Report on Banks

March 2014

BANCO CENTRAL
DE LA REPÚBLICA ARGENTINA

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Year XI, No. 7

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DE LA REPÚBLICA ARGENTINA

Contents

IMPORTANT: *A greater breakdown of indicators per homogeneous groups of banks in excel format is available at* http://www.bcra.gob.ar/pdfs/polmon/InfBanc_Anexo.xls

Note | 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.

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Summary

- **Financial system total lending** (in domestic and foreign currency) **to the private sector rose 0.4% in March (29.5% y.o.y.)**, loans in pesos slightly rising 30.7% y.o.y. and those denominated in foreign currency going up 2.2% (-28.2% y.o.y.). On a y.o.y. comparison basis, lending to companies and households expanded in all groups of financial institutions, public and foreign private banks being the most dynamic. **Lending to companies expanded 30.7% y.o.y., up against the change in loans to households: 28.3% y.o.y.**

- **Non-performance in lending to the private sector remained at low levels, standing at 1.9% of the total portfolio in March.** Financing to households posted a 2.8% delinquency ratio, while loans to companies recorded a 1.1% non-performance level. Coverage of the non-performing portfolio with provisions reached 139%, surpassing the level registered a year before.

- **In March, the stock of deposits in pesos of the private sector increased 2.3% (27.8% y.o.y.) mainly explained by a 4% expansion (35.5% y.o.y.) observed in time deposits** and, to a lower extent, by a 0.7% (20.9% y.o.y.) rise in sight accounts. Private sector deposits in foreign currency decreased. In turn, public sector total deposits grew 1.9% against February (24.5% y.o.y.). **Thus, the stock of total deposits (in domestic and foreign currency) expanded 1.7% (28% y.o.y.) over the period.**

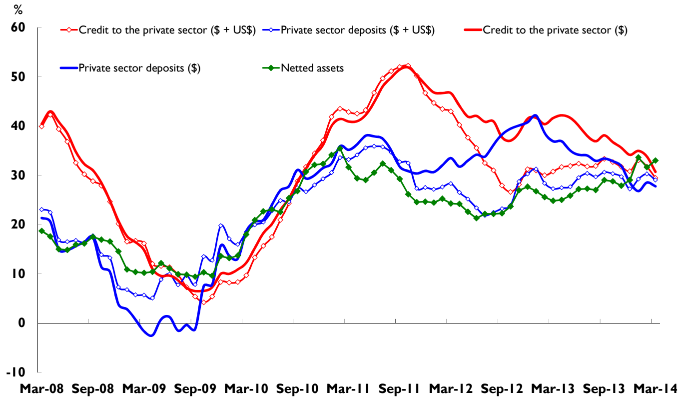
- **The financial system liquid assets portfolio (in domestic and foreign currency) stood at 27% of total deposits in March, up 2.5 p.p. against February mainly due to a rise in financial institutions' repo transactions with the BCRA.** Considering LEBAC and NOBAC holdings, the rise in the liquid asset portfolio—adopting a broad definition—was lower (1.6 p.p. of deposits) and liquidity continued evidencing high levels (42.1% of total deposits) in all groups of banks.

- **At the end of the first quarter of this year, the foreign currency mismatching (which includes forward transactions) for the aggregate financial system continued shrinking reaching around 32.2% of adjusted stockholder's equity**. The drop in mismatching for the ensemble of institutions resulted from a reduction in the gap of assets and liabilities in foreign currency and from a minor rise in the net term short position.

- **In March, consolidated financial system net worth rose 2.1% (42.9% y.o.y.), mainly due to book profits.** Regulatory capital compliance accounted for 13.3% of total risk-weighted assets (RWA) at an aggregate level, whilst that of Tier 1 represented 12.4% of RWA. Thus, in March, **capital compliance in excess of the requirement** (capital position) **stood at 73.5%**.

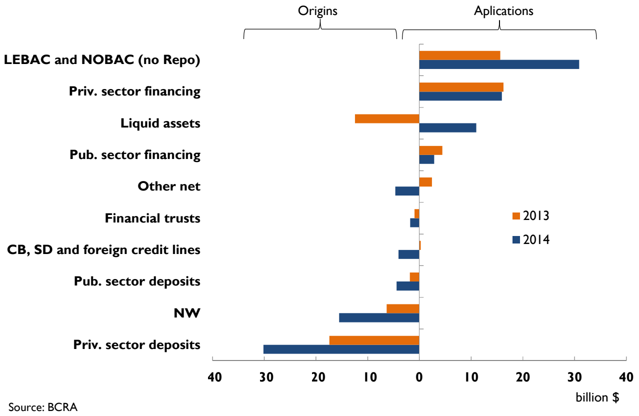
- **Profits for the ensemble of banks totaled 3.3%a. of assets in March**, falling slightly against the month before in a context of reduction in the financial margin. Thus, **financial institutions' ROA** stood at **4.3% over the last 12 months**.

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



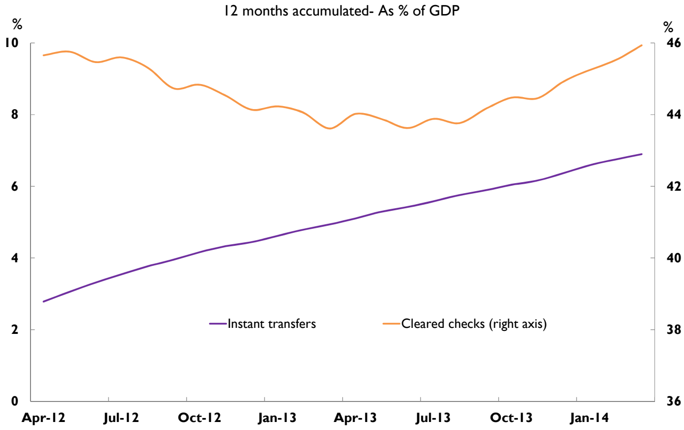
Source: BCRA

Chart 2
Estimation of Sources and Uses of Funds - First Quarter
Financial System



Source: BCRA

Chart 3
Instant Transfers and Checks
12 months accumulated- As % of GDP



Source: BCRA and INDEC

I. Activity

Financial intermediation with the private sector continued growing moderately in March. Lending in pesos channeled to companies and households expanded slightly over the month, growing 30.7% y.o.y. (see Chart 1). Private sector deposits in pesos increased 2.3% over the period, going up 27.8% y.o.y. In this context, financial system netted assets climbed 2.1% over the month, evidencing a 33% change against March 2013.

In terms of monthly fund flows for the ensemble of banks, **the increase in higher liquidity assets**[1] ($18.1 billion) was the main application of resources **in March**, a change mainly accounted for by private banks. These funds were further used to increase lending to the private and public sectors during this period. **With respect to deposit taking, a hike in private sector deposits** ($8.9 billion)**,** an expansion in public sector deposits ($3.9 billion), and the profits obtained by the sector activity **should be underscored**.

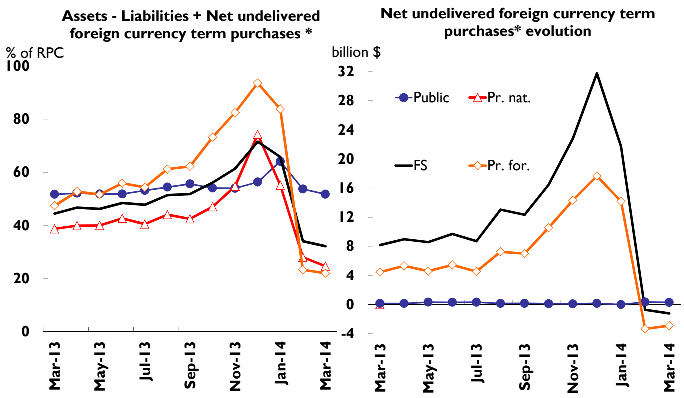
Regarding the fund flow for the first quarter of 2014, **financial institutions mainly allocated funds to increasing LEBAC and NOBAC holdings** (not related to repo transactions), followed by an expansion in lending to the private sector and a rise in liquid assets (especially, repos with the BCRA). In turn, **the funds mostly used in the first quarter of the year resulted from a rise in private sector deposits and profits** (see Chart 2). Compared to the same period of 2013, funds sources for the financial system recorded in the first three months of 2014 were similar. On the other hand, banks' use of fund exhibited a different pattern at the start of 2013, with a lower trend towards greater liquidity against 2014.

The value of checks cleared increased 6.9% in March —4.3% in terms of number—going up 35.2% in the last 12 months—3.3% in terms of number—. Meanwhile, **the amount processed of instant transfers rose 6.3% over the period**—7.1% for the number of transactions—reaching a 56% y.o.y. expansion—16.6% against the number of transactions—. The positive performance of these payment instruments observed over the past 12 months led to a rise in their relative share in the economy, for example, in terms of GDP (see Chart 3).

In March, foreign currency broad mismatching in all groups of banks continued falling reaching 32.2% of adjusted stockholder's equity at an aggregate level (see Chart 4). The monthly fall in currency mismatching was boosted by a decrease in the gap of assets and liabilities in dollars held by public and foreign private banks and

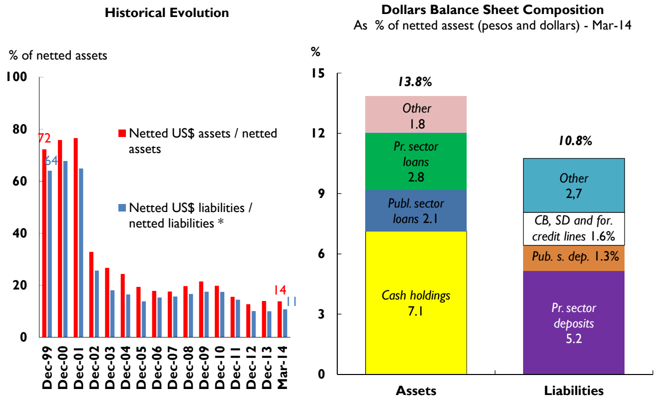
[1] It consists of a rise in liquid assets by $23.1 billion (mainly due to a hike in repos with the BCRA) and a reduction in LEBACs and NOBACs by $5 billion.

Chart 4
Foreign Currency Mismatching



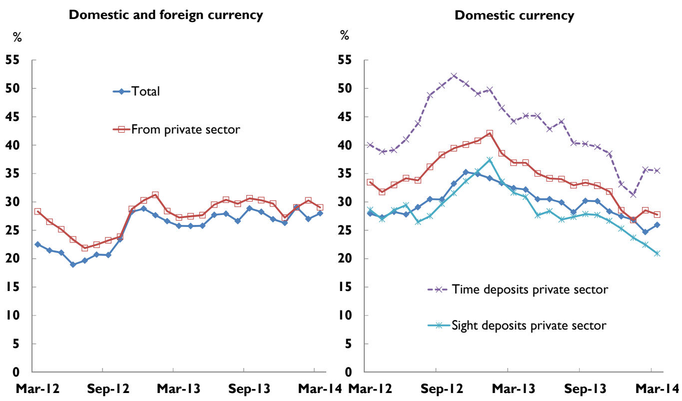
* Off balance sheet accounts
Source: BCRA

Chart 5
Balance Sheet Dolarization
Financial System



* Liabilities and net worth. Source BCRA

Chart 6
Financial System Deposits
Y.o.y. % var. of balance sheet stocks



Source: BCRA

by a lower balance of forward net purchases of foreign currency by national private banks.

It should be noted that the share of items in foreign currency in the financial system's balance sheet has posted historically low levels (see Chart 5). As of March, total assets in foreign currency—measured in terms of total assets (or total funding)—reached 14%, while liabilities in the same currency stood at 11%. The liquid assets portfolio (cash holdings) should be highlighted within assets in dollars, with a 7.1% share of total assets. These liquid funds in foreign currency surpass total financial system deposits in dollars, which only represent 5.2% of total funding.

II. Deposits and liquidity

The stock of private sector deposits in domestic currency increased 2.3% in March primarily due to an improvement in time deposits (4%) and, to a lower extent, a rise in sight accounts (0.7%). In turn, private sector deposits in foreign currency decreased over the period. Thus, total private sector deposits increased 1.6% in the month. As a result of this rise and the monthly expansion posted by public sector deposits (1.9%), total deposits in the financial system (in domestic and foreign currency) went up 1.7% in March.

Thus, the stock of total deposits (in domestic and foreign currency) expanded 28% y.o.y. in the first quarter of 2014. Private sector total accounts increased 29% y.o.y. while those of the public sector rose 24.9% y.o.y. **Companies and households' deposits in pesos climbed 27.8% y.o.y., with a hike of 35.5% y.o.y. in time deposits** (see Chart 6) and of 20.9% y.o.y. in sight deposits.

Interest rates on private sector time deposits in pesos rose by the end of the first quarter. As a consequence of this growth, the estimated funding cost of banks for deposits in pesos rose up to 13.7% annually in March (see Chart 7). All groups of financial institutions posted a monthly increase in the cost of funding of deposits in pesos, national private banks exhibiting greater momentum.

The financial system liquid asset portfolio (in pesos and dollars) climbed up to 27%, 2.5 p.p. of total deposits in March mainly due to a rise in financial institutions' repos transactions with the BCRA (see Chart 8). In turn, the financial system liquidity indicator increased 42.1% of deposits in March—based on a broad definition for the liquid asset portfolio (including LEBACs and NOBACs)—, up 1.6 p.p. against the month before. The hike in this ratio was observed in all groups of banks, being relatively more notorious in foreign private banks.

III. Financing

In March, financing in pesos to the private sector rose slightly against the month before (0.2%)[2]. Considering credit lines in pesos, credit cards posted the greatest relative growth, going up 1.5% monthly (see Chart 9). Meanwhile, loans in foreign currency increased 2.2% over the period, a change mainly explained by pre-financing to exports. As a result, **the stock of total loans (in pesos and dollars) channeled to the private sector expanded slightly over the month** (0.4%)[3].

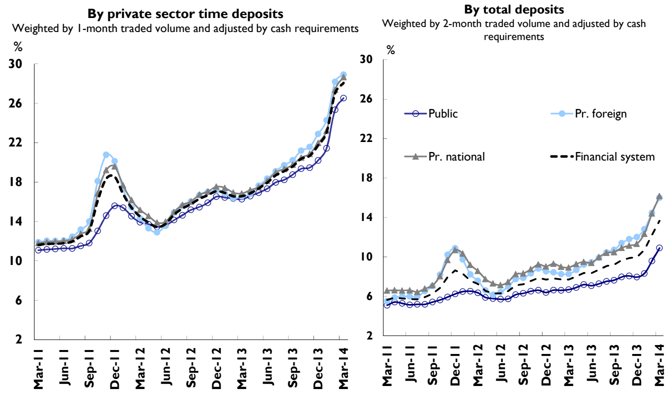
In y.o.y. terms, **financing in pesos to companies and households increased 30.7% in March**. In turn, loans in foreign currency moderated their pace. As a result, **the total stock of loans to the private sector climbed 29.5% y.o.y.**, slightly below the figure recorded over the same month in 2013. All groups of financial institutions exhibited y.o.y. hikes in loans to companies and households, public and foreign private banks being the most dynamic (see Chart 10). It is worth pointing out that **loans granted by public banks in the first quarter of the year posted the greatest hike rate**, accounting for almost 45% of the quarterly rise in total lending to the private sector.

Total financing to companies[4] **increased slightly in March** (0.2% against February). In turn, loans to primary production were the most dynamic in the first quarter of 2014, expanding 33.6%a., 9 p.p. above the change posted over the same period in 2013. These loans accounted for 44.4% of the growth in total lending to companies during the quarter (see Chart 11). Financing channeled to companies was mainly boosted by public banks, which contributed to over half of the hike in the stock of loans to this segment. **In y.o.y. terms, loans to the productive sector increased 30.7% as of March, exceeding the figure recorded by loans to households.** Credit lines for commercial and manufacturing purposes were the most dynamic over this period, expanding 42.4% y.o.y. and 33.7% y.o.y., respectively, and increasing their share in the total stock of loans to companies.

Within the framework of the Credit Line for Productive Investment (LCIP), loans for around

Chart 7

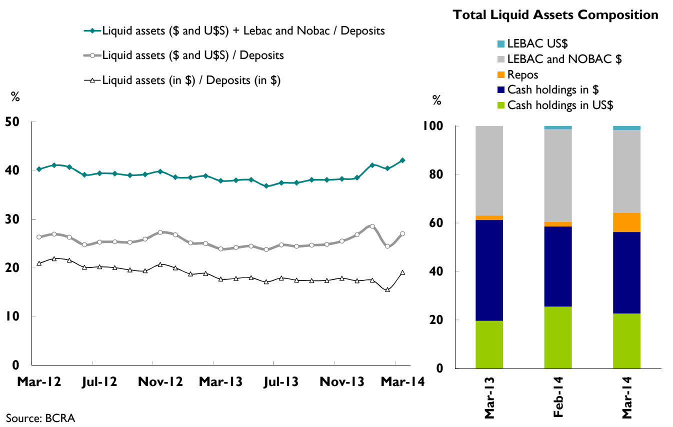
Estimation of Average Funding Costs by Deposits in Pesos



Fuente: BCRA

Chart 8

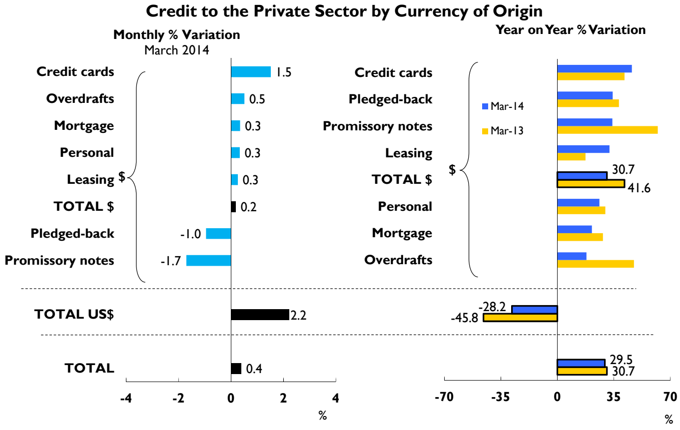
Financial System Liquidity



Source: BCRA

Chart 9

Credit to the Private Sector by Currency of Origin



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

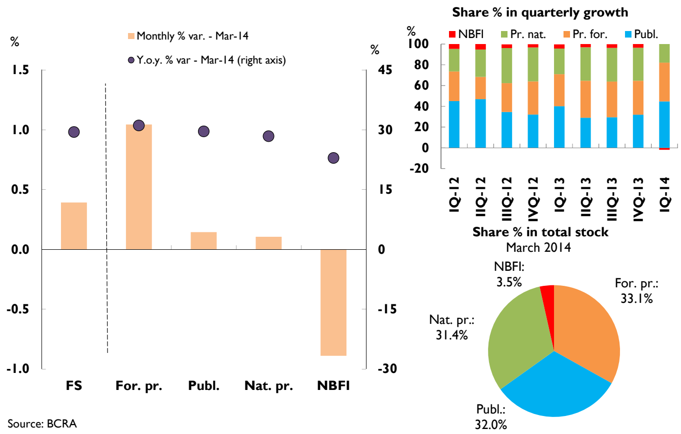
[2] Four financial trusts were issued in March for a total of $803 million, corresponding to securitizations of personal loans granted by financial institutions. If the balance sheet stock is adjusted by assets securitized over the month, growth recorded by loans in pesos to the private sector would reach 0.3%.

[3] If the balance sheet stock is adjusted by assets securitized over March (using loans granted by banks as underlying assets), the monthly change in total lending (including domestic and foreign currency) to the private sector would amount to 0.5%.

[4] Information obtained from the Debtors' Database (including domestic and foreign currency). Loans to companies include those granted to legal persons and commercial loans granted to natural persons. In turn, loans to households are those given to natural persons unless they have a commercial purpose.

Chart 10

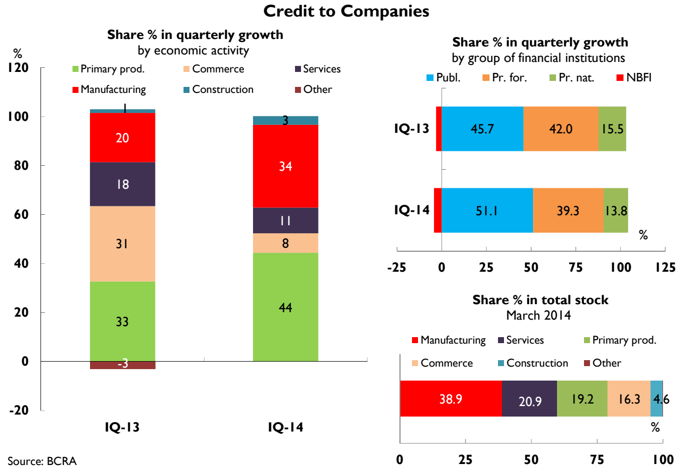
Credit to the Private Sector by Group of Financial Institutions



Source: BCRA

Chart 11

Credit to Companies

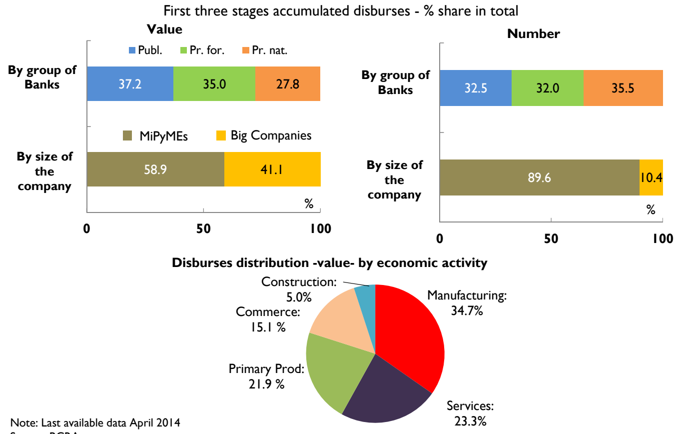


Source: BCRA

Chart 12

Credit Line for Productive Investment

First three stages accumulated disburses - % share in total



Note: Last available data April 2014
Source: BCRA

$57.8 billion have been granted since its implementation—by mid-2012—to April 2014, considering only the first three tranches, with actual disbursements amounting to **$56.22 billion.** It should be noted that, taking into account the total amount credited to companies in the first three stages of the LCIP, almost 59% was channeled to micro, small and medium-sized enterprises (see Chart 12); such value may be extended to 90% when factoring in the percentage of financing granted. On the other hand, loans to manufacturing industry, service companies and primary production exhibited the greatest share in total amount credited channeled through the LCIP. Regarding the tranche corresponding to the first half of 2014—currently under way—, there is preliminary information available on 28 out of 31 participating financial institutions as of April. Based on such information, this ensemble of financial institutions granted loans for 41% of their target set at an aggregate level for the first half of the year.

The BCRA has awarded a total amount of $7.9 billion amongst the 14 institutions participating in the Bicentennial Productive Financing Program (PFPB). Almost 80% of the total ($6.28 billion) was credited and disbursed amongst 369 companies. **Over 84% of the amount credited corresponded to financing granted by public banks with most transactions being channeled to micro, small, and medium-sized enterprises.**

Loans channeled to households[5] increased 0.6% over the month, growing 28.3% y.o.y. Particularly, financing arranged through credit cards posted the greatest momentum over the first quarter of the year, accounting for almost 48% of the expansion registered by the stock of loans channeled to households (see Chart 13). This credit line raised its share in the total stock by 3.4 p.p. in the past 12 months, up to 35%. The quarterly expansion of financing to households was primarily driven by national private and public banks.

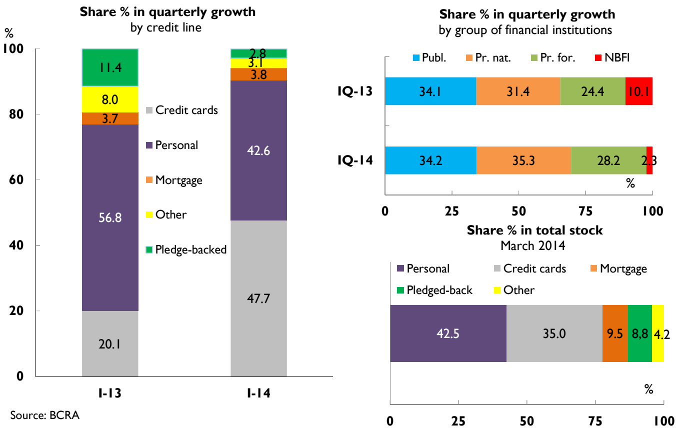
Lending rates in pesos rose slightly in March in almost all credit lines, except for promissory notes (see Chart 14). Rates for pledge-backed loans and overdrafts posted the highest monthly hikes. **During the month, spreads between lending interest rates and the cost of funding are estimated to have fallen slightly in all groups of banks and in most credit lines though they have remained above the levels observed a year before.**

Non-performance in lending to the private sector remained at low levels, standing at 1.9% of the total portfolio in March. Lending to households recorded a 2.8% delinquency rate, going up slightly against February (see Chart 15), whereas the non-performance

[5] Information obtained from the Debtors' Database (including pesos and foreign currency).

Chart 13

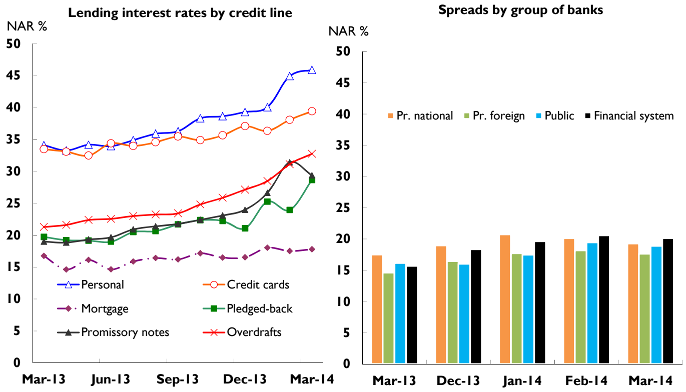
Credit to Households



Source: BCRA

Chart 14

Lending Interest Rates and Spreads Operated in Pesos

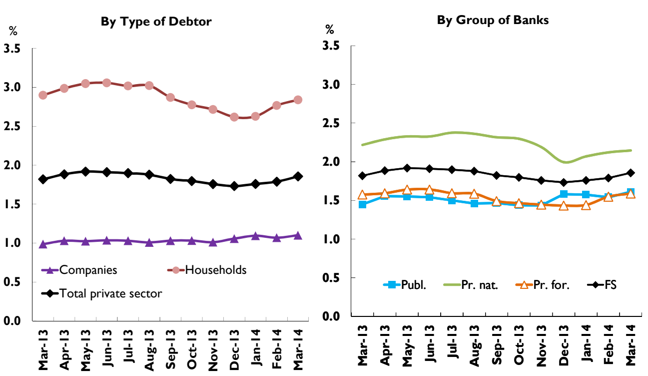


Lending rates and spreads: weighted average by operated value.
Source: BCRA

Chart 15

Private Sector Non Performing Debt

Non-performing loans / Total loans (%) - Financial System



Source: BCRA

ratio of loans to companies remained at 1.1%. **Coverage of the non-performing portfolio with provisions reached 139% in March, exceeding the level observed the year before.** If minimum provisions were excluded from the performing portfolio, the financial system coverage ratio would stand at 83.3%, above the regulatory requirement (56%).

IV. Solvency

In March, consolidated financial system net worth rose 2.1% (42.9% y.o.y.), mainly due to book profits. The ensemble of financial institutions received capital contributions for $62 million in the first quarter of the year, which were primarily channeled to non-banking financial institutions. Dividends for $260 million were allocated in the first three months of the year. Within this framework, **bank assets totaled 8 times the net worth, down 0.6 against March 2013.** Thus, the domestic financial system continued recording a moderate leverage, below the average of the region and of other emerging and developed economies.

The financial system regulatory capital compliance reached 13.3% of RWA in March 2014. Tier 1[6] capital compliance—with a better relative quality in terms of ability to absorb losses—accounted for 12.4% of RWA by the end of the first quarter. In turn, **capital compliance in excess of the regulatory requirement** (capital position) **stood at 73.5% over the month** (see Chart 16), **going up 7.9 p.p. y.o.y**. All groups of banks exhibited a surplus in their capital position over the period.

In March, profits for the ensemble of banks totaled 3.3%a. of assets (see Chart 17), decreasing slightly against February in a context of a reduction in the financial margin. **The ROA for the ensemble of banks stood at 4.3% considering the past 12 months**, increasing 1.4 p.p. against the same period analyzed as of March 2013. This improvement in profits was observed amongst the different groups of financial institutions.

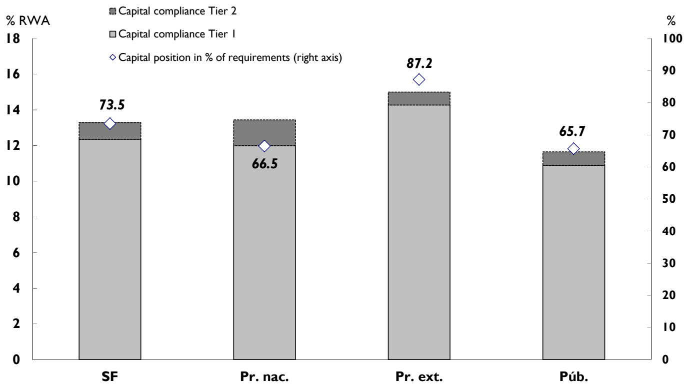
Banks' financial margin stood at 9.3%a. of assets in March 2014 (see Chart 18), going down 0.4 p.p. against February. The drop in income derived from securities and from interest was partially offset by the monthly rise in items related to the exchange rate evolution (exchange rate differences and adjustments for foreign currency forward transactions). Banks' **financial margin reached 11.8% of assets in the past 12 months**, going up 2.5 p.p. y.o.y.

[6] Defined as basic net worth (common and additional stock), net of accounts that may be deducted. For further information, see Communication "A" 5369.

Chart 16

Capital Compliance and Excess of the Requirement (Position)

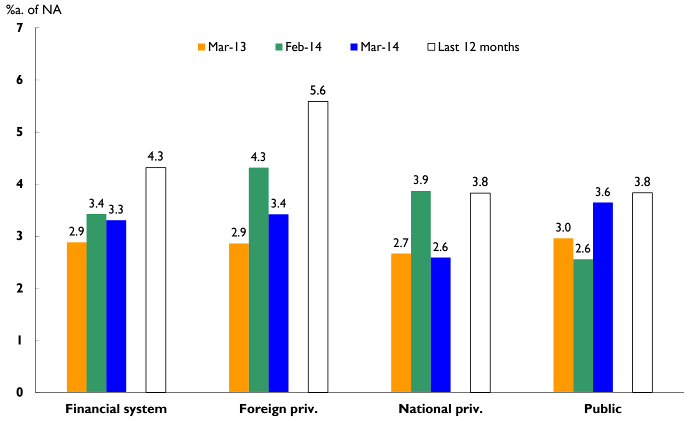
March 2014



Source: BCRA

Chart 17

Profitability by Group of Banks

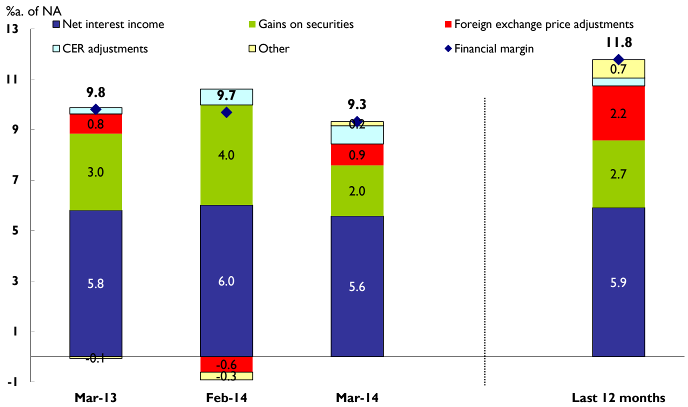


Source: BCRA

Chart 18

Financial Margin

As % of netted assets - Financial system



Source: BCRA

Income from financial system's services reached 4%a. of assets over the month, increasing slightly against February, driven by foreign private banks and non-banking financial institutions. In turn, **net income from the financial system's services accounted for 4.2% of assets between April 2013 and March 2014**, in line with the value recorded over the same period in 2013.

Financial system operating costs totaled 7%a. of assets over the period, up 0.2 p.p. against the month before. This rise was mainly observed in foreign and national private banks. Expenses over the past 12 months stood at 7.1% of assets, 61% of which accounts for personnel expenses—remunerations and social security contributions—. In turn, **loan loss provisions** made by public and private financial institutions **reached 0.9%a. of assets in March**, going down slightly against February. This situation was observed in public and private financial institutions. On the basis of the figure recorded over the 12-month period as of March 2014, these provisions reached 1% of assets.

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” 5563 – 18/03/14

In order to determine Financial institutions’ net positive position in foreign currency, forward sales of foreign currency -computed as negative values- to affiliated companies should be added up as positive values. In addition, financial institutions shall report such transactions by letter to the Superintendence of Financial and Exchange Institutions (Supervision and Surveillance) up to March 21, 2014.

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.
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	Dec 12	Mar 13	Dec 13	Feb 14	Mar 14
1.- Liquidity	20.1	22.5	23.0	27.9	28.6	28.0	24.7	26.8	23.9	26.8	24.5	27.0
2.- Credit to the public sector	31.5	22.5	16.3	12.7	14.4	12.1	10.7	9.7	10.0	9.4	9.0	9.0
3.- Credit to the private sector	25.8	31.0	38.2	39.4	38.3	39.8	47.4	49.5	50.1	50.8	49.4	47.8
4.- Private non-performing loans	7.6	4.5	3.2	3.1	3.5	2.1	1.4	1.7	1.8	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	-3.1	-2.8	-2.9	-3.0	-2.8
6.- ROA	0.9	1.9	1.5	1.6	2.3	2.8	2.7	2.9	2.8	3.4	7.7	6.2
7.- ROE	7.0	14.3	11.0	13.4	19.2	24.4	25.3	25.7	24.9	29.5	62.3	50.1
8.- Efficiency	151	167	160	167	185	179	179	190	195	206	307	268
9a.- Capital compliance	-	-	-	-	-	-	-	-	14.3	13.6	13.5	13.3
9b.- Capital compliance (credit risk)	15.9	16.9	16.9	16.9	18.8	17.7	15.6	17.1	-	-	-	-
10a.- Capital compliance Tier 1	-	-	-	-	-	-	-	-	12.9	12.5	12.5	12.4
10b.- Capital compliance Tier 1 (credit risk)	14.1	14.1	14.6	14.2	14.5	13.0	11.0	11.9	-	-	-	-
11.- Excess capital compliance	169	134	93	90	100	87	69	59	66	76	77	74

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	Dec 12	Mar 13	Dec 13	Feb 14	Mar 14	Change (in %)		
										Last month	2014	Last 12 months
Assets	**346,762**	**387,381**	**510,304**	**628,381**	**790,026**	**812,195**	**1,005,680**	**1,060,970**	**1,100,557**	**3.7**	**9.4**	**35.5**
Cash disposal[1]	58,676	71,067	93,085	104,389	148,254	142,926	200,926	183,787	186,493	1.5	-7.2	30.5
Public bonds	65,255	86,318	117,951	112,906	123,491	135,720	141,494	182,887	199,640	9.2	41.1	47.1
Lebac/Nobac	37,093	43,867	76,948	71,050	84,057	92,167	89,641	128,128	140,048	9.3	56.2	51.9
Portfolio	25,652	34,748	61,855	59,664	70,569	86,197	88,091	124,022	118,964	-4.1	35.0	38.0
Repo[2]	11,442	9,119	15,093	11,386	13,488	5,971	1,550	4,106	21,084	413.5	1,260.4	253.1
Private bonds	203	307	209	212	251	285	434	658	601	-8.5	38.6	111.3
Loans	154,719	169,868	230,127	332,317	433,925	450,018	563,344	576,976	578,724	0.3	2.7	28.6
Public sector	17,083	20,570	25,907	31,346	39,951	40,270	48,438	49,039	49,252	0.4	1.7	22.3
Private sector	132,844	145,247	199,202	291,708	383,674	399,498	501,857	514,989	517,023	0.4	3.0	29.4
Financial sector	4,793	4,052	5,018	9,263	10,299	10,249	13,049	12,948	12,449	-3.9	-4.6	21.5
Provisions over loans	-4,744	-5,824	-6,232	-7,173	-9,596	-10,139	-12,388	-13,440	-13,596	1.2	9.8	34.1
Other netted credits due to financial intermediation	38,152	33,498	39,009	40,805	38,769	34,638	42,435	53,991	71,937	33.2	69.5	107.7
Corporate bonds and subordinated debt	912	1,146	1,433	1,657	2,255	2,183	5,421	5,709	5,675	-0.6	4.7	159.9
Unquoted trusts	5,714	5,942	6,824	7,967	10,822	11,539	12,656	13,402	13,822	3.1	9.2	19.8
Leasing	3,935	2,933	3,936	6,222	7,203	7,294	9,460	9,551	9,572	0.2	1.2	31.2
Shares in other companies	7,236	6,711	7,921	9,123	11,682	12,509	15,205	16,204	16,648	2.7	9.5	33.1
Fixed assets and miscellaneous	7,903	8,239	9,071	10,111	11,251	11,468	14,226	14,735	15,041	2.1	5.7	31.1
Foreign branches	3,153	3,926	3,283	3,525	4,354	4,540	5,611	6,801	6,918	1.7	23.3	52.4
Other assets	12,275	10,337	11,943	15,944	20,441	22,936	24,933	28,822	28,579	-0.8	14.6	24.6
Liabilities	**305,382**	**339,047**	**452,752**	**558,264**	**699,205**	**714,690**	**883,889**	**925,654**	**962,470**	**4.0**	**8.9**	**34.7**
Deposits	236,217	271,853	376,344	462,517	595,764	616,098	752,423	775,351	788,443	1.7	4.8	28.0
Public sector [3]	67,151	69,143	115,954	129,885	163,691	165,556	202,434	202,985	206,850	1.9	2.2	24.9
Private sector[3]	166,378	199,278	257,595	328,463	427,857	445,254	544,332	565,570	574,498	1.6	5.5	29.0
Current account	39,619	45,752	61,306	76,804	103,192	101,696	125,237	118,488	123,799	4.5	-1.1	21.7
Savings account	50,966	62,807	82,575	103,636	125,210	126,087	158,523	161,507	154,995	-4.0	-2.2	22.9
Time deposit	69,484	83,967	104,492	135,082	183,736	202,492	241,281	265,853	276,066	3.8	14.4	36.3
Other netted liabilities due to financial intermediation	57,662	52,114	60,029	76,038	75,106	67,409	92,634	102,975	125,197	21.6	35.2	85.7
Interbanking obligations	3,895	3,251	4,201	7,947	8,329	8,120	10,596	10,483	9,927	-5.3	-6.3	22.3
BCRA lines	1,885	270	262	1,920	3,535	3,927	4,693	4,747	4,776	0.6	1.8	21.6
Outstanding bonds	5,984	5,033	3,432	6,856	9,101	9,551	14,198	15,565	15,749	1.2	10.9	64.9
Foreign lines of credit	4,541	3,369	3,897	6,467	4,992	4,485	6,328	7,740	8,278	6.9	30.8	84.5
Other	13,974	14,891	17,426	24,137	26,280	23,947	41,345	38,881	42,068	8.2	1.7	75.7
Subordinated debts	1,763	1,922	2,165	2,065	2,647	2,462	3,425	3,872	3,971	2.5	15.9	61.3
Other liabilities	9,740	13,159	14,213	17,644	25,688	28,721	35,407	43,456	44,860	3.2	26.7	56.2
Net worth	**41,380**	**48,335**	**57,552**	**70,117**	**90,820**	**97,505**	**121,791**	**135,316**	**138,086**	**2.0**	**13.4**	**41.6**
Memo												
Netted assets	321,075	364,726	482,532	601,380	767,744	795,553	990,614	1,036,453	1,057,919	2.1	6.8	33.0
Consolidated netted assets	312,002	357,118	472,934	586,805	750,598	778,250	969,247	1,014,903	1,036,701	2.1	7.0	33.2

([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] | Financial system (cont)

Chart 3 | Profitability Structure

Amount in million of pesos	Annual						First 3 months		Mensual			Last
	2008	**2009**	**2010**	**2011**	**2012**	**2013**	**2013**	**2014**	**Jan-14**	**Feb-14**	**Mar-14**	**12 months**
Financial margin	20,462	28,937	35,490	43,670	61,667	88,507	18,458	38,333	21,848	8,317	8,167	108,381
Net interest income	9,573	14,488	17,963	24,903	38,365	50,336	11,355	15,391	5,340	5,163	4,888	54,372
CER and CVS adjustments	2,822	1,196	2,434	1,725	2,080	2,153	660	1,383	205	540	638	2,876
Foreign exchange price adjustments	2,307	2,588	2,100	3,025	4,127	11,286	1,392	9,957	9,738	-526	745	19,850
Gains on securities	4,398	11,004	13,449	14,228	17,356	22,280	5,213	7,477	2,315	3,404	1,757	24,543
Other financial income	1,362	-339	-457	-211	-261	2,454	-161	4,125	4,250	-263	139	6,740
Service income margin	10,870	13,052	16,089	21,391	28,172	36,505	8,072	10,451	3,584	3,387	3,480	38,884
Loan loss provisions	-2,839	-3,814	-3,267	-3,736	-6,127	-8,620	-1,920	-2,861	-1,279	-830	-752	-9,560
Operating costs	-18,767	-22,710	-28,756	-36,365	-47,318	-60,652	-13,586	-18,225	-6,313	-5,793	-6,119	-65,291
Tax charges	-2,318	-3,272	-4,120	-6,047	-8,981	-14,156	-2,957	-4,747	-1,998	-1,282	-1,467	-15,945
Adjust. to the valuation of gov. Securities1	-1,757	-262	-214	-336	-338	-377	-105	-261	-43	-77	-140	-534
Amort. payments for court-ordered releases	-994	-703	-635	-290	-274	-128	-35	-16	-3	-6	-7	-109
Other	1,441	918	2,079	2,963	2,475	2,748	664	1,025	13	355	657	3,109
Total results before tax2	6,100	12,145	16,665	21,251	29,276	43,828	8,591	23,698	15,808	4,070	3,820	58,935
Income tax	-1,342	-4,226	-4,904	-6,531	-9,861	-14,685	-3,063	-7,595	-5,543	-1,129	-922	-19,217
Total result2	**4,757**	**7,920**	**11,761**	**14,720**	**19,415**	**29,143**	**5,528**	**16,104**	**10,265**	**2,941**	**2,897**	**39,718**
Adjusted Result3	7,508	8,885	12,610	15,345	20,027	29,649	5,668	16,381	10,312	3,025	3,045	40,361
Annualized indicators - As % of netted assets												
Financial margin	6.7	8.6	8.5	8.0	9.2	10.3	9.5	14.8	25.4	9.7	9.3	11.8
Net interest income	3.1	4.3	4.3	4.6	5.7	5.9	5.8	5.9	6.2	6.0	5.6	5.9
CER and CVS adjustments	0.9	0.4	0.6	0.3	0.3	0.3	0.3	0.5	0.2	0.6	0.7	0.3
Foreign exchange price adjustments	0.8	0.8	0.5	0.6	0.6	1.3	0.7	3.8	11.3	-0.6	0.9	2.2
Gains on securities	1.4	3.3	3.2	2.6	2.6	2.6	2.7	2.9	2.7	4.0	2.0	2.7
Other financial income	0.4	-0.1	-0.1	0.0	0.0	0.3	-0.1	1.6	4.9	-0.3	0.2	0.7
Service income margin	3.6	3.9	3.8	3.9	4.2	4.3	4.1	4.0	4.2	3.9	4.0	4.2
Loan loss provisions	-0.9	-1.1	-0.8	-0.7	-0.9	-1.0	-1.0	-1.1	-1.5	-1.0	-0.9	-1.0
Operating costs	-6.1	-6.7	-6.9	-6.7	-7.0	-7.1	-7.0	-7.0	-7.3	-6.8	-7.0	-7.1
Tax charges	-0.8	-1.0	-1.0	-1.1	-1.3	-1.7	-1.5	-1.8	-2.3	-1.5	-1.7	-1.7
Adjust. to the valuation of gov. Securities1	-0.6	-0.1	-0.1	-0.1	-0.1	0.0	-0.1	-0.1	-0.1	-0.1	-0.2	-0.1
Amort. payments for court-ordered releases	-0.3	-0.2	-0.2	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.5	0.3	0.5	0.5	0.4	0.3	0.3	0.4	0.0	0.4	0.7	0.3
Total results before tax2	2.0	3.6	4.0	3.9	4.3	5.1	4.4	9.1	18.4	4.7	4.4	6.4
Income tax	-0.4	-1.3	-1.2	-1.2	-1.5	-1.7	-1.6	-2.9	-6.4	-1.3	-1.1	-2.1
ROA2	**1.6**	**2.3**	**2.8**	**2.7**	**2.9**	**3.4**	**2.8**	**6.2**	**11.9**	**3.4**	**3.3**	**4.3**
ROA adjusted3	2.5	2.6	3.0	2.8	3.0	3.5	2.9	6.3	12.0	3.5	3.5	4.4
ROE before tax	*17.2*	*29.5*	*34.5*	*36.5*	*38.8*	*44.4*	*38.7*	*73.7*	*150.8*	*37.9*	*34.9*	*54.2*
ROE2	*13.4*	*19.2*	*24.4*	*25.3*	*25.7*	*29.5*	*24.9*	*50.1*	*97.9*	*27.4*	*26.5*	*36.5*

(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	Dec 12	Mar 13	Dec 13	Feb 14	Mar 14
Non-performing loans (overall)	**5.2**	**3.4**	**2.7**	**2.7**	**3.0**	**1.8**	**1.2**	**1.5**	**1.6**	**1.5**	**1.6**	**1.6**
Provisions / Non-performing loans	115	108	115	117	115	148	176	144	140	142	146	141
(Total non-perfoming - Provisions) / Overall financing	-0.8	-0.3	-0.4	-0.5	-0.5	-0.9	-0.9	-0.7	-0.6	-0.6	-0.7	-0.7
(Total non-perfoming - Provisions) / Net worth	-2.6	-0.9	-1.6	-1.8	-1.7	-3.6	-4.6	-3.4	-3.1	-3.1	-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**	**1.7**	**1.8**	**1.7**	**1.8**	**1.9**
Provisions / Non-performing loans	115	108	114	116	112	143	171	141	137	140	143	139
(Total non-perfoming - Provisions) / Overall financing	-1.1	-0.3	-0.5	-0.5	-0.4	-0.9	-1.0	-0.7	-0.7	-0.7	-0.8	-0.7
(Total non-perfoming - Provisions) / Net worth	-2.5	-0.8	-1.5	-1.7	-1.3	-3.2	-4.3	-3.1	-2.8	-2.9	-3.0	-2.8

Source: BCRA

IMPORTANT: *A greater breakdown of indicators per homogeneous groups of banks is included as from the publication of this Report on Banks; such information is available to the public in Excel format at* http://www.bcra.gob.ar/pdfs/polmon/InfBanc_Anexo.xls