Report on Banks

February 2013

BANCO CENTRAL
DE LA REPÚBLICA ARGENTINA

Report on Banks

February 2013

Year X, N° 6

BANCO CENTRAL
DE LA REPÚBLICA ARGENTINA

Contents

Note | Information for February 2013 available as of March 22nd, 2013 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 subject to changes. Except otherwise provided, end-of-month data is included.

Published on April 25th, 2013

For comments, enquiries or electronic subscriptions: analisis.financiero@bcra.gov.ar

Summary

- **Financial intermediation and the provision of means of payment expanded in February. In this period, the aggregate financial system had reduced exposure to the main risks related to the financial intermediation activity, the level of coverage remaining high.**

- **Lending to the private sector** (in domestic and foreign currency) **grew 0.8% (30% y.o.y.) in February**. Loans in pesos continued driving lending to the private sector, increasing 1.1% (40.5% y.o.y.) over the period. Lending to households rose 1.4% (31.6% y.o.y.) over the month, whereas lending to companies increased 0.3% (29.3% y.o.y. including domestic and foreign currency stock; if stock of peso-denominated loans secured by promissory notes and current account overdrafts are taken into account, the increase reached 51.7% y.o.y.). **Lending to the private sector substantially increased its share in the asset portfolio in most financial institutions over the past three years, standing at 47.9% of total assets of the aggregate financial system in February, up 2.6 p.p. compared to 12 months ago and up 11 p.p. y.o.y. in 2010**. In turn, loans to the productive sector accounted for 56% of the total stock of lending to the private sector, increasing their share in recent years, especially as a result of the favorable performance shown by public banks and the implementation of the Credit Line for Productive Investment and the Bicentenary Productive Financing Program.

- **In the first quarter of 2013, lending interest rates in domestic currency decreased in almost every group of financial institutions**. Since the funding cost of transactions in domestic currency remained stable, **spreads decreased over the period**.

- **In February, the non-performing ratio for loans to the private sector stood at 1.9% of financing to the private sector. Delinquency of loans granted to companies remained stable over the month** (1% of total financing to this sector). **The coverage ratio, defined as the coverage of the private sector non-performing portfolio with provisions**, **remained high (136%)**.

- In February, **the total deposit stock** (in domestic and foreign currency) **in the financial system increased by 0.9% (26.6% y.o.y.),** with a 3.9% (23.3% y.o.y.) rise in public sector deposits, and **a 0.9% (46.6% y.o.y.) growth in private sector time deposits in pesos**, with a slight, temporary decline in the total deposit stock of that sector (although exhibiting a 28.4% year-on-year increment). The share of time deposits in the total private sector deposit stock increased by 5 p.p. in 2012 and over 7 p.p. since February 2010.

- The liquidity indicator (pesos and dollars) stood at 25% of total deposits in February, after recording a slight decrease in the month. In turn, **the broad liquidity ratio** (including LEBAC and NOBAC holdings) **posted a 0.3 p.p. rise, reaching 38.9% of total deposits in the period**.

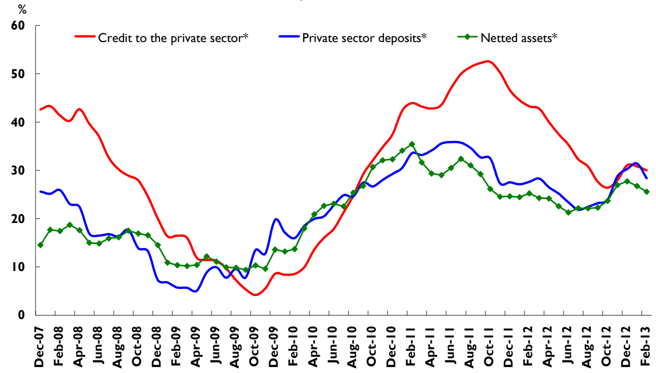
- **The consolidated financial system net worth grew 2.3% in February** as a result of book profits and capital contributions. During the month, one foreign private bank received a capitalization for around US$100 million. Changes were made to the regulation on minimum capital in late 2012, seeking to strengthen solvency in the financial system, encourage lending to sustain the economy's growth, and conform Argentine rules to international criteria. Within the framework of this new regulation, **capital compliance for the financial system —and for all groups of institutions— continued to fulfill regulatory requirements on an effective basis**.

- **Monthly profitability levels for the ensemble of banks stood at 2.3%a. of assets**, down 1 p.p. compared to January, basically because of a reduced financial margin. All bank groups posted a monthly drop in ROA. **However, in the first two months of 2013, the financial system profits amounted to 2.8%a. of assets, slightly above profits recorded y.o.y. in 2012**.

Chart 1

Financial Intermediation

Y.o.y. % variation

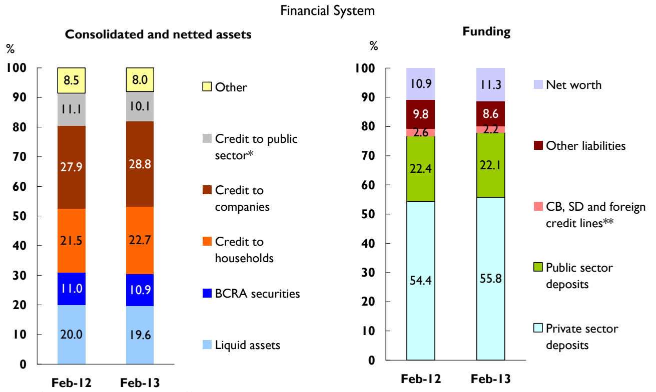


* Financial system. Include national and foreign currency.
Source: BCRA

Chart 2

Balance Sheet Composition

Financial System

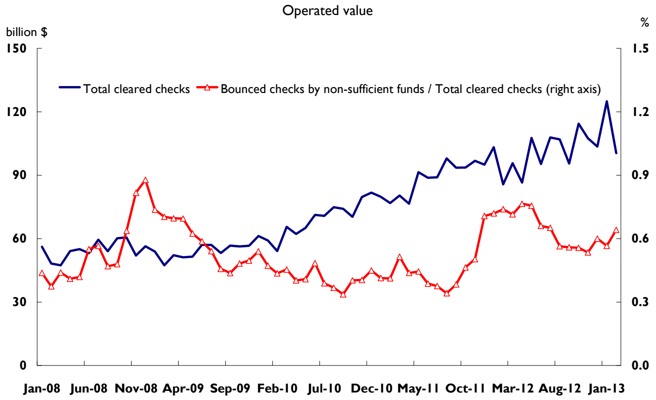


Notes: *Include securities and lending. **Corporate bonds (CB) and Subordinated debt (SD).
Source: BCRA

Chart 3

Cleared and Bounced Checks

Operated value



Source: BCRA

I. Activity

Bank lending to the private sector increased in February, in a context of growth of total deposits in the financial system. The stock of credit to the private sector[1] climbed 0.8% over the period (30% year-on-year —y.o.y.—), while total deposits increased by 0.9% (26.6% y.o.y.). Netted assets[2] grew 1.1% (25.6% y.o.y.) in the month (see Chart 1).

In February, a rise in lending **to the private sector was the main fund application for the financial system** ($3.7 billion). Financial institutions also allocated funds to increasing LEBAC holdings and the level of liquid reserves. During the period **the greatest funding source for the financial system stemmed from a rise in deposits** ($5.2 billion). Financial institutions also obtained fund sources from their profits and the placing of financial trusts.

As regards the total bank asset portfolio, **lending to the private sector** —both to households and companies— **was the segment with the greatest momentum, increasing its share in the total** (see Chart 2). As for funding, **private sector deposits** remained as the most significant source of funds and **gained weight in total bank funding** in the past 12 months. **The net worth also raised its relative significance in** aggregate **funding** of the financial system in year-on-year terms.

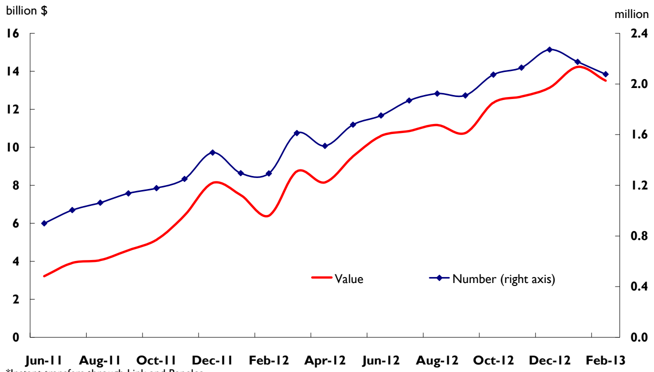
As is usual in February, the number and amount of cleared checks shrank against January. In turn, the number of cleared instruments in the accumulated total for the first two months in 2013 was down 1.5% y.o.y., with a 19.3% y.o.y. increase in the amount of transactions. In turn, **the amount and number of returned checks for insufficient funds in terms of total transactions remained below the levels observed one year ago, but with a slight increase in the month** (see Chart 3).

In line with the seasonal performance, the amount and number of instant transfers in February decreased by 5.1% and 4.5%, respectively, vis-à-vis January. However, **instant transfers significantly grew in year-on-year terms** (see Chart 4). The amount and number of this type of transfers grew 111% y.o.y. and 61% y.o.y., respectively.

In turn, financial system foreign currency broad mismatching[3] decreased by 5.9 percentage points —p.p.— of the net worth in February, reversing the

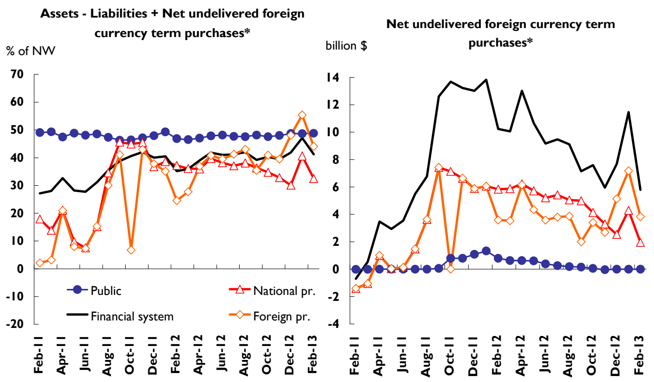
[1] Based on the balance sheet stock corresponding to items in domestic and foreign currency.
[2] Assets are net of accounting duplications inherent to the recording of repurchase agreements, term transactions and unsettled spot transactions.
[3] Including the difference between assets and liabilities, as well as net term purchases of foreign currency recorded in memorandum accounts (without delivery of underlying assets).

Chart 4
Instant Transfers*



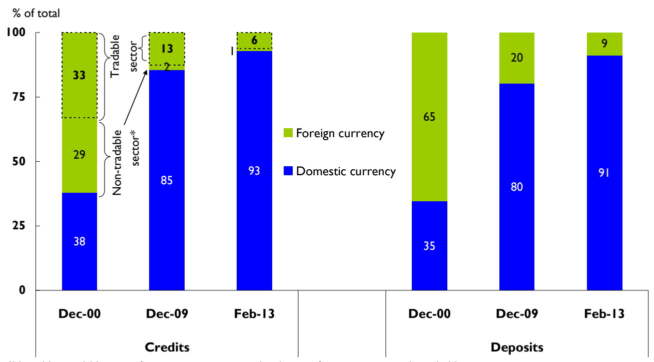
*Instant transfers through Link and Banelco
Source: BCRA

Chart 5
Foreign Currency Mismatching



* Memorandum account
Source: BCRA

Chart 6
Financial Intermediation with the Private Sector by Currency
Financial system



*Note: Non-tradable sector financing estimation considers loans in foreign currency to households, construction sector, gas, water, electricity and other services
Source: BCRA

rise experienced in the previous month and standing at 41.2 %. The monthly change was mainly explained by a decrease in net term purchases of foreign currency by private banks (see Chart 5).

The level of dollarization of the major assets and liabilities in the domestic financial system remain low and decreasing. As for financial intermediation, just 7% of stock of lending to the private sector as of February 2013 was denominated in foreign currency. This share virtually represented half the level observed in late 2009 and clearly contrasts with the level recorded in late 2000 (see Chart 6). On the side of funding, only 9% of private sector deposits were taken in foreign currency. **The low dollarization levels of assets and liabilities derive, among other reasons, from the macro-prudential rules timely implemented by the BCRA**. Within this framework, foreign currency-denominated loans granted out of foreign-currency deposits are restricted to agents having earnings in foreign currency (or linked to exchange rate changes), thus reducing risks to borrowers and financial institutions.

II. Deposits and liquidity

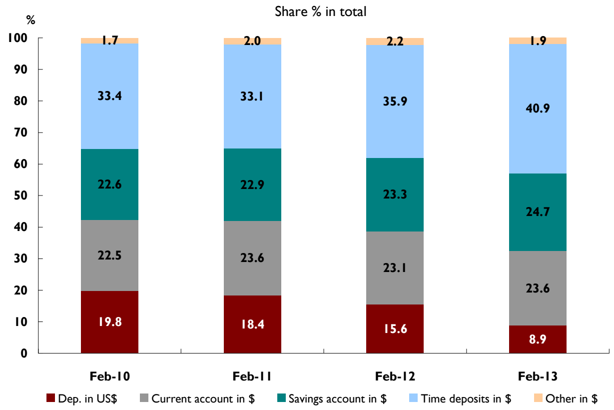
The balance sheet stock of total deposits (in domestic and foreign currency) **rose 0.9% in February**, with public sector deposits going up 3.9%, peso-denominated time deposits from the private sector growing 0.9%, and private sector total deposits slightly decreasing (-0.3%). Based on information available as of March[4], private sector deposits resumed their upward trend expanding 2.5% against February. Private sector dollar-denominated deposits —currency of origin— fell 2.2% in February.

Total deposits grew 26.6% in the past 12 months as a result of an increase in private (28.4% y.o.y.) **and public sector** (23.3% y.o.y.) **deposits**. This expansion is mainly explained by an increase in private sector peso-denominated deposits, which posted a 38.6% year-on-year change. **There was a remarkable momentum in private sector time deposits in domestic currency, which climbed 46.6% y.o.y. in February**. The share of this segment in total private sector deposit stock rose 5 p.p. over the past year, and has increased by more than 7 p.p. since February 2010 (see Chart 7). In turn, dollar-denominated private sector deposits shrank 36.8% —currency of origin— against February 2012.

The funding cost[5] estimated for the ensemble of institutions remained unchanged in the first quarter

[4] According to the Centralized Information Requirement System (SisCen).
[5] Funding cost estimated based on private and public-sector peso-denominated deposits. Both sight and time deposits are included. Weighted by 2-month traded deposit volume and adjusted by minimum cash requirements.

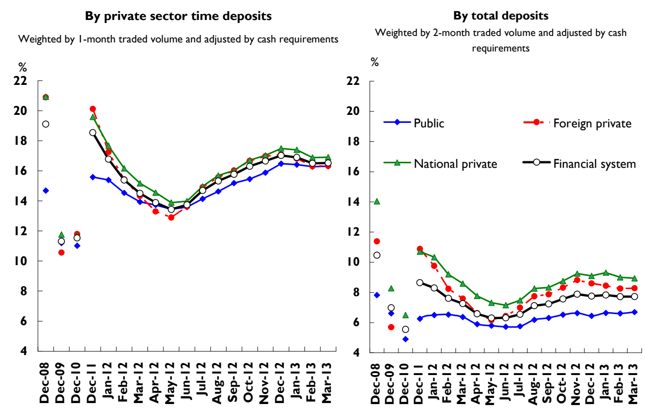
Chart 7
Non-Financial Private Sector Deposits in the Financial System



Source: BCRA

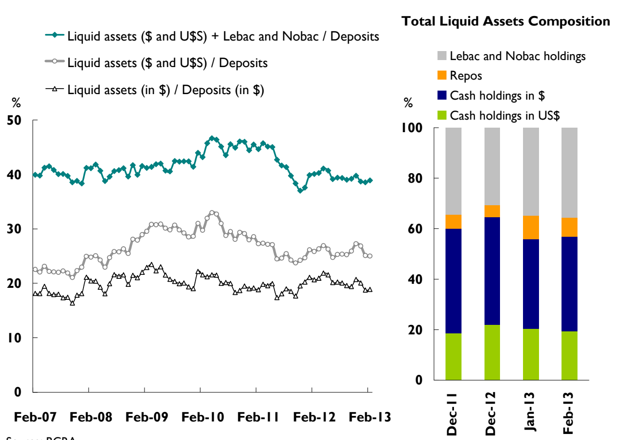
Chart 8

Estimation of Average Funding Costs by Deposits in Pesos



Source: BCRA

Chart 9
Financial System Liquidity



Source: BCRA

of 2013 (last available data: March), slightly above the first quarter last year. There was a minor increase in funding cost for public banks, which was offset by a decrease in private banks (see Chart 8).

The liquidity indicator (pesos and dollars) stood at 25% of total deposits in February, whereas **the broad liquidity ratio** (including LEBAC and NOBAC holdings) **posted a 0.3 p.p. increase and amounted to 38.9% of total deposits for the period**. Moreover, liquidity composition changed vis-à-vis January, with a decrease in share of both cash disposal[6] stock and net BCRA repos, being offset by increased LEBAC and NOBAC holdings (see Chart 9).

III. Financing

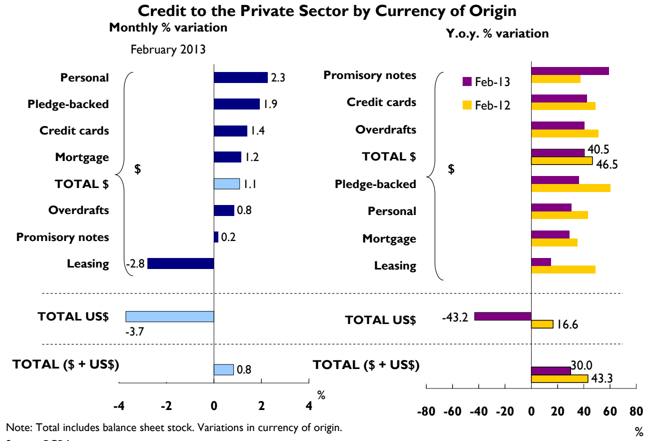
In February, the stock of lending to the private sector grew 0.8%[7], driven by peso-denominated loans, which rose 1.1% in the period, consumer (personal and credit card financing) and pledge-backed loans being among the most dynamic lines (see Chart 10)[8]. In turn, foreign-currency financing decreased by 3.7% in February. **Total lending** (both peso and foreign-currency denominated lines) to **companies and households in the past 12 months climbed 30%, whereas peso-denominated loans continue growing at a higher pace (+40.5% y.o.y.)**.

Increased lending to companies and households in February was mostly driven by foreign and national private banks, which accounted for more than 70% of the total change. **In year-on-year terms, public banks recorded the greatest dynamism, with a growth rate in lending to companies and households of 36.7%,** accounting for 37.1% of the rise in total lending (see Chart 11).

In line with the actions taken by the BCRA with a view to continue deepening lending to the private sector, **these loans increased their share in most financial institutions' asset portfolio over the past three years** (see Chart 12). Lending to the private sector thus amounted to 47.9%[9] of the financial system's total assets as of February, 2.6 p.p. greater than 12 months ago and 11 p.p. above the figure recorded in February 2010.

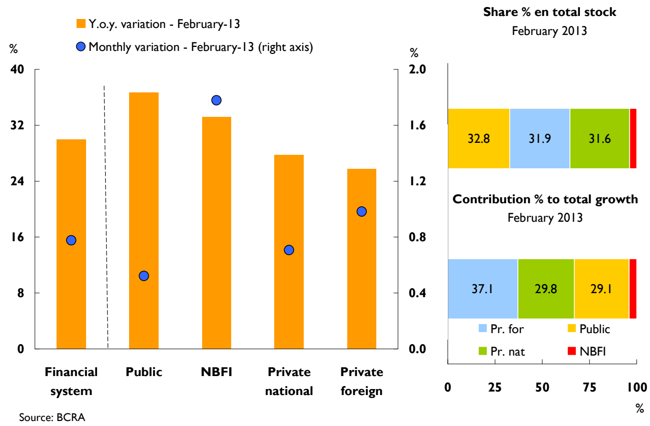
[6] Cash disposal includes minimum cash compliance —current account at the BCRA and special accounts in guarantee—, cash in banks and other items, mainly correspondent accounts.
[7] If the balance sheet stock is adjusted by assets securitized during the month (using bank loans as underlying assets), the change in private sector lending would amount to 0.9% in February. Four financial trusts were issued for $509 million in the period, two of which corresponded to securitization of personal loans ($198 million), one, to securitization of leasing agreements ($263 million) and one to securitization of credit card coupons ($48 million).
[8] If the leasing balance sheet stock for February 2013 is adjusted by securitized agreements in the month, the increase in this line would amount to 0.8% in the period.
[9] Accrued interest and CER and CVS adjustments excluded for calculating financing.

Chart 10
Credit to the Private Sector by Currency of Origin



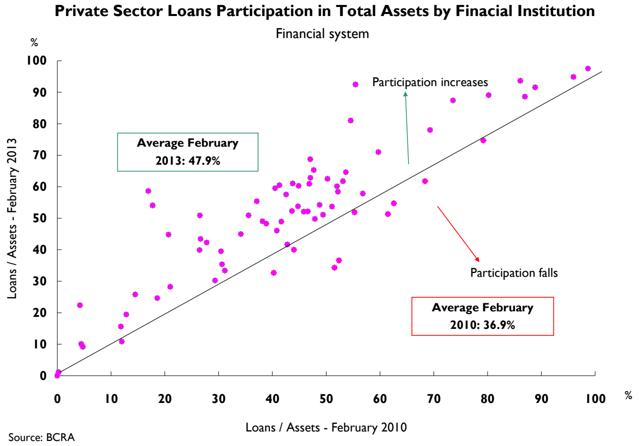
Note: Total includes balance sheet stock. Variations in currency of origin.
Source: BCRA

Chart 11
Credit to the Private Sector by Group of Banks



Source: BCRA

Chart 12
Private Sector Loans Participation in Total Assets by Finacial Institution
Financial system



Source: BCRA

Financing to households[10] **grew 1.4% in February,** driven by pledge-backed and personal loans, in a favorable scenario for all credit lines. Lending for consumption purposes (personal loans and credit cards) continued representing the greatest share in total stock channeled to households, amounting to nearly 75% of the total. **Financing to households increased by 31.6% in the past 12 months, which was largely explained by foreign private banks**. Particularly, this group of financial institutions represented almost a third of total stock of lending to households. NBFIs and public banks posted the highest year-on-year increase in lending to this segment: 38% and 36%, respectively.

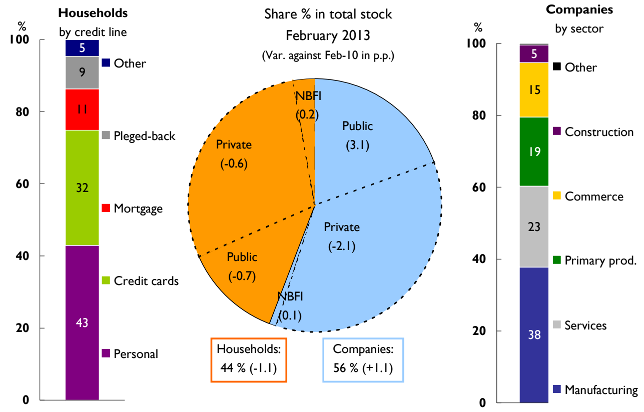
In February, lending to companies[11] **went up 0.3% and posted a 29.3% y.o.y. raise** (if stock of peso-denominated loans secured by promissory notes and current account overdrafts are taken into account, the increase was 51.7% y.o.y.). Financing to commerce and service sectors had been the most dynamic in the month. **Lending to the productive sector represented 56% of the total stock of loans to the private sector, increasing its share by 1.1 p.p. in the past 3 years, mainly explained by the performance of public banks** (see Chart 13). It was this group of financial institutions that encouraged a year-on-year growth in financing to companies, increasing by 37% y.o.y. and having a 34.7% share in total stock of loans to this sector (2 p.p. more than in February 2012) (see Chart 14).

The Central Bank continued boosting the **Credit Line for Productive Investment**[12], with total loans disbursed amounting to $16.8 billion as of the end of 2012. As provided for in the regulation, more than half of these bank funds were granted to micro, small and medium-sized enterprises (MiPyMEs), which consequently allowed a significant improvement in access to lending by these companies and extended repayment terms to all legal persons[13]. Given the success achieved, the BCRA decided to extend the application of this measure through the first half of 20 13[14], in order to continue supporting productive investment and extend financing terms for companies. Thus, five percent of private sector deposits as of November 2012 were taken as benchmark, which accounted for additional funding equivalent to $17 billion of new loans to be granted.

As was the case with the measure adopted in 2012, the effects of this new regulation would turn more evident in

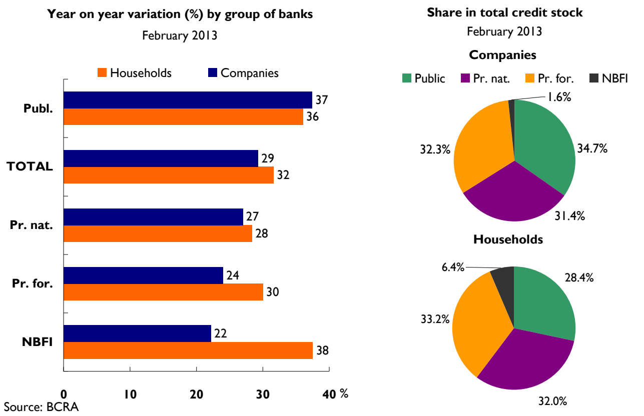
[10] Total stock (in domestic and foreign currency) is included. Financing to households are those loans granted to individuals, unless they serve commercial purposes.
[11] Including total stock (in domestic and foreign currency). Loans to companies include those granted to legal persons as well as commercial loans granted to individuals. In turn, loans granted to individuals are considered within financing to households unless they serve commercial purposes.
[12] Communication “A” 5319 and “A” 5338.
[13] For more information, see Box 4 “Credit Line for Productive Investment” from the Macroeconomic and Monetary Policy Report, April 2013.
[14] Communication “A” 5380.

Chart 13
Total Financing to Private Sector



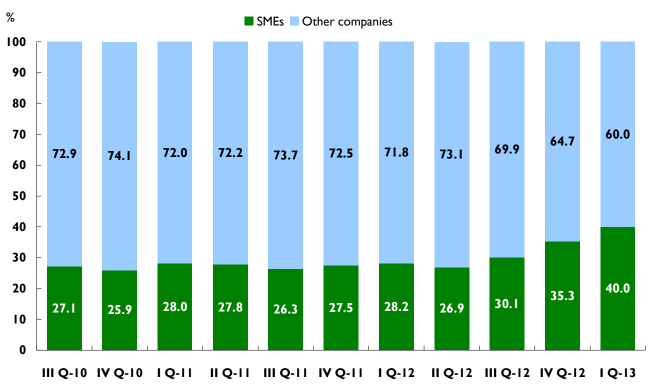
Source: BCRA

Chart 14
Private Sector Financing



Source: BCRA

Chart 15
Share of Granted Amouts in Pesos to SMEs
Financial system



Source: BCRA

the second quarter after its implementation. However, the impact of the new line on access to credit and financing requirements in the first quarter of 2013 are quite eloquent. Firstly, amounts granted[15] to SMEs in the first three months of 2013 posted a year-on-year change of 103.4%, above the growth observed in the fourth quarter of 2012. This increased lending to SMEs resulted in a continued rise in the share of this segment reaching 40% of loans granted to companies in the first quarter of 2013 (see Chart 15). Prior to these measures, SMEs' share accounted for less than 30% of the total. Secondly, the new line made it possible to continue expanding loans payable at 3 or more years (the repayment term required), with a year-on-year change of 192.5%, almost three times greater than the growth in total loans.

Under the **Bicentenary Productive Financing Program**[16], the Central Bank conducted the 22nd auction of funds for financing productive investment projects, and awarded a total of $6.5 billion to 14 financial institutions. According to the latest information available, as of the end of March 2013, participating banks credited companies with $4.5 billion (see Chart 16). The manufacturing sector remained as the main recipient of these funds, accounting for more than 69% of the total amount credited.

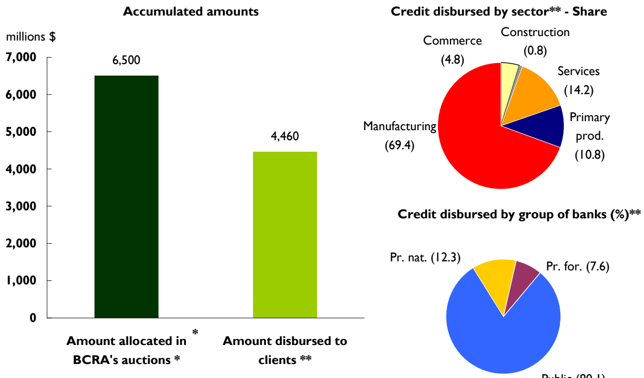
In the first quarter of 2013 (last available data: March), **lending interest rates in pesos shrank in almost every group of financial institutions**. Lending interest rates in pesos for consumer (personal loans and credit cards) and commercial (secured by promissory notes and current account overdrafts) credit lines drove the reduction in the first three months of the year. In this scenario, interest rate spreads for transactions in domestic currency fell in NBFIs and foreign private banks, while slightly increasing in public and domestic private banks. In the financial system, **interest rate spreads on credit cards, personal loans, overdrafts and promissory notes fell in the past three months**, whereas they experienced a slight increase in mortgage and pledge-backed loans (see Chart 17).

IV. Portfolio quality

The non-performing ratio for loans to the private sector in February slightly increased to 1.9% of total lending to this sector. **Delinquency levels in the financial system are currently low, both historically and internationally**. The year-on-year rise in the non-performing ratio was higher in NBFIs and foreign private banks (see Chart 18).

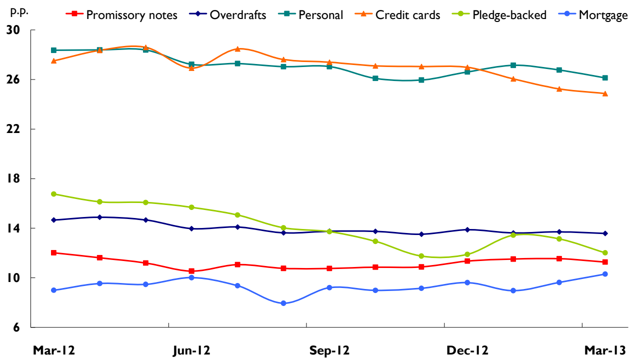
[15] Overdrafts excluded.
[16] Communication "A" 5303.

Chart 16
Bicentenary Productive Financing Program



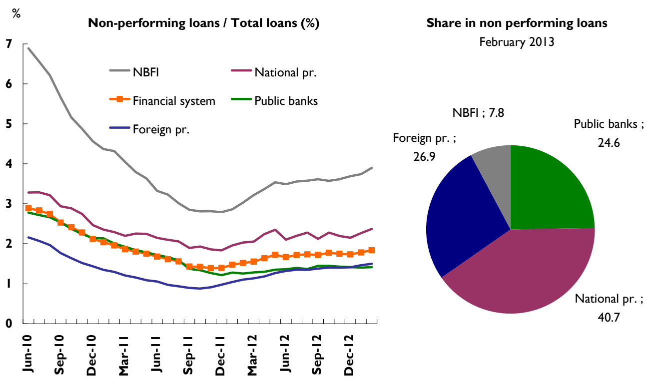
* Includes 22 first autions. **Data up to March 31st, 2013.
Source: BCRA

Chart 17
Interest Rate 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 March 2013.
Source: BCRA

Chart 18
Private Sector Non Performing Financing
By group of financial institutions



Source: BCRA

Delinquency of loans granted to companies remained stable in the past month, at 1% of total financing. Two of the most relevant sectors in the portfolio of loans to companies (primary production and manufacturing, which together represent 57% of the total) had non-performing levels below 1% (see Chart 19).

The non-performing ratio for loans to households in February slightly increased to 2.9%, mainly driven by credit cards. **Household delinquency levels were up 0.6 p.p. year-on-year;** all credit lines, except for mortgage loans, showing an increase in non-performing ratio. Pledge-backed loans —which accounted for 9.1% of total household financing in February— and personal loans —42.9% of the total— posted the highest year-on-year rises, particularly in foreign private banks and NBFIs.

The share of loans to the private sector covered by preferred guarantees amounted to 16.7% of the total in February, just below the level observed the previous month, up 0.7 p.p. year-on-year. Delinquency levels for this segment totaled 1.2%, remaining stable against January and moderately lower on a year on year basis. As for unsecured loans, the non-performing ratio stood at 2%.

Coverage of the private sector non-performing portfolio with provisions stood at 136% in February, slightly below the previous month's level, mostly as a consequence of domestic private banks' performance (see Chart 20). Despite this development, **the financial system presently shows high level of provision coverage**.

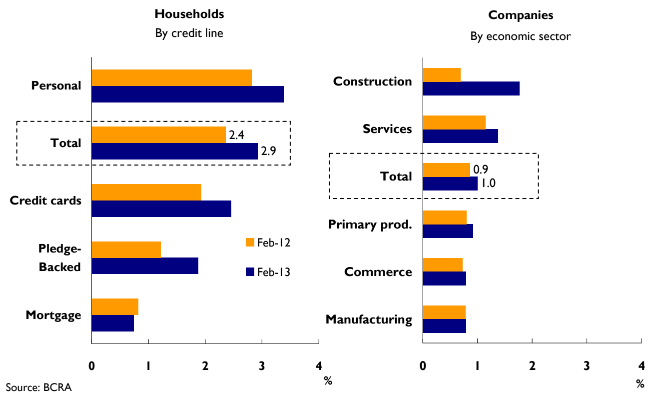
V. Solvency

As stated in prior Reports on Banks, **the BCRA amended the minimum capital scheme[17] in November 2012, effective as from January 2013, in order to strengthen the financial system, promote lending aimed at sustaining economic growth and conform domestic regulations to international standards**.

As regards the determination of minimum capital requirements, **weighting factors to calculate the capital requirement for credit risk in peso-denominated financing to the public sector, loans to individuals and MiPyMEs** —which decreased by 75%— **and in mortgage lending on single dwelling** —which decreased by 35%— **were particularly redefined**. Moreover, **a specific treatment for**

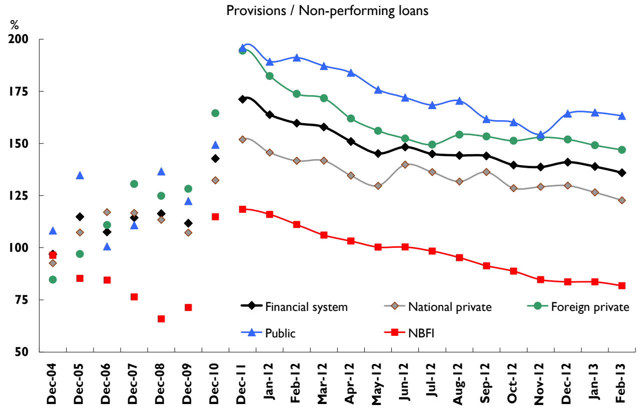
[17] Communication "A" 5369 and "P" 50116.

Chart 19
Non performing Financing
Non-performing loans / Total loans - Financial system



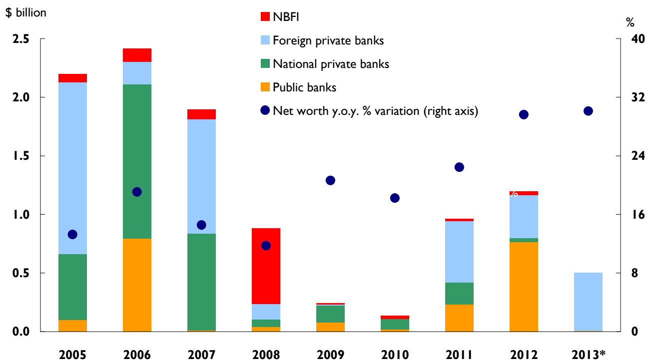
Source: BCRA

Chart 20
Provisions by Group of Financial Institutions
Provisions / Non-performing loans



Source: BCRA

Chart 21
Financial Institutions' Capital Contributions
2005-2013



* to february
Source: BCRA

securitization was established. Among other aspects, where a financial institution holds a participation certificate, it must deposit the whole amount of the holding[18]. The new regulation also introduces a requirement for counterpart credit risk, which innovates the treatment previously given to exposure to derivatives. In addition, **it was provided that loans in arrears would be subject to a decreasing weighting factor as the loan loss provision rose**. Finally, in accordance with international recommendations, **regulation on interest rate risk was then reviewed under Basel II** standards.

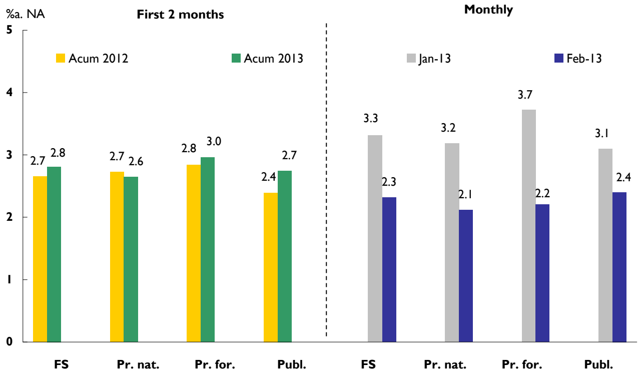
As for minimum capital compliance, **items included in segments making up the regulatory capital of financial institutions were redefined based on the latter's ability to absorb unexpected losses**. Furthermore, new intermediate minimum limits were set up in terms of a broader definition of risk-weighted assets (RWAs), which encompasses credit, market and operational risk.

These regulatory changes were reflected in the BCRA Information Regime, as well as the available data for preparing the Report on Banks as from this issue. In this sense, it is necessary to make changes to capital compliance indicators included in this publication for analytical purposes. With these changes in methodology, **new indicators may not be compared to those used before**. Particularly, the capital compliance ratio (total and Tier 1) is currently calculated using a broader definition of risk-weighted assets[19]. **Although the new compliance indicator for the aggregate financial system is based on a lower level, an excess regulatory capital position[20] is maintained, while capital compliance continued increasing in February**.

In this sense, the **consolidated financial system net worth grew 2.3% in the month**, as a result of book profits and new capital contributions. A foreign private bank received a capitalization for around US$100 million in February. Private banks have thus accounted for 52% of new capital contributions since 2011, followed by public banks, with 38% (see Chart 21). **The aggregate financial system net worth increased by 30.1% year-on-year**, bank groups growing at similar rates. In the past 12 months a higher relative increase in net worth compared with assets led to **reduced financial system leverage**. Therefore, banking assets amounted to 8.7 times the net worth, 0.3 p.p. below the figure recorded one year earlier.

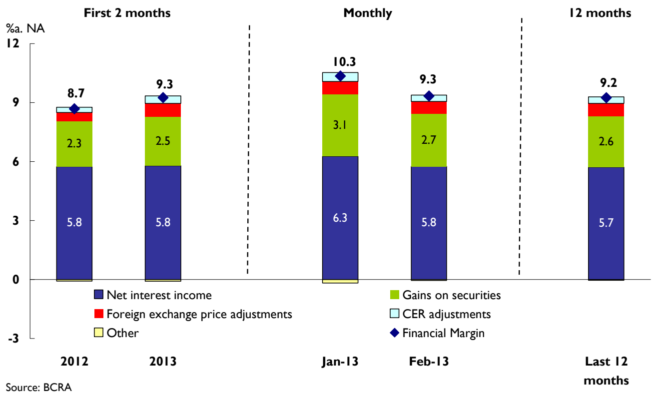
[18] In the case of financial institutions originating securitization, the resulting capital requirement may not be higher than that existing when loans were held in their portfolio.
[19] See indicators 9 and 10 in Charts 1 and 5 of the Statistics Annex and Methodology.
[20] In February, the capital position for the financial system stood at 61% of the regulatory requirement (provisional data).

Chart 22
Profitability by Group of Banks
As % of netted assets



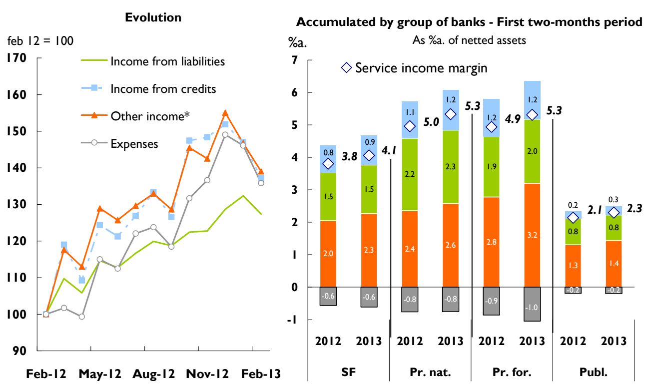
Source: BCRA

Chart 23
Financial Margin
As % of netted assets - Financial system



Source: BCRA

Chart 24
Service Income Margin



*Income derived from credit cards emisions and commisions on insurances
Source: BCRA

Monthly profit ability of all banks stood at 2.3% of assets in annualized terms (a.), down 1 p.p. against January (see Chart 22), mainly explained by a financial margin reduction. **Lower monthly benefits were in line with the seasonal behavior observed in previous years**. All bank groups experienced a monthly drop in ROA. **The financial system posted profits for 2.8%a. of assets in the first two months of 2013, slightly above the same period of 2012**. This increase was mostly observed in public and foreign private banks.

Banks' financial margin shrank 2.1 p.p. of assets in February to 8.2%a., mainly explained by lower profits from interest and securities (see Chart 23). Results from CER-adjusted items also decreased in the month, to a lesser extent though; whereas quotation differences remained stable. **Compared to last year, the accumulated financial margin in 2013 was up 0.6 p.p. of assets to 9.3%a.**, mostly because of higher benefits from quotation differences and securities.

Financial system's results from services totaled 3.9%a. of assets in February, down 0.3 p.p. against January. This performance was uniform across bank groups. In the accumulated total for the first two months of the year, **results from services were the income source on the income statement with the highest growth on a year on year basis**. This item particularly evidenced a y.o.y. increase of 0.3 p.p. of assets to 4.1%a. (see Chart 24).

In February operating costs slightly shrank across all bank groups, standing at 6.8%a. of assets at a systemic level. **In turn, these expenses were 6.9%a. of assets for the accumulated total for the year,** , slightly above those recorded over the same period in 2012, mainly on account of private banks' development.

Financial system loan loss provisions remained stable in February, at 0.9%a. of assets. In the accumulated total for the first two months of the year, loan loss provisions slightly rose on a year on year basis, to 0.9%a. of assets, mostly in private banks.

Results from services and interest (net of loan loss provisions) **in the first two months of the year amounted to 130% of financial system operating costs**, similarly to those observed 12 months earlier. Private banks (especially foreign capital banks) posted higher levels for this indicator, although the year-on-year evolution was similar across bank groups.

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” 5393 – 04/02/2013

Under Law No. 26,831 (Law on Capital Markets), both rules on financial institutions’ “earnings distribution” —concerning calculation of distributable income and verification of liquidity and solvency requirements upon distribution— and rules on financing to the non-financial public sector —as regards the requirement of a public offering for certain instruments— were updated.

Communication “A” 5398 – 13/02/2013

Rules on “Guidelines for financial entity risk management” incorporated some aspects associated with economic capital assessment as well as guidelines for managing certain risks (counterpart, residual, country risk —within credit risk management—, and securitization, concentration, reputational and strategic risks). Financial institutions are required to have an internal, comprehensive and global process in place in order to assess the sufficiency of their economic capital —required to cover unexpected losses arising from exposures to all risks an institution may be exposed to rather than those merely deriving from exposures to credit, operational and market risks— based on their risk profile and with a strategy that allows them to maintain an adequate capital level over time. The institution’s board of directors or comparable authorities will be responsible at all times for ensuring that the institution has sufficient capital to face its risks. The Superintendence of Financial and Exchange Institutions is to examine the internal process for assessing capital sufficiency and may take any corrective actions it may deem necessary, such as requiring capital levels higher than the regulatory capital. In turn the rules on “Debtor classification” and “Minimum loan loss provisions” were amended. In compliance with the first rule, financial institutions must adopt country risk-related criteria for classifying clients residing abroad; and in the second, financial institutions are allowed to build up a specific “country risk” provision, at their discretion.

Communication “A” 5401 – 28/02/2013

Rules on “Minimum cash requirement” were updated based on regulations disclosed in Communication “A” 5356, where new requirements effective as of March 1st, 2013 (which, for peso-denominated transactions, will depend on the category of the location of the relevant operating office) were established in order to determine minimum cash compliance amounts.-

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 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[1] | Financial system

Chart 1 | Financial Soundness Indicators (see Methodology)

As %	Dec 05	Dec 06	Dec 07	Dec 08	Dec 09	Dec 10	Dec 11	Feb 12	Dec 12	Jan 13	Feb 13
1.- Liquidity	20.1	22.5	23.0	27.9	28.6	28.0	24.7	25.9	26.9	25.1	25.0
2.- Credit to the public sector	31.5	22.5	16.3	12.7	14.4	12.1	10.7	10.3	9.7	9.7	9.6
3.- Credit to the private sector	25.8	31.0	38.2	39.4	38.3	39.8	47.4	45.8	49.5	48.6	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	1.9
5.- Net worth exposure to the private sector	-2.5	-0.8	-1.5	-1.7	-1.3	-3.2	-4.3	-3.8	-3.1	-2.9	-2.6
6.- ROA	0.9	1.9	1.5	1.6	2.3	2.8	2.7	2.7	2.9	3.3	2.8
7.- ROE	7.0	14.3	11.0	13.4	19.2	24.4	25.3	24.3	25.7	29.5	24.9
8.- Efficiency	151	167	160	167	185	179	179	183	190	208	194
9a.- Capital compliance											14.1
9b.- Capital compliance (credit risk)	15.3	16.9	16.9	16.9	18.8	17.7	15.6	16.1	17.1	17.1	
10a.- Capital compliance Tier I											12.7
10b.- Capital compliance Tier I (credit risk)	14.1	14.1	14.6	14.2	14.5	13.1	10.9	13.2	11.9	14.4	
11.- Excess capital compliance	173	134	93	90	100	87	69	75	59	58	61

Note: According to Communication "A" 5369, since February 2013 methodological changes in some indicators were carried out. Among others changes, risk weighing coefficients considered to determine capital requirements were redefined, concepts included in the different segments of capital compliance were rearranged and new minimum limits in terms of the Total Risk Weighted Assets (RWA) were added. A wider definition of RWA is considered since Communication "A" 5369, including not only credit risk, but also market and operational risk.

Data subject to changes

Source: BCRA

n.a.: non available

Chart 2 | Balance Sheet

In million of current pesos	Dec 08	Dec 09	Dec 10	Dec 11	Feb 12	Dec 12	Jan 13	Feb 13	Change (in %)		
									Last month	2013	Last 12 months
Assets	**346,762**	**387,381**	**510,304**	**628,381**	**668,987**	**790,375**	**813,560**	**819,284**	**0.7**	**3.7**	**22.5**
Cash disposal[1]	58,676	71,067	93,085	104,389	96,428	148,585	130,502	134,813	3.3	-9.3	39.8
Public bonds	65,255	86,318	117,951	112,906	135,533	123,491	145,704	147,073	0.9	19.1	8.5
Lebac/Nobac	37,093	43,867	76,948	71,050	98,721	84,057	104,412	104,693	0.3	24.6	6.0
Portfolio	25,652	34,748	61,855	59,664	68,606	70,569	81,328	84,727	4.2	20.1	23.5
Repo[2]	11,442	9,119	15,093	11,386	30,115	13,488	23,084	19,966	-13.5	48.0	-33.7
Private bonds	203	307	209	212	199	251	248	240	-3.5	-4.4	20.5
Loans	154,719	169,868	230,127	332,317	341,692	433,925	438,357	440,651	0.5	1.6	29.0
Public sector	17,083	20,570	25,907	31,346	32,683	39,951	40,136	39,392	-1.9	-1.4	20.5
Private sector	132,844	145,247	199,202	291,708	300,079	383,674	387,846	391,126	0.8	1.9	30.3
Financial sector	4,793	4,052	5,018	9,263	8,929	10,299	10,375	10,133	-2.3	-1.6	13.5
Provisions over loans	-4,744	-5,824	-6,232	-7,173	-7,495	-9,596	-9,795	-9,986	1.9	4.1	33.2
Other netted credits due to financial intermediation	38,152	33,498	39,009	40,805	55,941	38,769	51,678	49,151	-4.9	26.8	-12.1
Corporate bonds and subordinated debt	912	1,146	1,433	1,657	1,543	2,255	2,053	2,167	5.5	-3.9	40.5
Unquoted trusts	5,714	5,942	6,824	7,967	8,097	10,822	11,029	11,030	0.0	1.9	36.2
Leasing	3,935	2,933	3,936	6,222	6,258	7,203	7,337	7,132	-2.8	-1.0	14.0
Shares in other companies	7,236	6,711	7,921	9,123	9,441	11,710	11,933	12,132	1.7	3.6	28.5
Fixed assets and miscellaneous	7,903	8,239	9,071	10,111	10,186	11,247	11,309	11,338	0.3	0.8	11.3
Foreign branches	3,153	3,926	3,283	3,525	3,635	4,358	4,422	4,479	1.3	2.8	23.2
Other assets	12,275	10,337	11,943	15,944	17,169	20,432	21,864	22,260	1.8	8.9	29.7
Liabilities	**305,382**	**339,047**	**452,752**	**558,264**	**595,794**	**699,552**	**720,504**	**724,137**	**0.5**	**3.5**	**21.5**
Deposits	236,217	271,853	376,344	462,517	482,272	595,764	605,359	610,521	0.9	2.5	26.6
Public sector[3]	67,151	69,143	115,954	129,885	139,373	163,691	165,346	171,866	3.9	5.0	23.3
Private sector[3]	166,378	199,278	257,595	328,463	338,213	427,857	435,600	434,199	-0.3	1.5	28.4
Current account	39,619	45,752	61,306	76,804	78,223	103,192	102,286	102,269	0.0	-0.9	30.7
Savings account	50,966	62,807	82,575	103,636	101,943	125,210	123,611	121,744	-1.5	-2.8	19.4
Time deposits	69,484	83,967	104,492	135,082	144,365	183,736	194,136	195,091	0.5	6.2	35.1
Other netted liabilities due to financial intermediation	57,662	52,114	60,029	76,038	92,099	75,106	85,602	83,021	-3.0	10.5	-9.9
Interbanking obligations	3,895	3,251	4,201	7,947	7,598	8,329	8,362	8,193	-2.0	-1.6	7.8
BCRA lines	1,885	270	262	1,920	2,248	3,535	3,772	3,880	2.9	9.8	72.6
Outstanding bonds	5,984	5,033	3,432	6,856	7,277	9,101	9,165	9,704	5.9	6.6	33.3
Foreign lines of credit	4,541	3,369	3,897	6,467	6,335	4,992	4,703	4,563	-3.0	-8.6	-28.0
Other [1]	13,974	14,891	17,426	24,137	25,182	26,280	23,954	23,647	-1.3	-10.0	-6.1
Subordinated debts	1,763	1,922	2,165	2,065	2,394	2,647	2,656	2,703	1.7	2.1	12.9
Other liabilities	9,740	13,159	14,213	17,644	19,030	26,035	26,886	27,893	3.7	7.1	46.6
Net worth	**41,380**	**48,335**	**57,552**	**70,117**	**73,193**	**90,823**	**93,056**	**95,146**	**2.2**	**4.8**	**30.0**
Memo											
Netted assets	321,075	364,726	482,532	601,380	627,167	768,093	778,994	787,492	1.1	2.5	25.6
Consolidated netted assets	312,002	357,118	472,934	586,805	612,732	750,949	761,840	770,481	1.1	2.6	25.7

([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 annex[1] | Financial system (cont)

Chart 3 | Profitability Structure

Amount in million of pesos	Annual					First 2 Months		Monthly			Last 12
	2008	**2009**	**2010**	**2011**	**2012**	**2012**	**2013**	**Dec-12**	**Jan-13**	**Feb-13**	**Months**
Financial margin	20,462	28,937	35,490	43,670	61,665	8,910	11,959	6,443	6,662	5,297	64,714
Net interest income	9,573	14,488	17,963	24,903	38,365	5,903	7,485	3,777	4,036	3,448	39,947
CER and CVS adjustments	2,822	1,196	2,434	1,725	2,080	273	495	260	290	205	2,302
Foreign exchange price adjustments	2,307	2,588	2,100	3,025	4,125	458	873	572	425	448	4,540
Gains on securities	4,398	11,004	13,449	14,228	17,356	2,362	3,221	1,855	2,025	1,196	18,214
Other financial income	1,362	-339	-457	-211	-261	-87	-114	-22	-115	1	-288
Service income margin	10,870	13,052	16,089	21,391	28,174	3,906	5,248	2,758	2,688	2,560	29,516
Loan loss provisions	-2,839	-3,814	-3,267	-3,736	-6,127	-781	-1,176	-782	-602	-575	-6,523
Operating costs	-18,767	-22,710	-28,756	-36,365	-47,294	-7,014	-8,887	-4,524	-4,495	-4,391	-49,166
Tax charges	-2,318	-3,272	-4,120	-6,047	-8,974	-1,268	-1,913	-935	-971	-941	-9,619
Adjust. to the valuation of gov. Securities[1]	-1,757	-262	-214	-336	-338	-50	-71	-31	-35	-36	-358
Amort. payments for court-ordered releases	-994	-703	-635	-290	-274	-24	-14	-63	-5	-9	-264
Other	1,441	918	2,079	2,963	2,443	435	413	91	163	249	2,421
Total results before tax[2]	6,100	12,145	16,665	21,251	29,275	4,113	5,558	2,957	3,404	2,154	30,721
Income tax	-1,342	-4,226	-4,904	-6,531	-9,861	-1,385	-1,926	-1,013	-1,273	-653	-10,402
Total result[2]	**4,757**	**7,920**	**11,761**	**14,720**	**19,414**	**2,727**	**3,632**	**1,944**	**2,132**	**1,500**	**20,319**
Adjusted Result[3]	7,508	8,885	12,610	15,345	20,026	2,802	3,717	2,038	2,171	1,546	20,941
Annualized indicators - As % of netted assets											
Financial margin	6.7	8.6	8.5	8.0	9.2	8.7	9.3	10.1	10.3	8.2	9.2
Net interest income	3.1	4.3	4.3	4.6	5.7	5.8	5.8	5.9	6.3	5.3	5.7
CER and CVS adjustments	0.9	0.4	0.6	0.3	0.3	0.3	0.4	0.4	0.5	0.3	0.3
Foreign exchange price adjustments	0.8	0.8	0.5	0.6	0.6	0.4	0.7	0.9	0.7	0.7	0.6
Gains on securities	1.4	3.3	3.2	2.6	2.6	2.3	2.5	2.9	3.1	1.8	2.6
Other financial income	0.4	-0.1	-0.1	0.0	0.0	-0.1	-0.1	0.0	-0.2	0.0	0.0
Service income margin	3.6	3.9	3.8	3.9	4.2	3.8	4.1	4.3	4.2	3.9	4.2
Loan loss provisions	-0.9	-1.1	-0.8	-0.7	-0.9	-0.8	-0.9	-1.2	-0.9	-0.9	-0.9
Operating costs	-6.1	-6.7	-6.9	-6.7	-7.0	-6.8	-6.9	-7.1	-7.0	-6.8	-7.0
Tax charges	-0.8	-1.0	-1.0	-1.1	-1.3	-1.2	-1.5	-1.5	-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	-0.1	-0.1	-0.1
Amort. payments for court-ordered releases	-0.3	-0.2	-0.2	-0.1	0.0	0.0	0.0	-0.1	0.0	0.0	0.0
Other	0.5	0.3	0.5	0.5	0.4	0.4	0.3	0.1	0.3	0.4	0.3
Total results before tax[2]	2.0	3.6	4.0	3.9	4.3	4.0	4.3	4.7	5.3	3.3	4.4
Income tax	-0.4	-1.3	-1.2	-1.2	-1.5	-1.3	-1.5	-1.6	-2.0	-1.0	-1.5
ROA[2]	**1.6**	**2.3**	**2.8**	**2.7**	**2.9**	**2.7**	**2.8**	**3.1**	**3.3**	**2.3**	**2.9**
ROA adjusted[3]	2.5	2.6	3.0	2.8	3.0	2.7	2.9	3.2	3.4	2.4	3.0
ROE before tax	*17.2*	*29.5*	*34.5*	*36.5*	*38.8*	*36.6*	*38.1*	*42.0*	*47.1*	*29.2*	*39.0*
ROE [2]	*13.4*	*19.2*	*24.4*	*25.3*	*25.7*	*24.3*	*24.9*	*27.6*	*29.5*	*20.4*	*25.8*

([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	Feb 12	Dec 12	Jan 13	Feb 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**	**1.6**
Provisions / Non-performing loans	115	108	115	117	115	148	176	165	144	142	138
(Total non-perfoming - Provisions) / Overall financing	-0.8	-0.3	-0.4	-0.5	-0.5	-0.9	-0.9	-0.9	-0.7	-0.7	-0.6
(Total non-perfoming - Provisions) / Net worth	-2.6	-0.9	-1.6	-1.8	-1.7	-3.6	-4.6	-4.1	-3.4	-3.2	-3.0
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**	**1.9**
Provisions / Non-performing loans	115	108	114	116	112	143	171	160	141	138	136
(Total non-perfoming - Provisions) / Overall financing	-1.1	-0.3	-0.5	-0.5	-0.4	-0.9	-1.0	-0.9	-0.7	-0.7	-0.7
(Total non-perfoming - Provisions) / Net worth	-2.5	-0.8	-1.5	-1.7	-1.3	-3.2	-4.3	-3.8	-3.1	-2.9	-2.8

Source: BCRA

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

Statistics annex[1] | Private banks

Chart 5 | Financial Soundness Indicators (see Methodology)

As %	Dec 05	Dec 06	Dec 07	Dec 08	Dec 09	Dec 10	Dec 11	Feb 12	Dec 12	Jan 13	Feb 13
1.- Liquidity	21.5	23.7	25.7	34.1	29.8	26.0	26.7	27.3	27.6	26.3	25.9
2.- Credit to the public sector	28.5	16.3	9.5	6.3	6.1	4.7	3.4	3.4	3.1	3.5	3.3
3.- Credit to the private sector	31.1	37.9	46.6	44.0	43.3	50.3	54.5	54.3	58.4	57.3	57.1
4.- Private non-performing loans	6.3	3.6	2.5	2.8	3.3	2.0	1.4	1.6	1.8	1.9	2.0
5.- Net worth exposure to the private sector	-0.4	-1.4	-2.0	-1.8	-1.6	-3.4	-4.4	-3.8	-3.1	-2.9	-2.4
6.- ROA	0.5	2.2	1.6	1.9	3.0	3.2	3.0	2.8	3.2	3.5	2.8
7.- ROE	4.1	15.3	10.9	15.2	22.9	24.5	25.6	23.8	26.4	27.9	22.5
8.- Efficiency	136	158	152	166	195	176	178	178	189	194	185
9a.- Capital compliance											14.4
9b.- Capital compliance (credit risk)	17.8	18.7	19.2	18.4	22.6	20.3	16.8	17.4	18.3	18.4	
10a.- Capital compliance Tier I											13.4
10b.- Capital compliance Tier I (credit risk)	16.1	15.4	16.8	15.0	17.2	15.2	12.5	15.7	13.4	16.9	
11.- Excess capital compliance	155	117	87	87	121	102	72	79	57	58	63

Note: According to Communication "A" 5369, since February 2013 methodological changes in some indicators were carried out. Among others changes, risk weighing coefficients considered to determine capital requirements were redefined, concepts included in the different segments of capital compliance were rearranged and new minimum limits in terms of the Total Risk Weighted Assets (RWA) were added. A wider definition of RWA is considered since Communication "A" 5369, including not only credit risk, but also market and operational risk.

Data subject to changes

Source: BCRA

n.a.: non available

Chart 6 | Balance Sheet

In million of current pesos	Dec 08	Dec 09	Dec 10	Dec 11	Feb 12	Dec 12	Jan 13	Feb 13	Change (in %)		
									Last month	2013	Last 12 months
Assets	**208,888**	**229,549**	**280,025**	**364,122**	**372,462**	**432,994**	**443,574**	**449,224**	**1.3**	**3.7**	**20.6**
Cash disposal[1]	37,044	43,562	49,730	58,877	61,137	85,717	79,752	75,776	-5.0	-11.6	23.9
Public bonds	29,552	47,949	48,903	50,055	52,781	43,350	51,923	55,421	6.7	27.8	5.0
Lebac/Nobac	23,457	31,575	34,422	34,246	42,460	30,531	38,138	41,540	8.9	36.1	-2.2
Portfolio	12,858	27,413	31,148	23,908	31,033	27,656	31,951	32,347	1.2	17.0	4.2
Repo[2]	10,598	4,161	3,274	10,338	11,427	2,874	6,187	9,193	48.6	219.8	-19.6
Private bonds	127	233	184	164	153	188	206	202	-1.7	7.6	32.7
Loans	98,529	101,722	143,202	202,117	205,758	256,708	258,076	260,257	0.8	1.4	26.5
Public sector	6,249	1,694	1,625	1,215	1,190	1,601	1,590	1,620	1.9	1.2	36.1
Private sector	88,426	96,790	137,308	193,126	196,870	246,560	247,884	250,242	1.0	1.5	27.1
Financial sector	3,854	3,238	4,270	7,777	7,697	8,546	8,602	8,395	-2.4	-1.8	9.1
Provisions over loans	-2,871	-3,653	-3,926	-4,574	-4,787	-6,193	-6,354	-6,483	2.0	4.7	35.4
Other netted credits due to financial intermediation	25,265	21,258	20,241	29,338	28,113	18,646	24,533	28,138	14.7	50.9	0.1
Corporate bonds and subordinated debt	699	734	757	796	684	988	784	857	9.3	-13.2	25.4
Unquoted trusts	3,869	4,198	4,500	5,268	5,347	7,084	7,249	7,165	-1.2	1.1	34.0
Leasing	3,451	2,569	3,519	5,452	5,466	6,287	6,429	6,227	-3.1	-1.0	13.9
Shares in other companies	4,538	4,067	4,934	5,998	6,288	7,920	8,111	8,297	2.3	4.8	31.9
Fixed assets and miscellaneous	4,926	5,096	5,808	6,663	6,694	7,592	7,640	7,663	0.3	0.9	14.5
Foreign branches	-178	-202	-215	-240	-244	0	0	0	-	-	-
Other assets	8,505	6,946	7,646	10,271	11,104	12,778	13,259	13,726	3.5	7.4	23.6
Liabilities	**182,596**	**198,438**	**243,766**	**321,123**	**327,640**	**376,774**	**386,029**	**390,306**	**1.1**	**3.6**	**19.1**
Deposits	135,711	154,387	198,662	253,705	260,036	317,443	322,771	323,176	0.1	1.8	24.3
Public sector[3]	19,600	17,757	23,598	27,664	30,151	33,232	35,799	37,498	4.7	12.8	24.4
Private sector[3]	114,176	134,426	173,203	223,141	226,834	281,698	284,299	283,102	-0.4	0.5	24.8
Current account	30,188	35,127	46,297	57,586	58,777	77,269	76,848	75,802	-1.4	-1.9	29.0
Savings account	32,778	40,999	53,085	66,891	65,003	76,130	74,048	73,104	-1.3	-4.0	12.5
Time deposit	46,990	54,058	67,568	89,924	94,153	117,888	123,353	123,737	0.3	5.0	31.4
Other netted liabilities due to financial intermediation	39,298	34,235	34,427	53,973	53,363	41,780	45,105	48,359	7.2	15.7	-9.4
Interbanking obligations	1,160	1,668	1,903	3,524	3,179	3,473	3,234	3,299	2.0	-5.0	3.8
BCRA lines	649	41	57	456	547	694	704	690	-1.9	-0.5	26.3
Outstanding bonds	5,672	4,626	2,802	5,119	5,494	6,001	6,035	6,282	4.1	4.7	14.3
Foreign lines of credit	2,261	1,262	1,716	4,252	4,093	2,168	2,028	1,863	-8.1	-14.1	-54.5
Other	11,125	12,015	13,849	19,059	19,954	21,087	19,040	18,698	-1.8	-11.3	-6.3
Subordinated debts	1,759	1,918	2,148	1,948	1,977	2,253	2,266	2,316	2.2	2.8	17.1
Other liabilities	5,828	7,897	8,528	11,497	12,263	15,297	15,888	16,455	3.6	7.6	34.2
Net worth	**26,292**	**31,111**	**36,259**	**42,999**	**44,823**	**56,220**	**57,545**	**58,918**	**2.4**	**4.8**	**31.4**
Memo											
Netted assets	192,074	216,100	267,364	344,101	354,005	425,181	430,163	432,431	0.5	1.7	22.2

([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 annex[1] | Private banks (cont.)

Chart 7 | Profitability Structure

Amount in million of pesos	Annual					First 2 Months		Monthly			Last 12
	2008	**2009**	**2010**	**2011**	**2012**	**2012**	**2013**	**Dec-12**	**Jan-13**	**Feb-13**	**Months**
Financial margin	12,964	19,724	21,837	27,234	38,151	5,447	7,187	3,880	3,872	3,315	39,891
Net interest income	7,727	10,572	12,842	18,518	27,893	4,000	5,228	2,658	2,725	2,503	29,120
CER and CVS adjustments	651	185	244	288	350	48	78	36	45	33	380
Foreign exchange price adjustments	1,620	1,646	1,493	2,064	2,451	264	505	329	243	262	2,692
Gains on securities	1,637	7,343	7,464	6,358	7,426	1,188	1,430	850	943	486	7,668
Other financial income	1,329	-22	-205	6	31	-53	-53	7	-84	31	30
Service income margin	7,632	9,198	11,345	15,243	20,081	2,862	3,766	1,922	1,934	1,832	20,985
Loan loss provisions	-1,863	-2,751	-2,253	-2,633	-4,416	-508	-828	-588	-425	-403	-4,736
Operating costs	-12,401	-14,807	-18,819	-23,821	-30,858	-4,656	-5,913	-2,945	-2,994	-2,919	-32,115
Tax charges	-1,715	-2,380	-2,927	-4,300	-6,450	-893	-1,373	-675	-692	-681	-6,930
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	-12	-6	-56	-1	-4	-193
Other	916	398	1,382	1,723	1,867	296	281	315	167	115	1,853
Total results before tax[2]	4,579	9,014	10,171	13,272	18,176	2,535	3,115	1,853	1,860	1,255	18,756
Income tax	-1,168	-3,001	-2,733	-4,293	-6,089	-925	-1,128	-526	-636	-491	-6,292
Total result[2]	**3,412**	**6,014**	**7,438**	**8,980**	**12,086**	**1,610**	**1,987**	**1,327**	**1,224**	**763**	**12,463**
Adjusted Result[3]	4,367	6,381	7,832	9,153	12,285	1,623	1,993	1,384	1,225	768	12,656
Annualized indicators - As % of netted assets											
Financial margin	7.3	9.8	9.3	9.0	10.2	9.4	10.1	11.1	10.9	9.4	10.3
Net interest income	4.4	5.3	5.5	6.1	7.4	6.9	7.4	7.6	7.7	7.1	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	0.9	0.7	0.7	0.7
Gains on securities	0.9	3.7	3.2	2.1	2.0	2.1	2.0	2.4	2.7	1.4	2.0
Other financial income	0.8	0.0	-0.1	0.0	0.0	-0.1	-0.1	0.0	-0.2	0.1	0.0
Service income margin	4.3	4.6	4.8	5.0	5.4	4.9	5.3	5.5	5.5	5.2	5.4
Loan loss provisions	-1.1	-1.4	-1.0	-0.9	-1.2	-0.9	-1.2	-1.7	-1.2	-1.1	-1.2
Operating costs	-7.0	-7.4	-8.0	-7.8	-8.2	-8.0	-8.3	-8.4	-8.4	-8.3	-8.3
Tax charges	-1.0	-1.2	-1.2	-1.4	-1.7	-1.5	-1.9	-1.9	-2.0	-1.9	-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	-0.2	0.0	0.0	0.0
Other	0.5	0.2	0.6	0.6	0.5	0.5	0.4	0.9	0.5	0.3	0.5
Total results before tax[2]	2.6	4.5	4.3	4.4	4.9	4.4	4.4	5.3	5.2	3.5	4.8
Income tax	-0.7	-1.5	-1.2	-1.4	-1.6	-1.6	-1.6	-1.5	-1.8	-1.4	-1.6
ROA[2]	**1.9**	**3.0**	**3.2**	**3.0**	**3.2**	**2.8**	**2.8**	**3.8**	**3.5**	**2.2**	**3.2**
ROA adjusted[3]	2.5	3.2	3.3	3.0	3.3	2.8	2.8	4.0	3.5	2.2	3.3
ROE before tax	*20.4*	*34.4*	*33.5*	*37.8*	*39.8*	*37.5*	*35.2*	*43.3*	*42.5*	*28.1*	*39.2*
ROE [2]	*15.2*	*22.9*	*24.5*	*25.6*	*26.4*	*23.8*	*22.5*	*31.0*	*27.9*	*17.1*	*26.1*

(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.

Chart 8 | Portfolio Quality

As percentage	Dec 05	Dec 06	Dec 07	Dec 08	Dec 09	Dec 10	Dec 11	Feb 12	Dec 12	Jan 13	Feb 13
Non-performing loans (overall)	**4.4**	**2.9**	**2.2**	**2.5**	**3.1**	**1.9**	**1.3**	**1.5**	**1.7**	**1.8**	**1.9**
Provisions / Non-performing loans	103	114	123	119	116	144	168	155	140	137	132
(Total non-perfoming - Provisions) / Overall financing	-0.1	-0.4	-0.5	-0.5	-0.5	-0.8	-0.9	-0.8	-0.7	-0.7	-0.6
(Total non-perfoming - Provisions) / Net worth	-0.4	-1.4	-2.1	-1.9	-1.7	-3.4	-4.4	-3.9	-3.2	-3.0	-2.8
Non-performing loans to the non-financial private sector	**6.3**	**3.6**	**2.5**	**2.8**	**3.3**	**2.0**	**1.4**	**1.6**	**1.8**	**1.9**	**2.0**
Provisions / Non-performing loans	102	114	123	118	115	143	167	153	139	135	132
(Total non-perfoming - Provisions) / Overall financing	-0.1	-0.5	-0.6	-0.5	-0.5	-0.9	-0.9	-0.8	-0.7	-0.7	-0.6
(Total non-perfoming - Provisions) / Net worth	-0.4	-1.4	-2.0	-1.8	-1.6	-3.4	-4.4	-3.8	-3.1	-2.9	-2.8

Source: BCRA

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