Report on Banks

Central Bank of Argentina

MAY 2007

Year IV – No. 9

Contents

Note: This report contains information from May 2007 available on July 11, 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.

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Summary

- **In 2007, the financial system is consolidating the improvements of the last two years**: new deposits are consolidating as the main source of bank funding and most of these resources are allocated to private sector credit, where credit risk is limited. Improvements in bank earnings, along with capital contributions, are strengthening the financial system's solvency.

- **The new regulation framework put in place by the Central Bank has allowed for a sustained increase (up 3.7% monthly or 40% y.o.y.) in credit to the private sector in May**. Growth has been broad-based, with leasing operations, overdrafts and credit card lending among the most dynamic. **The non-performance ratio declined 0.1 p.p., to 4% of private lending**, for an accumulated 0.5 p.p. decline in 2007. The change so far this year is explained by improvement in the quality of corporate lending.

- **As a result of Central Bank incentives, banks' exposure to the public sector has continued to decline**: 1.1 p.p. in May to 17.2% of total assets. The monthly change was driven by the settlement of the entire principal on two guaranteed loans and, to a lesser extent, by sales of other securities. As a result, **banks are consolidating their independence from the public sector's financial requirements**.

- **Growing deposits (up 1.4% monthly or 23.5% y.o.y.) were the main source of bank funding**. Private deposits increased 1.2% (25.7% y.o.y.), driven by sight deposits. From a year-on-year perspective, the growth in savings in the form of time deposits has surpassed that in transactional deposits, with y.o.y. growth of 28% and 25%, respectively. Driven by favourable performance on tax revenues, public sector deposits increased 2.3% (19.8% y.o.y.).

- **Banks are becoming increasingly active in obtaining funding from capital markets.** In particular, one private bank issued peso-denominated corporate bonds for approximately $450 million, at a fixed interest rate and due 2010.

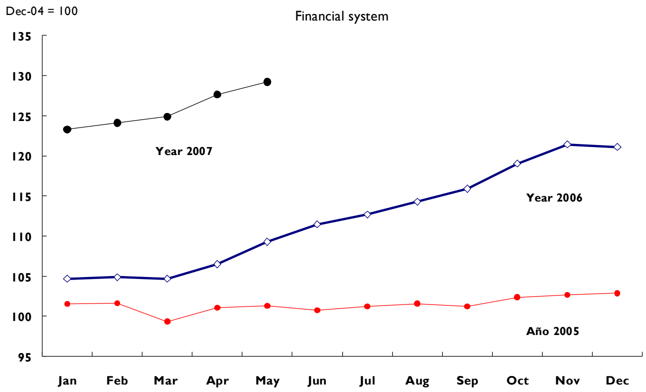
- **Aided by a number of mechanisms put in place by the Central Bank, rediscount debt from liquidity facilities is declining rapidly and has almost disappeared from the financial system's balance sheet**. In addition to payments due as installments under the matching framework, the only bank with outstanding liquidity assistance debt with the Central Bank made early payments in June and July for a total of $1.6 billion. Almost 92% of the original rediscount debt due to liquidity facilities granted during the 2001-2002 crisis has been repaid since the start of the matching framework.

- **Banks are reducing their exposure to real interest rate risk**: during the first 5 months of the year, the mismatch between CER-adjusted assets and liabilities declined by almost 13 p.p. of net worth.

- **In May ROA reached 1.5%a., 0.2 p.p. more than in April, and 1.9%a. for the first five months of the year.** Accrual of CER-adjustment and net service income grew in May, while other income recovered. This was partly offset by lower gains from securities. **The normalization of financial intermediation over recent years led service income as a percentage of assets to return to pre-crisis levels for the first time**.

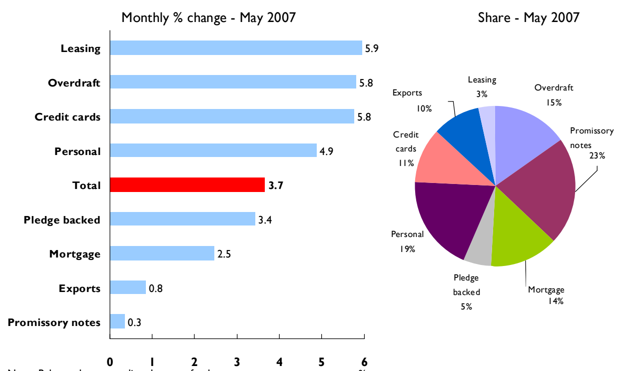
- **Net worth increased 21.7% y.o.y.. Earnings in May and new cash capital contributions** received by two financial institutions ($120 million) were partly offset by the distribution of dividends and an accounting adjustment to previous results.

Chart 1
Netted Assets
Financial system



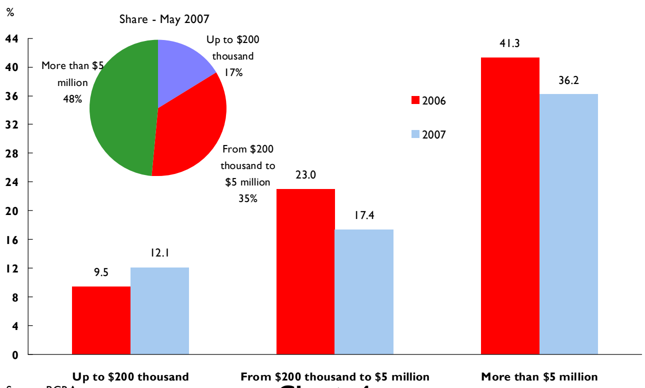
Source: BCRA

Chart 2
Credit to the Private Sector by Type of Line



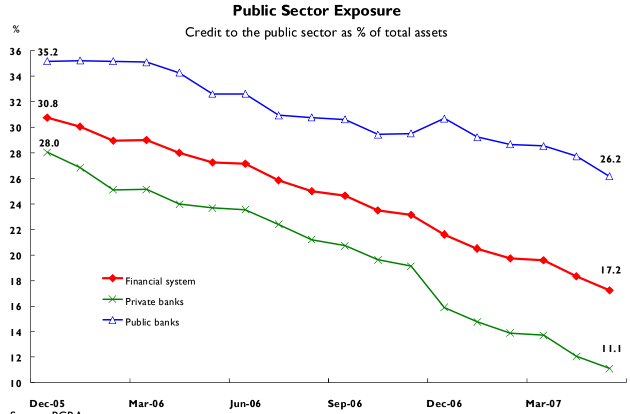
Note: Balance does not adjust by trust funds
Source: BCRA

Chart 3
Lending to Companies by Amount Range
Accumulated % change - First 5 months annualized - Financial system



Source: BCRA

Chart 4
Public Sector Exposure
Credit to the public sector as % of total assets



Source: BCRA

Activity:

Gradual reduction in exposure to real interest rate risk

Growth in private sector credit consolidated, in a setting of limited counterparty risk, and was mainly funded out of new deposits. These improvements help **consolidate the return to normal conditions in the financial system.** Banks' netted assets increased 1.2% in May (see Chart 1), for an accumulated 18.2% increase over the past 12 months.

Growing deposits[1] were the main source of financial system funds ($2.75 billion), **followed by sales of public sector assets** ($2 billion) and lower liquid asset holdings ($1.2 billion). The financial system also obtained net funding from one private bank's corporate bond issuance, from cash capital contributions to two foreign-controlled banks and from foreign lines of credit granted to two other foreign-controlled banks.

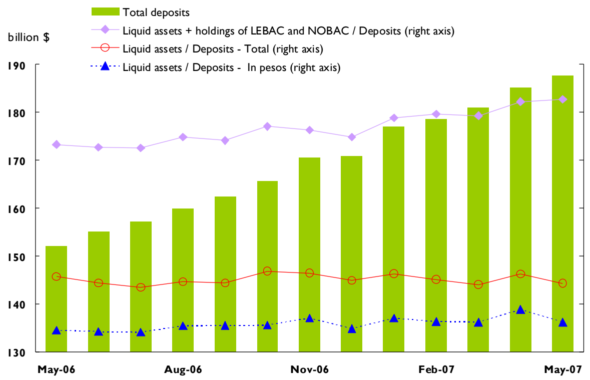
Growing private sector credit was the main use of funds ($3.2 billion)[2], followed by increased holdings of Lebac and Nobac securities (2.75 billion). The only remaining financial institution with outstanding payments due under the matching framework settled the month's installment, which also registers as an allocation of bank funding.

Within the context of increased balance sheet normalization, private sector credit grew 3.7% (see Chart 2), for an accumulated 40% growth over the past year. Growth was broad-based, and was particularly high for leasing credit, current account overdraft and credit card lending. Although starting from a low baseline, leasing credit has been the strongest performer throughout 2007, keeping up with a broader trend of growing economic activity that encourages firms – and SMEs in particular – to employ these medium-term financial instruments. **Growing private sector credit occurred in a context of limited repayment risk**. The non-performance ratio declined 0.1 p.p. to 4% of private lending. Lower delinquency followed mainly from an improvement in the quality of corporate lending.

Business lending during the first 5 months of the year occurred at all scales of credit (see Chart 3). Although they account for only 17% of all corporate lending, the rate of growth in loans for amounts below $200 thousand (linked to small and micro firms) has continued to increase year-on-year – unlike growth in larger loans – in line with regulatory incentives put in place by the Central Bank. Credit lines for amounts in excess of $5 million (mainly channeled towards large firms) have increased the most in 2007, and have come to account for 48% of the total. Primary production and services have driven growth in corporate lending over the first five months of the year, growing at annualized rates of 38.8% and 35.1%, respectively. Both these industries along with manufacturing accounted for 81% of corporate lending in May.

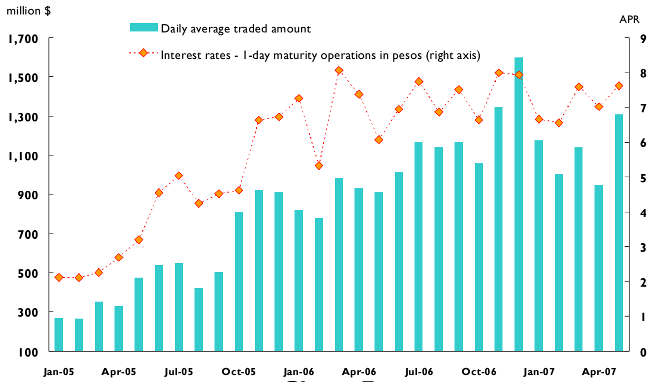
[1] The flow of funds takes into account only private and public deposits.
[2] Adjusted for the setting up of financial trusts. Includes lending from leasing credit.

Chart 5
Deposits and Liquidity
Financial system



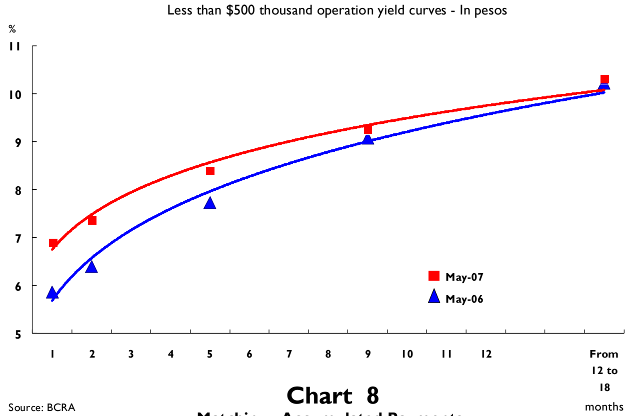
Source: BCRA

Chart 6
Call Market



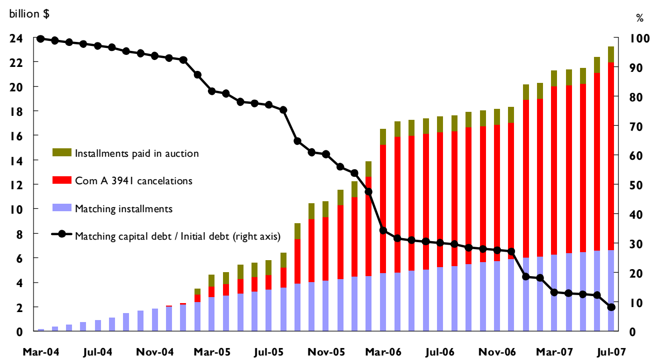
Source: BCRA

Chart 7
Private Time Deposits
Less than $500 thousand operation yield curves - In pesos



Source: BCRA

Chart 8
Matching - Accumulated Payments
Financial system



Source: BCRA

Consolidating a trend that has been in place over past years, banks further strengthened their independence from the public sector's financial requirements. Bank exposure to the public sector declined 1.1 p.p. of assets, to 17.2% (see Chart 4). Private bank exposure to public sector assets amounted to 11.1%, less than that for the financial system as a whole. The completed amortization of two guaranteed loans and sales in a number of other securities accounted for most of the change in May.

Banks reduced their liquid asset holdings ($1.2 billion), resulting in a 1 p.p. decline in the financial system's liquidity ratio to 22.2% of deposits (see Chart 5). While bank repos with the Central Bank declined by $1.6 billion – mostly due to trading by one public bank in particular – current account deposits with the Central Bank and cash reserves increased $400 million. A broader definition of the liquidity ratio to include holdings of Lebac and Nobac securities increased 0.2 p.p. to 41.4%, mostly driven by bank purchases of fixed interest rate securities.

The overnight call money rate increased 60 basis points (b.p.) to 7.6% (see Chart 6), in line with a gradual increase in interest rates on the Central Bank's reverse repo transactions (up 25 b.p. in May and a further 25 b.p. in June, across all maturities traded) and stemming from a greater transitory need for liquidity due to the month's tax deadlines. **The call market reached an annual trading high**: average daily trading increased 38% over the previous month, reaching $1.3 billion.

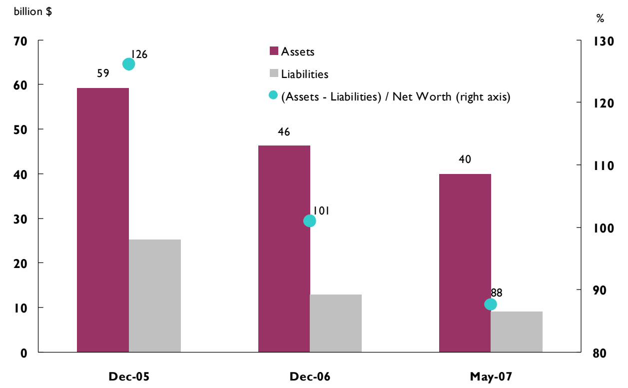
Growing deposits (up 1.4%, or 23.5% y.o.y.) followed from both private and public sector deposits. **Supported by strong tax revenues**, public deposits increased $1.1 billion (2.3% or 19.8% y.o.y.), while private deposits grew $1.65 billion (1.2% or 25.7% y.o.y.) mostly allocated to sight deposit accounts. The larger demand for transactional stocks was partly linked to seasonal liquidity factors.

Despite a strong increased showed by sight deposits in May, their year-on-year growth was outstripped 2.3 p.p. by time deposits, within a context of slightly higher borrowing rates (see Chart 7). This has been the case especially in the shorter segment of the yield curve, in line with the performance of Central Bank securities. **With the aim of encouraging savers to migrate their deposits from sight to time deposit accounts, the Central Bank introduced changes to minimum cash reserve regulations**[3]: starting in June, the interest rate limit from which 100% cash reserve requirements are imposed was moved from 35% to 15% of the private bank Badlar rate.

Increasing the maturity of bank funding is key to stimulating the supply of longer term credit, encouraging investment in productive activities. **Banks have become more active in seeking out funding through capital markets.** A private bank issued $450 million in peso-denominated corporate bonds in May, at a fixed rate and maturing in 2010. Two financial institutions received foreign lines of credit amounting to $100 million, which were in part linked to their home country offices. Although medium and long-term private sector

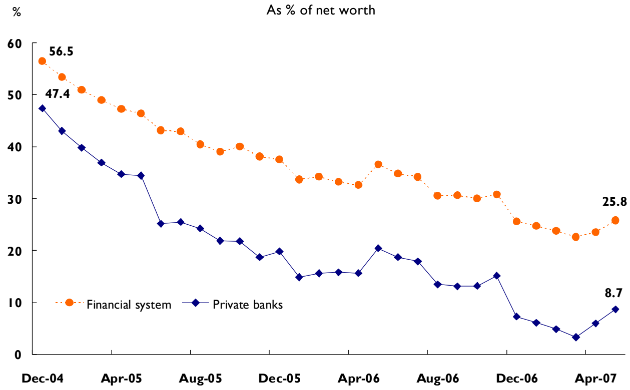
[3] Central Bank Communication "A" 4670.

Chart 9
CER Mismatching



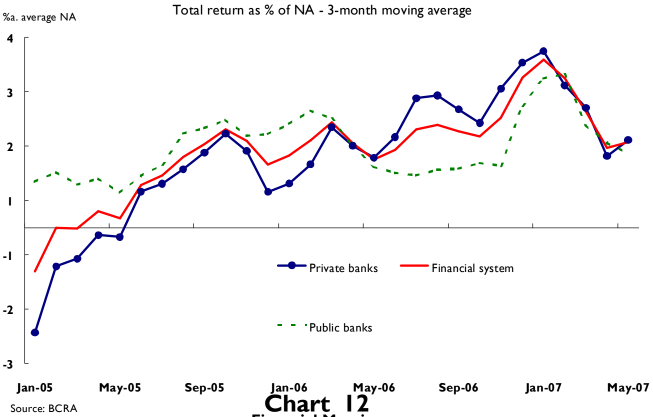
Source: BCRA

Chart 10
Currency Mismatch
As % of net worth



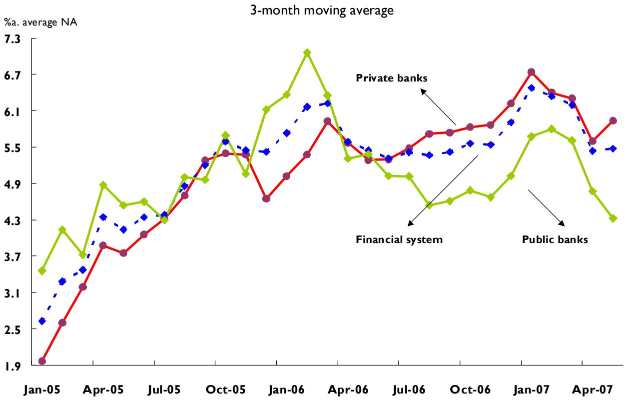
Source: BCRA

Chart 11
Annualized Profitability
Total return as % of NA - 3-month moving average



Source: BCRA

Chart 12
Financial Margin
3-month moving average



Source: BCRA

funding currently accounts for 29% of bank liabilities – compared to 45% before the crisis – **most funding is now denominated in domestic currency**.

In addition to longer maturities, **the quality of financial system liabilities is also increasing: rediscount debt issued as liquidity facilities have dwindled and are now almost entirely absent from financial system balance sheets**. In addition to paying its regular installments under the matching framework, the only bank with outstanding debt with the Central Bank due to liquidity facilities made early payments in June an July for a total $1.6 billion (see Chart 8). As a result of these payments, financial institutions as a whole have settled almost 92% of the original stock of rediscount debt that they had accumulated during the 2001-2002 crisis.

Throughout 2007 the financial system has continued to reduce its exposure to real interest risk. The mismatch between CER-adjusted assets and liabilities – which is the source of exposure to real interest rate risk – declined almost 13 p.p. of equity to 88% (see Chart 9). The change was due to a decline in CER-adjusted assets ($6.2 billion), partly offset by a decline in CER-adjusted liabilities ($3.8 billion). The decline in assets was linked to the amortization and sale of certain types of national government guaranteed loans as well as other adjusted securities, in addition to a gradual decline in CER-adjusted Lebac and Nobac. On the side of liabilities, early settlements of rediscount debt and – to a lesser extent – a decline in CER-adjusted time deposits caused CER-adjusted headings to decline in value. Although the early settlement of rediscount debt could cause an increase in this type of exposure in June and July, it is expected to keep declining throughout the rest of 2007. CER-mismatching currently stands at half of private bank equity.

Foreign-currency denominated assets increased by US$470 million[4], mostly from increases in liquid assets and, to a lesser degree, growing exporter credit. Foreign exchange liabilities increased by US$200 million, mostly from growing deposits and foreign lines of credit. **Foreign-exchange balance sheet mismatch increased 2.3 p.p. of net worth to 25.8%, but its year-on-year change remains a negative 10.8 p.p.** (see Chart 10). Growing mismatch in May was driven by private banks (up 2.7 p.p. over the month), and came to 8.7% of net worth.

Profitability:

Service income attains pre-crisis levels

As bank earnings consolidated in May – chiefly due to greater financial intermediation – their volatility was also seen to decline. The financial system recorded annualized (a.) profits of 1.5%a. (see Chart 11, which shows a quarterly moving average) and 11.4%a. in terms of equity, 0.2 p.p. and 1.6 p.p. above values a month earlier. Throughout the first five months of the year the financial system has

[4] Net of the balance sheet effects of a repo transaction in foreign currency carried out by one financial institution.

attained 1.9%a. ROA and 13.7%a. ROE[5], slightly above figures registered for the same period a year earlier[6].

Private banks were the main source behind the improvement in the financial system's May earnings. Private banks registered 2%a. ROA over the month, double the value recorded in April. As a result, private bank earnings came to 1.9%a. of assets during the first five months of the year, 0.3 p.p. above the same period a year earlier. May's earning amounted to 0.7%a. of assets for public banks, for an accumulated 1.7%a. so far in 2007, slightly above the same period a year earlier.

The financial margin was lower in May, as a result of lower profits from trading and holding of financial assets. In particular, the financial margin reached 5.2%a. of assets in May, 0.3 p.p. less than the month earlier, and accumulated a 5.9%a. rise over the first five months of the year (see Chart 12).

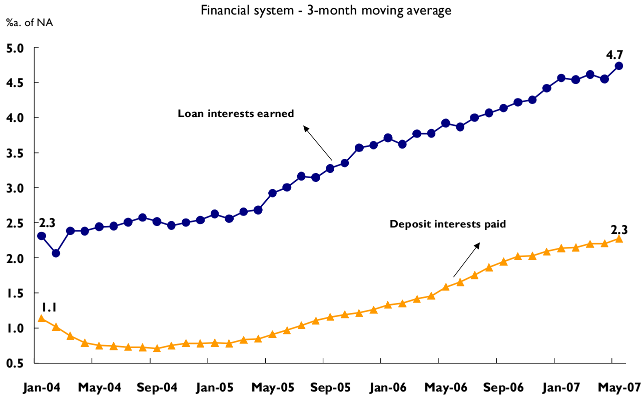
Net interest income remained stable at 2.1%a. of assets, amounting to close to 2%a. over the year and 0.2 p.p. above the same figure a year earlier. A long-term perspective shows a clear upward trend in all the main components of net interest income. The sustained growth in private loans along with the increase in time deposits (at slightly higher interest rates) have caused interest received from loans as well as that paid out on deposits to grow substantially over past years (see Chart 13).

In a setting of slightly higher growth in the CER index, adjustments made by this index amounted to 1%a. of assets, 0.2 p.p. higher than the previous month. CER accrual income has amounted to 1.2%a. of assets so far in 2007, 0.5 p.p. less than in the year-earlier period. **Looked at from a long term view, banks are gradually reducing their mismatches in CER adjusted headings** (see the section on Activity) **and are making their profits less reliant on the relative performance between nominal interest rates and the CER index.**

Gains from securities declined slightly in May. **Profits under this heading came to 1.7%a. of assets**, 0.5 p.p. less than in the previous month (see Chart 14). **The change occurred mainly due to lower profits accrued from public debt securities, linked to certain sales of these securities during the month.** Despite this performance, gains from securities have amounted to 2.2%a. so far in 2007, 0.5 p.p. higher than in the same period a year earlier. Lower gains from securities occurred in both private and public banks, although the latter saw the largest slowdown.

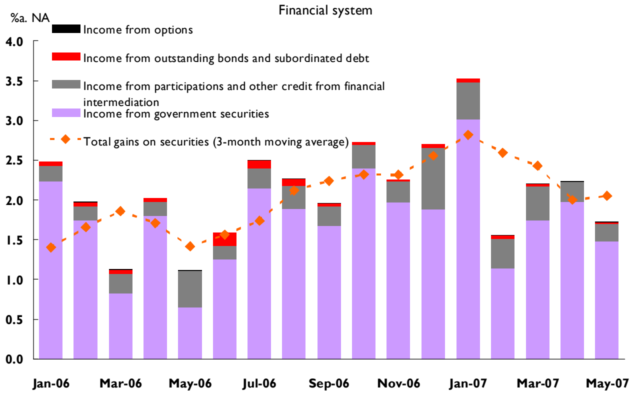
Service income remains highly dynamic, and became the main source of financial system profits. Service income came to 3%a. of assets in May, slightly above April's result and reaching an accumulated 2.9%a. throughout the first five months of the year (0.3 p.p. higher than in the same period of 2006). Overall, banks' service income so far in 2007 has reached the same share of assets as that

Chart 13
Main Components of Net Interest Income
Financial system - 3-month moving average



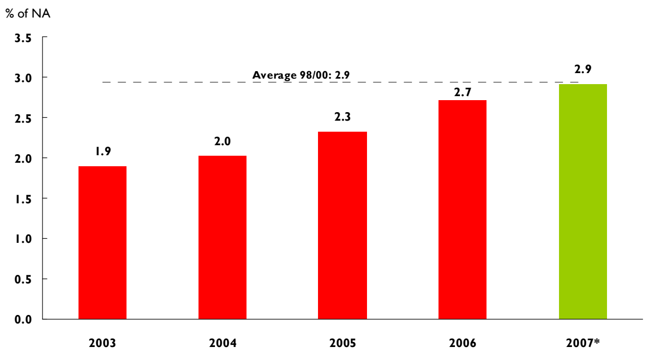
Source: BCRA

Chart 14
Gains on Securities
Financial system



Source: BCRA

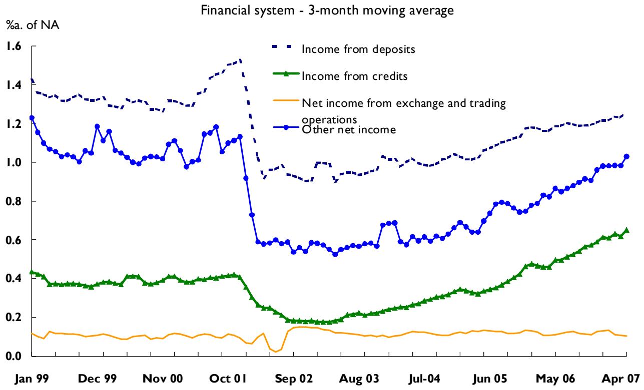
Chart 15
Service Income Margin



* As of May annualized
Source: BCRA

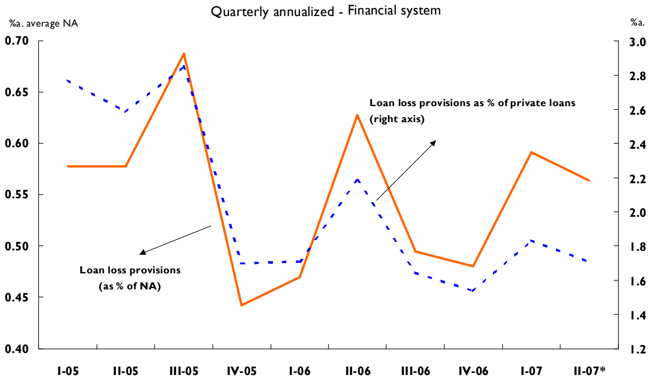
[5]In all references to ROA and ROE in this section, the denominator of the ratio must be understood to be netted assets and net worth, respectively (see Glossary).
[6] April's results were affected by nonrecurring factors linked to balance sheet adjustments made by two foreign-controlled financial institutions (see the previous edition of this Report, page 6). Net of these nonrecurring factors, banks' accumulated ROA and ROE in 2007 amounted to 2%a. and 14.9%a., respectively.

Chart 16
Service Income Margin Components
Financial system - 3-month moving average



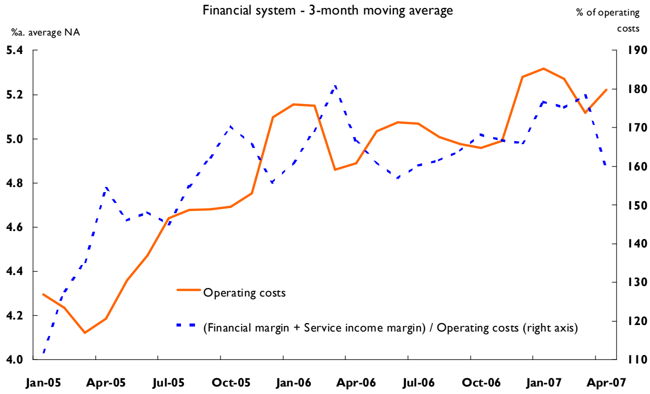
Source: BCRA

Chart 17
Loan Loss Provisions
Quarterly annualized - Financial system



* As of May
Source: BCRA

Chart 18
Operating Costs
Financial system - 3-month moving average



Source: BCRA

prior to the 2001-2002 crisis (see Chart 15). Although almost all components under this heading are growing, **credit related income has grown the fastest since 2003** (see Chart 16). Service income has thus grown in proportion to financial institution operating costs: service income was sufficient to cover 56% of total operating costs in May.

In the context of a slight increase in banks' foreign currency mismatching and of a slight decline in the peso-US dollar exchange rate ($01 per dollar), results due to exchange rate differences remained unchanged. This heading within banks' profitability structure reached 0.3%a. of assets, for a total 0.4%a. over the first five months of the year, 0.2 p.p. less than a year earlier.

Loan-loss charges increased slightly, but are still at historically low levels. Outlays due to loan loss provisions reached 0.6%a. of assets, 0.2 p.p. higher than in April. So far this year, loan loss provisions have amounted to 0.6%a. of assets (see Chart 17), slightly above the figure registered a year earlier. Provisions amounted to 1.6%a. of loans to the private sector.

Operating costs increased 0.1 p.p. in May – to 5.4%a. of assets- driven by private bank expenses (see Chart 18). Expenses have amounted to 5.2%a. of assets so far in 2007. Given the decline in the financial margin, the ratio of operating costs covered by net income declined 3 p.p. in May to 153%.

Other sources of bank income recovered. Following specific nonrecurring adjustments to the balance sheets of two foreign-controlled financial institutions in April[7], other financial system income reached 0.9%a. of assets in May, 0.5 p.p. higher than in the previous month. The monthly increase was explained by private banks, since other income from public banks declined. Income tax accrual declined to 0.2%a. of financial system assets.

Amortization payments for court-ordered releases declined slightly to 0.8%a. of assets, while **the accrual of adjustments to the devaluation of public sector assets also declined moderately over the month.**

Outlook for June

Encouraged by the closing of balance sheets for the first half of 2007, financial institutions are expected to further increase profitability, within a setting of greater financial intermediation. Strong economic growth and the Central Bank's financial policy will continue to drive their performance.

Based on information available at the time of writing, **accounting profits are expected to keep growing in June**. This performance is expected to be driven by the sources of income that have lower volatility (interest and service income). Growth in private sector loans is expected to be driven by personal loans, overdraft and mortgage loans, within a context of uneven trends in lending rates. Deposits are

[7] See previous edition of the Report on Banks (page 7).

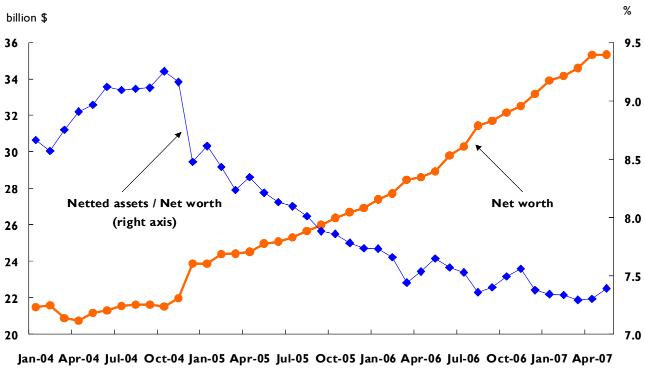
Table 1

Main Developments in June 2007

	May	Jun	Var. May	Var. Jun
Prices				
Exchange rate ($/US$)[1]	3.079	3.091	-0.4	0.4
CPI	193.1	193.9	0.4	0.4
CER[1]	1.97	1.98	0.7	0.5
	%	%	Var p.p	Var p.p
Government securities - annual IRR[1]				
BOGAR $ 2018	4.5	5.1	4	61
BODEN U$S 2012	7.4	7.7	8	32
Discount $	5.9	6.5	1	64
Discount U$S NY	8.0	8.6	12	56
	%	%	Var p.p	Var p.p
Average percentage rates				
Lending[2]				
Overdraft	15.9	16.2	102	29
Promissory notes	12.2	12.6	-54	34
Mortgage	10.9	11.0	-34	2
Pledge-backed	10.6	10.7	-3	12
Personal	25.5	25.1	3	-45
30 to 44 day time deposit	7.0	7.0	-11	5
LEBAC in $ without CER - 1 year	10.3	10.3	0	-5
7 day BCRA repos	7.3	7.4	25	15
BADLAR	7.2	7.2	5	1
	Mill. $	Mill. $	Var %	Var %
Balance[2,3] - Financial system				
Peso deposits - Private sector	117,392	119,059	1.5	1.4
Sight deposits	64,624	65,991	3.1	2.1
Time deposits	52,768	53,069	-0.4	0.6
Peso loans - Private sector	70,080	71,991	2.5	2.7
Overdraft	12,315	12,662	6.5	2.8
Promissory notes	14,700	14,784	0.9	0.6
Mortgage	11,056	11,338	2.3	2.6
Pledge-backed	4,297	4,443	3.8	3.4
Personal	15,373	16,075	2.7	4.6

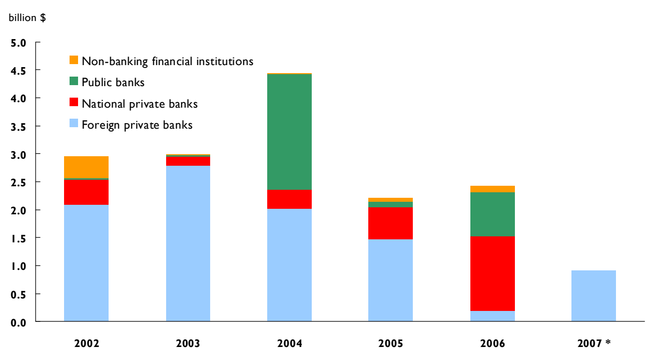
(1) End of month figure.
(2) Estimation based on SISCEN data (provisional data subject to change).
(3) Monthly average. In million of pesos.
Source: INDEC and BCRA.

Chart 19
Solvency
Financial system



Source: BCRA

Chart 20
Capital Contribution



* As of May
Source: BCRA

expected to keep growing gradually, in a setting of unchanged borrowing rates (see Table 1). Accordingly, **interest income is expected to grow further** in June.

CER adjustment may decline slightly, given the lower increase in the CER coefficient in June over that for May. As a function of the lower prices on the main public debt securities that banks mark-to-market, **gains from securities are expected to decline slightly**.

Earning from exchange rate differences are expected to increase, given the higher nominal peso-US dollar exchange rate in June. **Net service income is expected to remain on an upward trend, supported partly by a higher stock of loans to the private sector and sight deposits.** As part of the closing of quarterly balance sheets, banks may undertake some specific adjustments to their cost structure (loan-loss charges and operating costs).

Solvency:

Further capitalization and dividend payments explain the performance of bank equity

The financial system's net worth increased 0.1% in May, reaching 21.7% year-on-year growth (see Chart 19) and **contributing to the sector's solvency**. Such moderate monthly growth was explained by the actions of two specific institutions. One private bank made cash dividend payments ($150 million), while one official bank made an adjustment to the accrual of income tax in 2006, affecting results from previous periods. As a result, the financial system's leverage increased slightly in May, to 7.4 times equity.

The performance of net worth was not uniform across bank groups. While privately owned financial institutions saw their net worth increase by 0.2% in May (22.2% y.o.y.), public bank equity declined 0.3% (although growth accumulated over the past twelve months amounted to 21.2%). Public bank results were particularly affected by the previously mentioned tax adjustment.

A positive sector outlook encouraged new capital injections. Two foreign-controlled financial institutions received capital contributions amounting to $120 million. Capital contributions so far this year have amounted to $900 million, while contributions since early 2002 have reached almost $16 billion (see Chart 20).

Financial system capital reserves declined in May – down 1.4 p.p. to 16.7% of risk-weighted assets. Excess capital reserves declined 17 p.p., to 92.8%. These changes resulted to a large extent from an adjustment made by one public bank[8]. **Even if this adjustment is considered, bank capital reserves are still comfortably in excess of domestic requirements and internationally recommended minimum requirements.**

[8] Net of this public bank, capital reserves would amount to 18.9% of risk-weighted assets, only 0.2 p.p. below the figure for April, while excess capital reserves would come to 96.9%, 2.2 p.p. less than in April.

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" 4660 – 04/May/07**

The enforcement of changes to regulation concerning the new guidelines for the classification of consumer and housing debtors – subject to refinancing according to Communication "A" 4648 – was deferred until the month of July 2007.

- **Communication "A" 4664 – 11/May/07**

Regarding the distribution of utilities among shareholders, modifications were made to the preconditions for paying out dividends, the determination of the total earnings allowed for distribution among shareholders, the verification of liquidity and solvency and authorization.

- **Communication "A" 4670 – 18/May/07**

Change to minimum cash regulations. Starting in June 2007, the limit borrowing rate at which interest paying sight deposit accounts must be backed by 100% cash reserves was reduced – from 35% to 15% of the private bank BADLAR rate from the previous month.

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	May 2006	2006	Apr 2007	May 2007
1.- Liquidity	22.3	26.1	23.1	25.0	23.4	19.6	22.8	29.1	29.6	20.1	22.9	22.5	23.1	22.2
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	27.2	21.6	18.3	17.2
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	27.3	31.0	31.2	31.6
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	6.2	4.5	4.1	4.0
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	-3.2	-3.1
6.- ROA	0.6	1.0	0.5	0.2	0.0	0.0	-8.9	-2.9	-0.5	0.9	1.6	1.9	1.9	1.9
7.- ROE	4.1	6.3	3.9	1.7	0.0	-0.2	-59.2	-22.7	-4.2	7.0	12.5	14.3	14.3	13.7
8.- Efficiency	142	136	138	142	147	143	189	69	125	151	172	167	172	168
9.- Capital compliance	23.8	20.8	20.3	21.0	20.1	21.4	-	14.5	14.0	15.3	16.4	16.7	18.1	16.7
10.- Excess capital compliance	64	73	49	54	58	54	-	116	185	173	130	132	110	93

Source: BCRA

Chart 2: Balance Sheet

In current pesos (millions)	Dec 00	Dec 01	Dec 02	Dec 03	Dec 04	Dec 05	May 06	Dec 06	Apr 07	May 07	Change (%) Last month	Change (%) Accum. 2007	Change (%) Last 12 months
Assets	**163,550**	**123,743**	**187,532**	**186,873**	**212,562**	**221,962**	**238,941**	**258,742**	**280,521**	**286,815**	**2.2**	**10.8**	**20.0**
Liquid assets[1]	20,278	13,005	17,138	27,575	29,154	20,819	28,842	37,991	34,810	35,217	1.2	-7.3	22.1
Public bonds	10,474	3,694	31,418	45,062	55,382	66,733	64,833	64,395	77,205	78,612	1.8	22.1	21.3
Lebac/Nobac	0	0	-	-	17,755	28,340	29,410	29,091	44,306	47,044	6.2	61.7	60.0
Portfolio	0	0	-	-	11,803	21,067	20,953	25,570	33,282	36,010	8.2	40.8	71.9
Repo	0	0	-	-	5,953	7,273	8,457	3,521	11,024	11,034	0.1	213.4	30.5
Private bonds	633	543	332	198	387	389	815	813	862	830	-3.7	2.1	1.9
Loans	83,277	77,351	84,792	68,042	73,617	84,171	89,162	103,611	107,990	109,208	1.1	5.4	22.5
Public sector	15,164	22,694	44,337	33,228	30,866	25,836	22,981	20,815	19,022	16,733	-12.0	-19.6	-27.2
Private sector	64,464	52,039	38,470	33,398	41,054	55,885	63,455	77,834	84,793	87,771	3.5	12.8	38.3
Financial sector	3,649	2,617	1,985	1,417	1,697	2,450	2,726	4,962	4,176	4,704	12.6	-5.2	72.6
Provisions over loans	-6,907	-6,987	-11,952	-9,374	-7,500	-4,930	-4,519	-3,999	-4,004	-4,015	0.3	0.4	-11.1
Other netted credits due to financial intermediation	42,361	21,485	39,089	27,030	32,554	26,721	32,409	26,030	33,364	37,014	10.9	42.2	14.2
Corporate bonds and subordinated debt	794	751	1,708	1,569	1,018	873	821	773	648	635	-2.0	-17.9	-22.7
Unquoted trusts	2,053	2,065	6,698	4,133	3,145	3,883	4,444	4,881	4,757	4,851	2.0	-0.6	9.1
Compensation receivable	0	0	17,111	14,937	15,467	5,841	5,441	763	365	364	0.0	-52.2	-93.3
Other	39,514	18,669	13,572	6,392	12,924	16,124	21,702	19,613	27,594	31,164	12.9	58.9	43.6
Assets under financial leases	786	771	567	397	611	1,384	1,756	2,262	2,681	2,840	5.9	25.6	61.7
Shares and participation	2,645	2,688	4,653	4,591	3,871	4,532	4,800	6,378	6,778	6,787	0.1	6.4	41.4
Fixed assets and miscellaneous	4,939	4,804	8,636	8,164	7,782	7,546	7,485	7,638	7,671	7,645	-0.3	0.1	2.1
Foreign branches	1,115	1,057	3,522	3,144	3,524	3,647	3,769	2,788	2,888	2,863	-0.9	2.7	-24.0
Other assets	3,950	5,334	9,338	12,043	13,180	10,950	9,590	10,835	10,276	9,814	-4.5	-9.4	2.3
Liabilities	**146,267**	**107,261**	**161,446**	**164,923**	**188,683**	**195,044**	**210,015**	**225,773**	**245,339**	**251,605**	**2.6**	**11.4**	**19.8**
Deposits	86,506	66,458	75,001	94,635	116,655	136,492	152,061	170,898	185,070	187,698	1.4	9.8	23.4
Public sector[2]	7,204	950	8,381	16,040	31,649	34,019	39,332	45,410	46,041	47,112	2.3	3.7	19.8
Private sector[2]	78,397	43,270	59,698	74,951	83,000	100,809	109,835	123,431	136,408	138,078	1.2	11.9	25.7
Current account	6,438	7,158	11,462	15,071	18,219	23,487	24,881	26,900	31,015	31,818	2.6	18.3	27.9
Savings account	13,008	14,757	10,523	16,809	23,866	29,078	31,430	36,442	38,496	38,700	0.5	6.2	23.1
Time deposit	53,915	18,012	19,080	33,285	34,944	42,822	47,924	54,338	60,411	61,108	1.2	12.5	27.5
CEDRO	0	0	12,328	3,217	1,046	17	17	13	13	13	-0.3	-5.5	-23.4
Other netted liabilities due to financial intermediatio	55,297	36,019	75,737	61,690	64,928	52,072	51,315	46,037	50,909	55,460	8.9	20.5	8.1
Call money	3,545	2,550	1,649	1,317	1,461	2,164	2,496	4,578	3,695	4,186	13.3	-8.6	67.7
BCRA lines	102	4,470	27,837	27,491	27,726	17,005	11,675	7,686	4,506	4,460	-1.0	-42.0	-61.8
Outstanding bonds	4,954	3,777	9,096	6,675	7,922	6,548	6,897	6,603	6,631	7,032	6.0	6.5	2.0
Foreign lines of credit	8,813	7,927	25,199	15,196	8,884	4,684	4,439	4,240	3,125	3,222	3.1	-24.0	-27.4
Other	37,883	17,295	11,955	11,012	18,934	21,671	25,808	22,930	32,952	36,561	11.0	59.4	41.7
Subordinated debts	2,255	2,260	3,712	2,028	1,415	1,381	1,234	1,642	1,654	1,662	0.5	1.2	34.7
Other liabilities	2,210	2,524	6,997	6,569	5,685	5,099	5,406	7,196	7,706	6,784	-12.0	-5.7	25.5
Net worth	**17,283**	**16,483**	**26,086**	**21,950**	**23,879**	**26,918**	**28,926**	**32,969**	**35,182**	**35,211**	**0.1**	**6.8**	**21.7**
Memo													
Netted assets	129,815	110,275	185,356	184,371	202,447	208,275	221,275	245,149	258,391	261,582	1.2	6.7	18.2
Consolidated netted assets	125,093	106,576	181,253	181,077	198,462	203,286	215,772	236,216	249,918	252,567	1.1	6.9	17.1

(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 5 months		Monthly			Last
	2000	2001	2002[1]	2003	2004	2005	2006	2006	2007	Mar-07	Apr-07	May-07	12 months
Financial margin	7,291	6,943	13,991	1,965	6,075	9,475	12,958	5,317	6,239	1,221	1,181	1,141	13,880
Net interest income	5,106	4,625	-3,624	-943	1,753	3,069	4,095	1,631	2,096	386	453	452	4,561
CER and CVS adjustments	0	0	8,298	2,315	1,944	3,051	3,008	1,529	1,252	269	164	227	2,732
Foreign exchange price adjustments	185	268	5,977	-890	866	751	929	507	396	84	65	57	818
Gains on securities	1,481	1,490	3,639	1,962	1,887	2,371	4,703	1,551	2,376	461	479	376	5,528
Other financial income	519	559	-299	-480	-375	233	223	99	118	21	21	28	241
Service income margin	3,582	3,604	4,011	3,415	3,904	4,781	6,162	2,309	3,089	642	611	663	6,942
Loan loss provisions	-3,056	-3,096	-10,007	-2,089	-1,511	-1,173	-1,174	-461	-588	-147	-96	-120	-1,301
Operating costs	-7,375	-7,362	-9,520	-7,760	-7,998	-9,437	-11,477	-4,432	-5,545	-1,122	-1,150	-1,181	-12,590
Tax charges	-528	-571	-691	-473	-584	-737	-1,078	-393	-558	-118	-110	-119	-1,243
Income tax	-446	-262	-509	-305	-275	-581	-765	-366	-494	-110	-64	-51	-894
Adjustments to the valuation of government securities[2]	0	0	0	-701	-320	-410	-747	-328	-11	-11	16	-10	-430
Amortization payments for court-ordered releases	0	0	0	-1,124	-1,686	-1,867	-1,698	-684	-929	-243	-187	-174	-1,943
Other	535	702	-3,880	1,738	1,497	1,729	2,121	507	763	283	87	185	2,377
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**	**4,302**	**1,469**	**1,967**	**395**	**288**	**333**	**4,800**
Adjusted results[3]	-	-	-	-3,440	1,337	4,057	6,746	2,481	2,907	649	459	517	7,172
Annualized indicators - As % of netted assets													
Financial margin	5.7	5.7	6.5	1.1	3.1	4.6	5.7	5.9	5.9	5.8	5.5	5.2	5.7
Net interest income	4.0	3.8	-1.7	-0.5	0.9	1.5	1.8	1.8	2.0	1.8	2.1	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	1.3	0.8	1.0	1.1
Foreign exchange price adjustments	0.1	0.2	2.8	-0.5	0.4	0.4	0.4	0.6	0.4	0.4	0.3	0.3	0.3
Gains on securities	1.2	1.2	1.7	1.1	1.0	1.2	2.1	1.7	2.2	2.2	2.2	1.7	2.3
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	2.6	2.9	3.0	2.8	3.0	2.8
Loan loss provisions	-2.4	-2.6	-4.7	-1.1	-0.8	-0.6	-0.5	-0.5	-0.6	-0.7	-0.4	-0.6	-0.5
Operating costs	-5.8	-6.1	-4.4	-4.2	-4.1	-4.6	-5.1	-5.0	-5.2	-5.3	-5.3	-5.4	-5.2
Tax charges	-0.4	-0.5	-0.3	-0.3	-0.3	-0.4	-0.5	-0.4	-0.5	-0.6	-0.5	-0.5	-0.5
Income tax	-0.3	-0.2	-0.2	-0.2	-0.1	-0.3	-0.3	-0.4	-0.5	-0.5	-0.3	-0.2	-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	-0.1	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	-1.2	-0.9	-0.8	-0.8
Other	0.4	0.6	-1.8	0.9	0.8	0.8	0.9	0.6	0.7	1.3	0.4	0.9	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**	**1.9**	**1.6**	**1.9**	**1.9**	**1.3**	**1.5**	**2.0**
ROA adjusted[3]	0.0	0.0	-8.9	-1.9	0.7	2.0	3.0	2.8	2.7	3.1	2.1	2.4	2.9
ROE	*0.0*	*-0.2*	*-59.2*	*-22.7*	*-4.2*	*7.0*	*14.3*	*12.5*	*13.7*	*13.8*	*9.8*	*11.4*	*14.6*

(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	May 06	Dec 06	Mar 07	Apr 07	May 07
Non-performing loans (overall)	12.9	13.1	18.1	17.7	10.7	5.2	4.5	3.4	3.2	3.2	3.2
Non-performing loans to the non-financial private sector	**16.0**	**19.1**	**38.6**	**33.5**	**18.6**	**7.6**	**6.2**	**4.5**	**4.1**	**4.1**	**4.0**
Commercial portfolio (*)	14.9	20.7	44.0	38.0	22.8	9.3	7.4	5.0	4.5	4.3	4.2
Consumption and housing portfolio	17.3	17.5	31.4	28.0	11.0	4.8	4.3	3.5	3.5	3.7	3.7
Provisions / Total non-performing loans	61.1	66.4	73.8	79.2	102.9	125.1	127.3	130.2	132.2	131.0	130.3
(Total non-performing - Provisions) / Overall financing	5.0	4.4	4.7	3.7	-0.3	-1.3	-1.2	-1.0	-1.0	-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	-3.3	-3.2	-3.1

(*) 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	May 2006	2006	Apr 2007	May 2007
1.- Liquidity	23.6	26.9	22.8	24.3	24.1	23.6	24.8	27.6	29.2	21.5	22.4	23.7	23.4	22.8
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	23.7	15.9	12.1	11.1
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	34.2	37.9	38.8	39.8
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	5.4	3.6	3.3	3.2
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	-2.0	-3.0	-3.0	-3.0
6.- ROA	0.6	0.7	0.5	0.3	0.1	0.2	-11.3	-2.5	-1.0	0.5	1.6	2.2	1.9	1.9
7.- ROE	4.1	6.3	4.3	2.3	0.8	1.4	-79.0	-19.1	-8.1	4.1	11.2	15.3	12.6	12.7
8.- Efficiency	144	135	139	146	152	151	168	93	115	136	158	159	164	163
9.- Capital compliance	15.9	15.4	14.6	18.9	18.0	17.6	-	14.0	15.1	17.8	18.9	18.6	20.3	20.1
10.- Excess capital compliance	33	47	27	60	49	43	-	88	157	155	120	116	98	95

Source: BCRA

Chart 6: Balance Sheet

In current pesos (millions)	Dec 00	Dec 01	Dec 02	Dec 03	Dec 04	Dec 05	May 06	Dec 06	Apr 07	May 07	Change (%) Last month	Accum. 2007	Last 12 months
Assets	**119,371**	**82,344**	**118,906**	**116,633**	**128,065**	**129,680**	**136,575**	**152,414**	**162,074**	**163,864**	**1.1**	**7.5**	**20.0**
Liquid assets[1]	13,920	10,576	11,044	14,500	15,893	14,074	16,845	22,226	21,921	21,519	-1.8	-3.2	27.7
Public bonds	7,583	1,627	19,751	22,260	24,817	29,966	29,767	27,663	32,776	33,433	2.0	20.9	12.3
Lebac/Nobac	0	0	-	-	8,359	15,227	15,079	15,952	22,852	23,455	2.6	47.0	55.5
Portfolio	0	0	-	-	5,611	12,899	12,892	14,220	18,773	19,532	4.0	37.4	51.5
Repo	0	0	-	-	2,749	2,328	2,186	1,732	4,079	3,923	-3.8	126.5	79.4
Private bonds	563	451	273	172	333	307	708	683	732	694	-5.2	1.6	-1.9
Loans	56,035	52,319	51,774	47,017	50,741	56,565	59,237	69,294	71,628	72,562	1.3	4.7	22.5
Public sector	8,172	13,803	25,056	23,571	21,420	15,954	12,392	10,036	8,016	6,488	-19.1	-35.3	-47.6
Private sector	45,103	36,636	26,074	22,816	28,213	39,031	44,947	55,632	60,396	62,638	3.7	12.6	39.4
Financial sector	2,760	1,880	644	630	1,107	1,580	1,898	3,626	3,216	3,436	6.8	-5.3	81.0
Provisions over loans	-3,248	-3,957	-7,463	-5,225	-3,717	-2,482	-2,406	-2,227	-2,260	-2,283	1.0	2.5	-5.1
Other netted credits due to financial intermediation	36,600	13,037	27,212	22,148	25,753	16,873	17,992	18,387	20,227	20,806	2.9	13.2	15.6
Corporate bonds and subordinated debt	724	665	1,514	1,394	829	675	650	618	495	493	-0.3	-20.2	-24.1
Unquoted trusts	1,609	1,637	6,205	3,571	2,362	2,444	2,872	2,982	3,370	3,459	2.6	16.0	20.4
Compensation receivable	0	0	15,971	13,812	14,657	5,575	5,175	760	364	364	0.0	-52.1	-93.0
Other	34,267	10,735	3,523	3,370	7,905	8,179	9,296	14,027	15,998	16,490	3.1	17.6	77.4
Assets under financial leases	776	752	553	387	592	1,356	1,702	2,126	2,508	2,650	5.7	24.6	55.8
Shares and participation	1,651	1,703	3,123	2,791	1,892	2,416	2,659	4,042	4,396	4,409	0.3	9.1	65.8
Fixed assets and miscellaneous	3,225	3,150	5,198	4,902	4,678	4,575	4,528	4,677	4,714	4,687	-0.6	0.2	3.5
Foreign branches	75	112	-109	-136	-53	-148	-160	-139	-143	-144	0.3	3.5	-10.4
Other assets	2,190	2,574	7,549	7,816	7,137	6,178	5,704	5,682	5,577	5,531	-0.8	-2.7	-3.0
Liabilities	**107,193**	**70,829**	**103,079**	**101,732**	**113,285**	**112,600**	**118,248**	**131,476**	**139,725**	**141,467**	**1.2**	**7.6**	**19.6**
Deposits	57,833	44,863	44,445	52,625	62,685	75,668	82,423	94,095	103,406	104,552	1.1	11.1	26.8
Public sector[2]	1,276	950	1,636	3,077	6,039	6,946	6,713	7,029	6,620	7,345	11.0	4.5	9.4
Private sector[2]	55,917	43,270	38,289	47,097	55,384	67,859	73,833	85,714	95,426	95,808	0.4	11.8	29.8
Current account	4,960	7,158	8,905	11,588	13,966	17,946	18,735	20,604	23,748	23,957	0.9	16.3	27.9
Savings account	9,409	14,757	6,309	10,547	14,842	18,362	19,717	23,165	24,779	24,555	-0.9	6.0	24.5
Time deposit	39,030	18,012	11,083	18,710	22,729	27,736	31,495	38,043	42,568	43,083	1.2	13.2	36.8
CEDRO	0	0	9,016	2,409	798	3	2	1	1	1	-4.1	-38.4	-64.3
Other netted liabilities due to financial intermediation	46,271	22,629	49,341	42,367	45,083	32,349	31,324	31,750	30,386	31,507	3.7	-0.8	0.6
Call money	2,293	1,514	836	726	1,070	1,488	1,682	3,383	2,172	2,506	15.4	-25.9	49.0
BCRA lines	83	1,758	16,624	17,030	17,768	10,088	7,277	3,689	721	735	1.9	-80.1	-89.9
Outstanding bonds	4,939	3,703	9,073	6,674	7,922	6,548	6,897	6,413	6,441	6,842	6.2	6.7	-0.8
Foreign lines of credit	5,491	4,644	15,434	9,998	5,444	2,696	2,418	2,249	1,130	1,237	9.4	-45.0	-48.9
Other	33,466	11,010	7,374	7,939	12,878	11,530	13,050	16,015	19,922	20,187	1.3	26.1	54.7
Subordinated debts	1,668	1,700	3,622	1,850	1,304	1,319	1,174	1,642	1,650	1,658	0.5	1.0	41.3
Other liabilities	1,420	1,637	5,671	4,890	4,213	3,264	3,327	3,989	4,282	3,751	-12.4	-6.0	12.7
Net worth	**12,178**	**11,515**	**15,827**	**14,900**	**14,780**	**17,080**	**18,327**	**20,938**	**22,349**	**22,397**	**0.2**	**7.0**	**22.2**
Memo													
Netted assets	88,501	73,796	117,928	115,091	121,889	123,271	128,852	143,807	149,572	151,235	1.1	5.2	17.4

(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 5 months		Monthly			Last
	2000	2001	2002[1]	2003	2004	2005	2006	2006	2007	Mar-07	Apr-07	May-07	12 months
Financial margin	5,441	5,282	10,628	2,575	3,415	5,253	7,672	2,994	3,780	730	742	742	8,458
Net interest income	3,598	3,519	-304	107	1,214	2,069	2,772	1,113	1,411	261	306	319	3,070
CER and CVS adjustments	0	0	1,476	1,082	900	1,215	854	425	351	87	43	62	780
Foreign exchange price adjustments	160	256	6,189	-312	666	576	725	365	314	70	71	61	674
Gains on securities	1,232	962	3,464	1,892	959	1,259	3,132	1,022	1,596	293	303	273	3,707
Other financial income	450	546	-197	-195	-322	134	188	68	107	20	19	26	227
Service income margin	2,554	2,598	2,782	2,341	2,774	3,350	4,379	1,660	2,235	467	439	482	4,955
Loan loss provisions	-2,173	-2,464	-6,923	-1,461	-1,036	-714	-713	-256	-419	-108	-68	-86	-875
Operating costs	-5,263	-5,224	-6,726	-5,310	-5,382	-6,303	-7,598	-2,939	-3,695	-748	-774	-778	-8,354
Tax charges	-379	-418	-512	-366	-393	-509	-760	-280	-398	-83	-78	-87	-878
Income tax	-393	-216	-337	-295	-202	-217	-365	-93	-148	-27	-23	-22	-421
Adjustments to the valuation of government securities[2]	0	0	0	-665	-51	-201	-170	-90	27	2	11	1	-54
Amortization payments for court-ordered releases	0	0	0	-791	-1,147	-1,168	-1,161	-447	-613	-175	-120	-118	-1,326
Other	307	615	-4,164	1,178	846	1,156	1,626	288	395	182	-15	114	1,732
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**	**837**	**1,162**	**239**	**114**	**247**	**3,236**
Adjusted results[3]	-	-	-	-1,357	252	2,016	4,242	1,374	1,749	412	223	364	4,616
Annualized indicators - As % of netted assets													
Financial margin	6.2	6.4	7.6	2.3	2.9	4.3	5.8	5.7	6.1	6.0	6.0	5.9	6.0
Net interest income	4.1	4.3	-0.2	0.1	1.0	1.7	2.1	2.1	2.3	2.1	2.5	2.5	2.2
CER and CVS adjustments	0.0	0.0	1.1	0.9	0.8	1.0	0.6	0.8	0.6	0.7	0.3	0.5	0.6
Foreign exchange price adjustments	0.2	0.3	4.4	-0.3	0.6	0.5	0.5	0.7	0.5	0.6	0.6	0.5	0.5
Gains on securities	1.4	1.2	2.5	1.7	0.8	1.0	2.4	2.0	2.6	2.4	2.4	2.2	2.6
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	0.2
Service income margin	2.9	3.2	2.0	2.0	2.4	2.7	3.3	3.2	3.6	3.8	3.5	3.8	3.5
Loan loss provisions	-2.5	-3.0	-5.0	-1.3	-0.9	-0.6	-0.5	-0.5	-0.7	-0.9	-0.5	-0.7	-0.6
Operating costs	-6.0	-6.4	-4.8	-4.6	-4.6	-5.1	-5.8	-5.6	-6.0	-6.1	-6.2	-6.2	-5.9
Tax charges	-0.4	-0.5	-0.4	-0.3	-0.3	-0.4	-0.6	-0.5	-0.6	-0.7	-0.6	-0.7	-0.6
Income tax	-0.4	-0.3	-0.2	-0.3	-0.2	-0.2	-0.3	-0.2	-0.2	-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	0.0	0.0	0.1	0.0	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	-1.4	-1.0	-0.9	-0.9
Other	0.4	0.7	-3.0	1.0	0.7	0.9	1.2	0.6	0.6	1.5	-0.1	0.9	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**	**1.6**	**1.9**	**2.0**	**0.9**	**2.0**	**2.3**
ROA adjusted[3]	0.1	0.2	-11.3	-1.2	0.2	1.6	3.2	2.6	2.8	3.4	1.8	2.9	3.3
ROE	*0.8*	*1.4*	*-79.0*	*-19.1*	*-8.1*	*4.1*	*15.3*	*11.2*	*12.7*	*13.2*	*6.1*	*13.2*	*15.6*

(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	May 06	Dec 06	Mar 07	Apr 07	May 07
Non-performing loans (overall)	8.3	9.9	19.8	15.7	8.9	4.4	4.1	2.9	2.8	2.8	2.8
Non-performing loans to the non-financial private sector	**9.8**	**14.0**	**37.4**	**30.4**	**15.3**	**6.3**	**5.4**	**3.6**	**3.3**	**3.3**	**3.2**
Commercial portfolio (*)	8.4	15.4	44.7	39.0	18.2	7.3	6.2	3.8	3.4	3.3	3.1
Consumption and housing portfolio	11.9	12.4	26.0	17.2	10.0	4.2	3.9	3.2	3.1	3.3	3.4
Provisions / Total non-performing loans	67.7	75.7	73.4	79.0	95.7	114.6	114.6	129.6	134.0	132.2	131.8
(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	-2.0	-3.0	-3.2	-3.0	-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.