

# Report on Banks

August 2008



BANCO CENTRAL  
DE LA REPÚBLICA ARGENTINA

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August 2008

Year V, Number 12



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Note | Information for August 2008 available by September 23, 2008 is included. This Report is focussed on the performance of the financial system, including breakdowns by homogeneous subsectors. The data reported (particularly, those referring to profitability are provisional and are subject to changes later).

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For comments, inquiries or electric subscription: [analisis.financiero@bcra.gov.ar](mailto:analisis.financiero@bcra.gov.ar)

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## Monthly summary

- **The financial system has survived recent episodes of market tension without any significant impact on the intermediation process.** In this area, the BCRA policy has established the conditions for a strengthening of liquidity levels and bank solvency, providing an adequate framework to face up growing global uncertainty. Financial system solvency is thus reflecting the effects of the balance sheet normalization process that has been promoted by the BCRA in recent years, with a sharp cut in exposure to the public sector, steady growth in lending to the private sector, which is showing historically low non-performance levels, recovery by deposits as the main source of funding, the almost elimination of rediscounts, and a drastic reduction in currency mismatching. As a result, banking sector net worth has practically doubled in the last four years, given the profitability recovery and the capital contributions received.
- **Lending to the private sector continued to increase in August (2.3%),** although at a slower rate. Overdrafts and promissory notes reported the greatest dynamism, in a context in which all productive sectors increased their borrowing. **Credit to the private sector accounts for 38% of total assets, 19 p.p. more than in 2004 in line with the beginning of 2001 levels, almost three times public sector exposure.**
- **Public sector exposure continued to decline in August, to a level of 13.2% of assets, 0.5 p.p. less than in July,** mainly because of the principal amortization on Boden 2012. After accumulating a drop of 27.4 p.p. since the end of 2004, it now stands **below the levels seen at the beginning of 2001 (17%).** This trend, combined with the steady increase in public sector deposits within the financial system, has led the **public sector to become a net lender of the banking system.**
- Total deposits rose in August by more than \$4 billion, driven by public sector placements (\$2.2 billion) as well as by those of the private sector (\$1.8 billion). **Private sector deposit growth due to time deposits in both retail and wholesale segments. Deposits are continuing to gain share of bank funding, currently accounting for over three-quarters of total liabilities, and are denominated almost entirely in local currency.**
- **Currency mismatching remains limited, and shows a downward trend.** Currently, **only a small proportion of loans to the private sector is in foreign currency (16% compared with more than 70% at the beginning of 2001),** and they are funded exclusively out of liabilities in the same currency, at the same time as almost **all foreign currency borrowers possess foreign currency income source.** In terms of the overall mismatching, in August banks continued to narrow the gap **between assets and liabilities** in foreign currency, reaching **19% of net worth (compared with 79% and 56% at the beginning of 2001 and at the end of 2004).**
- **The financial system continues to maintain adequate liquidity levels, reflecting prudent behavior in the face of high financial volatility.** Liquid assets rose by \$900 million in the month, mainly because of the increase in current account stocks at the BCRA and in cash held at banks, in the context of declining position in repos with the BCRA. **The liquidity indicator for the system as a whole stood at 25.8% of total deposits** in August (slightly above the level at the beginning of 2001), a level that rises to almost 41% if the position in Lebac and Nobac is taken into account.
- **Non-performance levels of lending to the private sector reached a record low of 3% of total portfolio, with a drop of 0.2 p.p. over the course of 2008 (16 p.p. and 13 p.p. less than four years ago and at the beginning of 2001, respectively).** The performance for 2008 is being driven mainly by corporate credit lines, while households continue to increase their delinquency slightly, a development that is mainly taking place in consumer lending.
- **The financial system continued to strengthen its solvency, following the posting of profits.** Net worth went up over \$200 million during the month, accumulating an increase of \$3.6 billion year on year. Banks record **adequate capital compliance ratios, totaling 16.7% of risk weighted assets,** while excess capital compliance amounts to 87.2% of the requirement, a level 35 p.p. higher than at the beginning of 2001. **Profits for the month totaled \$300 million (1.1%a. of assets), reaching \$3.1 billion (1.6%a. of assets) for 2008 to date,** nearing the end of the fourth successive profitable year for the sector.

# Activity

*Increased lending to the private sector has mainly been funded with deposits*

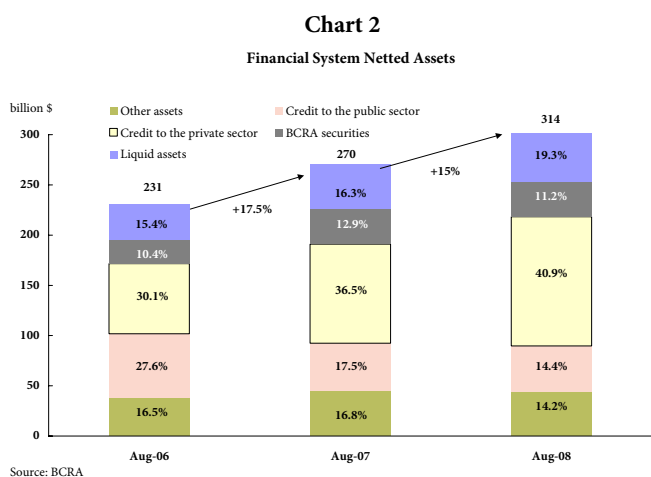
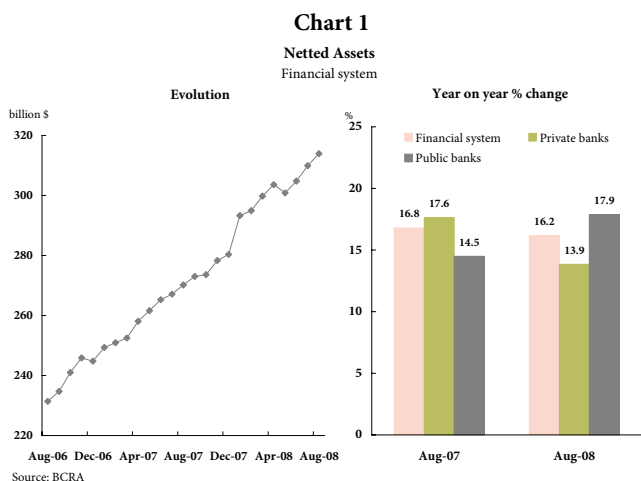
In response to BCRA actions, and despite the increasing uncertainty, financial intermediation with the private sector rose again in August. Private sector deposits went up 1.1% (16.3% y.o.y.) during the month, at the same time as lending to households and companies<sup>1</sup> increased 2.3% in the same period (30.2% y.o.y.), showing signs of a lowering annual growth rate. This performance continues to take place at the same time as financial entities maintained adequate precautionary liquidity levels, similar to those of July.

The dynamism of lending to the private sector was behind the rise in financial system netted assets, which posted an increase of 1.3% in August (16.2% y.o.y.). This movement was led by public banks, which recorded a rise for the month of 1.6% (17.9% y.o.y.), while private banks registered a rise of 1.1% (13.9% y.o.y.) (see Chart 1).

Following the incentives established by the BCRA, financial entities have strengthened their process of “crowding in” of lending to companies and households. Lending to the private sector amounted to 40.9% of financial system netted assets in August (4.4 p.p. more than in the same month of 2007), while liquid assets stood at 19.3% (0.1 p.p. more than in July, and 3 p.p. higher than in August last year) (see Chart 2). Exposure to the public sector fell 0.6 p.p. in the month, reaching 14.4% of netted assets (3.1 p.p. less than 12 months earlier).

Increased deposits from public sector as well as from the private sector (\$2.2 billion and \$1.8 billion, respectively) and a drop in lending to the public sector (\$1.5 billion) represented the most notable sources of funds for the financial system in August. The most significant use of resources in the month was the expansion of lending to the private sector (\$2.95 billion)<sup>2</sup>, followed by the increased position in Lebac and Nobac (\$1.2 billion).

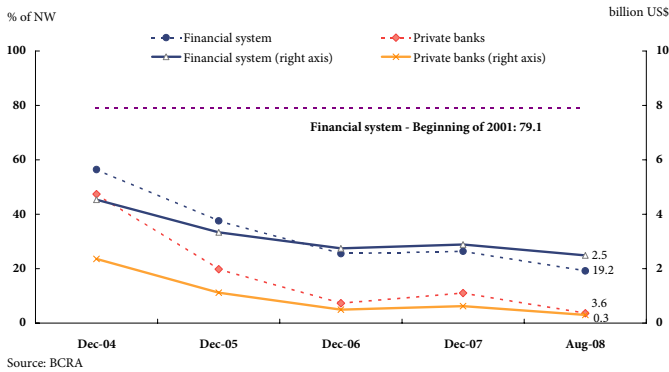
In the case of flows of funds for the private bank sector, the reduction in lending to the public sector (\$1.3 billion) together with an increase in deposits from the private sector (\$1.2 billion) were the most significant



<sup>1</sup> Totals include financing by means of leasing.

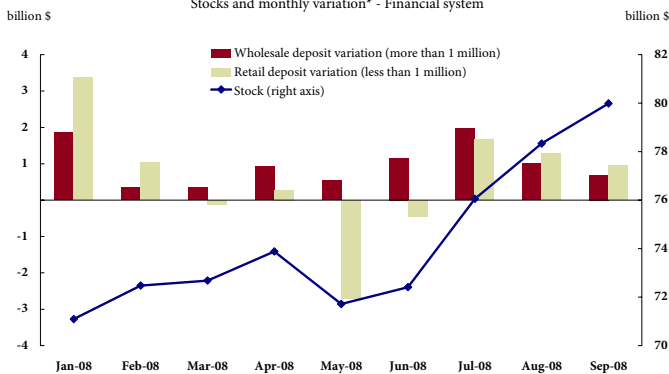
<sup>2</sup> Stocks have been adjusted by financial trust issuances during the month.

**Chart 3**  
**Currency Mismatch**  
 Assets in US\$ - Liabilities in US\$

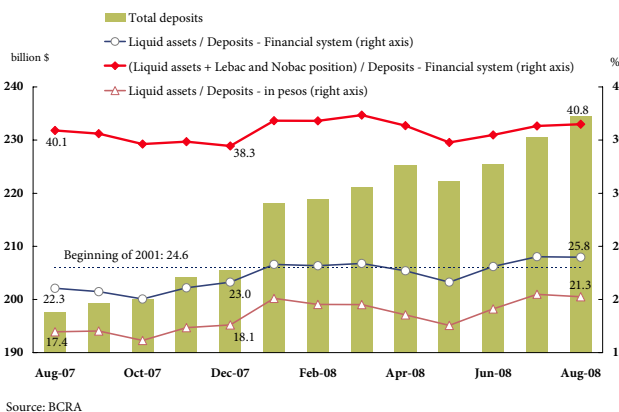


**Chart 4**

**Time Deposits of the Private Sector**  
 Stocks and monthly variation\* - Financial system



**Chart 5**  
**Deposits and Liquidity**



sources of funding in August, while the rise in lending to the private sector (\$1.95 billion) was the most significant use of funds for the month. The main difference with the flow estimated for public banks took place in the behavior of lending to the public sector, as almost the entire drop for the month took place in private financial entities.

**Financial system currency mismatching has continued to fall.** In August, bank assets in foreign currency rose US\$140 million, mainly as a result of an increase in liquid assets and loans to the private sector in foreign currency, which more than offset the reduction in government securities from the amortization of bonds denominated in dollars. Foreign currency liabilities rose US\$190 million during the month, led by private sector deposit growth. As a result of these movements, **financial system currency mismatching in terms of net worth recorded a monthly drop of 0.5 p.p. to 19.2%** (7.2 p.p. below the level at the end of 2007) (see Chart 3), a reduction that was almost entirely accounted for by private banks. As a result, this mismatching is significantly less that it was at the end of 2004 (56% of net worth) and at the beginning of 2001 (79% of net worth).

## Deposits and liquidity

*Private sector deposits increased, while liquidity levels held steady*

**Total financial system deposits continued their upward trend in August.** Total deposits<sup>3</sup> rose \$4.1 billion (1.7%, or 18.7% y.o.y.) during the month, driven by both public sector deposits (\$2.2 billion) and private sector deposits (\$1.8 billion).

**Private sector deposit growth took place mainly in time deposits<sup>4</sup>,** as sight accounts declined slightly over the month. Time deposits went up \$2.3 billion in August (3%, or 20.5% y.o.y.), mainly in private banks, where the total went up by \$1.6 billion (3%, or 20% y.o.y.) during the course of the month. **In August, retail market time deposits of the private sector continued with their upward trend (see Chart 4), thus recovering almost all the ground lost in May and June<sup>5</sup>.** Wholesale deposits grew at a steady rate, with a low participation by AFJP

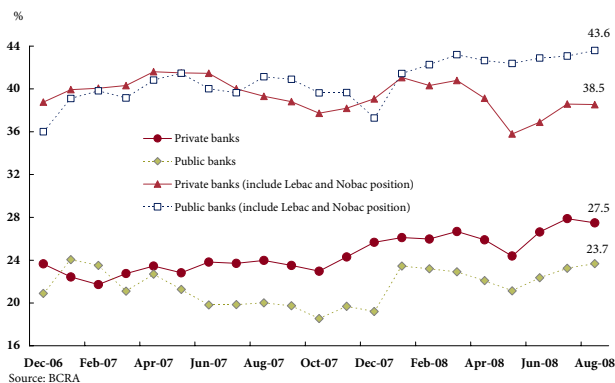
<sup>3</sup> Including accrued interest and CER adjustments.

<sup>4</sup> Including time deposits and term investments.

<sup>5</sup> This trend towards recovery by private sector time deposits deepened in September, when the stocks returned to the levels seen at the end of April (SisCen data).

**Chart 6**

**Liquidity by Group of Banks**  
Liquid assets / Total deposits - Financial system



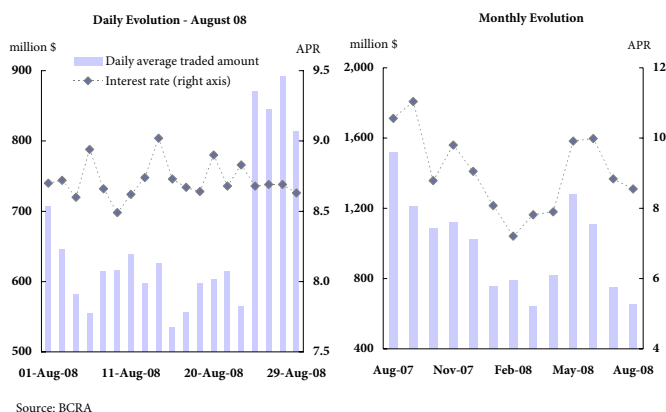
(Pension Fund) time deposits in this increase, unlike the situation recorded in recent months.

**Growth in private sector deposits was widespread during August.** The increase in such placements took place at 50 of the 85 financial entities in operation, which account for 85% of total deposits. This behavior occurred at a time of gradual reduction in deposit interest rates.

**Local banks continued to record adequate liquidity levels, a reflection of prudent behavior in the face of highly volatile financial markets.** Financial system liquid assets<sup>6</sup> posted a rise of \$900 million in August, mainly from higher stocks in current accounts held at the BCRA and in cash held at banks (\$2.3 billion in total), in the context of declining position in repos with the BCRA (-\$1.4 billion).

**Chart 7**

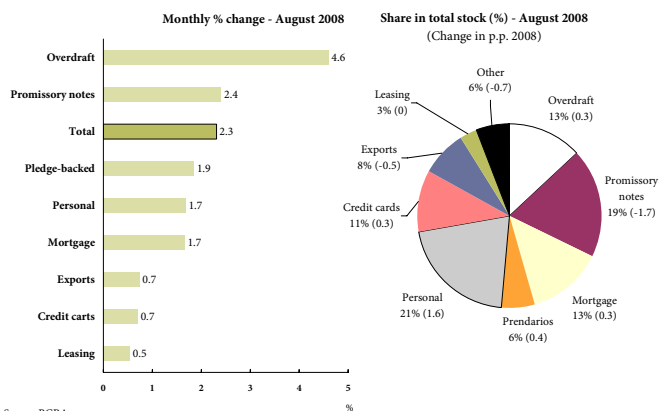
**Call Market**  
1-day maturity operations in pesos



As a result, **the liquidity indicator for the system stood at 25.8% of total deposits in August**, a similar level to that for July (see Chart 5). The increase for the month in the volume of liquid assets, together with the rise of \$1.2 billion in the Lebac and Nobac position, led the broad liquidity indicator of the financial system (which includes this position) to rise 0.2 p.p. in the month, reaching 40.8% of total deposits. These levels are above those seen at the beginning of 2001, before the introduction of the Lebac and Nobac securities that act as a liquidity reserve. **Liquidity performance for the month varied according by group of bank.** Public sector banks increased their liquidity ratio by 0.4 p.p. in August, to 23.7% of their deposits (see Chart 6), while private financial entities recorded a slight reduction for the month of 0.4 p.p., to 27.5% of their deposits.

**Chart 8**

**Credit to the Private Sector by Type of Line**



**Overnight call money market interest rates registered a gradual decline between ends August** (see Chart 7), showing an average of 8.6% for the month. There was a decline in volume traded on this market, the average daily trading volume for August amounting to \$650 million, 12.6% million less than in the previous month. In September interest rates recorded a slight increase, although trading volumes remained steady.

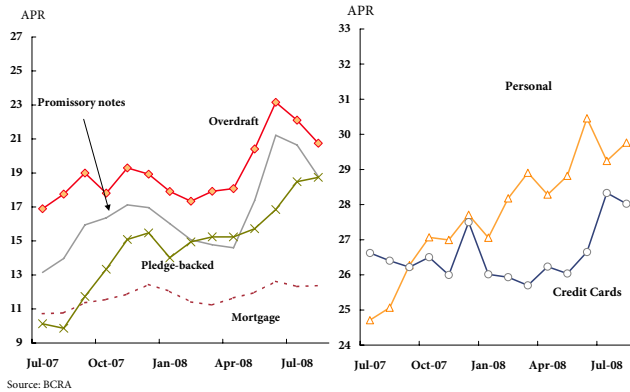
**Faced by a critical global scenario, the BCRA introduced a series of measures that have enabled episodes of local tension in financial variables to be overcome successfully.** It should be noted that the putting into practice of these measures has been possible thanks to the implementation in recent years of a series

<sup>6</sup> Minimum cash compliance (cash, current accounts at the BCRA and special margin accounts), other liquid assets and reverse repos (at cash value) between financial entities and the BCRA.

**Chart 9**

**Lending Interest Rates**

Credit to the private sector - Financial system



Source: BCRA

of prudential anti-cyclical policies, including the accumulation of reserves and steps taken to consolidate the strength of the financial system. In May, the BCRA was able to turn around an adverse scenario that had no connection with local financial system conditions or the fundamental variables of the economy, successfully attacking expectations of a depreciation of the peso, stabilizing monetary variables and providing the system with liquidity. **Actions by the BCRA can thus be seen as elements that minimize the probability of new episodes of excessive caution by economic agents.**

## Financing

### Corporate sector lines drive credit growth

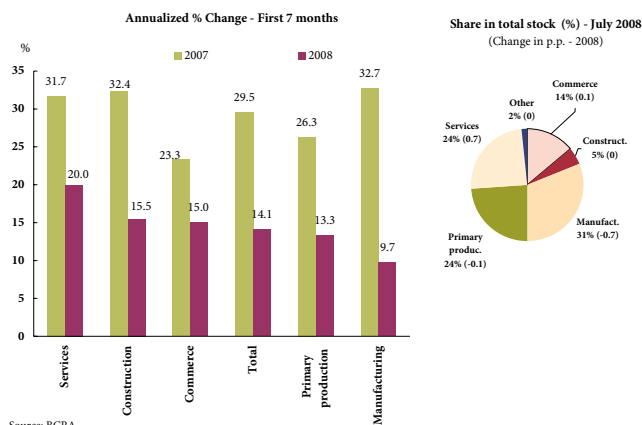
Lending to the private sector posted an increase of **2.3% in August** (2.4% if adjusted to reflect the issuances of financial trusts during the month<sup>7</sup>), slowing the rate of year-on-year growth to approximately 30%. As a result, private sector lending represents 38% of total bank assets, 19 p.p. more than at the end of 2004 and virtually in line with levels in 2001.

**Overdrafts and promissory notes were the most dynamic lending lines during the month**, posting increases of 4.6% and 2.4%, respectively (see Chart 8). **In the total for 2008 to date, personal loans have shown the greatest dynamism** (becoming the main source of lending to the private sector) with growth also by pledge-backed loans, credit-card lending and mortgage loans, all of which have gained share of the total loan stock. The performance for the month of private sector credit lines has continued to take place in a context of a certain degree of lending interest rate volatility (see Chart 9).

**Bank lending to companies continues to rise across all productive sectors**, although the rate of increase has been more moderate than in previous periods (see Chart 10). Lending to companies now represents 23% of bank netted assets, almost 1.6 p.p. more than one year earlier. **The service sector has been the most active borrower over the course of 2008, gaining share of total loans.** The construction and retail and wholesale trade sectors have also seen above average loan growth. Although the increase for the primary production sector was below average, the decline was attributable to the farm sector, as certain primary sector activities (mining, petroleum and fishing) have recorded notable growth rates. Manufacturing industry has shown the lowest growth,

**Chart 10**

**Lending to Companies by Economic Sector**

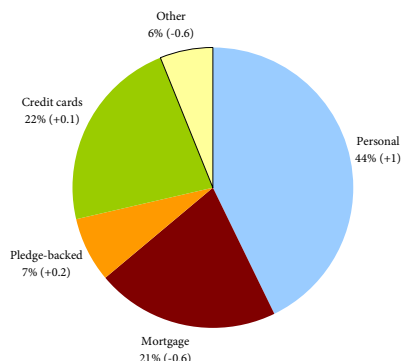


Source: BCRA

**Chart 11**

**Lending to Household**

As % total household credit stock - Change in p.p. 2008



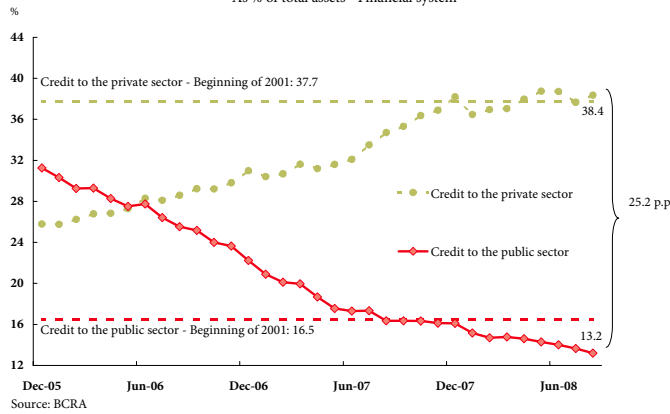
Source: BCRA

<sup>7</sup> In August only one financial trust was issued for \$51 million.



**Chart 12**

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

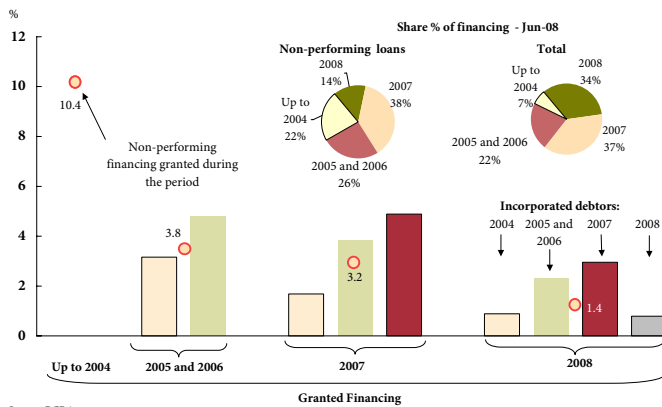


and this has been reflected in a drop in its share of total lending to companies, although it maintains the greatest weighting.

**Lending to households continues to rise**, reaching 18.4% of netted assets in July, for a year-on-year increase of almost 3.9 p.p. This performance continues to be driven by household consumer loans (personal loans and credit-card lending) (see Chart 11), which represent two-thirds of the household loan portfolio. Collateralized loans (mortgage and pledge-backed) have been growing at a faster rate in 2008 than in previous periods.

**Chart 13**

**Lending to the Private Sector by Granted Period**  
Non-performing loans / Total loans (%)

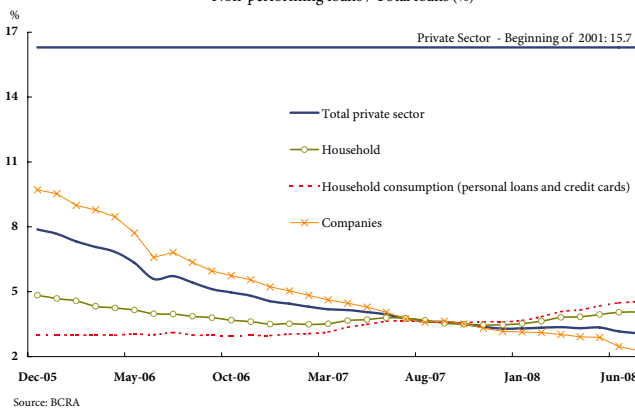


**The sustained increase in bank lending to companies and households continues to take place at the same time as a decline in exposure to the public sector.** Lending to this latter sector fell 2.8% in August, driven mainly by the amortization of Boden 2012. As a result, lending to the public sector stood at 13.2% of assets for the month, 0.5 p.p. less than in July and 3.1 p.p. less than in the same month of the previous year (see Chart 12). This monthly decline occurred in private banks, which continues to show a lower exposure to the public sector (6.9%, with a drop of 2.9 p.p. y.o.y.). Consequently, **in August, exposure to the private sector is almost three times the exposure to the public sector**, which already stands below the level at the beginning of 2001 (17%). This trend, combined with the steady rise in public bank deposits in the financial system, has meant that **the public sector has become a net lender of the banking sector.**

## Portfolio quality

**Chart 14**

**Non-Performing Credit to the Private Sector**  
Non-performing loans / Total loans (%)

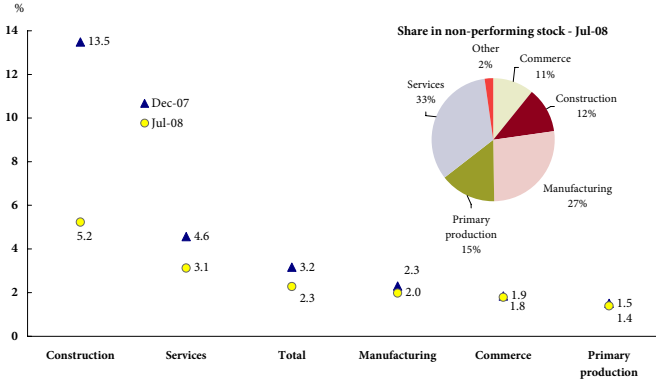


*The financial system continues to record low non-performance levels*

**Growth in lending to the private sector continues to take place in the context of limited credit risk.** One indication of this is the fact that non-performance dropped to 3% of loans to the private sector in August, a reduction of 0.2 p.p. over the course of 2008. This improvement took place mainly in public sector banks, with a lesser improvement in private banks, although this latter group records lower non-performance levels. As result, **private-sector loan non-performance stands at a record low of 16 p.p. and 13 p.p. under the level 4 years previously and at the beginning of 2001, respectively.** Certain disparity can be detected in

**Chart 15**

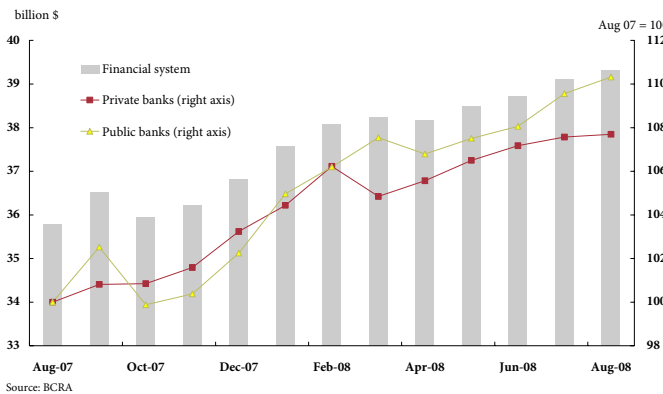
**Non-Performing Lending to Companies by Economic Sector**  
Non-performing loans / Total loans (%) - Financial system



Source: BCRA.

**Chart 16**

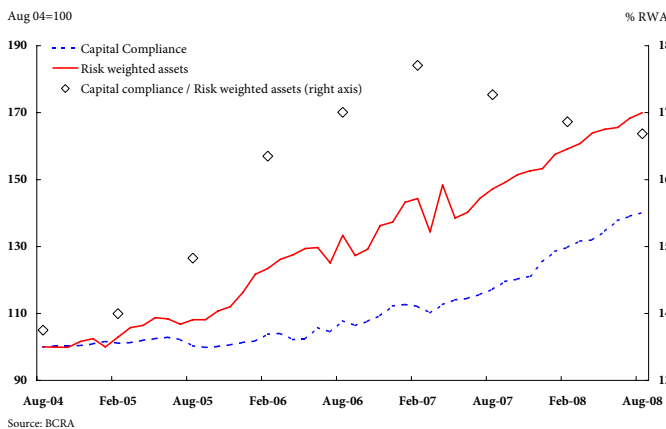
**Net Worth Evolution**



Source: BCRA

**Chart 17**

**Composition of Capital Compliance Ratio**



Source: BCRA

performance levels according by granted periods<sup>8</sup> (see Chart 13).

According to figures for July –the latest information available at the date this Report was being published that provides a breakdown of loans by sector- **the best loan portfolio performance is being shown by loans to companies<sup>9</sup>** (see Chart 14). **The corporate sector records a delinquency rate of 2.3%, marking a drop of 0.9 p.p. during 2008.** At 4.1%, household loan non-performance was up slightly compared with the level at the end of 2007. Developments in household loan portfolio quality can mainly be explained by the behavior of consumer credit lines, for which delinquency totaled 4.5%, almost 0.9 p.p. more than at the end of 2007 and 1.6 p.p. more than in December 2006.

**All productive activity segments have improved their borrowing performance** (see Chart 15). During 2008, lending to construction recorded the greatest reduction in non-performance ratio, while the best relative performance has been seen in the case of credit lines for the primary production sector and commerce, where non-performance totals 1.4% and 1.8% of loans, respectively.

**The coverage of total non-performing loans by provisions stood at 126%**, an indication of the sound position of banks in the face of private sector credit risk. As a result, the ratio of non-performing loans not covered by provisions in terms of net worth remains negative for the financial system as a whole, with similar levels among groups of banks.

## Solvency

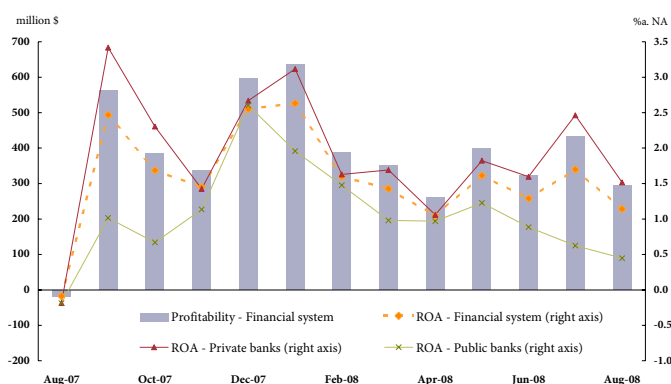
**Financial system solvency continues to improve on the basis of accrued profits**

**Book profits recorded by banks in August continue to strengthen the solvency of the sector.** Financial system net worth rose by over \$200 million (0.5%) in August (see Chart 16), for a total increase of over \$2.5 billion (6.8%) in the first 8 months of the year. The increase for the month was led by private banks, which accounted for three-quarters of the total (\$175 million). Although no new capital contributions were recorded during the month, **in the year to date capitalization received by**

<sup>8</sup> For further detail, see the Financial Stability Report of the BCRA for the Second Half of 2008.

<sup>9</sup> Loans to companies are considered to be those granted to legal persons and commercial credit to individuals, while remaining lending to individuals is included under the households heading.

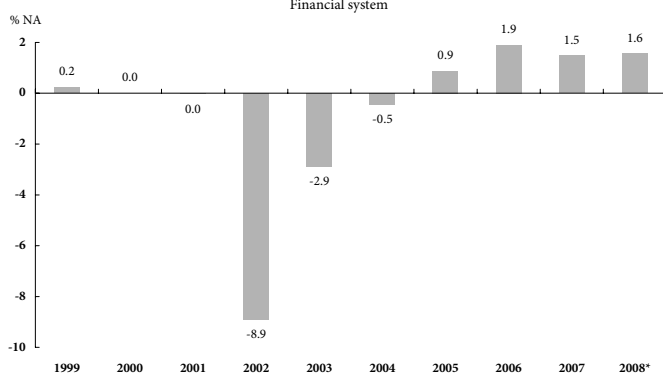
**Chart 18**  
Financial System Profitability



Source: BCRA

**Chart 19**

ROA  
Financial system

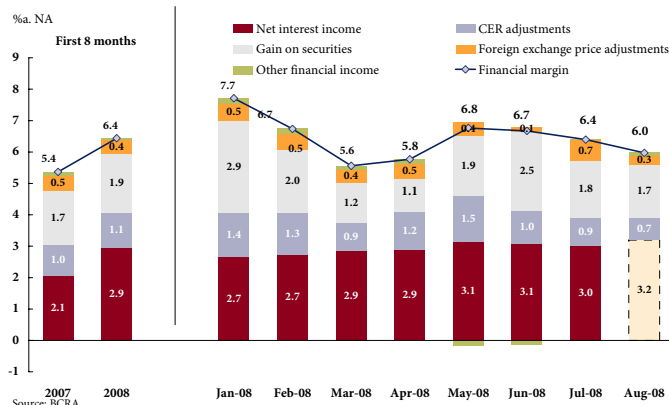


\* As of August - Annualized

Source: BCRA

**Chart 20**

Financial Margin  
Financial system



Source: BCRA

the financial sector has totaled \$225 million, contributing to the strength of the sector. In the post-crisis period from 2002 to date, capital injections were received for approximately \$17.15 billion.

In a situation in which private sector lending continues to grow, the financial system shows adequate capital compliance levels (see Chart 17). Capital compliance stood at 16.7% of risk-weighted assets in August, almost the same level as that recorded in July, and in line with the levels seen in the previous year, thus exceeding minimum local requirements as well as those internationally recommended. Furthermore, excess capital compliance has also increased since July, reaching 87.2% of total capital requirements (35 p.p. higher than at the beginning of 2001).

The financial system recorded profits for \$300 million or 1.1%a. of assets in August (ROE of 9.9%a.), 0.6 p.p. less than the figure for July. Although both private and public banks recorded book profits, monthly profitability was mainly explained by the performance of the former (ROA of 1.5%a. in private banks and 0.4%a. in public banks) (see Chart 18). As a result, accumulated profits over 2008 to date total \$3.1 billion, 53% more than the total accrued in the same period of 2007. As a result, the financial system is preparing to end its fourth consecutive year showing book profits (see Chart 19).

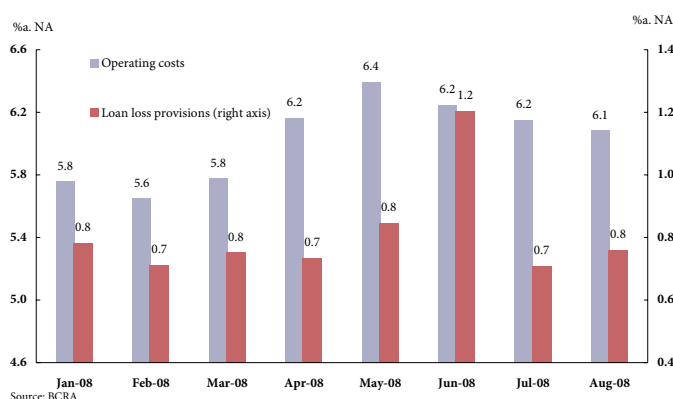
The monthly drop in profitability has been mainly associated with lower service income margin and in results from foreign exchange price adjustments, down 0.2 p.p. and 0.4 p.p. of assets respectively. Service income margin has been showing marked dynamism (totaling 3.4%a. of assets, 0.4 p.p. more than one year earlier in the year to date), while foreign exchange price adjustments have seen a minor year-on-year drop of 0.1 p.p. of assets over 2008 to date.

Gains on securities also fell during the month, mainly because of the price falls experienced by the main government securities held in portfolio in a context of sustained volatility on international financial markets. As a result, this bank income statement heading was equivalent to 1.7%a. of assets in August, 0.1 p.p. below the previous month, totaling 1.9%a of assets for the year.

Net interest income rose by 0.2 p.p. of assets in August to 3.2%a. (see Chart 20), consolidating its position as the driver behind profitability during the year. It should be noted that this increase is taking place at the same time as rising loan interest earned is exceeding the

**Chart 21**

**Loan Loss Provisions and Operating Costs**  
Financial system



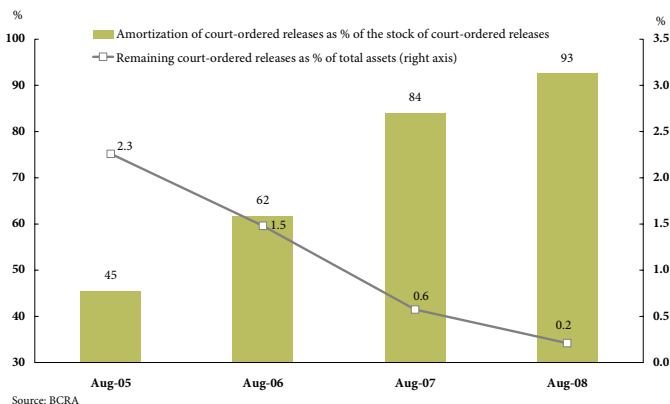
growth by deposit interest paid, within a framework of low non-performance level.

**Loan loss provisions rose moderately in August**, by 0.1 p.p. to 0.8%a. of assets, **although remaining at historically low levels**. These outflows have totaled the equivalent of 0.8%a. of assets so far in 2008, whereas in the same period of the previous year they totaled 0.6%a. (see Chart 21). This trend is in part explained by the greater relative significance in bank portfolios of lending to the private sector. It should be mentioned that loan loss provisions in terms of lending to the private sector are only 2%a.

**Operating costs posted a slight decline of 0.1 p.p. of assets in the month, to 6.1%a.** From an annual perspective, operating costs have been increasing their share of assets, reaching 6%a., 0.7 p.p. more than in the same period of 2007. Despite this growth, those more stable sources of income (net interest income and service income margin) have been growing at a faster rate, taking coverage of operating costs by such revenues to 106%, almost 11 p.p. more than one year earlier.

**Chart 22**

**Amortization of Court-Ordered Releases**  
Financial system



Adjustments to the valuation of loans to the public sector amounted to 0.8%a. of assets in August, up 0.2 p.p. compared with July. Amortization of court-ordered releases remained at a low level, recording a drop for the year of 0.4 p.p. of assets to 0.3%a. As a result, **these charges from court-ordered releases are soon to disappear from financial system income statements, accentuating a balance sheet normalization process that reflects the impact of the financial policies implemented by the BCRA** (see Chart 22).

On the basis of available information at the date this Report is being published, **banks are expected to continue to post profits in September, although some volatility can be expected in view of the uncertainty prevailing on international markets**. In addition, given the rise between ends in the peso-dollar exchange rate, results from foreign exchange price adjustments are expected to increase. Gains on securities are likely to be lower than they were in August, in the context of turbulence on financial markets.

## Latest regulations

This section contains a summary of the main regulations related to the business of financial intermediation issued during the month (referenced by the date on which they came into force).

- **Communication “A” 4835 – 15/08/08**

Measures for the prevention of money-laundering.

- **Communication “A” 4838 – 29/08/08**

Regulations on lending to the public sector. The BCRA shall be able to authorize the subscription on primary markets by banks of trust share certificates and/or debt securities issued by financial trusts for which the trustee or beneficiary of the proceeds from the trust settlement belongs to the non-financial public sector. To obtain authorization for such a subscription, the trust must fulfill certain requirements, which include being established for the purpose of financing infrastructure projects or the purchase of equipment, as long as they represent capital investment declared to be critical or in the public interest by the competent authority, and the trust assets are made up of income and/or collection rights over utility rates, duties and tariffs derived from the supply of energy.

Holdings of these trust share certificates and/or debt securities are not covered by credit grading regulations. In addition, individual and overall limits for loans to the public sector and for risk concentration are increased, as long as such increase is used for holdings of such certificates.

## 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. Unless otherwise specified, profit ratios are annualized.
- (e) Initially, the breakdown by group of banks was determined based on majority decision making role –in terms of voting rights at shareholder meetings - distinguishing between private sector financial entities and public sector banks. In order to increase depth of the analysis, private sector entities were also classed according to the geographic and business scope of their operations. Wholesale banks were therefore defined as those specializing in the 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 that specialize 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.-  $(\text{Paid in liquidity at the BCRA} + \text{Other cash holding} + \text{Holdings of BCRA securities for repo transactions in cash}) / \text{Total deposits}$ ; 2.-  $(\text{Position in government securities (not including Lebac nor Nobac)} + \text{Loans to the public sector} + \text{Compensations to be received}) / \text{Total assets}$ ; 3.-  $(\text{Loans to the non-financial private sector} + \text{Leasing operations}) / \text{Total assets}$ ; 4.-  $\text{Irregular portfolio with the non-financial private sector} / \text{Loans to the non-financial private sector}$ ; 5.-  $(\text{Total irregular portfolio} - \text{Bad loan provisions}) / \text{Equity}$ . The irregular portfolio includes loans classed in situations 3, 4, 5 and 6; 6.-  $\text{Cumulative annual result} / \text{Average monthly netted assets} - \% \text{ annualized}$ ; 8.-  $(\text{Financial margin (Net interest income} + \text{CER and CVS adjustments} + \text{Gains on securities} + \text{Foreign exchange price adjustments} + \text{Other financial income}) + \text{Service income margin}) / \text{Cumulative annual operating costs}$ ; 9.-  $\text{Paid in capital (Calculated Equity Requirement)} / \text{Risk weighted assets, according to the BCRA rule on minimum capital}$ ; 10.-  $\text{Total capital position (Paid in capital less requirement, including flexibilities)} / \text{Capital requirement}$ .

# 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 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 entities.

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

**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.

**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 BCRA and special accounts in guarantee – and other liquid items, including correspondent accounts plus repos 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 counterpart risk:** Non-performing portfolio net of allowances in terms of net worth.

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

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

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

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

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

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

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

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

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

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

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

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

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

**SME:** Small and Medium Enterprises.

**US\$:** United States dollars.

**RWA:** Risk weighted assets.

# Statistics Annex | Financial System

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

As %	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Aug 2007	2007	Jul 2008	Aug 2008
1.- Liquidity	22.3	26.1	23.1	25.0	23.4	19.6	22.8	29.1	29.6	20.1	22.5	22.3	23.0	25.8	25.8
2.- Credit to the public sector	16.9	16.2	16.2	18.0	17.3	23.0	48.5	46.5	40.6	31.3	22.3	16.4	16.1	13.7	13.2
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	34.7	38.2	37.7	38.4
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	3.6	3.2	3.1	3.0
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	-3.3	-3.3	-3.0	-2.7	-2.6
6.- ROA	0.6	1.0	0.5	0.2	0.0	0.0	-8.9	-2.9	-0.5	0.9	1.9	1.2	1.5	1.6	1.6
7.- ROE	4.1	6.3	3.9	1.7	0.0	-0.2	-59.2	-22.7	-4.2	7.0	14.3	8.7	11.0	13.8	13.3
8.- Efficiency	142	136	138	142	147	143	189	69	125	151	167	157	160	165	164
9.- Capital compliance	23.8	20.8	20.3	21.0	20.1	21.4	-	14.5	14.0	15.3	16.8	17.3	16.9	16.6	16.7
10.- Excess capital compliance	64	73	49	54	58	54	-	116	185	173	134	102	93	86	87

Source: BCRA

## Chart 2 | Balance Sheet

In million of current pesos	Dec 00	Dec 01	Dec 02	Dec 03	Dec 04	Dec 05	Dec 06	Aug 07	Dec 07	Jul 08	Aug 08	Change (%)			
												Last month	2008	Last 12 months	
<b>Assets</b>	<b>163,550</b>	<b>123,743</b>	<b>187,532</b>	<b>186,873</b>	<b>212,562</b>	<b>221,962</b>	<b>258,384</b>	<b>289,734</b>	<b>297,963</b>	<b>339,709</b>	<b>341,297</b>	<b>0.5</b>	<b>14.5</b>	<b>17.8</b>	
Liquid assets <sup>1</sup>	20,278	13,005	17,138	27,575	29,154	20,819	37,991	42,224	46,320	46,300	48,588	4.9	4.9	15.1	
Public bonds	10,474	3,694	31,418	45,062	55,382	66,733	64,592	69,595	62,678	75,274	73,834	-1.9	17.8	6.1	
Lebac/Nobac	-	-	-	-	17,755	28,340	29,289	41,675	36,022	50,453	50,500	0.1	40.2	21.2	
Portfolio	-	-	-	-	11,803	21,067	25,725	34,817	31,598	34,029	35,225	3.5	11.5	1.2	
Repo <sup>2</sup>	-	-	-	-	5,953	7,273	3,563	6,858	4,424	16,424	15,275	-7.0	245.2	122.7	
Private bonds	633	543	332	198	387	389	813	668	382	599	306	-49.0	-20.1	-54.2	
Loans	83,277	77,351	84,792	68,042	73,617	84,171	103,668	118,885	132,157	147,186	150,014	1.9	13.5	26.2	
Public sector	15,164	22,694	44,337	33,228	30,866	25,836	20,874	16,804	16,772	17,563	17,298	-1.5	3.1	2.9	
Private sector	64,464	52,039	38,470	33,398	41,054	55,885	77,832	97,344	110,355	123,942	126,911	2.4	15.0	30.4	
Financial sector	3,649	2,617	1,985	1,417	1,697	2,450	4,962	4,736	5,030	5,681	5,805	2.2	15.4	22.6	
Provisions over loans	-6,907	-6,987	-11,952	-9,374	-7,500	-4,930	-3,728	-3,795	-4,089	-4,289	-4,361	1.7	6.7	14.9	
Other netted credits due to financial intermediation	42,361	21,485	39,089	27,030	32,554	26,721	26,039	31,751	29,712	43,265	41,109	-5.0	38.4	29.5	
Corporate bonds and subordinated debt	794	751	1,708	1,569	1,018	873	773	831	606	727	1,008	38.7	66.5	21.4	
Unquoted trusts	2,053	2,065	6,698	4,133	3,145	3,883	4,881	5,105	5,023	5,572	5,760	3.4	14.7	12.8	
Compensation receivable	0	0	17,111	14,937	15,467	5,841	763	375	377	314	317	0.8	-15.9	-15.4	
Other	39,514	18,669	13,572	6,392	12,924	16,124	19,622	25,441	23,706	36,652	34,023	-7.2	43.5	33.7	
Leasing	786	771	567	397	611	1,384	2,262	3,205	3,469	3,985	4,006	0.5	15.5	25.0	
Shares in other companies	2,645	2,688	4,653	4,591	3,871	4,532	6,392	6,689	6,430	6,865	6,976	1.6	8.5	4.3	
Fixed assets and miscellaneous	4,939	4,804	8,636	8,164	7,782	7,546	7,619	7,472	7,643	7,731	7,738	0.1	1.2	3.6	
Foreign branches	1,115	1,057	3,522	3,144	3,524	3,647	2,782	2,902	2,912	2,888	2,877	-0.4	-1.2	-0.8	
Other assets	3,950	5,334	9,338	12,043	13,180	10,950	9,953	10,138	10,347	9,904	10,210	3.1	-1.3	0.7	
<b>Liabilities</b>	<b>146,267</b>	<b>107,261</b>	<b>161,446</b>	<b>164,923</b>	<b>188,683</b>	<b>195,044</b>	<b>225,369</b>	<b>253,937</b>	<b>261,143</b>	<b>300,597</b>	<b>301,971</b>	<b>0.5</b>	<b>15.6</b>	<b>18.9</b>	
Deposits	86,506	66,458	75,001	94,635	116,655	136,492	170,898	197,599	205,550	230,566	234,597	1.7	14.1	18.7	
Public sector <sup>3</sup>	7,204	950	8,381	16,040	31,649	34,019	45,410	51,126	48,340	61,524	63,724	3.6	31.8	24.6	
Private sector <sup>3</sup>	78,397	43,270	59,698	74,951	83,000	100,809	123,431	144,231	155,048	166,060	167,810	1.1	8.2	16.3	
Current account	6,438	7,158	11,462	15,071	18,219	23,487	26,900	32,534	35,245	37,744	38,016	0.7	7.9	16.9	
Savings account	13,008	14,757	10,523	16,809	23,866	29,078	36,442	41,933	47,109	47,845	47,191	-1.4	0.2	12.5	
Time deposit	53,915	18,012	19,080	33,285	34,944	42,822	54,338	63,047	65,952	73,815	76,123	3.1	15.4	20.7	
CEDRO	0	0	12,328	3,217	1,046	17	13	12	0	0	0	-	-	-	
Other netted liabilities due to financial intermediation	55,297	36,019	75,737	61,690	64,928	52,072	46,037	47,731	46,225	60,203	57,609	-4.3	24.6	20.7	
Interbanking obligations	3,545	2,550	1,649	1,317	1,461	2,164	4,578	4,192	4,310	4,997	5,082	1.7	17.9	21.2	
BCRA lines	102	4,470	27,837	27,491	27,726	17,005	7,686	2,545	2,362	2,202	2,013	-8.6	-14.8	-20.9	
Outstanding bonds	4,954	3,777	9,096	6,675	7,922	6,548	6,603	7,465	6,938	6,240	6,128	-1.8	-11.7	-17.9	
Foreign lines of credit	8,813	7,927	25,199	15,196	8,884	4,684	4,240	3,676	3,864	4,822	4,860	0.8	25.8	32.2	
Other	37,883	17,295	11,955	11,012	18,934	21,671	22,930	29,853	28,752	41,942	39,526	-5.8	37.5	32.4	
Subordinated debts	2,255	2,260	3,712	2,028	1,415	1,381	1,642	1,694	1,672	1,580	1,592	-0.7	-4.8	-6.0	
Other liabilities	2,210	2,524	6,997	6,569	5,685	5,099	6,792	6,914	7,695	8,249	8,174	0.9	6.2	18.2	
<b>Net worth</b>	<b>17,283</b>	<b>16,483</b>	<b>26,086</b>	<b>21,950</b>	<b>23,879</b>	<b>26,918</b>	<b>33,014</b>	<b>35,796</b>	<b>36,819</b>	<b>39,112</b>	<b>39,326</b>	<b>0.5</b>	<b>6.8</b>	<b>9.9</b>	
<b>Memo</b>															
Netted assets	129,815	110,275	185,356	184,371	202,447	208,275	244,791	270,257	280,336	309,921	313,951	1.3	12.0	16.2	
Consolidated netted assets	125,093	106,576	181,253	181,077	198,462	203,286	235,845	261,329	271,652	300,318	304,220	1.3	12.0	16.4	

(1) Includes margin accounts with the BCRA and excludes financial entities repos against BCRA. (2) Booked value from balance sheet. (3) 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 8 months		Monthly			Last	
	2000	2001	2002 <sup>1</sup>	2003	2004	2005	2006	2007	2007	2008	Jun-08	Jul-08	Aug-08	12 months
Financial margin	7,291	6,943	13,991	1,965	6,075	9,475	13,262	15,134	9,276	12,845	1,675	1,633	1,544	18,702
Net interest income	5,106	4,625	-3,624	-943	1,753	3,069	4,150	5,744	3,581	5,882	774	769	826	8,045
CER and CVS adjustments	0	0	8,298	2,315	1,944	3,051	3,012	2,624	1,731	2,222	263	227	181	3,116
Foreign exchange price adjustments	185	268	5,977	-890	866	751	944	1,357	836	859	36	167	71	1,379
Gains on securities	1,481	1,490	3,639	1,962	1,887	2,371	4,923	5,144	2,921	3,781	633	463	440	6,004
Other financial income	519	559	-299	-480	-375	233	235	264	206	101	-31	7	26	159
Service income margin	3,582	3,604	4,011	3,415	3,904	4,781	6,243	8,248	5,193	6,865	878	935	896	9,920
Loan loss provisions	-3,056	-3,096	-10,007	-2,089	-1,511	-1,173	-1,198	-1,894	-1,115	-1,621	-302	-181	-196	-2,400
Operating costs	-7,375	-7,362	-9,520	-7,760	-7,998	-9,437	-11,655	-14,634	-9,216	-12,027	-1,568	-1,570	-1,572	-17,445
Tax charges	-528	-571	-691	-473	-584	-737	-1,090	-1,537	-951	-1,389	-201	-184	-194	-1,974
Income tax	-446	-262	-509	-305	-275	-581	-595	-1,032	-674	-914	-122	-149	-95	-1,272
Adjust. to the valuation of government securities <sup>2</sup>	0	0	0	-701	-320	-410	-752	-837	-394	-1,130	-175	-143	-196	-1,573
Amortization payments for court-ordered releases	0	0	0	-1,124	-1,686	-1,867	-2,573	-1,922	-1,279	-656	-65	-57	-58	-1,299
Other	535	702	-3,880	1,738	1,497	1,729	2,664	2,380	1,186	1,119	204	150	166	2,312
Monetary results	0	0	-12,558	69	0	0	0	0	0	0	0	0	0	0
<b>Total results<sup>3</sup></b>	<b>3</b>	<b>-42</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>2,026</b>	<b>3,091</b>	<b>324</b>	<b>434</b>	<b>295</b>	<b>4,970</b>
Adjusted results <sup>4</sup>	-	-	-	-3,440	1,337	4,057	7,631	6,665	3,699	4,877	564	634	549	7,843
<i>Annualized indicators - As % of netted assets</i>														
Financial margin	5.7	5.7	6.5	1.1	3.1	4.6	5.8	5.7	5.4	6.4	6.7	6.4	6.0	6.4
Net interest income	4.0	3.8	-1.7	-0.5	0.9	1.5	1.8	2.2	2.1	2.9	3.1	3.0	3.2	2.8
CER and CVS adjustments	0.0	0.0	3.9	1.3	1.0	1.5	1.3	1.0	1.0	1.1	1.0	0.9	0.7	1.1
Foreign exchange price adjustments	0.1	0.2	2.8	-0.5	0.4	0.4	0.4	0.5	0.5	0.4	0.1	0.7	0.3	0.5
Gains on securities	1.2	1.2	1.7	1.1	1.0	1.2	2.2	1.9	1.7	1.9	2.5	1.8	1.7	2.1
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	0.0	0.1	0.1
Service income margin	2.8	3.0	1.9	1.9	2.0	2.3	2.7	3.1	3.0	3.4	3.5	3.7	3.5	3.4
Loan loss provisions	-2.4	-2.6	-4.7	-1.1	-0.8	-0.6	-0.5	-0.7	-0.6	-0.8	-1.2	-0.7	-0.8	-0.8
Operating costs	-5.8	-6.1	-4.4	-4.2	-4.1	-4.6	-5.1	-5.5	-5.3	-6.0	-6.2	-6.2	-6.1	-6.0
Tax charges	-0.4	-0.5	-0.3	-0.3	-0.3	-0.4	-0.5	-0.6	-0.6	-0.7	-0.8	-0.7	-0.7	-0.7
Income tax	-0.3	-0.2	-0.2	-0.2	-0.1	-0.3	-0.3	-0.4	-0.4	-0.5	-0.5	-0.6	-0.4	-0.4
Adjust. to the valuation of government securities <sup>2</sup>	0.0	0.0	0.0	-0.4	-0.2	-0.2	-0.3	-0.3	-0.2	-0.6	-0.7	-0.6	-0.8	-0.5
Amortization payments for court-ordered releases	0.0	0.0	0.0	-0.6	-0.9	-0.9	-1.1	-0.7	-0.7	-0.3	-0.3	-0.2	-0.2	-0.4
Other	0.4	0.6	-1.8	0.9	0.8	0.8	1.2	0.9	0.7	0.6	0.8	0.6	0.6	0.8
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	0.0
<b>ROA<sup>3</sup></b>	<b>0.0</b>	<b>0.0</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>1.2</b>	<b>1.6</b>	<b>1.3</b>	<b>1.7</b>	<b>1.1</b>	<b>1.7</b>
ROA adjusted <sup>4</sup>	0.0	0.0	-8.9	-1.9	0.7	2.0	3.4	2.5	2.1	2.4	2.2	2.5	2.1	2.7
<b>ROE<sup>3</sup></b>	<b>0.0</b>	<b>-0.2</b>	<b>-59.2</b>	<b>-22.7</b>	<b>-4.2</b>	<b>7.0</b>	<b>14.3</b>	<b>11.0</b>	<b>8.7</b>	<b>13.3</b>	<b>11.0</b>	<b>14.7</b>	<b>9.9</b>	<b>14.0</b>

(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 00	Dec 01	Dec 02	Dec 03	Dec 04	Dec 05	Dec 06	Aug 07	Dec 07	Jul 08	Aug 08
Non-performing loans (overall)	12.9	13.1	18.1	17.7	10.7	5.2	3.4	2.9	2.7	2.6	2.6
<b>Non-performing loans to the non-financial private sector</b>	<b>16.0</b>	<b>19.1</b>	<b>38.6</b>	<b>33.5</b>	<b>18.6</b>	<b>7.6</b>	<b>4.5</b>	<b>3.6</b>	<b>3.2</b>	<b>3.1</b>	<b>3.0</b>
Provisions / Non-performing loans	61.1	66.4	73.8	79.2	102.9	124.5	129.9	132.4	129.6	126.9	125.7
(Total non-performing - Provisions) / Overall financing	5.0	4.4	4.7	3.7	-0.3	-1.3	-1.0	-1.0	-0.8	-0.7	-0.7
(Total non-performing - Provisions) / Net worth	26.2	21.6	17.2	11.9	-1.0	-4.1	-3.3	-3.3	-3.0	-2.7	-2.6

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

Source: BCRA

# Statistics Annex | Private Banks

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

As %	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Aug 2007	2007	Jul 2008	Aug 2008
1.- Liquidity	23.6	26.9	22.8	24.3	24.1	23.6	24.8	27.6	29.2	21.5	23.7	24.0	25.7	27.9	27.5
2.- Credit to the public sector	13.5	13.7	13.6	16.1	14.7	20.8	49.4	47.1	41.2	28.0	15.9	9.8	9.1	7.5	6.9
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	43.7	46.6	46.1	47.2
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	2.8	2.5	2.7	2.7
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	-3.0	-3.0	-3.6	-2.8	-2.8
6.- ROA	0.6	0.7	0.5	0.3	0.1	0.2	-11.3	-2.5	-1.0	0.5	2.2	1.1	1.6	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	15.3	7.6	10.9	14.9	14.5
8.- Efficiency	144	135	139	146	152	151	168	93	115	136	158	146	152	164	162
9.- Capital compliance	15.9	15.4	14.6	18.9	18.0	17.6	-	14.0	15.1	17.8	18.6	19.9	19.2	18.3	18.4
10.- Excess capital compliance	33	47	27	60	49	43	-	88	157	155	116	100	87	83	83

Source: BCRA

## Chart 6 | Balance Sheet

In million of current pesos	Dec 00	Dec 01	Dec 02	Dec 03	Dec 04	Dec 05	Dec 06	Aug 07	Dec 07	Jul 08	Aug 08	Change (%)			
												Last month	2008	Last 12 months	
<b>Assets</b>	<b>119,371</b>	<b>82,344</b>	<b>118,906</b>	<b>116,633</b>	<b>128,065</b>	<b>129,680</b>	<b>152,414</b>	<b>167,257</b>	<b>175,509</b>	<b>193,748</b>	<b>193,704</b>	<b>0.0</b>	<b>10.4</b>	<b>15.8</b>	
Liquid assets <sup>1</sup>	13,920	10,576	11,044	14,500	15,893	14,074	22,226	26,297	29,418	28,591	29,491	3.2	0.2	12.1	
Public bonds	7,583	1,627	19,751	22,260	24,817	29,966	27,663	27,206	24,444	26,956	25,521	-5.3	4.4	-6.2	
Lebac/Nobac	0	0	-	-	8,359	15,227	15,952	18,599	17,684	20,785	20,629	-0.8	16.7	10.9	
Portfolio	0	0	-	-	5,611	12,899	14,220	16,840	15,639	13,492	14,116	4.6	-9.7	-16.2	
Repo <sup>2</sup>	0	0	-	-	2,749	2,328	1,732	1,759	2,045	7,293	6,513	-10.7	218.5	270.3	
Private bonds	563	451	273	172	333	307	683	484	310	504	215	-57.2	-30.6	-55.5	
Loans	56,035	52,319	51,774	47,017	50,741	56,565	69,294	80,104	88,898	96,624	98,711	2.2	11.0	23.2	
Public sector	8,172	13,803	25,056	23,571	21,420	15,954	10,036	6,513	6,413	6,357	6,361	0.1	-0.8	-2.3	
Private sector	45,103	36,636	26,074	22,816	28,213	39,031	55,632	70,206	78,587	85,840	87,792	2.3	11.7	25.0	
Financial sector	2,760	1,880	644	630	1,107	1,580	3,626	3,385	3,898	4,426	4,559	3.0	17.0	34.7	
Provisions over loans	-3,248	-3,957	-7,463	-5,225	-3,717	-2,482	-2,227	-2,259	-2,365	-2,630	-2,678	1.8	13.2	18.5	
Other netted credits due to financial intermediation	36,600	13,037	27,212	22,148	25,753	16,873	18,387	17,453	17,084	24,610	22,914	-6.9	34.1	31.3	
Corporate bonds and subordinated debt	724	665	1,514	1,394	829	675	618	688	430	538	803	49.2	86.7	16.7	
Unquoted trusts	1,609	1,637	6,205	3,571	2,362	2,444	2,982	3,661	3,456	3,900	4,129	5.8	19.5	12.8	
Compensation receivable	0	0	15,971	13,812	14,657	5,575	760	374	377	314	317	0.8	-15.9	-15.3	
Other	34,267	10,735	3,523	3,370	7,905	8,179	14,027	12,729	12,822	19,857	17,666	-11.0	37.8	38.8	
Leasing	776	752	553	387	592	1,356	2,126	2,964	3,149	3,549	3,555	0.2	14.9	19.9	
Shares in other companies	1,651	1,703	3,123	2,791	1,892	2,416	4,042	4,295	3,762	4,231	4,321	2.1	12.9	0.6	
Fixed assets and miscellaneous	3,225	3,150	5,198	4,902	4,678	4,575	4,677	4,554	4,685	4,789	4,800	0.2	2.5	5.4	
Foreign branches	75	112	-109	-136	-53	-148	-139	-150	-154	-153	-153	0.4	-0.2	2.2	
Other assets	2,190	2,574	7,549	7,816	7,137	6,178	5,682	6,309	6,277	6,678	7,007	4.9	11.6	11.1	
<b>Liabilities</b>	<b>107,193</b>	<b>70,829</b>	<b>103,079</b>	<b>101,732</b>	<b>113,285</b>	<b>112,600</b>	<b>131,476</b>	<b>144,414</b>	<b>152,153</b>	<b>168,722</b>	<b>168,503</b>	<b>-0.1</b>	<b>10.7</b>	<b>16.7</b>	
Deposits	57,833	44,863	44,445	52,625	62,685	75,668	94,095	109,849	116,719	126,015	127,767	1.4	9.5	16.3	
Public sector <sup>3</sup>	1,276	950	1,636	3,077	6,039	6,946	7,029	8,407	7,564	10,118	10,565	4.4	39.7	25.7	
Private sector <sup>3</sup>	55,917	43,270	38,289	47,097	55,384	67,859	85,714	100,161	107,671	114,221	115,420	1.0	7.2	15.2	
Current account	4,960	7,158	8,905	11,588	13,966	17,946	20,604	24,666	27,132	28,586	28,392	-0.7	4.6	15.1	
Savings account	9,409	14,757	6,309	10,547	14,842	18,362	23,165	26,672	30,169	29,487	29,385	-0.3	-2.6	10.2	
Time deposit	39,030	18,012	11,083	18,710	22,729	27,736	38,043	44,423	45,770	51,520	53,163	3.2	16.2	19.7	
CEDRO	0	0	9,016	2,409	798	3	1	1	0	0	0	-	-	-	
Other netted liabilities due to financial intermediation	46,271	22,629	49,341	42,367	45,083	32,349	31,750	29,075	29,323	36,409	34,341	-5.7	17.1	18.1	
Interbanking obligations	2,293	1,514	836	726	1,070	1,488	3,383	2,346	1,979	1,953	2,026	3.7	2.4	-13.7	
BCRA lines	83	1,758	16,624	17,030	17,768	10,088	3,689	661	675	724	632	-12.8	-6.4	-4.5	
Outstanding bonds	4,939	3,703	9,073	6,674	7,922	6,548	6,413	7,275	6,686	5,896	5,785	-1.9	-13.5	-20.5	
Foreign lines of credit	5,491	4,644	15,434	9,998	5,444	2,696	2,249	1,650	1,833	2,825	2,901	2.7	58.2	75.7	
Other	33,466	11,010	7,374	7,939	12,878	11,530	16,015	17,141	18,150	25,012	22,999	-8.0	26.7	34.2	
Subordinated debts	1,668	1,700	3,622	1,850	1,304	1,319	1,642	1,690	1,668	1,576	1,588	0.7	-4.8	-6.0	
Other liabilities	1,420	1,637	5,671	4,890	4,213	3,264	3,989	3,800	4,443	4,721	4,807	1.8	8.2	26.5	
<b>Net worth</b>	<b>12,178</b>	<b>11,515</b>	<b>15,827</b>	<b>14,900</b>	<b>14,780</b>	<b>17,080</b>	<b>20,938</b>	<b>22,843</b>	<b>23,356</b>	<b>25,026</b>	<b>25,201</b>	<b>0.7</b>	<b>7.9</b>	<b>10.3</b>	
<b>Memo</b>															
<b>Netted assets</b>	<b>88,501</b>	<b>73,796</b>	<b>117,928</b>	<b>115,091</b>	<b>121,889</b>	<b>123,271</b>	<b>143,807</b>	<b>157,953</b>	<b>166,231</b>	<b>177,959</b>	<b>179,830</b>	<b>1.1</b>	<b>8.2</b>	<b>13.9</b>	

(1) Includes margin accounts with the BCRA and excludes financial entities repos against BCRA. (2) Booked value from balance sheet. (3) 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 8 months		Monthly			Last
	2000	2001	2002 <sup>1</sup>	2003	2004	2005	2006	2007	2007	2008	Jun-08	Jul-08	Aug-08	12 months
Financial margin	5,441	5,282	10,628	2,575	3,415	5,253	7,778	8,960	5,215	8,078	1,051	1,100	971	11,824
Net interest income	3,598	3,519	-304	107	1,214	2,069	2,826	4,191	2,483	4,739	615	635	641	6,447
CER and CVS adjustments	0	0	1,476	1,082	900	1,215	858	662	457	526	55	54	43	731
Foreign exchange price adjustments	160	256	6,189	-312	666	576	740	990	577	898	142	129	75	1,311
Gains on securities	1,232	962	3,464	1,892	959	1,259	3,154	2,888	1,512	1,841	274	278	188	3,217
Other financial income	450	546	-197	-195	-322	134	199	229	186	75	-35	4	24	118
Service income margin	2,554	2,598	2,782	2,341	2,774	3,350	4,459	5,881	3,725	4,833	602	648	636	6,989
Loan loss provisions	-2,173	-2,464	-6,923	-1,461	-1,036	-714	-737	-1,174	-718	-1,058	-171	-100	-139	-1,515
Operating costs	-5,263	-5,224	-6,726	-5,310	-5,382	-6,303	-7,741	-9,735	-6,126	-7,947	-1,035	-1,032	-1,037	-11,556
Tax charges	-379	-418	-512	-366	-393	-509	-769	-1,105	-680	-1,035	-156	-137	-144	-1,461
Income tax	-393	-216	-337	-295	-202	-217	-365	-380	-186	-646	-96	-98	-88	-840
Adjust. to the valuation of government securities <sup>2</sup>	0	0	0	-665	-51	-201	-170	-100	-8	-191	-54	-32	-27	-282
Amortization payments for court-ordered releases	0	0	0	-791	-1,147	-1,168	-1,182	-1,466	-1,019	-434	-38	-38	-40	-881
Other	307	615	-4,164	1,178	846	1,156	1,641	1,576	928	544	127	49	91	1,192
Monetary results	0	0	-10,531	-20	0	0	0	0	0	0	0	0	0	0
<b>Total results<sup>3</sup></b>	<b>93</b>	<b>174</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>1,131</b>	<b>2,144</b>	<b>229</b>	<b>360</b>	<b>224</b>	<b>3,470</b>
Adjusted results <sup>4</sup>	-	-	-	-1,357	252	2,016	4,267	4,023	2,158	2,769	321	430	291	4,633
<i>Annualized indicators - As % of netted assets</i>														
Financial margin	6.2	6.4	7.6	2.3	2.9	4.3	5.9	5.8	5.2	7.0	7.3	7.5	6.6	7.0
Net interest income	4.1	4.3	-0.2	0.1	1.0	1.7	2.1	2.7	2.5	4.1	4.3	4.3	4.3	3.8
CER and CVS adjustments	0.0	0.0	1.1	0.9	0.8	1.0	0.6	0.4	0.5	0.5	0.4	0.4	0.3	0.4
Foreign exchange price adjustments	0.2	0.3	4.4	-0.3	0.6	0.5	0.6	0.6	0.6	0.8	1.0	0.9	0.5	0.8
Gains on securities	1.4	1.2	2.5	1.7	0.8	1.0	2.4	1.9	1.5	1.6	1.9	1.9	1.3	1.9
Other financial income	0.5	0.7	-0.1	-0.2	-0.3	0.1	0.2	0.1	0.2	0.1	-0.2	0.0	0.2	0.1
Service income margin	2.9	3.2	2.0	2.0	2.4	2.7	3.4	3.8	3.7	4.2	4.2	4.4	4.3	4.1
Loan loss provisions	-2.5	-3.0	-5.0	-1.3	-0.9	-0.6	-0.6	-0.8	-0.7	-0.9	-1.2	-0.7	-0.9	-0.9
Operating costs	-6.0	-6.4	-4.8	-4.6	-4.6	-5.1	-5.9	-6.3	-6.1	-6.9	-7.2	-7.1	-7.0	-6.8
Tax charges	-0.4	-0.5	-0.4	-0.3	-0.3	-0.4	-0.6	-0.7	-0.7	-0.9	-1.1	-0.9	-1.0	-0.9
Income tax	-0.4	-0.3	-0.2	-0.3	-0.2	-0.2	-0.3	-0.2	-0.2	-0.6	-0.7	-0.7	-0.6	-0.5
Adjust. to the valuation of government securities <sup>2</sup>	0.0	0.0	0.0	-0.6	0.0	-0.2	-0.1	-0.1	0.0	-0.2	-0.4	-0.2	-0.2	-0.2
Amortization payments for court-ordered releases	0.0	0.0	0.0	-0.7	-1.0	-1.0	-0.9	-0.9	-1.0	-0.4	-0.3	-0.3	-0.3	-0.5
Other	0.4	0.7	-3.0	1.0	0.7	0.9	1.2	1.0	0.9	0.5	0.9	0.3	0.6	0.7
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	0.0
<b>ROA<sup>3</sup></b>	<b>0.1</b>	<b>0.2</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>1.1</b>	<b>1.9</b>	<b>1.6</b>	<b>2.5</b>	<b>1.5</b>	<b>2.0</b>
ROA adjusted <sup>4</sup>	0.1	0.2	-11.3	-1.2	0.2	1.6	3.2	2.6	2.1	2.4	2.2	2.9	2.0	2.7
<b>ROE<sup>3</sup></b>	<b>0.8</b>	<b>1.4</b>	<b>-79.0</b>	<b>-19.1</b>	<b>-8.1</b>	<b>4.1</b>	<b>15.3</b>	<b>10.9</b>	<b>7.6</b>	<b>14.5</b>	<b>12.4</b>	<b>19.2</b>	<b>11.9</b>	<b>15.4</b>

(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 00	Dec 01	Dec 02	Dec 03	Dec 04	Dec 05	Dec 06	Aug 07	Dec 07	Jul 08	Aug 08
Non-performing loans (overall)	8.3	9.9	19.8	15.7	8.9	4.4	2.9	2.5	2.2	2.4	2.4
<b>Non-performing loans to the non-financial private sector</b>	<b>9.8</b>	<b>14.0</b>	<b>37.4</b>	<b>30.4</b>	<b>15.3</b>	<b>6.3</b>	<b>3.6</b>	<b>2.8</b>	<b>2.5</b>	<b>2.7</b>	<b>2.7</b>
Provisions / Non-performing loans	67.7	75.7	73.4	79.0	97.0	114.3	129.3	132.7	141.3	128.9	128.4
(Total non-performing - Provisions) / Overall financing	2.7	2.4	5.3	3.3	0.4	-0.6	-0.9	-0.8	-0.9	-0.7	-0.7
(Total non-performing - Provisions) / Net worth	13.4	11.4	18.6	11.2	1.3	-2.2	-3.0	-3.0	-3.6	-2.8	-2.8

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

Source: BCRA