

Report on Banks

January 2013



BANCO CENTRAL
DE LA REPÚBLICA ARGENTINA

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January 2013

Year X, No. 5



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DE LA REPÚBLICA ARGENTINA**

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Note | Information for January 2013 available by March/11/13, is included. This Report is focused on the performance of the financial system, including breakdowns by homogeneous sub-sectors. The data reported (particularly, those referring to profitability) are provisional and are subject to changes. Except otherwise provided, end-of-month data is included.

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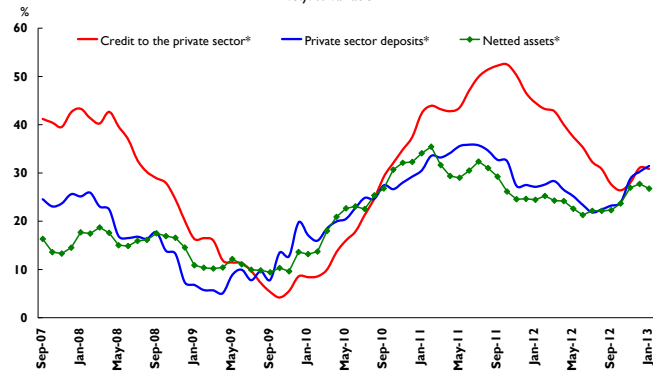
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Summary

- **At the beginning of 2013, banks increased their levels of financial intermediation with the private sector, exhibiting growths in the stocks of loans and deposits. The sector's operating infrastructure continued to rise, with a boost in employment** (which grew 1.5% year on year —y.o.y.— in the fourth quarter of 2012), **and in the number of ATMs installed** (7.2% y.o.y.). Over 2012, job creation levels in the financial system were relatively higher than those observed in the economy at an aggregate level.
- **In January, total deposit stocks (in domestic and foreign currency) within the financial system climbed 1.6% (27.7% y.o.y.). Private sector deposits grew by 1.8% in the month (31.4% y.o.y.) and public sector deposits grew by 1% (19.5% y.o.y.). Monthly growth of total deposits was driven by private sector time accounts in pesos, which rose 6% over the period (49.8% y.o.y.).**
- In a context characterized by a certain degree of surplus in quarterly minimum cash requirement compliance (December 2012-February 2013), **a change in the composition of liquid assets was observed over the month with a drop in the share of cash holdings and a rise in both LEBAC and NOBAC holdings, as well as in the stock of repos with the Central Bank. Given the rise in deposits, liquidity ratio dropped 1.7 percentage points—p.p.— in January and stood at 25.1% of total deposits** whereas the broad liquidity indicator (which includes LEBAC and NOBAC holdings) stood at 38.6%.
- **Short term liability coverage** —bearing a term to maturity of up to 1 month—**with higher liquidity assets reached 47.8% at an aggregate level at the end of 2012** (last available data), posting a **4.7 p.p. rise against the end of 2011.**
- **In January, and in line with traditional seasonality, total financing to the private sector increased 1.1%.** This performance was mainly observed in loans in pesos. In turn, loans in foreign currency exhibited a slight monthly increase after several months of a downward trend. Over the last 12 months, the stock of household and company loans increased 30.8%, driven by loans in pesos (41.6% y.o.y.). Thus, **the stock of loans to the private sector in terms of GDP stood at 16.6% at the beginning of 2013, 1.6 p.p. above the value observed 12 months ago.** Even though bank lending has grown over the last 10 years, its level continues to be low when compared to other economies, showing a high potential for development.
- **Private sector loan delinquency ratios slightly raised in January reaching 1.8%, mainly driven by the performance of private banks. Despite this slight increase, delinquency ratios still remain at a relatively low level.** It should be highlighted that the ratio for coverage of non-performing loans to the private sector by means of accounting provisions reached 139% in the month, easily exceeding the entire delinquent portfolio.
- **Financial system consolidated net worth increased 2.5% in January (30% y.o.y.), driven by book profits. Financial system capital compliance ratio of risk-weighted assets (RWA) slightly dropped to 16.9% in the first month of the year.** Excess capital compliance in terms of the whole regulatory requirement reached 57% in the month. **The amendment to the minimum capital regime for financial institutions became effective at the start of the year. It is aimed to strengthen the financial system, encourage lending for sustaining the growth of the economy, and conform local regulations to international standards. As from February 2013, such amendments will become noticeable in the institution's regulatory capital position.**
- **At the start of 2013, financial system book profits totaled an annualized (a.) 3.3% of assets, up 0.2 p.p. against the values recorded in the previous month, and 0.7 p.p. against January last year. The increase recorded in monthly ROA compared to December was mainly due to the growth in interest income and the positive result from security holdings, mainly concentrated in public banks.** Over the last 12 months, financial system book profits accumulated 2.9% of assets.

I. Activity

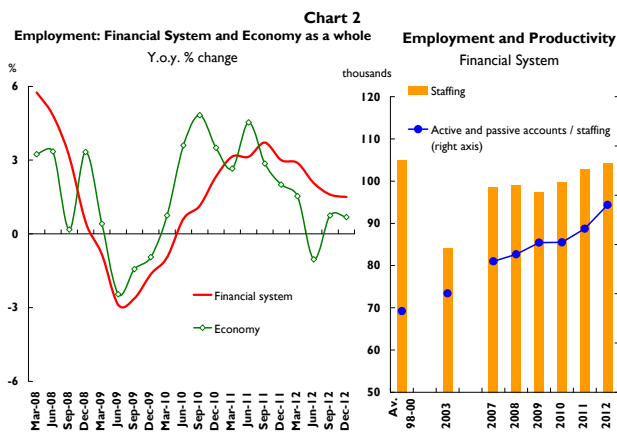
Chart 1
Financial Intermediation
Y.o.y. % variation



* Financial system. Include national and foreign currency.
Source: BCRA

Despite certain seasonal factors associated with the start of the year, bank financial intermediation with the private sector expanded in January. The stock of lending to the private sector¹ rose 1.1% in the month (30.8% y.o.y.), whereas deposits from that sector increased 1.8% (31.4% y.o.y.). Netted assets² increased 1.4% (26.8% y.o.y.) over the period (see Chart 1).

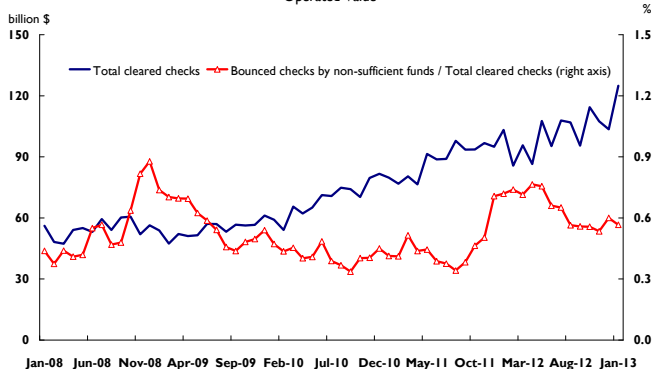
In January, the main fund source of the financial system stemmed from a **reduction in cash holdings** (\$18.1 billion) in a context characterized by a certain degree of surplus in quarterly minimum cash requirement compliance (December 2012-February 2013). **The second fund source, by order of relevance, stemmed from the increase in private sector deposits** (\$7.7 billion). In January, these funds were used to **increase the amount of LEBAC and NOBAC holdings** (\$10.8 billion), **repo transactions with the Central Bank** (\$10.2 billion) and **lending to the private sector** (\$4.2 billion).



* It is considered full employment (employed - underemployed) surveyed for the 31 urban agglomerates ** December last data
Source: BCRA and INDEC

The financial system continued to increase the payroll. Over the fourth quarter of 2012 employment level slightly increased in the sector (as at December, the latest data available), accumulating a 1.5% y.o.y. rise (1,500 new employees). In 2012, job creation was relatively higher in the financial system than in the economy at an aggregate level. **The increase of employment in the financial system was observed together with productivity improvements.** A clear example is the 15% y.o.y. increase in the number of accounts handled per employee (see Chart 2). Moreover, throughout 2012 (as at November, latest available data) the number of bank branches increased by 109 (2.6%) and 1,056 new ATMs (7.2%) were installed.

Chart 3
Cleared and Bounced Checks
Operated Value



Source: BCRA

The new zoning methodology for the Argentine territory³—with a view to pinpointing differences in economic development amongst localities—, **which the BCRA has used to redefine the authorization mechanism for the opening of new branches** has been in force since October 2012. **This mechanism seeks to promote a better geographical coverage of the financial system.** With this new criterion in mind, and taking into account the zoning methodology effective as from early 2011⁴, the BCRA has authorized the installation of 88 new bank branches in zones with less banking access over the last couple of years.

¹ Based on balance sheet stocks corresponding to items in domestic and foreign currency.

² Assets are netted to take into consideration accounting duplications from repo, term and unsettled spot transactions.

³ Communication "A" 5355.

⁴ Communication "A" 5168.

Chart 4
Electronic Means of Payment

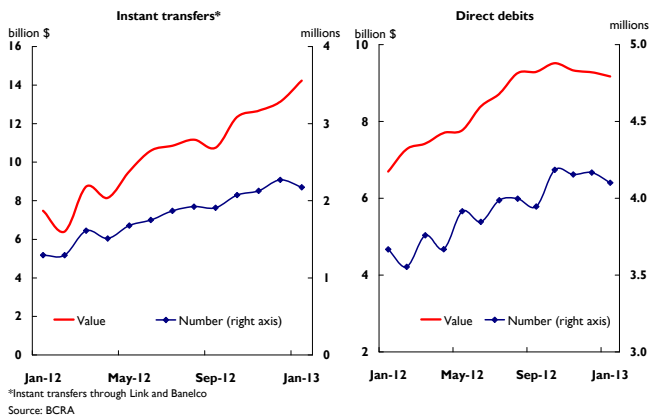
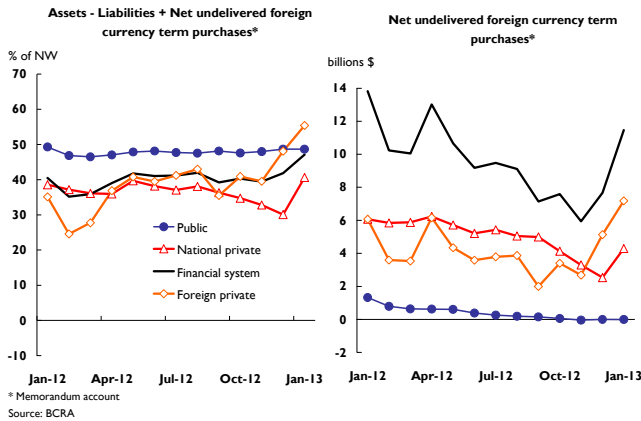


Chart 5
Foreign Currency Mismatching



At the start of 2013 the quantity and value of checks cleared increased against late 2012. Thus, the number of documents cleared in January was similar to the number recorded over the same period of the previous year, with a 21% y.o.y. increase in the value of transactions. In turn, the value and quantity of checks rejected on account of insufficient funds exhibited a monthly drop in terms of the total value cleared, standing below the levels recorded a year ago (see Chart 3).

In the first month of 2013 the value of instant transfers grew 8.4% against last December, whereas in terms of quantity, they recorded a 4.2% drop over the period. In turn, direct debits declined in January (-1.2% in terms of value and -1.6% in terms of quantity). The reduction evidenced in the quantity of electronic banking transactions as compared to late 2012 is influenced by seasonal factors. In year-on-year terms, instant transfers and direct debits exhibited significant dynamism (see Chart 4). Particularly, the value and quantity of instant transfers accumulated 90.2% and 67.9% y.o.y. increases, respectively. In turn, when compared to the start of 2012, direct debits expanded 36.9% in terms of value and 11.8% in terms of quantity.

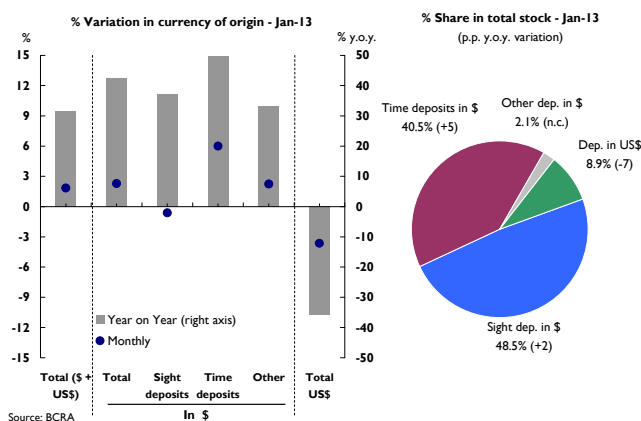
Meanwhile, financial system foreign currency broad mismatching⁵ accounted for 47.1% of net worth, going up 5.2 p.p. against December 2012. The monthly growth was mainly due to an increase in net forward purchases of foreign currency by private banks (see Chart 5).

II. Deposits and liquidity

Total deposits stock (in domestic and foreign currency) within the financial system rose 1.6% in January, driven by the increase in deposits from the private sector (1.8%) and the public sector (1%). The positive performance of deposits was mainly accounted for by the growth in private sector accounts in pesos, which rose 2.3% in the month. In this segment, time deposits should be highlighted, with a 6% rise in the first month of the year (see Chart 6). In turn, private sector deposits in dollars (currency of origin) dropped 3.8% in January, following the rise observed in December 2012.

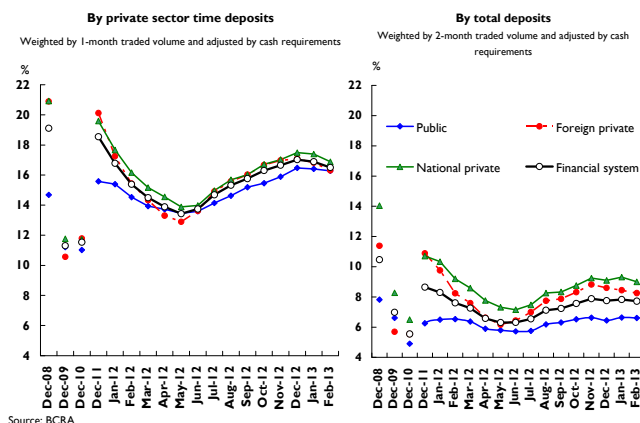
In a year-on-year comparison, total deposits increased 27.7%, reflecting the impact of rises in private sector deposits (31.4% y.o.y.) and public sector deposits (19.5% y.o.y.). Household and company time deposits in pesos posted the largest

Chart 6
Non-Financial Private Sector Deposits in the Financial System



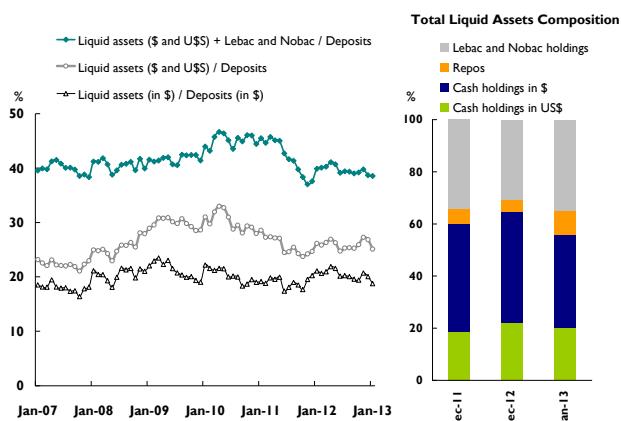
⁵ Including the difference between assets and liabilities, as well as term purchases and sales of foreign currency recorded in memorandum accounts (without delivery of underlying assets).

Chart 7
Estimation of Average Funding Costs by Deposits in Pesos



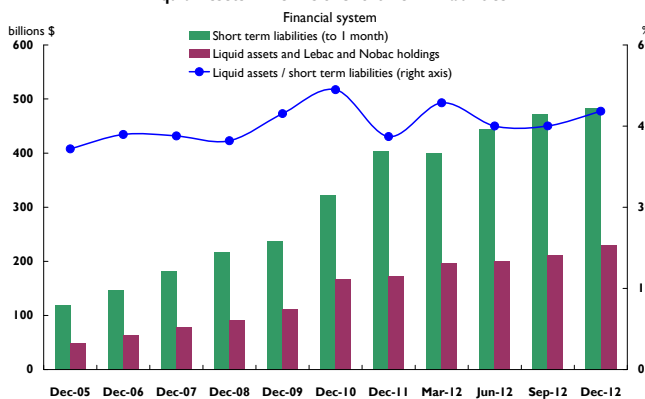
Source: BCRA

Chart 8
Financial System Liquidity



Source: BCRA

Chart 9
Liquid Assets in Terms of Short Term Liabilities*



*Note: Based on residual term.

Source: BCRA

growth in this period (49.8% y.o.y.), increasing their share in the total stock of private sector deposits by 5 p.p. Meanwhile, private sector deposits in foreign currency (currency of origin) posted a reduction of 35.7% against January 2012.

The estimated funding cost from peso deposits for the aggregate financial system slightly dropped in February 2013 (latest data available) against the previous month (-0.1 p.p.). This reduction was mainly observed in national and foreign private banks during a period in which there was a slight contraction in the interest rates of time deposits in pesos (see Chart 7). Current funding cost is slightly below the values recorded by late 2011; however, it still remains above the figures observed 12 months ago.

In a context characterized by a certain degree of surplus in quarterly minimum cash requirement compliance (December 2012-February 2013), a change in the composition of liquid assets was observed over January, with a drop in the share of cash holdings⁶ and a rise in both LEBAC and NOBAC holdings, as well as in the stock of repos with the Central Bank (see Chart 8). Given the rise in deposits, liquidity ratio dropped 1.7 p.p. in the month, and stood at 25.1% of total deposits of the financial system. The broad liquidity indicator (which includes LEBAC and NOBAC holdings) stood at 38.6% of deposits, following a slight monthly drop (-0.1 p.p.).

Coverage of short term liabilities (including deposits and other liabilities) by assets with greater liquidity increased in the fourth quarter of 2012 (latest data available), reaching 47.8% (see Chart 9). In the year-on-year comparison, this indicator evidences a 4.7 p.p. rise due to a bigger growth in liquid assets as compared to liabilities with residual terms of less than 30 days.

III. Financing

In January, the stock of lending to the private sector increased 1.1%⁷. Loans in pesos grew 1% in the period, following a sharp increase typical of year-end activity. Meanwhile, loans in foreign currency also exhibited a slight increase⁸. Amongst credit lines in pesos, overdrafts recorded the greatest relative dynamism for the month, recording a 8.4% rise in January (see Chart 10). Public banks accounted for almost two thirds of

⁶ Cash holdings including minimum cash compliance and other liquid items, mainly cash and correspondent accounts.

⁷ If balance sheet stocks are adjusted by the assets securitized during the month (using bank loans granted as underlying assets), the monthly change in private sector lending would remain at 1.1% over the period. Particularly in January, one financial trust was issued using bank loans as underlying assets for \$75 million.

⁸ Considering variations in currency of origin.

the monthly increase in household and company lending.

In year-on-year terms, total loans to the private sector grew 30.8%, boosted by financing in pesos, which increased 41.6% y.o.y. Thus, total financing to companies and households (in domestic and foreign currency) amounted to 16.6% of GDP, proportion which has increased since 2003. In turn, the share of lending in pesos in terms of GDP stood at 15.4% in January, reaching one of the highest levels recorded over the last few decades (see Chart 11).

Year-on-year credit growth was mainly boosted by public banks which recorded an annual growth rate of 39.2% in total credit, and of 50.1% in domestic currency (see Chart 12). Thus, this group of banks gained 1.9 p.p. share in the stock of loans to the private sector, reaching 32% of the total.

In January, lending to companies increased 0.6%. Over the last 12 months, loans granted to companies grew 31.1% y.o.y., and accounted for 56% of total credit annual growth.

At the start of the year, the BCRA continued to promote several instruments aimed at encouraging the supply of bank loans to the productive sector. Since the implementation of the **Credit Line for Productive Investment** at the end of 2012, loans issued totaled \$16.8 billion, out of which 92% corresponded to micro, small and medium-sized enterprises (MiPyMEs) – receiving more than half the amount disbursed under this Program (see Chart 13). In turn, manufacturing, primary production and services recorded the greatest share in lending granted.

Within the framework of the **Bicentenary Productive Financing Program**, the BCRA has awarded 14 financial institutions a total amount of \$6.4 billion by means of 21 auctions. According to the last information available, by the end of February companies had been credited with an amount of \$4.36 billion. **Over half the transactions made through this Program corresponded to loans to MiPyMEs** (see Chart 14). In turn, large companies accounted for the greatest relative share of total projects, standing for 47%. The manufacturing sector was the one with the greatest share in the total disbursed amount, followed by service companies (69.7% and 14.4%, respectively).

Additionally, loans to households increased 2.1% in the month, mainly explained by lines for consumption purposes (personal loans and credit cards). In y.o.y. terms, loans to households rose 31.6%, below the rate recorded a year ago.

Chart 10

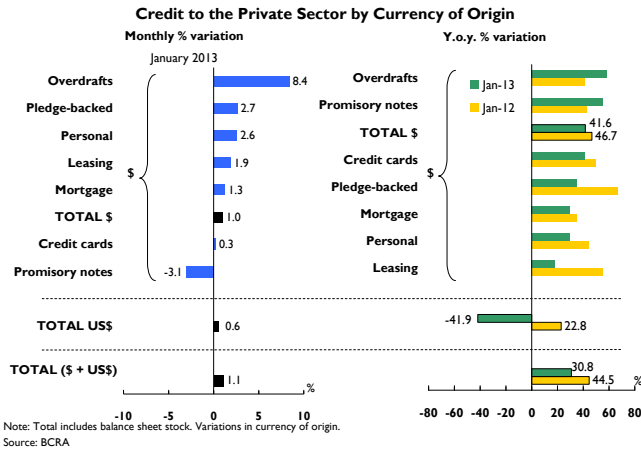


Chart 11

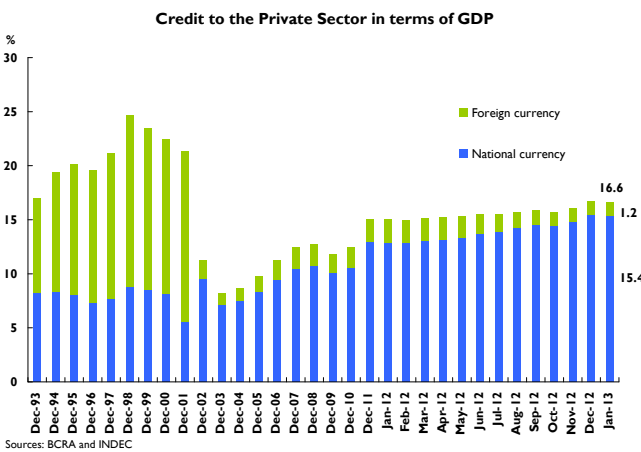
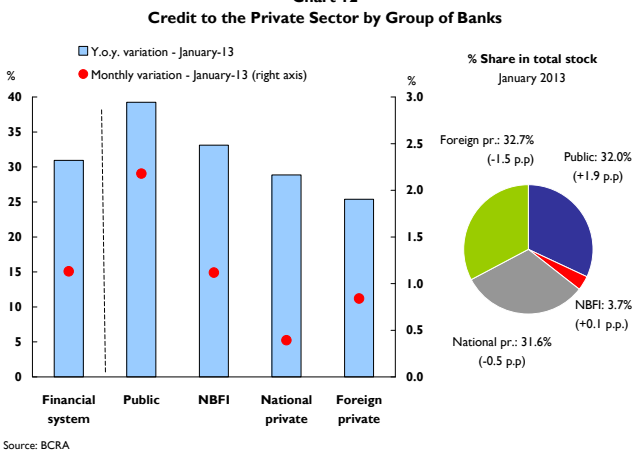
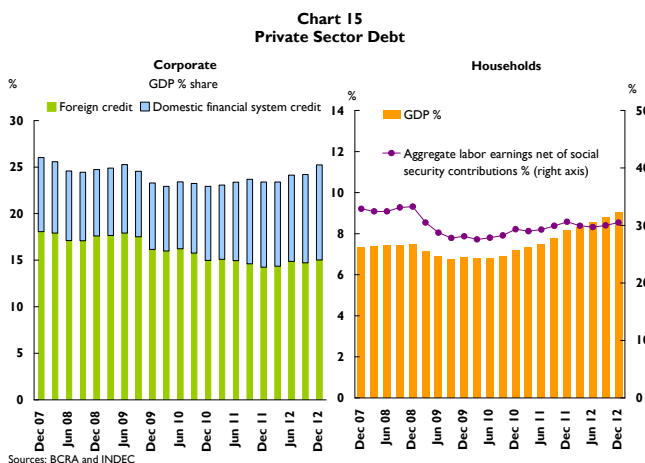
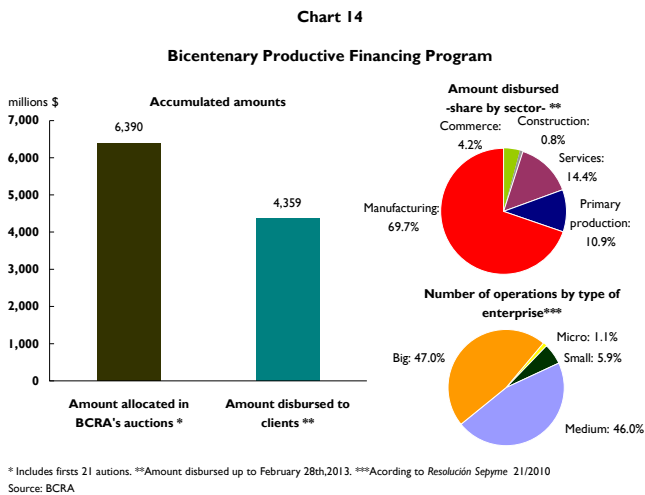
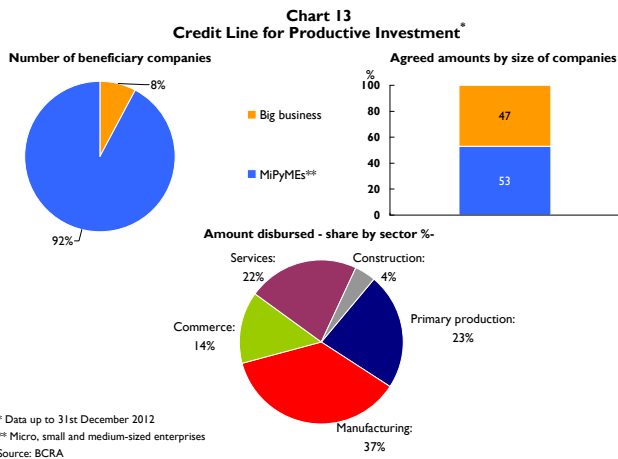


Chart 12





Throughout 2012, corporate and household indebtedness levels slightly increased. However, they remained at low levels in a historical and international comparison (see Chart 15). Particularly, corporate indebtedness accounted for 25.2% of GDP by the end of 2012, up 1.8 p.p. against the values recorded a year ago. In turn, household indebtedness increased 1 p.p. in y.o.y. terms, reaching 9.1% of GDP in December 2012. These indebtedness levels are below those recorded by other economies in the region and developed countries.

In February 2012, lending interest rates in pesos fell for almost all credit lines. Those aimed at consumption (personal loans and credit cards) exhibited the highest relative drops. Over the last 12 months, a reduction in lending interest rates was widespread across all bank groups, with national private financial institutions showing the most significant declines. A drop in the average lending rate was concomitant with a slight increase in the y.o.y. funding cost, reducing the spreads traded in pesos by the financial system. Considering rate differentials by credit line, pledge-backed loans and commercial loans (overdrafts and promissory notes) exhibited the most significant relative reductions; whereas mortgage-backed loans slightly increased compared to the values recorded in the previous year (see Chart 16).

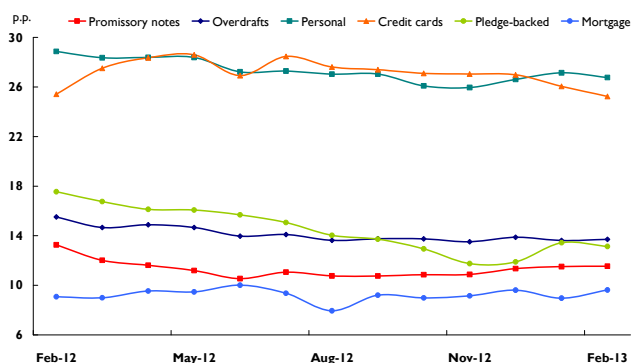
Within the framework of January 2012 amendments to the BCRA Charter, several measures were adopted with a view to protecting financial services customers⁹. In early February 2013, and in line with this objective, a new information system was launched, through which financial institutions will have to submit monthly reports on quantity, amount, rate and total financial cost applied to personal loans disbursed¹⁰. Thus, more accurate information on this market will be available, preventing banking customers from suffering potential harmful practices, and ensuring them the possibility to compare and choose the most suitable financial product being offered in the market.

In terms of the quality of the asset portfolio, it should be highlighted that the non-performing ratio for corporate and household loans remains at relatively low levels, both in a historical and international comparison. This indicator stood at 1.8% in January, evidencing a slight monthly increase, mainly due to the performance of private banks. In y.o.y. terms, this indicator increased 0.3 p.p. (see Chart 17). In this context, coverage of the private sector non-performing portfolio with accounting provisions

⁹ Communication "A" 5388.

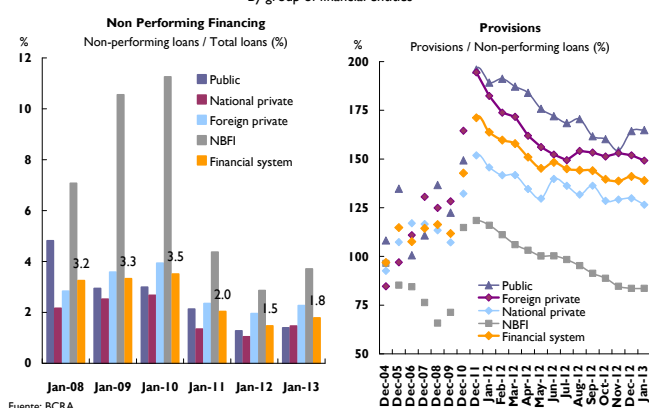
¹⁰ Communication "A" 5402.

Chart 16
Interest Rates Spreads for Operations in Pesos
Difference between lending interest rate and deposit cost *



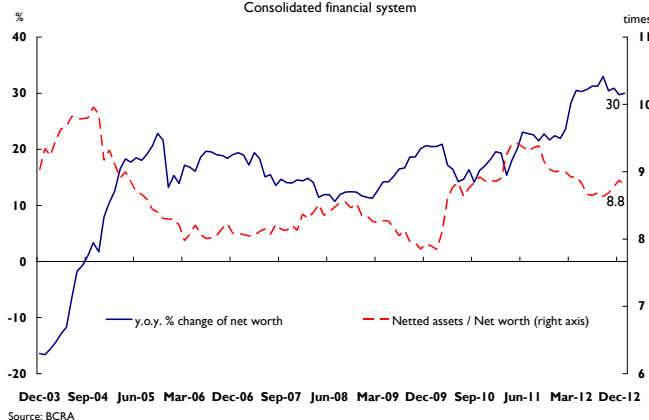
*Note: Trading amounts in two months. Data are subject to change for February 2013.
Source: BCRA

Chart 17
Private Sector non Performing Financing and Loan Loss Provisions
By group of financial entities



Fuente: BCRA

Chart 18
Net Worth and Leverage
Consolidated financial system



Source: BCRA

stood at high levels and reached about 139% in the month¹¹.

IV. Solvency

Consolidated financial system net worth increased 2.5% in January, accumulating a 30% y.o.y. growth (see Chart 18). The increase in net worth was mainly boosted by book profits. Over the last 12 months, bank assets grew slightly less than net worth, and therefore, the sector's leverage moderately decreased in y.o.y. terms.

The financial system capital compliance ratio slightly decreased in terms of credit risk-weighted assets (RWA) compared to last month, reaching 16.9% (see Chart 19). Over the last 12 months, such indicator increased 1 p.p., in a context of a significant y.o.y. growth of credit to the private sector. Excess capital compliance (compliance minus regulatory requirement) of the financial system stood at 57% of total regulatory requirement. All groups of banks recorded a surplus in their capital compliance over the month.

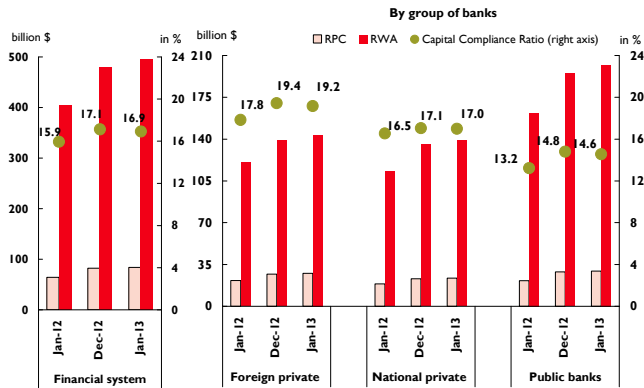
The amendment to the rules on minimum capital requirement¹² for financial institutions became effective in January 2013. These rules, amended in line with certain criteria laid down in Basel recommendations, redefined the risk weighting factors used to calculate the regulatory capital requirement for loans to MiPyMEs and for mortgage-backed loans on single family residence, and removed the factor applied to loans in pesos to the public sector. Additionally, as regards the treatment of securitization, and in line with international recommendations, banks must make a provision for the total amount of loans transferred to a trust fund up to the amount of the residual exposure of the institution. As regards loans in arrears, this factor decreases as loan loss provision increases. Thus, as from February 2013, such amendments will start impacting on the capital position of financial institutions.

In January 2013, the banking system book profits stood at 3.3% a. of assets, up 0.2 p.p. against the previous month and 0.7 p.p. against January 2012 (see Chart 20). Monthly ROA increase compared to December 2012 was mainly accounted for by public banks. Over the last 12 months, financial system book profits accumulated 2.9% of assets, up 0.2 p.p. against the same period last year, which is mainly accounted for by the improvement in net interest income.

¹¹ If minimum provisioning for the case of performing portfolios (situation 1) is excluded, coverage ratio of non-performing portfolios with provisions would be estimated to amount to 85% at an aggregate level during January.

¹² Communication "A" 5369 and "P" 50116.

Chart 19
Capital Compliance (RPC) and Credit Risk Weighted Assets (RWA)



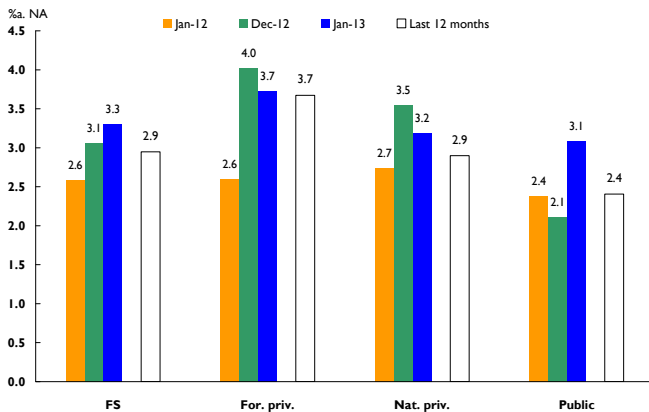
Source: BCRA

Banking system financial margin totaled 10.3%a. of assets as at January, up 0.2 p.p. against December (see Chart 21), mainly boosted by better gains on securities and net income interest. Accrued profits from CER adjustments recorded a monthly increase, whereas exchange rate differences slightly dropped. **In the accumulated total for the last 12 months, bank financial margin stood at 9.3% of assets.**

As regards seasonal performance at the start of the year, **the financial system's net income from services slightly dropped in the month, reaching 4.2%a. of assets.** These levels are in line with the values recorded in the accumulated total for the last 12 months.

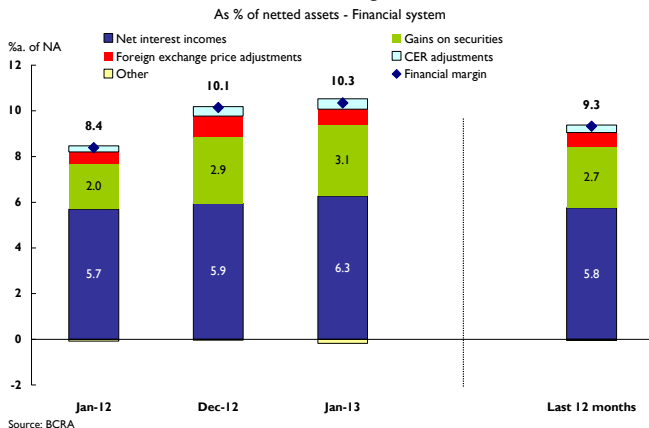
There was a moderate drop in the month in the main expenditure headings in the financial system income statement following the increase usually recorded in these items at the end of the year. Operating costs fell 0.1 p.p. of assets to 7%a. in January; meanwhile, loan loss provisions contracted 0.3 p.p. of assets to 0.9%a.¹³. Both headings retained similar levels to those recorded in the accumulated total for the last 12 months.

Chart 20
Profitability by Group of Banks



Source: BCRA

Chart 21
Financial Margin



Source: BCRA

¹³ This drop was mainly observed in national private banks following the extraordinarily high levels recorded in December 2012 as a result of the adjustments made by two financial institutions.

Latest regulations

This section contains a summary of the main regulations related to the business of financial intermediation issued during the month (referenced by the date on which they came into force).

Communication “A” 5387 – Jan/24/2013

The amendments to current regulations require financial institutions to ascertain that no documents submitted by their potential customers have been challenged in any way pursuant to the information available at the National Registry of Challenged Identity Documents (Registro Nacional de Documentos de Identidad Cuestionados, RNDIC) commissioned by the National Directorate for Personal Data dependent from the Ministry of Justice and Human Rights (Dirección Nacional de Datos Personales del Ministerio de Justicia y Derechos Humanos). Such amendments apply to regulations on “Currently in force identity documents”, “Savings account, salary account, free universal account and special account deposits”, “Regulations on bank current accounts”, “Sight accounts opened at credit unions”, “Deposits and time investments” and “Credit management”. The rules on “Identity documents in force” were amended further instructing non-financial credit card issuers to resort to RNDIC information. Moreover, pursuant to the amendment to BCRA’s Charter set forth in Law No. 26,739 in relation to the new powers granted as under Section 4, paragraph g), the BCRA is in charge of regulating payment systems such as credit cards.

Communication “A” 5388 – Jan/24/2013

Rules on the “Protection of financial services customers” were approved: general provisions were established, as well as basic rights for financial services customers, customer service, advertisements, BCRA’s involvement, penalties and provisional rules. Therefore, rules on “Relationships between financial institutions and their customers” were repealed. The application of provisions of the Law of Financial Institutions was broadened to include non-financial credit card issuers and trustees from trusts which have received credits transferred by financial institutions. Additionally, the rules on “Savings account, salary account, free universal account and special account deposits”, “Deposits and time investments”, “Regulations on bank current accounts” and “Sight accounts opened at credit unions” were changed instructing institutions to take any necessary measure in order to avoid discriminatory actions against customers.

Communication “A” 5390 – Jan/30/2013

Item 1.4. of the rules on “Issuance of debt instruments and procurement of foreign credit lines” was amended, revoking, in public traded issues, the requirements (i) to have two risk ratings from different rating companies, which have to be independent and registered in the register created to such effect by the National Securities Commission, and (ii) to submit to the Superintendence of Financial and Exchange Institutions a copy of the prospectus prior to the start of public offering.

Methodology

- (a) Aggregate balance sheet information is taken from the monthly accounting information system (unconsolidated balance sheets). In order to calculate aggregate data for the financial system, for financial institution that have not provided data for the month reviewed, the most recent information available is repeated in the aggregate balance sheet. On the other hand, for profitability analysis only the banks providing data for that month are considered.
- (b) Due to possible lack of data for some banks at the time this Report was drafted, and due to possible corrections to the data provided by financial institutions later, the data included is of a preliminary nature –particularly for the last month included-. Therefore, and due to the fact that the most recent data available always used, data in connection with earlier periods may not match what was mentioned in earlier issues of the Report. In such cases, the latter release should be regarded as being of better quality.
- (c) Unless otherwise indicated, data about deposits and loans refer to balance sheet information, and do not necessarily agree with those compiled by the Centralized Information Requirement System (SISCEN). Reasons for discrepancies include the precise date considered in order to calculate monthly changes and the items included in the definition adopted in either case.
- (d) Profit ratio calculations are based on monthly results estimated from changes in the aggregate result amounts during the current fiscal year. Profit ratios are annualized with the exception of those ,.
- (e) Initially, the breakdown by group of banks was determined by the majority of decision making role -in terms of voting rights at shareholder meetings- distinguishing between private sector financial institutions (national or foreign depending on their residence) and public banks. In order to increase depth of the analysis, private sector institutions were also classed according to the geographic coverage and business scope of their operations. Investment banking is defined as those specializing in large corporations and investor sector, which in general do not rely on deposits from the private sector for their funding. On the other hand, retail banks were divided into those carrying out business nationwide, those located in certain geographic regions -municipalities, provinces, or regions- and institutions specialized in a financial sector niche market -usually smaller institutions-. Finally, it is worth noting that the classifications defined above are solely for analytical purposes and does not mean it is the only methodology criteria by which to group them; while on the other hand, the listing of features for each financial entity group has been established in a general manner.
- (f) Indicators exhibited in Tables 1 and 5 of Statistical Appendix: 1.- (Minimum cash compliance at the BCRA in pesos and foreign currency + Other cash holding in pesos and foreign currency + Creditor net balance for BCRA repo transactions with Lebac and Nobac) / Total deposits; 2.- (Position in government securities (without Lebac and Nobac) + Loans to the public sector + Compensations receivable) / Total assets; 3.- (Loans to the non-financial private sector + Leasing) / Total assets; 4.- Non-performing portfolio with the non-financial private sector / Loans to the non-financial private sector; 5.- (Total non-performing portfolio – Loan loss provisions) / Net worth. Non-performing portfolio includes loans classified into situations 3, 4, 5 and 6; 6.- Cumulated annual result / Average monthly netted assets - % annualized; 7.- Cumulated annual result / Average monthly net worth - % annualized; 8.- (Financial margin (Net interest income + CER and CVS adjustments + Gains on securities + Foreign exchange price adjustments + Other financial income) + Service income margin) / Cumulated annual operating costs; 9.- Capital compliance (Responsabilidad Patrimonial Computable) / Risk - adjusted assets according to the regulation of BCRA about Minimum Capital Compliance; 10.- Capital compliance Tier 1 / Risk weighted assets, according to the BCRA rule on minimum capital; 11.- (Capital compliance - Capital requirement) / Capital requirement. Included exemptions.

Glossary

%a.: annualized percentage.

%i.a.: interannual percentage.

Adjusted profit: Total profit excluding payments made due to court-ordered releases and adjustments to the valuation of public sector assets according to Com. "A" 3911 and modifications.

ASE: Adjusted stockholders' equity, for RPC in Spanish. The measure for compliance with bank capital regulations.

CABA: Ciudad Autónoma de Buenos Aires

Consolidated (or aggregate) assets and liabilities: Those arising from excluding operations between financial institutions.

Consolidated result: Excludes results related to shares and participations in other local financial institutions.

CEDRO: Certificado de Depósito Reprogramado. Scheduled Stabilization Coefficient.

Financial margin: Income less outlays of a financial nature. Include interest income, gains from securities, CER/CVS adjustments, exchange rate differences and other financial results. Does not include the items affected by Com. A 3911.

Gains from securities: Includes income from government securities, short-term investments, corporate bonds, subordinated debt, options and from other income from financial intermediation. In the case of government securities, it includes the results accrued from income, quotation differences, exponential increase on the basis of the internal rate of return (IRR), and from sales, as well as the charge for impairment to value.

Net Income from services: Commissions collected less commissions paid. Includes commissions on liabilities, credits, securities, guarantees granted, rental of safe deposits boxes and foreign trade and exchange transactions, excluding in the case of the latter results from the trading of foreign currency, which are recorded in the "Exchange difference" accounts (here included under the heading "Other financial results"). Outflows include commissions paid, contributions to the Banking Social Services Institute (ISSB), other contributions on service income and charges accrued for gross income tax.

Net Interest income (interest margin): Interest collected less interest paid on financial intermediation, on an accrual basis – taken from balance sheet – rather than on a cash basis. Include interest on loans of government securities and premiums on repos and reverse repos.

Lebac and Nobac: Bills and notes of the BCRA.

Liquid assets: Cash disposal (Minimum cash compliance – cash, current account at BCRA and special accounts in guarantee – and other liquid items mainly correspondent accounts) plus Creditor net balance for BCRA repo transactions with Lebac and Nobac.

Liquidity ratio: Liquid assets as a percentage of total deposits.

mill.: million.

NBFI: Non-banking financial institution.

Netted assets (NA) and liabilities: Those net of accounting duplications inherent to the recording of repurchase agreements, term transactions or unsettled spot transactions.

Net worth exposure to counterparty risk: Non-performing portfolio net of allowances in terms of net worth.

Non-performing portfolio: Portfolio in categories 3 to 6, as per the debtor classification system.

Operating costs: Includes remuneration, social security payments, services and fees, miscellaneous expenses, taxes and amortization.

ON: Corporate bonds (Obligaciones Negociables).

OS: Subordinated debt (Obligaciones Subordinadas).

Other financial results: Income from financial leasing, adjustments to valuation of credit to the public sector, contribution to the deposit guarantee fund, interest on liquid funds, difference in market price of gold and foreign exchange, premiums on the sale of foreign currency and other unidentified income (net).

PN: Net worth (Patrimonio Neto).

p.p.: percentage points.

Private sector credit: Loans to the private sector and private sector securities.

Public sector credit: Loans to the public sector, holdings of government securities, compensation receivable from the Federal Government and other credits to the public sector.

Quotation differences: Income from the monthly updating of foreign currency-denominated assets and liabilities. The heading also includes income arising from the purchase and sale of foreign currency, arising from the difference in the price agreed (net of direct costs generated by the transaction) and the book value.

ROA: Net profits as a percentage of netted assets. When referring to accumulated results the denominator includes the average netted assets for the reference months.

ROE: Net profits as a percentage of net worth. When referring to accumulated results the denominator includes the average net worth for the reference months.

RPC: Adjusted stockholder's equity, calculated towards meeting capital regulations. (Responsabilidad Patrimonial Computable)

RWA: Risk weighted assets.

SME: Small and Medium Enterprises.

US\$: United States dollars

Statistics annex¹ | Financial system

Chart 1 | Financial Soundness Indicators (see Methodology)

As %	Dec 05	Dec 06	Dec 07	Dec 08	Dec 09	Dec 10	Dec 11	Jan 12	Dec 12	Jan 13
1.- Liquidity	20.1	22.5	23.0	27.9	28.6	28.0	24.7	26.2	26.9	25.1
2.- Credit to the public sector	31.5	22.5	16.3	12.7	14.4	12.1	10.7	10.3	9.7	9.9
3.- Credit to the private sector	25.8	31.0	38.2	39.4	38.3	39.8	47.4	46.7	49.5	48.6
4.- Private non-performing loans	7.6	4.5	3.2	3.1	3.5	2.1	1.4	1.5	1.7	1.8
5.- Net worth exposure to the private sector	-2.5	-0.8	-1.5	-1.7	-1.3	-3.2	-4.3	-4.0	-3.1	-3.0
6.- ROA	0.9	1.9	1.5	1.6	2.3	2.8	2.7	2.6	2.9	3.3
7.- ROE	7.0	14.3	11.0	13.4	19.2	24.4	25.3	23.6	25.7	29.5
8.- Efficiency	151	167	160	167	185	179	179	177	190	208
9.- Capital compliance	15.3	16.9	16.9	16.9	18.8	17.7	15.6	15.9	17.1	16.9
10.- Capital compliance Tier I	14.1	14.1	14.6	14.2	14.5	13.1	10.9	13.2	11.9	13.5
11.- Excess capital compliance	173	134	93	90	100	87	69	74	59	57

Source: BCRA

Chart 2 | Balance Sheet

In million of current pesos	Dec 08	Dec 09	Dec 10	Dec 11	Jan 12	Dec 12	Jan 13	Change (in %)	
								Last month	12 months
Assets	346,762	387,381	510,304	628,381	646,299	790,113	813,604	3.0	25.9
Cash disposal ¹	58,676	71,067	93,085	104,389	105,528	148,559	130,502	-12.2	23.7
Public bonds	65,255	86,318	117,951	112,906	121,302	123,383	145,704	18.1	20.1
Lebac/Nobac	37,093	43,867	76,948	71,050	84,798	84,064	104,412	24.2	23.1
Portfolio	25,652	34,748	61,855	59,664	65,055	70,576	81,328	15.2	25.0
Repo ²	11,442	9,119	15,093	11,386	19,743	13,488	23,084	71.1	16.9
Private bonds	203	307	209	212	217	251	248	-0.9	14.7
Loans	154,719	169,868	230,127	332,317	334,973	433,804	438,355	1.0	30.9
Public sector	17,083	20,570	25,907	31,346	30,769	39,951	40,136	0.5	30.4
Private sector	132,844	145,247	199,202	291,708	295,511	383,559	387,847	1.1	31.2
Financial sector	4,793	4,052	5,018	9,263	8,693	10,294	10,373	0.8	19.3
Provisions over loans	-4,744	-5,824	-6,232	-7,173	-7,354	-9,591	-9,799	2.2	33.2
Other netted credits due to financial intermediation	38,152	33,498	39,009	40,805	45,850	38,781	51,679	33.3	12.7
Corporate bonds and subordinated debt	912	1,146	1,433	1,657	1,574	2,255	2,053	-9.0	30.5
Unquoted trusts	5,714	5,942	6,824	7,967	7,982	10,895	11,034	1.3	38.2
Leasing	3,935	2,933	3,936	6,222	6,267	7,203	7,337	1.9	17.1
Shares in other companies	7,236	6,711	7,921	9,123	9,306	11,708	11,933	1.9	28.2
Fixed assets and miscellaneous	7,903	8,239	9,071	10,111	10,145	11,247	11,309	0.5	11.5
Foreign branches	3,153	3,926	3,283	3,525	3,593	4,358	4,422	1.5	23.1
Other assets	12,275	10,337	11,943	15,944	16,473	20,410	21,912	7.4	33.0
Liabilities	305,382	339,047	452,752	558,264	574,660	699,214	720,549	3.1	25.4
Deposits	236,217	271,853	376,344	462,517	474,243	595,651	605,409	1.6	27.7
Public sector ³	67,151	69,143	115,954	129,885	138,376	163,726	165,396	1.0	19.5
Private sector ³	166,378	199,278	257,595	328,463	331,440	427,709	435,600	1.8	31.4
Current account	39,619	45,752	61,306	76,804	76,497	103,150	102,286	-0.8	33.7
Savings account	50,966	62,807	82,575	103,636	100,801	125,095	123,611	-1.2	22.6
Time deposits	69,484	83,967	104,492	135,082	141,261	183,747	194,136	5.7	37.4
Other netted liabilities due to financial intermediation	57,662	52,114	60,029	76,038	79,993	74,994	85,600	14.1	7.0
Interbanking obligations	3,895	3,251	4,201	7,947	7,442	8,321	8,362	0.5	12.4
BCRA lines	1,885	270	262	1,920	2,158	3,535	3,772	6.7	74.8
Outstanding bonds	5,984	5,033	3,432	6,856	7,254	9,101	9,165	0.7	26.3
Foreign lines of credit	4,541	3,369	3,897	6,467	6,365	4,992	4,703	-5.8	-26.1
Other ¹	13,974	14,891	17,426	24,137	23,236	26,336	23,951	-9.1	3.1
Subordinated debts	1,763	1,922	2,165	2,065	2,382	2,647	2,656	0.3	11.5
Other liabilities	9,740	13,159	14,213	17,644	18,042	25,922	26,884	3.7	49.0
Net worth	41,380	48,335	57,552	70,117	71,639	90,900	93,055	2.4	29.9
Memo									
Netted assets	321,075	364,726	482,532	601,380	614,560	767,832	779,038	1.5	26.8
Consolidated netted assets	312,002	357,118	472,934	586,805	600,561	750,701	761,886	1.5	26.9

(¹) Includes margin accounts with the BCRA. (²) Booked value from balance sheet (it includes all the counterparts)

(³) Does not include accrual on interest or CER.

Source: BCRA

¹ Note | Data available in Excel in www.bcra.gov.ar

Statistics annex¹ | Financial system (cont)

Chart 3 | Profitability Structure

Amount in million of pesos	Annual					First Month		Monthly			12 Months
	2008	2009	2010	2011	2012	2012	2013	Nov-12	Dec-12	Jan-13	
Financial margin	20,462	28,937	35,490	43,670	61,665	4,262	6,662	5,313	6,443	6,662	64,064
Net interest income	9,573	14,488	17,963	24,903	38,365	2,893	4,036	3,377	3,777	4,036	39,509
CER and CVS adjustments	2,822	1,196	2,434	1,725	2,080	133	290	151	260	290	2,237
Foreign exchange price adjustments	2,307	2,588	2,100	3,025	4,125	254	425	429	572	425	4,296
Gains on securities	4,398	11,004	13,449	14,228	17,356	1,021	2,025	1,405	1,855	2,025	18,360
Other financial income	1,362	-339	-457	-211	-261	-39	-115	-49	-22	-115	-337
Service income margin	10,870	13,052	16,089	21,391	28,174	2,003	2,688	2,605	2,758	2,688	28,859
Loan loss provisions	-2,839	-3,814	-3,267	-3,736	-6,127	-426	-605	-544	-782	-605	-6,306
Operating costs	-18,767	-22,710	-28,756	-36,365	-47,293	-3,535	-4,495	-4,271	-4,524	-4,495	-48,253
Tax charges	-2,318	-3,272	-4,120	-6,047	-8,974	-611	-971	-859	-935	-971	-9,334
Adjust. to the valuation of gov. Securities ¹	-1,757	-262	-214	-336	-338	-23	-35	-30	-31	-35	-349
Amort. payments for court-ordered releases	-994	-703	-635	-290	-274	-12	-5	-12	-63	-5	-268
Other	1,441	918	2,079	2,963	2,443	389	163	105	91	163	2,218
Total results before tax ²	6,100	12,145	16,665	21,251	29,276	2,047	3,401	2,308	2,957	3,401	30,630
Income tax	-1,342	-4,226	-4,904	-6,531	-9,861	-737	-1,273	-588	-1,013	-1,273	-10,397
Total result²	4,757	7,920	11,761	14,720	19,415	1,310	2,128	1,720	1,944	2,128	20,233
Adjusted Result ³	7,508	8,885	12,610	15,345	20,027	1,345	2,168	1,761	2,038	2,168	20,850
Annualized indicators - As % of netted assets											
Financial margin	6.7	8.6	8.5	8.0	9.2	8.4	10.3	8.6	10.1	10.3	9.3
Net interest income	3.1	4.3	4.3	4.6	5.7	5.7	6.3	5.5	5.9	6.3	5.8
CER and CVS adjustments	0.9	0.4	0.6	0.3	0.3	0.3	0.5	0.2	0.4	0.5	0.3
Foreign exchange price adjustments	0.8	0.8	0.5	0.6	0.6	0.5	0.7	0.7	0.9	0.7	0.6
Gains on securities	1.4	3.3	3.2	2.6	2.6	2.0	3.1	2.3	2.9	3.1	2.7
Other financial income	0.4	-0.1	-0.1	0.0	0.0	-0.1	-0.2	-0.1	0.0	-0.2	0.0
Service income margin	3.6	3.9	3.8	3.9	4.2	3.9	4.2	4.2	4.3	4.2	4.2
Loan loss provisions	-0.9	-1.1	-0.8	-0.7	-0.9	-0.8	-0.9	-0.9	-1.2	-0.9	-0.9
Operating costs	-6.1	-6.7	-6.9	-6.7	-7.0	-7.0	-7.0	-7.0	-7.1	-7.0	-7.0
Tax charges	-0.8	-1.0	-1.0	-1.1	-1.3	-1.2	-1.5	-1.4	-1.5	-1.5	-1.4
Adjust. to the valuation of gov. Securities ¹	-0.6	-0.1	-0.1	-0.1	-0.1	0.0	-0.1	0.0	0.0	-0.1	-0.1
Amort. payments for court-ordered releases	-0.3	-0.2	-0.2	-0.1	0.0	0.0	0.0	0.0	-0.1	0.0	0.0
Other	0.5	0.3	0.5	0.5	0.4	0.8	0.3	0.2	0.1	0.3	0.3
Total results before tax ²	2.0	3.6	4.0	3.9	4.3	4.0	5.3	3.8	4.7	5.3	4.5
Income tax	-0.4	-1.3	-1.2	-1.2	-1.5	-1.5	-2.0	-1.0	-1.6	-2.0	-1.5
ROA²	1.6	2.3	2.8	2.7	2.9	2.6	3.3	2.8	3.1	3.3	2.9
ROA adjusted ³	2.5	2.6	3.0	2.8	3.0	2.6	3.4	2.9	3.2	3.4	3.0
ROE before tax	17.2	29.5	34.5	36.5	38.8	36.8	47.1	33.4	42.0	47.1	39.7
ROE ²	13.4	19.2	24.4	25.3	25.7	23.6	29.5	24.9	27.6	29.5	26.2

(¹) Com. "A" 3911. Adjustments to the valuation of government unlisted securities according to Com. "A" 4084 are included under the "gains from securities" heading.

(²) As of January 2008, data to calculate financial system consolidated result is available. This indicator excludes results and asset headings related to shares and participation in other local financial entities.

(³) Excluding amortization of payments for court-ordered releases and the effects of Com. "A" 3911 and 4084.

Source: BCRA

Chart 4 | Portfolio Quality

As percentage	Dec 05	Dec 06	Dec 07	Dec 08	Dec 09	Dec 10	Dec 11	Jan 12	Dec 12	Jan 13
Non-performing loans (overall)	5.2	3.4	2.7	2.7	3.0	1.8	1.2	1.3	1.5	1.6
Provisions / Non-performing loans	115	108	115	117	115	148	176	169	144	142
(Total non-performing - Provisions) / Overall financing	-0.8	-0.3	-0.4	-0.5	-0.5	-0.9	-0.9	-0.9	-0.7	-0.7
(Total non-performing - Provisions) / Net worth	-2.6	-0.9	-1.6	-1.8	-1.7	-3.6	-4.6	-4.3	-3.4	-3.2
Non-performing loans to the non-financial private sector	7.6	4.5	3.2	3.1	3.5	2.1	1.4	1.5	1.7	1.8
Provisions / Non-performing loans	115	108	114	116	112	143	171	164	141	139
(Total non-performing - Provisions) / Overall financing	-1.1	-0.3	-0.5	-0.5	-0.4	-0.9	-1.0	-0.9	-0.7	-0.7
(Total non-performing - Provisions) / Net worth	-2.5	-0.8	-1.5	-1.7	-1.3	-3.2	-4.3	-4.0	-3.1	-3.0

Source: BCRA

¹ Note | Data available in Excel in www.bcra.gov.ar

Statistics annex¹ | Private banks

Chart 5 | Financial Soundness Indicators (see Methodology)

As %	Dec 05	Dec 06	Dec 07	Dec 08	Dec 09	Dec 10	Dec 11	Jan 12	Dec 12	Jan 13
1.- Liquidity	21.5	23.7	25.7	34.1	29.8	26.0	26.7	27.2	27.6	26.3
2.- Credit to the public sector	28.5	16.3	9.5	6.3	6.1	4.7	3.4	3.4	3.1	3.7
3.- Credit to the private sector	31.1	37.9	46.6	44.0	43.3	50.3	54.5	54.9	58.4	57.3
4.- Private non-performing loans	6.3	3.6	2.5	2.8	3.3	2.0	1.4	1.5	1.8	1.9
5.- Net worth exposure to the private sector	-0.4	-1.4	-2.0	-1.8	-1.6	-3.4	-4.4	-4.0	-3.1	-3.0
6.- ROA	0.5	2.2	1.6	1.9	3.0	3.2	3.0	2.7	3.2	3.5
7.- ROE	4.1	15.3	10.9	15.2	22.9	24.5	25.6	22.9	26.4	28.0
8.- Efficiency	136	158	152	166	195	176	178	175	189	194
9.- Capital compliance	17.8	18.7	19.2	18.4	22.6	20.3	16.8	17.2	18.2	18.1
10.- Capital compliance Tier I	16.1	15.4	16.8	15.0	17.2	15.2	12.5	15.7	13.4	15.4
11.- Excess capital compliance	155	117	87	87	121	102	72	77	57	56

Source: BCRA

Chart 6 | Balance Sheet

In million of current pesos	Dec 08	Dec 09	Dec 10	Dec 11	Ene 12	Dec 12	Jan 13	Change (in %)	
								Last month	12 months
Assets	208,888	229,549	280,025	364,122	364,245	432,994	443,572	2.4	21.8
Cash disposal ¹	37,044	43,562	49,730	58,877	60,766	85,717	79,752	-7.0	31.2
Public bonds	29,552	47,949	48,903	50,055	50,088	43,350	51,923	19.8	3.7
Lebac/Nobac	23,457	31,575	34,422	34,246	39,650	30,531	38,138	24.9	-3.8
Portfolio	12,858	27,413	31,148	23,908	29,538	27,656	31,951	15.5	8.2
Repo ²	10,598	4,161	3,274	10,338	10,112	2,874	6,187	115.3	-38.8
Private bonds	127	233	184	164	162	188	206	9.5	26.9
Loans	98,529	101,722	143,202	202,117	203,165	256,708	258,075	0.5	27.0
Public sector	6,249	1,694	1,625	1,215	1,201	1,601	1,590	-0.7	32.3
Private sector	88,426	96,790	137,308	193,126	194,648	246,560	247,885	0.5	27.4
Financial sector	3,854	3,238	4,270	7,777	7,316	8,546	8,600	0.6	17.6
Provisions over loans	-2,871	-3,653	-3,926	-4,574	-4,690	-6,193	-6,354	2.6	35.5
Other netted credits due to financial intermediation	25,265	21,258	20,241	29,338	25,998	18,646	24,533	31.6	-5.6
Corporate bonds and subordinated debt	699	734	757	796	706	988	784	-20.6	11.1
Unquoted trusts	3,869	4,198	4,500	5,268	5,220	7,084	7,254	2.4	39.0
Leasing	3,451	2,569	3,519	5,452	5,483	6,287	6,429	2.2	17.3
Shares in other companies	4,538	4,067	4,934	5,998	6,159	7,920	8,111	2.4	31.7
Fixed assets and miscellaneous	4,926	5,096	5,808	6,663	6,666	7,592	7,640	0.6	14.6
Foreign branches	-178	-202	-215	-240	-242	0	0	-	-
Other assets	8,505	6,946	7,646	10,271	10,691	12,778	13,257	3.7	24.0
Liabilities	182,596	198,438	243,766	321,123	320,398	376,774	386,024	2.5	20.5
Deposits	135,711	154,387	198,662	253,705	256,370	317,443	322,771	1.7	25.9
Public sector ³	19,600	17,757	23,598	27,664	30,190	33,232	35,799	7.7	18.6
Private sector ³	114,176	134,426	173,203	223,141	223,180	281,698	284,299	0.9	27.4
Current account	30,188	35,127	46,297	57,586	57,302	77,269	76,848	-0.5	34.1
Savings account	32,778	40,999	53,085	66,891	64,627	76,130	74,048	-2.7	14.6
Time deposit	46,990	54,058	67,568	89,924	92,659	117,888	123,353	4.6	33.1
Other netted liabilities due to financial intermediation	39,298	34,235	34,427	53,973	50,289	41,780	45,102	8.0	-10.3
Interbanking obligations	1,160	1,668	1,903	3,524	3,149	3,473	3,234	-6.9	2.7
BCRA lines	649	41	57	456	522	694	704	1.4	34.8
Outstanding bonds	5,672	4,626	2,802	5,119	5,416	6,001	6,035	0.6	11.4
Foreign lines of credit	2,261	1,262	1,716	4,252	4,173	2,168	2,028	-6.4	-51.4
Other	11,125	12,015	13,849	19,059	18,740	21,087	19,037	-9.7	1.6
Subordinated debts	1,759	1,918	2,148	1,948	1,951	2,253	2,266	0.6	16.1
Other liabilities	5,828	7,897	8,528	11,497	11,788	15,297	15,885	3.8	34.8
Net worth	26,292	31,111	36,259	42,999	43,848	56,220	57,548	2.4	31.2
Memo									
Netted assets	192,074	216,100	267,364	344,101	347,735	425,181	430,161	1.2	23.7

⁽¹⁾ Includes margin accounts with the BCRA. ⁽²⁾ Booked value from balance sheet (it includes all the counterparties).

⁽³⁾ Does not include accrual on interest or CER.

Source: BCRA

¹ Note | Data available in Excel in www.bcra.gov.ar

Statistics annex¹ | Private banks (cont.)

Chart 7 | Profitability Structure

Amount in million of pesos	Annual					First Month		Monthly			12
	2008	2009	2010	2011	2012	2012	2013	Nov-12	Dec-12	Jan-13	Months
Financial margin	12,964	19,724	21,837	27,234	38,151	2,630	3,872	3,327	3,880	3,872	39,394
Net interest income	7,727	10,572	12,842	18,518	27,893	2,012	2,725	2,481	2,658	2,725	28,605
CER and CVS adjustments	651	185	244	288	350	24	45	26	36	45	371
Foreign exchange price adjustments	1,620	1,646	1,493	2,064	2,451	142	243	248	329	243	2,552
Gains on securities	1,637	7,343	7,464	6,358	7,426	478	943	591	850	943	7,891
Other financial income	1,329	-22	-205	6	31	-27	-84	-20	7	-84	-27
Service income margin	7,632	9,198	11,345	15,243	20,081	1,481	1,934	1,828	1,922	1,934	20,533
Loan loss provisions	-1,863	-2,751	-2,253	-2,633	-4,416	-277	-425	-370	-588	-425	-4,565
Operating costs	-12,401	-14,807	-18,819	-23,821	-30,858	-2,353	-2,993	-2,793	-2,945	-2,993	-31,498
Tax charges	-1,715	-2,380	-2,927	-4,300	-6,450	-433	-692	-623	-675	-692	-6,709
Adjust. to the valuation of gov. Securities ¹	-267	0	47	-40	0	0	0	0	0	0	0
Amort. payments for court-ordered releases	-688	-367	-441	-133	-199	-6	-1	-6	-56	-1	-195
Other	916	398	1,382	1,723	1,867	179	166	120	315	166	1,855
Total results before tax ²	4,579	9,014	10,171	13,272	18,176	1,222	1,861	1,482	1,853	1,861	18,815
Income tax	-1,168	-3,001	-2,733	-4,293	-6,089	-457	-636	-442	-526	-636	-6,268
Total result²	3,412	6,014	7,438	8,980	12,086	764	1,225	1,040	1,327	1,225	12,547
Adjusted Result ³	4,367	6,381	7,832	9,153	12,285	770	1,226	1,046	1,384	1,226	12,741
Annualized indicators - As % of netted assets											
Financial margin	7.3	9.8	9.3	9.0	10.2	9.2	10.9	9.9	11.1	10.9	10.3
Net interest income	4.4	5.3	5.5	6.1	7.4	7.0	7.7	7.4	7.6	7.7	7.5
CER and CVS adjustments	0.4	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Foreign exchange price adjustments	0.9	0.8	0.6	0.7	0.7	0.5	0.7	0.7	0.9	0.7	0.7
Gains on securities	0.9	3.7	3.2	2.1	2.0	1.7	2.7	1.8	2.4	2.7	2.1
Other financial income	0.8	0.0	-0.1	0.0	0.0	-0.1	-0.2	-0.1	0.0	-0.2	0.0
Service income margin	4.3	4.6	4.8	5.0	5.4	5.2	5.5	5.4	5.5	5.5	5.4
Loan loss provisions	-1.1	-1.4	-1.0	-0.9	-1.2	-1.0	-1.2	-1.1	-1.7	-1.2	-1.2
Operating costs	-7.0	-7.4	-8.0	-7.8	-8.2	-8.2	-8.4	-8.3	-8.4	-8.4	-8.3
Tax charges	-1.0	-1.2	-1.2	-1.4	-1.7	-1.5	-2.0	-1.9	-1.9	-2.0	-1.8
Adjust. to the valuation of gov. Securities ¹	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amort. payments for court-ordered releases	-0.4	-0.2	-0.2	0.0	-0.1	0.0	0.0	0.0	-0.2	0.0	-0.1
Other	0.5	0.2	0.6	0.6	0.5	0.6	0.5	0.4	0.9	0.5	0.5
Total results before tax ²	2.6	4.5	4.3	4.4	4.9	4.3	5.3	4.4	5.3	5.3	4.9
Income tax	-0.7	-1.5	-1.2	-1.4	-1.6	-1.6	-1.8	-1.3	-1.5	-1.8	-1.6
ROA²	1.9	3.0	3.2	3.0	3.2	2.7	3.5	3.1	3.8	3.5	3.3
ROA adjusted ³	2.5	3.2	3.3	3.0	3.3	2.7	3.5	3.1	4.0	3.5	3.3
ROE before tax	20.4	34.4	33.5	37.8	39.8	36.6	42.5	35.4	43.3	42.5	40.2
ROE ²	15.2	22.9	24.5	25.6	26.4	22.9	28.0	24.8	31.0	28.0	26.8

(¹) Com. "A" 391 I. Adjustments to the valuation of government unlisted securities according to Com. "A" 4084 are included under the "gains from securities" heading.

(²) As of January 2008, data to calculate financial system consolidated result is available. This indicator excludes results and asset headings related to shares and participation in other local financial entities.

(³) Excluding amortization of payments for court-ordered releases and the effects of Com. "A" 391 I and 4084.

Source: BCRA

Chart 8 | Portfolio Quality

As percentage	Dec 05	Dec 06	Dec 07	Dec 08	Dec 09	Dec 10	Dec 11	Jan 12	Dec 12	Jan 13
Non-performing loans (overall)	4.4	2.9	2.2	2.5	3.1	1.9	1.3	1.4	1.7	1.8
Provisions / Non-performing loans	103	114	123	119	116	144	168	161	139	137
(Total non-performing - Provisions) / Overall financing	-0.1	-0.4	-0.5	-0.5	-0.5	-0.8	-0.9	-0.9	-0.7	-0.7
(Total non-performing - Provisions) / Net worth	-0.4	-1.4	-2.1	-1.9	-1.7	-3.4	-4.4	-4.2	-3.2	-3.1
Non-performing loans to the non-financial private sector	6.3	3.6	2.5	2.8	3.3	2.0	1.4	1.5	1.8	1.9
Provisions / Non-performing loans	102	114	123	118	115	143	167	159	139	136
(Total non-performing - Provisions) / Overall financing	-0.1	-0.5	-0.6	-0.5	-0.5	-0.9	-0.9	-0.9	-0.7	-0.7
(Total non-performing - Provisions) / Net worth	-0.4	-1.4	-2.0	-1.8	-1.6	-3.4	-4.4	-4.0	-3.1	-3.0

Source: BCRA

¹ Note | Data available in Excel in www.bcr.gov.ar