Report on Banks

December 2008

BANCO CENTRAL
DE LA REPÚBLICA ARGENTINA

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Year VI, No. 4

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DE LA REPÚBLICA ARGENTINA

Contents

Note | Information for December 2008 available by January 27, 2009 is included. This Report is focussed on the performance of the financial system, including breakdowns by homogeneous subsectors. The data reported (particularly, those referring to profitability are provisional and are subject to changes later. Except the opposite was indicated, the information included corresponds to BCRA Information Regimes (end of month data).

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Summary

- **As a consequence of the prudential policies previously introduced by the BCRA, the financial system finds itself in a relatively sounder position than in the past, in terms of capital adequacy, liquidity and credit quality. This situation has allowed banks to overcome with relative ease the recent episodes of volatility that began to be recorded in September, providing an additional line of defense to protect the economy from the growing international uncertainty.**

- **Balance sheet stock deposits of the non-financial sector dropped 1.4% in December, mainly because of the reduction in public sector placements,** as a consequence of debt servicing payments. The **increase for the month in private sector deposits** mainly took place in sigh accounts. **In 2008 private sector deposits recorded a rise of 13.4% y.o.y..**

- **Financial entities have ended the year showing high liquidity levels. The financial system liquidity indicator remained at November level (28.1%), 5.1 p.p. higher than at the end of 2007**, in line with the monthly reductions in both liquid assets ($1 billion) and in the balance sheet stock deposits. The broad liquidity indicator (which includes holdings of Lebac and Nobac not linked to repo transactions) stands at 40.2% of total deposits.

- **Balance sheet stocks for corporate and household credits granted by financial entities as a whole remained steady in December, rising 20.1% over 2008**.

- **Lending to the private sector continued to evolve within the context of a limited credit risk exposure.** Despite the slight increase recorded in total non-performance in the last 4 months, **the delinquency of the private sector portfolio continues to post a year-on-year decline,** to stand at around 3%. Loans to the corporate sector have again shown an improvement in their performance, while the quality of the household loan portfolio has shown signs of slight deterioration, particularly in consumer credit lines.

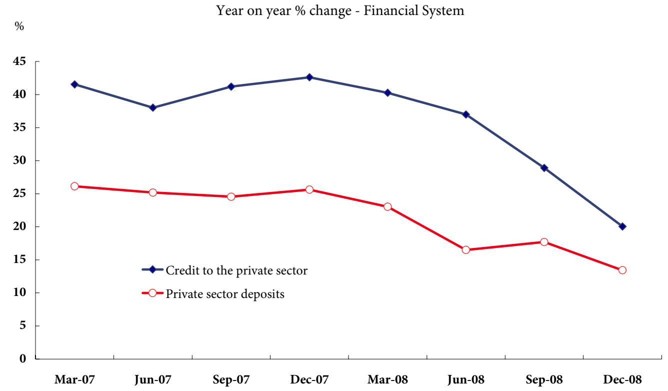
- **Despite increased volatility on international financial markets, the local financial system maintains adequate solvency levels.** Capital compliance remained at 16.8% of assets at risk, in line with the figure recorded at the end of 2007. Financial system consolidated net worth increased 1.1% in December, for a total improvement in 2008 of 11.7%. **Over the course of the year there has been an improvement in the composition of bank net worth.**

- **The results on financial system assets** (ROA) **stood at 1.3%a. in December**, to a large extent explained by public banks. **This represents a reduction compared with previous months, cutting profits for the whole of 2008 to 1.5% of assets, a level similar to that of the previous year**. Those more stable sources of income (service and interest income) were behind the development of profitability, gaining share of total banking sector revenue.

Chart 1

Financial Intermediation with the Private Sector

Year on year % change - Financial System

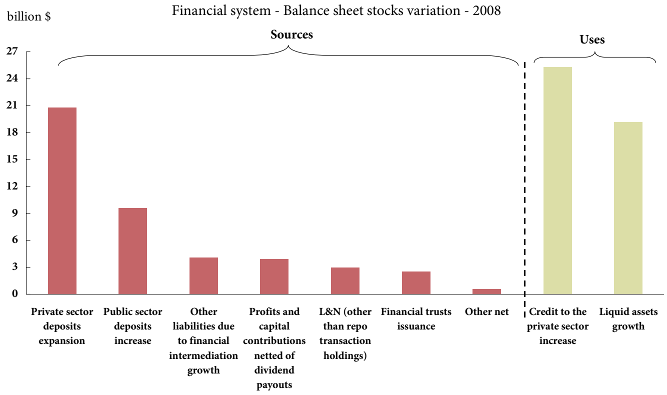


Note: Deposit stocks are adjusted by the transfers of AFJP accounts to the Anses.
Source: BCRA

Chart 2

Estimation of the Main Sources and Uses of Funds

Financial system - Balance sheet stocks variation - 2008

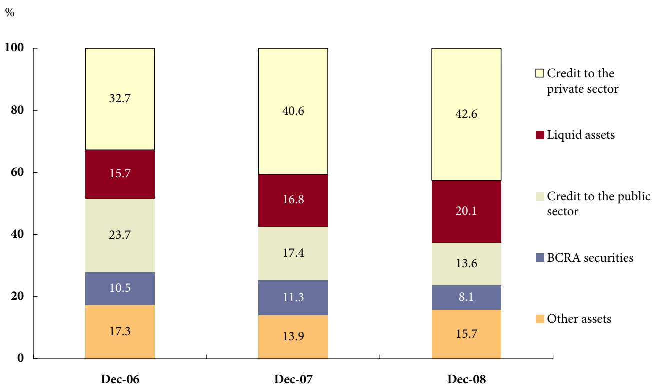


Note: Variation of stock deposits are adjusted by the transfers of AFJP accounts to the Anses.
Source: BCRA

Chart 3

Netted Asset Composition

Financial system



Source: BCRA

Activity

Rate of growth of financial intermediation with the private sector tempered

Growth of bank lending to the private sector is slowing gradually, in a context of marked deterioration in international financial markets that is being reflected in lower domestic economic expansion. Both household lending and private sector deposits[1] tempered their year-on-year growth rate in recent months (see Chart 1).

Increased lending to the private sector was the main use made of financial system resources over the course of 2008, followed by a strengthening of the liquid asset position. These resources were mainly funded by an increase in private sector deposits (see Chart 2). During December, the drop in public sector deposits ($8.75 billion), repos entered into using government securities ($2.3 billion) and increased cash holdings at banks ($1.6 billion) were the main applications of funds. Reduced holdings of Lebac and Nobac ($4 billion), a lower volume of net repos with the BCRA ($2.6 billion) and an increase in private sector deposits ($5.95 billion) were the most notable sources of funds during the month.

Banks continue to show improvement in the composition of their financial position. Loans to households and companies reached 39.4% of total financial system assets in December (42.6% of netted assets), over three times more than exposure to the public sector, which reached 12.5% during the month (13.6% of netted assets) (see Chart 3).

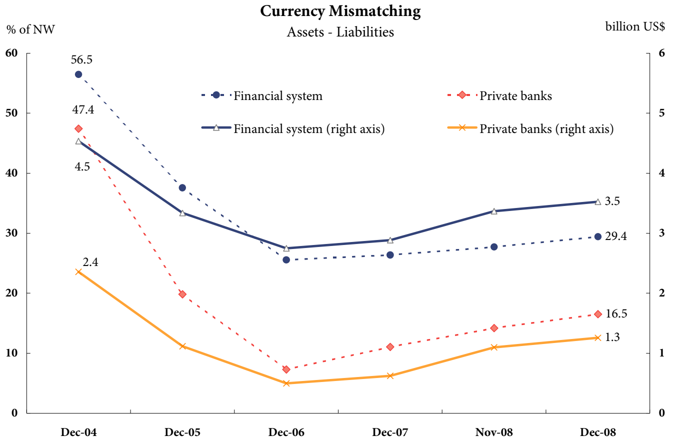
Currency mismatching remains limited. An increase in bank foreign currency assets in December, combined with a slight fall in such currency liabilities, generated a slight increase for the month in the mismatching level, to 29.4% of net worth, although it is still well below the levels of recent years (see Chart 4).

[1] Unless otherwise indicated, throughout this Report balance sheet deposit stocks have been adjusted for the transfer of the pension fund (AFJP) accounts to the Anses that took place on December 9 following the creation of the Integrated Argentine Social Security System (SIPA). This correction is not made in the case of the statistical annex .

Chart 4

Currency Mismatching

Assets - Liabilities

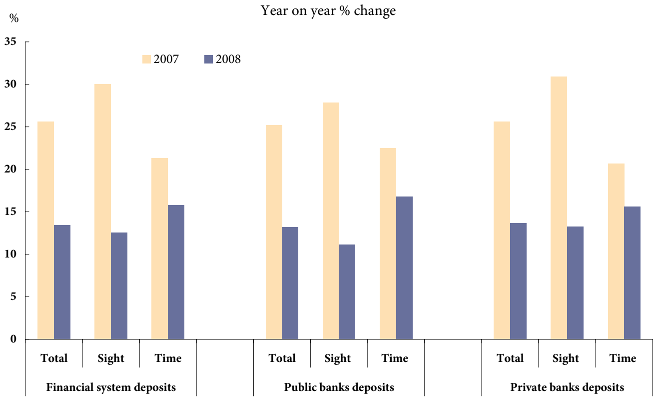


Source: BCRA

Chart 5

Non-Financial Private Sector Deposits

Year on year % change



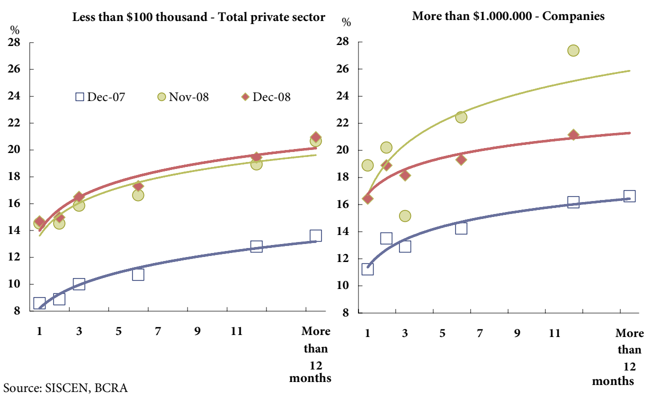
Note: Balance sheet stocks are adjusted by the transfers of the AFJP to the Anses.

Source: BCRA

Chart 6

Private Sector Time Deposits in Pesos

Interest rate operations by contractual maturity - Financial system



Source: SISCEN, BCRA

Deposits and liquidity

Lower increase in sight account stocks explains annual performance by private sector deposits

Balance sheet totals for all non-financial sector deposits[2] fell $3.4 billion (-1.4%) in December, a drop explained by public sector placements (-13.1%) in the context of the debt maturities that took place and additional year-end closing expenses, whereas private sector deposits posted an increase (3.5%). **The increase for the month in private sector deposits was largely accounted for by sight accounts (6.4%) and, to a lesser extent, by time deposits (0.9%)**.

In 2008 total bank deposits registered an increase of 15.1% year-on-year, slightly below the increase for the previous year, mainly because of the lower dynamism shown by private sector deposits. **Private sector deposits posted an increase of 13.4% year-on-year in 2008, recording a similar slowdown across all the various bank categories** (see Chart 5). Lower growth rates for sight deposits, and to a lesser extent for time deposits, explain the reduction in the increase in private sector placements during the year. Over the course of 2008 rises have taken place in deposit rates in both the retail and wholesale segments (see Chart 6).

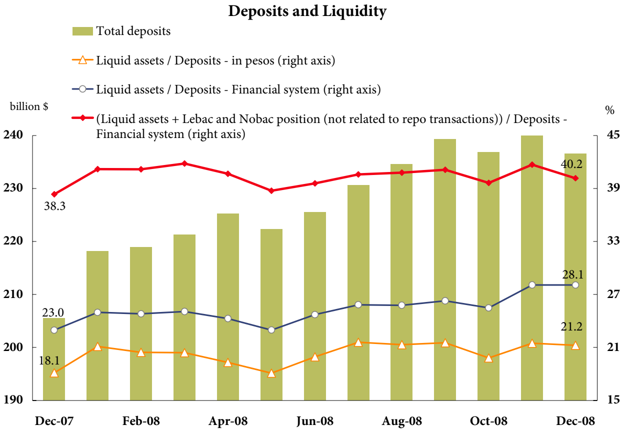
Banks have ended the year with high levels of liquidity. Financial entity liquid assets dropped $1 billion in December, a result of a fall in net repos with the BCRA ($2.6 billion), these resources being used in part to increase bank cash holdings ($1.6 billion). **In December the liquidity indicator remained at 28.1%** (see Chart 7), reflecting the impact of the drop for the month in liquid assets, combined with an overall decline in deposit levels. Holdings of Lebac and Nobac not related to repo transactions fell $4 billion over the month, leading to a drop in the broad liquidity indicator of 1.5 p.p. of total deposits, to 40.2%.

In consideration of the worsening conditions on global financial markets, **the BCRA continues to promote mechanisms to assist local financial entities to manage their liquidity.** In the case of the quarterly position for compliance with liquidity requirements (December-January-February), since December the proportion of cash held in financial entities, in transit and at value carriers that can be used when calculating such requirements has been increased by 100% in both pesos and dollars.

[2] Including deposits from the private and public sectors, accrued interest and CER adjustments.

Chart 7

Deposits and Liquidity

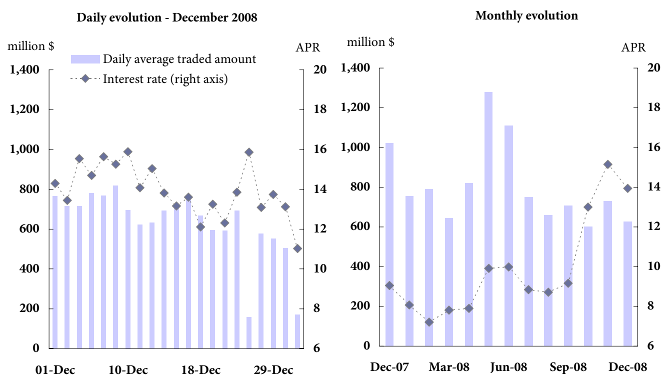


Source: BCRA

Chart 8

Call Market

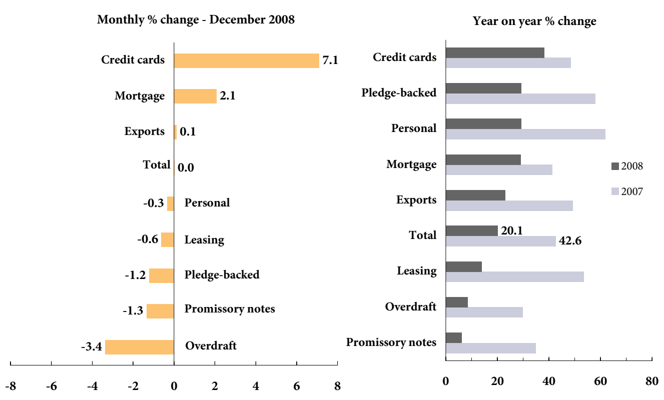
Operations in pesos



Source: SISCEN, BCRA

Chart 9

Credit to the Private Sector by Type of Line



Source: BCRA

In a context of high liquidity, **the interbank call market interest rate recorded a decline of 1.2 p.p. to 13.9% in December** (see Chart 8), a trend that persisted steadily into the beginning of 2009. In December, there was a drop in the traded volume on this market to a daily average of $630 million.

Financing

Loans to households behind lending increase for the year

Balance sheet stocks for lending to the private sector remained steady in December, showing an increase of $380 million if the issue of financial trusts by banks during the month is taken into account[3]. During December, increased lending by means of credit cards, mortgage loans and export lines was offset by reductions in the rest of the segments (see Chart 9). Interest rates on overdrafts and pledge-backed loans recorded declines for the month, while those for promissory notes and personal loans increased marginally (see Chart 10).

Over the course of 2008 lending to households and corporations rose 20.1%, 22.5 p.p. less than in the previous year. This slowdown in bank lending to the private sector is mainly explained by private banks, as public banks maintained their growth rhythm over the course of 2008. The average maturity of loans granted to the private sector dropped back slightly in 2008 (see Chart 11), taking place mainly in lending to families.

The increase in the balance sheet lending stock to the private sector in 2008 was mainly driven by loans to households (see Chart 12) (at the date of publication of this Report the latest information available on the breakdown of lending by sector corresponds to November), with a growth rate more than twice that of lending to companies[4]. In the case of loans to households, pledge-backed loans and personal loans were the most dynamic over the course of 2008, while in the case of lending to companies, the largest relative increase was recorded in pledge-backed loans and credit lines for exports.

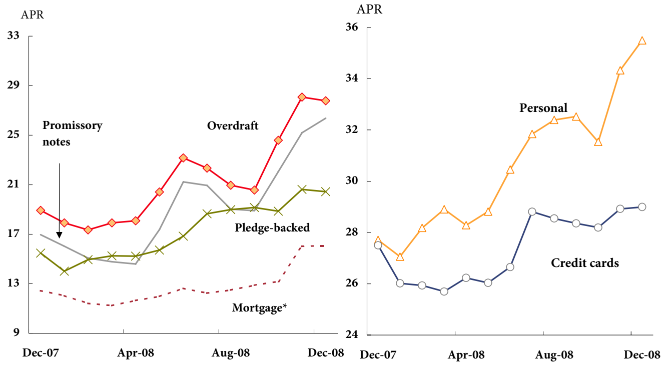
[3] In December there were eight financial trusts issued using bank loans as underlying assets, for a total of $360 million ($260 million corresponding to personal loan and credit card lending securitization in equal proportions, and the rest to pledge-backed loans).

[4] Loans to companies are considered to be those granted to legal persons and commercial credit to individuals, while remaining lending to individuals is included under the households heading.

Chart 10

Lending Interest Rates

Credit to the private sector - Financial system

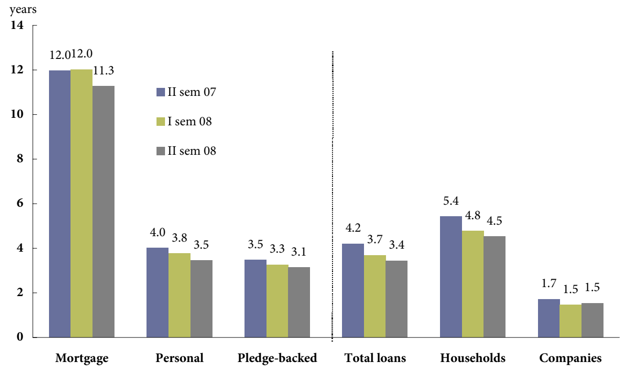


* Mortgage interest rate include fixed interest rate and re-negotiate interest rate operations.
Source: SISCEN, BCRA

Chart 11

Lending to the Private Sector

Average maturity weighted by amount

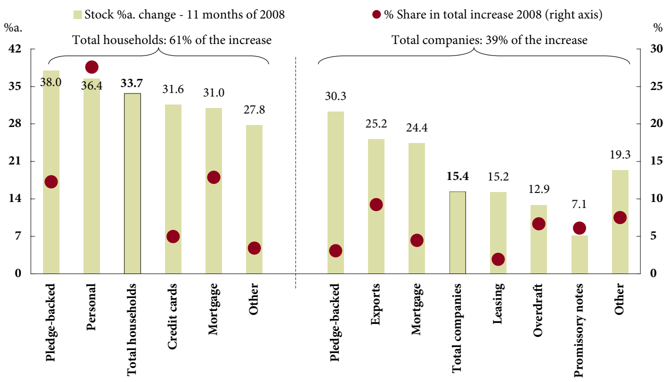


Note: Excludes overdraft and credit cards.
Source: SISCEN, BCRA

Chart 12

Financing to Companies and Households

Financial system



Note: November 2008 last available data
Source: BCRA

Portfolio quality

Private sector loan non-performance remains at historically low level

Recent months have seen a gradual increase in delinquency in loans to the private sector, although it still remains at a historically low level. Private sector loan non-performance stood at 3% in December, recording an increase of 0.2 p.p. in the last three months, mainly accounted for by private banks and non-banking financial entities (see Chart 13).

On the basis of data for November, **loans to the corporate sector continued to post improvement in their performance, whereas the portfolio quality of lending to households has shown certain signs of deterioration** (see Chart 14). Approximately 1.9% of credit lines extended to companies were non-performing, the ratio having fallen 1.3% for the year. Loans to households record a non-performance rate of 4.3%, showing an increase of 0.8 p.p. in 2008. **This deterioration in the quality of lending to households has taken place mainly in consumer credit lines (personal loans and credit cards)** where non-performance rose 1.4 p.p. over the year to 5%, mainly as a consequence of the slower increase in the overall loan stock, because the rhythm of increase in non-performing lines remained constant during the year.

In December, the coverage by provisions of non-performing loans to the private sector remained at around 131% for the system as a whole, in line with the levels at the end of 2007. Thirty-five entities record a coverage ratio of under 100% of the stocks of non-performing loans to the private sector (with 47% of the balance of delinquent loans), of which 29 slightly lowered this indicator over the course of 2008 (see Chart 15).

Solvency

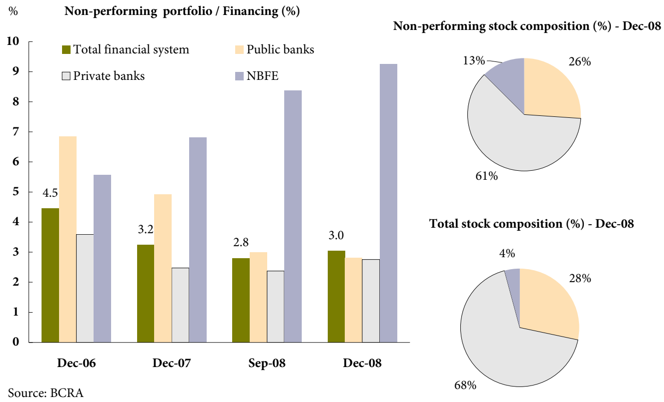
Within the context of deteriorating international financial markets, the local financial system remains sound

During 2008 book profits and new capital contributions were the main sources of the improved solvency of the financial system. In December, bank consolidated net worth increased 1.1%, with a similar performance by all financial entity categories, with

Chart 13

Non-Performing Credit to the Private Sector

By group of financial entities

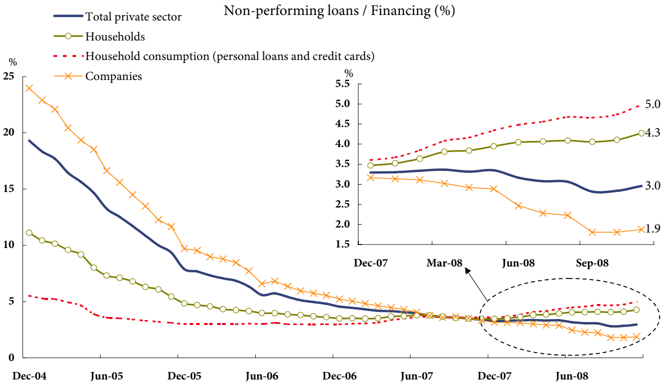


Source: BCRA

Chart 14

Non-Performing Credit to the Private Sector

Non-performing loans / Financing (%)

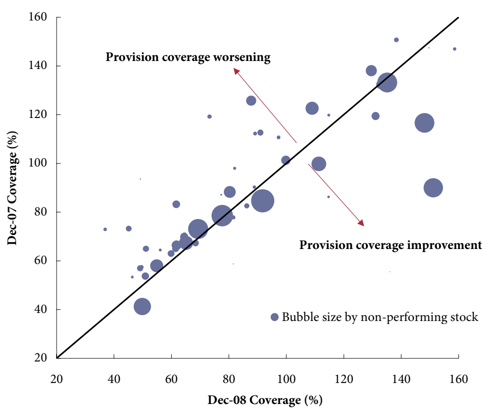


Note: November 2008 last data available
Source: BCRA

Chart 15

Variation of Non-Performing Loan Provision Coverage

Credit to the Private Sector - Dec-07 and Dec-08



Source: BCRA

expansion totaling $3.9 billion (11.7%) at system level for the whole of 2008.

The composition of consolidated net worth showed some improvement over the course of 2008. On the one hand, **banks absorbed the losses in nominal terms that had been accumulated in previous years** (originating back in the 2001-2002 crisis), **and for the first time the aggregate records retained earnings** (see Chart 16). On the other, **capital remained steady, as did adjustments and reserves overall.** Capital composition improvement was largely led by the profits obtained by financial entities over the course of 2008. During the year, capital contributions were made for approximately $800 million, largely centered on non-bank financial entities.

Exceeding internationally-recommended levels and local requirements, in December capital compliance was equivalent to 16.8% of risk-weighted assets for financial entities as a whole, in line with the figure recorded one year earlier (see Chart 17). The excess capital compliance totaled 91% at the end of 2008.

Banks have been able to end their fourth consecutive year of book profits, thus helping to consolidate the solvency of the sector. In December the financial system accrued profits for $350 million (equivalent to 1.3%a. of assets), led by the public bank sector. Results rose by 0.4 p.p. of assets in the month, ending the fourth quarter of the year with a return on assets (ROA) of 1.5%a.

In 2008, ROA for the financial system totaled 1.5%, maintaining the level of the previous year (see Chart 18). **Positive results were widespread during the year,** being recorded by 70 financial entities representing 96% of total assets. Private and public banks recorded profits for 1.9% and 1% of assets, respectively.

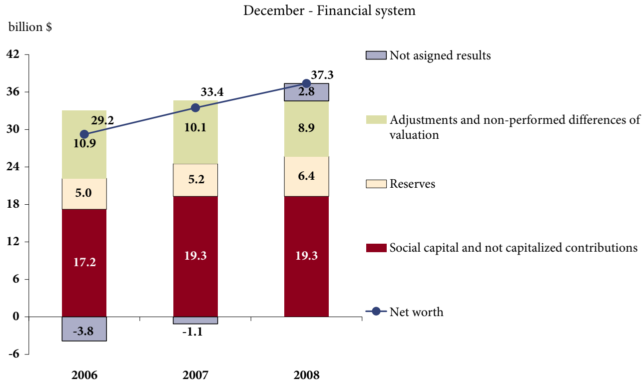
In December financial margin rose 1.1 p.p. of assets to 7.2%a., as a consequence of the dynamism of net interest income (up 0.6 p.p. of assets to 3.8%a.) **and an increase in foreign exchange price adjustments** (up 1.3 p.p. of assets to 1.7%a.), in part as a result of the rise in the nominal peso-dollar exchange rate between month ends. Gain on securities dropped by 1.6 p.p. of assets in the month to 0.9%a.[5] **Banking financial margin totaled 6.7%a. of assets during 2008**, 1 p.p. more than in 2007,

[5] Under the terms of current regulations, the impact on bank balance sheets of short-term financial volatility on capital markets has been moderated.

Chart 16

Consolidated Net Worth Composition

December - Financial system

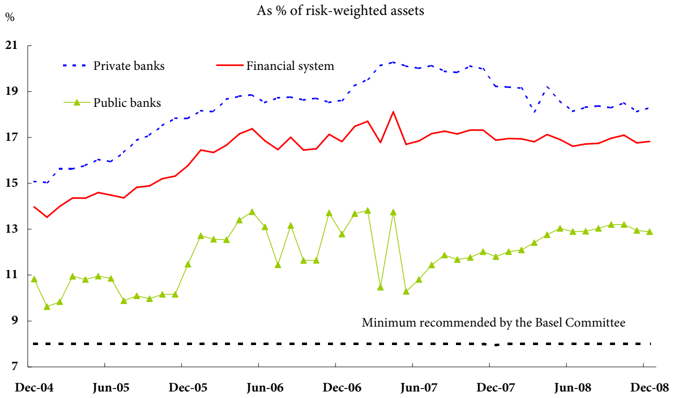


Source: BCRA

Chart 17

Capital Compliance According to Regulation

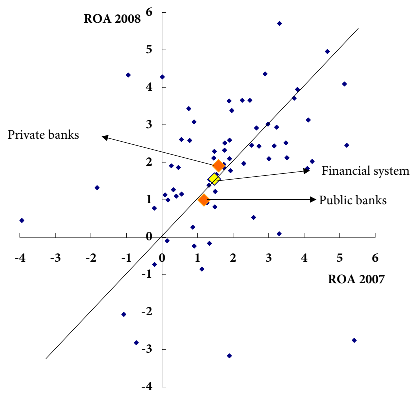
As % of risk-weighted assets



Source: BCRA

Chart 18

Profitability by Group of Banks



Source: BCRA

with net interest income continuing to expand to 3.1%a. of assets (0.9 p.p. more than in the previous year).

In line with the worsening global financial markets, **gains on securities and foreign exchange price adjustments were the most volatile headings** within bank revenue sources during the year (see Chart 19). **Service income margin and net interest income (recurring income) have been gaining ground among the leading sources of income.**

Service income margin has again shown a marked dynamism. In December, service income margin went up 0.4 p.p. of assets to 4%a., ending the year at 3.6% of assets, higher than the level recorded in 2007. Resources derived from deposit-taking were the most significant components of service income margin, and unlike the situation observed in previous years, they have performed more dynamically than those components derived from the granting of loans (see Chart 20).

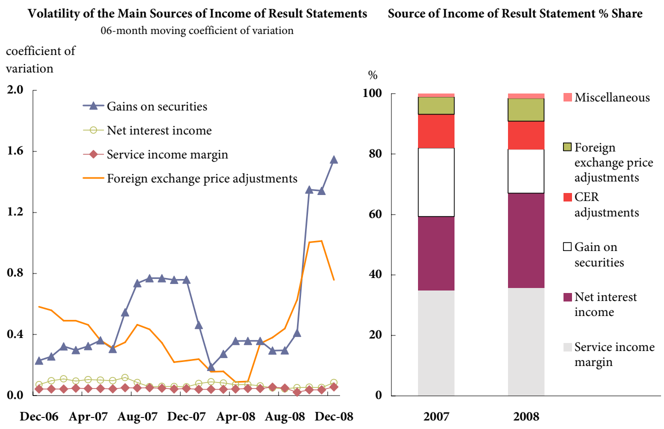
At the end of the 2008 fiscal year, loan loss charges rose by 0.9 p.p. of assets to 1.8%a., **in part as a result of global adjustments made by certain large banks. Over the year this expense increased by 0.2 p.p. of assets**, to a total of 0.9%a. In view of the slowing rate of growth in lending to the private sector in the second part of the year, loan loss charges in terms of loans to households and companies increased 0.3 p.p. compared with 2007, to 2.3%.

Operating costs went up 0.5 p.p. of assets in December to 6.6%a., in part because of the expense accruals that are normally carried out at the end of the year. **Operating costs amounted to 6.1% of assets in 2008, more than in 2007**. The increase for the year in operating costs was less than the expansion of those more stable sources of income (service income margin and net interest income), leading to a rise in the coverage ratio[6] in 2008 to 109% (+13 p.p.). Those headings reflecting gradual recognition of the 2001-2002 crisis (amortization of court-ordered releases and adjustments to the valuation of loans to the public sector) accounted for only 1%a. of assets in December, ending 2008 at 0.9%, a decline compared with 2007.

The local financial system is soundly positioned to face the year 2009, when international market turbulence seems likely to continue, with an impact on domestic economic growth. Banks are expected to

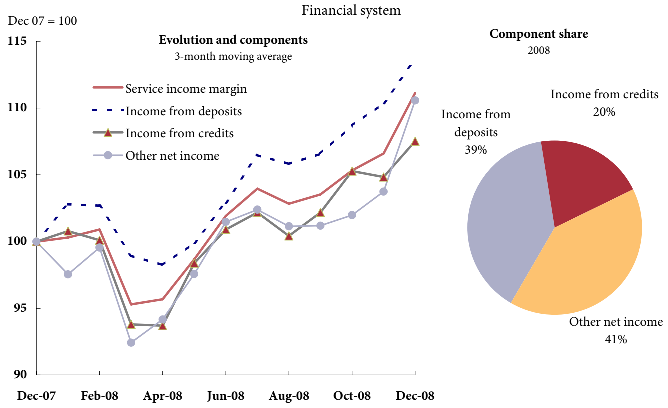
[6] Calculated as the sum of service and interest income in terms of operating costs.

Chart 19



Source: BCRA

Chart 20
Service Income Margin
Financial system



Source: BCRA

continue to consolidate their solvency through the posting of book profits (although they could be lower than those accrued in 2008) and a certain amount in the form of new capital contributions. **The slowing rate of growth in lending to the private sector will probably lead to lower interest income growth, while it is expected that recovering deposit levels will continue to drive rising levels of service income margin. Some stability in income from securities is expected**, in view of the various accounting valuation alternatives made available by the BCRA. In this context, the improved debt maturity profile of public debt following the debt swap is expected to be reflected in the development of the sovereign debt market. A possible increase in non-performance (particularly in the household loan portfolio) could lead to a modest increase in loan loss charges, although financial entities could moderate this effect, as they currently record excess loan loss provisions.

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" 4889 – 19/12/08**

Regulation of bank current accounts. Restrictions on endoresements of checks and bills of exchange have been extended through December 31, 2009.

- **Communication "A" 4891 – 19/12/08**

The BCRA has introduced changes in regulations to promote the development of micro-credit via the following channels:

A special category has been included for loans to micro-undertakings granted directly by financial entities making use of origination and monitoring techniques that are standard for this segment, based on information and close monitoring of borrowers and the granting of prudential treatment according to their characteristics. The individual limit on principal due shall not exceed $15,000.

A special category has been created for the granting of loans via micro-credit institutions (IM), for loans granted by banks to institutions specifically dedicated to the granting of loans to micro-undertakings. This allows banks to act as "second-tier entities" through the providing of financing to the IMs. Bank loans to IMs have been exempted from rules on "credit grading" and the loan amount to be disbursed will not be limited by the capital of the IM requesting it, thus eliminating a restriction on the dynamism of the funding received by the IMs from financial entities.

Participation in companies dedicated to the financing of micro-undertakings has been included within the complementary activities that financial entities may carry out, facilitating the development of these activities which, because of their characteristics, differ from the origination and follow-up of traditional lending.

On the matter of debtor classification and provisions, it has been established that lending to micro-undertakings should be assigned similar treatment to that given to the consumer portfolio. In addition, in order to encourage the use of banking services, some adjustments were made to small loan amounts, setting the limit on assistance per borrower of $6,000, and eliminating limits based on installment size. Furthermore, changes were made to requirements regarding the validation of origination techniques for loans granted by means of specific evaluation mechanisms – screening and credit scoring.

Methodology

(a) Aggregate balance sheet information is taken from the monthly accounting information system (unconsolidated balance sheets). In order to calculate aggregate data for the financial system, for financial entities that have not provided data for the month reviewed, the most recent information available is repeated in the aggregate balance sheet. On the other hand, for profitability analysis only the banks providing data for that month are considered.

(b) Due to possible lack of data for some banks at the time this Report was drafted, and due to possible corrections to the data provided by financial entities later, the data included is of a preliminary nature –particularly for the last month included-. Therefore, and due to the fact that the most recent data available always used, data in connection with earlier periods may not match what was mentioned in earlier issues of the Report. In such cases, the latter release should be regarded as being of better quality.

(c) Unless otherwise indicated, data about deposits and loans refer to balance sheet information, and do not necessarily agree with those compiled by the Centralized Information Requirement System (SISCEN). Reasons for discrepancies include the precise date considered in order to calculate monthly changes and the items included in the definition adopted in either case.

(d) Profit ratio calculations are based on monthly results estimated from changes in the aggregate result amounts during the current fiscal year. Unless otherwise specified, profit ratios are annualized.

(e) Initially, the breakdown by group of banks was determined based on majority decision making role –in terms of voting rights at shareholder meetings - distinguishing between private sector financial entities and public sector banks. In order to increase depth of the analysis, private sector entities were also classed according to the geographic and business scope of their operations. Wholesale banks were therefore defined as those specializing in the large corporations and investor sector, which in general do not rely on deposits from the private sector for their funding. On the other hand, retail banks were divided into those carrying out business nationwide, those located in certain geographic regions –municipalities, provinces, or regions- and entities that specialize in a financial sector niche market –usually smaller entities-. Finally, it is worth noting that the classifications defined above are solely for analytical purposes and does not mean it is the only methodology criteria by which to group them; while on the other hand, the listing of features for each financial entity group has been established in a general manner.

(f) Indicators exhibited in Tables 1 and 5 of Statistical Appendix: 1.- (Paid in liquidity at the BCRA + Other cash holding + Holdings of BCRA securities for repo transactions in cash) / Total deposits; 2.- (Position in government securities (not including Lebac nor Nobac) + Loans to the public sector + Compensations to be received) / Total assets; 3.- (Loans to the non-financial private sector + Leasing operations) / Total assets; 4.- Irregular portfolio with the non-financial private sector / Loans to the non-financial private sector; 5.- (Total irregular portfolio – Bad loan provisions) / Equity. The irregular portfolio includes loans classed in situations 3, 4, 5 and 6; 6.- Cumulative annual result / Average monthly netted assets - % annualized; 8.- (Financial margin (Net interest income + CER and CVS adjustments + Gains on securities + Foreign exchange price adjustments + Other financial income) + Service income margin) / Cumulative annual operating costs; 9.- Paid in capital (Calculated Equity Requirement) / Risk weighted assets, according to the BCRA rule on minimum capital; 10.- Total capital position (Paid in capital less requirement, including flexibilities) / Capital requirement.

Glossary

%a.: annualized percentage.

%i.a.: interannual percentage.

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

ASE: Adjusted stockholders' equity, for Responsabilidad Patrimonial Computable (RPC) in Spanish. The measure for compliance with bank capital regulations.

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

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

CEDRO: Certificado de Depósito Reprogramado. Rescheduled Stabilization Coefficient.

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

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

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

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

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

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

mill.: million.

NBFE: Non-banking financial entity.

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

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

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

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

ON: Corporate bonds (Obligaciones Negociables).

OS: Subordinated debt (Obligaciones Subordinadas).

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

PN: Net worth (Patrimonio Neto).

p.p.: percentage points.

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

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

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

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

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

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

SME: Small and Medium Enterprises.

US$: United States dollars.

RWA: Risk weighted assets.

Statistics Annex | Financial System

Chart 1 | Financial Soundness Indicators (see Methodology)

As %	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Nov 2008	2008
1.- Liquidity	22.3	26.1	23.1	25.0	23.4	19.6	22.8	29.1	29.6	20.1	22.5	23.0	28.1	28.1
2.- Credit to the public sector	16.9	16.2	16.2	18.0	17.3	23.0	48.9	47.0	40.9	31.5	22.5	16.3	12.8	12.5
3.- Credit to the private sector	50.8	47.7	48.4	44.9	39.9	42.7	20.8	18.1	19.6	25.8	31.0	38.2	39.4	39.4
4.- Private non-performing loans	16.2	13.8	12.2	14.0	16.0	19.1	38.6	33.5	18.6	7.6	4.5	3.2	2.9	3.0
5.- Net worth exposure to private sector	24.9	22.5	20.6	24.7	26.2	21.9	17.3	12.4	-1.0	-4.1	-3.3	-3.0	-3.1	-3.2
6.- ROA	0.6	1.0	0.5	0.2	0.0	0.0	-8.9	-2.9	-0.5	0.9	1.9	1.5	1.6	1.5
7.- ROE	4.1	6.3	3.9	1.7	0.0	-0.2	-59.2	-22.7	-4.2	7.0	14.3	11.0	13.5	13.3
8.- Eficiency	142	136	138	142	147	143	189	69	125	151	167	160	167	167
9.- Capital compliance	23.8	20.8	20.3	21.0	20.1	21.4	-	14.5	14.0	15.3	16.8	16.9	16.8	16.8
10.- Excess capital compliance	64	73	49	54	58	54	-	116	185	173	134	93	89	91

Source: BCRA

Chart 2 | Balance Sheet

In million of current pesos	Dec 00	Dec 01	Dec 02	Dec 03	Dec 04	Dec 05	Dec 06	Dec 07	Nov 08	Dec 08	Change (in %)	
											Last month	2008
Assets	**163,550**	**123,743**	**187,532**	**186,873**	**212,562**	**221,962**	**258,384**	**297,963**	**346,708**	**347,336**	**0.2**	**16.6**
Liquid assets[1]	20,278	13,005	17,138	27,575	29,154	20,819	37,991	46,320	57,423	59,049	2.8	27.5
Public bonds	10,474	3,694	31,418	45,062	55,382	66,733	64,592	62,678	69,605	65,298	-6.2	4.2
Lebac/Nobac	-	-	-	-	17,755	28,340	29,289	36,022	43,943	37,156	-15.4	3.1
Portfolio	-	-	-	-	11,803	21,067	25,725	31,598	32,645	25,939	-20.5	-17.9
Repo[2]	-	-	-	-	5,953	7,273	3,563	4,424	11,298	11,218	-0.7	153.5
Private bonds	633	543	332	198	387	389	813	382	193	206	6.8	-46.2
Loans	83,277	77,351	84,792	68,042	73,617	84,171	103,668	132,157	155,287	154,675	-0.4	17.0
Public sector	15,164	22,694	44,337	33,228	30,866	25,836	20,874	16,772	17,221	17,062	-0.9	1.7
Private sector	64,464	52,039	38,470	33,398	41,054	55,885	77,832	110,355	132,772	132,812	0.0	20.3
Financial sector	3,649	2,617	1,985	1,417	1,697	2,450	4,962	5,030	5,294	4,801	-9.3	-4.6
Provisions over loans	-6,907	-6,987	-11,952	-9,374	-7,500	-4,930	-3,728	-4,089	-4,473	-4,748	6.2	16.1
Other netted credits due to financial intermediation	42,361	21,485	39,089	27,030	32,554	26,721	26,039	29,712	35,264	38,194	8.3	28.5
Corporate bonds and subordinated debt	794	751	1,708	1,569	1,018	873	773	606	968	911	-5.9	50.4
Unquoted trusts	2,053	2,065	6,698	4,133	3,145	3,883	4,881	5,023	5,731	5,682	-0.9	13.1
Compensation receivable	0	0	17,111	14,937	15,467	5,841	763	377	348	357	2.5	-5.4
Other	39,514	18,669	13,572	6,392	12,924	16,124	19,622	23,706	28,216	31,244	10.7	31.8
Leasing	786	771	567	397	611	1,384	2,262	3,469	3,976	3,951	-0.6	13.9
Shares in other companies	2,645	2,688	4,653	4,591	3,871	4,532	6,392	6,430	7,143	7,175	0.4	11.6
Fixed assets and miscellaneous	4,939	4,804	8,636	8,164	7,782	7,546	7,619	7,643	7,851	7,903	0.7	3.4
Foreign branches	1,115	1,057	3,522	3,144	3,524	3,647	2,782	2,912	3,053	3,152	3.3	8.3
Other assets	3,950	5,334	9,338	12,043	13,180	10,950	9,953	10,347	11,387	12,481	9.6	20.6
Liabilities	**146,267**	**107,261**	**161,446**	**164,923**	**188,683**	**195,044**	**225,369**	**261,143**	**305,769**	**305,964**	**0.1**	**17.2**
Deposits	86,506	66,458	75,001	94,635	116,655	136,492	170,898	205,550	239,919	236,508	-1.4	15.1
Public sector[3]	7,204	950	8,381	16,040	31,649	34,019	45,410	48,340	66,685	67,361	1.0	39.3
Private sector[3]	78,397	43,270	59,698	74,951	83,000	100,809	123,431	155,048	169,922	166,459	-2.0	7.4
Current account	6,438	7,158	11,462	15,071	18,219	23,487	26,900	35,245	37,972	39,710	4.6	12.7
Savings account	13,008	14,757	10,523	16,809	23,866	29,078	36,442	47,109	49,191	50,945	3.6	8.1
Time deposit	53,915	18,012	19,080	33,285	34,944	42,822	54,338	65,952	75,866	69,549	-8.3	5.5
CEDRO	0	0	12,328	3,217	1,046	17	13	0	0	0	-	-
Other netted liabilities due to financial intermediation	55,297	36,019	75,737	61,690	64,928	52,072	46,037	46,225	54,284	57,655	6.2	24.7
Interbanking obligations	3,545	2,550	1,649	1,317	1,461	2,164	4,578	4,310	4,417	3,894	-11.8	-9.6
BCRA lines	102	4,470	27,837	27,491	27,726	17,005	7,686	2,362	1,913	1,884	-1.5	-20.2
Outstanding bonds	4,954	3,777	9,096	6,675	7,922	6,548	6,603	6,938	6,077	5,984	-1.5	-13.7
Foreign lines of credit	8,813	7,927	25,199	15,196	8,884	4,684	4,240	3,864	4,796	4,542	-5.3	17.5
Other	37,883	17,295	11,955	11,012	18,934	21,671	22,930	28,752	37,081	41,351	11.5	43.8
Subordinated debts	2,255	2,260	3,712	2,028	1,415	1,381	1,642	1,672	1,733	1,763	1.8	5.5
Other liabilities	2,210	2,524	6,997	6,569	5,685	5,099	6,792	7,695	9,834	10,037	2.1	30.4
Net worth	**17,283**	**16,483**	**26,086**	**21,950**	**23,879**	**26,918**	**33,014**	**36,819**	**40,939**	**41,372**	**1.1**	**12.4**
Memo												
Netted assets	129,815	110,275	185,356	184,371	202,447	208,275	244,791	280,336	324,667	321,366	-1.0	14.6
Consolidated netted assets	125,093	106,576	181,253	181,077	198,462	203,286	235,845	271,652	315,098	312,301	-0.9	15.0

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

Source: BCRA

Statistics Annex | Financial System (cont.)

Chart 3 | Profitability Structure

	Annual									Monthly		
Amount in million of pesos	**2000**	**2001**	**2002[1]**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**Oct-08**	**Nov-08**	**Dec-08**
Financial margin	7,291	6,943	13,991	1,965	6,075	9,475	13,262	15,134	20,487	2,393	1,620	1,887
Net interest income	5,106	4,625	-3,624	-943	1,753	3,069	4,150	5,744	9,567	915	865	1,014
CER and CVS adjustments	0	0	8,298	2,315	1,944	3,051	3,012	2,624	2,822	168	137	139
Foreign exchange price adjustments	185	268	5,977	-890	866	751	944	1,357	2,307	625	110	438
Gains on securities	1,481	1,490	3,639	1,962	1,887	2,371	4,923	5,144	4,429	-467	671	250
Other financial income	519	559	-299	-480	-375	233	235	264	1,362	1,153	-162	45
Service income margin	3,582	3,604	4,011	3,415	3,904	4,781	6,243	8,248	10,851	1,014	963	1,065
Loan loss provisions	-3,056	-3,096	-10,007	-2,089	-1,511	-1,173	-1,198	-1,894	-2,849	-243	-243	-474
Operating costs	-7,375	-7,362	-9,520	-7,760	-7,998	-9,437	-11,655	-14,634	-18,715	-1,675	-1,629	-1,751
Tax charges	-528	-571	-691	-473	-584	-737	-1,090	-1,537	-2,310	-274	-200	-245
Income tax	-446	-262	-509	-305	-275	-581	-595	-1,032	-1,343	-245	-128	64
Adjust. to the valuation of gov. securities[2]	0	0	0	-701	-320	-410	-752	-837	-1,857	-129	-138	-178
Amort. payments for court-ordered releases	0	0	0	-1,124	-1,686	-1,867	-2,573	-1,922	-991	-68	-152	-74
Other	535	702	-3,880	1,738	1,497	1,729	2,664	2,380	1,457	-153	148	59
Monetary results	0	0	-12,558	69	0	0	0	0	0	0	0	0
Total results[3]	**3**	**-42**	**-19,162**	**-5,265**	**-898**	**1,780**	**4,306**	**3,905**	**4,730**	**621**	**242**	**354**
Adjusted results[4]	-	-	-	-3,440	1,337	4,057	7,631	6,665	7,578	818	532	605
Annualized indicators - As % of netted assets												
Financial margin	5.7	5.7	6.5	1.1	3.1	4.6	5.8	5.7	6.7	9.1	6.1	7.2
Net interest income	4.0	3.8	-1.7	-0.5	0.9	1.5	1.8	2.2	3.1	3.5	3.2	3.8
CER and CVS adjustments	0.0	0.0	3.9	1.3	1.0	1.5	1.3	1.0	0.9	0.6	0.5	0.5
Foreign exchange price adjustments	0.1	0.2	2.8	-0.5	0.4	0.4	0.4	0.5	0.8	2.4	0.4	1.7
Gains on securities	1.2	1.2	1.7	1.1	1.0	1.2	2.2	1.9	1.5	-1.8	2.5	0.9
Other financial income	0.4	0.5	-0.1	-0.3	-0.2	0.1	0.1	0.1	0.4	4.4	-0.6	0.2
Service income margin	2.8	3.0	1.9	1.9	2.0	2.3	2.7	3.1	3.6	3.8	3.6	4.0
Loan loss provisions	-2.4	-2.6	-4.7	-1.1	-0.8	-0.6	-0.5	-0.7	-0.9	-0.9	-0.9	-1.8
Operating costs	-5.8	-6.1	-4.4	-4.2	-4.1	-4.6	-5.1	-5.5	-6.1	-6.4	-6.1	-6.6
Tax charges	-0.4	-0.5	-0.3	-0.3	-0.3	-0.4	-0.5	-0.6	-0.8	-1.0	-0.7	-0.9
Income tax	-0.3	-0.2	-0.2	-0.2	-0.1	-0.3	-0.3	-0.4	-0.4	-0.9	-0.5	0.2
Adjust. to the valuation of gov. securities[2]	0.0	0.0	0.0	-0.4	-0.2	-0.2	-0.3	-0.3	-0.6	-0.5	-0.5	-0.7
Amort. payments for court-ordered releases	0.0	0.0	0.0	-0.6	-0.9	-0.9	-1.1	-0.7	-0.3	-0.3	-0.6	-0.3
Other	0.4	0.6	-1.8	0.9	0.8	0.8	1.2	0.9	0.5	-0.6	0.6	0.2
Monetary results	0.0	0.0	-5.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ROA[3]	**0.0**	**0.0**	**-8.9**	**-2.9**	**-0.5**	**0.9**	**1.9**	**1.5**	**1.5**	**2.4**	**0.9**	**1.3**
ROA adjusted[4]	0.0	0.0	-8.9	-1.9	0.7	2.0	3.4	2.5	2.5	3.1	2.0	2.3
ROE[3]	*0.0*	*-0.2*	*-59.2*	*-22.7*	*-4.2*	*7.0*	*14.3*	*11.0*	*13.3*	*20.3*	*7.9*	*11.4*

(1) Data at December 2002 currency (2) Com. "A" 3911. Adjustments to the valuation of government unlisted securities according to Com. "A" 4084 are included under the "gains from securities" heading.
(3) As of January 2008, data to calculate financial system consolidated result is available. This indicator excludes results and asset headings related to shares and participation in other local financial entities.
(4) Excluding amortization of payments for court-ordered releases and the effects of Com. "A" 3911 and 4084.
Source: BCRA

Chart 4 | Portfolio Quality

As percentage	Dec 00	Dec 01	Dec 02	Dec 03	Dec 04	Dec 05	Dec 06	Dec 07	Nov 08	Dec 08
Non-performing loans (overall)	12.9	13.1	18.1	17.7	10.7	5.2	3.4	2.7	2.5	2.6
Non-performing loans to the non-financial private sector	**16.0**	**19.1**	**38.6**	**33.5**	**18.6**	**7.6**	**4.5**	**3.2**	**2.9**	**3.0**
Provisions / Non-performing loans	61.1	66.4	73.8	79.2	102.9	124.5	129.9	129.6	131.0	131.0
(Total non-perfoming - Provisions) / Overall financing	5.0	4.4	4.7	3.7	-0.3	-1.3	-1.0	-0.8	-0.8	-0.8
(Total non-perfoming - Provisions) / Net worth	26.2	21.6	17.2	11.9	-1.0	-4.1	-3.3	-3.0	-3.1	-3.2

(*) Include commercial loans treated as consumer loans for classification purposes.
Source: BCRA

Statistics Annex | Private Banks

Chart 5 | Financial Soundness Indicators (see Methodology)

As %	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Nov 2008	2008
1.- Liquidity	23.6	26.9	22.8	24.3	24.1	23.6	24.8	27.6	29.2	21.5	23.7	25.7	32.5	34.1
2.- Credit to the public sector	13.5	13.7	13.6	16.1	14.7	20.8	50.0	47.7	41.6	28.5	16.3	9.5	7.0	6.3
3.- Credit to the private sector	51.0	46.7	47.6	44.6	38.4	45.4	22.4	19.9	22.5	31.1	37.9	46.6	46.0	43.9
4.- Private non-performing loans	11.1	8.5	7.7	8.9	9.8	14.0	37.4	30.4	15.3	6.3	3.6	2.5	2.6	2.8
5.- Net worth exposure to private sector	21.6	14.3	13.2	11.5	13.4	11.4	18.6	11.2	1.9	-2.2	-3.0	-3.6	-3.2	-3.5
6.- ROA	0.6	0.7	0.5	0.3	0.1	0.2	-11.3	-2.5	-1.0	0.5	2.2	1.6	2.0	1.9
7.- ROE	4.1	6.3	4.3	2.3	0.8	1.4	-79.0	-19.1	-8.1	4.1	15.3	10.9	15.6	15.0
8.- Eficiency	144	135	139	146	152	151	168	93	115	136	158	152	168	166
9.- Capital compliance	15.9	15.4	14.6	18.9	18.0	17.6	-	14.0	15.1	17.8	18.6	19.2	18.1	18.3
10.- Excess capital compliance	33	47	27	60	49	43	-	88	157	155	116	87	84	87

Source: BCRA

Chart 6 | Balance Sheet

In million of current pesos	Dec 00	Dec 01	Dec 02	Dec 03	Dec 04	Dec 05	Dec 06	Dec 07	Nov 08	Dec 08	Change (in %)	
											Last month	2008
Assets	**119,371**	**82,344**	**118,906**	**116,633**	**128,065**	**129,680**	**152,414**	**175,509**	**201,829**	**209,087**	**3.6**	**19.1**
Liquid assets[1]	13,920	10,576	11,044	14,500	15,893	14,074	22,226	29,418	35,067	37,110	5.8	26.1
Public bonds	7,583	1,627	19,751	22,260	24,817	29,966	27,663	24,444	25,034	29,542	18.0	20.9
Lebac/Nobac	0	0	-	-	8,359	15,227	15,952	17,684	20,305	23,457	15.5	32.6
Portfolio	0	0	-	-	5,611	12,899	14,220	15,639	12,016	13,081	8.9	-16.4
Repo[2]	0	0	-	-	2,749	2,328	1,732	2,045	8,289	10,376	25.2	407.5
Private bonds	563	451	273	172	333	307	683	310	110	130	17.9	-58.1
Loans	56,035	52,319	51,774	47,017	50,741	56,565	69,294	88,898	99,791	98,499	-1.3	10.8
Public sector	8,172	13,803	25,056	23,571	21,420	15,954	10,036	6,413	6,317	6,213	-1.6	-3.1
Private sector	45,103	36,636	26,074	22,816	28,213	39,031	55,632	78,587	89,349	88,422	-1.0	12.5
Financial sector	2,760	1,880	644	630	1,107	1,580	3,626	3,898	4,125	3,864	-6.3	-0.9
Provisions over loans	-3,248	-3,957	-7,463	-5,225	-3,717	-2,482	-2,227	-2,365	-2,740	-2,881	5.1	21.8
Other netted credits due to financial intermediation	36,600	13,037	27,212	22,148	25,753	16,873	18,387	17,084	23,787	25,240	6.1	47.7
Corporate bonds and subordinated debt	724	665	1,514	1,394	829	675	618	430	758	699	-7.8	62.5
Unquoted trusts	1,609	1,637	6,205	3,571	2,362	2,444	2,982	3,456	3,919	3,845	-1.9	11.3
Compensation receivable	0	0	15,971	13,812	14,657	5,575	760	377	348	357	2.5	-5.3
Other	34,267	10,735	3,523	3,370	7,905	8,179	14,027	12,822	18,762	20,339	8.4	58.6
Leasing	776	752	553	387	592	1,356	2,126	3,149	3,492	3,462	-0.9	10.0
Shares in other companies	1,651	1,703	3,123	2,791	1,892	2,416	4,042	3,762	4,509	4,529	0.4	20.4
Fixed assets and miscellaneous	3,225	3,150	5,198	4,902	4,678	4,575	4,677	4,685	4,878	4,926	1.0	5.1
Foreign branches	75	112	-109	-136	-53	-148	-139	-154	-173	-178	2.9	15.9
Other assets	2,190	2,574	7,549	7,816	7,137	6,178	5,682	6,277	8,073	8,708	7.9	38.7
Liabilities	**107,193**	**70,829**	**103,079**	**101,732**	**113,285**	**112,600**	**131,476**	**152,153**	**175,755**	**182,810**	**4.0**	**20.1**
Deposits	57,833	44,863	44,445	52,625	62,685	75,668	94,095	116,719	130,654	135,737	3.9	16.3
Public sector[3]	1,276	950	1,636	3,077	6,039	6,946	7,029	7,564	11,533	19,553	69.5	158.5
Private sector[3]	55,917	43,270	38,289	47,097	55,384	67,859	85,714	107,671	117,133	114,250	-2.5	6.1
Current account	4,960	7,158	8,905	11,588	13,966	17,946	20,604	27,132	28,560	30,278	6.0	11.6
Savings account	9,409	14,757	6,309	10,547	14,842	18,362	23,165	30,169	31,527	32,707	3.7	8.4
Time deposit	39,030	18,012	11,083	18,710	22,729	27,736	38,043	45,770	52,482	47,044	-10.4	2.8
CEDRO	0	0	9,016	2,409	798	3	1	0	0	0	-	-
Other netted liabilities due to financial intermediation	46,271	22,629	49,341	42,367	45,083	32,349	31,750	29,323	37,434	39,254	4.9	33.9
Interbanking obligations	2,293	1,514	836	726	1,070	1,488	3,383	1,979	1,529	1,150	-24.7	-41.9
BCRA lines	83	1,758	16,624	17,030	17,768	10,088	3,689	675	644	649	0.7	-3.9
Outstanding bonds	4,939	3,703	9,073	6,674	7,922	6,548	6,413	6,686	5,765	5,672	-1.6	-15.2
Foreign lines of credit	5,491	4,644	15,434	9,998	5,444	2,696	2,249	1,833	2,578	2,262	-12.3	23.4
Other	33,466	11,010	7,374	7,939	12,878	11,530	16,015	18,150	26,919	29,521	9.7	62.6
Subordinated debts	1,668	1,700	3,622	1,850	1,304	1,319	1,642	1,668	1,729	1,759	1.8	5.5
Other liabilities	1,420	1,637	5,671	4,890	4,213	3,264	3,989	4,443	5,938	6,060	2.0	36.4
Net worth	**12,178**	**11,515**	**15,827**	**14,900**	**14,780**	**17,080**	**20,938**	**23,356**	**26,074**	**26,277**	**0.8**	**12.5**
Memo												
Netted assets	88,501	73,796	117,928	115,091	121,889	123,271	143,807	166,231	187,060	191,991	2.6	15.5

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

Source: BCRA

Statistics Annex | Private Banks (cont.)

Chart 7 | Profitability Structure

	Annual									Monthly		
Amount in million of pesos	**2000**	**2001**	**2002[1]**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**Oct-08**	**Nov-08**	**Dec-08**
Financial margin	5,441	5,282	10,628	2,575	3,415	5,253	7,778	8,960	12,934	1,739	1,040	1,012
Net interest income	3,598	3,519	-304	107	1,214	2,069	2,826	4,191	7,723	779	724	791
CER and CVS adjustments	0	0	1,476	1,082	900	1,215	858	662	651	44	10	30
Foreign exchange price adjustments	160	256	6,189	-312	666	576	740	990	1,620	223	104	279
Gains on securities	1,232	962	3,464	1,892	959	1,259	3,154	2,888	1,611	-450	360	-135
Other financial income	450	546	-197	-195	-322	134	199	229	1,328	1,143	-158	47
Service income margin	2,554	2,598	2,782	2,341	2,774	3,350	4,459	5,881	7,618	722	656	739
Loan loss provisions	-2,173	-2,464	-6,923	-1,461	-1,036	-714	-737	-1,174	-1,857	-158	-177	-274
Operating costs	-5,263	-5,224	-6,726	-5,310	-5,382	-6,303	-7,741	-9,735	-12,377	-1,096	-1,065	-1,183
Tax charges	-379	-418	-512	-366	-393	-509	-769	-1,105	-1,712	-207	-144	-178
Income tax	-393	-216	-337	-295	-202	-217	-365	-380	-1,171	-230	-112	-76
Adjust. to the valuation of gov. securities[2]	0	0	0	-665	-51	-201	-170	-100	-301	-27	-7	-30
Amort. payments for court-ordered releases	0	0	0	-791	-1,147	-1,168	-1,182	-1,466	-685	-47	-122	-43
Other	307	615	-4,164	1,178	846	1,156	1,641	1,576	924	-180	67	197
Monetary results	0	0	-10,531	-20	0	0	0	0	0	0	0	0
Total results[3]	**93**	**174**	**-15,784**	**-2,813**	**-1,176**	**648**	**2,915**	**2,457**	**3,372**	**516**	**137**	**163**
Adjusted results[4]	-	-	-	-1,357	252	2,016	4,267	4,023	4,358	590	266	236
Annualized indicators - As % of netted assets												
Financial margin	6.2	6.4	7.6	2.3	2.9	4.3	5.9	5.8	7.3	11.6	6.8	6.4
Net interest income	4.1	4.3	-0.2	0.1	1.0	1.7	2.1	2.7	4.4	5.2	4.7	5.0
CER and CVS adjustments	0.0	0.0	1.1	0.9	0.8	1.0	0.6	0.4	0.4	0.3	0.1	0.2
Foreign exchange price adjustments	0.2	0.3	4.4	-0.3	0.6	0.5	0.6	0.6	0.9	1.5	0.7	1.8
Gains on securities	1.4	1.2	2.5	1.7	0.8	1.0	2.4	1.9	0.9	-3.0	2.3	-0.9
Other financial income	0.5	0.7	-0.1	-0.2	-0.3	0.1	0.2	0.1	0.8	7.6	-1.0	0.3
Service income margin	2.9	3.2	2.0	2.0	2.4	2.7	3.4	3.8	4.3	4.8	4.3	4.7
Loan loss provisions	-2.5	-3.0	-5.0	-1.3	-0.9	-0.6	-0.6	-0.8	-1.1	-1.0	-1.2	-1.7
Operating costs	-6.0	-6.4	-4.8	-4.6	-4.6	-5.1	-5.9	-6.3	-7.0	-7.3	-6.9	-7.5
Tax charges	-0.4	-0.5	-0.4	-0.3	-0.3	-0.4	-0.6	-0.7	-1.0	-1.4	-0.9	-1.1
Income tax	-0.4	-0.3	-0.2	-0.3	-0.2	-0.2	-0.3	-0.2	-0.7	-1.5	-0.7	-0.5
Adjust. to the valuation of gov. securities[2]	0.0	0.0	0.0	-0.6	0.0	-0.2	-0.1	-0.1	-0.2	-0.2	0.0	-0.2
Amort. payments for court-ordered releases	0.0	0.0	0.0	-0.7	-1.0	-1.0	-0.9	-0.9	-0.4	-0.3	-0.8	-0.3
Other	0.4	0.7	-3.0	1.0	0.7	0.9	1.2	1.0	0.5	-1.2	0.4	1.2
Monetary results	0.0	0.0	-7.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ROA[3]	**0.1**	**0.2**	**-11.3**	**-2.5**	**-1.0**	**0.5**	**2.2**	**1.6**	**1.9**	**3.4**	**0.9**	**1.0**
ROA adjusted[4]	0.1	0.2	-11.3	-1.2	0.2	1.6	3.2	2.6	2.5	3.9	1.7	1.5
ROE[3]	*0.8*	*1.4*	*-79.0*	*-19.1*	*-8.1*	*4.1*	*15.3*	*10.9*	*15.0*	*26.8*	*7.1*	*8.4*

(1) Data at December 2002 currency (2) Com. "A" 3911. Adjustments to the valuation of government unlisted securities according to Com. "A" 4084 are included under the "gains from securities" heading.
(3) As of January 2008, data to calculate financial system consolidated result is available. This indicator excludes results and asset headings related to shares and participation in other local financial entities.
(4) Excluding amortization of payments for court-ordered releases and the effects of Com. "A" 3911 and 4084.
Source: BCRA

Chart 8 | Portfolio Quality

As percentage	Dec 00	Dec 01	Dec 02	Dec 03	Dec 04	Dec 05	Dec 06	Dec 07	Nov 08	Dec 08
Non-performing loans (overall)	8.3	9.9	19.8	15.7	8.9	4.4	2.9	2.2	2.4	2.5
Non-performing loans to the non-financial private sector	**9.8**	**14.0**	**37.4**	**30.4**	**15.3**	**6.3**	**3.6**	**2.5**	**2.6**	**2.8**
Provisions / Non-performing loans	67.7	75.7	73.4	79.0	97.0	114.3	129.3	141.3	133.9	135.3
(Total non-perfoming - Provisions) / Overall financing	2.7	2.4	5.3	3.3	0.4	-0.6	-0.9	-0.9	-0.8	-0.9
(Total non-perfoming - Provisions) / Net worth	13.4	11.4	18.6	11.2	1.3	-2.2	-3.0	-3.6	-3.2	-3.5

(*) Include commercial loans treated as consumer loans for classification purposes.
Source: BCRA