

# Report on Banks

April 2011



BANCO CENTRAL  
DE LA REPÚBLICA ARGENTINA

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April 2011

Year VIII, No. 8



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DE LA REPÚBLICA ARGENTINA

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Note | Information for April 2011 available by May 26, 2011 is included. This Report is focused on the performance of the financial system, including breakdowns by homogeneous sub-sectors. The data reported (particularly, those referring to profitability) are provisional and are subject to changes later. Except the opposite was indicated the data included corresponds to BCRA Information Regimes (end of month data).

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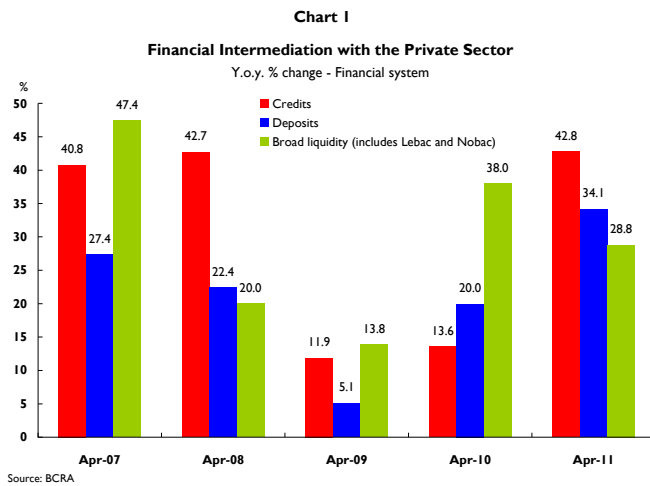
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## Summary

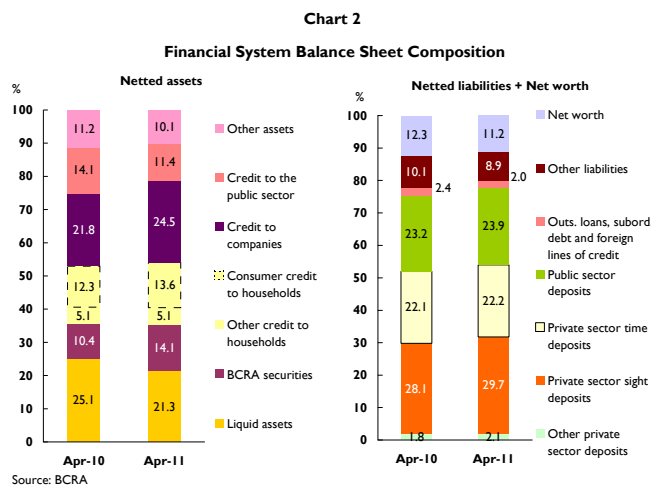
- **In April, the financial system continued deepening the growth of its intermediation activity with companies and households. Within this framework, the financial system operating structure continued expanding.** The number of automatic teller machines (ATM) increased 3.8% over the first quarter of the year, thereby accumulating a 16% year-on-year (y.o.y.) expansion. On the other hand, the Central Bank authorized the opening of 18 branches in localities with a lower banking service level (the figure trebled in y.o.y. terms); meanwhile, 20 other opening applications are about to be approved. In addition, the amount of personnel employed in the sector remained increasing over the first three months of the year: 0.6% against December 2010 and 3% y.o.y. These relative hikes exceed those observed in full employment in economy.
- **In order to promote further access of the population to financial services, the Central Bank has designed and has been promoting the use of new instruments.** By early June, the number of **Free Universal Accounts (CGU)** exceeded 63,600 units. To complement this, the **BCRA reintroduced the Settlement Check**. As of May, transactions conducted through settlement checks amounted to almost \$600 million in year-to-date terms. Furthermore, the Central Bank approved a regulation that allows the **instant crediting of bank transfers** in March 2011, a provision that added to **the measure taken in 2010 that it is aimed at reducing costs of this kind of transactions**. Thus, 823,000 instant transfers (\$1.9 billion) were carried out in May 2011 through networks while those effected by low-value electronic clearing houses totaled 1.45 million (increasing 28% y.o.y.), amounting to \$17.2 billion.
- **Lending to the private sector stock grew 3.4% in April, 43% y.o.y., amounting to almost 43% of financial system netted assets.** Even though all groups of entities evidenced a monthly expansion in loans to the private sector, public banks were the most dynamic group. **Loans granted to companies rose 4% in April and 45.1% in y.o.y. terms** (almost 7 p.p. more than those loans granted to households). **Manufacturing activity should be highlighted as one of the activities with more share in the y.o.y. expansion of the total lending to companies.** On the other hand, a **slight fall in financial system exposure to the public sector was recorded in April**, to a level of 10.7% of assets. When considering funding obtained by banks through public sector deposits, this sector continued exhibiting a net creditor position against financial entities (equal to 11.8% of total assets).
- The expansion of financing to companies and households continued developing in a context of limited credit risk. Thus, **the private sector lending non-performance ratio set a new historical minimum of 1.8% in April**, and this monthly performance was mainly boosted by public banks.
- **Total deposits expanded 2.8% in April (33.2% y.o.y.), driven primarily by private sector deposits, which rose 3.6% (34.1% y.o.y.).** Over the month, private sector sight accounts grew 4.5% (36.7% y.o.y.) while time deposits did so by 2.2% (30.8% y.o.y.). On the other hand, public sector deposits increased 0.9% in April (33.4% y.o.y.). Therefore, total deposits remained growing their weighting in total funding of the financial system. Meanwhile, **the funding cost through financial system deposits in pesos**, estimated from interest rates traded (weighting by the volume of transactions) **remained stable in April against the month before**. The effect derived from the monthly rise in the cost of time deposits was offset by a higher volume traded in sight accounts. **The funding cost through total deposits in pesos fell over the last 12 months.**
- **The liquidity indicator** (domestic and foreign currency) **stood at 27.1% of deposits in April, falling 0.3 p.p. over the month (5.9 p.p. y.o.y.), within a framework of significant credit expansion.** The drop observed in the indicator was mainly accounted for by private banks. The broad liquidity indicator (with Lebacs and Nobacs not related to repos with the BCRA) also fell slightly over the month until reaching a level of 45.1%.
- **Financial system consolidated net worth grew slightly in April mainly due to book profits, which were mostly offset by the distribution of dividends carried out by a group of entities.** The y.o.y. growth pace of net worth reached 17.8%. Additionally, capitalizations for about \$50 million were conducted over the month, totaling \$450 million in year-to-date terms in 2011. **Financial system capital compliance ratio exhibited a slight increase in April, up to 16.8% of risk-weighted assets (RWA), mainly due to the performance of public banks.** On the other hand, banking system, kept a surplus of regulatory capital compliance equivalent to 77% of the legal requirement.
- **Financial system book profits stood at 2.6%a. of assets in April, falling 0.4 p.p. against the previous month mainly as a result of a lower financial margin.** Thus, benefits accrued by banks over the first four months of the year amounted to 2.6%a. of assets, and were slightly above those recorded over the same period in 2010, with an outstanding improvement in public banks.

# Activity

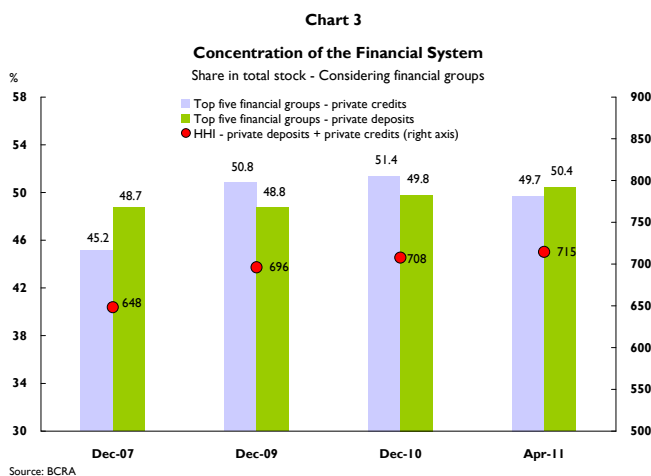
## *Lending to the private sector continued increasing its share of total financial system assets*



**Financial intermediation activity continued growing steadily in April.** Financial system netted assets grew 2.1% over the month thereby accumulating a 29.2% year-on-year (y.o.y.) expansion. The monthly improvement was accounted for by both public and private banks. Within this context, the stock of private sector lending rose 42.8% y.o.y. at the start of the second quarter of the year while private sector deposits grew 34.1%, significantly improving the performance observed 12 months ago and surpassing, in both cases, the expansion pace of assets with greater relative liquidity (see Chart 1).



In April, bank lending to the private sector continued increasing its share of financial system netted assets up to a level of 43%. **Weighting of lending to the private sector in assets increased 4 p.p. over the last 12 months, and the improvement observed in loans granted to companies should be highlighted** (see Chart 2). Credit to the public sector stood at 11.4% of netted assets<sup>1</sup>, almost 3 p.p. less than in April 2010. Most liquid assets kept their relative significance within financial system netted assets, with hikes in the share of bills and notes issued by the BCRA, and a fall in the case of repos with this institution and entities' current account balances. On the other hand, private sector sight deposits and public sector deposits gained significance in overall banks funding against 12 months ago.

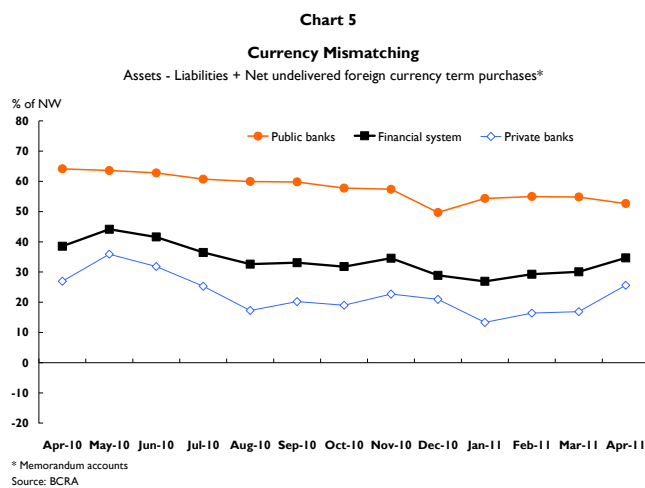
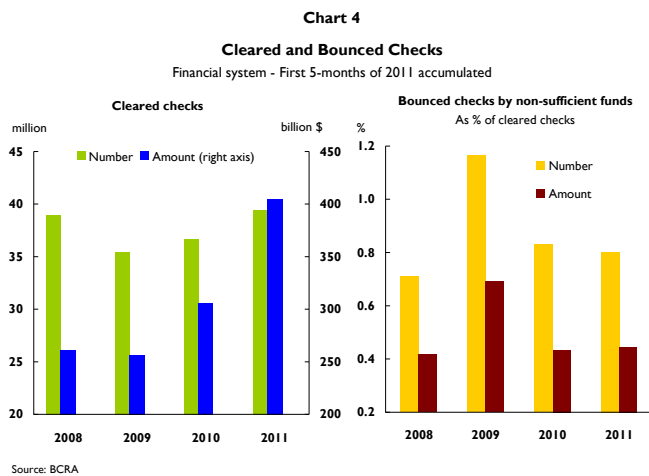


Regarding the financial system flow of funds corresponding to April, and calculated from balance sheet information, **the rise of private sector deposits and, to a lesser extent, those of the public sector, were the main sources of fund of the month** (\$9.9 billion and \$1.15 billion respectively), followed by some corporate bond issues and short term securities. **The most relevant uses of funds in April were the rise of lending to the private sector** (\$7.45 billion) **and of liquid assets** (\$2.1 billion).

In April, a foreign bank<sup>2</sup> purchased most of shareholdings of a national private financial entity. Partially, as a result of this transaction, **the financial system concentration, measured in terms of the Herfindahl-Hirschman Index** (see Chart 3) **increased slightly at the beginning of the year, even though it**

<sup>1</sup> Exposure to the public sector amounted to 10.7% of total assets over the month.

<sup>2</sup> From the public sector of the country of origin. This entity already had transactions in the domestic market.



**Table 1**  
**Employment**  
In thousand

	Financial system				31 conglomerates EPH*
	Total	Banks		NBFE	Employment - Under-Employment
		Priv.	Pub.		
<b>QII-08 (Max. FS**)</b>	100.7	58.4	38.2	4.1	9,315
<b>QI-10 (Min. FS**)</b>	97.5	56.5	37.8	3.1	9,413
<b>QIV-10</b>	99.7	59.0	37.7	3.1	9,638
<b>QI-11*</b>	100.3	59.6	37.6	3.1	9,663
Change - In %					
<b>QI-10 vs QII-08</b>	-3.2	-3.3	-1.1	-23.4	1.1
<b>QI-11 vs QIV-10</b>	0.6	1.0	0.0	0.7	0.3
<b>QI-11 vs QI-10</b>	3.0	5.4	-0.4	-0.3	2.7

\*Permanent Households Survey

\*\*Data at Dec-10: 8 entities (with 25% of financial system employment)

\*\*Considering QIV-07 to QI-11

Source: BCRA and INDEC

stands at moderate levels against other economies within the region.

**Financial entities have exhibited more momentum in their role to provide means of payment services for the economy.** The number and the amount of checks cleared continued increasing in 2011 together with the maintenance of reduced levels of bounced checks by nonsufficient funds as percentage of the total cleared (see Chart 4). From January to May 2011, 39.4 million checks were cleared, 7.4% more than over the first five months of 2010. In year-to-date terms, the amount of bounced checks by nonsufficient funds accounted for 0.8% of the total cleared (equivalent to 0.44% of the total amount), evidencing levels similar to those of the same period last year.

**Foreign currency mismatching for the financial system, including net undelivered foreign currency term purchases, increased 4.6 p.p. of net worth in April, up to 34.7%** (see Chart 5), mainly because private banks raised their net undelivered foreign currency term purchases. Annual comparison shows that foreign currency mismatching of the financial system fell almost 4 p.p. of net worth.

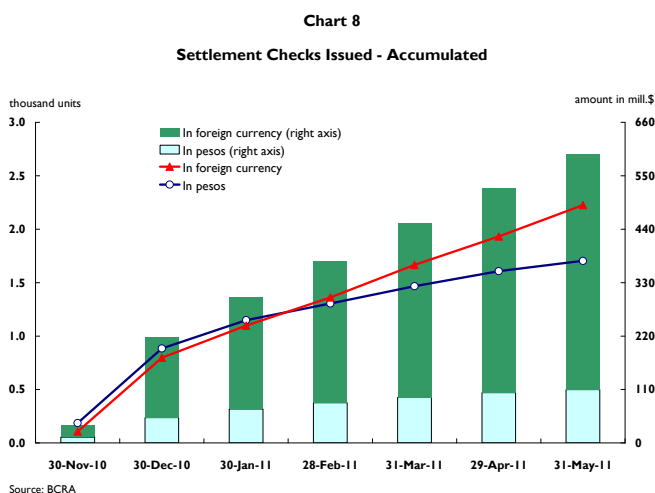
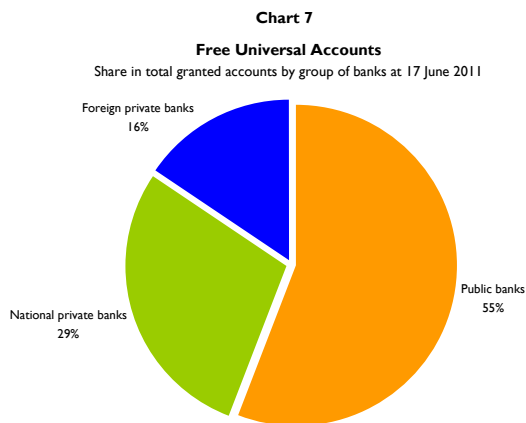
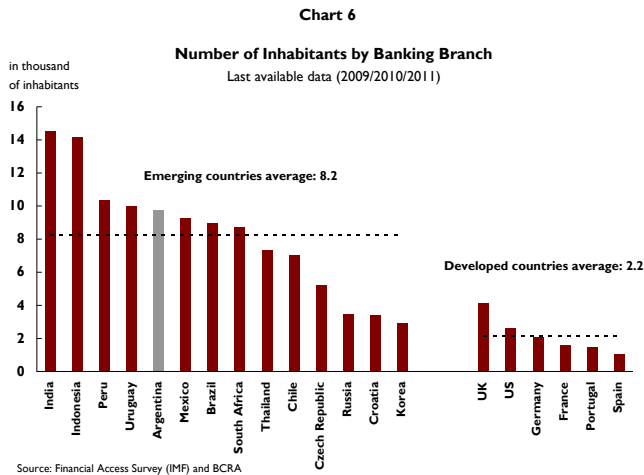
## Infrastructure and financial services provision

*Banking employment increases and the infrastructure to provide financial services in areas with fewer banking services improves*

**The expansion of banking activity continued boosting the growth of the financial system operating structure at the beginning of 2011.** The payroll of financial entities as a whole continued increasing over the first quarter of the year: 0.6% against December 2010 and 3% y.o.y.. Banking employment grew in excess of total economy employment (net figure of underemployed; see Table 1) over the first part of the year and all over the last 12 months, affected by the performance of private banks. On the other hand, the number of **automatic teller machines** grew 3.8% over the first quarter of the year, thereby accumulating a 16% y.o.y. expansion.

In addition, the **number of branches also expanded though more moderately.** In this regard, although improvements in terms of the expansion of provision infrastructure of financial services are being recorded, if an international comparison is made, it may be seen that **Argentina continues evidencing relatively high ratios**

of population in terms of automatic teller machines and branches (see Chart 6).



Within this framework, it is worth mentioning that, over the first quarter of 2011, the Central Bank authorized the opening of 18 branches in localities with a lower level of banking services, while other 20 opening applications are about to be authorized. Thus, authorizations to open new branches in areas with less presence of financial services trebled between January and March 2011 in y.o.y. terms. The expansion evidenced by the provision of banking services in provinces of the country with low levels of bank infrastructure availability started to be evident as from the passage of a new regulation by the BCRA<sup>3</sup>, whereby the opening application for branches in areas with high banking levels must be associated to the application to install the same amount of branches in localities with a lower level of banking services availability.

In addition, and in order to promote further access by the population to financial services, the Central Bank has designed and has been promoting the use of new instruments. The number of Free Universal Accounts (CGU) exceeded 63,600<sup>4</sup> units at the start of June with public banks evidencing a greater share (see Chart 7). It should be noted that CGU applications over the first quarter of the year accounted for 6% of growth recorded in the total quantity of saving accounts in pesos held by households over the period.

Furthermore, to promote the execution of economic transactions through banks, the Central Bank approved a regulation in March 2011 that allows immediate crediting of bank transfers<sup>5</sup>, a provision that added to a regulation taken previously aimed at reducing the costs of these transactions<sup>6</sup> significantly. In May 2011, the amount of immediate transfers made through networks amounted to 823,000 (which equals \$1.9 billion) while transfers made through low-value electronic clearing houses<sup>7</sup> totaled 1.45 million (almost \$17.2 billion).

In order to preserve the security of bank transactions, the Central Bank reintroduced

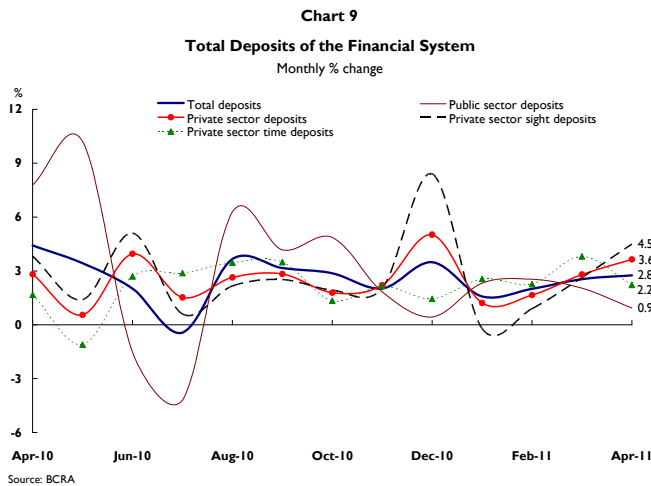
<sup>3</sup> Communication "A" 5167.

<sup>4</sup> Out of which 6,000 accounts are still undergoing a validation process until the process to verify requirements for applicants is finished. It should be noted that, considering the tasks of analysis and exchange of information carried out with financial entities, changes were made to the data published in previous editions of the Report on Banks.

<sup>5</sup> Communication "A" 5194.

<sup>6</sup> Communication "A" 5127.

<sup>7</sup> Entity engaged in electronic clearance of low value instruments (checks, other documents subject to clearance, direct debits, and transfers). It is in charge of carrying out the settlement of balance stocks cleared among financial entities, making the corresponding registry in their respective accounts with the BCRA, at the end of every daily session.

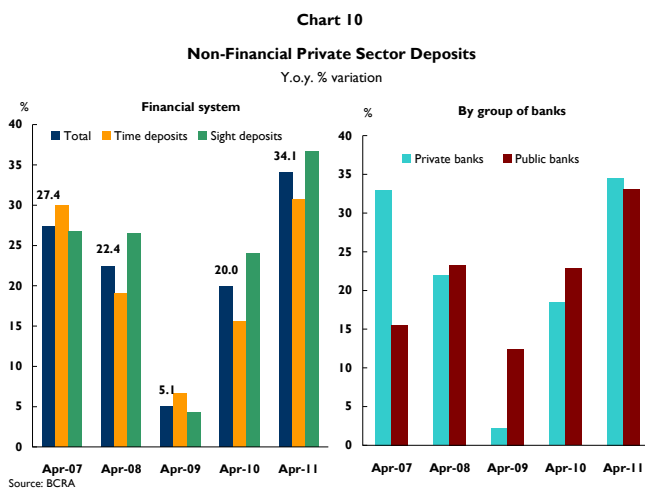


**Settlement Check by the end of 2010; this instrument is useful to conduct transactions involving high amounts of money.** Until late May, transactions made with settlement checks amounted to \$110 million (over 1,700 checks denominated in pesos) and US\$120 million (about 2,200 checks denominated in foreign currency; see Chart 8).

## Deposits and liquidity

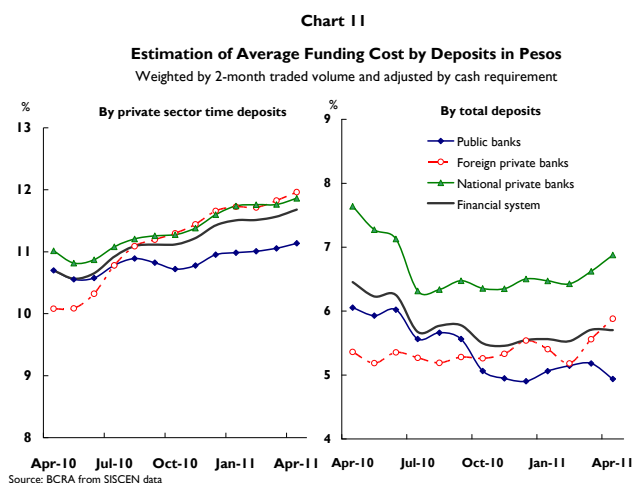
*Liquidity indicators fell, from high levels, over the month while private sector sight deposits boosted the increase of total deposits*

In April financial system deposit stock grew 2.8%, driven mainly by private sector deposits, which rose 3.6% (see Chart 9). Private sector sight accounts went up 4.5% over the month and time deposits did so by 2.2%. On the other hand, public sector deposits increased 0.9% in April.



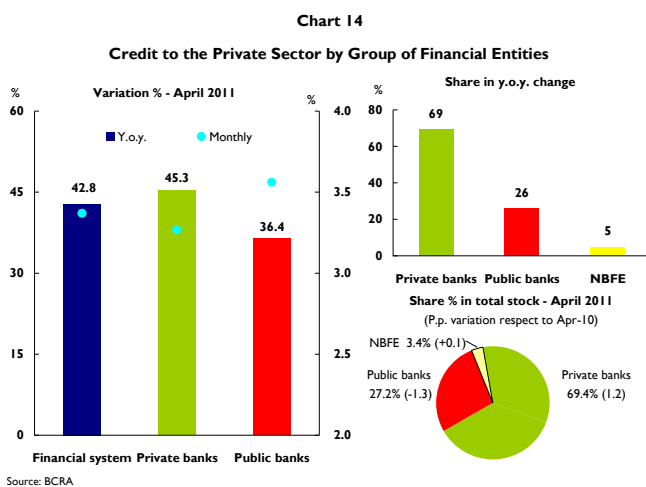
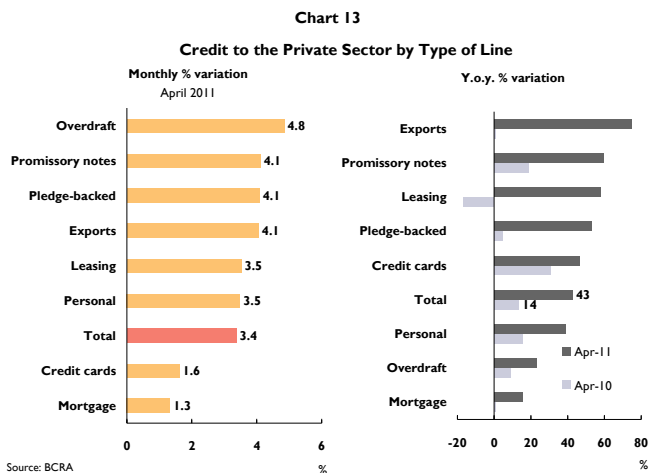
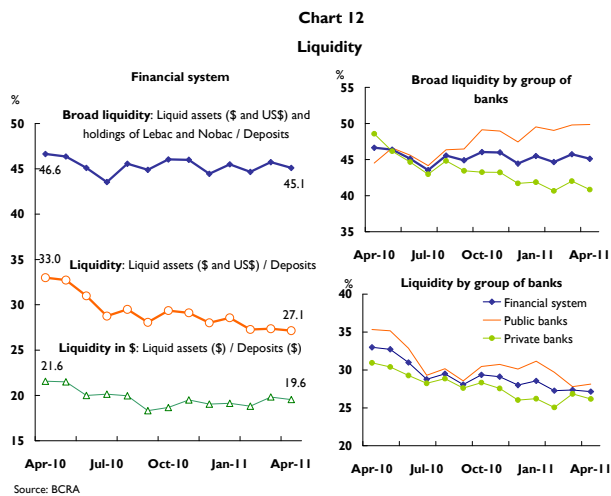
In year-on-year terms, banking system deposit stock expanded 33.2% (9 p.p. more than the nominal growth pace observed 12 months ago). Private sector deposits grew 34.1% over the last 12 months exceeding the momentum observed over the same month in 2010 by 14 p.p.. This nominal rise was boosted by sight accounts (36.7% y.o.y.) and time deposits (30.8% y.o.y.; see Chart 10). On the other hand, public sector deposits exhibited a y.o.y. hike similar to the total, aligned with the momentum observed 12 months ago.

The funding cost for the financial system for total deposits in pesos, estimated from interest rates traded (weighting by the volume of transactions) remained stable in April against the month before, at about 5.7% annually. The effect derived from the monthly rise of cost related to being funded with time deposits was offset by a higher volume traded in sight accounts. When making a year-on-year comparison, it was observed that the funding cost of the financial system through total deposits in pesos has been shrinking, and this performance is mainly accounted for by public banks and national private banks (see Chart 11).



In April the financial system liquidity indicator, which includes items denominated in both domestic and foreign currency, fell 0.3 p.p. of deposits, down to 27.1%. The monthly reduction was mainly explained by private banks, within the framework of falling stocks of repos with the BCRA. Thus, this ratio has accumulated a 5.9 p.p. fall of deposits over the last 12 months (see Chart 12). The broad liquidity indicator





(including LEBACs and NOBACs not related to the repos with the BCRA) also fell 0.6 p.p. of deposits during the month, down to 45.1%. The broad liquidity ratios fell 1.5 p.p. of deposits over the last 12 months mainly due to the performance recorded in private banks.

**The interest rate on the call money market exhibited a slight monthly reduction, and an average level of 9.6% was registered in April. The volume traded in this market also fell moderately over the month, down to \$750 million a day, on average.**

## Financing

*Commercial lines boosted the monthly growth of lending to the private sector*

**Credits to the private sector grew 3.4%<sup>8</sup> in April. All credit lines grew over the month, with an outstanding performance in the case of commercial lines (overdrafts, promissory notes, financing to exports and leasing) (see Chart 13). In year-on-year terms, financing to the private sector rose 43% and, thus, it accounted for almost 43% of financial system netted assets (4 p.p. more than a year ago). Financing to exports and promissory notes were the credit segments exhibiting the highest growth rate over the last 12 months and accounted for almost 41% of the rise in the total stock of loans recorded over such period.**

Although all groups of financial entities exhibited rises in the stock of loans to the private sector, **public banks were the most dynamic in the month** (see Chart 14). Nevertheless, **in terms of the last 12 months, private banks were the ones exhibiting the highest growth rate** and the ones that contributed the most to the rise in the stock of financing to companies and households (almost 70% of the total rise). All sub-groups of private entities per size<sup>9</sup> exhibited a y.o.y expansion pace of lending to the private sector way above the pace observed over the same period last year, and this rise was relatively higher in banks of a larger size. In this regard, the 10 largest private banks continued accounting for 80% of the growth in the stock of private sector lending (see Chart 15).

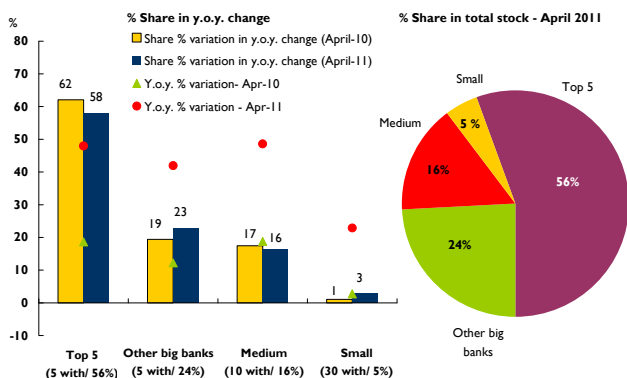
**Bank lending granted to companies rose 4% in April and accumulated a 45.1% hike over the last 12 months, almost 7 p.p. more than loans to households, mainly driving the expansion of lending to the private**

<sup>8</sup> In April, banks did not conduct any financial trust issues with loans to the non-financial private sector as underlying assets.

<sup>9</sup> Per size of credit portfolio.

Chart 15

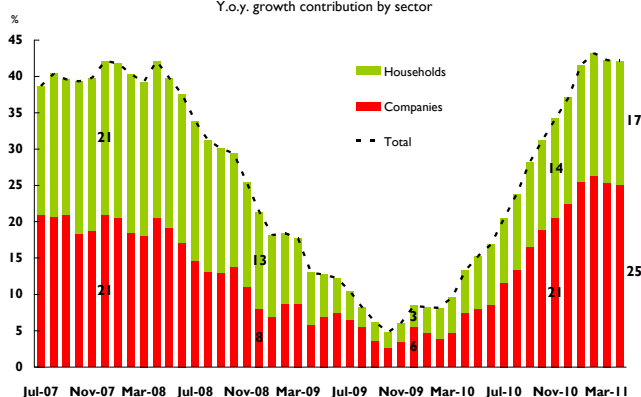
Credit to the Private Sector Granted by Private Banks



Source: BCRA

Chart 16

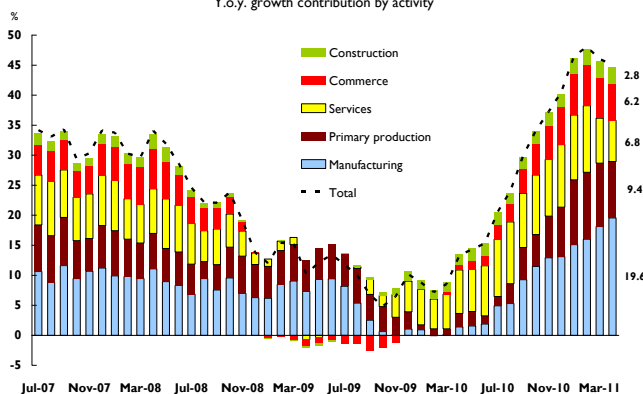
Credit to the Private Sector  
Y.o.y. growth contribution by sector



Source: BCRA

Chart 17

Credit to Companies  
Y.o.y. growth contribution by activity



Source: BCRA

sector (see Chart 16). Therefore, lending to the corporate sector continued exhibiting a year-on-year growth level relatively higher than that of households for the tenth consecutive month. Loans to commerce sector, industry and construction were the most dynamic over the last 12 months in a context where most productive sectors recorded a rise in the growth rate of lending against the previous year. **Manufacturing stood out as the activity with the greatest share in the y.o.y. expansion of the total balance of lending to companies** (see Chart 17). This hike in lending to manufacturing came, in similar proportions, from national private banks, foreign private banks and public banks.

Among lending aimed at the different industrial sub-sectors, those loans granted to the **wholesale manufacture and sale of motor vehicles were the most dynamic (92% y.o.y.)**. On the other hand, lines related to the **processing and trading of food and beverages and the manufacture and sale of chemical products and substances exhibited the greatest share in the y.o.y. growth of the total balance of lending to this sector. All credit lines granted to the industrial segment recorded a two-digit percentage growth during the last 12 years.** The momentum shown by exports and other credits and promissory notes, lines which contributed, as a whole, with more than 88% of the y.o.y. growth of financing aimed at manufacturing should be highlighted (see Chart 18).

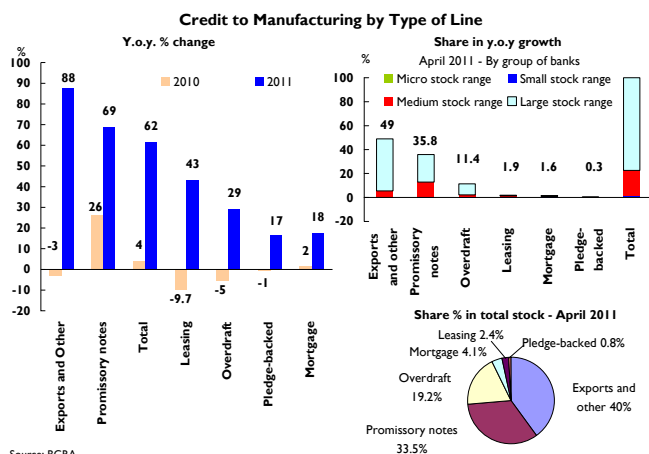
**Loans with a relative larger size<sup>10</sup> (over \$5 million) channeled to manufacturing were those that grew the most over the last 12 months (75% y.o.y.) and accounted for 69% of the total balance.** Meanwhile, the medium segment (from \$200,000 to \$5 million) and the small segment (less than \$200,000) rose 41% y.o.y. and 26% y.o.y. respectively while the micro tranche evidenced a lower growth level (only 2%) (see Chart 19).

**Within the framework of the Bicentenary Productive Financing Program, the BCRA conducted the fifth auction of funds in May** aimed at funding financial entities for the issue of loans for productive investment and it thereby **allocated \$280 million**. Thus, the total amount allocated by the BCRA to date has reached almost \$1.54 billion.

**Lending to households increased 2.7% during the month reaching a y.o.y. rise of 38.4%,** below the momentum of lending to companies. **The performance of pledge-backed loans granted to households over the last 12 months should be highlighted** (they have

<sup>10</sup> Per segment of residual balance stock.

Chart 18

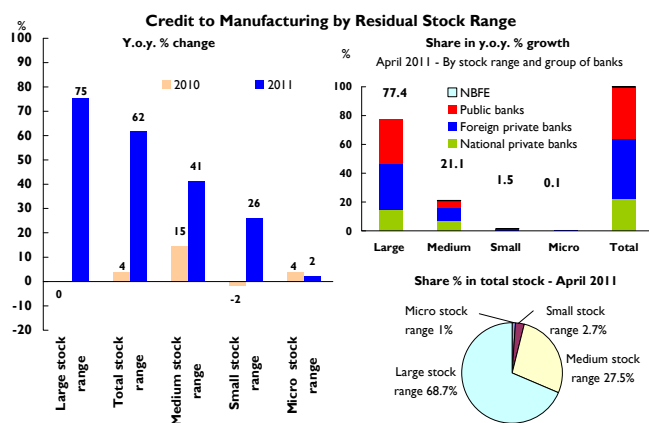


Source: BCRA

grown almost 70%), which gradually gain weighting in financing to this sector (totaling 7.5% of the portfolio to households). **Consumer lines climbed 42.6% y.o.y.** (cards rose 47.8% y.o.y. and personal loans, 39.4% y.o.y.), with a contribution that slightly exceeds three quarters of the rise in lending to households.

**Together with the rise of lending to the private sector, a 0.4 p.p. reduction of netted assets in the exposure of the financial system to the public sector was observed in April until reaching 11.4%, exhibiting a 2.6 p.p. drop over the last 12 months.** Taking into account the funding that banks obtain from public sector deposits at a consolidated level from all jurisdictions, the public sector continued to show a net creditor position with regard to the financial system for an amount equivalent to 11.8 % of total assets.

Chart 19



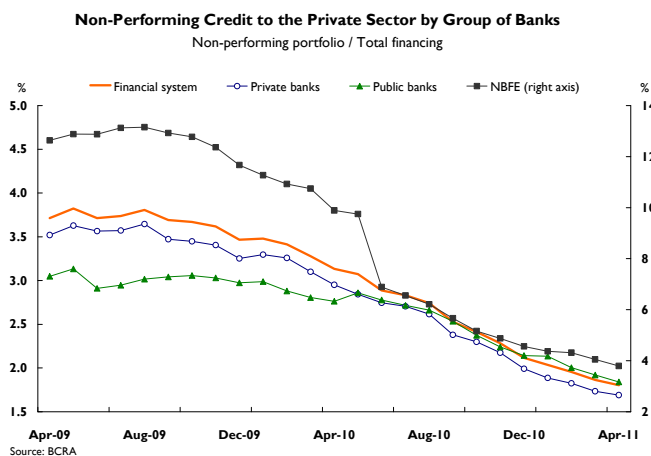
Note: Micro: Up to \$50 thousand; Small: from \$50 th. to \$200 th.; Medium: from \$200 th. to \$5million; Large: more than \$5 million  
Source: BCRA

## Portfolio quality

*The non-performance portfolio ratio continues falling, reaching a new historical minimum*

**The rise of bank lending to the private sector continued developing in a context of limited credit risk levels.** This was reflected in the non-performance ratio for private sector lending, which stood at a new historical minimum of 1.8% in April, evidencing a 0.1 p.p. monthly drop boosted mainly by public banks. This indicator fell 1.3 p.p. over the last 12 months resulting from an improvement in the portfolio quality in all homogeneous groups of financial entities (see Chart 20). Considering the group of private banks, an improvement in the quality of financing in all sub-groups of entities by size was observed over the last 12 months, even though it was relatively more significant in the case of large and small entities (the non-performance ratio fell 46% and 44% respectively) (see Chart 21).

Chart 20



Source: BCRA

**The non-performing credit to companies stood at 1.2% in April, evidencing a monthly fall of 0.1 p.p. and 1.1 p.p. during the last 12 months.** This movement was driven by almost all economic sectors (see Chart 22), and the low non-performance levels of economic activities with more weighting in financing such as manufacturing and primary production of goods should be highlighted. Meanwhile, financing lines to households also continued evidencing decreasing non-performance levels during the last months (see Chart 23), a movement that is specially reflected in the performance of those lines that were mostly affected by

the domestic impact of the international financial crisis (personal loans and credit cards).

In this context, **the financial system continued exhibiting a high level of provisions.** Accounting provisions for the banking system grew slightly in April; therefore, **the coverage of the non-performing reached 152% over the month, 13 p.p. higher the level recorded at the end of 2010** (see Chart 24), a trend that may be observed in all bank groups.

## Solvency

*Financial system book profits fell slightly in April mainly due to a lower financial margin*

**Consolidated financial system net worth grew slightly in April** primarily due to book profits, which were mostly offset by the decision taken by some entities to allocate results of previous fiscal years to the distribution of dividends among their shareholders. **The y.o.y. growth pace of net worth reached 17.8%.** It should be noted that capitalizations were also carried out over the month (including contributions and allocation of results from previous fiscal years) for about \$50 million (by 3 banks), totaling \$450 million in the cumulative of 2011.

Within a framework where the growth of assets relatively exceeded the expansion of net worth (partly affected by the distribution of dividends of the latter), **the financial system leverage level exhibited a monthly rise due primarily to the performance of private banks.** Thus, netted assets represented 9.5 times the consolidated net worth and was slightly below the average of the region and of other emerging and developed economies (see Chart 25). The financial system leverage rose 0.8 p.p. over the last 12 months.

**Financial system capital compliance ratio exhibited a slight rise in April, up to 16.8% of risk-weighted assets (RWA), primarily due to the performance of public banks.** Considering the aggregate group of financial entities, some stability in the capital compliance ratio was recorded over the last 3 years, standing slightly above the average evidenced in the region<sup>11</sup>. On the other hand, financial system excess capital compliance stood at 77% of the legal requirement (see Chart 26), exhibiting a slight increase in the month (accounted for by public banks), although it fell about 15 p.p. during the last 12 months.

Chart 21

Private Banks Credit to the Private Sector Non-Performing Ratio  
By loan portfolio size

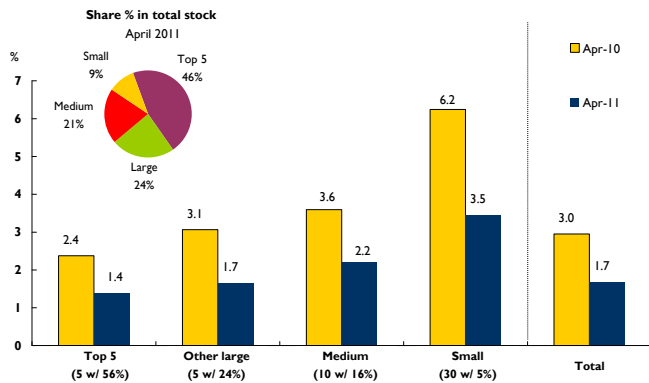


Chart 22

Non-Performing Credit to Companies by Economic Activity

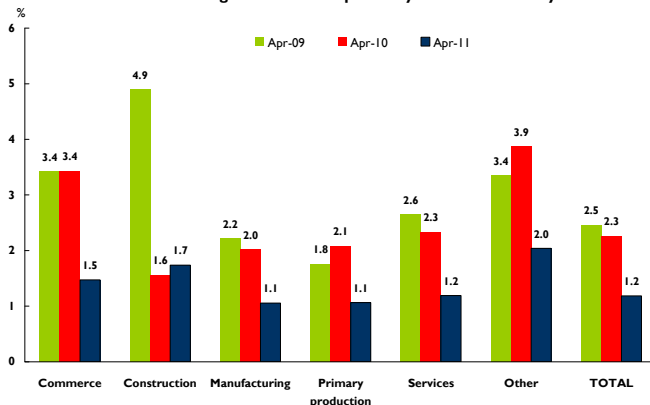
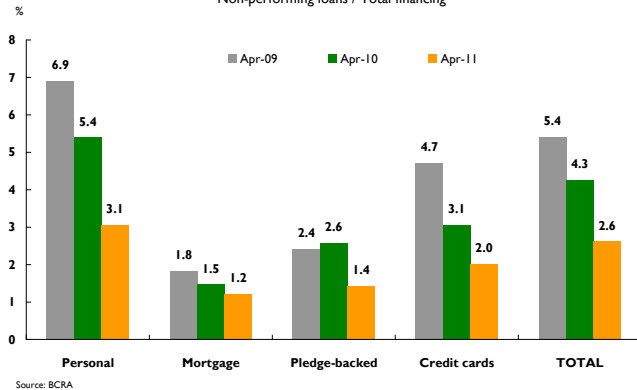


Chart 23

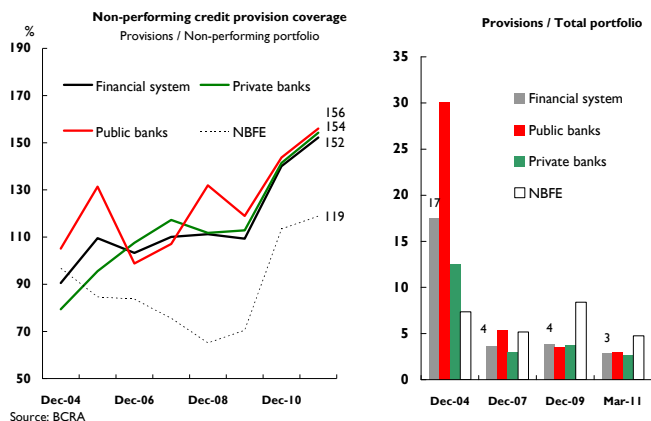
Non-Performing Credit to Households  
Non-performing loans / Total financing



<sup>11</sup> See BEF I-11, Chapter 1. International Context, Chart I.15

Chart 24

Credit to the Private Sector Provisions



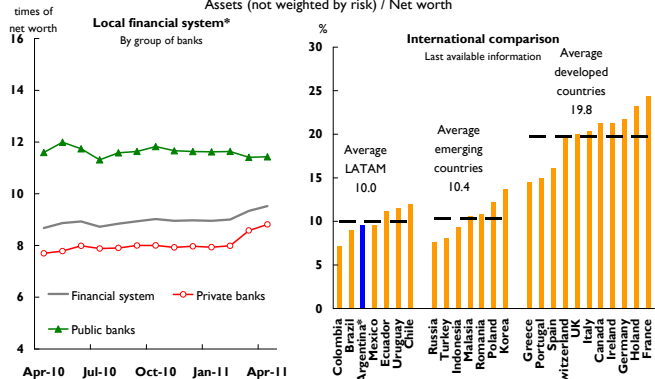
**Financial system book profits stood at 2.6%a. of assets in April, falling 0.4 p.p. against last month.** The monthly drop of profits resulted primarily from a lower financial margin. Thus, book profits by the banking system amounted to 2.6%a of assets over the first four months of the year, slightly exceeding those recorded over the same period in 2010, with an outstanding improvement in public banks (see Chart 27).

**Banks' financial margin fell 0.5 p.p. of assets, to 7.6%a. in April mainly due to lower results derived from interest and securities** (see Chart 28). The drop in results from interest was observed in private and public banks while the latter accounted, mainly, for the lower gains on securities. Throughout the year, private banks explained the slight y.o.y. reduction of the financial margin, which totaled 7.6%a. of assets for the financial system as a whole.

Chart 25

Financial System Leverage

Assets (not weighted by risk) / Net worth

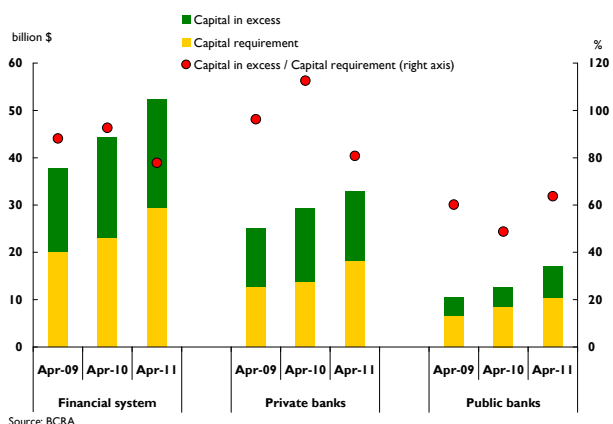


**Financial system service income margin remained stable in the month, totaling 3.8%a. of assets.** In 2011, in year-to-date terms, these results evidenced a minor fall, explained, primarily, by public banks. Thus, service income margin stood at 3.7%a. of assets during the first four months of the year.

**Operating costs were 6.3%a. of assets in April, slightly below the figure recorded the month before.** Operating costs have totaled 6.4%a of assets so far this year, 0.5 p.p. less than 12 months ago<sup>12</sup>. Meanwhile, loan loss provisions increased slightly over the month, to 0.7%a. of assets. **Over the first four months of the year, loan loss provisions fell in y.o.y. terms mainly due to private banks.** This drop takes place in a context of improvement in the credit portfolio quality.

Chart 26

Capital compliance and Capital Requirement



**According to forecasts, the financial system might accrue accounting profits next month driven by the growing momentum in the level of financial intermediation with the private sector.** On the other hand, some rise in operating costs may be expected resulting from the recent wage agreement for the sector.

<sup>12</sup> Operating costs accrued over the first four months of 2010 already included part of the effect of the salary agreement that had been defined for the sector.

## 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).

**Note:** in April of 2011 there were no regulatory news to highlight related to the financial intermediation activity.

## Methodology

- (a) Aggregate balance sheet information is taken from the monthly accounting information system (unconsolidated balance sheets). In order to calculate aggregate data for the financial system, for financial entities that have not provided data for the month reviewed, the most recent information available is repeated in the aggregate balance sheet. On the other hand, for profitability analysis only the banks providing data for that month are considered.
- (b) Due to possible lack of data for some banks at the time this Report was drafted, and due to possible corrections to the data provided by financial entities later, the data included is of a preliminary nature –particularly for the last month included-. Therefore, and due to the fact that the most recent data available always used, data in connection with earlier periods may not match what was mentioned in earlier issues of the Report. In such cases, the latter release should be regarded as being of better quality.
- (c) Unless otherwise indicated, data about deposits and loans refer to balance sheet information, and do not necessarily agree with those compiled by the Centralized Information Requirement System (SISCEN). Reasons for discrepancies include the precise date considered in order to calculate monthly changes and the items included in the definition adopted in either case.
- (d) Profit ratio calculations are based on monthly results estimated from changes in the aggregate result amounts during the current fiscal year. Except the opposite was specified, profit ratios are annualized.
- (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 entities (national or foreign depending on their residence) and public banks. In order to increase depth of the analysis, private sector entities were also classed according to the geographic coverage and business scope of their operations. Investment banking is defined as those specializing in large corporations and investor sector, which in general do not rely on deposits from the private sector for their funding. On the other hand, retail banks were divided into those carrying out business nationwide, those located in certain geographic regions -municipalities, provinces, or regions- and entities specialized in a financial sector niche market -usually smaller entities-. Finally, it is worth noting that the classifications defined above are solely for analytical purposes and does not mean it is the only methodology criteria by which to group them; while on the other hand, the listing of features for each financial entity group has been established in a general manner.
- (f) Indicators exhibited in Tables 1 and 5 of Statistical Appendix: 1.-  $(\text{Minimum cash compliance at the BCRA} + \text{Other cash holding} + \text{Holdings of BCRA securities for repo transactions}) / \text{Total deposits}$ ; 2.-  $(\text{Position in government securities (with out Lebac and Nobac)} + \text{Loans to the public sector} + \text{Compensations receivable}) / \text{Total assets}$ ; 3.-  $(\text{Loans to the non-financial private sector} + \text{Leasing}) / \text{Total assets}$ ; 4.-  $\text{Non-performing portfolio with the non-financial private sector} / \text{Loans to the non-financial private sector}$ ; 5.-  $(\text{Total non-performing portfolio} - \text{Loan loss provisions}) / \text{Net worth}$ . Non-performing portfolio includes loans classified into situations 3, 4, 5 and 6; 6.-  $\text{Cumulated annual result} / \text{Average monthly netted assets} - \% \text{ annualized}$ ; 7.-  $\text{Cumulated annual result} / \text{Average monthly net worth} - \% \text{ annualized}$ ; 8.-  $(\text{Financial margin (Net interest income} + \text{CER and CVS adjustments} + \text{Gains on securities} + \text{Foreign exchange price adjustments} + \text{Other financial income}) + \text{Service income margin}) / \text{Cumulated annual operating costs}$ ; 9.-  $\text{Capital compliance (Capital requirement)} / \text{Risk weighted assets}$ , according to the BCRA rule on minimum capital; 10.-  $\text{Total capital position (Capital compliance)} / \text{Capital requirement}$ .

# Glossary

**%a.:** annualized percentage.

**%i.a.:** interannual percentage.

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

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

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

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

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

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

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

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

**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:** Minimum cash compliance – cash, current account at BCRA and special accounts in guarantee – and other liquid items (mainly correspondent accounts) plus repo position in cash with the BCRA.

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

**mill.:** million.

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

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

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

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

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

**ON:** Corporate bonds (Obligaciones Negociables).

**OS:** Subordinated debt (Obligaciones Subordinadas).

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

**PN:** Net worth (Patrimonio Neto).

**p.p.:** percentage points.

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

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

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

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

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

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

**RWA:** Risk weighted assets.

**SME:** Small and Medium Enterprises.

**US\$:** United States dollars



# Statistics annex | Financial system

## Chart 1 | Financial Soundness Indicators (see Metodology)

As %	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Apr 2010	2010	Mar 2011	Apr 2011
1.- Liquidity	22.3	26.1	23.1	25.0	23.4	19.6	22.8	29.1	29.6	20.1	22.5	23.0	27.9	28.6	33.0	28.0	27.4	27.1
2.- Credit to the public sector	16.9	16.2	16.2	18.0	17.3	23.0	48.9	47.0	40.9	31.5	22.5	16.3	12.7	14.4	13.1	12.2	11.0	10.7
3.- Credit to the private sector	50.8	47.7	48.4	44.9	39.9	42.7	20.8	18.1	19.6	25.8	31.0	38.2	39.4	38.3	36.2	39.8	39.7	40.4
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	4.5	3.2	3.1	3.5	3.1	2.1	1.9	1.8
5.- Net worth exposure to the private sector	24.9	22.5	20.6	24.7	26.2	21.9	17.3	12.4	-1.0	-4.1	-3.3	-3.0	-3.3	-2.8	-3.5	-5.0	-5.3	-5.5
6.- ROA	0.6	1.0	0.5	0.2	0.0	0.0	-8.9	-2.9	-0.5	0.9	1.9	1.5	1.6	2.3	2.4	2.8	2.6	2.6
7.- ROE	4.1	6.3	3.9	1.7	0.0	-0.2	-59.2	-22.7	-4.2	7.0	14.3	11.0	13.4	19.2	19.6	24.4	23.7	24.0
8.- Efficiency	142	136	138	142	147	143	189	69	125	151	167	160	167	185	169	179	176	177
9.- Capital compliance	23.8	20.8	20.3	21.0	20.1	21.4	-	14.5	14.0	15.3	16.9	16.9	16.9	18.8	18.5	17.7	16.6	16.8
10.- Excess capital compliance	63.8	72.8	48.9	54.0	58.2	54.3	-	115.9	185.1	173.5	134.0	92.8	89.8	99.8	92.7	86.3	76.5	77.5

Source: BCRA  
n.a.: not available

## Chart 2 | Balance Sheet

In million of current pesos	Dec 02	Dec 03	Dec 04	Dec 05	Dec 06	Dec 07	Dec 08	Dec 09	Mar 10	Apr 10	Dec 10	Mar 11	Apr 11	Change (in %)				
														Last month	2011	Last 12 months		
<b>Assets</b>	187,532	186,873	212,562	221,962	258,384	297,963	346,762	387,381	411,493	435,454	510,304	548,202	555,878	1.4	8.9	27.7		
Liquid assets <sup>1</sup>	17,138	27,575	29,154	20,819	37,991	46,320	58,676	71,067	84,600	86,102	93,085	90,598	97,784	7.9	5.0	13.6		
Public bonds	31,418	45,062	55,382	66,733	64,592	62,678	65,255	86,318	90,601	98,710	117,951	134,140	129,879	-3.2	10.1	31.6		
Lebac/Nobac	-	-	17,755	28,340	29,289	36,022	37,093	43,867	51,700	59,537	76,948	94,856	90,961	-4.1	18.2	52.8		
Portfolio	-	-	11,803	21,067	25,767	31,598	25,652	34,748	40,774	42,104	61,855	73,463	73,785	0.4	19.3	75.2		
Repo <sup>2</sup>	-	-	5,953	7,273	3,521	4,424	11,442	9,119	10,926	17,433	15,093	21,393	17,176	-19.7	13.8	-1.5		
Private bonds	332	198	387	389	813	382	203	307	228	253	209	234	229	-1.8	9.7	-9.4		
Loans	84,792	68,042	73,617	84,171	103,668	132,157	154,719	169,868	175,999	181,482	230,127	244,416	252,092	3.1	9.5	38.9		
Public sector	44,337	33,228	30,866	25,836	20,874	16,772	17,083	20,570	22,557	22,619	25,907	25,932	25,995	0.2	0.3	14.9		
Private sector	38,470	33,398	41,054	55,885	77,832	110,355	132,844	145,247	149,574	154,935	199,202	213,098	220,290	3.4	10.6	42.2		
Financial sector	1,985	1,417	1,697	2,450	4,962	5,030	4,793	4,052	3,868	3,928	5,018	5,386	5,765	7.1	14.9	46.8		
Provisions over loans	-11,952	-9,374	-7,500	-4,930	-3,728	-4,089	-4,744	-5,824	-5,847	-5,885	-6,232	-6,271	-6,360	1.4	2.1	8.1		
Other netted credits due to financial intermediation	39,089	27,030	32,554	26,721	26,039	29,712	38,152	33,498	32,954	41,674	39,009	47,792	44,496	-6.9	14.1	6.8		
Corporate bonds and subordinated debt	1,708	1,569	1,018	873	773	606	912	1,146	1,343	1,434	1,433	1,571	1,692	7.7	18.1	18.0		
Unquoted trusts	6,698	4,133	3,145	3,883	4,881	5,023	5,714	5,942	6,082	6,131	6,824	7,176	7,051	-1.7	3.3	15.0		
Compensation receivable	17,111	14,937	15,467	5,841	763	377	357	16	16	15	0	0	0	-19.0	-19.0	-99.9		
Other	13,572	6,392	12,924	16,124	19,622	23,706	31,169	26,395	25,513	34,094	30,752	39,044	35,753	-8.4	16.3	4.9		
Leasing	567	397	611	1,384	2,262	3,469	3,935	2,933	2,829	2,872	3,936	4,375	4,530	3.5	15.1	57.7		
Shares in other companies	4,653	4,591	3,871	4,532	6,392	6,430	7,236	6,711	6,990	7,055	7,921	7,980	8,063	1.0	1.8	14.3		
Fixed assets and miscellaneous	8,636	8,164	7,782	7,546	7,619	7,643	7,903	8,239	8,365	8,395	9,071	9,254	9,346	1.0	3.0	11.3		
Foreign branches	3,522	3,144	3,524	3,647	2,782	2,912	3,153	3,926	4,002	4,029	3,283	3,407	3,465	1.7	5.6	-14.0		
Other assets	9,338	12,043	13,180	10,950	9,953	10,347	12,275	10,337	10,771	10,766	11,943	12,276	12,385	1.0	3.7	15.0		
<b>Liabilities</b>	161,446	164,923	188,683	195,044	225,369	261,143	305,382	339,047	360,928	385,738	452,752	489,719	497,292	1.5	9.8	28.9		
Deposits	75,001	94,635	116,655	136,492	170,898	205,550	236,217	271,853	295,437	308,489	376,344	399,853	410,862	2.8	9.2	33.2		
Public sector <sup>3</sup>	8,381	16,040	31,649	34,019	45,410	48,340	67,151	69,143	87,109	93,898	115,954	124,127	125,286	0.9	8.0	33.4		
Private sector <sup>3</sup>	59,698	74,951	83,000	100,809	123,431	155,048	166,378	199,278	204,759	210,525	257,595	272,456	282,380	3.6	9.6	34.1		
Current account	11,462	15,071	18,219	23,487	26,900	35,245	39,619	45,752	46,404	49,258	61,306	64,696	67,660	4.6	10.4	37.4		
Savings account	10,523	16,809	23,866	29,078	36,442	47,109	50,966	62,807	63,072	64,392	82,575	83,964	87,679	4.4	6.2	36.2		
Time deposit	19,080	33,285	34,944	42,822	54,338	65,952	69,484	83,967	88,195	89,688	104,492	113,843	116,195	2.1	11.2	29.6		
CEDRO	12,328	3,217	1,046	17	13	0	0	0	0	0	0	0	0	-	-	-		
Other netted liabilities due to financial intermediation	75,737	61,690	64,928	52,072	46,037	46,225	57,662	52,114	49,635	59,504	60,029	70,326	67,519	-4.0	12.5	13.5		
Interbanking obligations	1,649	1,317	1,461	2,164	4,578	4,310	3,895	3,251	3,083	3,156	4,201	4,479	4,777	6.6	13.7	51.4		
BCRA lines	27,837	27,491	27,726	17,005	7,686	2,362	1,885	270	262	261	262	351	413	17.7	57.3	57.9		
Outstanding bonds	9,096	6,675	7,922	6,548	6,603	6,938	5,984	5,033	4,554	4,657	3,432	3,789	4,292	13.3	25.0	-7.8		
Foreign lines of credit	25,199	15,196	8,884	4,684	4,240	3,864	4,541	3,369	3,232	3,271	3,897	4,203	4,356	3.6	11.8	33.2		
Other	11,955	11,012	18,934	21,671	22,930	28,752	41,357	40,191	38,504	48,159	48,236	57,504	53,682	-6.6	11.3	11.5		
Subordinated debts	3,712	2,028	1,415	1,381	1,642	1,672	1,763	1,922	1,943	1,963	2,165	1,859	1,888	1.5	-12.8	-3.8		
Other liabilities	6,997	6,569	5,685	5,099	6,792	7,695	9,740	13,159	13,913	15,781	14,213	17,681	17,023	-3.7	19.8	7.9		
<b>Net worth</b>	26,086	21,950	23,879	26,918	33,014	36,819	41,380	48,335	50,565	49,716	57,552	58,482	58,586	0.2	1.8	17.8		
<b>Memo</b>																		
Netted assets	185,356	184,371	202,447	208,275	244,791	280,336	321,075	364,726	389,672	405,043	482,532	512,501	523,414	2.1	8.5	29.2		
Consolidated netted assets	181,253	181,077	198,462	203,286	235,845	271,652	312,002	357,118	382,115	397,398	472,934	502,677	513,244	2.1	8.5	29.2		

(<sup>1</sup>) Includes margin accounts with the BCRA and excludes financial entities repos against BCRA. (<sup>2</sup>) Booked value from balance sheet. (<sup>3</sup>) Does not include accrual on interest or CER.

Source: BCRA

# Statistics annex | Financial system (cont.)

## Chart 3 | Profitability Structure

Amount in million of pesos	Annual									First 4 months		Monthly			Last 12 months
	2002 <sup>1</sup>	2003	2004	2005	2006	2007	2008	2009	2010	2010	2011	Feb-11	Mar-11	Apr-11	
Financial margin	13,991	1,965	6,075	9,475	13,262	15,134	20,462	28,937	35,490	9,888	12,751	2,750	3,438	3,264	38,354
Net interest income	-3,624	-943	1,753	3,069	4,150	5,744	9,573	14,488	17,963	5,487	7,002	1,572	1,843	1,713	19,479
CER and CVS adjustments	8,298	2,315	1,944	3,051	3,012	2,624	2,822	1,196	2,434	743	606	127	153	146	2,297
Foreign exchange price adjustments	5,977	-890	866	751	944	1,357	2,307	2,588	2,100	701	1,009	260	243	280	2,408
Gains on securities	3,639	1,962	1,887	2,371	4,923	5,144	4,398	11,004	13,449	3,086	4,337	839	1,253	1,192	14,700
Other financial income	-299	-480	-375	233	235	264	1,362	-339	-457	-129	-203	-48	-54	-66	-531
Service income margin	4,011	3,415	3,904	4,781	6,243	8,248	10,870	13,052	16,089	4,812	6,228	1,465	1,601	1,662	17,505
Loan loss provisions	-10,007	-2,089	-1,511	-1,173	-1,198	-1,894	-2,839	-3,814	-3,267	-1,028	-1,116	-255	-270	-299	-3,356
Operating costs	-9,520	-7,760	-7,998	-9,437	-11,655	-14,634	-18,767	-22,710	-28,756	-8,692	-10,724	-2,615	-2,724	-2,735	-30,788
Tax charges	-691	-473	-584	-737	-1,090	-1,537	-2,318	-3,272	-4,120	-1,190	-1,690	-407	-433	-448	-4,621
Income tax	-509	-305	-275	-581	-595	-1,032	-1,342	-4,226	-4,904	-1,030	-1,622	-233	-450	-459	-5,496
Adjust. to the valuation of gov. securities <sup>2</sup>	0	-701	-320	-410	-752	-837	-1,757	-262	-214	-102	-141	-30	-68	-24	-253
Amort. payments for court-ordered releases	0	-1,124	-1,686	-1,867	-2,573	-1,922	-994	-703	-635	-159	-85	-20	-23	-24	-561
Other	-3,880	1,738	1,497	1,729	2,664	2,380	1,441	918	2,079	536	777	146	180	193	2,320
Monetary results	-12,558	69	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total results<sup>3</sup></b>	<b>-19,162</b>	<b>-5,265</b>	<b>-898</b>	<b>1,780</b>	<b>4,306</b>	<b>3,905</b>	<b>4,757</b>	<b>7,920</b>	<b>11,761</b>	<b>3,036</b>	<b>4,378</b>	<b>802</b>	<b>1,251</b>	<b>1,130</b>	<b>13,103</b>
Adjusted results <sup>4</sup>	-	-3,440	1,337	4,057	7,631	6,665	7,508	8,885	12,610	3,297	4,604	852	1,342	1,179	13,917
<b>Annualized indicators - As % of netted assets</b>															
Financial margin	6.5	1.1	3.1	4.6	5.8	5.7	6.7	8.6	8.5	7.8	7.6	6.6	8.1	7.6	8.3
Net interest income	-1.7	-0.5	0.9	1.5	1.8	2.2	3.1	4.3	4.3	4.3	4.2	3.8	4.4	4.0	4.2
CER and CVS adjustments	3.9	1.3	1.0	1.5	1.3	1.0	0.9	0.4	0.6	0.6	0.4	0.3	0.4	0.3	0.5
Foreign exchange price adjustments	2.8	-0.5	0.4	0.4	0.4	0.5	0.8	0.8	0.5	0.6	0.6	0.6	0.6	0.6	0.5
Gains on securities	1.7	1.1	1.0	1.2	2.2	1.9	1.4	3.3	3.2	2.4	2.6	2.0	3.0	2.8	3.2
Other financial income	-0.1	-0.3	-0.2	0.1	0.1	0.1	0.4	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.1
Service income margin	1.9	1.9	2.0	2.3	2.7	3.1	3.6	3.9	3.8	3.8	3.7	3.5	3.8	3.8	3.8
Loan loss provisions	-4.7	-1.1	-0.8	-0.6	-0.5	-0.7	-0.9	-1.1	-0.8	-0.8	-0.7	-0.6	-0.6	-0.7	-0.7
Operating costs	-4.4	-4.2	-4.1	-4.6	-5.1	-5.5	-6.1	-6.7	-6.9	-6.9	-6.4	-6.3	-6.4	-6.3	-6.7
Tax charges	-0.3	-0.3	-0.3	-0.4	-0.5	-0.6	-0.8	-1.0	-1.0	-0.9	-1.0	-1.0	-1.0	-1.0	-1.0
Income tax	-0.2	-0.2	-0.1	-0.3	-0.3	-0.4	-0.4	-1.3	-1.2	-0.8	-1.0	-0.6	-1.1	-1.1	-1.2
Adjust. to the valuation of gov. securities <sup>2</sup>	0.0	-0.4	-0.2	-0.2	-0.3	-0.3	-0.6	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.1	-0.1
Amort. payments for court-ordered releases	0.0	-0.6	-0.9	-0.9	-1.1	-0.7	-0.3	-0.2	-0.2	-0.1	-0.1	0.0	-0.1	-0.1	-0.1
Other	-1.8	0.9	0.8	0.8	1.2	0.9	0.5	0.3	0.5	0.4	0.5	0.4	0.4	0.4	0.5
Monetary results	-5.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>ROA<sup>3</sup></b>	<b>-8.9</b>	<b>-2.9</b>	<b>-0.5</b>	<b>0.9</b>	<b>1.9</b>	<b>1.5</b>	<b>1.6</b>	<b>2.3</b>	<b>2.8</b>	<b>2.4</b>	<b>2.6</b>	<b>1.9</b>	<b>3.0</b>	<b>2.6</b>	<b>2.8</b>
ROA adjusted <sup>4</sup>	-8.9	-1.9	0.7	2.0	3.4	2.5	2.5	2.6	3.0	2.6	2.7	2.1	3.2	2.7	3.0
ROE <sup>3</sup>	-59.2	-22.7	-4.2	7.0	14.3	11.0	13.4	19.2	24.4	19.6	24.0	17.5	27.6	24.9	25.7

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

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

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

Source: BCRA

## Chart 4 | Portfolio Quality

As percentage	Dec 02	Dec 03	Dec 04	Dec 05	Dec 06	Dec 07	Dec 08	Dec 09	Apr 10	Dec 10	Mar 11	Apr 11
Non-performing loans (overall)	18.1	17.7	10.7	5.2	3.4	2.7	2.7	3.0	2.7	1.8	1.6	1.6
<b>Non-performing loans to the non-financial private sector</b>	<b>38.6</b>	<b>33.5</b>	<b>18.6</b>	<b>7.6</b>	<b>4.5</b>	<b>3.2</b>	<b>3.1</b>	<b>3.5</b>	<b>3.1</b>	<b>2.1</b>	<b>1.9</b>	<b>1.8</b>
Provisions / Non-performing loans	73.3	79.2	102.9	124.5	129.9	129.6	131.4	126.2	135.1	165.8	176.3	178.9
(Total non-performing - Provisions) / Overall financing	4.6	3.7	-0.3	-1.3	-1.0	-0.8	-0.8	-0.8	-0.9	-1.2	-1.2	-1.2
(Total non-performing - Provisions) / Net worth	18.4	11.9	-1.0	-4.1	-3.3	-3.0	-3.3	-2.9	-3.6	-5.0	-5.4	-5.5

(\*) Include commercial loans treated as consumer loans for classification purposes.

Source: BCRA

# Statistics annex | Private banks

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

As %	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Apr 2010	2010	Mar 2011	Apr 2011
1.- Liquidity	23.6	26.9	22.8	24.3	24.1	23.6	24.8	27.6	29.2	21.5	23.7	25.7	34.1	29.8	30.9	26.0	26.8	26.2
2.- Credit to the public sector	13.5	13.7	13.6	16.1	14.7	20.8	50.0	47.7	41.6	28.5	16.3	9.5	6.3	6.1	5.4	4.4	3.9	3.6
3.- Credit to the private sector	51.0	46.7	47.6	44.6	38.4	45.4	22.4	19.9	22.5	31.1	37.9	46.6	44.0	43.3	44.1	50.3	49.2	50.4
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	3.6	2.5	2.8	3.3	3.0	2.0	1.7	1.7
5.- Net worth exposure to the private sector	21.6	14.3	13.2	11.5	13.4	11.4	18.6	11.2	1.9	-2.2	-3.0	-3.6	-3.4	-3.1	-3.6	-5.1	-5.4	-5.7
6.- ROA	0.6	0.7	0.5	0.3	0.1	0.2	-11.3	-2.5	-1.0	0.5	2.2	1.6	1.9	3.0	2.9	3.2	2.6	2.6
7.- ROE	4.1	6.3	4.3	2.3	0.8	1.4	-79.0	-19.1	-8.1	4.1	15.3	10.9	15.2	22.9	20.9	24.5	21.3	22.0
8.- Efficiency	144	135	139	146	152	151	168	93	115	136	158	152	166	195	174	176	169	171
9.- Capital compliance	15.9	15.4	14.6	18.9	18.0	17.6	-	14.0	15.1	17.8	18.6	19.2	18.3	22.6	22.0	20.4	18.4	18.3
10.- Excess capital compliance	33.5	47.1	26.6	60.3	49.4	43.3	-	88.2	157.1	155.0	115.8	86.9	86.4	121.3	112.6	100.4	82.9	80.8

Source: BCRA  
n.d.: no disponible

## Chart 6 | Balance Sheet

In million of current pesos	Dec 02	Dec 03	Dec 04	Dec 05	Dec 06	Dec 07	Dec 08	Dec 09	Apr 10	Dec 10	Mar 11	Apr 11	Change (in %)					
													Last month	2011	Last 12 months			
<b>Assets</b>	<b>118,906</b>	<b>116,633</b>	<b>128,065</b>	<b>129,680</b>	<b>152,414</b>	<b>175,509</b>	<b>208,888</b>	<b>229,549</b>	<b>243,449</b>	<b>280,025</b>	<b>306,678</b>	<b>309,347</b>	<b>0.9</b>	<b>10.5</b>	<b>27.1</b>			
Liquid assets <sup>1</sup>	11,044	14,500	15,893	14,074	22,226	29,418	37,044	43,562	45,097	49,730	47,379	51,420	8.5	3.4	14.0			
Public bonds	19,751	22,260	24,817	29,966	27,663	24,444	29,552	47,949	49,300	48,903	56,256	52,367	-6.9	7.1	6.2			
Lebac/Nobac	-	-	8,359	15,227	15,952	17,684	23,457	31,575	35,335	34,422	42,890	39,261	-8.5	14.1	11.1			
Portfolio	-	-	5,611	12,899	14,220	15,639	12,858	27,413	28,854	31,148	32,000	31,941	-0.2	2.5	10.7			
Repo <sup>2</sup>	-	-	2,749	2,328	1,732	2,045	10,598	4,161	6,481	3,274	10,890	7,320	-32.8	123.6	12.9			
Private bonds	273	172	333	307	683	310	127	233	152	184	172	169	-1.7	-7.9	11.2			
Loans	51,774	47,017	50,741	56,565	69,294	88,898	98,529	101,722	109,683	143,202	153,095	158,132	3.3	10.4	44.2			
Public sector	25,056	23,571	21,420	15,954	10,036	6,413	6,249	1,694	1,945	1,625	1,535	1,556	1.4	-4.2	-20.0			
Private sector	26,074	22,816	28,213	39,031	55,632	78,587	88,426	96,790	104,948	137,308	146,980	151,813	3.3	10.6	44.7			
Financial sector	644	630	1,107	1,580	3,626	3,898	3,854	3,238	2,791	4,270	4,580	4,764	4.0	11.6	70.7			
Provisions over loans	-7,463	-5,225	-3,717	-2,482	-2,227	-2,365	-2,871	-3,653	-3,713	-3,926	-3,924	-4,002	2.0	1.9	7.8			
Other netted credits due to financial intermediation	27,212	22,148	25,753	16,873	18,387	17,084	25,265	21,258	23,817	20,241	30,476	27,808	-8.8	37.4	16.8			
Corporate bonds and subordinated debt	1,514	1,394	829	675	618	430	699	734	927	757	851	908	6.8	20.0	-2.0			
Unquoted trusts	6,205	3,571	2,362	2,444	2,982	3,456	3,869	4,198	4,423	4,500	4,439	4,480	0.9	-0.4	1.3			
Compensation receivable	15,971	13,812	14,657	5,575	7,660	377	357	16	15	0	0	0	-	-	-			
Other	3,523	3,370	7,905	8,179	14,027	12,822	20,339	16,311	18,451	14,984	25,186	22,420	-11.0	49.6	21.5			
Leasing	553	387	592	1,356	2,126	3,149	3,451	2,569	2,515	3,519	3,918	4,057	3.5	15.3	61.3			
Shares in other companies	3,123	2,791	1,892	2,416	4,042	3,762	4,538	4,067	4,344	4,934	4,988	1.3	1.1	14.8				
Fixed assets and miscellaneous	5,198	4,902	4,678	4,575	4,677	4,685	4,926	5,096	5,218	5,808	6,003	6,079	1.3	4.7	16.5			
Foreign branches	-109	-136	-53	-148	-139	-154	-178	-202	-209	-215	-222	-1.0	3.7	6.4				
Other assets	7,549	7,816	7,137	6,178	5,682	6,277	8,505	6,946	7,242	7,646	8,599	8,550	-0.6	11.8	18.1			
<b>Liabilities</b>	<b>103,079</b>	<b>101,732</b>	<b>113,285</b>	<b>112,600</b>	<b>131,476</b>	<b>152,153</b>	<b>182,596</b>	<b>198,438</b>	<b>211,861</b>	<b>243,766</b>	<b>271,001</b>	<b>273,944</b>	<b>1.1</b>	<b>12.4</b>	<b>29.3</b>			
Deposits	44,445	52,625	62,685	75,668	94,095	116,719	135,711	154,387	163,661	198,662	211,072	217,657	3.1	9.6	33.0			
Public sector <sup>3</sup>	1,636	3,077	6,039	6,946	7,029	7,564	19,600	17,757	20,583	23,598	25,860	26,106	1.0	10.6	26.8			
Private sector <sup>3</sup>	38,289	47,097	55,384	67,859	85,714	107,671	114,176	134,426	140,807	173,203	183,274	189,445	3.4	9.4	34.5			
Current account	8,905	11,588	13,966	17,946	20,604	27,132	30,188	35,127	37,515	46,297	48,322	50,275	4.0	8.6	34.0			
Savings account	6,309	10,547	14,842	18,362	23,165	30,169	32,778	40,999	41,898	53,085	55,179	57,073	3.4	7.5	36.2			
Time deposit	11,083	18,710	22,729	27,736	38,043	45,770	46,990	54,058	56,993	67,568	72,953	74,742	2.5	10.6	31.1			
CEDRO	9,016	2,409	798	3	1	0	0	0	0	0	0	0	-	-	-			
Other netted liabilities due to financial intermediation	49,341	42,367	45,083	32,349	31,750	29,323	39,298	34,235	36,113	34,427	46,565	43,940	-5.6	27.6	21.7			
Interbanking obligations	836	726	1,070	1,488	3,383	1,979	1,160	1,668	1,516	1,903	1,814	2,091	15.3	9.9	37.9			
BCRA lines	16,624	17,030	17,768	10,088	3,689	675	649	41	37	57	75	125	67.1	119.9	240.9			
Outstanding bonds	9,073	6,674	7,922	6,548	6,413	6,686	5,672	4,626	4,219	2,802	2,892	3,176	9.8	13.3	-24.7			
Foreign lines of credit	15,434	9,998	5,444	2,696	2,249	1,833	2,261	1,262	1,170	1,716	2,026	2,167	7.0	26.3	85.2			
Other	7,374	7,939	12,878	11,530	16,015	18,150	29,555	26,638	29,171	27,949	39,759	36,381	-8.5	30.2	24.7			
Subordinated debts	3,622	1,850	1,304	1,319	1,642	1,668	1,759	1,918	1,960	2,148	1,842	1,870	1.5	-12.9	-4.6			
Other liabilities	5,671	4,890	4,213	3,264	3,989	4,443	5,828	7,897	10,127	8,528	11,522	10,478	-9.1	22.9	3.5			
<b>Net worth</b>	<b>15,827</b>	<b>14,900</b>	<b>14,780</b>	<b>17,080</b>	<b>20,938</b>	<b>23,356</b>	<b>26,292</b>	<b>31,111</b>	<b>31,588</b>	<b>36,259</b>	<b>35,677</b>	<b>35,402</b>	<b>-0.8</b>	<b>-2.4</b>	<b>12.1</b>			
<b>Memo</b>																		
<b>Netted assets</b>	<b>117,928</b>	<b>115,091</b>	<b>121,889</b>	<b>123,271</b>	<b>143,807</b>	<b>166,231</b>	<b>192,074</b>	<b>216,100</b>	<b>227,948</b>	<b>267,364</b>	<b>284,178</b>	<b>289,565</b>	<b>1.9</b>	<b>8.3</b>	<b>27.0</b>			

(<sup>1</sup>) Includes margin accounts with the BCRA and excludes financial entities repos against BCRA. (<sup>2</sup>) Booked value from balance sheet. (<sup>3</sup>) Does not include accrual on interest or CER.

Source: BCRA

# Statistics annex | Private banks (cont.)

## Chart 7 | Profitability Structure

Amount in million of pesos	Annual										First 4 months		Monthly			Last 12 months
	2002 <sup>1</sup>	2003	2004	2005	2006	2007	2008	2009	2010	2010	2011	Feb-11	Mar-11	Apr-11		
Financial margin	10,628	2,575	3,415	5,253	7,778	8,960	12,964	19,724	21,837	6,426	7,843	1,707	2,091	2,071	23,254	
Net interest income	-304	107	1,214	2,069	2,826	4,191	7,727	10,572	12,842	3,751	5,198	1,194	1,394	1,346	14,289	
CER and CVS adjustments	1,476	1,082	900	1,215	858	662	651	185	244	76	91	13	38	27	259	
Foreign exchange price adjustments	6,189	-312	666	576	740	990	1,620	1,646	1,493	482	635	167	157	164	1,645	
Gains on securities	3,464	1,892	959	1,259	3,154	2,888	1,637	7,343	7,464	2,179	2,043	363	536	577	7,328	
Other financial income	-197	-195	-322	134	199	229	1,329	-22	-205	-62	-124	-29	-34	-43	-268	
Service income margin	2,782	2,341	2,774	3,350	4,459	5,881	7,632	9,198	11,345	3,446	4,436	1,039	1,141	1,191	12,334	
Loan loss provisions	-6,923	-1,461	-1,036	-714	-737	-1,174	-1,863	-2,751	-2,253	-720	-780	-176	-186	-214	-2,313	
Operating costs	-6,726	-5,310	-5,382	-6,303	-7,741	-9,735	-12,401	-14,807	-18,819	-5,674	-7,189	-1,741	-1,850	-1,840	-20,335	
Tax charges	-512	-366	-393	-509	-769	-1,105	-1,715	-2,380	-2,927	-859	-1,204	-291	-303	-326	-3,273	
Income tax	-337	-295	-202	-217	-365	-380	-1,168	-3,001	-2,733	-821	-1,124	-204	-313	-318	-3,036	
Adjust. to the valuation of gov. securities <sup>2</sup>	0	-665	-51	-201	-170	-100	-267	0	47	8	-40	-8	-35	0	0	
Amort. payments for court-ordered releases	0	-791	-1,147	-1,168	-1,182	-1,466	-688	-367	-441	-92	-37	-9	-11	-10	-386	
Other	-4,164	1,178	846	1,156	1,641	1,576	916	398	1,382	357	545	133	135	104	1,570	
Monetary results	-10,531	-20	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>Total results<sup>3</sup></b>	<b>-15,784</b>	<b>-2,813</b>	<b>-1,176</b>	<b>648</b>	<b>2,915</b>	<b>2,457</b>	<b>3,412</b>	<b>6,014</b>	<b>7,438</b>	<b>2,071</b>	<b>2,449</b>	<b>450</b>	<b>669</b>	<b>657</b>	<b>7,816</b>	
Adjusted results <sup>4</sup>	-	-1,357	252	2,016	4,267	4,023	4,367	6,381	7,832	2,156	2,526	467	716	667	8,203	
<b>Annualized indicators - As % of netted assets</b>																
Financial margin	7.6	2.3	2.9	4.3	5.9	5.8	7.3	9.8	9.3	8.9	8.5	7.5	8.9	8.7	9.1	
Net interest income	-0.2	0.1	1.0	1.7	2.1	2.7	4.4	5.3	5.5	5.2	5.6	5.2	5.9	5.6	5.6	
CER and CVS adjustments	1.1	0.9	0.8	1.0	0.6	0.4	0.4	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1	
Foreign exchange price adjustments	4.4	-0.3	0.6	0.5	0.6	0.6	0.9	0.8	0.6	0.7	0.7	0.7	0.7	0.7	0.6	
Gains on securities	2.5	1.7	0.8	1.0	2.4	1.9	0.9	3.7	3.2	3.0	2.2	1.6	2.3	2.4	2.9	
Other financial income	-0.1	-0.2	-0.3	0.1	0.2	0.1	0.8	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.1	
Service income margin	2.0	2.0	2.4	2.7	3.4	3.8	4.3	4.6	4.8	4.8	4.8	4.6	4.9	5.0	4.8	
Loan loss provisions	-5.0	-1.3	-0.9	-0.6	-0.6	-0.8	-1.1	-1.4	-1.0	-1.0	-0.8	-0.8	-0.8	-0.9	-0.9	
Operating costs	-4.8	-4.6	-4.6	-5.1	-5.9	-6.3	-7.0	-7.4	-8.0	-7.8	-7.8	-7.7	-7.9	-7.7	-8.0	
Tax charges	-0.4	-0.3	-0.3	-0.4	-0.6	-0.7	-1.0	-1.2	-1.2	-1.2	-1.3	-1.3	-1.3	-1.4	-1.3	
Income tax	-0.2	-0.3	-0.2	-0.2	-0.3	-0.2	-0.7	-1.5	-1.2	-1.1	-1.2	-0.9	-1.3	-1.3	-1.2	
Adjust. to the valuation of gov. securities <sup>2</sup>	0.0	-0.6	0.0	-0.2	-0.1	-0.1	-0.2	0.0	0.0	0.0	0.0	0.0	-0.2	0.0	0.0	
Amort. payments for court-ordered releases	0.0	-0.7	-1.0	-1.0	-0.9	-0.9	-0.4	-0.2	-0.2	-0.1	0.0	0.0	0.0	0.0	-0.2	
Other	-3.0	1.0	0.7	0.9	1.2	1.0	0.5	0.2	0.6	0.5	0.6	0.6	0.6	0.4	0.6	
Monetary results	-7.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<b>ROA<sup>3</sup></b>	<b>-11.3</b>	<b>-2.5</b>	<b>-1.0</b>	<b>0.5</b>	<b>2.2</b>	<b>1.6</b>	<b>1.9</b>	<b>3.0</b>	<b>3.2</b>	<b>2.9</b>	<b>2.6</b>	<b>2.0</b>	<b>2.9</b>	<b>2.8</b>	<b>3.1</b>	
ROA adjusted <sup>4</sup>	-11.3	-1.2	0.2	1.6	3.2	2.6	2.5	3.2	3.3	3.0	2.7	2.1	3.1	2.8	3.2	
ROE <sup>3</sup>	-79.0	-19.1	-8.1	4.1	15.3	10.9	15.2	22.9	24.5	20.9	22.0	15.8	24.5	24.3	24.8	

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

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

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

Source: BCRA

## Chart 8 | Portfolio Quality

As percentage	Dec 02	Dec 03	Dec 04	Dec 05	Dec 06	Dec 07	Dec 08	Dec 09	Apr 10	Dec 10	Mar 11	Apr 11
Non-performing loans (overall)	19.8	15.7	8.9	4.4	2.9	2.2	2.5	3.1	2.8	1.9	1.7	1.6
<b>Non-performing loans to the non-financial private sector</b>	<b>37.4</b>	<b>30.4</b>	<b>15.3</b>	<b>6.3</b>	<b>3.6</b>	<b>2.5</b>	<b>2.8</b>	<b>3.3</b>	<b>3.0</b>	<b>2.0</b>	<b>1.7</b>	<b>1.7</b>
Provisions / Non-performing loans	75.5	79.0	95.7	114.3	129.3	141.3	134.1	128.9	135.5	165.2	173.5	175.8
(Total non-performing - Provisions) / Overall financing	4.4	3.3	0.4	-0.6	-0.9	-0.9	-0.9	-0.9	-1.0	-1.2	-1.2	-1.2
(Total non-performing - Provisions) / Net worth	16.3	11.2	1.3	-2.2	-3.0	-3.6	-3.4	-3.1	-3.6	-5.1	-5.4	-5.7

(\*) Include commercial loans treated as consumer loans for classification purposes.

Source: BCRA