

Report on Banks

August 2012 Year IX, No. 12



Contents

Page 3 | Summary

Page 4 | Activity

Lending to households and companies keeps increasing its share in bank assets, while private sector time deposits become more important in the total funding

Page 5 | Deposits and liquidity

Private sector time deposits in pesos showed the highest year-on-year growth ratio in the last eight years

Page 7 | Financing

Lending to the private sector is still expanding in terms of the GDP, with a higher share of the loans granted in domestic currency

Page 9 | Portfolio quality

The non-performance ratio for private sector loans remained stable for the fourth consecutive month

Page 10 | Solvency

Solvency levels are still high. The financial system monthly ROA was in line with the average level for 2012

Page 12 | Latest regulations

Page 13 | Methodology and glossary

Page 15 | Statistics annex

Note | Information for August 2012 available by September 27, 2012 is included. This Report is focused on the performance of the financial system, including breakdowns by homogeneous sub-sectors. The data reported (particularly, those referring to profitability) are provisional and are subject to changes. Except the opposite was indicated the data included corresponds to BCRA Information Regimes (end of month data).

Published on October 25, 2012

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

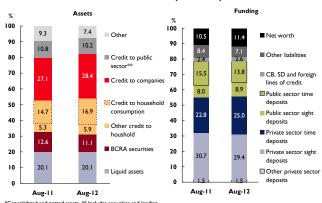
The content of this publication may be freely reproduced, provided reference is made to the: "Report on Banks - BCRA".

Summary

- In August the stock of lending to the private sector rose 2.6% (30.7% y.o.y.), driven by domestic currency lending (3.7% or 40.8% y.o.y.). There was in increase in all domestic currency credit lines, specially the commercial and card ones. Total lending to the private sector is increasing in economy, with a credit-GDP ratio close to 16% —3.3 p.p. higher than by the end of 2010—, and with 91% of the loans in pesos. Lending to households and companies expanded by 3.1% (37.4% y.o.y.) and 2.1% (25.9% y.o.y.) during the term, respectively.
- Under the Bicentenary Productive Financing Program, the purpose of which is to encourage the supply of loans for productive investment, the Central Bank has adjudicated \$5.1 billion, \$3.5 billion of which have been lent by the participating banks to the companies. Likewise, by the beginning of July, the Central Bank implemented a new credit line for productive investment. The banks with the largest share in the system must allocate, at least, an amount equivalent to 5% of their private sector deposits in pesos to loans for investment, lending at least half of that amount to micro, small and medium-sized companies (MiPyMEs).
- The non-performance ratio for the total lending to the private sector remained stable for the fourth consecutive month at around 1.7%, a low percentage if compared to historical and international levels. In August, the delinquency of lending to companies only represented 1% of the total financing to that sector, while delinquency in household loans reached 2.7%. The financial system still maintains a high coverage by provisions on non-performing lending to the private sector (150%).
- The total financial system balance sheet stocks of deposits (in domestic and foreign currency) went up by 3.1% in August. In the last 12 months, total deposits increased by 20.7%, due to the rise in private sector deposits in pesos (36.2% y.o.y.), in particular time deposits, which recorded a 48.8% y.o.y. increase.
- The Central Bank has recently amended the regulation on Minimum Cash requirements, considering the different goals set forth in its new Charter. In particular, the changes in the regulations on reserve requirements aim at encouraging loans and establishing special policies for micro, small and medium-sized companies and regional economies, by fostering a more extensive geographical coverage and including the zones with lowest relative development. In order to increase the incentives to extend the system geographical coverage, the Central Bank made some changes to the mechanism to authorize new branches and decided to adjust the basic capital requirement for financial entities according to the area where the head office is located. Supplementarily, the zoning scheme of the Argentinean territory was rearranged to use a better description of the different locations in terms of economic development.
- The broad liquidity indicator for the financial system aggregate (in domestic and foreign currency, including Lebac and Nobac holdings) stood at levels similar to those of July, reaching 39.3%. The liquidity ratio that excludes bills and notes issued by this Institution remained constant at 25.3% of the deposits in August.
- Electronic means of payment are having a positive evolution. The number and amount of immediate transfers rose 68% y.o.y. and 134% y.o.y., respectively. The amount of direct debits for the payment of services (electricity, natural gas, medical fees, credit cards, etc.) increased by 49% y.o.y. (7% y.o.y. in terms of numbers).
- Consolidated financial system net worth expanded by 2% in August (31.2% y.o.y.), mainly due to book profits. In the last 12 months, the net worth relative growth exceeded the aggregated increase in assets. As a result, the leverage decreased both in the aggregate level and in all the groups of banks. Due to the significant dynamism of lending to the private sector, in August the financial system capital compliance decreased slightly up to 16.6% of the risk-weighted assets (RWA). Excess capital compliance of the financial entities as a whole stood at 61% of the regulatory requirement.
- In August, the financial system generated income for 2.9%a. of the assets, in line with the annual average. During 2012, the ROA increased by 0.4 p.p. as compared to the level for the first 8 months of 2011.

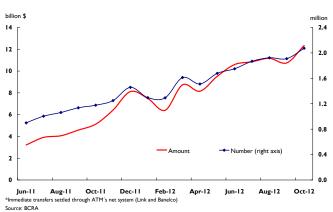
Chart I Financial Intermediation Y.o.y. % change in balance sheet stocks* - Financial system Credit to the private sector Deposits from the private sector Consolidated and netted assets Aug-08 Aug-09 Aug-10 Aug-11 Aug-12 Phore Includes domestic and foreign currency

Chart 2 Balance Sheet Financial System Composition*



Source: BCRA





¹ Including domestic and foreign currency.

⁴ Latest available information.

Activity

Lending to households and companies keeps increasing its share in bank assets, while private sector time deposits become more important in the total funding

In August private sector deposits and lending continued to increase. Bank loans to the private sector increased 30.7% year-on-year (y.o.y.) during the month (see Chart 1), while private sector deposits increased by 22.5% y.o.y. Netted assets of the financial system increased 22.1% y.o.y., with a greater dynamism by the group of public banks.

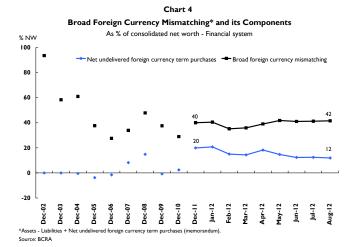
Based on the positive performance of credit lines in domestic currency, the stock of lending to the private sector becomes increasingly important in the aggregated financial system assets. Financial entities gross exposure to the private sector reached 51.2% of the assets in August, recording a 4.1 p.p. year-on-year increase. This rise resulted from the lending both to households and to companies (see Chart 2). The holdings of LEBAC and NOBAC and the exposure to the public sector —public securities position and loans— became less significant in bank assets. As regards funding, private sector time deposits represented one fourth of the total —liabilities and net worth—, 2.2 p.p. more than 12 months ago.

In August the most important sources of funds² for the banks were the increases in the private sector deposits (\$8.7 billion) and the public sector deposits (\$7.5 billion). Financial entities also obtained funds from the income from their activities and the placing of financial trusts. In turn, the increase in lending to the private sector (\$9.1 billion) was the most important use of funds for the month. The increase in liquid assets (\$4.3 billion) and in BCRA's holdings of bills and notes (\$1.6 billion) were other uses during the month.

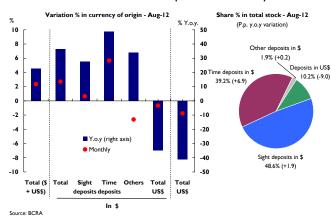
Electronic means of payment show a positive performance in 2012. Although there was a slight decline in the number and amount of **immediate value transfers**³ in September⁴, they had a 68% and 134% year-on-year growth (see Chart 3), respectively. In the last 12 months, about 19 million of immediate value transfers were performed, mostly by households through internet (home banking represented almost two thirds of

Estimated on the basis of variations in balance sheet stocks.

³ Communication "A" 5194 dated 18/03/11. Approved channels are ATMs and home banking. Limits on amounts of transfer per day and per account for ATM transfers of \$10,000 and for transactions processed by Internet the maximum is \$50,000.







the total amount). In terms of amount (value of the transactions), these accumulated transfers represented 5% of the GDP, 46% of such transactions were performed through the Electronic Banking of Companies. The amount of direct debits for the payment of services (electricity, natural gas, medical fees, credit cards, etc.) accumulated a 49% y.o.y. growth (7% y.o.y. in terms of numbers) at September⁵.

To encourage the extension of the financial system geographical coverage, the BCRA introduced a new mechanism to authorize new branches⁶. The zoning scheme of the Argentine territory was rearranged to have more details on the differences between the locations in terms of their relative economic development. In that sense, it should be noted that, in the last years, there have been certain improvements in the availability of infrastructure for the provision of financial services at the regional level⁷, but there is still a significant disparity between the different places of the country. Based on the stated changes, banks planning to open branches in locations with higher relative development must previously take steps to supply services in less favored⁸ locations.

In August, the banking system broad foreign currency mismatching stood at 41.5% of net worth (see Chart 4). During the month, there was a slight increase in this indicator because the reduction of foreign currency liabilities exceeded the drop in assets in the same currency and the reduction in net term purchases of currency. In 2012 there were no significant changes in this mismatching.

Deposits and liquidity

Private sector time deposits in pesos showed the highest year-on-year growth ratio in the last eight years

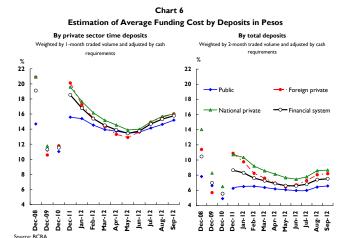
In August, total deposits (in domestic and foreign currency) expanded by 3.1% in the aggregated financial system, as public sector deposits grew 5% and private sector deposits, 2.4%. The private sector domestic currency deposit segment increased by 2.7% in August, mainly driven by the increase in time deposits, which recorded a 5.7% monthly expansion (see Chart 5). In turn, private sector deposits in dollars —currency of origin— exhibited a moderate contraction pace.

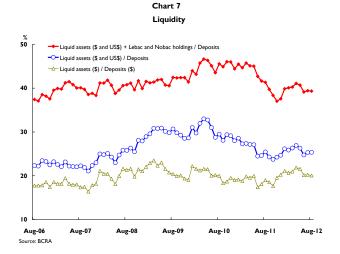
⁵ Latest available information.

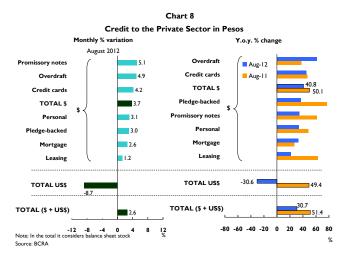
⁶ Communication "A" 5355.

⁷ See Report on Banks of July 2012.

⁸ For more detailed information, see Box 3 of the BCRA Financial Stability Report for the second half of 2012.







In the last 12 months, total deposits of banking system rose by 20.7% led by private sector domestic currency deposits (36.2%), in particular, time deposits (48.8%), which recorded the highest year-on-year increase in the last eight years. It should be noted that time deposits in pesos increased their share in the total private sector deposits by almost 7 p.p. between August 2012 and the same month of the previous year, up to reaching 39.2%. In contrast, private sector deposits in dollars —in the currency of origin— fell 41.1% y.o.y. and totaled 10.2% of private sector deposits. In turn, the public sector deposit stocks expanded 17.1% as compared to August 2011.

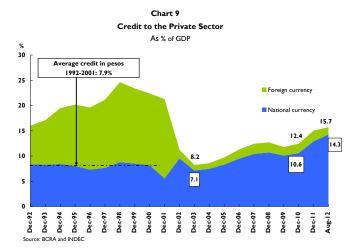
In the last months, the average interest rate for the private sector time deposits in pesos increased slightly, driving a moderate increase in the cost of banking system funding. It is estimated that, during the third quarter of 2012 (as at September 2012, the latest date for which information is available), banks' cost of funding for total domestic currency deposits increased 0.9 p.p., up to 7.5% (see Chart 6). Despite this marginal increase, the current level of the cost of funding for the financial system is still below that recorded by the end of 2011.

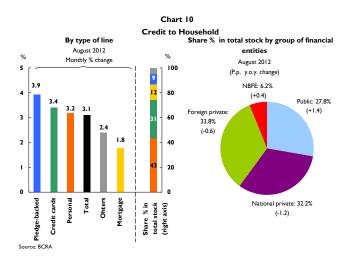
In August, there were no significant changes in the broad liquidity indicator (in domestic and foreign currency, including LEBAC and NOBAC holdings), which stood at 39.3% (see Chart 7). However, there was a change in its composition, with an increase in the compliance with minimum cash requirements and a reduction in repos. In turn, the liquidity indicator that excludes holdings of LEBAC and NOBAC stood at 25.3%, the same percentage as that of July.

The BCRA has recently amended the regulations on "Minimum Cash"⁹. The new regulations serve the different purposes contained in its Charter. In particular, the changes in reserve requirement regulations aim at encouraging credit and establishing differential policies for small and medium-size companies and regional economies, in order to extend the system geographical coverage and serve the areas with lower economic potential and lower population density. To that end, three changes were made: (i) a gradual removal of the deduction of "regulatory cash" from reserve requirements¹⁰; (ii) a gradual reduction,

⁹ Communication "A" 5357.

¹⁰ From the recent change in the BCRA's Charter, the compliance with the liquidity requirements may only be made with sight deposits in this Institution. From April to September 2012, financial entities deducted from the requirement an amount equivalent to the bank cash computed as compliance in March 2012, which was called "regulatory cash." Pursuant to the new regulation, from October 2012, a 75% of the regulatory cash may be deducted. From December 2012 to February 2013 only 25% will be deducted, and from March 2013 there will be no deductions on this account.





between next October and March, in the Minimum Cash requirement ratios for deposits according to the zone where the bank branch taking deposits is placed¹¹; and (iii) a decrease in the Minimum Cash requirement for the financial entities in terms of the participation of loans to MiPyMEs in the total amount of loans to the private sector¹².

Financing

Lending to the private sector is still expanding in terms of the GDP, with a highest share of the loans granted in domestic currency

In August the stock of loans to the private sector increased by 2.6%¹³. The monthly performance was driven by the increase in domestic currency lending (3.7%), while the decline in loans in dollars continued (-8.7%)¹⁴ (see Chart 8). All credit lines in pesos increased during the month, with commercial (overdrafts and promissory notes) and cards lines being specially dynamic. The growth of lending to the private sector was mainly due to the activity of national private banks, though credit increased in all the groups of financial entities. In the last 12 months, total lending to the private sector increased 30.7%, recording a 40.8% y.o.y. rise in the loans in pesos, the public banks being the institutions who contributed the most to this increase.

Total lending to the private sector continues increasing its depth on the economy. In the last two years, the stock of loans in terms of GDP increased more than 3 p.p., up to reaching 15.7% (see Chart 9). Unlike what happened during the 90's, at August, almost 91% of the loans had been granted in domestic currency. In particular, the proportion of loans in pesos in terms of the GDP doubled in the last 9 years (from 7.1% in 2003 to 14.3% in August 2012).

Household lending¹⁵ increased by 3.1% in August and accumulated a 37.4% y.o.y. expansion. Pledgebacked loans and consumer lines (credit cards and

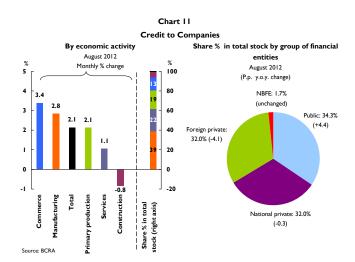
¹¹ In zone 1 (large urban agglomerates and highly-developed locations with greater degree of banking services), reserve requirements for sight deposits will be 2 percentage points lower than the current one (going down from 19% to 17%), while in the remaining zones, it will be 4 p.p. below the current one (going down from 19% to 15%). For sight deposits, ratios will be 1 p.p lower than the current ones recorded in zone 1, and 2 p.p. below in the remaining zones. To that regard, the BCRA also provided for a change in the financial system zoning, and defined six areas, based on the service infrastructure they have or require.

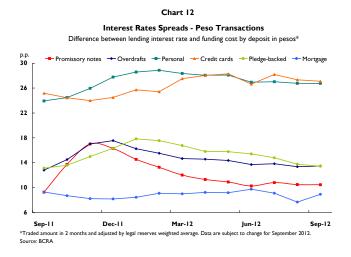
¹² A scale was defined whereby entities lending more than 30% of their private sector loan portfolio to MiPyMEs could deduct from the Minimum Cash requirement an amount equivalent to 3% of their deposits. This measure will be applicable as from next December.

¹³ If balance sheet totals are adjusted for the assets securitized during August (using bank loans as underlying assets), the monthly variation in lending to the private sector would amount to 2.7%. Particularly in August, four trusts with bank personal loans portfolio as underlying assets were issued for a total of \$448 million.

¹⁴ Considering monthly variations in currency of origin.

¹⁵ Both stocks in domestic currency and in foreign currency are included. Household loans are those granted to individuals, unless they are for commercial purposes.





personal loans) were the most dynamic during the month (see Chart 10). Although private banks still represent the highest proportion in the total stock of household loans, public banks and non-banking financial entities (NBFE) increased their share in the last 12 months up to reaching 27.8% and 6.2% respectively.

Loans to companies¹⁶ increased 2.1% in August. Except for the construction segment, all productive sectors increased their bank financing, being loans for commerce and manufacturing industry those recording the highest monthly expansion (see Chart 11). In turn, the industrial sector remained as the activity with the largest share in the stock of total loans to companies up to reaching 39.1% of the total. In the last 12 months, lending to companies increased 25.9% y.o.y., a behavior mainly boosted by public banks.

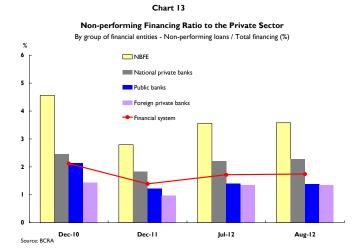
Through the Bicentenary Productive Financing Program, aimed at encouraging the supply of loans for productive investment, the Central Bank has adjudicated \$5.1 billion by means of 17 auctions. According to the latest information available, at the closing in September, the participating financial entities had lent companies an amount of \$3.5 billion. Loans to the manufacturing industry and to the service sector had the higher share in the total stock accredited.

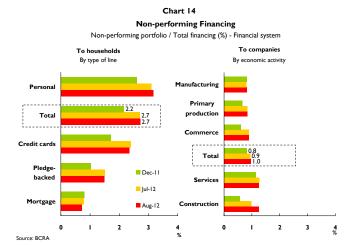
For the same purpose, by the beginning of July, the BCRA implemented a new credit line for productive investment¹⁷. Banks having the most relative relevance in the system must allocate, at least, an amount equivalent to 5% of their private sector deposits in pesos to loans for the purchase of capital goods, the construction of premises for production and, in some cases, the purchase of real estate. The total term of the loan must not be less than 36 months. The interest rate may reach 15.01%, and after the third year, a variable rate may be applied without exceeding the BADLAR in 400 basis points. In addition, it was provided that, at least half of that amount should be granted to MiPyMEs.

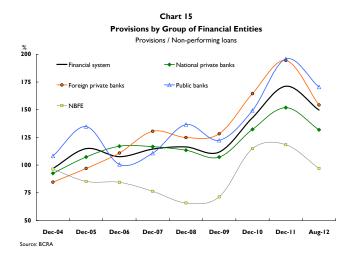
In September, peso lending interest rates slightly increased, though they stood below the levels existing by the end of 2011. Interest rates of mortgages recorded the highest monthly increase, while interest rates for overdrafts, promissory notes and personal loans stood at levels similar to those in August. In turn, the spread on rates for pledge-backed loans and credit cards declined. Given the slight increase in the deposit cost of funding,

¹⁶ Both stocks in domestic currency and in foreign currency are included. Loans to companies include those granted to legal persons, as well as commercial loans granted to individuals.

¹⁷ Communication "A" 5319 and "A" 5338.







different behaviors were recorded for rate spreads on domestic currency transactions (see Chart 12).

Portfolio quality

The non-performance ratio for private sector loans sector remained stable for the fourth consecutive month

From May 2012, the delinquency ratio of lending to the private sector stands at 1.7%, a low level both compared to historical figures and to those recorded by other economies. During 2012, this indicator increased 0.3 p.p., mainly explained by private banks and the non-banking financial entities (see Chart 13).

In August, the delinquency in household lending stood at 2.7% of the total loans granted in that sector. As compared to July, there was a slight increase in non-performance in personal loans, while it declined in cards and mortgages (see Chart 14). Over the year, the delinquency level in household lending increased by 0.5 p.p., mainly in lines for consumption and pledge-backed loans.

The non-performance ratio of loans to companies in August stood at low levels, at around 1%. In 2012, the delinquency ratio of loans to productive sectors increased 0.2 p.p., mainly by the development of the lending for construction, commerce and primary production.

In August, loans to the private sector covered by preferred guarantees¹⁸ represented 16.5% of the lending to the private sector, 0.5 p.p. more than by the end of 2011. The non-performance ratio of secured loans was 1.2%, and stood without changes in the year to date. In turn, delinquency in unsecured lending to the private sector was 1.9% in August, increasing by 0.4 p.p. as compared to the end of 2011.

The coverage of private sector lending through accounting provisions is still high. In August, the quotient between the provisioning made by the financial entities as a whole and the lending to the non-performing private sector reached 150% (see Chart 15). All groups of financial entities keep a relatively high level of coverage by provisions.

¹⁸ Collateral in the form of ceding or assignment of rights in relation to securities or notes (Preferred class "A") and real rights on assets or third party commitments (Preferred class "B") which ensure that the entitie will be able to avail itself of funds to settle the obligation entered into by its customer. For more detailed information, see Ordered Text on Guarantees, BCRA.

Chart 16 Assets, Net Worth and Leverage By group of financial entities

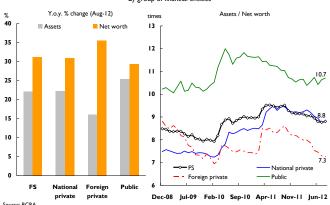


Chart 17 Capital Compliance (RPC) and Credit Risk Weighted Assets (RWA)

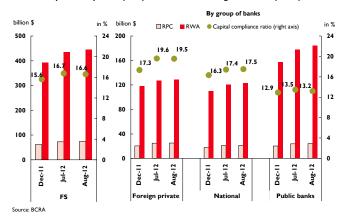
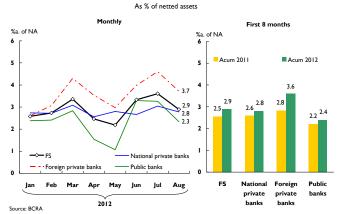


Chart 18 Profitability by Group of Banks



Solvency

Solvency levels are still high. The financial system monthly ROA was in line with the average level for 2012

Consolidated financial system net worth grew 2% in August (31.2% y.o.y.), mainly driven by accounting profits. All groups of financial entities experienced a net worth expansion, both in monthly and y.o.y. terms. In the last 12 months, the net worth relative growth surpassed the aggregated increase in assets, which was observed in all groups of banks (see Chart 16). As a result, there was a general leverage decrease. In particular, the financial system assets totaled 8.8 times the net worth, 0.7 p.p. less than in the same period of 2011.

Within the context of a significant dynamism of private sector lending, the financial system capital compliance decreased slightly in August up to 16.6% of riskweighted assets (RWA) (see Chart 17). In the year to date, this indicator increased 1 p.p., a variation mainly reflected by private banks. The total excess capital compliance by financial entities as a whole stood at 61% of the total regulatory requirement at August, 7 p.p. less than the previous month. The evolution of this latter indicator was influenced, in particular, by a change in the operational risk compliance ratio stated in the schedule established for such prudential regulation¹⁹. In turn, in order to reinforce the incentive scheme aimed at encouraging the geographical expansion of the banking activity, the BCRA has recently decided to adjust the basic capital requirement according to the area where the head office is located²⁰.

In August, the financial entities as a whole generated income equivalent to 2.9% a. of the assets, recording a monthly reduction in all the groups of banks (see Chart 18). During 2012, the financial system ROA stood at 2.9%a., 0.4 p.p. above the level recorded during the first 8 months of the previous year, an increase recorded by both public and private banks.

Bank financial margin fell 1.2 p.p. of assets during the month to 9.2%a., though it remained in line with the annual average. This reduction during the month resulted mainly from lower interest income and gains on securities. Thus, during the year, the accumulated financial margin increased by 1.5 p.p. of assets as compared to the same period of 2011, mainly due to the

¹⁹ Communication "A" 5272.

²⁰ Communication "A" 5355. For more detailed information, see Box 3 of the Financial Stability Report (FSR) for the second half of 2012.

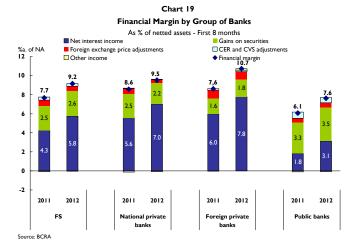
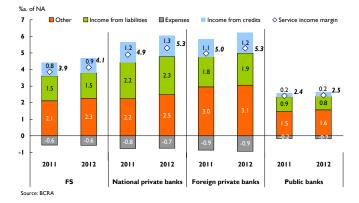


Chart 20 Service Income Margin by Group of Banks As % of netted assets - First 8 months



performance of net interest income (see Chart 19). All groups of banks recorded a year-on-year increase in their accumulated financial margin.

Service income remained stable in August, at around 4.3% a. of assets. In the year to date, this net income stood at 4.1% a. of assets, 0.2 p.p. above the level recorded for the same period of 2011 (see Chart 20). This behavior was mostly observed in private banks.

Operating costs slightly declined during the month, mainly in private banks, reaching 7% a. of the assets at the system level. In the year to date, these expenses increased by 0.4 p.p. of assets up to 7.1%a., a performance observed in all groups of banks. In turn, loan loss provisions rose slightly in the month up to 1% a. of assets, mainly in private banks. In year-on-year terms, accumulated loan loss provisions rose 0.2 p.p. of assets up to 0.9%a., reflecting, to a large extent, the behavior of private banks.

In the first 8 months of the year, the provision for operating costs against income from interest and services (net of loan loss provisions) stood at 128%, 14 p.p. above the level recorded 12 months ago. The increase in this indicator was observed both in public and private banks.

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" 5336 - August/2/12

Financing for the public non-financial sector. No objections have been made to the acquisition by financial entities of Public Securities issued by the Province of Buenos Aires for a nominal value of up to US\$50 million, which may extended to US\$200 as long as the maximum limits on credit assistance to the non-financial public sector are not exceeded.

Communication "A" 5338 - August/6/12

Amendment to the provisions on lines of credit for productive investment. It extends the range of eligible financing, and provides for the funding of productive projects -including the purchase of real estate-, subject to compliance with the requirements on the financed amount, furnishing of information on the characteristics of the project, and prior authorization by the BCRA. In addition, the characteristics of the maximum interest rate have been changed. Such interest rate will be a nominal annual fixed rate of up to 15.01% at least for the first 36 months. After that term, a variable rate that will not exceed the total BADLAR rate in pesos plus 400 basis points may be applied.

Communication "A" 5340 - August/10/12

Financing for the public non-financial sector. No objections have been made to the acquisition by financial institutions of Treasury Bills to be issued under the "Program for the Issue of Treasury Bills by the Province of Chaco for \$225 million" for a nominal value of up to \$55 million, maturing in 2013.

Communication "A" 5345 – August/17/12

Evaluation of the backgrounds of promoters, founders, directors, advisors, general managers, branch managers and other managers. Promoters and founders must evidence their skills and experience according to the criteria established to that end, in a proportion not inferior to 25% of the capital and votes of the institution. The requirements for directors and advisors are also amended. New requirements are stated for the conversion of operating financial institutions: to have a 1, 2 o 3 score given by the Superintendence of Financial and Exchange Institutions (as regards its information system and the work of those responsible for reviewing the internal control system) and to fall under the terms of the rule on "Minimum safety measures in financial entities."

Communication "A" 5346 - August/23/12

Minimum capital requirement for operational risk. Amendment of the implementation schedule, effective as from 2/1/12, for institutions with deposits representing less than 1% of the total deposits in the financial system, in the average for the three months prior to the date mentioned above. These institutions will have a capital requirement for operational risk that will increase up to reaching 100% in December 2013.

Communication "A" 5347 – August/27/12

Financing for the public non-financial sector. No objections have been made to the acquisition by financial institutions of Treasury Bills issued by the Province of Entre Ríos for up to the amount of \$370 million, as long as the maximum limits on credit assistance to the non-financial public sector are not exceeded.

Methodology

- 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.
- 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.
- Profit ratio calculations are based on monthly results estimated from changes in the aggregate result amounts during the current fiscal year. Profit ratios are annualized with the exception of those.
- (e) Initially, the breakdown by group of banks was determined by the majority of decision making role -in terms of voting rights at shareholder meetings- distinguishing between private sector financial entities (national or foreign depending on their residence) and public banks. In order to increase depth of the analysis, private sector entities were also classed according to the geographic coverage and business scope of their operations. Investment banking is defined as those specializing in large corporations and investor sector, which in general do not rely on deposits from the private sector for their funding. On the other hand, retail banks were divided into those carrying out business nationwide, those located in certain geographic regions -municipalities, provinces, or regions- and entities specialized in a financial sector niche market -usually smaller entities-. Finally, it is worth noting that the classifications defined above are solely for analytical purposes and does not mean it is the only methodology criteria by which to group them; while on the other hand, the listing of features for each financial entity group has been established in a general manner.
- (f) Indicators exhibited in Tables 1 and 5 of Statistical Appendix: 1.- (Minimum cash compliance at the BCRA in pesos and foreign currency + Other cash holding in pesos and foreign currency + Creditor net balance for BCRA repo transactions with Lebac and Nobac) / Total deposits; 2.- (Position in government securities (with out Lebac and Nobac) + Loans to the public sector + Compensations receivable) / Total assets; 3.- (Loans to the non-financial private sector + Leasing) / Total assets; 4.- Non-performing portfolio with the non-financial private sector / Loans to the non-financial private sector; 5.-(Total non-performing portfolio – Loan loss provisions) / Net worth. Non-performing portfolio includes loans classified into situations 3, 4, 5 and 6; 6.- Cumulated annual result / Average monthly netted assets - % annualized; 7.- Cumulated annual result / Average monthly net worth - % annualized; 8.- (Financial margin (Net interest income + CER and CVS adjustments + Gains on securities + Foreign exchange price adjustments + Other financial income) + Service income margin) / Cumulated annual operating costs; 9.- Capital compliance (Responsabilidad Patrimonial Computable) / Risk - adjusted assets according to the regulation of BCRA about Minimum Capital Compliance; 10.- Capital compliance Tier 1 / Risk weighted assets, according to the BCRA rule on minimum capital; 11.- (Capital compliance - Capital requirement) / Capital requirement. Included exemptions.

Glossary

%a.: annualized percentage.%i.a.: interannual percentage.

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

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

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

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

CEDRO: Certificado de Depósito Reprogramado. Scheduled Stabilization Coefficient.

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

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

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

Interest income (interest margin): Interest collected less interest paid on financial intermediation, on an accrual basis – taken from balance sheet – rather than on a cash basis. Include interest on loans of government securities and premiums on repos and reverse repos.

Lebac and Nobac: Bills and notes of the BCRA.

Liquid assets: Cash disposal (Minimum cash compliance – cash, current account at BCRA and special accounts in guarantee – and other liquid items mainly correspondent accounts) plus Creditor net balance for BCRA repo transactions with Lebac and Nobac.

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

mill.: million.

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)

RWA: Risk weighted assets.

SME: Small and Medium Enterprises.

US\$: United States dollars

Statistics annex¹ | Financial system

Chart 1 | Financial Soundness Indicators (see Methodology)

As %	Dec 05	Dec 06	Dec 07	Dec 08	Dec 09	Dec 10	Aug 2011	Dec 11	Jul 2012	Aug 2012
I Liquidity	20.1	22.5	23.0	27.9	28.6	28.0	25.4	24.7	25.3	25.3
2 Credit to the public sector	31.5	22.5	16.3	12.7	14.4	12.2	10.1	10.2	9.7	9.6
3 Credit to the private sector	25.8	31.0	38.2	39.4	38.3	39.8	44.1	47.4	47.2	47.9
4 Private non-performing loans	7.6	4.5	3.2	3.1	3.5	2.1	1.6	1.4	1.7	1.7
5 Net worth exposure to the private sector	-2.5	-0.8	-1.5	-1.7	-1.3	-3.2	-4. I	-4.3	-3.2	-3.2
6 ROA	0.9	1.9	1.5	1.6	2.3	2.8	2.5	2.7	2.9	2.9
7 ROE	7.0	14.3	11.0	13.4	19.2	24.4	23.8	25.3	26.1	26.0
8 Efficiency	151	167	160	167	185	179	174	179	188	188
9 Capital compliance	15.3	16.9	16.9	16.9	18.8	17.7	16.1	15.6	16.7	16.6
10 Capital compliance Tier I	14.1	14.1	14.6	14.2	14.5	13.0	12.1	11.0	13.1	13.1
II Excess capital compliance	173	134	93	90	100	87	73	69	68	61

Source: BCRA

Chart 2 | Balance Sheet

								Change (in %)		
In million of current pesos	Dec 08	Dec 09	Dec 10	Ago I I	Dec 11	Jul 12	Aug 12	Last	2012	Last 12
								month	2012	months
Assets	346,762	387,381	510,304	598,302	628,381	713,888	720,517	0.9	14.7	20.4
Cash disposal ¹	58,676	71,067	93,085	99,513	104,389	106,584	120,400	13.0	15.3	21.0
Public bonds	65,255	86,318	117,951	125,403	112,906	137,192	130,282	-5.0	15.4	3.9
Lebac/Nobac	37,093	43,867	76,948	86,169	71,050	100,238	92,526	-7.7	30.2	7.4
Portfolio	25,652	34,748	61,855	70,769	59,664	73,626	75,254	2.2	26.1	6.3
Repo ²	11,442	9,119	15,093	15,400	11,386	26,612	17,272	-35.1	51.7	12.2
Private bonds	203	307	209	242	212	228	270	18.3	27.6	11.7
Loans	154,719	169,868	230,127	294,398	332,317	376,435	384,788	2.2	15.8	30.7
Public sector	17,083	20,570	25,907	28,956	31,346	36,838	36,140	-1.9	15.3	24.8
Private sector	132,844	145,247	199,202	258,475	291,708	330,397	339,019	2.6	16.2	31.2
Financial sector	4,793	4,052	5,018	6,967	9,263	9,201	9,629	4.7	4.0	38.2
Provisions over loans	-4,744	-5,824	-6,232	-6,772	-7,173	-8,418	-8,688	3.2	21.1	28.3
Other netted credits due to financial intermediation	38,152	33,498	39,009	44,747	40,805	53,276	43,816	-17.8	7.4	-2.1
Corporate bonds and subordinated debt	912	1,146	1,433	1,872	1,657	1,551	1,598	3.0	-3.6	-14.7
Unquoted trusts	5,714	5,942	6,824	7,191	7,967	7,896	8,750	10.8	9.8	21.7
Leasing	3,935	2,933	3,936	5,315	6,222	6,275	6,347	1.2	2.0	19.4
Shares in other companies	7,236	6,711	7,921	8,544	9,123	10,451	10,683	2.2	17.1	25.0
Fixed assets and miscellaneous	7,903	8,239	9,071	9,617	10,111	10,458	10,529	0.7	4.1	9.5
Foreign branches	3,153	3,926	3,283	3,536	3,525	4,026	4,085	1.5	15.9	15.5
Other assets	12,275	10,337	11,943	13,761	15,944	17,380	18,004	3.6	12.9	30.8
Liabilities	305,382	339,047	452,752	534,470	558,264	631,963	636,918	0.8	14.1	19.2
Deposits	236,217	271,853	376,344	445,387	462,517	521,692	537,780	3.1	16.3	20.7
Public sector ³	67,151	69,143	115,954	133,181	129,885	148,403	155,897	5.0	20.0	17.1
Private sector ³	166,378	199,278	257,595	308,683	328,463	369,470	378,155	2.4	15.1	22.5
Current account	39,619	45,752	61,306	71,996	76,804	88,338	89,455	1.3	16.5	24.3
Savings account	50,966	62,807	82,575	100,372	103,636	109,646	109,553	-0.1	5.7	9.1
Time deposits	69,484	83,967	104,492	125,418	135,082	157,909	165,764	5.0	22.7	32.2
Other netted liabilities due to financial intermediation	57,662	52,114	60,029	72,804	76,038	87,835	75,785	-13.7	-0.3	4.1
Interbanking obligations	3,895	3,251	4,201	5,804	7,947	7,722	7,968	3.2	0.3	37.3
BCRA lines	1,885	270	262	913	1,920	3,191	3,167	-0.7	64.9	246.9
Outstanding bonds	5,984	5,033	3,432	6,418	6,856	8,248	8,764	6.3	27.8	36.6
Foreign lines of credit	4,541	3,369	3,897	5,307	6,467	6,634	6,352	-4.3	-1.8	19.7
Other	13,974	14,891	17,426	20,259	24,137	21,531	19,680	-8.6	-18.5	-2.9
Subordinated debts	1,763	1,922	2,165	1,894	2,065	2,491	2,529	1.5	22.5	33.5
Other liabilities	9,740	13,159	14,213	14,385	17,644	19,945	20,823	4.4	18.0	44.8
Net worth	41,380	48,335	57,552	63,832	70,117	81,925	83,599	2.0	19.2	31.0
Memo										
Netted assets	321,075	364,726	482,532	566,178	601,380	674,409	691,527	2.5	15.0	22.1
Consolidated netted assets	312,002	357,118	472,934	554,351	586,805	659,147	675,848	2.5	15.2	21.9

(1) Includes margin accounts with the BCRA. (2) Booked value from balance sheet (it includes all the counterparts). (3) Does not include accrual on interest or CER.

¹ Note | Data available in Excel in www.bcra.gob.ar

Statistics annex¹ | Financial system (cont.) Chart 3 | Profitability Structure

Amount in million of pesos		An	nual		First 8	months		Last		
	2008	2009	2010	2011	2011	2012	Jun-12	Jul-12	Aug-12	12 months
Financial margin	20,462	28,937	35,490	43,670	26,814	39,391	5,646	5,777	5,165	56,247
Net interest income	9,573	14,488	17,963	24,903	14,969	24,714	3,110	3,498	3,241	34,649
CER and CVS adjustments	2,822	1,196	2,434	1,725	1,163	1,241	158	176	152	1,803
Foreign exchange price adjustments	2,307	2,588	2,100	3,025	2,116	2,275	358	364	364	3,184
Gains on securities	4,398	11,004	13,449	14,228	8,875	11,258	2,087	1,723	1,480	16,610
Other financial income	1,362	-339	-457	-211	-309	-97	-66	16	-72	2
Service income margin	10,870	13,052	16,089	21,391	13,516	17,738	2,310	2,384	2,424	25,613
Loan loss provisions	-2,839	-3,814	-3,267	-3,736	-2,254	-3,724	-593	-484	-563	-5,206
Operating costs	-18,767	-22,710	-28,756	-36,365	-23,118	-30,330	-4,104	-3,975	-3,966	-43,577
Tax charges	-2,318	-3,272	-4,120	-6,047	-3,650	-5,541	-746	-738	-779	-7,937
Adjust. to the valuation of gov. securities	-1,757	-262	-214	-336	-238	-217	-28	-27	-26	-314
Amort. payments for court-ordered releases	-994	-703	-635	-290	-180	-123	-17	-14	-20	-233
Other	1,441	918	2,079	2,963	1,842	1,722	427	182	170	2,843
Total results before tax ²	6,100	12,145	16,665	21,251	12,731	18,916	2,895	3,105	2,403	27,436
Income tax	-1,342	-4,226	-4,904	-6,531	-3,828	-6,453	-1,081	-1,095	-768	-9,156
Total results ²	4,757	7,920	11,761	14,720	8,903	12,463	1,814	2,010	1,635	18,280
Adjusted results ³	7,508	8,885	12,610	15,345	9,321	12,803	1,859	2,051	1,681	18,827
Annualized indicators - As % of netted assets				ı						
Financial margin	6.7	8.6	8.5	8.0	7.7	9.2	10.4	10.4	9.2	9.0
Net interest income	3.1	4.3	4.3	4.6	4.3	5.8	5.7	6.3	5.7	5.6
CER and CVS adjustments	0.9	0.4	0.6	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Foreign exchange price adjustments	0.8	8.0	0.5	0.6	0.6	0.5	0.7	0.7	0.6	0.5
Gains on securities	1.4	3.3	3.2	2.6	2.5	2.6	3.8	3.1	2.6	2.7
Other financial income	0.4	-0.1	-0.1	0.0	-0.1	0.0	-0.1	0.0	-0.1	0.0
Service income margin	3.6	3.9	3.8	3.9	3.9	4.1	4.2	4.3	4.3	4.1
Loan loss provisions	-0.9	-1.1	-0.8	-0.7	-0.6	-0.9	-1.1	-0.9	-1.0	-0.8
Operating costs	-6.1	-6.7	-6.9	-6.7	-6.6	-7.1	-7.5	-7.1	-7.0	-7.0
Tax charges	-0.8	-1.0	-1.0	-1.1	-1.0	-1.3	-1.4	-1.3	-1.4	-1.3
Adjust. to the valuation of gov. Securities ¹	-0.6	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	0.0	0.0	-0.1
Amort. payments for court-ordered releases	-0.3	-0.2	-0.2	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0
Other	0.5	0.3	0.5	0.5	0.5	0.4	0.8	0.3	0.3	0.5
Total results before tax ²	2.0	3.6	4.0	3.9	3.6	4.4	5.3	5.6	4.3	4.4
Income tax	-0.4	-1.3	-1.2	-1.2	-1.1	-1.5	-2.0	-2.0	-1.4	-1.5
Total results ²	1.6	2.3	2.8	2.7	2.5	2.9	3.3	3.6	2.9	2.9
Adjusted results ³	2.5	2.6	3.0	2.8	2.7	3.0	3.4	3.7	3.0	3.0
ROE before tax	17.2	29.5	34.5	36.5	34.0	39.4	46.8	48.8	37.5	39.8
ROE ²	13.4	19.2	24.4	25.3	23.8	26.0	29.3	31.6	25.5	26.5
(1) Com. "A" 3911. Adjustments to the valuation of government unlisted securities according to C (2) As of January 2008, data to calculate financial system consolidated result is available. This indica (3) Excluding amortization of payments for court-ordered releases and the effects of Com. "A" 39 Source: BCRA	or excludes results a				other local financia	l entities.	_	_	_	_

Chart 4 | Portfolio Quality

As percentage	Dec 05	Dec 06	Dec 07	Dec 08	Dec 09	Dec 10	Aug II	Dec 11	Jul 12	Aug 12
Non-performing loans (overall)	5.2	3.4	2.7	2.7	3.0	1.8	1.4	1.2	1.5	1.5
Provisions / Non-performing loans	115	108	115	117	115	148	169	176	149	154
(Total non-perfoming - Provisions) / Overall financing	-0.8	-0.3	-0.4	-0.5	-0.5	-0.9	-0.9	-0.9	-0.7	-0.8
(Total non-perfoming - Provisions) / Net worth	-2.6	-0.9	-1.6	-1.8	-1.7	-3.6	-4.5	-4.6	-3.5	-3.8
Non-performing loans to the non-financial private sector	7.6	4.5	3.2	3.1	3.5	2.1	1.6	1.4	1.7	1.7
Provisions / Non-performing loans	115	108	114	116	112	143	163	171	145	150
(Total non-perfoming - Provisions) / Overall financing	-1.1	-0.3	-0.5	-0.5	-0.4	-0.9	-1.0	-1.0	-0.8	-0.9
(Total non-perfoming - Provisions) / Net worth	-2.5	-0.8	-1.5	-1.7	-1.3	-3.2	-4.1	-4.3	-3.2	-3.5

Source: BCRA

¹ Note | Data available in Excel in <u>www.bcra.gob.ar</u>

Statistics annex¹ | Private banks

Chart 5 | Financial Soundness Indicators (see Methodology)

As %	Dec 05	Dec 06	Dec 07	Dec 08	Dec 09	Dec 10	Aug 2011	Dec 11	Jul 2012	Aug 2012
I Liquidity	21.5	23.7	25.7	34.1	29.8	26.0	27.0	26.7	27.0	26.3
2 Credit to the public sector	28.5	16.3	9.5	6.3	6.1	4.4	3.0	2.8	2.5	2.6
3 Credit to the private sector	31.1	37.9	46.6	44.0	43.3	50.3	52.8	54.5	55.7	56.6
4 Private non-performing loans	6.3	3.6	2.5	2.8	3.3	2.0	1.5	1.4	1.8	1.8
5 Net worth exposure to the private sector	-0.4	-1.4	-2.0	-1.8	-1.6	-3.4	-4.4	-4.4	-3.2	-3.2
6 ROA	0.5	2.2	1.6	1.9	3.0	3.2	2.7	3.0	3.2	3.2
7 ROE	4.1	15.3	10.9	15.2	22.9	24.5	23.2	25.6	26.8	26.6
8 Efficiency	136	158	152	166	195	176	173	178	187	188
9 Capital compliance	17.8	18.6	19.2	18.3	22.6	20.3	17.5	16.8	18.5	18.5
10 Capital compliance Tier I	16.1	15.3	16.7	14.9	17.2	15.1	14.2	12.5	14.7	15.0
II Excess capital compliance	155	116	87	86	121	102	78	72	75	67

Source: BCRA

Chart 6 | Balance Sheet

								C	hange (in 🤋	6)
In million of current pesos	Dec 08	Dec 09	Dec 10	Ago I I	Dec 11	Jul 12	Aug 12	Last	2012	Last 12
								month	2012	months
Assets	208,888	229,549	280,025	341,129	364,122	391,188	396,001	1.2	8.8	16.1
Cash disposal ¹	37,044	43,562	49,730	57,749	58,877	65,405	68,455	4.7	16.3	18.5
Public bonds	29,552	47,949	48,903	49,887	50,055	50,739	49,059	-3.3	-2.0	-1.7
Lebac/Nobac	23,457	31,575	34,422	35,844	34,246	40,958	38,618	-5.7	12.8	7.7
Portfolio	12,858	27,413	31,148	27,117	23,908	30,684	31,244	1.8	30.7	15.2
Repo ²	10,598	4,161	3,274	8,726	10,338	10,274	7,374	-28.2	-28.7	-15.5
Private bonds	127	233	184	181	164	134	144	7.4	-12.2	-20.4
Loans	98,529	101,722	143,202	182,623	202,117	221,509	228,195	3.0	12.9	25.0
Public sector	6,249	1,694	1,625	1,319	1,215	1,298	1,353	4.3	11.4	2.6
Private sector	88,426	96,790	137,308	175,365	193,126	212,383	218,819	3.0	13.3	24.8
Financial sector	3,854	3,238	4,270	5,940	7,777	7,828	8,022	2.5	3.2	35.1
Provisions over loans	-2,871	-3,653	-3,926	-4,260	-4,574	-5,396	-5,638	4.5	23.3	32.4
Other netted credits due to financial intermediation	25,265	21,258	20,241	29,912	29,338	27,967	24,327	-13.0	-17.1	-18.7
Corporate bonds and subordinated debt	699	734	757	969	796	673	706	5.0	-11.3	-27.1
Unquoted trusts	3,869	4,198	4,500	4,513	5,268	5,249	5,361	2.1	1.8	18.8
Leasing	3,451	2,569	3,519	4,691	5,452	5,396	5,457	1.1	0.1	16.3
Shares in other companies	4,538	4,067	4,934	5,457	5,998	6,919	7,141	3.2	19.1	30.9
Fixed assets and miscellaneous	4,926	5,096	5,808	6,290	6,663	6,897	6,958	0.9	4.4	10.6
Foreign branches	-178	-202	-215	-231	-240	0	0	-	-	-
Other assets	8,505	6,946	7,646	8,829	10,271	11,618	11,903	2.5	15.9	34.8
Liabilities	182,596	198,438	243,766	302,343	321,123	340,589	344,367	1.1	7.2	13.9
Deposits	135,711	154,387	198,662	241,016	253,705	275,767	284,053	3.0	12.0	17.9
Public sector ³	19,600	17,757	23,598	32,749	27,664	30,223	31,801	5.2	15.0	-2.9
Private sector ³	114,176	134,426	173,203	206,035	223,141	243,314	250,023	2.8	12.0	21.3
Current account	30,188	35,127	46,297	53,110	57,586	66,272	67,183	1.4	16.7	26.5
Savings account	32,778	40,999	53,085	65,513	66,891	66,644	66,774	0.2	-0.2	1.9
Time deposits	46,990	54,058	67,568	79,711	89,924	101,359	106,915	5.5	18.9	34.1
Other netted liabilities due to financial intermediation	39,298	34,235	34,427	50,318	53,973	50,540	45,278	-10.4	-16.1	-10.0
Interbanking obligations	1,160	1,668	1,903	2,386	3,524	3,280	3,575	9.0	1.4	49.9
BCRA lines	649	41	57	302	456	622	615	-1.1	34.9	103.5
Outstanding bonds	5,672	4,626	2,802	5,087	5,119	5,644	5,839	3.5	14.1	14.8
Foreign lines of credit	2,261	1,262	1,716	3,120	4,252	4,094	3,789	-7.4	-10.9	21.5
Other	11,125	12,015	13,849	16,164	19,059	17,267	15,854	-8.2	-16.8	-1.9
Subordinated debts	1,759	1,918	2,148	1,877	1,948	2,082	2,123	2.0	9.0	13.1
Other liabilities	5,828	7,897	8,528	9,132	11,497	12,201	12,913	5.8	12.3	41.4
Net worth	26,292	31,111	36,259	38,786	42,999	50,599	51,634	2.0	20.1	33.1
Memo										
Netted assets	192,074	216,100	267,364	319,749	344,101	372,468	381,220	2.3	10.8	19.2

(1) Includes margin accounts with the BCRA. (2) Booked value from balance sheet (it includes all the counterparts). (3) Does not include accrual on interest or CER. Source: BCRA

¹ Note | Data available in Excel in www.bcra.gob.ar

Statistics annex1 | Private banks (cont.)

Chart 7 | Profitability Structure

Amount in million of pesos		Anı	nual		First 8	months		Last		
	2008	2009	2010	2011	2011	2012	Jun-12	Jul-12	Aug-12	12 months
Financial margin	12,964	19,724	21,837	27,234	16,671	24,397	3,287	3,350	3,225	34,960
Net interest income	7,727	10,572	12,842	18,518	11,237	17,857	2,326	2,435	2,347	25,138
CER and CVS adjustments	651	185	244	288	193	225	28	40	25	320
Foreign exchange price adjustments	1,620	1,646	1,493	2,064	1,404	1,389	210	213	220	2,049
Gains on securities	1,637	7,343	7,464	6,358	3,976	4,846	760	620	678	7,228
Other financial income	1,329	-22	-205	6	-139	80	-37	43	-45	225
Service income margin	7,632	9,198	11,345	15,243	9,572	12,726	1,643	1,700	1,712	18,397
Loan loss provisions	-1,863	-2,751	-2,253	-2,633	-1,598	-2,673	-417	-346	-436	-3,708
Operating costs	-12,401	-14,807	-18,819	-23,821	-15,190	-19,751	-2,571	-2,567	-2,517	-28,382
Tax charges	-1,715	-2,380	-2,927	-4,300	-2,621	-3,954	-535	-519	-551	-5,633
Adjust. to the valuation of gov. securities	-267	0	47	-40	-40	0	0	0	0	0
Amort. payments for court-ordered releases	-688	-367	-441	-133	-81	-73	-12	-7	-14	-125
Other	916	398	1,382	1,723	1,080	1,108	157	148	97	1,752
Total results before tax ²	4,579	9,014	10,171	13,272	7,792	11,780	1,552	1,759	1,514	17,260
Income tax	-1,168	-3,001	-2,733	-4,293	-2,553	-4,063	-532	-582	-520	-5,803
Total results ²	3,412	6,014	7,438	8,980	5,239	7,717	1,020	1,177	994	11,457
Adjusted results ³	4,367	6,381	7,832	9,153	5,360	7,790	1,032	1,184	1,008	11,583
Annualized indicators - As % of netted assets										
Financial margin	7.3	9.8	9.3	9.0	8.6	10.1	10.7	10.9	10.5	10.0
Net interest income	4.4	5.3	5.5	6.1	5.8	7.4	7.6	7.9	7.7	7.2
CER and CVS adjustments	0.4	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Foreign exchange price adjustments	0.9	0.8	0.6	0.7	0.7	0.6	0.7	0.7	0.7	0.6
Gains on securities	0.9	3.7	3.2	2.1	2.0	2.0	2.5	2.0	2.2	2.1
Other financial income	0.8	0.0	-0.1	0.0	-0.1	0.0	-0.1	0.1	-0.1	0.1
Service income margin	4.3	4.6	4.8	5.0	4.9	5.3	5.4	5.5	5.6	5.3
Loan loss provisions	-1.1	-1.4	-1.0	-0.9	-0.8	-1.1	-1.4	-1.1	-1.4	-1.1
Operating costs	-7.0	-7.4	-8.0	-7.8	-7.8	-8.2	-8.4	-8.4	-8.2	-8.1
Tax charges	-1.0	-1.2	-1.2	-1.4	-1.4	-1.6	-1.7	-1.7	-1.8	-1.6
Adjust. to the valuation of gov. Securities	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amort. payments for court-ordered releases	-0.4	-0.2	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.5	0.2	0.6	0.6	0.6	0.5	0.5	0.5	0.3	0.5
Total results before tax ²	2.6	4.5	4.3	4.4	4.0	4.9	5.1	5.7	4.9	4.9
Income tax	-0.7	-1.5	-1.2	-1.4	-1.3	-1.7	-1.7	-1.9	-1.7	-1.7
Total results ²	1.9	3.0	3.2	3.0	2.7	3.2	3.3	3.8	3.2	3.3
Adjusted results ³	2.5	3.2	3.3	3.0	2.8	3.2	3.4	3.9	3.3	3.3
ROE before tax	20.4	34.4	33.5	37.8	34.5	40.6	41.2	45.5	39.3	41.6
ROE ²	15.2	22.9	24.5	25.6	23.2	26.6	27.1	30.5	25.8	27.6

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

Chart 8 | Portfolio Quality

As percentage	Dec 05	Dec 06	Dec 07	Dec 08	Dec 09	Dec 10	Aug I I	Dec 11	Jul 12	Aug 12
Non-performing loans (overall)	4.4	2.9	2.2	2.5	3. I	1.9	1.4	1.3	1.7	1.7
Provisions / Non-performing loans	103	114	123	119	116	144	165	168	143	149
(Total non-perfoming - Provisions) / Overall financing	-0.1	-0.4	-0.5	-0.5	-0.5	-0.8	-0.9	-0.9	-0.7	-0.8
(Total non-perfoming - Provisions) / Net worth	-0.4	-1.4	-2.1	-1.9	-1.7	-3.4	-4.5	-4.4	-3.3	-3.7
Non-performing loans to the non-financial private sector	6.3	3.6	2.5	2.8	3.3	2.0	1.5	1.4	1.8	1.8
Provisions / Non-performing loans	102	114	123	118	115	143	164	167	142	148
(Total non-perfoming - Provisions) / Overall financing	-0.1	-0.5	-0.6	-0.5	-0.5	-0.9	-0.9	-0.9	-0.7	-0.8
(Total non-perfoming - Provisions) / Net worth	-0.4	-1.4	-2.0	-1.8	-1.6	-3.4	-4.4	-4.4	-3.2	-3.6

Source: BCRA

⁽c) To primary 2000, make of calculate maintain system consummates results an arialistic maintaint excludes results and associated and associ

¹ Note | Data available in Excel in <u>www.bcra.gob.ar</u>