Report on Banks

APRIL 2007

Central Bank of Argentina

Year IV – No. 8

Contents

Note: This report contains information from April 2007 available on May 22, 2007. Description centers mainly on the behavior of the financial system (including breakdowns by uniform sub-groups). Figures provided (particularly in the case of profitability) are preliminary, and may be subject to change.

Published on June 19, 2007

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

Summary

- **The financial system continued to grow in April**: the constitution of new private deposits was the main source of bank funding, while credit to the private sector continued to grow in a context of limited credit risk. The reduction in banks' exposure to the public sector picked up pace, and the banking sector gained in solvency helped by new capital contributions and new benefits.
- In line with incentives put in place by the Central Bank, banks' exposure to the public sector declined 1.4 p.p. of assets, to 18.3%. **The financial system has therefore continued to gain independence from the public sector's financial requirements**.
- **The normalization of banks' balance sheet conditions continued**. In addition to settling installments under the matching framework for the months of April, May and June, the only bank with outstanding debt from rediscount liquidity assistance made early payments of about $800 million in June. Almost all pending compensation receivables from the national government were settled in April, causing this type of asset to almost disappear from bank balance sheets.
- **Credit to the private sector continued to grow**, up 2.2% (40.5% y.o.y.). Corporate lending grew most strongly for the manufacturing and retail sectors, and the credit lines that attained the highest growth rates were current account overdrafts and export credit. The most dynamic household credit lines were pledge-backed loans and credit cards.
- **The quality of private sector lending continued to improve in 2007.** The ratio of non-performing credit reached 4.1% of total private credit, a 0.4 p.p. decline so far this year.
- **Growth in non financial private deposits was the main source of bank funding in April,** increasing 2.5% (26.9% y.o.y.). Unlike recent months, growth in private deposits stemmed from growing sight deposits. There was substantial growth in current accounts during April, which was partly linked to the private sector's greater liquidity requirement to face tax deadlines in May.
- In this context, **the financial system allocated a substantial amount of resources in April to building up liquid assets.** The liquidity ratio increased by 1.1 p.p. of deposits over the month, rising to 23%. In line with such abundant liquidity, call market trading and interest rates declined.
- **Banks registered 1.3%a. ROA (9.4%a. ROE) in April**. The month's decline in accounting profits was mostly explained by losses linked to balance sheet adjustments by two foreign banks, partly offset by higher net interest income and lower loan loss provisions, in a context of expanding financial intermediation. **Excluding the effects of these two financial entities, accrued profits amounted to a ROA of 2.1%a. and a ROE of 15.9%a..**
- **Financial system solvency increased, helped by bank capitalization and accrued accounting profits.** The financial system's net worth increased by $720 million (2.1%, or 23.5% y.o.y.), partly due to a capital contribution by one foreign bank (approximately $780 million) and by profits in April, which were partly offset by a number of banks setting up reserves to make dividend payments ($290 million).
- **Banks are enlarging their operating structures**, as witnessed by payroll growth (6.6% y.o.y.) in excess of the economy's formal employment growth, and by the number of automatic teller machines (up 16.9% y.o.y..).

Activity:

Exposure to the public sector continues to fall

Bank growth is strengthening and balance sheets are returning to normal conditions. Financial institutions made notable progress in April in reducing their exposure to the public sector, while private sector credit continued to grow and private deposits became the main source of bank funding. Financial system netted assets increased 2.2% in April (19.6% y.o.y.), (see Chart 1), the largest percentage increase in the past 6 months.

The total number of financial institutions declined by 2 over the first four months of the year, to a total 88 financial institutions at the end of April (see Chart 2). **The financial system's operating structure continues to increase**. The sector's payroll increased by 6.6% (more than 5,800 new employees) over the past 12 months, the number of branches has grown at a slower rate (2% y.o.y.) and the number of automatic teller machines (ATMs) has increased at a remarkable 16.9% y.o.y., helped by higher competition between financial institutions.

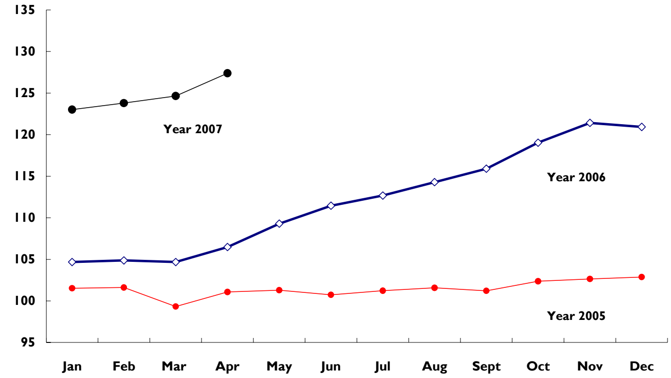
Growing deposits by the non financial sector ($4 billion) **and a contraction in public sector credit** ($2 billion) acted as the main sources of funds for financial institutions. The main uses of funds were **growth in liquid assets** ($2.9 billion), **increased lending to the private sector**[1] ($2 billion) **and larger holdings of Central Bank securities** ($1.5 billion).

Lending to the private sector increased 2.2% (see Chart 3)**, for a total 40.5% increase over the past 12 months**. Overdrafts and export financing were the most dynamic types of loans in April. These two categories as well as personal loans have accumulated the largest nominal growth over the first four months of the year, and jointly account for almost two thirds of the total.

The maturity of lending to the private sector continues to increase across all credit lines, reaching an average of 4 years in April – almost a whole year longer than in December 2006 (see Chart 4). Lengthening maturities are partly driven by growth in mortgage lending, which continued to grow in April (1.7% monthly, 22.4% y.o.y.).

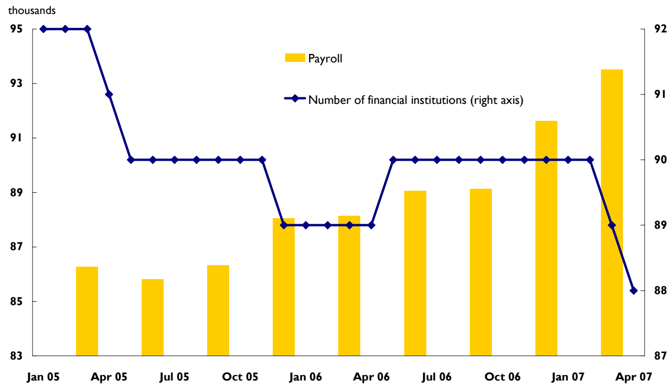
The substantial growth in private lending to export financing follows in part from regulatory incentives set in place by the Central Bank with the aim of minimizing the effects from foreign currency mismatches. US dollar deposits can only be allocated to lending in the same currency, to firms and households with incomes that are correlated to the value of the US dollar. Growing credit in foreign currency during the first four months of 2007 (US$400 million) was entirely funded out of increasing private sector deposits over the same period (US$360 million) plus available, non-allocated resources from earlier periods.

Chart 1
Netted assets
Financial system



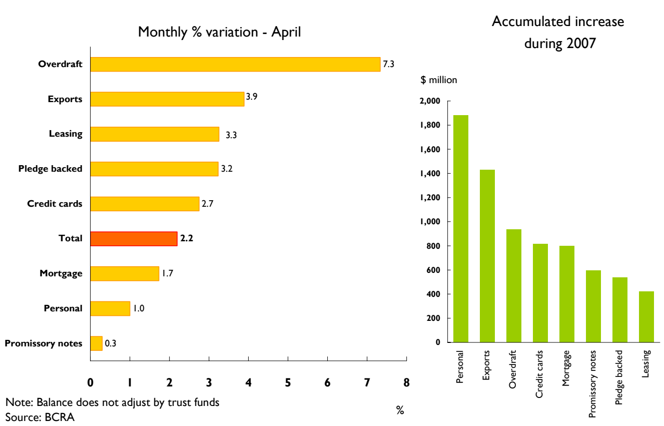
Source: BCRA

Chart 2
Financial System Structure



Source: BCRA

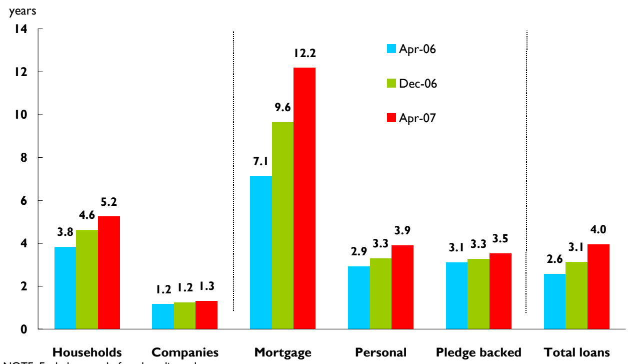
Chart 3
Loans to the Private Sector by Type of Line



Note: Balance does not adjust by trust funds
Source: BCRA

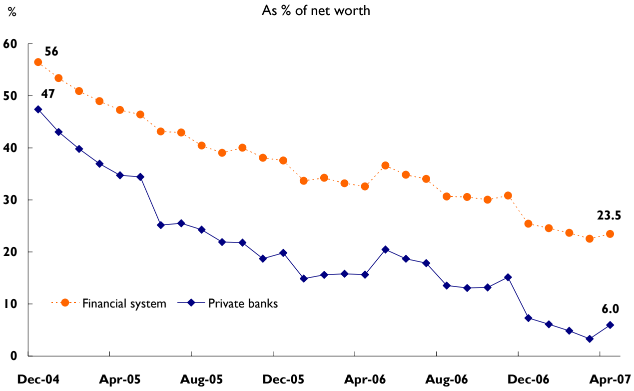
[1] Adjusted for the setting up of financial trusts during the month. Includes lending in the form of leasing.

Chart 4
Lending to the Private Sector
Average maturity weighted by amount



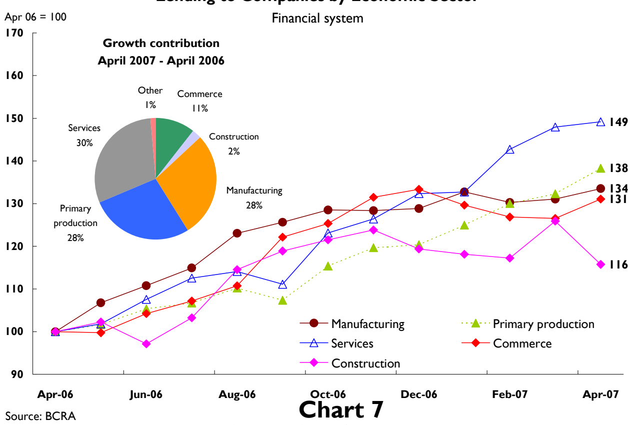
NOTE: Excludes overdraft and credit cards.
Source: BCRA

Chart 5
Currency Mismatch
As % of net worth



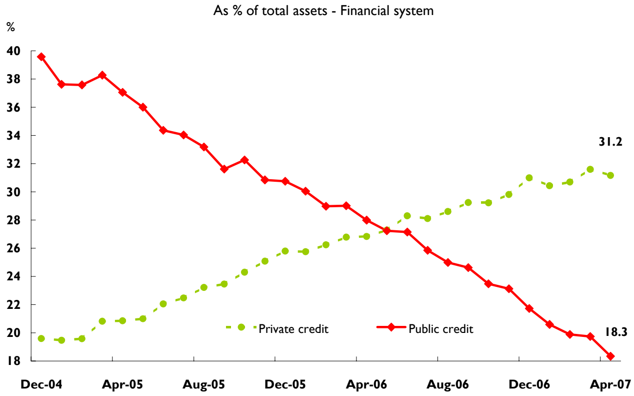
Source: BCRA

Chart 6
Lending to Companies by Economic Sector
Financial system



Source: BCRA

Chart 7
Public and Private Sector Exposure
As % of total assets - Financial system



Source: BCRA

Financial system assets in foreign currency increased by US$250 million in April[2], mainly driven by increased dollar lending and dollar forwards, most of which were carried out by private financial entities. US dollar liabilities increased by US$100 million, driven by larger private dollar deposits. As a result of these changes to assets and liabilities, the financial system's **foreign currency mismatch** increased by 1 p.p. of net worth in April (see Chart 5), to 23.5%. despite a 9.1 p.p. **decline over the past 12 months.**

The sectors that were most dynamic in taking on additional bank lending were primary production and retail (see Chart 6). Lending for primary activities increased by 4.5% ($610 million), while lending to the retail sector increased by 3.6% ($220 million). Growth in corporate lending over the past 12 months has been driven by services, primary production and manufacturing.

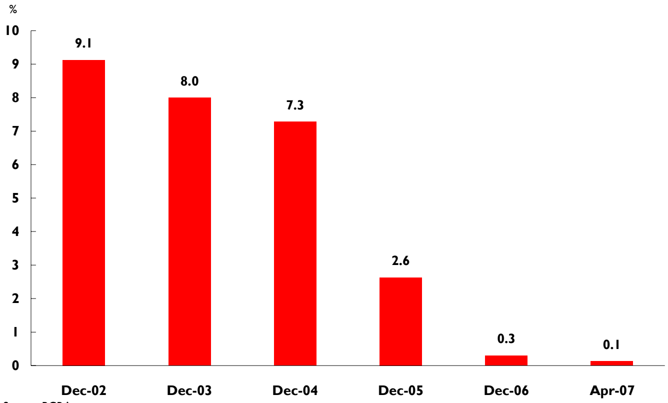
Leasing continues to grow as a financial instrument used to finance production ventures, especially in the service and manufacturing sectors. SMEs account for the largest share of this market. Bank leasing increased by 3.3% in April, for an accumulated 57% growth over the past 12 months. Leasing has gradually increased as share of total lending: it accounted for 46% of all corporate pledge-backed and mortgage lending in April, 7 p.p. higher than a year earlier.

In line with the incentive structure set forth by the Central Bank, the share of public sector credit within total financial system assets declined by 1.4 p.p. in April, to 18.3% (19.9% of netted assets, see Chart 7) and down 9.7 p.p. over the past 12 months. Although the decline in credit to the public sector verified in both public and private banks, the largest decline occurred among the latter and followed mainly from sales of national government guaranteed loans and the amortization of these loans over the month. As a result, private bank exposure to the public sector declined 1.7 p.p. in April to 12%, half the value a year earlier. Additionally, as further normalization from the consequences of the crisis in 2001-2002, private banks are almost finished receiving Boden 2012 from the national government. As a result of the transactions in April, **the compensations receivable heading – which accounts for transactions following the crisis and that are pending some form of final adjustment – has almost disappeared from financial system balance sheets** and currently stands at only 0.1% of assets (see Chart 8).

Banks allocated a large part of their resources in April to increasing their holdings of liquid assets ($2.9 billion). While bank repos with the Central Bank increased by $4.2 billion – driven in particular by a large public bank – bank cash reserves and current account deposits with the Central Bank declined by $1.3 billion. As a result, the bank liquidity ratio declined 1.1 p.p. to 23% of total deposits (see Chart 9). The liquidity ratio that includes holdings of Lebac and Nobac securities increased by 1.5 p.p., to 40.9% of total deposits.

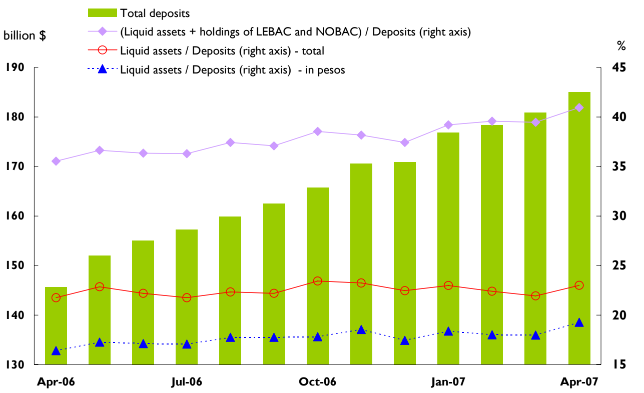
[2] Both foreign currency assets and liabilities in April are net of a transaction of about US$400 million that was generated by a foreign debt issue carried out by a provincial government and that shows up in the balance sheet of a bank in that jurisdiction.

Chart 8
National Government Receivable Compensation
As % of total assets



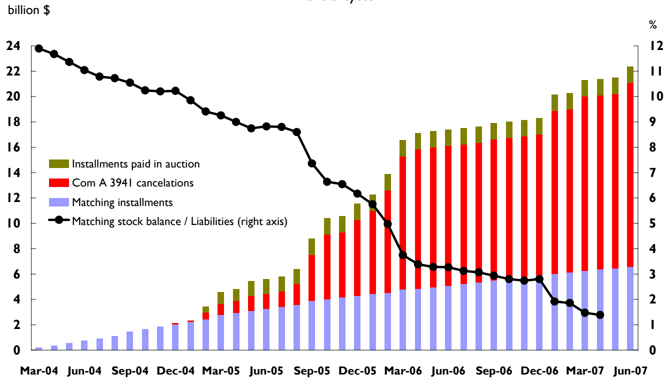
Source: BCRA

Chart 9
Deposits and Liquidity
Financial system



Source: BCRA

Chart 10
Matching - Accumulated Payments
Financial system



Source: BCRA

In a context of increased bank liquidity, call market activity declined in April. The average APR for overnight peso lending reached 7% in April, 60 basis points (b.p.) below the average rate a month earlier, while average daily trading on the market declined by 17% from March, to $947 million.

The financial system's greater preference for liquid assets in April is partly linked to the dynamics of private deposits over the month. Unlike previous months, sight deposit increased, partly following from greater liquidity requirements to meet tax deadlines in May. New deposits from the non financial sector in April followed mainly from a $3.3 billion increase in non financial private sector deposits (2.5% monthly, 26.9% y.o.y.) and to a lesser extent from a $700 million increase in public sector deposits. As a result, growing private sector deposits are gaining ground as the main source of bank funds. Despite the performance in April, annual growth in private sector time deposits (29% y.o.y.) continues to outstrip growth in sight deposits (26% y.o.y.).

In addition to increases in traditional sources of funding, the financial system continues to make qualitative improvements on the side of liabilities. In particular, the only financial institution with outstanding debt within the matching framework made an early settlement for $800 million in June, in addition to meeting monthly installments (approximately $290 million for the April-June period). Out of the total outlays made during the first half of 2007, 84% can be attributed to early settlements. As a result, since the end of 2004 the financial system has settled 87.2% of the total debt principal (see Chart 10).

Portfolio Quality:

Loan quality improves in all segments of corporate lending

Regulatory incentives set in place by the Central Bank and a favorable macroeconomic context have helped strengthen the financial system against corporate and household credit risk. Non-performing private credit came to 4.1% of private lending in April, down 2.5 p.p. year-on-year and 0.4 p.p. over the first four months of the year (see Chart 11). Current non-performance levels are already at a record low for Argentina, and below levels attained in other countries throughout the region.

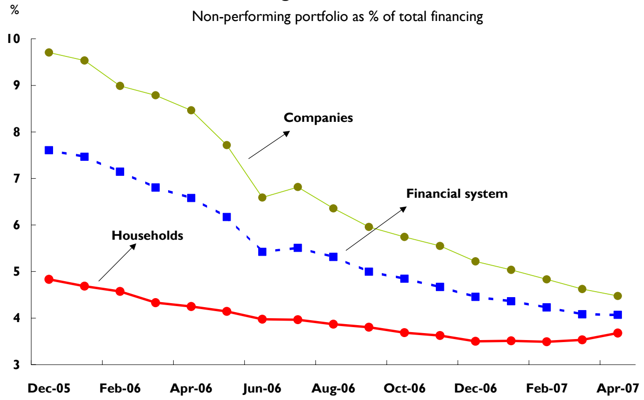
Although household lending quality declined slightly, corporate delinquency ratio decreased explaining the improve in private sector loan portfolio[3]. Aided by a context of robust growth in output and a greater corporate need for credit, the bank sector's increased exposure to the corporate sector has occurred with lower levels of non-performance: the corporate debt non-performance ratio declined 4.4 p.p. year-on-year, to 4.5%. Excluding the largest 10 non-performing debtors, commercial portfolio non-performance amounts to 2.3% of

[3] A large part of this increase was explained by changes to classification made by two banks, which reclassified commercial lending related to consumption as consumer credit.

Chart 11

Non-Performing Credit to the Private Sector

Non-performing portfolio as % of total financing

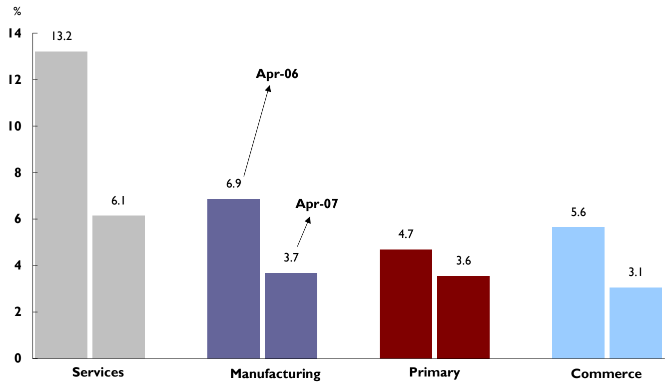


Source: BCRA

Chart 12

Non-Performing Loans by Economic Sector

Non-performing portfolio as % of total financing

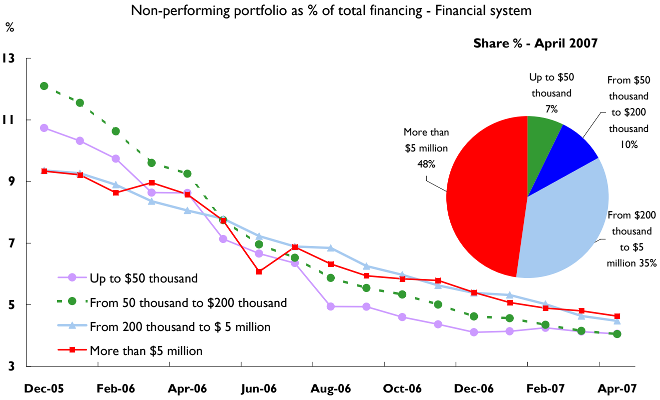


Source: BCRA

Chart 13

Non-Performance Lending to Companies by Amount Range

Non-performing portfolio as % of total financing - Financial system



Source: BCRA

total commercial loans, lower than the equivalent ratio for the consumer credit portfolio.

Improvements in private sector credit quality over the first four months of the year were led by public banks. Although starting at a higher level of non-performance, the non-performance ratio for public banks declined by 0.8 p.p. over the first four months to 6.1%, while for private banks the ratio declined 0.3 p.p. to 3.3%.

Improvements in the quality of the corporate lending portfolio were spread across all economy sectors. The largest decline in non-performance over the past year occurred in the services sector, which declined to 6.1%. The lowest absolute levels of non-performance are currently in the retail and primary production sectors (3.1% and 3.6%, respectively) (see Chart 12).

Although improvements in the quality of corporate credit occurred across all lending amount ranges, the largest declines in non-performance occurred in credit lines of less than \$50 thousand (mostly to micro businesses) and between \$50 thousand and \$200 thousand (mostly to SMEs): down 4.6 p.p. and 4.2 p.p., to 4.1% and 4%, respectively. Non performance for credit lines in excess of \$5 million (mostly to large firms) declined 4 p.p. year-on-year, to 4.6%, while non-performance for credit between \$200 thousand and \$5 million declined by 3.6 p.p. to 4.5% (see Chart 13).

The financial system's loan-loss provision coverage in April remained at a substantial 131% of lending, slightly below the level at the end of 2006. The ratio of non-performing lending not covered by loan loss provisions over net worth remained at negative values for the financial system as a whole (-3.2%), which remains a sign of banks' strong position in the face of private sector credit risk.

Profitability:

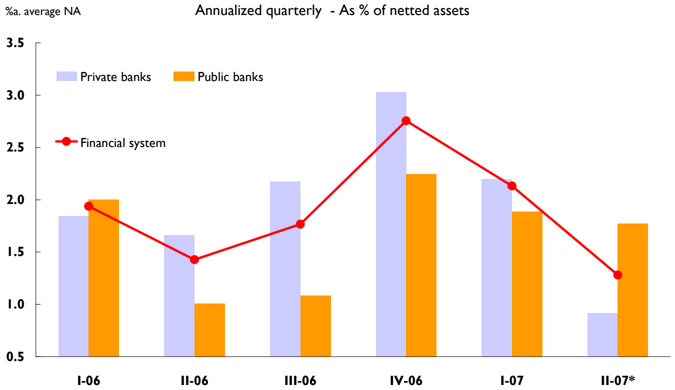
Financial system profitability remains stable

The aggregate financial system's accounting profits declined slightly in April from a month earlier, due to the effect of non recurring factors linked to balance sheet adjustments in two foreign financial entities. Despite this specific effect, bank profitability remained positive, with return on assets reaching 1.3% in annualized terms (a.) (see Chart 14), and return on equity at 9.4%a[4]. **Removing the two financial entities mentioned above from the calculation, accrued returns amounted to 2.1%a. of assets and 15.9%a. of equity.** Financial entities as a whole registered a ROA of 1.9%a. and a ROE of 14.1%a. during the first four months of the year, slightly higher than in the year-earlier period. Sources of bank income that are relatively more stable have become consolidated, helping the volatility of the sector's profitability to remain low.

Public banks registered the highest profitability in april. While official banks registered 1.8%a. ROA (0.2 p.p. higher than in March),

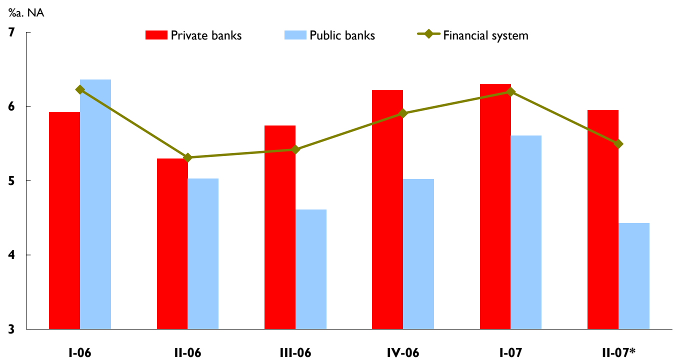
[4] In all references to ROA and ROE in this section, the denominator of the ratio must be understood to be netted assets and net worth, respectively (see Glossary).

Chart 14
Financial System Profitability
Annualized quarterly - As % of netted assets



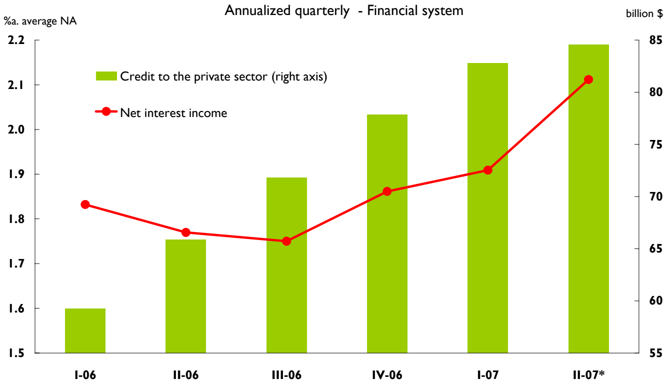
* April
Source: BCRA

Chart 15
Financial Margin
Annualized quarterly



* April
Source: BCRA

Chart 16
Net Interest Income
Annualized quarterly - Financial system



* April
Source: BCRA

private financial entities attained 0.9%a. ROA (down 1 p.p. from March). The monthly decline for private banks was highly impacted by the non recurring results mentioned above. Net of this factor, private banks attained a ROA of 2.3%a. **Both private and public banks registered similar profitability so far in 2007: both bank groups attained 1.9%a. ROA, 0.1 p.p. higher than the year earlier period.**

In a context of declining CER accrual and higher interest income, **banks' financial margin declined slightly over the month**. Under these conditions, the financial margin came to 5.5%a. of bank assets (see Chart 15), almost 0.3 p.p. less than in March. Calculated over the first four months of the year, however, the financial margin amounts to 6%a., in line with that registered in the year-earlier period.

As current conditions feature an increase in financial activity, net interest income grew by 0.3 p.p. of assets in April, to 2.1%a. (see Chart 16). **Higher interest income followed mostly from lower outlays during the month**, partly linked to the increasing share of sight deposits over time deposits, the moderate decline in borrowing rates and a substantial outlay of a non recurring nature by a private bank in the previous month[5]. Interest revenue remained almost unchanged over the period. **Profits due to CER accrual declined in April**, to 0.7%a. Although the CER coefficient increased further than in the previous month, the change in this heading of the financial system's profitability structure was driven by adjustments made by a group of banks, linked to a reduction in their stock of Guaranteed Loans from the national government.

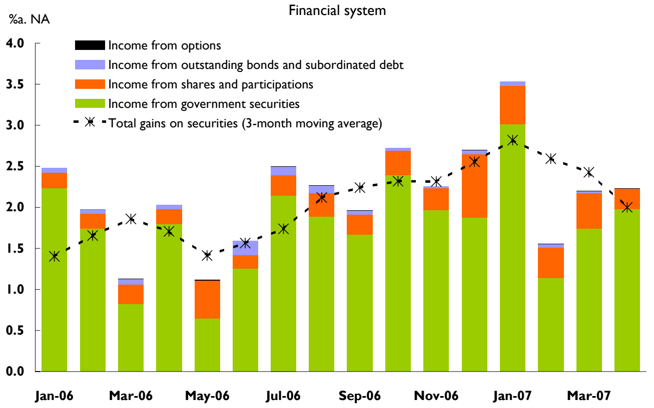
Gains on securities remained stable, at 2.2%a. of assets in April and 2.4%a. of assets so far in 2007, 0.5 p.p. above gains registered in the same period of 2006. The overall outcome was explained by slightly higher gains from government securities, partly linked to the upward path of sovereign debt security prices that banks mark to market, and to lower profits from shares in financial trusts and certain corporate bonds, among others (see Chart 17).

Service income declined slightly from March – down 0.2 p.p. of assets to 2.9%a., in line with figures for the first four months of the year and 0.4 p.p. higher than a year earlier (see Chart 18 for a three-month moving average of this indicator). As a result, the share of financial institution operating costs covered by service income declined slightly to 53%, still above its value a year earlier. It is worth pointing out that the marked growth in net service income over past years is linked both to higher deposit-related activity as well as growth in credit.

In the context of a monthly decline in the peso-US dollar exchange rate (down $0.01 per US dollar) and a slight increase in banks' long position in foreign exchange assets, results due to exchange rate differences fell slightly. Gains due to exchange rate differences declined by 0.1 p.p. of assets to 0.3%a., and amounted to 0.4%a. of assets over the first four months of the year, 0.1 p.p. less than the year earlier.

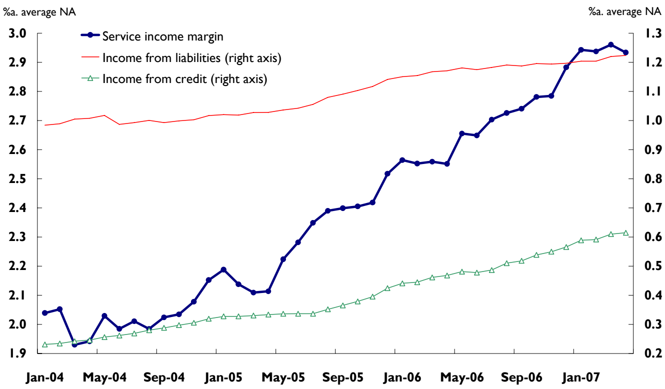
[5] Outlays linked to the complete and early settlement in April of pending liabilities with the Central Bank.

Chart 17
Gains on Securities
Financial system



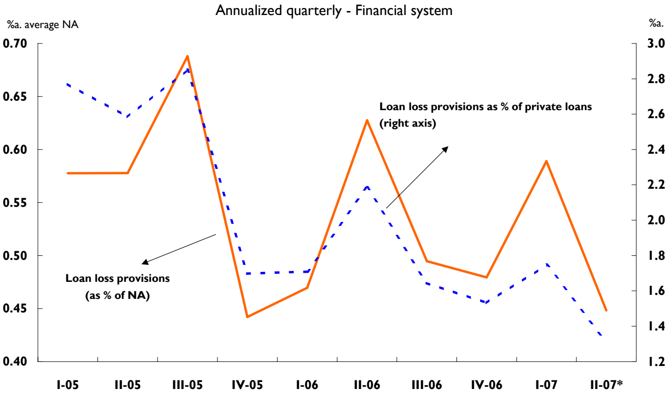
Source: BCRA

Chart 18
Service Income Margin
Financial system - 3-month moving average



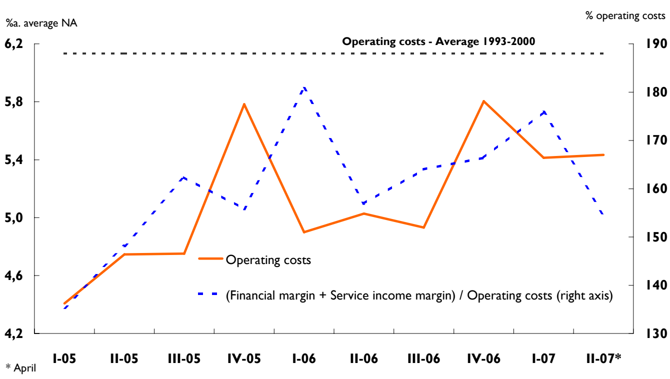
Source: BCRA

Chart 19
Loan Loss Provisions
Annualized quarterly - Financial system



* April
Source: BCRA

Chart 20
Operating Costs
Annualized quarterly - Financial system



* April
Source: BCRA

Financial institution credit strategies and gradual improvements to the private sector loan portfolio are helping to keep loan loss provisions at historically low levels. Loan loss charges declined 0.3 p.p. of assets to 0.4%a. (see Chart 19), or 0.6%a. over the first four months of the year. Helped by an increase in private credit during April, the ratio of loan loss charges to private loans declined 0.7 p.p. from March, to 1.3%a..

Operating costs remained stable through April, at 5.4%a. of assets. This outcome placed the average for the first four months of the year at 5.3%a., slightly above that for the same period a year earlier (4.9%a.). April's decline in the financial margin and in service income drove the ratio of operating cost coverage by net income down to 155%. In broad perspective, **higher pay within the sector as well as an increasing payroll and the opening of new branches are causing operating costs to grow, but costs remain below pre-crisis levels** (see Chart 20).

Sundry results are a particularly volatile component of the profitability structure for financial entities. **This heading declined substantially**, down 1.1 p.p. of assets to 0.4%a. (see Chart 21), **a change linked to a balance sheet adjustment made by a foreign bank**.

Lower amortization payments for court-ordered releases as well as a decline in accrued tax outlays contributed to bank profits over the month. While the amortization of court-ordered releases declined 0.3 p.p. of assets to 0.8%a., income tax accrual declined 0.2 p.p. of assets to 0.3%a. Adjustments to the valuation of government securities verified a reduction of 0.1 p.p. of assets, to an almost negligible effect in terms of assets.

Outlook for May

Financial entities profits are expected to consolidate in May, helped by the sustained growth in domestic financial intermediation. The Central Bank's financial policy continues to foster dynamic growth in loans to the private sector and traditional sources of longer term funding.

May saw a large increase in loans to the private sector, mainly driven by overdrafts in a context of changes to lending rates that were not uniform across credit lines. A slight decline in time deposits, in a context of downward borrowing rates, also led to lower growth in outlays and to higher interest income. **Service income is expected to increase in May, driven by higher deposit and loan stocks.** In the absence of any particularly strong adjustments, accrual of CER adjustments is expected to grow slightly (see Table 1).

Gains on securities are expected to contribute a similar share of bank profits in May, as the securities held in bank portfolios that are marked to market did not undergo substantial price changes. **Results due to exchange rate differences are expected to be lower than in April**, given the monthly decline in the peso-US dollar exchange rate. Given the low levels of private delinquency, loan loss charges are expected to remain low, while operating costs are projected to continue responding to higher levels of sector employment and pay.

Solvency:

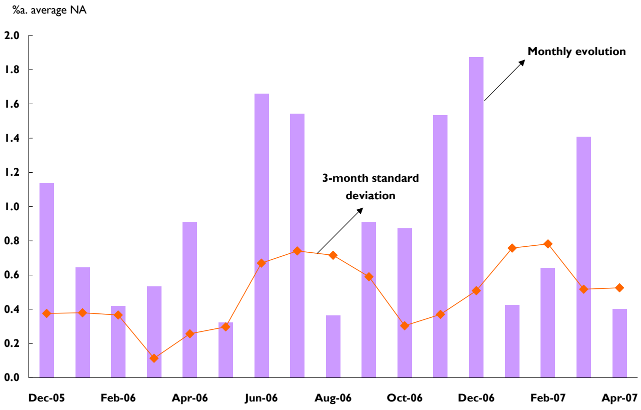
Capital contributions and profitability are driving bank solvency

Although gains in financial system solvency in recent months were mostly linked to banks' accrued profits, capital contributions played a large role in April. The financial system's net worth increased by $720 million over the month (2.1% or 23.5% y.o.y.), a large part of which is due to private banks, whose net worth increased by almost $570 million (2.6% or 23.3% y.o.y.) in April. Growth in public bank net worth amounted to $150 million (up 1.2% or 24.1% y.o.y., see Chart 22).

One foreign bank underwent a balance sheet adjustment that involved the receipt of approximately $780 million in new capital, of which almost 70% consisted of a debt to equity swap while the rest consisted of a cash contribution. The banking sector has received more than $15.8 billion in capital contributions since the start of 2002, more than a half of which was aimed at foreign private banks (see Chart 23).

Financial system capital reserves reached 18.3% of risk-weighted assets at the end of April, 0.1 p.p. above the value a month earlier and 2.1 p.p. higher than in April 2006. **Excess capital reserves amounted to 113% of the April requirement, providing a proper level of solvency in the face of potential adverse shocks.**

Chart 21
Sundry Results



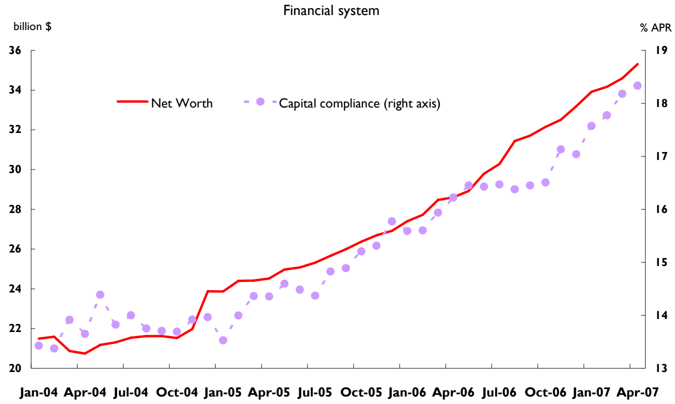
Source: BCRA

Table 1
Main Developments in May 2007

	Apr	May	Var. Apr	Var. May
Prices				
Exchange rate ($/US$)[1]	3.090	3.079	-0.4	-0.4
CPI	192.3	193.1	0.7	0.4
CER[1]	1.95	1.97	0.7	0.7
	%	%	Var p.p	Var p.p
Government securities - annual IRR[1]				
BOGAR $ 2018	4.4	4.5	-48	4
BODEN U$S 2012	7.3	7.4	-28	8
Discount $	5.9	5.9	-13	1
Discount U$S NY	7.9	8.0	70	12
	%	%	Var p.p	Var p.p
Average percentage rates				
Lending [2]				
Overdraft	14.9	15.0	-94	10
Promissory notes	13.0	12.6	-13	-37
Mortgage	11.4	11.4	66	-2
Pledge-backed	10.9	11.2	85	21
Personal	25.5	25.3	44	-22
30 to 44 day time deposit	7.1	7.0	-14	-10
LEBAC in $ without CER - 1 year	10.3	10.3	-14	0
7 day BCRA repos	7.0	7.3	10	25
BADLAR	7.1	7.2	-34	5
	Mill. de $	Mill. de $	Var %	Var %
Balance[2,3] - Financial system				
Peso deposits - Private sector	115,662	117,171	3.3	1.3
Sight deposits	62,666	64,436	3.9	2.8
Time deposits	52,996	52,734	2.7	-0.5
Peso loans - Private sector	68,365	70,073	2.6	2.5
Overdraft	11,563	12,386	4.1	7.1
Promissory notes	14,575	14,698	1.6	0.8
Mortgage	10,806	11,053	2.2	2.3
Pledge-backed	4,140	4,291	3.3	3.7
Personal	14,971	15,368	3.0	2.7

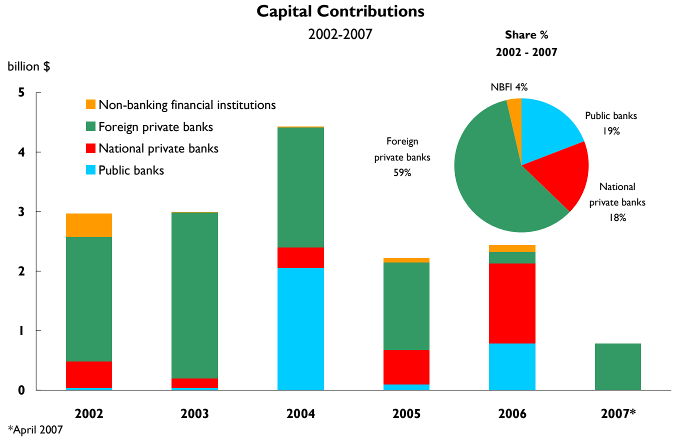
(1) End of month figure.
(2) Estimation based on SISCEN data (provisional data subject to change).
(3) Monthly average. In million of pesos.
Source: INDEC and BCRA.

Chart 22
Solvency
Financial system



Source: BCRA

Chart 23
Capital Contributions
2002-2007



*April 2007
Source: BCRA

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 in which they came into force).

- **Communication "A" 4648 – 13/April/07**

New guidelines for the classification of the portfolio of consumption and housing debtors come into effect as from May. Regulations set up the requirement of assessing debtors' payment capacity not only on the initial granting of the credit but also in all subsequent instances in which the credit is refinanced. Additionally, it determines that any form of financial assistance (deferment, delay – tacit or contractual -, extension of terms, modifications to installment or payment amounts, restructuring, etc.) aimed at settling pre-existing liabilities must be treated as a form of refinancing and therefore requires the reclassification of the debtor in terms of the new specific guidelines.

- **Communication "A" 4649 – 15/April/07**

Starting in April 2007, establishments aimed at offering certain services as set forth by bulletin CREFI 2-53 (Com. "A" 4352) can issue loans in cash of up to $5,000 (previously $2,000), and may offer payment and collection services to firms' suppliers and clients but only through the use of checks and other documents.

- **Communication "A" 4652 – 25/April/07**

Modifies the financial institution minimum capital regulations, regarding the issue of capital contributions. It allows for the possibility of employing – under an exceptional nature – contributions in the form of deposits and other liabilities arising from the financial institution's financial intermediation, that are to be registered at market value and under certain conditions, subject to the approval of the SEFyC.

- **Communication "A" 4654 – 27/April/07**

Term deposits and investments. Modifies the baseline interest rates used for deposits under floating interest rate clauses.

Methodology:

(a) Aggregate balance sheet information is taken from the Monthly Accounting Information System (non-consolidated balances). With a view to calculating data for the system aggregate, for entities not providing data for the month under review, the latest information available is repeated in the aggregate balance sheet. In turn, for the analysis of profitability, only taken into consideration are those entities providing data on the month in question.

(b) Due to the possible lack of data for a number of banks at the time of drafting this Report, and given the possibility of subsequent corrections to the data provided by financial institutions, the data included –particularly for the last month mentioned- is of a preliminary nature. Consequently, and given the fact that the latest available data are always used, data in connection with earlier periods may not match what was previously mentioned in prior issues of the Report. In such cases, the latter release should be considered the highest quality available one.

(c) Unless provided to the contrary, data on deposits and loans relate to balance sheet information, and do not necessarily agree with those gathered via the Centralized System of Information Requirements (SISCEN). Reasons for discrepancies include: the exact date taken into account for the calculation of monthly variations and the items included in the definition adopted in each case.

(d) Qualitative information on specific transactions involving specific banks has been taken from the notes to the banks financial statements, or obtained on the basis of inquiries made to the supervisors with the Superintendence of Financial and Exchange Institutions.

(e) Profitability indicators are calculated based on monthly results estimated on the grounds of the changes in the amount of aggregated results during the current fiscal year. Unless a provision is made to the contrary, profitability ratios are annualized.

(f) Initially, the breakdown by group of banks was determined on the basis of majority involvement in decision taking –in terms of Shareholders meetings votes- differentiating between privately-owned institutions from public banks. Also and with a view to deepening the scope of the analysis, private institutions were identified according to geographic and business scope of their operations. Thus, wholesale banks were defined as those specializing in the large corporations and investors sector, which usually do not depend for their funding on deposits from the private sector. On the other hand, retail banks were divided into those carrying out business at the domestic level, located in certain geographic regions –municipalities, provinces, or regions- and institutions specializing in a financial sector niche market –generally smaller institutions. Lastly, it should be noted that the grouping herein has solely been carried out for analytical purposes and does not imply the only methodological grouping criterion; whereas, on the other hand, the listing of features pertaining to each set of institutions has been established in a general manner.

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 Responsabilidad Patrimonial Computable (RPC) in Spanish. The measure for compliance with bank capital regulations.
Consolidated (or aggregate) assets and liabilities: Those arising from excluding operations between financial institutions.
CEDRO: *Certificado de Depósito Reprogramado*. Rescheduled Stabilization Coefficient.
Financial margin: Income less outlays of a financial nature. Includes 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 and modifications.
Gains from securities: Includes income from government securities, short-term investments, corporate bonds, subordinated debt, options and from other income from financial intermediation. In the case of government securities, it includes the results accrued from income, quotation differences, exponential increase on the basis of the internal rate of return (IRR), and from sales, as well as the charge for impairment to value.
Income from services: Commissions collected less commissions paid. Includes commissions on liabilities, credits, securities, guarantees granted, rental of safe deposits boxes and foreign trade and exchange transactions, excluding in the case of the latter results from the trading of foreign currency, which are recorded in the "Exchange difference" accounts (here included under the heading "Other financial results"). Outflows include commissions paid, contributions to the Banking Social Services Institute (ISSB), other contributions on service income and charges accrued for gross income tax.
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. Includes interest on loans of government securities and premiums on repos and reverse repos.
Liquid assets: Minimum cash compliance – cash, current account at Central Bank and special accounts in guarantee – and other liquid items, including correspondent accounts.
Liquidity ratio: Liquid assets as a percentage of total deposits.
mill.: million
Netted assets (NA) and liabilities: Those net of accounting duplications inherent to the recording of repurchase agreements, term transactions or unsettled spot transactions.
Net worth exposure to counterparty risk: Non-performing portfolio net of allowances in terms of net worth.
Non-performing portfolio: Portfolio in categories 3 to 6, as per the debtor classification system.
Operating costs: Includes remuneration, social security payments, services and fees, sundry 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.a.: annualized 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 and compensation receivable from the Federal Government.
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 stockholders´s equity, calculated towards meeting capital regulations. (Responsabilidad Patrimonial Computable)
SMEs: Small and Medium Enterprises.
US$: United States dollars

Statistics Annex: Financial System

Chart 1: Financial Soundness Indicators (see Methodological note in next page)

As %	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Apr 2006	2006	Mar 2007	Apr 2007
1.- Liquidity	22.3	26.1	23.1	25.0	23.4	19.6	22.8	29.1	29.6	20.1	21.7	22.5	21.9	23.0
2.- Lending to the public sector	16.9	16.2	16.2	18.0	17.3	23.0	48.5	46.5	39.6	30.8	28.0	21.7	19.7	18.3
3.- Lending to the private sector	50.8	47.7	48.4	44.9	39.9	42.7	20.8	18.1	19.6	25.8	26.8	31.0	31.6	31.2
4.- Private non-performing loans	16.2	13.8	12.2	14.0	16.0	19.1	38.6	33.5	18.6	7.6	6.6	4.5	4.1	4.1
5.- Net worth exposure to private sector	24.9	22.5	20.6	24.7	26.2	21.9	17.3	12.4	-1.0	-4.1	-3.9	-3.3	-3.3	-2.9
6.- ROA	0.6	1.0	0.5	0.2	0.0	0.0	-8.9	-2.9	-0.5	0.9	1.8	2.0	2.1	1.9
7.- ROE	4.1	6.3	3.9	1.7	0.0	-0.2	-59.2	-22.7	-4.2	7.0	13.9	15.0	15.7	14.1
8.- Efficiency	142	136	138	142	147	143	189	69	125	151	175	167	176	170
9.- Capital compliance	23.8	20.8	20.3	21.0	20.1	21.4	-	14.5	14.0	15.3	16.2	17.0	18.2	18.3
10.- Excess capital compliance	64	73	49	54	58	54	-	116	185	173	131	137	110	113

Source: BCRA

Chart 2: Balance Sheet

In current pesos (millions)	Dec 00	Dec 01	Dec 02	Dec 03	Dec 04	Dec 05	Apr 06	Dec 06	Mar 07	Apr 07	Change (%) Last month	Accum. 2007	Last 12 months
Assets	**163,550**	**123,743**	**187,532**	**186,873**	**212,562**	**221,962**	**233,212**	**258,424**	**270,236**	**279,924**	**3.6**	**8.3**	**20.0**
Liquid assets[1]	20,278	13,005	17,138	27,575	29,154	20,819	28,465	37,991	35,906	34,544	-3.8	-9.1	21.4
Public bonds	10,474	3,694	31,418	45,062	55,382	66,733	59,909	64,422	71,337	77,018	8.0	19.6	28.6
Lebac/Nobac	0	0	-	-	17,755	28,340	25,573	29,091	38,338	44,104	15.0	51.6	72.5
Portfolio	0	0	-	-	11,803	21,067	20,083	25,570	31,691	33,189	4.7	29.8	65.3
Repo	0	0	-	-	5,953	7,273	5,490	3,521	6,647	10,915	64.2	210.0	98.8
Private bonds	633	543	332	198	387	389	804	813	860	862	0.1	6.0	7.1
Loans	83,277	77,351	84,792	68,042	73,617	84,171	87,922	103,653	107,922	108,208	0.3	4.4	23.1
Public sector	15,164	22,694	44,337	33,228	30,866	25,836	23,968	20,857	20,785	19,458	-6.4	-6.7	-18.8
Private sector	64,464	52,039	38,470	33,398	41,054	55,885	60,891	77,834	82,794	84,568	2.1	8.7	38.9
Financial sector	3,649	2,617	1,985	1,417	1,697	2,450	3,062	4,962	4,343	4,182	-3.7	-15.7	36.6
Provisions over loans	-6,907	-6,987	-11,952	-9,374	-7,500	-4,930	-4,624	-3,997	-3,981	-4,001	0.5	0.1	-13.5
Other netted credits due to financial intermediatio	42,361	21,485	39,089	27,030	32,554	26,721	32,648	26,030	28,423	33,342	17.3	28.1	2.1
Corporate bonds and subordinated debt	794	751	1,708	1,569	1,018	873	852	773	647	648	0.2	-16.2	-23.9
Unquoted trusts	2,053	2,065	6,698	4,133	3,145	3,883	4,276	4,881	4,790	4,823	0.7	-1.2	12.8
Compensation receivable	0	0	17,111	14,937	15,467	5,841	5,491	763	774	365	-52.9	-52.2	-93.4
Other	39,514	18,669	13,572	6,392	12,924	16,124	22,028	19,613	22,212	27,507	23.8	40.2	24.9
Assets under financial leases	786	771	567	397	611	1,384	1,703	2,262	2,596	2,681	3.3	18.5	57.4
Shares and participation	2,645	2,688	4,653	4,591	3,871	4,532	4,780	6,378	6,669	6,778	1.6	6.3	41.8
Fixed assets and miscellaneous	4,939	4,804	8,636	8,164	7,782	7,546	7,495	7,638	7,647	7,670	0.3	0.4	2.3
Foreign branches	1,115	1,057	3,522	3,144	3,524	3,647	3,729	2,788	2,854	2,888	1.2	3.6	-22.5
Other assets	3,950	5,334	9,338	12,043	13,180	10,950	10,381	10,447	10,003	9,934	-0.7	-4.9	-4.3
Liabilities	**146,267**	**107,261**	**161,446**	**164,923**	**188,683**	**195,044**	**204,610**	**225,239**	**235,642**	**244,615**	**3.8**	**8.6**	**19.6**
Deposits	86,506	66,458	75,001	94,635	116,655	136,492	145,687	170,903	180,879	185,011	2.3	8.3	27.0
Public sector[2]	7,204	950	8,381	16,040	31,649	34,019	36,645	45,410	45,770	46,462	1.5	2.3	26.8
Private sector[2]	78,397	43,270	59,698	74,951	83,000	100,809	107,101	123,437	132,607	135,940	2.5	10.1	26.9
Current account	6,438	7,158	11,462	15,071	18,219	23,487	24,196	26,900	28,703	30,962	7.9	15.1	28.0
Savings account	13,008	14,757	10,523	16,809	23,866	29,078	30,643	36,444	37,582	38,383	2.1	5.3	25.3
Time deposit	53,915	18,012	19,080	33,285	34,944	42,822	46,714	54,338	60,399	60,115	-0.5	10.6	28.7
CEDRO	0	0	12,328	3,217	1,046	17	17	13	13	13	-0.4	-5.3	-25.5
Other netted liabilities due to financial intermediati	55,297	36,019	75,737	61,690	64,928	52,072	52,244	46,037	46,389	50,809	9.5	10.4	-2.7
Call money	3,545	2,550	1,649	1,317	1,461	2,164	2,829	4,578	3,854	3,695	-4.1	-19.3	30.6
BCRA lines	102	4,470	27,837	27,491	27,726	17,005	11,772	7,686	4,888	4,506	-7.8	-41.4	-61.7
Outstanding bonds	4,954	3,777	9,096	6,675	7,922	6,548	7,564	6,603	6,631	6,635	0.1	0.5	-12.3
Foreign lines of credit	8,813	7,927	25,199	15,196	8,884	4,684	4,305	4,240	3,651	3,123	-14.5	-26.3	-27.4
Other	37,883	17,295	11,955	11,012	18,934	21,671	25,774	22,930	27,365	32,850	20.0	43.3	27.5
Subordinated debts	2,255	2,260	3,712	2,028	1,415	1,381	1,209	1,642	1,676	1,650	-1.5	0.5	36.5
Other liabilities	2,210	2,524	6,997	6,569	5,685	5,099	5,470	6,657	6,698	7,145	6.7	7.3	30.6
Net worth	**17,283**	**16,483**	**26,086**	**21,950**	**23,879**	**26,918**	**28,602**	**33,185**	**34,594**	**35,309**	**2.1**	**6.4**	**23.5**
Memo													
Netted assets	129,815	110,275	185,356	184,371	202,447	208,275	215,572	244,832	252,364	257,882	2.2	5.3	19.6
Consolidated netted assets	125,093	106,576	181,253	181,077	198,462	203,286	209,628	235,898	243,744	249,404	2.3	5.7	19.0

(1) Includes margin accounts with the BCRA. (2) Does not include accrual on interest or CER.

Source: BCRA

Statistics Annex: Financial System

Chart 3: Profitability Structure

Amounts in million of pesos	Annual							First 4 months		Monthly			Last
	2000	2001	2002[1]	2003	2004	2005	2006	2006	2007	Feb-07	Mar-07	Apr-07	12 months
Financial margin	7,291	6,943	13,991	1,965	6,075	9,475	12,972	4,260	4,862	1,014	1,162	1,135	13,574
Net interest income	5,106	4,625	-3,624	-943	1,753	3,069	4,095	1,293	1,584	334	371	436	4,386
CER and CVS adjustments	0	0	8,298	2,315	1,944	3,051	3,022	1,196	933	278	242	153	2,759
Foreign exchange price adjustments	185	268	5,977	-890	866	751	929	332	335	67	83	64	932
Gains on securities	1,481	1,490	3,639	1,962	1,887	2,371	4,703	1,348	1,921	312	445	461	5,276
Other financial income	519	559	-299	-480	-375	233	223	91	89	22	21	21	221
Service income margin	3,582	3,604	4,011	3,415	3,904	4,781	6,162	1,807	2,380	558	630	599	6,735
Loan loss provisions	-3,056	-3,096	-10,007	-2,089	-1,511	-1,173	-1,174	-358	-447	-59	-140	-93	-1,262
Operating costs	-7,375	-7,362	-9,520	-7,760	-7,998	-9,437	-11,476	-3,469	-4,253	-1,019	-1,093	-1,122	-12,260
Tax charges	-528	-571	-691	-473	-584	-737	-1,080	-303	-428	-104	-115	-107	-1,206
Income tax	-446	-262	-509	-305	-275	-581	-730	-278	-413	-111	-102	-60	-865
Adjustments to the valuation of government securities[2]	0	0	0	-701	-320	-410	-690	-262	-34	-8	-15	3	-461
Amortization payments for court-ordered releases	0	0	0	-1,124	-1,686	-1,867	-1,697	-547	-700	-157	-229	-174	-1,851
Other	535	702	-3,880	1,738	1,497	1,729	2,231	446	580	128	284	83	2,365
Monetary results	0	0	-12,558	69	0	0	0	0	0	0	0	0	0
Total results	**3**	**-42**	**-19,162**	**-5,265**	**-898**	**1,780**	**4,517**	**1,296**	**1,547**	**243**	**381**	**264**	**4,768**
Adjusted results[3]	-	-	-	-3,440	1,337	4,057	6,905	2,105	2,281	408	625	435	7,080
Annualized indicators - As % of netted assets													
Financial margin	5.7	5.7	6.5	1.1	3.1	4.6	5.7	6.0	6.0	5.1	5.8	5.5	5.7
Net interest income	4.0	3.8	-1.7	-0.5	0.9	1.5	1.8	1.8	2.0	1.7	1.8	2.1	1.9
CER and CVS adjustments	0.0	0.0	3.9	1.3	1.0	1.5	1.3	1.7	1.2	1.4	1.2	0.7	1.2
Foreign exchange price adjustments	0.1	0.2	2.8	-0.5	0.4	0.4	0.4	0.5	0.4	0.3	0.4	0.3	0.4
Gains on securities	1.2	1.2	1.7	1.1	1.0	1.2	2.1	1.9	2.4	1.6	2.2	2.2	2.2
Other financial income	0.4	0.5	-0.1	-0.3	-0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Service income margin	2.8	3.0	1.9	1.9	2.0	2.3	2.7	2.5	2.9	2.8	3.1	2.9	2.8
Loan loss provisions	-2.4	-2.6	-4.7	-1.1	-0.8	-0.6	-0.5	-0.5	-0.6	-0.3	-0.7	-0.4	-0.5
Operating costs	-5.8	-6.1	-4.4	-4.2	-4.1	-4.6	-5.1	-4.9	-5.3	-5.1	-5.4	-5.4	-5.2
Tax charges	-0.4	-0.5	-0.3	-0.3	-0.3	-0.4	-0.5	-0.4	-0.5	-0.5	-0.6	-0.5	-0.5
Income tax	-0.3	-0.2	-0.2	-0.2	-0.1	-0.3	-0.3	-0.4	-0.5	-0.6	-0.5	-0.3	-0.4
Adjustments to the valuation of government securities[2]	0.0	0.0	0.0	-0.4	-0.2	-0.2	-0.3	-0.4	0.0	0.0	-0.1	0.0	-0.2
Amortization payments for court-ordered releases	0.0	0.0	0.0	-0.6	-0.9	-0.9	-0.7	-0.8	-0.9	-0.8	-1.1	-0.8	-0.8
Other	0.4	0.6	-1.8	0.9	0.8	0.8	1.0	0.6	0.7	0.6	1.4	0.4	1.0
Monetary results	0.0	0.0	-5.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ROA	**0.0**	**0.0**	**-8.9**	**-2.9**	**-0.5**	**0.9**	**2.0**	**1.8**	**1.9**	**1.2**	**1.9**	**1.3**	**2.0**
ROA adjusted[3]	0.0	0.0	-8.9	-1.9	0.7	2.0	3.0	3.0	2.8	2.0	3.1	2.1	3.0
ROE	*0.0*	*-0.2*	*-59.2*	*-22.7*	*-4.2*	*7.0*	*15.0*	*13.9*	*14.1*	*9.0*	*13.9*	*9.4*	*15.0*

(1) Data at December 2002 currency (2) Com. "A" 3911. Adjustments to the valuation of government unlisted securities according to Com. "A" 4084 are included under the "gains from securities" heading.
(3) Excluding amortization of payments for court-ordered releases and the effects of Com. "A" 3911 and 4084.
Source: BCRA

Chart 4: Portfolio Quality

As percentages	Dec 00	Dec 01	Dec 02	Dec 03	Dec 04	Dec 05	Apr 06	Dec 06	Feb 07	Mar 07	Apr 07
Non-performing loans (overall)	12.9	13.1	18.1	17.7	10.7	5.2	4.7	3.4	3.3	3.2	3.2
Non-performing loans to the non-financial private se	**16.0**	**19.1**	**38.6**	**33.5**	**18.6**	**7.6**	**6.6**	**4.5**	**4.2**	**4.1**	**4.1**
Commercial portfolio (*)	14.9	20.7	44.0	38.0	22.8	9.3	8.0	5.0	4.7	4.4	4.3
Consumption and housing portfolio	17.3	17.5	31.4	28.0	11.0	4.8	4.3	3.5	3.5	3.5	3.7
Provisions / Total non-performing loans	61.1	66.4	73.8	79.2	102.9	125.1	127.1	130.2	133.0	132.3	130.9
(Total non-performing - Provisions) / Overall financing	5.0	4.4	4.7	3.7	-0.3	-1.3	-1.2	-1.0	-1.1	-1.0	-1.0
(Total non-performing - Provisions) / Net worth	26.2	21.6	17.2	11.9	-1.0	-4.1	-3.9	-3.3	-3.5	-3.3	-3.2

(*) Include commercial loans treated as consumer loans for classification purposes.
Source: BCRA

Methodological note (chart 1):

1.-(Cash compliance according to BCRA + Other cash holdings + Central Bank repos) / Total deposits; **2.-**(Public bonds position (without LEBAC and NOBAC) + Loans to the public sector + Compensation receivable) / Netted assets; **3.-**Loans to the private sector / Netted assets; **4.-**Non-performing loans to the non-financial private sector / Loans to the non-financial private sector; **5.-**(Total non-performing loans – Provisions) /Net Worth. The non-performing loans includes loans classified in situation 3,4,5, and 6; **6.-**Accumulated annual results /Average monthly netted assets - % Annualized; **7.-** Accumulated annual results / Average monthly net worth - % Annualized; **8.-**(Financial margin (Net interest income + Restatement by CER and CVS + Gain on securities + Foreign exchange price adjustments + Other financial income) + Service income margin) / Operating costs; **9.-**Capital compliance (Responsabilidad Patrimonial Computable) / Risk – adjusted assets according to the norm of BCRA about Minimum Capital Compliance; **10.-**(Capital Compliance minus requirements, included franchises) / Capital requirements.

Statistics Annex: Private Banks

Chart 5: Financial Soundness Indicators (see Methodological note in next page)

As %	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Apr 2006	2006	Mar 2007	Apr 2007
1.- Liquidity	23.6	26.9	22.8	24.3	24.1	23.6	24.8	27.6	29.2	21.5	22.0	23.7	22.8	23.4
2.- Lending to the public sector	13.5	13.7	13.6	16.1	14.7	20.8	49.4	47.1	41.2	28.0	24.0	15.9	13.7	12.0
3.- Lending to the private sector	51.0	46.7	47.6	44.6	38.4	45.4	22.4	19.9	22.5	31.1	32.7	37.9	39.1	38.8
4.- Private non-performing loans	11.1	8.5	7.7	8.9	9.8	14.0	37.4	30.4	15.3	6.3	5.6	3.6	3.3	3.3
5.- Net worth exposure to private sector	21.6	14.3	13.2	11.5	13.4	11.4	18.6	11.2	1.9	-2.2	-1.9	-3.0	-3.2	-3.0
6.- ROA	0.6	0.7	0.5	0.3	0.1	0.2	-11.3	-2.5	-1.0	0.5	1.8	2.2	2.2	1.9
7.- ROE	4.1	6.3	4.3	2.3	0.8	1.4	-79.0	-19.1	-8.1	4.1	12.6	15.3	14.8	12.6
8.- Efficiency	144	135	139	146	152	151	168	93	115	136	163	159	169	165
9.- Capital compliance	15.9	15.4	14.6	18.9	18.0	17.6	-	14.0	15.1	17.8	18.8	18.6	20.1	20.3
10.- Excess capital compliance	33	47	27	60	49	43	-	88	157	155	122	116	96	99

Source: BCRA

Chart 6: Balance Sheet

In current pesos (millions)	Dec 00	Dec 01	Dec 02	Dec 03	Dec 04	Dec 05	Apr 06	Dec 06	Mar 07	Apr 07	Change (%) Last month	Change (%) Accum. 2007	Change (%) Last 12 months
Assets	**119,371**	**82,344**	**118,906**	**116,633**	**128,065**	**129,680**	**135,928**	**152,414**	**156,666**	**162,074**	**3.5**	**6.3**	**19.2**
Liquid assets[1]	13,920	10,576	11,044	14,500	15,893	14,074	16,439	22,226	22,375	21,921	-2.0	-1.4	33.4
Public bonds	7,583	1,627	19,751	22,260	24,817	29,966	27,789	27,663	29,169	32,776	12.4	18.5	17.9
Lebac/Nobac	0	0	-	-	8,359	15,227	14,495	15,952	19,475	22,852	17.3	43.3	57.7
Portfolio	0	0	-	-	5,611	12,899	12,972	14,231	17,653	18,773	6.3	31.9	44.7
Repo	0	0	-	-	2,749	2,328	1,523	1,721	1,823	4,079	123.8	137.1	167.9
Private bonds	563	451	273	172	333	307	711	683	740	732	-1.1	7.2	2.9
Loans	56,035	52,319	51,774	47,017	50,741	56,565	58,171	69,294	71,382	71,628	0.3	3.4	23.1
Public sector	8,172	13,803	25,056	23,571	21,420	15,954	13,374	10,036	9,332	8,016	-14.1	-20.1	-40.1
Private sector	45,103	36,636	26,074	22,816	28,213	39,031	42,832	55,632	58,809	60,396	2.7	8.6	41.0
Financial sector	2,760	1,880	644	630	1,107	1,580	1,965	3,626	3,241	3,216	-0.8	-11.3	63.7
Provisions over loans	-3,248	-3,957	-7,463	-5,225	-3,717	-2,482	-2,412	-2,227	-2,247	-2,260	0.6	1.5	-6.3
Other netted credits due to financial intermediatio	36,600	13,037	27,212	22,148	25,753	16,873	20,161	18,387	18,225	20,227	11.0	10.0	0.3
Corporate bonds and subordinated debt	724	665	1,514	1,394	829	675	684	618	492	495	0.4	-20.0	-27.7
Unquoted trusts	1,609	1,637	6,205	3,571	2,362	2,444	2,721	2,982	3,338	3,370	1.0	13.0	23.9
Compensation receivable	0	0	15,971	13,812	14,657	5,575	5,226	760	774	364	-52.9	-52.0	-93.0
Other	34,267	10,735	3,523	3,370	7,905	8,179	11,530	14,027	13,621	15,998	17.4	14.1	38.8
Assets under financial leases	776	752	553	387	592	1,356	1,658	2,126	2,433	2,508	3.1	17.9	51.3
Shares and participation	1,651	1,703	3,123	2,791	1,892	2,416	2,632	4,042	4,312	4,396	1.9	8.7	67.0
Fixed assets and miscellaneous	3,225	3,150	5,198	4,902	4,678	4,575	4,527	4,677	4,703	4,714	0.2	0.8	4.1
Foreign branches	75	112	-109	-136	-53	-148	-157	-139	-143	-143	0.3	3.2	-8.8
Other assets	2,190	2,574	7,549	7,816	7,137	6,178	6,410	5,682	5,717	5,577	-2.5	-1.9	-13.0
Liabilities	**107,193**	**70,829**	**103,079**	**101,732**	**113,285**	**112,600**	**117,804**	**131,476**	**134,885**	**139,725**	**3.6**	**6.3**	**18.6**
Deposits	57,833	44,863	44,445	52,625	62,685	75,668	79,048	94,095	100,501	103,406	2.9	9.9	30.8
Public sector[2]	1,276	950	1,636	3,077	6,039	6,946	6,262	7,029	6,727	6,620	-1.6	-5.8	5.7
Private sector[2]	55,917	43,270	38,289	47,097	55,384	67,859	71,769	85,714	92,449	95,426	3.2	11.3	33.0
Current account	4,960	7,158	8,905	11,588	13,966	17,946	18,175	20,604	21,798	23,748	8.9	15.3	30.7
Savings account	9,409	14,757	6,309	10,547	14,842	18,362	19,353	23,165	23,603	24,779	5.0	7.0	28.0
Time deposit	39,030	18,012	11,083	18,710	22,729	27,736	30,367	38,043	43,060	42,568	-1.1	11.9	40.2
CEDRO	0	0	9,016	2,409	798	3	2	1	1	1	-5.3	-35.7	-64.0
Other netted liabilities due to financial intermediati	46,271	22,629	49,341	42,367	45,083	32,349	34,171	31,750	28,798	30,386	5.5	-4.3	-11.1
Call money	2,293	1,514	836	726	1,070	1,488	2,027	3,383	2,446	2,172	-11.2	-35.8	7.2
BCRA lines	83	1,758	16,624	17,030	17,768	10,088	7,352	3,689	1,034	721	-30.3	-80.5	-90.2
Outstanding bonds	4,939	3,703	9,073	6,674	7,922	6,548	7,564	6,413	6,441	6,441	0.0	0.4	-14.8
Foreign lines of credit	5,491	4,644	15,434	9,998	5,444	2,696	2,315	2,249	1,652	1,130	-31.6	-49.7	-51.2
Other	33,466	11,010	7,374	7,939	12,878	11,530	14,914	16,015	17,225	19,922	15.7	24.4	33.6
Subordinated debts	1,668	1,700	3,622	1,850	1,304	1,319	1,148	1,642	1,676	1,650	-1.5	0.5	43.7
Other liabilities	1,420	1,637	5,671	4,890	4,213	3,264	3,436	3,989	3,911	4,282	9.5	7.3	24.6
Net worth	**12,178**	**11,515**	**15,827**	**14,900**	**14,780**	**17,080**	**18,124**	**20,938**	**21,781**	**22,349**	**2.6**	**6.7**	**23.3**
Memo													
Netted assets	88,501	73,796	117,928	115,091	121,889	123,271	126,430	143,807	146,617	149,572	2.0	4.0	18.3

(1) Includes margin accounts with the BCRA. (2) Does not include accrual on interest or CER.

Source: BCRA

Statistics Annex: Private Banks

Chart 7: Profitability Structure

Amounts in million of pesos	Annual							First 4 months		Monthly			Last
	2000	2001	2002[1]	2003	2004	2005	2006	2006	2007	Feb-07	Mar-07	Apr-07	12 months
Financial margin	5,441	5,282	10,628	2,575	3,415	5,253	7,672	2,455	3,038	587	730	742	8,255
Net interest income	3,598	3,519	-304	107	1,214	2,069	2,772	875	1,092	232	261	306	2,988
CER and CVS adjustments	0	0	1,476	1,082	900	1,215	854	348	289	81	87	43	795
Foreign exchange price adjustments	160	256	6,189	-312	666	576	725	262	253	66	70	71	716
Gains on securities	1,232	962	3,464	1,892	959	1,259	3,132	909	1,323	189	293	303	3,547
Other financial income	450	546	-197	-195	-322	134	188	60	82	20	20	19	209
Service income margin	2,554	2,598	2,782	2,341	2,774	3,350	4,379	1,301	1,753	406	467	439	4,832
Loan loss provisions	-2,173	-2,464	-6,923	-1,461	-1,036	-714	-713	-214	-333	-29	-108	-68	-832
Operating costs	-5,263	-5,224	-6,726	-5,310	-5,382	-6,303	-7,598	-2,306	-2,916	-696	-748	-774	-8,208
Tax charges	-379	-418	-512	-366	-393	-509	-760	-217	-312	-77	-83	-78	-854
Income tax	-393	-216	-337	-295	-202	-217	-365	-78	-127	-26	-27	-23	-413
Adjustments to the valuation of government securities[2]	0	0	0	-665	-51	-201	-170	-78	26	-4	2	11	-67
Amortization payments for court-ordered releases	0	0	0	-791	-1,147	-1,168	-1,161	-356	-495	-103	-175	-120	-1,300
Other	307	615	-4,164	1,178	846	1,156	1,626	241	281	73	182	-15	1,666
Monetary results	0	0	-10,531	-20	0	0	0	0	0	0	0	0	0
Total results	**93**	**174**	**-15,784**	**-2,813**	**-1,176**	**648**	**2,910**	**747**	**916**	**131**	**239**	**114**	**3,079**
Adjusted results[3]	-	-	-	-1,357	252	2,016	4,242	1,181	1,385	239	412	223	4,445
Annualized indicators - As % of netted assets													
Financial margin	6.2	6.4	7.6	2.3	2.9	4.3	5.8	5.9	6.2	4.9	6.0	6.0	5.9
Net interest income	4.1	4.3	-0.2	0.1	1.0	1.7	2.1	2.1	2.2	1.9	2.1	2.5	2.1
CER and CVS adjustments	0.0	0.0	1.1	0.9	0.8	1.0	0.6	0.8	0.6	0.7	0.7	0.3	0.6
Foreign exchange price adjustments	0.2	0.3	4.4	-0.3	0.6	0.5	0.5	0.6	0.5	0.5	0.6	0.6	0.5
Gains on securities	1.4	1.2	2.5	1.7	0.8	1.0	2.4	2.2	2.7	1.6	2.4	2.4	2.5
Other financial income	0.5	0.7	-0.1	-0.2	-0.3	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.1
Service income margin	2.9	3.2	2.0	2.0	2.4	2.7	3.3	3.1	3.6	3.4	3.8	3.5	3.5
Loan loss provisions	-2.5	-3.0	-5.0	-1.3	-0.9	-0.6	-0.5	-0.5	-0.7	-0.2	-0.9	-0.5	-0.6
Operating costs	-6.0	-6.4	-4.8	-4.6	-4.6	-5.1	-5.8	-5.5	-6.0	-5.7	-6.1	-6.2	-5.9
Tax charges	-0.4	-0.5	-0.4	-0.3	-0.3	-0.4	-0.6	-0.5	-0.6	-0.6	-0.7	-0.6	-0.6
Income tax	-0.4	-0.3	-0.2	-0.3	-0.2	-0.2	-0.3	-0.2	-0.3	-0.2	-0.2	-0.2	-0.3
Adjustments to the valuation of government securities[2]	0.0	0.0	0.0	-0.6	0.0	-0.2	-0.1	-0.2	0.1	0.0	0.0	0.1	0.0
Amortization payments for court-ordered releases	0.0	0.0	0.0	-0.7	-1.0	-1.0	-0.9	-0.9	-1.0	-0.9	-1.4	-1.0	-0.9
Other	0.4	0.7	-3.0	1.0	0.7	0.9	1.2	0.6	0.6	0.6	1.5	-0.1	1.2
Monetary results	0.0	0.0	-7.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ROA	**0.1**	**0.2**	**-11.3**	**-2.5**	**-1.0**	**0.5**	**2.2**	**1.8**	**1.9**	**1.1**	**2.0**	**0.9**	**2.2**
ROA adjusted[3]	0.1	0.2	-11.3	-1.2	0.2	1.6	3.2	2.8	2.8	2.0	3.4	1.8	3.2
ROE	*0.8*	*1.4*	*-79.0*	*-19.1*	*-8.1*	*4.1*	*15.3*	*12.6*	*12.6*	*7.3*	*13.2*	*6.1*	*15.1*

(1) Data at December 2002 currency (2) Com. "A" 3911. Adjustments to the valuation of government unlisted securities according to Com. "A" 4084 are included under the "gains from securities" heading.
(3) Excluding amortization of payments for court-ordered releases and the effects of Com. "A" 3911 and 4084.
Source: BCRA

Chart 8: Portfolio Quality

As percentages	Dec 00	Dec 01	Dec 02	Dec 03	Dec 04	Dec 05	Apr 06	Dec 06	Feb 07	Mar 07	Apr 07
Non-performing loans (overall)	8.3	9.9	19.8	15.7	8.9	4.4	4.2	2.9	2.9	2.8	2.8
Non-performing loans to the non-financial private se	**9.8**	**14.0**	**37.4**	**30.4**	**15.3**	**6.3**	**5.6**	**3.6**	**3.5**	**3.3**	**3.3**
Commercial portfolio (*)	8.4	15.4	44.7	39.0	18.2	7.3	6.6	3.8	3.6	3.4	3.3
Consumption and housing portfolio	11.9	12.4	26.0	17.2	10.0	4.2	3.9	3.2	3.2	3.1	3.3
Provisions / Total non-performing loans	67.7	75.7	73.4	79.0	95.7	114.6	114.2	129.6	132.3	134.0	132.2
(Total non-performing - Provisions) / Overall financing	2.7	2.4	5.3	3.3	0.4	-0.6	-0.6	-0.9	-0.9	-0.9	-0.9
(Total non-performing - Provisions) / Net worth	13.4	11.4	18.6	11.2	1.3	-2.2	-1.9	-3.0	-3.1	-3.2	-3.0

(*) Include commercial loans treated as consumer loans for classification purposes.
Source: BCRA

Methodological note (chart 5):

1.-(Cash compliance according to BCRA + Other cash holdings + Central Bank repos) / Total deposits; **2.-**(Public bonds position (without LEBAC and NOBAC) + Loans to the public sector + Compensation receivable) / Netted assets; **3.-**Loans to the private sector / Netted assets; **4.-**Non-performing loans to the non-financial private sector / Loans to the non-financial private sector; **5.-**(Total non-performing loans – Provisions) /Net Worth. The non-performing loans includes loans classified in situation 3,4,5, and 6; **6.-**Accumulated annual results /Average monthly netted assets - % Annualized; **7.-** Accumulated annual results / Average monthly net worth - % Annualized; **8.-**(Financial margin (Net interest income + Restatement by CER and CVS + Gain on securities + Foreign exchange price adjustments + Other financial income) + Service income margin) / Operating costs; **9.-**Capital compliance (Responsabilidad Patrimonial Computable) / Risk – adjusted assets according to the norm of BCRA about Minimum Capital Compliance; **10.-**(Capital Compliance minus requirements, included franchises) / Capital requirements.