

# Report on Banks

February 2012



BANCO CENTRAL  
DE LA REPÚBLICA ARGENTINA

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Year IX, No. 6



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# Contents

- Page 3 | Summary**
- Page 4 | Activity**  
*In the first months of the year financial service availability continued to increase in regions with reduced levels of banking infrastructure*
- Page 6 | Deposits and liquidity**  
*Private sector time deposits posted significant growth in February*
- Page 6 | Financing**  
*Driven by overdrafts, lending to the private sector increased in February in all groups of banks, with a drop being recorded in lending interest rates*
- Page 8 | Portfolio quality**  
*Non-performance ratios for lending to the private sector held steady during the month*
- Page 9 | Solvency**  
*Book profits have been responsible for the monthly improvement in sector solvency indicators*
- Page 12 | Latest regulations**
- Page 13 | Methodology and glossary**
- Page 15 | Statistics annex**

Note | Information for February 2012 available by March 23, 2012 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 later. Except the opposite was indicated the data included corresponds to BCRA Information Regimes (end of month data).

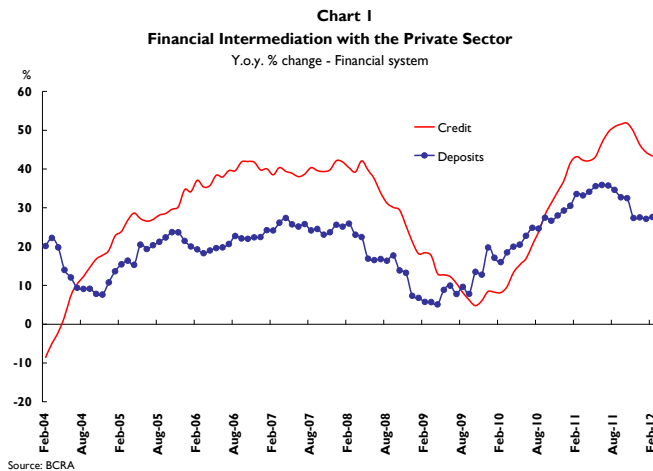
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## Summary

- **In February, lending and means of payment continued to grow, although at a slightly more moderate rate, as expected during the summer recess. The financial system maintained high liquidity levels, while book profits were behind improved solvency ratios.**
- **At the beginning of 2012 the banking system continued to expand in those regions of the country where the availability of financial services is lower.** In the first quarter of the year approval was given for the opening of 5 new bank branches in areas with relatively lower banking infrastructure, adding to the 67 authorized over the course of 2011 in these regions (68% of the net number of branches opened last year). This boost has been provided by the criterion adopted by the Central Bank since 2011 for the confirming of branch openings in areas with higher levels of financial infrastructure only if the request is accompanied by an identical proposal from the bank for regions with a lower availability of banking services.
- Higher private sector deposits were the most significant source of funds during the month, and were mainly used to increase lending to the private sector. **In February, higher private sector time deposits** (up 2.3% for the month or 31.7% year-on-year -y.o.y.-) **explained most of the growth in private sector deposits** (2% for the month or 27.6% y.o.y.).
- **The broad financial system liquidity indicator** (considering items in pesos and foreign currency, as well as Central Bank bills and notes) **increased for the third consecutive month** (0.2 p.p. in February), **to 40.1% of total deposits**. This rise was mainly accounted for by increased repos with the Central Bank and a rise in bills and notes issued by this Institution in bank portfolios, in a month in which liquidity compliance dropped at the end of the quarterly calculation period for reserve requirements (December-February). In the year-on-year comparison, the broad liquidity indicator dropped by 4.6 p.p. of deposits.
- **Private sector lending went up 1.6% during the month (43.3% y.o.y.)**, driven by overdrafts. This positive performance for the month was led mainly by public banks, and domestic private banks. Lending to companies rose 1.7% in February (42.5% y.o.y.), with increased credit to all productive sectors. Lending to companies explained almost 56% of the year-on-year growth in loans to the private sector and achieved a similar participation in the total stock. Most of this growth in lending to companies has been explained by private banks, although public banks increased their contribution to the growth in lending to this sector. Lending to households rose 1.5% in the month (44.5% y.o.y.).
- In the first months of the year, **lending interest rates in pesos declined at a sharper rhythm than the cost of funding by means of deposits in the same currency, generating a reduction in spreads for all groups of financial entities.**
- **The non-performance ratio for loans to the private sector remained steady in February at close to 1.5%.** This ratio rose slightly in private banks and non-bank financial entities, while it remained unchanged in the case of public banks. In the last 12 months this indicator accumulated a decrease of 0.5 p.p. The coverage ratio for the non-performing portfolio of loans to the private sector by means of accounting provisions stood at 159% in February, higher than the level seen one year earlier. **All groups of banks maintained high coverage indicators.**
- **Consolidated financial system net worth rose 2.2% in February (23.6% y.o.y.) mainly from book profits.** In February two banks received capital contributions for a total of \$60 million. The capital compliance ratio for the banking system increased in the month by 0.2 p.p. of risk-weighted assets (RWA) to 16%. Excess capital compliance in terms of regulatory requirement remained unchanged compare with January at around 67%.
- **The financial system accrued profits for 2.7%a. of assets in February**, posting an increase over the previous month from higher gains on securities and lower operating costs and loan loss provisions. In the first two months of the year banks posted an ROA of 2.7%a., 0.3 p.p. more than 12 months earlier, mainly because of an increase in interest income and service revenue. **In year-on-year terms all groups of banks showed improved book profits.**

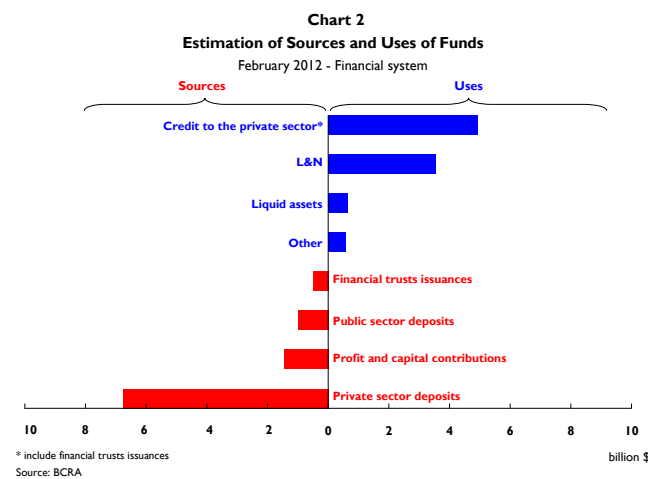


## Activity

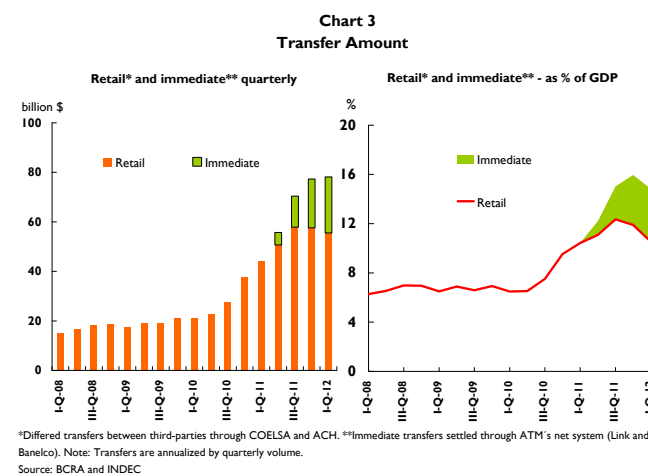
*In the first months of the year financial service availability continued to increase in regions with reduced levels of banking infrastructure*

In line with seasonal patterns, in February financial intermediation grew at a moderate rate. The year-on-year (y.o.y.) variation shows lending to the private sector expanding by 43.3% (see Chart 1). In turn, private sector deposits increased 27.6% y.o.y.

In February higher private sector deposits (\$6.8 billion) represented the most notable source of funds for the financial system<sup>1</sup>. In addition, banks obtained resources from the net income generated by their operations, the growing of deposits of the public sector, and the setting up of financial trusts. **Increased lending to the private sector was the most significant use of funds in February** (\$4.9 billion) (see Chart 2), with other uses of funds including increments on holdings of Lebac and Nobac and the increase in repos with the Central Bank.



In the first two months of 2012 there was a rise in financial system liquidity, and a change in its composition, with a preference for remunerated assets. Together with an increase in lending to the private sector, at the start of the year there was an increase in repos with the Central Bank and holdings of bills and notes, which were the main uses of funds in the period. At the same time, higher deposits provided the main source of funds for financial entities, followed by a reduction in minimum cash compliance.

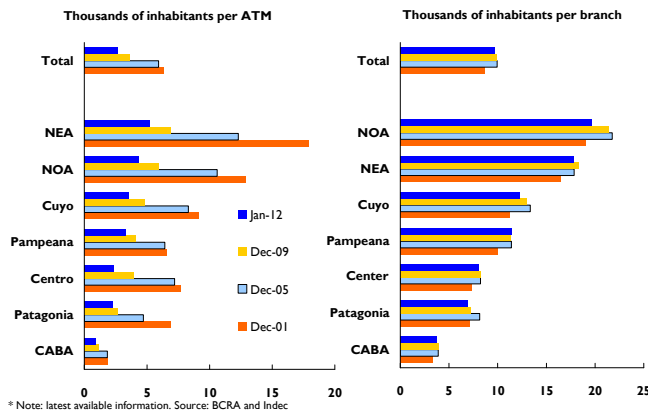


As has usually been the case, at the end of the summer period there was an increase in the volume of checks cleared. The value of documents processed by the clearing houses posted a rise of 19.0% y.o.y. In March 2012 (latest available information) there was a drop for the month in bounced checks by non-sufficient funds in terms of the total cleared, although the level remained higher than that seen in the previous two years.

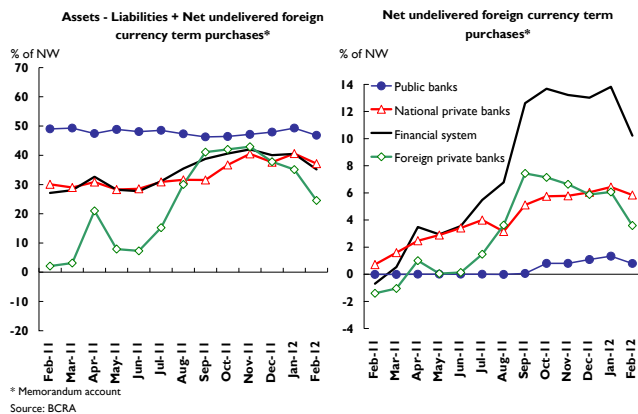
Following the stimulus generated by Central Bank measures to encourage the use of alternative means of payment to cash, there has been an increase in bank transfers volume. In the first quarter of 2012 the aggregate volume of differed and immediate transfers grew 1.1% compared with the fourth quarter of 2011, mainly driven by the latter. As a result, the annualized

<sup>1</sup> It is estimated on the basis of variations in balance sheet stocks.

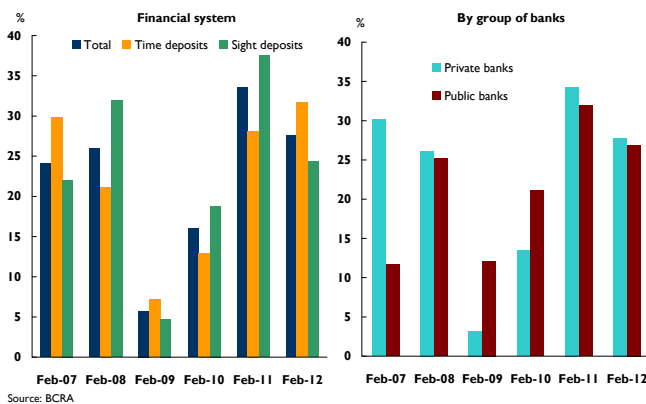
**Chart 4**  
**Regional Scope of the Financial System**



**Chart 5**  
**Foreign Currency Mismatching**



**Chart 6**  
**Non-Financial Private Sector Deposits**



total of differed and immediate transfers processed in the first three months of the year reached 14.8% of GDP, close to 4.4% more than in the same period of 2011 (see Chart 3).

At the end of April the number of holders of Free Universal Bank Accounts (CGU) exceeded 105,900<sup>2</sup>, showing growth of 18% in the year to date. Since they were re-launched at the end of 2010 through to March 2012, transactions have been performed using Settlement Checks (ChC) in pesos for \$162 million, while ChC denominated in foreign currency were issued for a total of US\$235 million.

In line with the positive performance of financial intermediation with the private sector and the providing of means of payment for the economy, the financial system has continued to expand its operating capacity, following a drive to ensure greater availability of financial services in the various regions of the country. In the last 2 years there has been a drop in the number of inhabitants per ATM in all regions (see Chart 4), with a greater relative drop in those areas with the lowest coverage. The number of inhabitants per bank branch has also fallen compared with the end of 2009 in almost all regions, although in this case the decline has been more moderate.

On the same matter, and with the aim of increasing the use of banking services by the population, since 2011 new rules have been adopted for the opening of branches in populations where there is a relatively greater availability of financial infrastructure<sup>3</sup>. In such cases, the application submitted to the Central Bank must be accompanied by an identical proposal by the bank for the opening of branches in regions with a lower availability of banking services. From the time the new regulations were introduced through to March 2012 approval has already been given to the opening of 72 new branches in areas with a lower relative level of banking services. Out of this total, 67 were approved in 2011, equivalent to 68% of net branch openings in the period.

In February broad financial system foreign currency mismatching<sup>4</sup> fell by 5.3 p.p. of net worth, to 35.2%. This reduction for the month was mainly explained by lower net foreign currency term purchases by foreign private banks (see Chart 5). Compared with February 2011, this mismatching accumulated an increase of 8 p.p. of aggregate net worth.

<sup>2</sup> Of these, some 13,700 accounts are in the process of being validated, pending completion of the process of verification of the requirements for applicants.

<sup>3</sup> Communication "A" 5167.

<sup>4</sup> Including the difference between assets and liabilities, as well as the term purchases and sales of foreign currency.

# Deposits and liquidity

## Private sector time deposits posted significant growth in February

In February total banking system deposit stocks (domestic and foreign currency) rose 1.7%, driven by private sector deposits (2%) and to a lesser extent, by public sector accounts (0.7%). The increase for the month in private sector deposits recorded the impact of growth by both time deposits (2.3%) and sight deposits (1.6%).

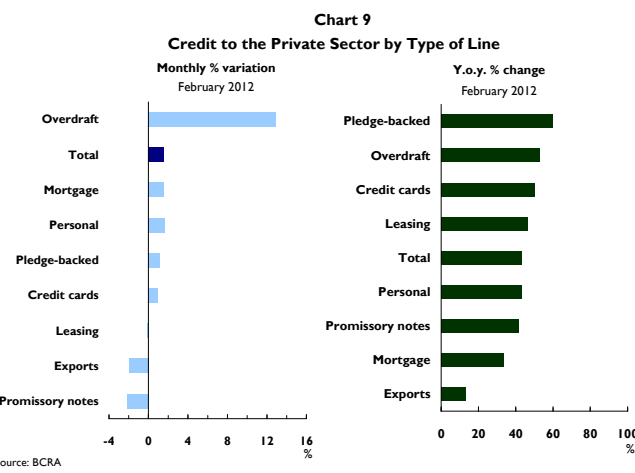
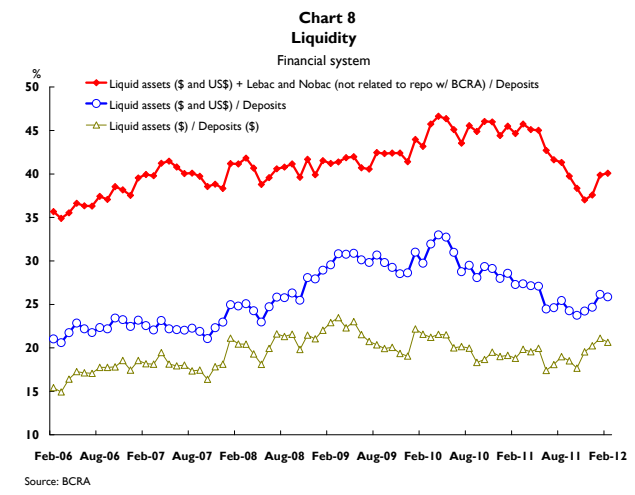
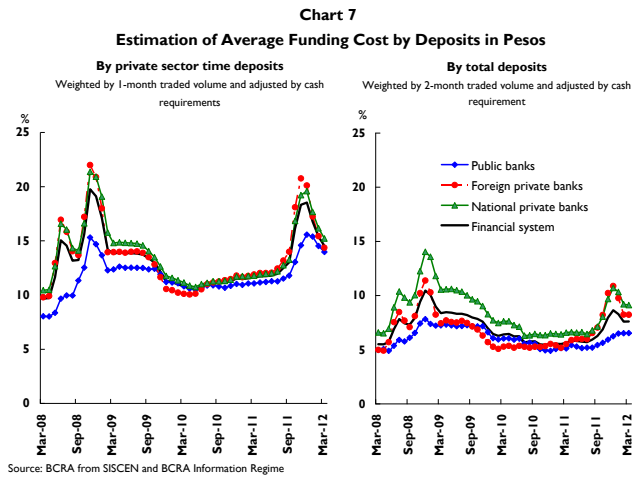
In year-on-year terms, financial system deposit stocks rose by 23.7%. Private sector deposits were up 27.6% in the last 12 months, with greater dynamism being shown by time deposits (31.7% y.o.y.) (see Chart 6). The growth rate for private sector deposits was similar for both private and public banks. For their part, public sector deposits in the financial sector posted a rise of 14.6% y.o.y. in February.

Following the drop that took place in interest rates, at the start of 2012 there was a decline in the cost of funding<sup>5</sup> for financial entities from peso deposits in the case of all groups of banks (see Chart 7).

The broad financial system liquidity indicator (considering items in pesos and foreign currency, as well as Central Bank bills and notes) increased for the third consecutive month, to 40.1% of total deposits (see Chart 8), mainly because of the rise in repos linked with this Institution and holdings of Lebac and Nobac, in a month in which there was a reduction in cash reserves as a result of the conclusion of the three-month calculation period (December-February) for reserve requirements. The financial liquidity indicator that only measures items in domestic currency (excluding Lebac and Nobac holdings) declined slightly in February, to 20.6%.

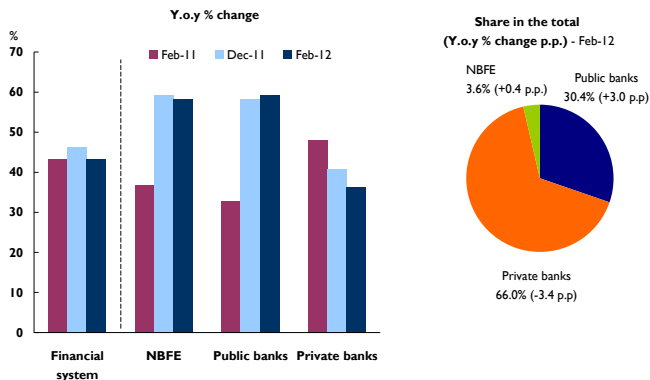
## Financing

Driven by overdrafts, lending to the private sector increased in February in all groups of banks, with a drop being recorded in lending interest rates



<sup>5</sup> It is calculated on the basis of interest rates agreed for the various types of deposit in domestic currency (from the public and private sector) weighted by the volume traded in each segment during two months (average of daily data). The calculation is adjusted to take into account cash reserve requirements for each type of deposit in domestic currency.

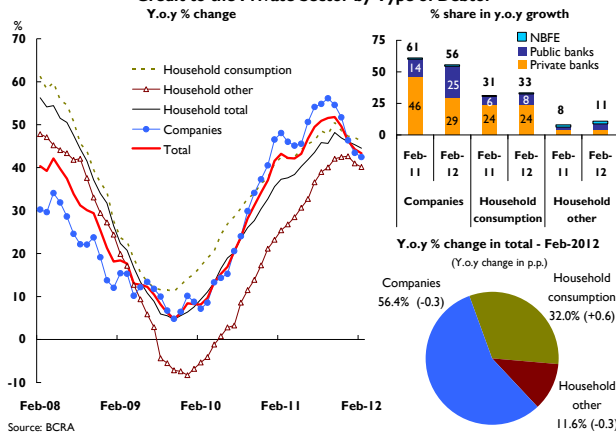
**Chart 10**  
Credit to Private Sector by Financial Entities Group



Source: BCRA

In February lending to the private sector went up 1.6%<sup>6</sup>, showing the moderate growth typical for the first part of the year. This growth has mainly been accounted for by overdrafts (which rose by 12.9%), in the context of a slight reduction in the remaining commercial credit lines. Although the increase for the month in loans has been widespread for all groups of financial entities, it was led by public banks and private domestic banks. **In year-on-year terms lending to the private sector continues to record significant dynamism, rising 43.3%, in line with the increase recorded 12 months earlier** (see Chart 9). Public banks and non-bank financial entities have gained share of total lending to the private sector compared with February 2011 (see Chart 10).

**Chart 11**  
Credit to the Private Sector by Type of Debtor

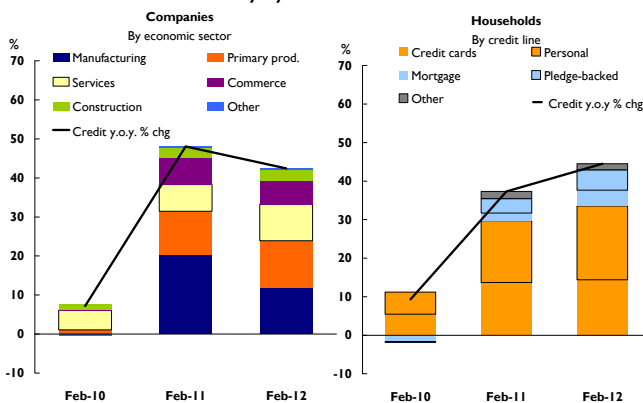


Source: BCRA

Lending to companies rose 1.7% in the month for an increase of 42.5% y.o.y. Lending to companies has explained almost 56% of the year-on-year growth in lending to the private sector, achieving a similar share in the total stock of loans. Most of this expansion in lending to companies has been accounted for by private banks, although public banks increased their share of the increase in lending to this sector (see Chart 11).

Lending to the main productive sectors expanded during the month, with notable growth in lending to the primary production (which grew by 4.3%) and construction (4.1%). These sectors, as well as the service segment, were the fields that increased their contribution to the year-on-year rise in lending to companies. Nevertheless, **manufacturing industry and primary production made the greatest contributions to year-on-year growth in company lending** (see Chart 12), together accounting for over 56% of this increase.

**Chart 12**  
Contribution to the y.o.y. % Growth of Private Sector Credit



Source: BCRA

In March the Central Bank held its eleventh auction of resources under the Bicentenary Productive Financing Program<sup>7</sup>, awarding \$307 million. To date the total amount awarded by the Central Bank has risen above \$4.4 billion, shared among 14 banks. At the end of the first quarter of 2012 participating banks had lent companies a total of \$2.357 billion. Over 70% of this amount was allocated to manufacturing industry. Since February 2012 this program's credit lines have been able to finance the production of capital goods for up to 80% of the value of the goods to be produced<sup>8</sup>. Furthermore, to promote the offering of medium and long-term credit for productive investment, since April—with the introduction of the changes made to the Central Bank's

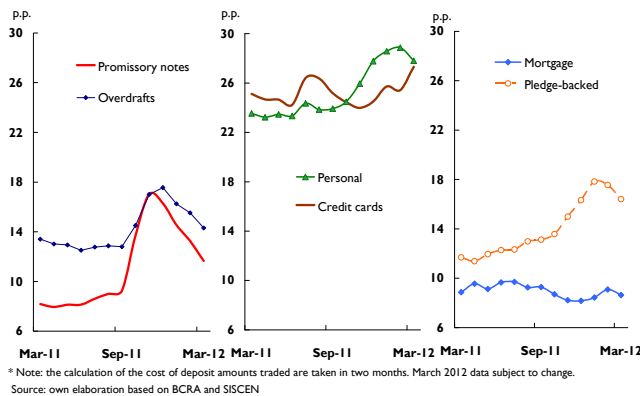
<sup>6</sup> If balance sheet stocks are adjusted for the assets securitized during the month (using bank loans as underlying assets), the variation in lending to the private sector for February would amount to 1.8%. Specifically, in the month 5 financial trusts were issued using bank loans as underlying assets for \$494 million, of which \$439 million related to personal loans and \$55 million to credit card coupons.

<sup>7</sup> This program is intended to provide funding for up to 5 years to financial entities to be channeled towards lending for investment at a cost to the borrower of 9.9%.

<sup>8</sup> Communication "A" 5278.



**Chart 13**  
Interest Rate Spreads on Transactions in Pesos  
Difference between lending rate and deposit cost\*

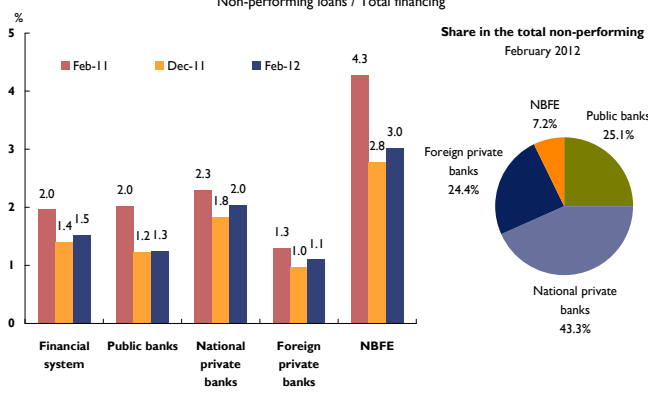


Charter at the beginning of the month—the range of eligible collateral that the banks can submit to the Central Bank to obtain disbursements of advances has been broadened.

**Loans to households were up 1.5% in February**, led by consumer credit (credit cards and personal loans), although all lines showed improvement during the month. **In year-on-year terms, lending to households posted an increase of 44.5%**. Consumer credit lines were up 46.2% y.o.y., accounting for over three-quarters of the growth in lending to households. In the case of collateralized credit, pledge-backed loans were up 73.7% over the last 12 months, contributing 11.9 p.p. to the rise in household lending.

**At the beginning of 2012 lending interest rates in pesos declined.** Overall, the drop in lending rates was more marked than the fall in the cost of funding; generating a reduction in spreads for all groups of financial entities. In particular, spreads on domestic currency transactions have seen reductions in margin, except for credit card lending. As a result, at the start of 2012 there has been a marked reduction in interest rate differentials (promissory note recorded a drop of 4.6 p.p., and overdrafts 3.3 p.p.) (see Chart 13), while in the case of the rest of the lines the March rates were the same as or higher than that the rates at the end of 2011.

**Chart 14**  
Non-performing Financing to the Private Sector by Type of Banks  
Non-performing loans / Total financing

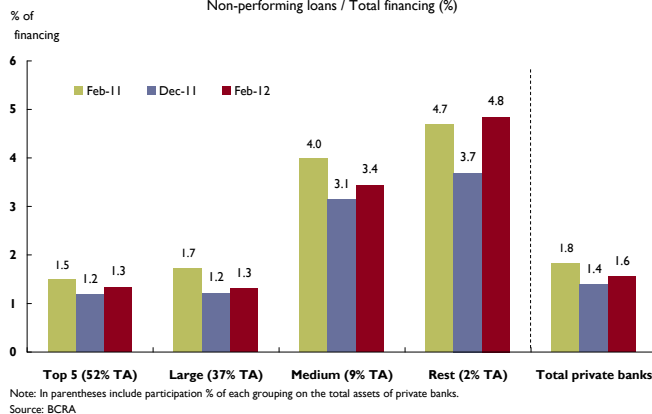


## Portfolio quality

*Non-performance ratio for lending to the private sector held steady during the month*

**In February, the non-performance ratio for private sector borrowing stood at around 1.5%.** This indicator rose slightly in the case of private banks and non-bank financial institutions, and remained unchanged in the case of public banks. Nevertheless, in year-on-year terms the non-performing ratio dropped 0.5 p.p., a fall that was seen in all groups of banks (see Chart 14).

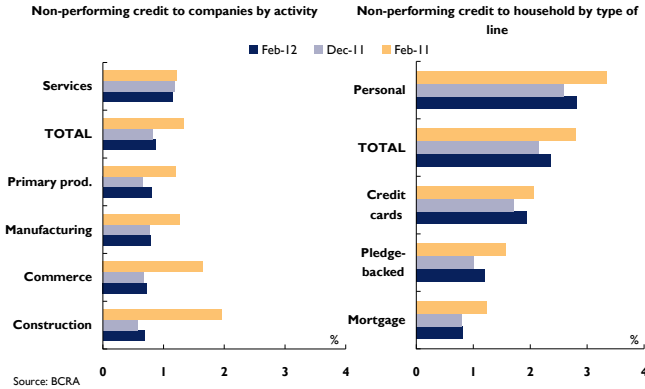
**Chart 15**  
Non-Performance Ratio of Lending to the Private Sector to Private Banks  
Non-performing loans / Total financing (%)



**All sub-groups of private banks** (classified according to asset volumes) **posted a moderate increase in delinquency in the first months of the year, with a greater rise in the relatively smaller entities.** In year-on-year terms there has been a drop in the non-performing ratio, notably among mid-size and large banks, where the fall was 0.6 p.p. and 0.4 p.p. respectively (see Chart 15).

**In February the non-performance ratio for loans to companies remained at 0.9% of the total.** At the

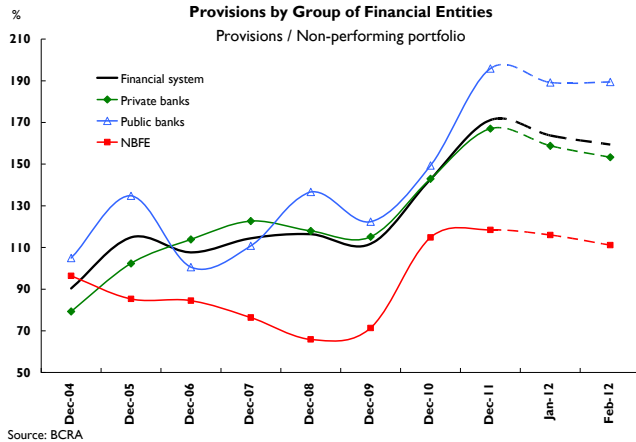
**Chart 16**  
**Non-performing Financing to the Private Sector by Type of Debtor**  
 Non-performing loans / Total financing



beginning of 2012, there was a slight rise in the delinquency of loans to primary production and construction, while the indicator remained steady in the case of services, manufacturing and commerce. **In year-on-year terms, this indicator has posted a drop of 0.5 p.p., with a uniform performance across all branches of productive activity** (see Chart 16). Those economic activities with the greatest weighting in loans to companies (manufacturing and primary production) posted delinquency levels of less than 1%. Public banks recorded the largest decline in this ratio in the last 12 months.

**Household loan delinquency increased slightly during the month, to stand at 2.4% of the total, although remaining at a low level when compared with previous years.** Consumer and pledge-backed loans posted a moderate rise in delinquency at the start of 2012 (see Chart 16). Compared with February 2011, the delinquency indicator for household loans dropped 0.4 p.p., with declines in all loan lines.

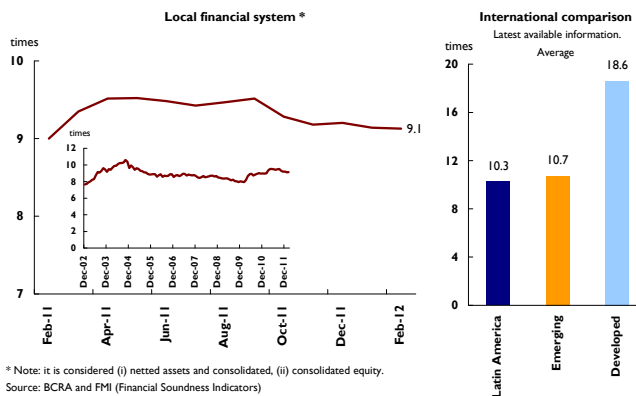
**Chart 17**  
**Provisions by Group of Financial Entities**  
 Provisions / Non-performing portfolio



**During the month the proportion of loans to the private sector covered by preferred guarantees<sup>9</sup> accounted for 15.9% of the total, a share that remained steady in year-on-year terms.** At the start of 2012 a slight rise was noted in the non-performing ratio of loans to the private sector without such collateral, to 1.6%, although in year-on-year terms it has dropped 0.4 p.p.

**The financial system records a high level of loan provisioning.** The ratio for the coverage by provisions of the non-performing loan portfolio stood at 159%, 9.7 p.p. above the level one year earlier. This behavior was mainly led by public banks, for which coverage increased 30.7 p.p. At the start of the current year a slight drop was recorded in this indicator for all groups of banks, although non-performing portfolio coverage by accounting provisions remains ample (see Chart 17).

**Chart 18**  
**Leverage Financial System**  
 Active (unweighted by risk) / equity



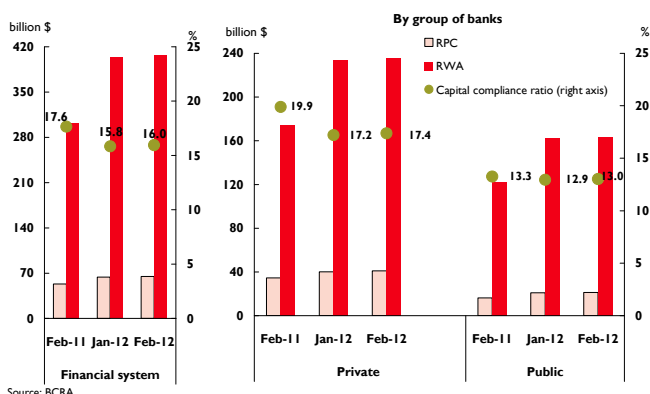
## Solvency

*Book profits have been responsible for the monthly improvement in sector solvency indicators*

**Consolidated financial system net worth grew 2.2% in the month (23.6% y.o.y.) mainly from book profits, and to a lesser extent from capital contributions.** In February two banks received capital

<sup>9</sup> These consist of the ceding or assignment of rights in relation to securities or notes (Preferred Class "A") and real rights on assets or third parties commitments (Preferred Class "B") which duly instrumented ensure that the institution will be able to avail itself of funds to settle the obligation entered into by the customer. For further information, see the Central Bank's Ordered Text on Guarantees.

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

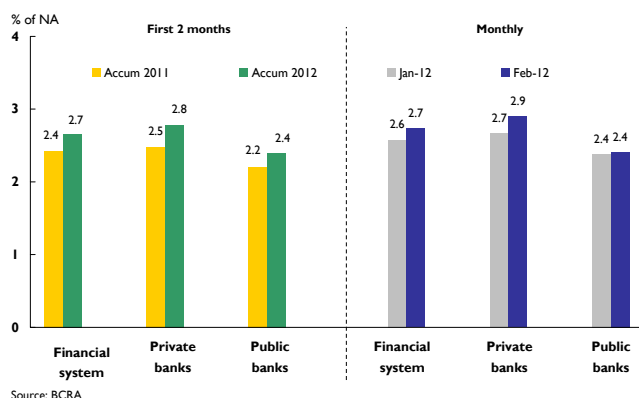


contributions for a total of \$60 million. As a result, in the first two months of the year capitalization has reached \$275 million in the aggregate.

Since the end of 2011 financial system leverage has fallen slightly, given the relatively greater growth in net worth in relation to total assets. In February banking assets were 9.1 times net worth, below the average for the region and that of other emerging and developed economies (see Chart 18).

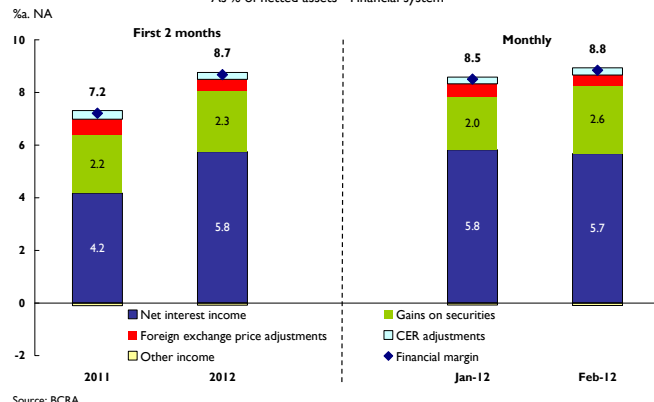
The financial system capital ratio increased 0.2 p.p. in terms of risk-weighted assets (RWA) to 16% (see Chart 19). Financial system capital compliance in excess of total regulatory requirements remained unchanged during the month at around 67%. Since February financial entities have been subject to new minimum capital needs that include an operational risk requirement. On the basis of the schedule for gradual implementation that has been set, these new requirements (equivalent to 15% of positive gross income for the last three fiscal years) must be met as from April with a weighting factor of 50%, followed by 75% in August and 100% as from December<sup>10</sup>.

**Chart 20**  
Profitability by Group of Banks



The financial system accrued book profits equivalent to 2.7%a. of assets in February, growing slightly compared with January because of the growing financial margin and lower non-financial outflows. Private banks accounted for most of the monthly dynamic. In the first two months of the year, ROA totaled 2.7%a., 0.3 p.p. more than 12 months earlier. In year-on-year terms, all groups of banks improved their profits (see Chart 20).

**Chart 21**  
Financial Margin



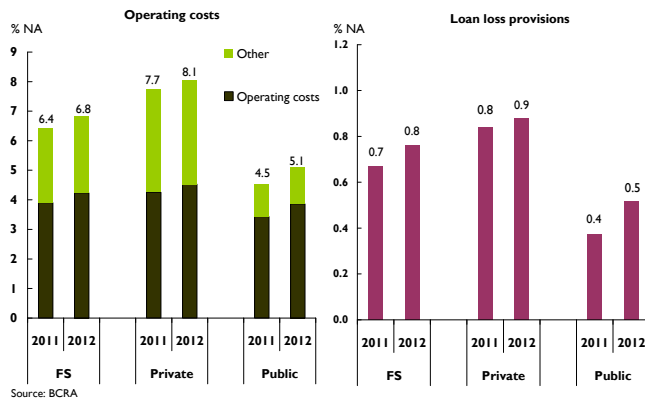
In February financial margin for the banking system increased 0.3 p.p. of assets to 8.8%a. This increase was mainly explained by increased gains on securities (see Chart 21). Accumulated financial margin in the first two months of the year was an annualized 8.7% of assets, a rise of 1.5 p.p. compared with the same period of 2011, mainly because of the significant dynamism recorded by interest income.

Sector service income margin reached 3.6%a. of assets in February, slightly less than the level recorded in the previous month. Nevertheless, in the year-on-year comparison, net service income accumulated in the year to date rose by 0.2 p.p. of assets to 3.8%a.

Financial system operating costs stood at 6.7%a. for the month. In the year to date, this expenditure has totaled 6.8%a., 0.4 p.p. more than in the first two

<sup>10</sup> For further details, see Box 3 of the Central Bank's Financial Stability Report (BEF) for the first half of 2012.

**Chart 22**  
**Main Expenditures of Result Statements**  
 First 2 months



months of 2011. **Loan loss provisions amounted to 0.7%a. of assets in February.** As a result, in the accumulated total for 2012 these outflows have recorded a moderate year-on-year rise to 0.8%a. of assets (see Chart 22).

**The ratio for coverage of operating costs by the more stable forms of net revenue** (net of loan loss provisions) rose slightly compared with the previous month. **This efficiency indicator for the generation of results has accumulated an increase of 17 p.p. compared with the first two months of the previous year,** a performance seen in both private and public banks.

## 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” 5275 – Feb/02/12**

Effective March 1, 2012, approval has been given to the rules on “guarantee funds of a public nature”. National, provincial or Autonomous City of Buenos Aires guarantee funds set up with mostly public funds, the exclusive purpose of which is to grant guarantees to micro, small and mid-size companies (“MiPyMEs”) for transactions in relation to their productive processes and/or working capital must become registered with the Central Bank for the collateral to be granted to enjoy the status of preferred guarantees. The funds that are registered will be subject to Central Bank supervision. Resources making up the “available risk fund” will be assigned to the coverage of the collateral granted and must be invested in certain assets, which in some cases will be subject to maximum limits. Total guarantees granted shall not be able to exceed 4 times the amount of the “available risk fund”. Total guarantees granted to each MiPyME shall not be able to exceed 5% of the “available risk fund” or \$6 million, whichever is the lower.

### **Communication “A” 5278 – Feb/06/12**

Central Bank advances to financial entities for loans to the productive sector. Regulations on the destination of the funds have been modified. In addition to the uses already authorized, it will now be possible to finance working capital to facilitate the manufacture of capital goods for up to 80% of the value of the goods to be manufactured.

### **Communication “A” 5284 – Feb/24/12**

Savings account, salary account, free universal bank account and special account deposits. Changes have been made to the potential beneficiaries and legal representatives of the holders of these accounts.

## 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 entities 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 entities 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. 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 entities (national or foreign depending on their residence) and public banks. In order to increase depth of the analysis, private sector entities 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 entities specialized in a financial sector niche market -usually smaller entities-. 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.
- (e) 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 (with out 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 minus requirements, included forbearances) / Capital requirements.

# 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.

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

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

**CEDRO:** Certificado de Depósito Reprogramado. Scheduled Stabilization Coefficient.

**Financial margin:** Income less outlays of a financial nature. Include net 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.

**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.

**NBFE:** Non-banking financial entity.

**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 counterpart 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 annex | Financial system (cont.)

## Chart 3 | Profitability Structure

Amount in million of pesos	Annual										First 2 months		Monthly			Last
	2002 <sup>1</sup>	2003	2004	2005	2006	2007	2008	2009	2010	2011	2011	2012	Dec-11	Jan-12	Feb-12	12months
Financial margin	13,991	1,965	6,075	9,475	13,262	15,134	20,462	28,937	35,490	43,665	3,212	4,306	4,957	4,306	4,585	46,647
Net interest income	-3,624	-943	1,753	3,069	4,150	5,744	9,573	14,488	17,963	24,904	1,867	2,946	2,878	2,946	2,945	27,376
CER and CVS adjustments	8,298	2,315	1,944	3,051	3,012	2,624	2,822	1,196	2,434	1,727	145	130	116	130	143	1,728
Foreign exchange price adjustments	5,977	-890	866	751	944	1,357	2,307	2,588	2,100	3,025	220	252	186	252	204	3,009
Gains on securities	3,639	1,962	1,887	2,371	4,923	5,144	4,398	11,004	13,449	14,220	1,014	1,016	1,951	1,016	1,342	14,748
Other financial income	-299	-480	-375	233	235	264	1,362	-339	-457	-211	-35	-38	-175	-38	-48	-215
Service income margin	4,011	3,415	3,904	4,781	6,243	8,248	10,870	13,052	16,089	21,407	1,499	1,989	2,090	1,989	1,887	22,332
Loan loss provisions	-10,007	-2,089	-1,511	-1,173	-1,198	-1,894	-2,839	-3,814	-3,267	-3,734	-293	-423	-421	-423	-355	-3,966
Operating costs	-9,520	-7,760	-7,998	-9,437	-11,655	-14,634	-18,767	-22,710	-28,756	-36,353	-2,651	-3,517	-3,453	-3,517	-3,480	-38,102
Tax charges	-691	-473	-584	-737	-1,090	-1,537	-2,318	-3,272	-4,120	-5,967	-403	-609	-656	-609	-658	-6,426
Adjust. to the valuation of gov. securities <sup>2</sup>	0	-701	-320	-410	-752	-837	-1,757	-262	-214	-336	-18	-23	-21	-23	-27	-337
Amort. payments for court-ordered releases	0	-1,124	-1,686	-1,867	-2,573	-1,922	-994	-703	-635	-290	-17	-12	-33	-12	-12	-277
Other	-3,880	1,738	1,497	1,729	2,664	2,380	1,441	918	2,079	2,931	346	332	297	332	126	2,858
Monetary results	-12,558	69	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total results before tax <sup>3</sup>	-18,653	-4,960	-623	2,360	4,901	4,938	6,100	12,145	16,665	21,323	1,674	2,042	2,760	2,042	2,065	22,728
Income tax	-509	-305	-275	-581	-595	-1,032	-1,342	-4,226	-4,904	-6,604	-480	-737	-768	-737	-648	-7,277
<b>Total results<sup>3</sup></b>	<b>-19,162</b>	<b>-5,265</b>	<b>-898</b>	<b>1,780</b>	<b>4,306</b>	<b>3,905</b>	<b>4,757</b>	<b>7,920</b>	<b>11,761</b>	<b>14,720</b>	<b>1,195</b>	<b>1,305</b>	<b>1,992</b>	<b>1,305</b>	<b>1,417</b>	<b>15,451</b>
Adjusted results <sup>4</sup>	-	-3,440	1,337	4,057	7,631	6,665	7,508	8,885	12,610	15,345	1,230	1,340	2,046	1,340	1,457	16,065
<b>Annualized indicators - As % of netted assets</b>																
Financial margin	6.5	1.1	3.1	4.6	5.8	5.7	6.7	8.6	8.5	8.0	7.9	8.5	10.0	8.5	8.8	8.3
Net interest income	-1.7	-0.5	0.9	1.5	1.8	2.2	3.1	4.3	4.3	4.6	4.6	5.8	5.8	5.8	5.7	4.9
CER and CVS adjustments	3.9	1.3	1.0	1.5	1.3	1.0	0.9	0.4	0.6	0.3	0.4	0.3	0.2	0.3	0.3	0.3
Foreign exchange price adjustments	2.8	-0.5	0.4	0.4	0.4	0.5	0.8	0.8	0.5	0.6	0.5	0.5	0.4	0.5	0.4	0.5
Gains on securities	1.7	1.1	1.0	1.2	2.2	1.9	1.4	3.3	3.2	2.6	2.5	2.0	3.9	2.0	2.6	2.6
Other financial income	-0.1	-0.3	-0.2	0.1	0.1	0.1	0.4	-0.1	-0.1	0.0	-0.1	-0.1	-0.4	-0.1	-0.1	0.0
Service income margin	1.9	1.9	2.0	2.3	2.7	3.1	3.6	3.9	3.8	3.9	3.7	3.9	4.2	3.9	3.6	4.0
Loan loss provisions	-4.7	-1.1	-0.8	-0.6	-0.5	-0.7	-0.9	-1.1	-0.8	-0.7	-0.7	-0.8	-0.8	-0.8	-0.7	-0.7
Operating costs	-4.4	-4.2	-4.1	-4.6	-5.1	-5.5	-6.1	-6.7	-6.9	-6.7	-6.5	-6.9	-6.9	-6.9	-6.7	-6.8
Tax charges	-0.3	-0.3	-0.3	-0.4	-0.5	-0.6	-0.8	-1.0	-1.0	-1.1	-1.0	-1.2	-1.3	-1.2	-1.3	-1.1
Adjust. to the valuation of gov. securities <sup>2</sup>	0.0	-0.4	-0.2	-0.2	-0.3	-0.3	-0.6	-0.1	-0.1	-0.1	0.0	0.0	0.0	0.0	-0.1	0.0
Amort. payments for court-ordered releases	0.0	-0.6	-0.9	-0.9	-1.1	-0.7	-0.3	-0.2	-0.2	-0.1	0.0	0.0	-0.1	0.0	0.0	0.0
Other	-1.8	0.9	0.8	0.8	1.2	0.9	0.5	0.3	0.5	0.5	0.8	0.7	0.6	0.6	0.2	0.5
Monetary results	-5.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total results before tax <sup>3</sup>	-8.7	-2.7	-0.3	1.1	2.2	1.9	2.0	3.6	4.0	3.9	4.1	4.0	5.5	4.0	4.0	4.0
Income tax	-0.2	-0.2	-0.1	-0.3	-0.3	-0.4	-0.4	-1.3	-1.2	-1.2	-1.2	-1.5	-1.5	-1.5	-1.3	-1.3
<b>ROA<sup>3</sup></b>	<b>-8.9</b>	<b>-2.9</b>	<b>-0.5</b>	<b>0.9</b>	<b>1.9</b>	<b>1.5</b>	<b>1.6</b>	<b>2.3</b>	<b>2.8</b>	<b>2.7</b>	<b>2.9</b>	<b>2.6</b>	<b>4.0</b>	<b>2.6</b>	<b>2.7</b>	<b>2.7</b>
ROA adjusted <sup>4</sup>	-8.9	-1.9	0.7	2.0	3.4	2.5	2.5	2.6	3.0	2.8	3.0	2.6	4.1	2.6	2.8	2.8
ROE before tax <sup>3</sup>	-57.6	-21.4	-2.9	9.3	16.2	13.9	17.2	29.5	34.5	36.6	18.4	18.5	50.8	36.8	36.4	37.6
ROE <sup>3</sup>	-59.2	-22.7	-4.2	7.0	14.3	11.0	13.4	19.2	24.4	25.3	26.2	23.6	36.6	23.6	24.9	25.6

(1) Data at December 2002 currency (2) 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.

(3) 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.

(4) 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 02	Dec 03	Dec 04	Dec 05	Dec 06	Dec 07	Dec 08	Dec 09	Dec 10	Feb 11	Dec 11	Jan 12	Feb 12
<b>Non-performing loans (overall)</b>	<b>18.1</b>	<b>17.7</b>	<b>10.7</b>	<b>5.2</b>	<b>3.4</b>	<b>2.7</b>	<b>2.7</b>	<b>3.0</b>	<b>1.8</b>	<b>1.7</b>	<b>1.2</b>	<b>1.3</b>	<b>1.3</b>
Provisions / Non-performing loans	72	77	98	115	108	115	117	115	148	155	176	169	164
(Total non-performing - Provisions) / Overall financing	5.0	4.1	0.2	-0.8	-0.3	-0.4	-0.5	-0.5	-0.9	-0.9	-0.9	-0.9	-0.9
(Total non-performing - Provisions) / Net worth	18.2	13.3	0.8	-2.6	-0.9	-1.6	-1.8	-1.7	-3.6	-3.9	-4.6	-4.3	-4.1
<b>Non-performing loans to the non-financial private sector</b>	<b>38.6</b>	<b>33.5</b>	<b>18.6</b>	<b>7.6</b>	<b>4.5</b>	<b>3.2</b>	<b>3.1</b>	<b>3.5</b>	<b>2.1</b>	<b>2.0</b>	<b>1.4</b>	<b>1.5</b>	<b>1.5</b>
Provisions / Non-performing loans	74	79	97	115	108	114	116	112	143	150	171	164	159
(Total non-performing - Provisions) / Overall financing	10.1	7.0	0.6	-1.1	-0.3	-0.5	-0.5	-0.4	-0.9	-1.0	-1.0	-0.9	-0.9
(Total non-performing - Provisions) / Net worth	16.6	11.5	1.1	-2.5	-0.8	-1.5	-1.7	-1.3	-3.2	-3.5	-4.3	-4.0	-3.8

Source: BCRA

# Statistics annex | Private banks

## Chart 5 | Financial Soundness Indicators (see Methodology)

En %	2002	2003	2004	2005	2006	2007	2008	2009	2010	Feb 2011	2011	Jan 2012	Feb 2012
1.- Liquidity	24.8	27.6	29.2	21.5	23.7	25.7	34.1	29.8	26.0	25.1	26.7	27.2	27.3
2.- Credit to the public sector	50.0	47.7	41.6	28.5	16.3	9.5	6.3	6.1	4.4	4.2	2.8	2.5	2.3
3.- Credit to the private sector	22.4	19.9	22.5	31.1	37.9	46.6	44.0	43.3	50.3	50.8	54.5	54.9	54.3
4.- Private non-performing loans	37.4	30.4	15.3	6.3	3.6	2.5	2.8	3.3	2.0	1.8	1.4	1.5	1.6
5.- Net worth exposure to the private sector	19.0	12.9	3.6	-0.4	-1.4	-2.0	-1.8	-1.6	-3.4	-3.6	-4.4	-4.0	-3.8
6.- ROA	-11.3	-2.5	-1.0	0.5	2.2	1.6	1.9	3.0	3.2	2.5	3.0	2.7	2.8
7.- ROE	-79.0	-19.1	-8.1	4.1	15.3	10.9	15.2	22.9	24.5	19.8	25.6	22.9	23.8
8.- Efficiency	168	93	115	136	158	152	166	195	176	165	178	175	178
9.- Capital compliance	-	14.0	15.1	17.8	18.6	19.2	18.3	22.6	20.4	19.9	16.8	17.2	17.4
10.- Capital compliance Tier I	-	-	14.7	16.1	15.3	16.7	14.9	17.2	15.2	18.1	12.5	15.7	15.6
11.- Excess capital compliance	-	88	157	155	116	87	86	121	100	98	70	76	76

Source: BCRA

## Chart 6 | Balance Sheet

In million of current pesos	Dec 02	Dec 03	Dec 04	Dec 05	Dec 06	Dec 07	Dec 08	Dec 09	Dec 10	Feb 11	Dec 11	Jan 12	Feb 12	Change (in %)		
														Last month	2011	Last 12 months
<b>Assets</b>	<b>118,906</b>	<b>116,633</b>	<b>128,065</b>	<b>129,680</b>	<b>152,414</b>	<b>175,509</b>	<b>208,888</b>	<b>229,549</b>	<b>280,025</b>	<b>291,963</b>	<b>364,122</b>	<b>364,245</b>	<b>372,462</b>	<b>2.3</b>	<b>2.3</b>	<b>27.6</b>
Cash disposal <sup>1</sup>	11,044	14,500	15,893	14,074	22,226	29,418	37,044	43,562	49,730	48,267	58,877	60,766	61,137	0.6	3.8	26.7
Public bonds	19,751	22,260	24,817	29,966	27,663	24,444	29,552	47,949	48,903	50,275	50,055	50,088	52,781	5.4	5.4	5.0
Lebac/Nobac	-	-	8,359	15,227	15,952	17,684	23,457	31,575	34,422	36,714	34,246	39,650	42,460	7.1	24.0	15.7
Portfolio	-	-	5,611	12,899	14,220	15,639	12,858	27,413	31,148	32,000	23,908	29,538	31,033	5.1	29.8	-3.0
Repo <sup>2</sup>	-	-	2,749	2,328	1,732	2,045	10,598	4,161	3,274	4,714	10,338	10,112	11,427	13.0	10.5	142.4
Private bonds	273	172	333	307	683	310	127	233	184	185	164	162	153	-6.0	-7.0	-17.5
Loans	51,774	47,017	50,741	56,565	69,294	88,899	98,529	101,722	143,202	150,707	202,117	203,165	205,758	1.3	1.8	36.5
Public sector	25,056	23,571	21,420	15,954	10,036	6,413	6,249	1,694	1,625	1,638	1,215	1,201	1,190	-0.9	-2.0	-27.3
Private sector	26,074	22,816	28,213	39,031	55,632	78,587	88,426	96,790	137,308	144,622	193,126	194,648	196,870	1.1	1.9	36.1
Financial sector	644	630	1,107	1,580	3,626	3,898	3,854	3,238	4,270	4,447	7,777	7,316	7,697	5.2	-1.0	73.1
Provisions over loans	-7,463	-5,225	-3,717	-2,482	-2,227	-2,365	-2,871	-3,653	-3,926	-3,973	-4,574	-4,690	-4,787	2.1	4.7	20.5
Other netted credits due to financial intermediation	27,212	22,148	25,753	16,873	18,387	17,084	25,265	21,258	20,241	23,678	29,338	25,998	28,113	8.1	-4.2	18.7
Corporate bonds and subordinated debt	1,514	1,394	829	675	618	430	699	734	757	723	796	706	684	-3.1	-14.1	-5.4
Unquoted trusts	6,205	3,571	2,362	2,444	2,982	3,456	3,869	4,198	4,500	4,472	5,268	5,220	5,347	2.4	1.5	19.6
Compensation receivable	15,971	13,812	14,657	5,575	7,602	377	357	16	0	0	0	0	0	-	-	-
Other	3,523	3,370	7,905	8,179	14,027	12,822	20,339	16,311	14,984	18,482	23,273	20,071	22,082	10.0	-5.1	19.5
Leasing	553	387	592	1,356	2,126	3,149	3,451	2,569	3,519	3,829	5,452	5,483	5,466	-0.3	0.2	42.7
Shares in other companies	3,123	2,791	1,892	2,416	4,042	3,762	4,538	4,067	4,934	5,195	5,998	6,159	6,288	2.1	4.8	21.0
Fixed assets and miscellaneous	5,198	4,902	4,678	4,575	4,677	4,685	4,924	5,096	5,808	5,958	6,663	6,666	6,694	0.4	0.5	12.3
Foreign branches	-109	-136	-53	-148	-139	-154	-178	-202	-215	-219	-240	-242	-244	0.7	1.8	11.5
Other assets	7,549	7,816	7,137	6,178	5,682	6,277	8,505	6,946	7,646	8,060	10,271	10,691	11,104	3.9	8.1	37.8
<b>Liabilities</b>	<b>103,079</b>	<b>101,732</b>	<b>113,285</b>	<b>112,600</b>	<b>131,476</b>	<b>152,153</b>	<b>182,596</b>	<b>198,438</b>	<b>243,766</b>	<b>254,570</b>	<b>321,123</b>	<b>320,398</b>	<b>327,640</b>	<b>2.3</b>	<b>2.0</b>	<b>28.7</b>
Deposits	44,445	52,625	62,685	75,668	94,095	116,719	135,711	154,387	198,662	205,059	253,705	256,370	260,036	1.4	2.5	26.8
Public sector <sup>3</sup>	1,636	3,077	6,039	6,946	7,029	7,564	19,600	17,757	23,598	25,570	27,664	30,190	30,151	-0.1	9.0	17.9
Private sector <sup>3</sup>	38,289	47,097	55,384	67,859	85,714	107,671	114,176	134,426	173,203	177,514	223,141	223,180	226,834	1.6	1.7	27.8
Current account	8,905	11,588	13,966	17,946	20,604	27,132	30,188	35,127	46,297	46,407	57,586	57,302	58,777	2.6	2.1	26.7
Savings account	6,309	10,547	14,842	18,362	23,165	30,169	32,778	40,999	53,085	53,460	66,891	64,627	65,003	0.6	-2.8	21.6
Time deposit	11,083	18,710	22,729	27,736	38,043	45,770	46,990	54,058	67,568	70,440	89,924	92,659	94,153	1.6	4.7	33.7
CEDRO	9,016	2,409	798	3	1	0	0	0	0	0	0	0	0	-	-	-
Other netted liabilities due to financial intermediation	49,341	42,367	45,083	32,349	31,750	29,323	39,298	34,235	34,427	38,524	53,973	50,289	53,363	6.1	-1.1	38.5
Interbanking obligations	836	726	1,070	1,488	3,383	1,979	1,160	1,668	1,903	1,971	3,524	3,149	3,179	0.9	-9.8	61.3
BCRA lines	16,624	17,030	17,768	10,088	3,689	675	649	41	57	68	456	522	547	4.7	19.9	704.1
Outstanding bonds	9,073	6,674	7,922	6,548	6,413	6,686	5,672	4,626	2,802	2,874	5,119	5,416	5,494	1.4	7.3	91.1
Foreign lines of credit	15,434	9,998	5,444	2,696	2,249	1,833	2,261	1,262	1,716	1,824	4,252	4,173	4,093	-1.9	-3.7	124.5
Other	7,374	7,939	12,878	11,530	16,015	18,150	29,555	26,638	27,949	31,786	40,622	37,029	40,050	8.2	-1.4	26.0
Subordinated debts	3,622	1,850	1,304	1,319	1,642	1,668	1,759	1,918	2,148	1,803	1,948	1,951	1,977	1.4	1.5	9.7
Other liabilities	5,671	4,890	4,213	3,264	3,989	4,443	5,828	7,897	8,528	9,185	11,497	11,788	12,263	4.0	6.7	33.5
<b>Net worth</b>	<b>15,827</b>	<b>14,900</b>	<b>14,780</b>	<b>17,080</b>	<b>20,938</b>	<b>23,356</b>	<b>26,292</b>	<b>31,111</b>	<b>36,259</b>	<b>37,393</b>	<b>42,999</b>	<b>43,848</b>	<b>44,823</b>	<b>2.2</b>	<b>4.2</b>	<b>19.9</b>
<b>Memo</b>																
<b>Netted assets</b>	<b>117,928</b>	<b>115,091</b>	<b>121,889</b>	<b>123,271</b>	<b>143,807</b>	<b>166,231</b>	<b>192,074</b>	<b>216,100</b>	<b>267,364</b>	<b>276,168</b>	<b>344,101</b>	<b>347,735</b>	<b>354,005</b>	<b>1.8</b>	<b>2.9</b>	<b>28.2</b>

(<sup>1</sup>) Includes margin accounts with the BCRA. (<sup>2</sup>) Booked value from balance sheet (it includes all the counterparties). (<sup>3</sup>) Does not include accrual on interest or CER.

Source: BCRA

# Statistics annex | Private banks (cont.)

## Chart 7 | Profitability Structure

Amount in million of pesos	Annual										First 2 months		Monthly			Last
	2002 <sup>1</sup>	2003	2004	2005	2006	2007	2008	2009	2010	2011	2011	2012	Dec-11	Jan-12	Feb-12	12months
Financial margin	10,628	2,575	3,415	5,253	7,778	8,960	12,964	19,724	21,837	27,234	1,974	2,625	3,162	2,625	2,818	28,999
Net interest income	-304	107	1,214	2,069	2,826	4,191	7,727	10,572	12,842	18,518	1,265	2,008	2,057	2,008	1,988	20,059
CER and CVS adjustments	1,476	1,082	900	1,215	858	662	651	185	244	288	14	24	22	24	25	310
Foreign exchange price adjustments	6,189	-312	666	576	740	990	1,620	1,646	1,493	2,064	147	142	140	142	122	2,014
Gains on securities	3,464	1,892	959	1,259	3,154	2,888	1,637	7,343	7,464	6,358	567	477	1,107	477	709	6,616
Other financial income	-197	-195	-322	134	199	229	1,329	-22	-205	6	-19	-27	-164	-27	-26	0
Service income margin	2,782	2,341	2,774	3,350	4,459	5,881	7,632	9,198	11,345	15,243	1,065	1,471	1,507	1,471	1,380	16,000
Loan loss provisions	-6,923	-1,461	-1,036	-714	-737	-1,174	-1,863	-2,751	-2,253	-2,633	-203	-275	-305	-275	-232	-2,762
Operating costs	-6,726	-5,310	-5,382	-6,303	-7,741	-9,735	-12,401	-14,807	-18,819	-23,821	-1,759	-2,347	-2,242	-2,347	-2,302	-24,978
Tax charges	-512	-366	-393	-509	-769	-1,105	-1,715	-2,380	-2,927	-4,300	-285	-431	-465	-431	-460	-4,617
Adjust. to the valuation of gov. securities <sup>2</sup>	0	-665	-51	-201	-170	-100	-267	0	47	-40	3	0	0	0	0	-35
Amort. payments for court-ordered releases	0	-791	-1,147	-1,168	-1,182	-1,466	-688	-367	-441	-133	-6	-6	-16	-6	-7	-130
Other	-4,164	1,178	846	1,156	1,641	1,576	916	398	1,382	1,723	173	185	213	179	118	1,714
Monetary results	-10,531	-20	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total results before tax <sup>3</sup>	-15,447	-2,518	-973	865	3,279	2,836	4,579	9,014	10,171	13,272	961	1,222	1,853	1,222	1,314	14,191
Income tax	-337	-295	-202	-217	-365	-380	-1,168	-3,001	-2,733	-4,293	-289	-457	-405	-457	-468	-4,724
<b>Total results<sup>3</sup></b>	<b>-15,784</b>	<b>-2,813</b>	<b>-1,176</b>	<b>648</b>	<b>2,915</b>	<b>2,457</b>	<b>3,412</b>	<b>6,014</b>	<b>7,438</b>	<b>8,980</b>	<b>673</b>	<b>765</b>	<b>1,448</b>	<b>765</b>	<b>846</b>	<b>9,467</b>
Adjusted results <sup>4</sup>	-	-1,357	252	2,016	4,267	4,023	4,367	6,381	7,832	9,153	676	770	1,464	770	853	9,632
<b>Annualized indicators - As % of netted assets</b>																
Financial margin	7.6	2.3	2.9	4.3	5.9	5.8	7.3	9.8	9.3	9.0	8.8	9.2	11.1	9.2	9.7	9.2
Net interest income	-0.2	0.1	1.0	1.7	2.1	2.7	4.4	5.3	5.5	6.1	5.6	7.0	7.2	7.0	6.8	6.3
CER and CVS adjustments	1.1	0.9	0.8	1.0	0.6	0.4	0.4	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Foreign exchange price adjustments	4.4	-0.3	0.6	0.5	0.6	0.6	0.9	0.8	0.6	0.7	0.7	0.5	0.5	0.5	0.4	0.6
Gains on securities	2.5	1.7	0.8	1.0	2.4	1.9	0.9	3.7	3.2	2.1	2.5	1.7	3.9	1.7	2.4	2.1
Other financial income	-0.1	-0.2	-0.3	0.1	0.2	0.1	0.8	0.0	-0.1	0.0	-0.1	-0.1	-0.6	-0.1	-0.1	0.0
Service income margin	2.0	2.0	2.4	2.7	3.4	3.8	4.3	4.6	4.8	5.0	4.7	5.1	5.3	5.1	4.7	5.1
Loan loss provisions	-5.0	-1.3	-0.9	-0.6	-0.6	-0.8	-1.1	-1.4	-1.0	-0.9	-0.9	-1.0	-1.1	-1.0	-0.8	-0.9
Operating costs	-4.8	-4.6	-4.6	-5.1	-5.9	-6.3	-7.0	-7.4	-8.0	-7.8	-7.8	-8.2	-7.9	-8.2	-7.9	-7.9
Tax charges	-0.4	-0.3	-0.3	-0.4	-0.6	-0.7	-1.0	-1.2	-1.2	-1.4	-1.3	-1.5	-1.6	-1.5	-1.6	-1.5
Adjust. to the valuation of gov. securities <sup>2</sup>	0.0	-0.6	0.0	-0.2	-0.1	-0.1	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amort. payments for court-ordered releases	0.0	-0.7	-1.0	-1.0	-0.9	-0.9	-0.4	-0.2	0.0	0.0	0.0	0.0	-0.1	0.0	0.0	0.0
Other	-3.0	1.0	0.7	0.9	1.2	1.0	0.5	0.2	0.6	0.6	0.8	0.6	0.8	0.6	0.4	0.5
Monetary results	-7.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total results before tax <sup>3</sup>	-11.1	-2.2	-0.8	0.7	2.5	1.8	2.6	4.5	4.3	4.4	4.3	4.3	6.5	4.3	4.5	4.5
Income tax	-0.2	-0.3	-0.2	-0.2	-0.3	-0.2	-0.7	-1.5	-1.2	-1.4	-1.3	-1.6	-1.4	-1.6	-1.6	-1.5
<b>ROA<sup>3</sup></b>	<b>-11.3</b>	<b>-2.5</b>	<b>-1.0</b>	<b>0.5</b>	<b>2.2</b>	<b>1.6</b>	<b>1.9</b>	<b>3.0</b>	<b>3.2</b>	<b>3.0</b>	<b>3.0</b>	<b>2.7</b>	<b>5.1</b>	<b>2.7</b>	<b>2.9</b>	<b>3.0</b>
ROA adjusted <sup>4</sup>	-11.3	-1.2	0.2	1.6	3.2	2.6	2.5	3.2	3.3	3.0	3.0	2.7	5.2	2.7	2.9	3.0
ROE before tax <sup>3</sup>	-77.3	-17.1	-6.7	5.5	17.2	12.6	20.4	34.4	33.5	37.8	16.9	18.3	56.6	36.7	38.5	39.3
ROE <sup>3</sup>	-79.0	-19.1	-8.1	4.1	15.3	10.9	15.2	22.9	24.5	25.6	23.7	23.0	44.2	22.9	24.8	26.2

(1) Data at December 2002 currency (2) Com. "A" 3911. Adjustments to the valuation of government unlisted securities according to Com. "A" 4084 are included under the "gains from securities" heading.

(3) 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.

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

Source: BCRA

## Chart 8 | Portfolio Quality

As percentage	Dec 02	Dec 03	Dec 04	Dec 05	Dec 06	Dec 07	Dec 08	Dec 09	Dec 10	Feb 11	Dec 11	Jan 12	Feb 12
<b>Non-performing loans (overall)</b>	<b>19.8</b>	<b>15.7</b>	<b>8.9</b>	<b>4.4</b>	<b>2.9</b>	<b>2.2</b>	<b>2.5</b>	<b>3.1</b>	<b>1.9</b>	<b>1.8</b>	<b>1.3</b>	<b>1.4</b>	<b>1.5</b>
Provisions / Non-performing loans	71	73	89	103	114	123	119	116	144	150	168	161	155
(Total non-performing - Provisions) / Overall financing	5.7	4.2	1.0	-0.1	-0.4	-0.5	-0.5	-0.5	-0.8	-0.9	-0.9	-0.9	-0.8
(Total non-performing - Provisions) / Net worth	20.0	14.4	3.4	-0.4	-1.4	-2.1	-1.9	-1.7	-3.4	-3.7	-4.4	-4.2	-3.9
<b>Non-performing loans to the non-financial private sector</b>	<b>37.4</b>	<b>30.4</b>	<b>15.3</b>	<b>6.3</b>	<b>3.6</b>	<b>2.5</b>	<b>2.8</b>	<b>3.3</b>	<b>2.0</b>	<b>1.8</b>	<b>1.4</b>	<b>1.5</b>	<b>1.6</b>
Provisions / Non-performing loans	72	75	88	102	114	123	118	115	143	149	167	159	153
(Total non-performing - Provisions) / Overall financing	10.3	7.6	1.8	-0.1	-0.5	-0.6	-0.5	-0.5	-0.9	-0.9	-0.9	-0.9	-0.8
(Total non-performing - Provisions) / Net worth	19.0	12.9	3.6	-0.4	-1.4	-2.0	-1.8	-1.6	-3.4	-3.6	-4.4	-4.0	-3.8

Source: BCRA