Report on Banks

November 2014

BANCO CENTRAL
DE LA REPÚBLICA ARGENTINA

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November 2014

Year XII, No. 3

BANCO CENTRAL
DE LA REPÚBLICA ARGENTINA

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Note | 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 subject to changes. Except otherwise provided, end-of-month data is included.

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Summary

- **The total stock of loans to the private sector climbed 2.1% in November** (21.1% y.o.y.). **The monthly increase of lending to companies and households was accounted for by the domestic currency segment, exhibiting a 2.5% nominal change against last October**. Within the framework of measures promoting lending to households in favorable conditions, such as the “Ahora 12” Program and PRO.CRE.AUTO, such lending increased 2.7% in November.

- Since the implementation of the Credit Line for Productive Investment (LCIP), in mid-2012, until November 2014, loans for around $116 billion have been granted, mainly to micro, small and medium-sized enterprises (MiPyMEs). **By the end of 2014, the BCRA decided to renew this facility for the first half of 2015, increasing the amount by around $37.4 billion pesos**. On this occasion, new loans should all be granted to MiPyMEs at a fixed interest rate of up to 19%, for, at least, the first three years. A special mechanism was included to privilege credit granted to companies of a smaller size in relative terms and to promote lending in regions with less economic development.

- **Over the month, non-performance in lending to the private sector remained at 2% of the total portfolio, with bank loans to households and companies keeping their delinquency ratios** (3.1% and 1.2%). Thus, this indicator did not post significant variations since mid-2014. Coverage of the non-performing portfolio with provisions stood at 140%, with all groups of banks posting loose levels for this indicator.

- **The stock of private sector deposits in pesos increased 1.9%** (28.6% y.o.y.) **over the month**, **posting a 2.2% rise** (31.3% y.o.y.) **in sight deposits and 1.5%** (26.1% y.o.y.) **in time deposits**. As private sector deposits in foreign currency did not change significantly in the month (up 7.4% y.o.y. in currency of origin), the total stock monthly growth (domestic and foreign currency) of private sector deposits was 1.8% (30.2% y.o.y.).

- **In November, the liquidity indicator reached 26.4% of deposits**, climbing 1.7 p.p. over the month, mainly due to increased repo transactions with the BCRA. Including LEBAC and NOBAC holdings, the liquidity ratio stood at 45.9% of deposits, up 1.7 p.p. against October.

- **In November, the financial system accrued book profits for 2.8%a. of assets**, slightly below the level observed last month because income sources decreased more than certain expenses. **Considering eleven months of 2014, the accumulated ROA reached 4.2%a.**, up 1 p.p. against the same period in 2013, mainly due to a rise in income derived from securities in domestic currency.

- The net income accrued continued boosting the expansion of the financial system’s net worth in November (1.9% against October 2013 and 41.4% y.o.y.). **The capital compliance in excess of the requirement increased slightly,** reaching **—** in aggregate terms — **90.5**% of the requirement over the period. In turn, Tier 1 capital compliance (defined as the basic net worth net of deductible accounts) increased slightly up to 13.8% of total risk-weighted assets (RWAs) in the month, while regulatory capital total compliance remained stable at 14.7% of RWAs.

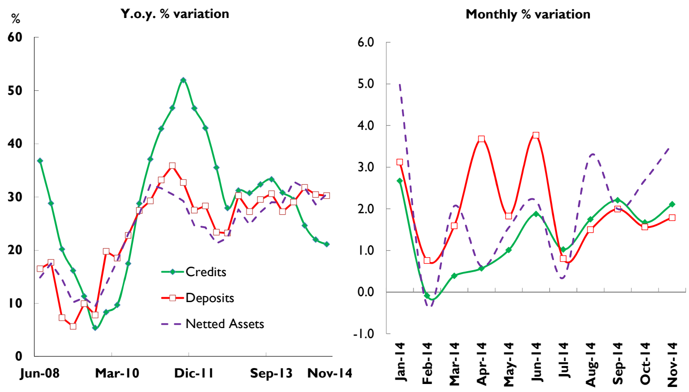
- **In order to continue strengthening the financial system, at the start of 2015 the BCRA promoted regulatory changes in line with regulatory standards proposed by the Basel Committee and the commitments made within the framework of the G20**. On the one hand, the “Liquidity Coverage Ratio” (LCR) was established locally as a prudential ratio. On the other hand, with a macro prudential perspective, additional capital requirements were established for an ensemble of domestic systemically important financial institutions. Both measures will be implemented gradually.

- In addition, **by the end of 2014, the BCRA established new guidelines intended to protect financial services users**, providing that new fees and rises of any kind of fee — including basic and non-basic products — that financial institutions wish to implement should have the prior authorization of this Institution.

Chart 1

Private Sector Financial Intermediation

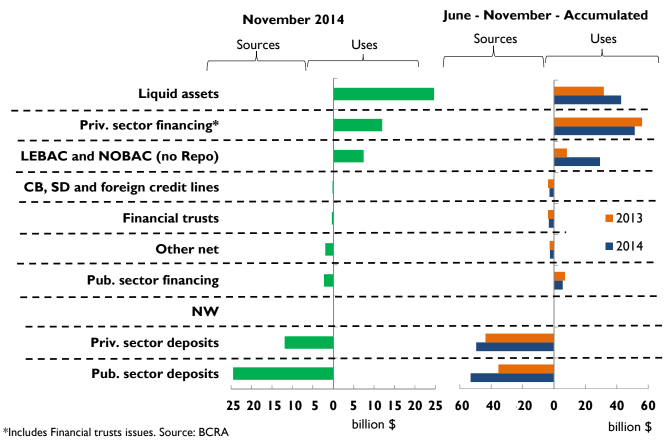
Financial system



Source: BCRA

Chart 2

Financial System Estimation of Sources and Uses of Funds

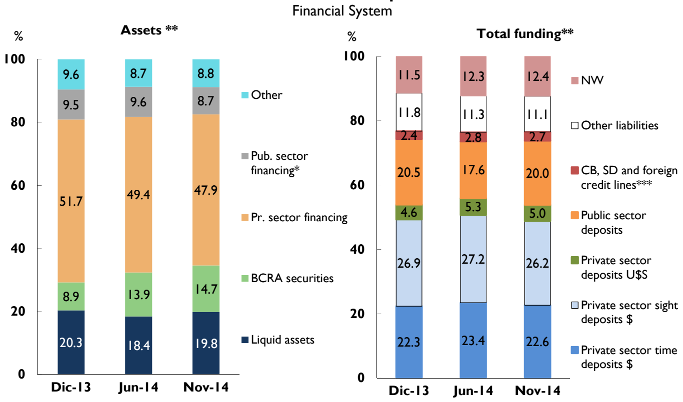


*Includes Financial trusts issues. Source: BCRA

Chart 3

Balance Sheet Composition

Financial System



*Note: Include securities and lending. **Assets and liabilities netted from repo, term and downpayments operations.***Corporate bonds (CB) and Subordinated debt (SD).Source: BCRA

I. Activity

The nominal stock of household and company loans increased 2.1% (21.1% y.o.y.) in November, while deposits of this segment increased 1.8% (30.2%) in the period. In turn, **netted assets of the ensemble of banks grew 3.6% against last October accumulating a 30.6% y.o.y. rise**.

In the second half of 2014 loans to the private sector exhibited greater momentum, compared to the first half of the year. In addition, the nominal rate of monthly growth in lending to the private sector exceeded, for the fifth consecutive month, that of private sector deposits, reversing the figures registered between January and June (see Chart 1).

Considering the monthly fund flow estimated for the financial system[1], **funds were mainly used to increase liquid assets** ($25 billion), **followed by a rise in lending to the private sector** ($12 billion) and in holdings of monetary regulatory instruments (see Chart 2). **These funds resulted, mainly, from public sector's deposits** ($24 billion) **and private sector's** ($12 billion). As regards the group of private banks, the increase in households and companies lending was the main use of funds in the month. Such funding was mainly obtained through private sector deposits and a drop in liquid assets.

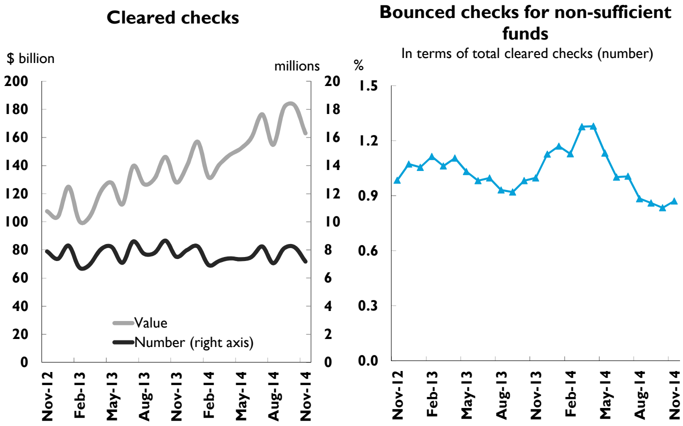
Regarding the flow of funds estimated for the period between July and November, **funds were mainly used to increase lending to the private sector** ($51 billion) (see Chart 2). Secondly, banks widened the stock of liquid assets ($43 billion) and holdings of Central Bank bills and notes not related to repo transactions ($29 billion). **The growth in deposits from the public sector** ($53 billion) **and the private sector** ($50 billion) **were the most significant source of funds**. In addition, the expansion of net worth boosted by profits derived from the banks' activity also became a source of funds.

Among the different assets making up banks' balance sheets, **LEBAC and NOBAC holdings gained share during 2014**. In contrast, lending to the private and public sectors lost share. It is worth noting that these changes were mainly observed in the first half of the year (see Chart 3). **As regards banking system funding, the net worth increased slightly its share in the total in 2014**, while public sector deposits and private sector sight deposits in pesos decreased moderately their relative importance.

The value of checks cleared grew 27.3% y.o.y. (see Chart 4), although the number of checks processed

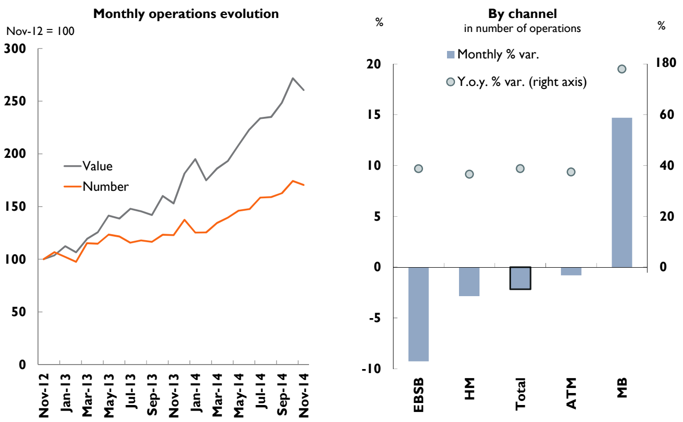
[1] Considering balance sheet information.

Chart 4



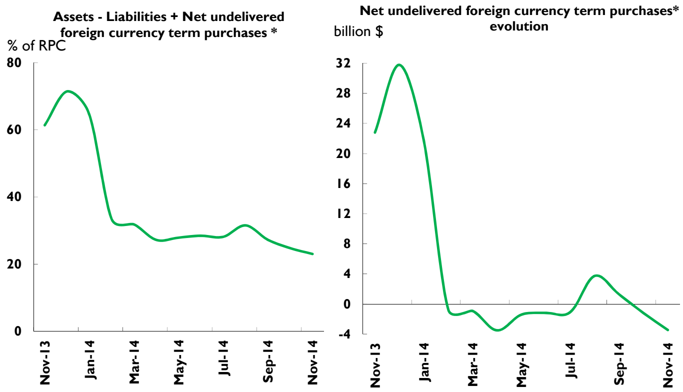
Source: BCRA

Chart 5
Instant Transfers



Source: BCRA

Chart 6
Foreign Currency Mismatching
Financial System



* Off balance sheet accounts
Source: BCRA

decreased (-4.5% y.o.y.). In turn, **the ratio of checks bounced for insufficient funds did not post significant changes on the margin** — regarding value and number — in line with the ratios recorded twelve months ago.

Instant transfers continued exhibiting important year-on-year growth (see Chart 5), rising 70.4% as regards value and 38.8% regarding number as of November. Within this group, the performance of mobile banking transactions stands out. Despite representing a small share of the total, these transactions posted an increase of 170% y.o.y in terms of number. **In November, the share of free of charge instant transfers** — up to $20.000 —**continued being high**, **slightly increasing its share up to 96.2%** in **total instant transfers** — in terms of number.

In November, the foreign currency mismatching of the financial system stood at 23% of adjusted stockholders' equity, **down 1.7 p.p. against last month**. This reduction was mainly explained by foreign private banks, due to more forward net sales of foreign currency (see Chart 6).

By the end of 2014, the BCRA established new guidelines intended to protect financial services users. In fact, in December it was set that new fees for products and services, and rises of any kind of fee — including basic and non-basic products — that financial institutions wish to implement should have the prior authorization of this Institution[2].

II. Deposits and liquidity

Private sector deposits in pesos increased 1.9% in the month. Within this segment, sight accounts grew 2.2% and time deposits by 1.5%. The monthly performance posted by deposits in pesos was mainly boosted by national private and public banks. In turn, private sector deposits in foreign currency remained virtually unchanged over the period. **Thus, the nominal change of the total stock of private sector deposits was 1.8%**.

In the last twelve months, the stock of private sector deposits in pesos grew 28.6%, boosted by sight deposits (see Chart 7). Public financial institutions had greater year-on-year momentum regarding sight and time deposits in pesos of the private sector. Deposits in foreign currency increased 7.4% y.o.y.[3], this rise being accounted for by public banks. **Thus, total deposits from households and companies increased 30.2% in the last twelve months.**

[2] Communication “A” 5685.
[3] In currency of origin.

Chart 7
Peso Deposits of the Private Sector

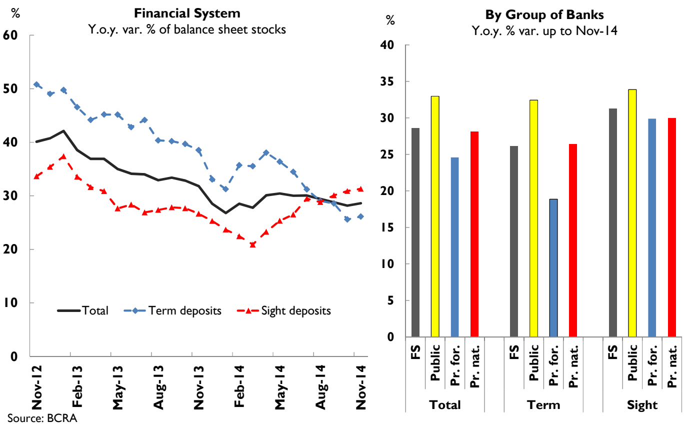
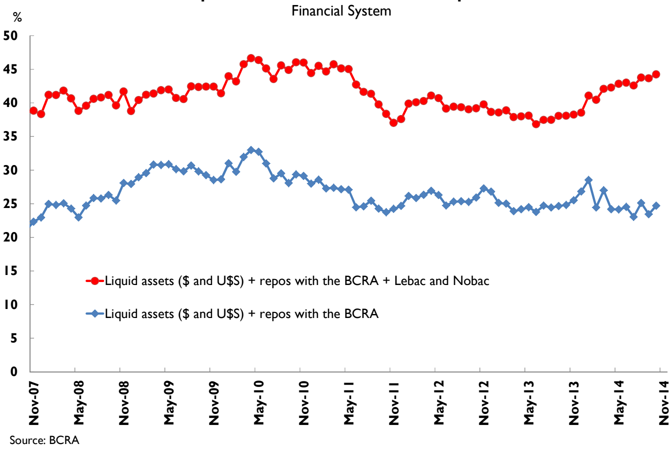


Chart 8
Liquid Assets in Terms of Total Deposits
Financial System



In the month, the liquidity ratio — including items in domestic and foreign currency — **rose 1.7 p.p. of total deposits up to 26.4%** (see Chart 8). This rise was mainly explained by repo transactions of financial institutions against the BCRA. Considering a broad definition of liquidity — including LEBAC and NOBAC holdings —, the ratio also increased 1.7 p.p. of deposits in November, up to 45.9%. Regarding the composition of this broad liquidity indicator, net repos and holdings of monetary regulatory instruments in terms of deposits reached 23.3% in November.

Regarding coverage for liquidity risk, **the BCRA has recently introduced the "Liquidity Coverage Ratio"**[4] (LCR) to be used **as a prudential ratio at the local level as from January 2015**. This measure is in line with the international regulation standards proposed by the Basel Committee on Banking Supervision (BCBS) and with the commitment undertaken by this Institution with G20. In particular, a group of selected financial institutions[5] shall have sufficient high-quality, freely-available liquid assets to overcome any potential short-term stress scenario. Based on the current composition of bank liquidity, it is worth mentioning that compliance of this new requirement shall not demand any additional efforts from banks. Although this new measure is in force since the beginning of 2015, it will be implemented gradually, starting with a ratio of 0.6 of the total in January 2015 and increasing 0.1 each year until 1 is reached as from January 2019.

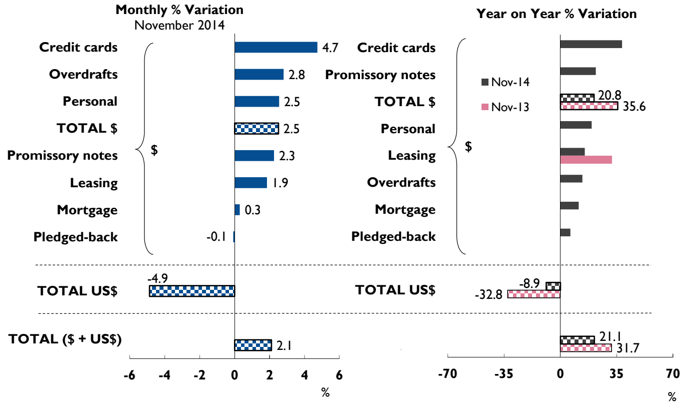
III. Financing

The stock of loans of the ensemble of financial institutions granted in pesos to the private sector increased 2.5% in November[6] (see Chart 9). Almost all credit lines in domestic currency grew over the period; cards, overdrafts and personal loans registered the greatest relative monthly increase. On the other hand, foreign currency funding continued falling in this period[7]. Thus, **total financing (including domestic and foreign currency) to companies and households recorded a nominal change of 2.1% against October**[8], boosted mainly by foreign and national private banks (see Chart 10).

[4] Communication "A" 5693.
[5] The institutions considered will be those belonging to group "A" as provided for by paragraph 7.1 of Section 7, "Separation of executive and management functions", Chapter I, Circular CREFI– 2 (according to paragraph 1 of Communication "A" 5106), on September, 30th of the year preceding the year in which the ratio was calculated.
[6] Two financial trusts were issued in November for a total of $373 million raised out of loans from financial institutions; all of them corresponded to securitizations of personal loans. If the balance sheet stock is adjusted by such assets securitized in the period, the monthly increase in loans in pesos to the private sector would stand at 2.6%.
[7] Change in currency of origin.
[8] If the balance sheet stock is adjusted by assets securitized over November (out of loans granted by banks as underlying assets), the monthly change in total lending (in domestic and foreign currency) to companies and households would stand at 2.2%.

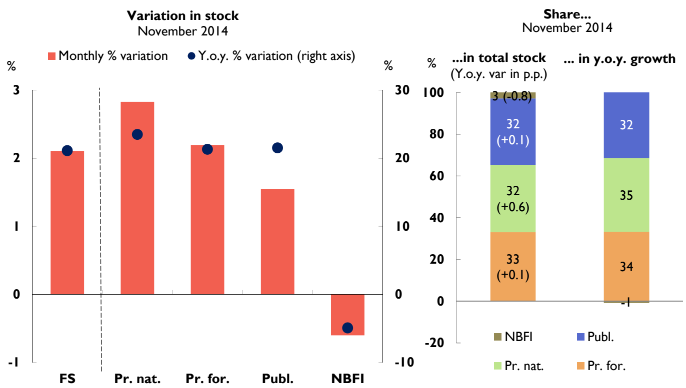
Chart 9

Credit to the Private Sector by Currency of Origin



Note: Total includes balance sheet stock. Variations in currency of origin.
Source: BCRA

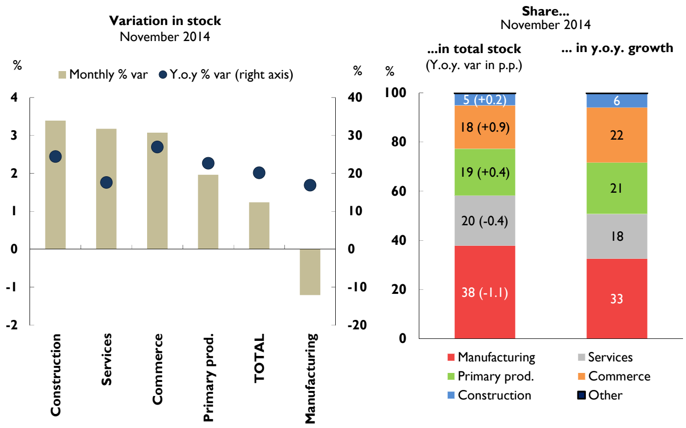
Chart 10
Credit to the Private Sector by Group of Financial Institutions



Source: BCRA

Chart 11

Credit to Companies



Source: BCRA

In the last twelve months, loans in domestic currency to the private sector increased 20.8%, below the change rate observed for this month the previous year. In turn, loans in foreign currency decreased 8.9% y.o.y. in the period[9]. **As a result, the balance sheet stock of total financing to companies and households increased 21.1% y.o.y**. In November national private banks registered the greatest relative year-on-year increase of loans to the private sector, followed by public and foreign private banks (see Chart 10).

Loans to companies[10] continued posting a positive performance in almost all productive sectors (see Chart 11). In year-on-year terms, the rise in lending to this sector was mainly explained by foreign private banks followed by national and public institutions. **In the last twelve months, loans to commerce, primary production and construction raised their share in the stock of total loans to companies**, even though the industrial sector continued exhibiting the greatest relative importance in the total stock.

According to the latest information available from the implementation of **the Credit Line for Productive Investment (LCIP)** — second half of 2012 — to November 2014, loans amounting to around $116 billion were granted, mostly channeled to micro, small, and medium-sized enterprises (MiPyMEs). In December, the BCRA decided to implement a new stage of the LCIP for the first half of 2015[11], taking as benchmark 6.5% of deposits in pesos of the non-financial private sector as of November 2014. Thus, an additional amount of around **$37.4 billion of pesos should be channeled to financing mainly to MiPyMEs**. A fixed interest rate of up to 19% will be applied, at least, in the first three years. It should be noted that, on this occasion, a special mechanism shall be included to privilege credit granted to companies of a smaller size and to promote lending in regions with less economic development.

Within the framework of **the Bicentennial Productive Financing Program (PFPB)**, the BCRA has awarded $8.2 billion to fourteen financial institutions by means of twenty-nine auctions. Thus, since the start of the PFPB (mid-2010) until the end of 2014, $6.6 billion were allocated among several companies especially manfacturing firms.

As a result of the implementation of these measures, especially the LCIP, loans granted to PyMEs increased. Thus, **in year-to-date terms, lending to PyMEs accounted for more than 44% of the total amount**

[9] Change in currency of origin.
[10] Information obtained from the Debtors' Database (including domestic and foreign currency). Loans to companies include those granted to legal persons and commercial loans granted to natural persons. In turn, loans to households are those given to natural persons unless they have a commercial purpose.
[11] Communication "A" 5681 and Communication "P" 50486.

given to legal persons, almost 4 p.p. above the value recorded a year earlier (see Chart 12).

The total stock of lending to households increased 2.7% in November, mainly due to rises recorded in lending to consumption — credit cards and personal loans — which together accounted for more than 90% of such monthly change (see Chart 13). Taking into account this monthly change rate, **loans to households expanded over the quarter ending in November at a more rapid pace that that recorded over the first half of the year**. Regarding groups of financial institutions, national private banks recorded the greatest share in increased lending to households, both monthly and in year-on-year terms. The growth in personal loans observed on the margin is in line with a set of measures promoting lending, such as the "Ahora 12" Program — which provides improved financing conditions for purchases with credit cards — and PRO.CRE.AUTO — which channels financing to the purchase of vehicles.

In November, the average lending rate in pesos showed no significant changes against the previous month, consistently with the performance observed over the second half of 2014 (see Chart 14). The monthly performance of lending rates was heterogeneous amongst groups of banks, with national private and public banks exhibiting a slight increase, and foreign private banks posting a decrease. In terms of credit lines, decreases were registered in the segment of overdrafts, promissory notes — lines used the most by companies— and personal loans, and increases in the remaining segments. The stability of the average lending rate together with a slight increase in the funding cost of private sector time deposits in pesos[12] accounted for a decline of the spreads in November, which was observed in all groups of banks.

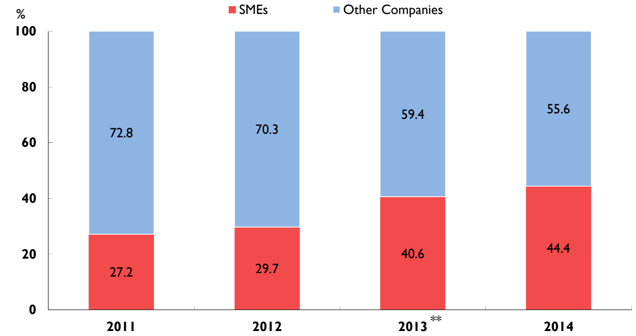
Delinquency levels of lending to the private sector remained unchanged in November, at around 2% of the total portfolio. Non-performance ratios for lending to households (3.1%) and lending to companies (1.2%) also remained unchanged over the month (see Chart 15). In the period, all groups of banks recorded figures in arrears similar to October's. In year-on-year terms, this indicator posted a 0.2 p.p. increase, without significant changes since mid-2014. In November, coverage of the non-performing portfolio with provisions reached 140.1% for the financial system, **evidencing a high provisioning level with respect to delinquent loans across all groups of banks**. These provisions also sizably exceed the regulatory requirement in all groups of financial institutions.

Chart 12

Granted Credits in Pesos to Legal Persons*

Share by debtor's size

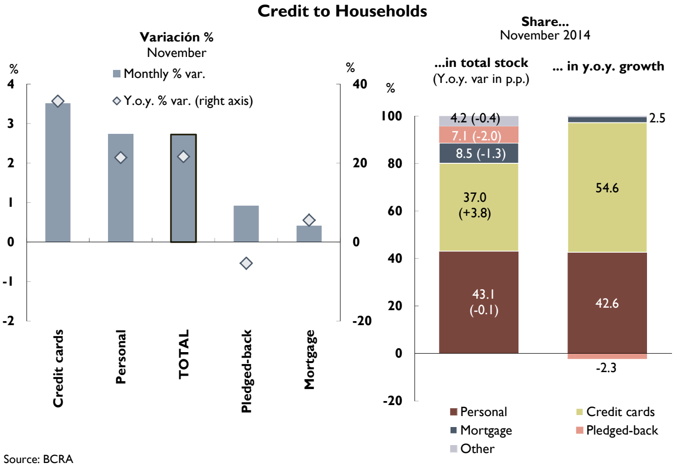
Granted values - Accumulated 11 months



* Overdrafts excluded.
** From the end of April the Ministry of Small and Medium Companies and Regional Development through Resolution N° 50/13, establishes a new classification of MiPYMES.
Source: BCRA

Chart 13

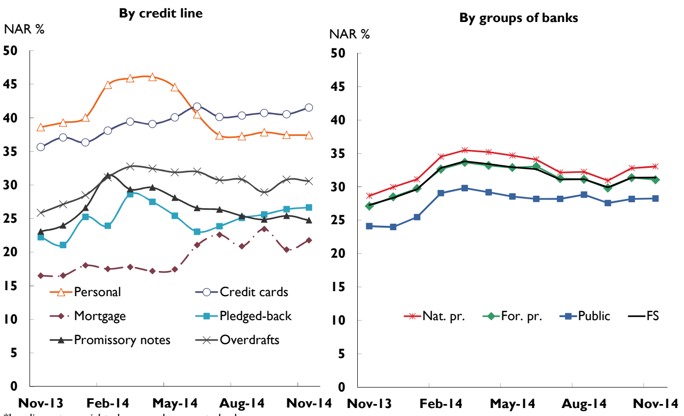
Credit to Households



Source: BCRA

Chart 14

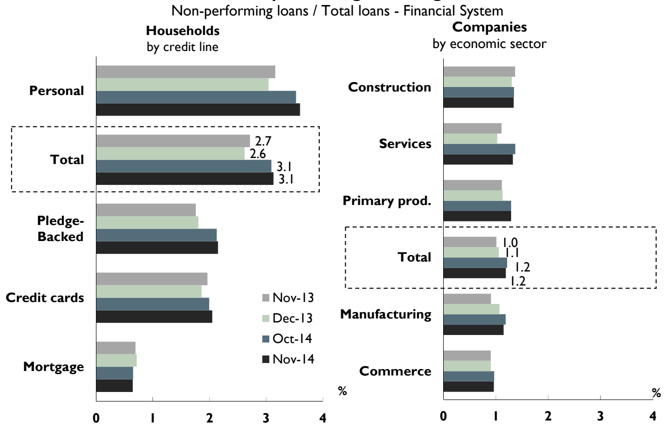
Lending Interest Rates and Spreads Operated in Pesos *



*Lending rates weighted average by operated value.
Source: BCRA

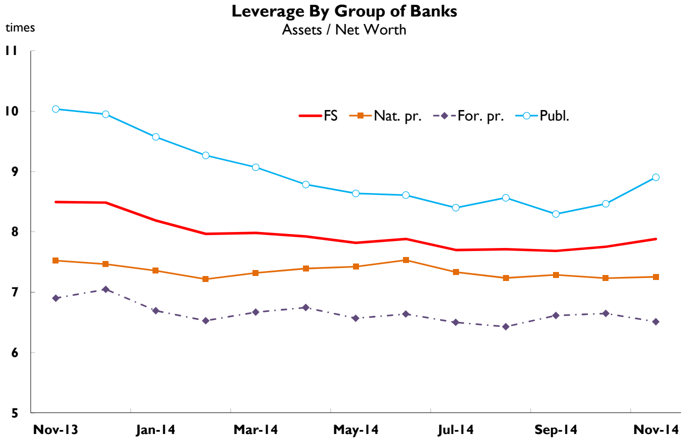
[12] To calculate the funding cost of private sector time deposits it is considered the weighted average by volume traded in a month and adjusted by the minimum reserve requirement.

Chart 15
Non performing Financing
Non-performing loans / Total loans - Financial System



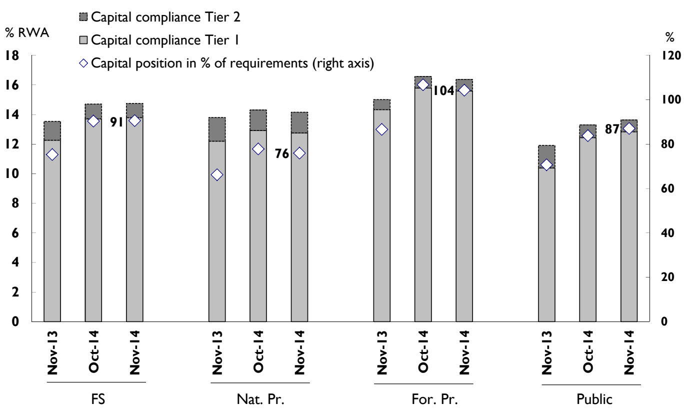
Source: BCRA

Chart 16
Leverage By Group of Banks
Assets / Net Worth



Source: BCRA

Chart 17
Capital Compliance and Excess of the Requirement (Position)



Source: BCRA

IV. Solvency

Net income continued boosting the growth of the consolidated financial system net worth in November (1.9% against last October and 41.4% y.o.y.). In the last two months, this growth was slightly lower than the one posted by assets, increasing the aggregate leverage levels, which were mainly explained by public banks (see Chart 16). In particular, in November assets were 7.9 times the net worth, posting a slight rise of 0.1 against October. These leverage levels are very moderate compared to other financial systems of emerging and developed economies.

In November, compliance in excess of the requirement increased slightly to an aggregate level of 90.5%, up 15.2 p.p. against November 2013 (see Chart 17). In turn, Tier 1 capital compliance[13] increased slightly in the month, up to 13.8% of total risk-weighted assets (RWAs). In turn, total regulatory capital compliance stood at 14.7% of total RWAs in November. As regards the regulatory capital requirement, it should be noted that the BCRA extended the gradual schedule to comply with the operational risk requirement. In particular, smaller financial institutions (Groups "B" and "C") should comply with 100% of the operational risk requirement since March 2015[14].

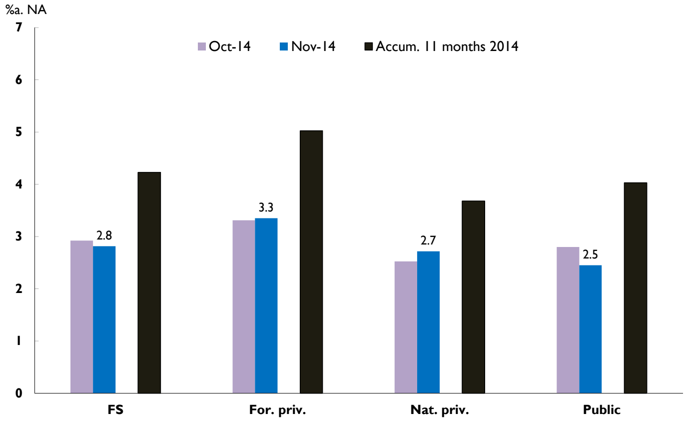
In order to continue strengthening the financial system, **the BCRA has recently introduced an amendment to regulatory capital, in line with the standards proposed by the BCBS and with the undertakings pledged within the framework of the G20. With a macro prudential perspective, an additional capital requirement was established for domestic systemically important financial institutions**, defined following a criterion which includes several factors proposed by the BCBS. This requirement will be equal to 1% of RWAs, with a gradual compliance from January 2016 to January 2019. This decision will be supplemented by the strengthening of supervision and the reporting regime on the institutions involved[15].

In November, the book profits of the financial system stood at 2.8%a. of assets, falling slightly against the previous month (see Chart18) since incomes decreased relatively more than certain expenditures. In turn, **the accumulated ROA in eleven months of 2014 stood at 4.2%a.**, up 1 p.p. against the same period of 2013. **This year-on-year increase of the financial system's accumulated results was homogeneous in all financial institutions.** Breaking down the ensemble of banks by the ROA they had obtained between January and

[13] It is defined as basic net worth (common stock and additional capital), net of deductible accounts. For further information, see Communication "A" 5369.
[14] Communication "A" 5469 and Communication "A" 5686.
[15] Communication "A" 5694.

Chart 18

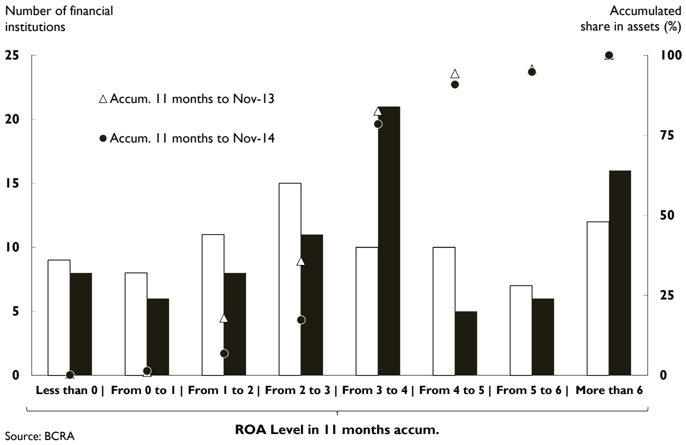
Profitability by Group of Banks



Source: BCRA

Chart 19

Financial Institutions Distribution by ROA

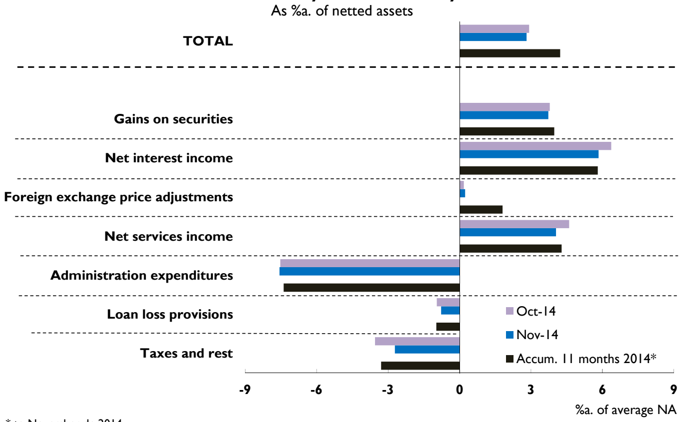


Source: BCRA

Chart 20

Financial System Profitability

As %a. of netted assets



* to November de 2014

Souce: BCRA

November 2014, the highest ranked group of institutions — in terms of quantity and assets — was that ranging from 3%a. to 4%a. (see Chart 19). Such institutions mostly posted a ROA below 3%a. in the same period in 2013.

Financial margin for the ensemble of banks reduced 0.9 p.p. of assets in November, down to 9.8%a. Monthly net income derived from interest decreased in the period, reaching levels which were more in line with the annual aggregate (see Chart 20). The rest of financial margin components also posted minor drops in November. In the past eleven months of 2014, financial margin represented 11.8%a. of assets, up 1.8 p.p. against the same period in 2013, mainly due to higher returns on securities in domestic currency.

In November, net income from services for the financial system fell 0.5 p.p. of assets down to 4.1%a., this change being reflected in all groups of banks. Income statements for 2014 show that this type of income remained at levels similar to those of 2013, at around 4.3%a. of assets.

Operating costs exhibited no significant changes over the month, representing 7.6%a. of assets. In year-to-date terms in 2014 such expenses reached 7.4%a. of assets, exceeding by 0.3 p.p. those accrued in the same period of 2013. In turn, **loan loss provisions decreased 0.2 p.p. of assets in November, to 0.8%a**. These provisions totaled 1%a. of assets from January to November, remaining similar to the same period of 2013.

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” 5663 – 14/11/14

In relation to the substantiation of proceedings and the enforcement of sanctions provided for in section 41 of Law No. 21,526 (Law on Financial Institutions), Communication ‘A’ 5663 provides that:

- the resolution of summary proceedings filed by the BCRA by virtue of the section mentioned above shall be posted on its website;
- the scope of paragraph 1.3.2. of the consolidated text on “Substantiation of proceedings and enforcement of sanctions provided for in section 41 of Law No. 21,526” — about such sanctions as are to be disclosed through communications to all relevant institutions — shall be amended in order to (i) include all institutions governed by Law No. 18,924 (Law on Exchange Houses, Agencies and Offices) and (ii) establish that fines shall be disclosed, regardless of the fact that they may have been enforced together with other sanctions provided for in the section referred to above;
- the SEFyC shall take any necessary step to post the above mentioned decisions.

Communication “A” 5671– 28/11/14

This communication provides that financial institutions shall meet the regulations on “Credit Assessment” for assessing their credit risk exposure. As a general rule, no financial institution shall replace a creditworthiness rating assigned by an external credit rating agency with their own assessment of their counterparties. In the case of local financial institutions’ risk exposure, the ratings assigned by a national agency shall be replaced with a rating granted by the SEFyC. In turn, given the characteristic features of non-financial public institutions, they will be exempted from external credit assessment.

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 institution 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 institutions 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. 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 institutions (national or foreign depending on their residence) and public banks. In order to increase depth of the analysis, private sector institutions 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 institutions specialized in a financial sector niche market -usually smaller institutions-. 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 (without 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.
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.
CABA: Ciudad Autónoma de Buenos Aires
Consolidated (or aggregate) assets and liabilities: Those arising from excluding operations between financial institutions.
Consolidated result: Excludes results related to shares and participations in other local financial institutions.
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.
Net 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.
Net 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.
NBFI: Non-banking financial institution.
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 annex[1] | Financial system

Chart 1 | Financial Soundness Indicators (see

As %	Dec 05	Dec 06	Dec 07	Dec 08	Dec 09	Dec 10	Dec 11	Dec 12	Nov 13	Dec 13	Oct 14	Nov 14
1.- Liquidity	20.1	22.5	23.0	27.9	28.6	28.0	24.7	26.8	25.5	26.8	24.7	26.4
2.- Credit to the public sector	31.5	22.5	16.3	12.7	14.4	12.1	10.7	9.7	8.9	9.4	8.8	8.3
3.- Credit to the private sector	25.8	31.0	38.2	39.4	38.3	39.8	47.4	49.5	49.8	50.9	47.3	45.9
4.- Private non-performing loans	7.6	4.5	3.2	3.1	3.5	2.1	1.4	1.7	1.8	1.7	2.0	2.0
5.- Net worth exposure to the private sector	-2.5	-0.8	-1.5	-1.7	-1.3	-3.2	-4.3	-3.1	-2.9	-3.5	-3.0	-3.0
6.- ROA	0.9	1.9	1.5	1.6	2.3	2.8	2.7	2.9	3.2	3.4	4.4	4.2
7.- ROE	7.0	14.3	11.0	13.4	19.2	24.4	25.3	25.7	27.5	29.5	34.8	33.6
8.- Efficiency	151	167	160	167	185	179	179	190	202	206	222	218
9a.- Capital compliance	-	-	-	-	-	-	-	-	13.5	13.6	14.7	14.7
9b.- Capital compliance (credit risk)	15.9	16.9	16.9	16.9	18.8	17.7	15.6	17.1	-	-	-	-
10a.- Capital compliance Tier I	-	-	-	-	-	-	-	-	12.3	12.5	13.7	13.8
10b.- Capital compliance Tier I (credit risk)	14.1	14.1	14.6	14.2	14.5	13.0	11.0	11.9	-	-	-	-
11.- Excess capital compliance	169	134	93	90	100	87	69	59	75	76	90	91

Note: According to Communication "A" 5369, since February 2013 methodological changes in some indicators were carried out. Among others changes, risk weighing coefficients considered to determine capital requirements were redefined, concepts included in the different segments of capital compliance were rearranged and new minimum limits in terms of the Total Risk Weighted Assets (RWA) were added. A wider definition of RWA is considered since Communication "A" 5369, including not only credit risk, but also market and operational risk.

Data subject to changes

Source: BCRA

n.a.: non available

Chart 2 | Balance Sheet

In million of current pesos	Dec 08	Dec 09	Dec 10	Dec 11	Dec 12	Nov 13	Dec 13	Oct 14	Nov 14	Change (in %)		
										Last month	2014	Las 12 months
Assets	**346,762**	**387,381**	**510,304**	**628,381**	**790,026**	**985,451**	**1,004,892**	**1,230,982**	**1,294,854**	**5.2**	**28.9**	**31.4**
Cash disposal[1]	58,676	71,067	93,085	104,389	148,254	169,417	200,925	211,671	211,399	-0.1	5.2	24.8
Public bonds	65,255	86,318	117,951	112,906	123,491	161,007	141,494	252,051	283,403	12.4	100.3	76.0
Lebac/Nobac	37,093	43,867	76,948	71,050	84,057	112,076	89,641	189,229	220,960	16.8	146.5	97.2
Portfolio	25,652	34,748	61,855	59,664	70,569	93,293	88,091	175,456	182,889	4.2	107.6	96.0
Repo[2]	11,442	9,119	15,093	11,386	13,488	18,783	1,550	13,774	38,071	176.4	2,356.4	102.7
Private bonds	203	307	209	212	251	579	434	1,624	1,705	5.0	292.8	194.2
Loans	154,719	169,868	230,127	332,317	433,925	539,186	563,344	634,015	644,217	1.6	14.4	19.5
Public sector	17,083	20,570	25,907	31,346	39,951	44,688	48,438	51,086	49,207	-3.7	1.6	10.1
Private sector	132,844	145,247	199,202	291,708	383,674	481,796	501,857	571,993	584,085	2.1	16.4	21.2
Financial sector	4,793	4,052	5,018	9,263	10,299	12,702	13,049	10,936	10,925	-0.1	-16.3	-14.0
Provisions over loans	-4,744	-5,824	-6,232	-7,173	-9,596	-11,972	-13,117	-16,560	-16,838	1.7	28.4	40.6
Other netted credits due to financial intermediation	38,152	33,498	39,009	40,805	38,769	61,123	42,435	62,316	83,966	34.7	97.9	37.4
Corporate bonds and subordinated debt	912	1,146	1,433	1,657	2,255	4,645	5,421	5,439	5,959	9.6	9.9	28.3
Unquoted trusts	5,714	5,942	6,824	7,967	10,822	12,659	12,656	12,716	12,422	-2.3	-1.8	-1.9
Leasing	3,935	2,933	3,936	6,222	7,203	8,985	9,460	10,107	10,293	1.8	8.8	14.5
Shares in other companies	7,236	6,711	7,921	9,123	11,682	14,652	15,117	19,886	20,254	1.9	34.0	38.2
Fixed assets and miscellaneous	7,903	8,239	9,071	10,111	11,251	13,615	14,231	18,413	18,869	2.5	32.6	38.6
Foreign branches	3,153	3,926	3,283	3,525	4,354	5,299	5,627	7,283	7,270	-0.2	29.2	37.2
Other assets	12,275	10,337	11,943	15,944	20,441	23,560	24,941	30,176	30,316	0.5	21.6	28.7
Liabilities	**305,382**	**339,047**	**452,752**	**558,264**	**699,205**	**868,445**	**883,091**	**1,069,377**	**1,130,152**	**5.7**	**28.0**	**30.1**
Deposits	236,217	271,853	376,344	462,517	595,764	732,046	752,422	898,450	935,573	4.1	24.3	27.8
Public sector[3]	67,151	69,143	115,954	129,885	163,691	204,971	202,434	223,125	247,605	11.0	22.3	20.8
Private sector[3]	166,378	199,278	257,595	328,463	427,857	521,398	544,331	667,163	679,083	1.8	24.8	30.2
Current account	39,619	45,752	61,306	76,804	103,192	118,441	125,237	154,690	159,020	2.8	27.0	34.3
Savings account	50,966	62,807	82,575	103,636	125,210	144,307	158,523	188,874	192,144	1.7	21.2	33.1
Time deposit	69,484	83,967	104,492	135,082	183,736	240,910	241,281	301,369	305,036	1.2	26.4	26.6
Other netted liabilities due to financial intermediation	57,662	52,114	60,029	76,038	75,106	99,938	92,634	118,289	141,190	19.4	52.4	41.3
Interbanking obligations	3,895	3,251	4,201	7,947	8,329	10,246	10,596	7,902	7,903	0.0	-25.4	-22.9
BCRA lines	1,885	270	262	1,920	3,535	4,690	4,693	4,451	4,313	-3.1	-8.1	-8.0
Outstanding bonds	5,984	5,033	3,432	6,856	9,101	13,756	14,198	17,950	18,494	3.0	30.3	34.4
Foreign lines of credit	4,541	3,369	3,897	6,467	4,992	5,361	6,328	11,513	11,014	-4.3	74.1	105.4
Other	13,974	14,891	17,426	24,137	26,280	29,976	41,345	42,623	44,138	3.6	6.8	47.2
Subordinated debts	1,763	1,922	2,165	2,065	2,647	3,263	3,425	4,307	4,454	3.4	30.0	36.5
Other liabilities	9,740	13,159	14,213	17,644	25,688	33,198	34,610	48,330	48,936	1.3	41.4	47.4
Net worth	**41,380**	**48,335**	**57,552**	**70,117**	**90,820**	**117,006**	**121,800**	**161,605**	**164,701**	**1.9**	**35.2**	**40.8**
Memo												
Netted assets	321,075	364,726	482,532	601,380	767,744	950,445	989,825	1,198,199	1,240,853	3.6	25.4	30.6
Consolidated netted assets	312,002	357,118	472,934	586,805	750,598	929,734	968,458	1,176,893	1,219,358	3.6	25.9	31.2

([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
http://www.bcra.gob.ar/pdfs/polmon/InfBanc_Anexoi.xls

Statistics annex[1] | Financial system

Chart 3 | Profitability Structure

Amount in million of pesos	Annual						First 11 months		Monthly			Last
	2008	**2009**	**2010**	**2011**	**2012**	**2013**	**2013**	**2014**	**Sep-14**	**Oct-14**	**Nov-14**	**12 months**
Financial margin	20,462	28,937	35,490	43,670	61,667	88,509	77,555	119,720	11,201	10,520	10,022	130,674
Net interest income	9,573	14,488	17,963	24,903	38,365	50,336	45,295	58,734	5,627	6,310	5,988	63,775
CER and CVS adjustments	2,822	1,196	2,434	1,725	2,080	2,153	2,010	4,134	309	265	261	4,278
Foreign exchange price adjustments	2,307	2,588	2,100	3,025	4,127	11,287	8,751	13,472	338	406	278	16,008
Gains on securities	4,398	11,004	13,449	14,228	17,356	22,280	20,491	40,239	5,019	3,752	3,827	42,027
Other financial income	1,362	-339	-457	-211	-261	2,454	1,008	3,140	-92	-213	-332	4,586
Service income margin	10,870	13,052	16,089	21,391	28,172	36,503	33,034	43,325	4,379	4,556	4,157	46,793
Loan loss provisions	-2,839	-3,814	-3,267	-3,736	-6,127	-9,349	-7,472	-9,825	-954	-944	-791	-11,702
Operating costs	-18,767	-22,710	-28,756	-36,365	-47,318	-60,722	-54,790	-74,704	-7,273	-7,453	-7,750	-80,636
Tax charges	-2,318	-3,272	-4,120	-6,047	-8,981	-13,916	-12,663	-17,626	-1,659	-1,774	-1,566	-18,879
Adjust. to the valuation of gov. Securities[1]	-1,757	-262	-214	-336	-338	-377	-342	-849	-62	-62	-60	-885
Amort. payments for court-ordered releases	-994	-703	-635	-290	-274	-128	-119	-72	-9	-5	-5	-81
Other	1,441	918	2,079	2,963	2,475	2,576	2,446	4,394	710	-185	2	4,524
Total results before tax[2]	6,100	12,145	16,665	21,251	29,276	43,094	37,649	64,364	6,333	4,653	4,009	69,809
Income tax	-1,342	-4,226	-4,904	-6,531	-9,861	-13,951	-13,112	-21,603	-2,778	-1,759	-1,121	-22,442
Total result[2]	**4,757**	**7,920**	**11,761**	**14,720**	**19,415**	**29,143**	**24,537**	**42,761**	**3,555**	**2,894**	**2,888**	**47,367**
Adjusted Result[3]	7,508	8,885	12,610	15,345	20,027	29,649	24,997	43,681	3,626	2,961	2,953	48,333
Annualized indicators - As % of netted assets												
Financial margin	6.7	8.6	8.5	8.0	9.2	10.3	10.0	11.8	11.6	10.6	9.8	12.0
Net interest income	3.1	4.3	4.3	4.6	5.7	5.9	5.9	5.8	5.8	6.4	5.8	5.8
CER and CVS adjustments	0.9	0.4	0.6	0.3	0.3	0.3	0.3	0.4	0.3	0.3	0.3	0.4
Foreign exchange price adjustments	0.8	0.8	0.5	0.6	0.6	1.3	1.1	1.3	0.4	0.4	0.3	1.5
Gains on securities	1.4	3.3	3.2	2.6	2.6	2.6	2.6	4.0	5.2	3.8	3.7	3.8
Other financial income	0.4	-0.1	-0.1	0.0	0.0	0.3	0.1	0.3	-0.1	-0.2	-0.3	0.4
Service income margin	3.6	3.9	3.8	3.9	4.2	4.3	4.3	4.3	4.5	4.6	4.1	4.3
Loan loss provisions	-0.9	-1.1	-0.8	-0.7	-0.9	-1.1	-1.0	-1.0	-1.0	-1.0	-0.8	-1.1
Operating costs	-6.1	-6.7	-6.9	-6.7	-7.0	-7.1	-7.1	-7.4	-7.5	-7.5	-7.6	-7.4
Tax charges	-0.8	-1.0	-1.0	-1.1	-1.3	-1.6	-1.6	-1.7	-1.7	-1.8	-1.5	-1.7
Adjust. to the valuation of gov. Securities[1]	-0.6	-0.1	-0.1	-0.1	-0.1	0.0	0.0	-0.1	-0.1	-0.1	-0.1	-0.1
Amort. payments for court-ordered releases	-0.3	-0.2	-0.2	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.5	0.3	0.5	0.5	0.4	0.3	0.3	0.4	0.7	-0.2	0.0	0.4
Total results before tax[2]	2.0	3.6	4.0	3.9	4.3	5.0	4.9	6.4	6.6	4.7	3.9	6.4
Income tax	-0.4	-1.3	-1.2	-1.2	-1.5	-1.6	-1.7	-2.1	-2.9	-1.8	-1.1	-2.1
ROA[2]	**1.6**	**2.3**	**2.8**	**2.7**	**2.9**	**3.4**	**3.2**	**4.2**	**3.7**	**2.9**	**2.8**	**4.3**
ROA adjusted[3]	2.5	2.6	3.0	2.8	3.0	3.5	3.2	4.3	3.8	3.0	2.9	4.4
ROE before tax	*17.2*	*29.5*	*34.5*	*36.5*	*38.8*	*43.7*	*42.2*	*50.5*	*51.0*	*36.8*	*31.1*	*51.0*
ROE [2]	*13.4*	*19.2*	*24.4*	*25.3*	*25.7*	*29.5*	*27.5*	*33.6*	*28.6*	*22.9*	*22.4*	*34.6*

([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.

([2]) 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.

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

Source: BCRA

Chart 4 | Portfolio Quality

As percentage	Dec 05	Dec 06	Dec 07	Dec 08	Dec 09	Dec 10	Dec 11	Dec 12	Nov 13	Dec 13	Oct 14	Nov 14
Non-performing loans (overall)	**5.2**	**3.4**	**2.7**	**2.7**	**3.0**	**1.8**	**1.2**	**1.5**	**1.6**	**1.5**	**1.8**	**1.8**
Provisions / Non-performing loans	115	108	115	117	115	148	176	144	142	150	142	142
(Total non-perfoming - Provisions) / Overall financing	-0.8	-0.3	-0.4	-0.5	-0.5	-0.9	-0.9	-0.7	-0.6	-0.8	-0.8	-0.8
(Total non-perfoming - Provisions) / Net worth	-2.6	-0.9	-1.6	-1.8	-1.7	-3.6	-4.6	-3.4	-3.1	-3.7	-3.1	-3.1
Non-performing loans to the non-financial pri	**7.6**	**4.5**	**3.2**	**3.1**	**3.5**	**2.1**	**1.4**	**1.7**	**1.8**	**1.7**	**2.0**	**2.0**
Provisions / Non-performing loans	115	108	114	116	112	143	171	141	139	148	140	140
(Total non-perfoming - Provisions) / Overall financin	-1.1	-0.3	-0.5	-0.5	-0.4	-0.9	-1.0	-0.7	-0.7	-0.8	-0.8	-0.8
(Total non-perfoming - Provisions) / Net worth	-2.5	-0.8	-1.5	-1.7	-1.3	-3.2	-4.3	-3.1	-2.9	-3.5	-3.0	-3.0

Source: BCRA

[1] Note | Data available in Excel in