%.[10] The loan-to-deposit ratio thus remained low across all banks, standing at 71.4% on aggregate, down by 1.3 percentage points since end-2011 (see Chart 2). Savings and current deposits accounted for 54.1% of total retail deposits. Long-term deposits (with a remaining maturity of over one year) increased by 2%, with their share in total deposits remaining stable at 9.2%.

Wholesale funding channels remained available for banks which, nonetheless, continued to make limited use of this source of funding. Indeed, during the first half of 2012 banks reduced their funding from other credit institutions, particularly intragroup financing, by half, bringing the share in such funding to less than 2% of their total liabilities. This notwithstanding, Eurosystem funding rose by almost 19%, as the banks took advantage of the three-year funding at low cost provided by the Eurosystem in the form of long-term refinancing operations (LTRO). This enabled the banks to extend the maturity of their funding. The share in such funding, however, remained very low at 1.8% of total liabilities, with only 13% of the banks' total eligible securities being pledged with the Central Bank of Malta as collateral for Eurosystem borrowing facilities. Although the outstanding value of debt securities increased by 15.2% owing to a new bond issue, this source continued to account for only 2.1% of total liabilities. It is therefore evident that the funding conditions of the core banks remain robust.

Chart 3
NPL RATIOS
(per cent)



Source: Central Bank of Malta.

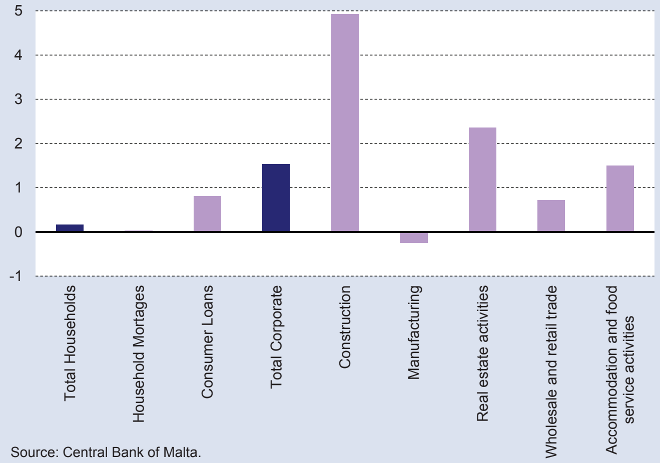
Credit risk remains elevated but partially mitigated through higher provisions

The total Non-Performing Loans (NPL) ratio rose from 7.3% as at end-2011 to 8.2% in June 2012 as some deterioration was reported across both corporates and households (see Chart 3).[11] The

[10] Non-resident customer deposits only account for 17% of total customer deposits.
[11] Non-residents only accounted for 0.7% of total NPLs.

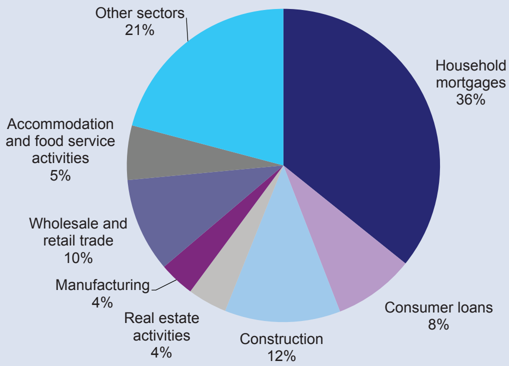
construction and real estate sectors contributed to two-thirds of the increase in the overall NPL ratio.[12] The resident corporate sector's NPL ratio rose from 10.7% to 12.3%, with loan quality deteriorating across a number of sectors.[13] The main exception was the manufacturing sector, whose NPL ratio declined (see Chart 4).[14] Credit risk remained elevated owing to exposure to the construction and real estate sectors at a time when their business activity remained subdued. These sectors collectively accounted for 16% of total resident loans (see Chart 5a) but for 47% of total NPLs (see Chart 5b). Respondents to the Central Bank of Malta's Real Estate Market Survey (REMS) indicated lower sales and perceptions in the market that property prices were still overvalued. On the other hand, the quality of resident household loans, which amount for 44.1% of total resident lending, remained stable with the NPL ratio of the household sector standing at 3.2% (2011: 3%) This reflected the fact that the average quality of mortgage loans remained intact while that of consumer loans deteriorated slightly.

Chart 4
CHANGE IN NPL RATIO (2012 H1 COMPARED TO 2011)
(percentage points)



Source: Central Bank of Malta.

Chart 5a
SECTORAL BREAKDOWN OF RESIDENT LOANS (2012 H1)



Source: Central Bank of Malta.

In an environment of sluggish economic growth, banks resorted to further loan rescheduling by stretching the repayment horizon. Rescheduled loans thus increased by 7% since December 2011, amounting to 2.3% of banks' total loan portfolio. The construction and real estate sectors continued to account for the highest proportion of rescheduled loan facilities.[15]

[12] Construction activities include the development of building projects, construction of residential and non-residential buildings, roads, utility projects and other civil engineering projects. They also include demolition and site preparation, electrical, plumbing and other construction installation activities, building completion and finishing, and other specialised construction activities. Real estate activities include the buying and selling of own real estate and the renting and operating of own or leased real estate.

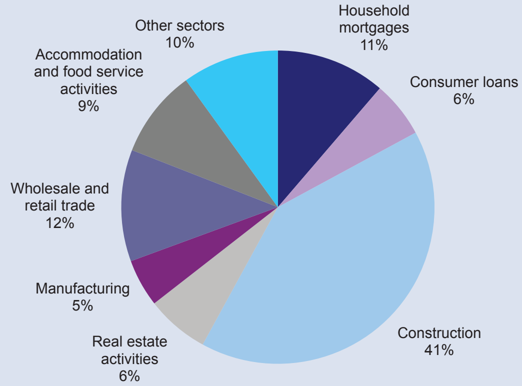
[13] Better statistical classification across the loan performance categories has in part contributed to an increase in the scale of NPLs during the first half of 2012, particularly in the construction sector.

[14] Although in absolute terms NPLs of the manufacturing sector increased, the ratio fell as a result of faster growth in loans to this sector.

[15] In view of the above-mentioned reclassification, the rescheduled facilities within the construction and real estate sector were scaled back during the first half of 2012.

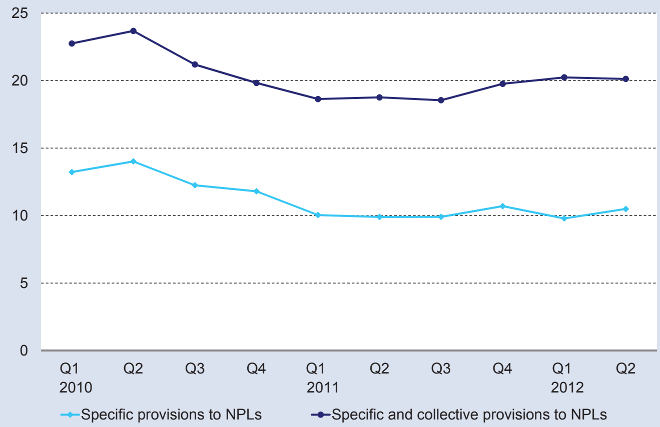
Credit risk arising from the deteriorating quality of loans was however mitigated by an additional allocation of loan loss provisions by banks. These provisions, which were raised by 15.6% during the first six months of the year, reflected both higher specific provisioning, as well as collective provisioning. As a result, the coverage ratio (total provisions to NPLs) slightly improved, from 19.8% to 20.1% (see Chart 6).[16] The banks' estimated value of collateral available to back NPLs stood at 78.6%, leaving only around 1.3% of NPLs uncovered as at June 2012 - down from the level of 4.1% registered in December 2011.

Chart 5b
SECTORAL BREAKDOWN OF NPLS (2012 H1)



Source: Central Bank of Malta.

Chart 6
COVERAGE RATIOS
(per cent)

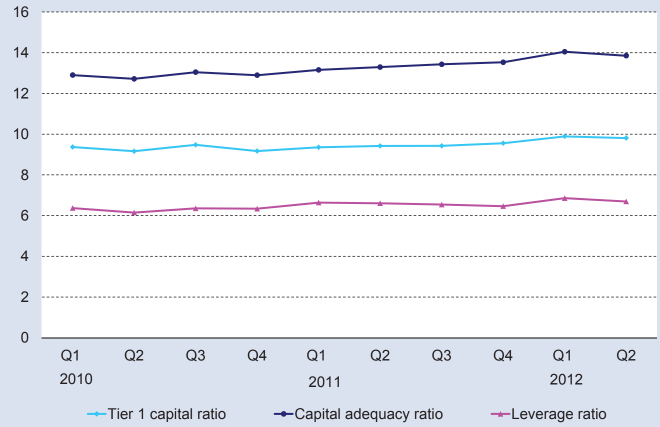


Source: Central Bank of Malta.

Liquidity and solvency remain well above current regulatory requirements

The weighted average liquidity ratio (liquid assets to short-term liabilities) for core domestic banks stood at 45.5% in June 2012, well above the 30% statutory liquidity requirement. Capital buffers likewise remained strong. Both the Tier 1 capital ratio and the Capital Adequacy Ratio (CAR) improved when compared with the December figures, and rose to 9.8% (2011: 9.6%) and 13.8% (2011: 13.4%) respectively, significantly exceeding the current minimum regulatory requirements of 4% and 8%, respectively (see Chart 7). In addition to the rise in collective provisioning mentioned above, higher retained earnings also strengthened the banks' solvency ratio. Another factor contributing positively to the banks' solvency ratios was the limited growth in risk-weighted assets, which rose by only 0.4% during the first six months of the year. Indeed, the 1.2% growth in total assets was driven by assets carrying low or

Chart 7
SOLVENCY RATIOS
(per cent)



Source: Central Bank of Malta.

[16] NPLs as reported under Banking Rule BR/09/2008 based on interest and/or capital overdue by 90 days and over.

zero risk weights, primarily mortgages and sovereign debt securities. As a result, the ratio of risk-weighted assets to total assets contracted slightly from 51.9% to 51.5%. In turn, the leverage ratio, measured as capital and reserves to total assets, which is considered to be an additional indicator of resilience, also improved by 0.2 percentage points to 6.7%.[17]

Stress tests results confirmed the banks' continued resilience to the four adverse scenarios that were considered in the *Financial Stability Report 2011*, namely:

(i) asset quality deterioration;
(ii) an economic downturn;
(iii) a downward correction in house prices; and
(iv) persistent deposit withdrawals.[18]

Although the impact of the shocks that were considered was greater on the banks' balance sheets, the banks' robust loss-absorbing capacity enabled them to offset the negative effect of the shocks.[19]

Banks' profitability improves, underpinned by higher net interest income

The banks' half-yearly profits were just over EUR112 million, 18.2% higher than during the first six months of 2011 (see Table 1). The return on equity (ROE) and return on assets (ROA) ratios thus improved from 19.5% and 1.3%, respectively, in December 2011, to 20.6% and 1.4%, in June 2012.[20] In the first six months of 2012 earnings were underpinned by a 10.5% rise in net interest income compared with the same period last year, reflecting a larger increase in interest income vis-à-vis interest expenses. This was driven by improving interest rate margins, because interest bearing assets and liabilities increased by almost equal amounts. Non-interest income also rose and was driven by gains on the disposal of available-for-sale financial assets, which more than offset lower income from dividends.[21] In turn, higher impairment costs incurred to boost loan provisions were counterbalanced by the non-recurrence of the exceptional costs registered in the previous year. Non-interest costs were thus only marginally higher on a year earlier.[22]

Table 1
MAIN COMPONENTS OF THE PROFIT AND LOSS ACCOUNT
(EUR millions)

			2011		2012
	2010	2011	Jan. - June	July - Dec.	Jan. - June
Total net-interest income	292,916	314,414	153,144	161,270	169,198
Net interest income on intermediation	206,759	223,487	109,631	113,856	120,818
Other net-interest income	86,157	90,927	43,514	47,414	48,380
Non-interest income	121,619	119,479	70,741	48,738	72,592
Trading profits [1]	1,575	-27,770	12,803	(40,573)	3,736
Other non-interest income	120,044	147,248	57,938	89,310	68,856
Non-interest expense	-227,438	-260,032	(128,786)	(131,246)	(129,530)
Net profit before tax	187,097	173,861	95,100	78,761	112,260

[1] Trading profits (fair valuation movements and gains/losses on traded securities).

[17] The measure of capital included in this ratio is different from that used to calculate the solvency ratio, particularly as the former does not consider any regulatory deductions while the latter includes subordinated loan capital.
[18] Refer to the *FSR 2011* for technical specifications and assumptions of these tests.
[19] The larger magnitude of the shocks resulted from the fact that the level of NPLs was higher than in December.
[20] The ratios are calculated on the basis of four-quarter moving sum profits and 12-month average in the case of the denominator.
[21] During the first half of 2011 dividend income was boosted by an exceptional factor (a change in the method of calculating the present value of a subsidiary). Excluding this factor, dividend income would have remained stable.
[22] Net impairment charges reflect the net balance of write-offs less write-backs, and provisioning charges less recoveries.

The other components of the Maltese financial system also remain resilient

Since the publication of the *Financial Stability Report 2011* no changes to the level of risk and systemic implications arising from the rest of the financial system have been observed. Indeed, the resilience of various other financial institutions operating from Malta, which include non-core domestic banks, international banks, domestic insurance companies and investment funds, has improved further as reflected in their positive half-yearly performances.

The solvency ratios of non-core domestic banks remained high, with their weighted average CAR standing at 27.7%, predominantly in the form of Tier 1 capital. This was due to the half-yearly registered profits, which were slightly higher than a year ago. Leverage ratios also remained satisfactory, with the ratio standing at 19.8% in June 2012. Likewise, the weighted average liquidity ratio of non-core domestic banks remained very high at 76%. Although the aggregate balance sheet of non-core domestic banks expanded by 5.1% since December, the group's links with the Maltese economy remained relatively limited. In fact, the expansion in banks' assets mainly reflected a larger portfolio of securities issued by foreign credit institutions (up by 33%) and an increase in non-resident customer loans (up by around 5.6%). Otherwise, loans to residents, mainly to the construction sector, increased by only 0.7%, while holdings of government paper were scaled down.[23]

From a funding perspective, non-core domestic banks continued to rely to a significant extent on wholesale funding, primarily intragroup. These funds were supplemented by resident deposits, which increased by almost 18% since December and represented 10% of total liabilities. Nevertheless, these deposits accounted for only 4.9% of the total resident deposits in the whole banking system in Malta. These banks' share of Eurosystem funding in total liabilities likewise remained low, at just over 5%, and predominantly reflected main refinancing operations (MRO).

International banks also maintained high solvency positions, with a CAR of 104.3% (almost entirely in the form of Tier 1 capital) and a leverage ratio of 67.1%. Their overall liquidity ratio, at 153.4%, remained well above the regulatory requirements.[24] On aggregate the profitability of international banks dropped by 5.9%, driven by lower half-yearly profits reported by two such banks. The other international banks reported an increase in their half-yearly profits. During this period, the size of the international banking sector expanded by 4.1%, but this was largely attributable to the activities of the branches. The rest of the international banks recorded a 4.4% drop in their total assets. This fall was mainly the result of lower excess reserves held with the Central Bank of Malta.

Developments in the domestic insurance sector in the first half of the year reflected its resilience. Indeed, half-yearly profits were 13.9% higher than in the corresponding period of 2011. The increase stemmed from the non-life segment of the insurance sector as a result of higher investment income. This factor more than compensated for the relatively subdued insurance underwriting business as market conditions resulted in lower demand for life policies, while net claims rose mainly as a result of the maturity of unit-linked insurance products. Meanwhile, the capital-to-assets position of the insurance sector remained stable at around 15% in June (life: 11.4% and non-life: 40.5%), while the sector's reserves set aside to cover future claims (technical reserves) increased by 3.7% in the first six months of 2012. The risk retention ratios remained unchanged compared with December, at 70.4% for the non-life segment and at 95.5% for the life segment. While the total assets of the insurance sector rose by 4.3% during the first half of 2012, the asset structure was not affected, with MGS holdings continuing to account for over a third of the total investment portfolio.[25]

The investment funds sector also registered an expansion in the first six months of the year, with its net asset value increasing by 5%. Growth was entirely driven by collective investment schemes (CIS) as hedge funds on aggregate recorded a contraction in their net asset value. While the asset coverage of CIS remained mainly in the form of MGS holdings, whose share was once more stable at around 40%, hedge funds continued to focus predominantly on domestic and foreign equities, with their share practically evenly split.[26]

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[23] Resident lending by non-core domestic banks accounts for only 2.9% of resident lending by the total number of banks operating in Malta. Holdings of government paper by non-core domestic banks only represented around 2% of outstanding government paper.

[24] Branches are excluded from solvency and liquidity calculations.

[25] The insurance sector did not hold any securities issued by EU-IMF Programme countries.

[26] Hedge funds did not hold any MGS on their balance sheets as at June 2012.

Updated risk outlook

The domestic macroeconomic and financial conditions in Malta remained supportive of financial stability during the first half of 2012, despite a generally hostile global environment. This enabled the Maltese financial system to maintain a high degree of resilience. The updated risk outlook remains broadly stable, with short to medium-term risks unchanged from those identified in the *FSR 2011* (see Table 2). Nonetheless, caution and vigilance are necessary in the light of a persistently challenging macroeconomic environment characterised in particular by weak activity in the construction and real estate sectors. Despite the increase in non-performing loans, the concentration of bank lending, and collateral holdings in the property market, the level of credit risk is deemed to have remained stable on account of improved coverage and capital buffers.[27] Risks arising from other segments of the financial sector remained low and stable, with no changes anticipated for the second half of 2012.

Table 2
CHANGES IN THE RISK OUTLOOK SINCE THE PUBLICATION OF THE FSR 2011

	FSR 2011	FSR 2012 Update
Credit Risk	↔	↔
Concentration risk	↔	↔
Macroeconomic risk	↑	↔

↔ Unchanged
↑ Increased

[27] The increase in NPLs was also partially attributable to a reclassification.

APPENDIX

Appendix: Financial Soundness Indicators

COMPARATIVE INDICATORS Dec. 2011 - June 2012 (ALL FIGURES IN %)

	Core domestic banks		Non-core domestic banks		International banks		Total banks	
	Dec-11	**Jun-12**	**Dec-11**	**Jun-12**	**Dec-11**	**Jun-12**	**Dec-11**	**Jun-12**
Core FSIs								
Regulatory capital to risk weighted assets	13.53	13.85	29.08	27.73	115.53	104.26	56.78	54.36
Regulatory Tier 1 capital to risk-weighted assets	9.55	9.81	27.35	25.87	114.38	103.37	54.22	51.94
Non-performing loans net of provisions to capital	54.45	60.32	8.92	9.51	0.08	0.12	6.76	7.58
Non-performing loans to total gross loans	7.33	8.20	4.47	4.31	0.45	0.32	3.25	3.47
Sectoral distribution of loans to total loans								
Agriculture	0.30	0.29	0.07	0.07	0.00	0.00	0.11	0.11
Fishing	0.12	0.12	0.00	0.00	0.00	0.00	0.04	0.04
Mining and quarrying	0.08	0.08	0.01	0.01	0.00	0.00	0.03	0.03
Manufacturing	3.30	3.60	0.34	0.35	0.00	0.00	1.21	1.32
Electricity, gas, Steam and Air Conditioning Supply	5.70	5.68	0.10	0.11	0.00	0.00	2.06	2.06
Water Supply; Sewerage waste management and remediation activities	0.76	0.83	0.00	0.00	0.00	0.00	0.27	0.30
Construction	12.09	11.76	4.57	4.66	0.00	0.00	4.72	4.60
Wholesale and retail trade; Repair of motor vehicles and motor cycles	9.91	9.54	1.22	0.91	0.00	0.00	3.67	3.51
Transportation and storage	4.63	4.55	1.08	1.04	0.05	0.00	1.78	1.72
Accommodation and food service activities	5.50	5.52	0.10	0.10	0.00	0.00	1.99	2.00
Information and communication	1.37	1.32	0.06	0.11	0.00	0.00	0.50	0.49
Financial and insurance activities	2.12	2.14	0.39	1.11	0.00	0.00	0.80	0.86
Real estate activities [includes inputed rents of owner-occupied dwellings]	4.05	3.99	3.13	3.05	0.00	0.00	1.71	1.68
Professional, scientific and technical activities	1.05	1.08	0.06	0.06	0.00	0.00	0.38	0.40
Administrative and support service activities	1.13	1.11	0.52	0.55	0.01	0.01	0.45	0.45
Public administration and defence; Compulsory social security	1.47	1.44	0.00	0.01	0.00	0.00	0.53	0.52
Education	0.41	0.43	0.00	0.00	0.00	0.00	0.15	0.16
Human health and social work activities	0.54	0.56	0.28	0.29	0.00	0.00	0.22	0.22
Arts, entertainment and recreation	0.51	0.53	0.36	0.34	0.00	0.00	0.21	0.22
Other Services activities	0.36	0.34	0.03	0.03	0.00	0.00	0.13	0.12
Households and individuals (excl. Sole Proprietors)	42.95	43.35	0.75	0.79	0.01	0.00	15.52	15.68
Activities of extraterritorial organisations and bodies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non-resident	1.65	1.72	86.94	86.42	99.94	99.99	63.51	63.52
Return on assets	1.27	1.36	0.48	0.50	1.16	1.09	1.12	1.11
Return on equity	19.46	20.57	1.37	1.52	3.89	4.04	5.08	5.37
Interest margin to gross income	72.46	73.13	69.96	42.15	89.00	125.65	79.11	88.28
Non-interest expenses to gross income	54.07	50.37	44.61	31.51	9.13	11.08	34.10	32.38
Non-interest income to gross income	27.54	26.87	30.04	57.85	11.00	-25.65	20.89	11.72
Liquid assets to total assets	24.09	26.27	14.74	12.18	7.39	7.42	16.11	16.96
Liquid assets to short-term liabilities	44.10	45.49	90.40	76.24	111.02	153.44	49.59	53.43
Other FSIs								
Coverage ratio	19.76	20.12	42.84	38.33	107.67	101.54	29.16	26.11
Domestic Investment Securities to Total Assets	12.76	13.29	2.23	1.80	0.00	0.00	3.77	3.80
Foreign Investment Securities to Total Assets	11.46	11.07	36.10	41.50	31.50	32.83	26.37	27.75
Unsecured Loans to Total Lending	19.79	17.35	39.48	44.72	54.24	57.41	40.64	41.98
Assets to Total Capital and Reserves (1)	15.48	14.94	4.21	5.06	1.56	1.49	3.13	3.14
Large exposure to capital	138.48	159.25	131.21	161.35	10.25	30.13	32.22	53.12
Gross asset position in financial derivatives to capital	4.89	2.59	1.51	1.22	0.42	0.50	0.99	0.78
Gross liability position in financial derivatives to capital	11.56	10.39	2.45	2.19	0.12	0.11	1.55	1.42
Personnel expenses to non-interest expenses	52.44	55.67	36.98	39.85	20.65	20.08	46.50	48.58
Customer deposits to customer loans	137.51	140.10	55.70	55.03	71.93	73.53	99.78	101.60
Net open position in equities to capital	17.74	17.13	79.71	82.43	0.89	0.88	7.68	7.83

(1) expressed as a ratio.