

# Report on *Banks*



JANUARY 2008

Year V – No 5

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**Note:** This report contains information from January 2008 available on 25 February 2008. Description centers mainly on the behavior of the financial system (including breakdowns by uniform sub-groups). Figures provided (particularly in the case of profitability) are preliminary, and may be subject to change.

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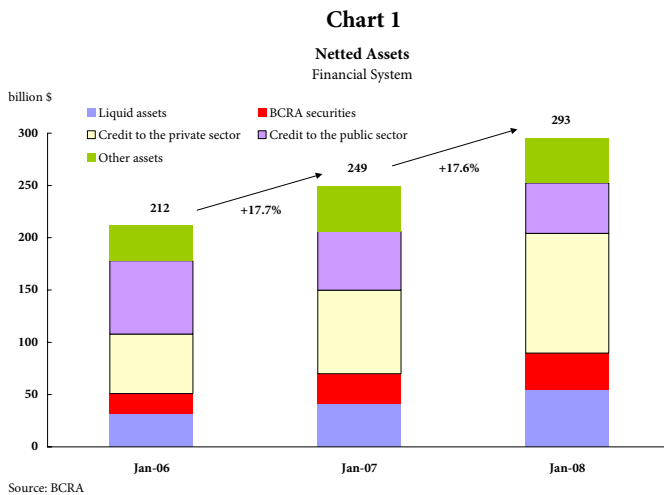
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## Summary

- **Despite having to face the international financial markets turmoil, in January 2008 the banking sector continued to display the trends seen in recent years, with growth in financial intermediation and balance sheet normalization.** In a context of limited credit risk, lending to the private sector increased, being funded mainly with deposits. These developments took place at the same time as adequate liquidity and solvency levels were maintained.
- **According to the latest available data on financial entities balance sheets, total deposits went up 6.1% in January (23.2% y.o.y.).** The increase for the month took place mainly in public sector deposits, with those of the private sector contributing to a lesser extent. Growth in total deposits was mainly led by an expansion in time deposits by both the public and the private sectors.
- **The policies implemented by the BCRA to confront the growing volatility on international financial markets were able to help to maintain adequate levels of banking liquidity, avoiding any interruption in the process of steady growth in financial intermediation.** In January in particular there was a widespread increase in bank liquid assets, with the liquidity indicator reaching 25% of total deposits, approximately 2 p.p. above the ratio for December and for the same month of the previous year.
- **Private sector lending grew 2.5% (43.3% y.o.y.) in January.** Lines mainly associated with household consumption continued to show the most dynamic performance on an annualized basis. As a result, the share of lending to the private sector in bank assets (36.5%), more than doubled the participation of lending to the public sector (15.1%), which dropped 24 p.p. in the last three years.
- **In January, non-performing loans to the private sector continued at a record low level of 3.2% of total** (compared with an average for 1996-2000 of 14.4%). In the last 12 months, the non-performance ratio has dropped a total of 1.1 p.p., explained mainly by the dynamic of non-performance of lending to companies. Delinquency in credit lines associated with household consumption (personal loans and credit cards) increased 0.6 p.p. in 2007, to 3.6% of loans, making it one of the aspects that will require monitoring during 2008.
- **At the start of 2008 banks continued to consolidate their solvency levels.** Net worth rose \$700 million (1.9% or 11.2% y.o.y.) in January. This increase was mainly driven by profits from financial intermediation activity and the commercialization of financial services. Banks continued to show adequate capital compliance levels (16.8% of risk-weighted assets), exceeding both local requirements and minimum internationally-recommended levels.

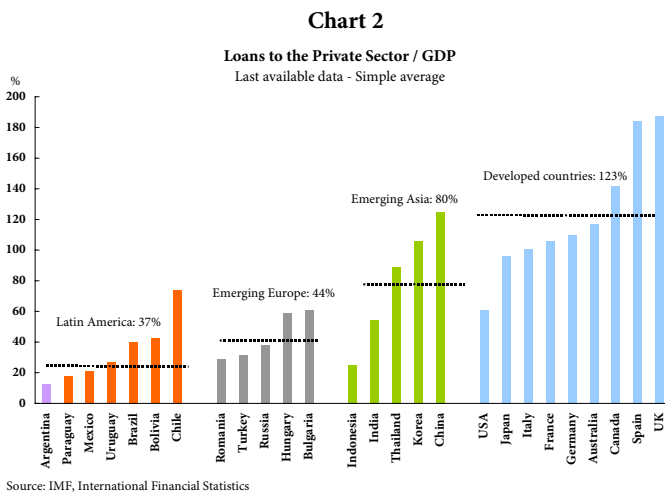
## Activity:

*Deposits of the public and private sectors were channeled into liquid assets and lending to the private sector*



In the first month of 2008 banks continued to evidence the trends seen in recent years, with **growth in financial intermediation activity with the private sector and balance sheet normalization**. In a context of limited credit risk, an increase took place in lending to the private sector, funded mainly by means of an increase in deposits. Growth in credit to the private sector took place while maintaining adequate liquidity levels, a consequence of the effective financial policy implemented by the BCRA in the face of uncertainty on international financial markets.

**Financial system netted assets went up 4.6% in January, accumulating year-on-year (y.o.y.) growth of 17.6%** (see Chart 1). This growth in netted assets took place at the same time as a change in its composition. In the last twelve months credit to the private sector increased its share (by 7 p.p. of netted assets, to 39%), mainly at the expense of lending to the public sector (-6.1 p.p. of netted assets to 16.4%)<sup>1</sup>.



In the flow of funds for the financial system, higher public sector deposit stocks (\$7.3 billion) as well as private sector stocks (\$4.6 billion) were the most notable source of resources during the month. The most significant use of funds in January was an increase in liquid assets (\$7.3 billion), followed by an expansion of the position of Lebac and Nobac (\$3.5 billion). Lending to the private sector was also an important use of funds in the period (\$2.9 billion)<sup>2</sup>, reaching a year-on-year growth rate of 43.3%.

In January the main source of funds for private banks was the increase recorded in private sector deposits (\$4.2 billion). The expansion of Lebac and Nobac (\$2.4 billion) and the increase of credit to the private sector (\$2.2 billion) were the most significant uses of funds made during the period. In private banks, lending to the private sector has been growing at a similar rhythm to that observed at system level.

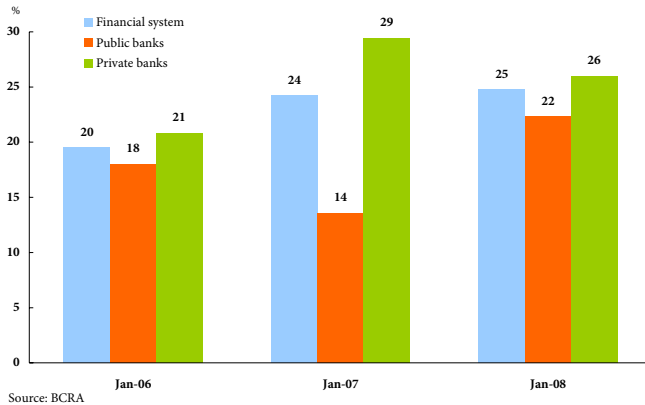
It should be noted that **despite the growth rate** seen in recent years in financial intermediation level, **the financial system remains relatively small**, both in

<sup>1</sup> In terms of total bank assets, lending to the private sector stood at 36.5% and lending to the public sector reached 15.1% in January 2008.

<sup>2</sup> Adjusted to take into account the issuance of financial trusts during the month. Includes financing by means of leasing.

historical terms and when regional and international comparisons are made (see Chart 2).

**Chart 3**  
Private Sector Deposits  
Year on year % change

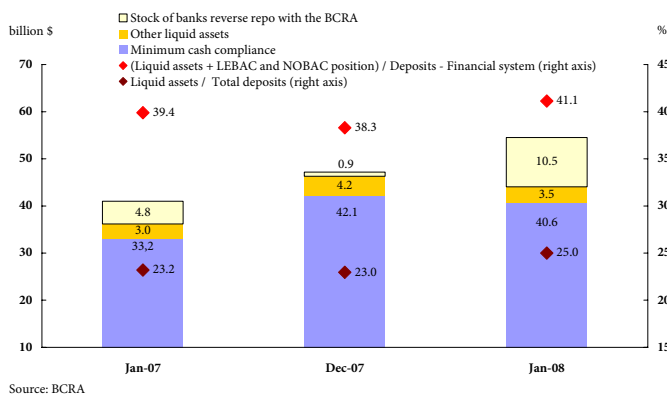


## Deposits and liquidity:

*Liquidity indicators posted improvement at the same time as credit to the private sector continued to rise*

**During the first month of the year deposits continued to rise.** Total deposits were up \$12.5 billion (6.1% or 23.2% y.o.y.) for the month. This increase was explained by both public sector deposits, which rose \$7.3 billion, (15% or 18.7% y.o.y.), and by those of the private sector, which went up \$4.6 billion (3% or 25.1% y.o.y.).

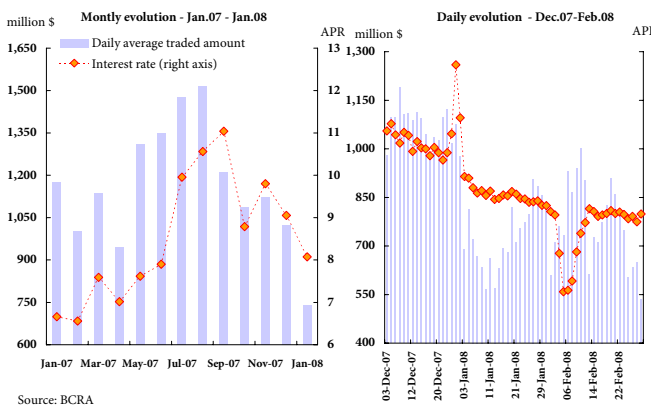
**Chart 4**  
Financial System Liquidity



**The growth for the month in total deposits was driven mainly by private and public sector time deposits.** This favorable dynamic for time deposits took place despite the recording of a slight decline in borrowing interest rates, mainly in the shorter periods (up to six months). In perspective, it can be seen that the year-on-year growth in private sector deposits in the last twelve months has taken place more uniformly across the bank groups (see Chart 3).

**Policies implemented by the BCRA to confront the volatility on international financial markets helped to preserve adequate levels of bank liquidity, avoiding any interruption in the growth of financial intermediation.** In January, bank liquid assets posted an increase of \$7.3 billion, with widespread rises for almost all financial entities. This was a result of increased repos with the BCRA (\$9.6 billion, of which almost half was realized by one large public entity) at the same time as there was a reduction in total current account stocks held at the BCRA and in cash held by banks (\$2.3 billion). This bank liquidity performance in January was a reflection of the quarterly calculation of minimum cash requirements for the December-January-February period.

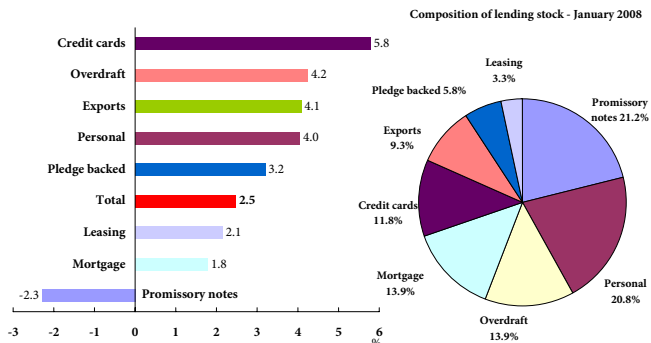
**Chart 5**  
Call Market  
1-day maturity operations in pesos



**The liquidity indicator stood at 25% of total deposits in January** (see Chart 4), higher by approximately 2 p.p. than the level recorded in December and in the same month of the previous year. The increase in the position in Lebac and Nobac (\$3.5 billion) led to a 2.8 p.p. expansion in January in the liquidity indicator that includes that position, to 41.1% of total deposits.

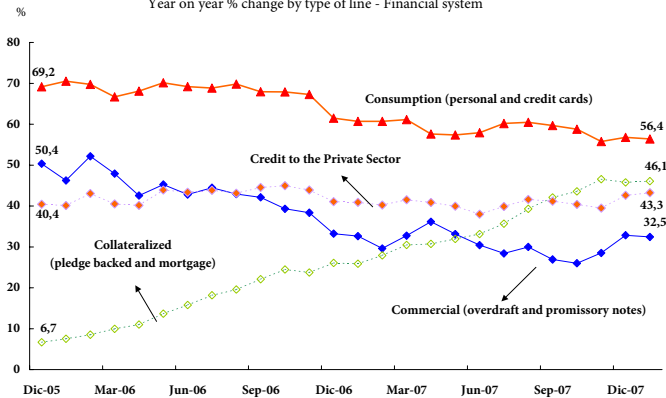
**The monthly increase in liquid assets took place mainly in official banks.** The liquidity indicator for public sector financial entities went up 4.2 p.p. in the month to 23.5% of total deposits. There was an

**Chart 6**  
Credit to the Private Sector by Type of Line  
Monthly % change - January 2008



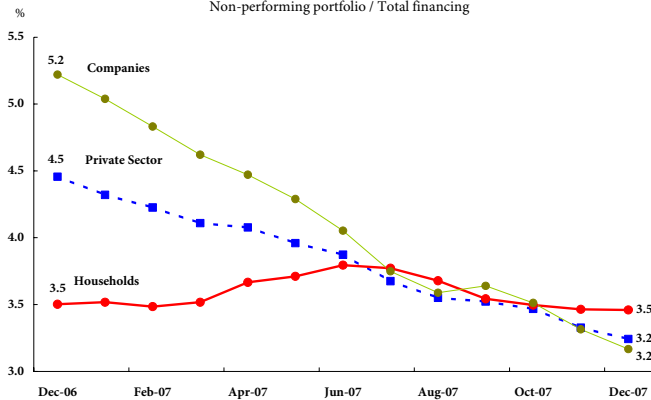
Note: Stocks are not adjusted by financial trusts monthly issues  
Source: BCRA

**Chart 7**  
Credit to the Private Sector  
Year on year % change by type of line - Financial system



Source: BCRA

**Chart 8**  
Non-Performance Loans to Companies and Households  
Non-performing portfolio / Total financing



Source: BCRA

improvement of 0.5 p.p. in the private bank liquidity ratio in January, to 26.2% of its total deposits.

The measures adopted by the BCRA also helped to reduce interest rate volatility on interbank markets during January. In a context of adequate liquidity levels for financial entities, the average interest rate of 1-day maturity operations in pesos fell to 8.1% in January (see Chart 5). A reduction was recorded in the traded volume on this market: the daily traded average volume in January was barely in excess of \$700 million, almost 30% less than in December.

## Financing:

*Credit cards and overdrafts stood out as the most dynamic lines during the month*

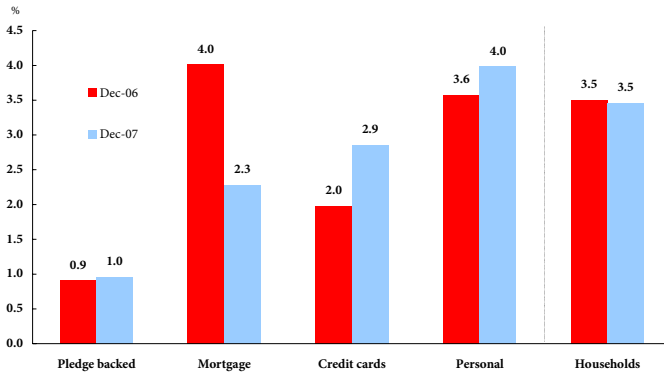
Lending to the private sector recorded an increase of 2.5% during the first month of the year. As indicated, this has helped maintain the year-on-year growth in lending to the private sector (43.3% y.o.y.). The most dynamic credit lines in January were credit cards and overdrafts (up 5.8% and 4.2%, respectively) (see Chart 6). There was a drop in promissory notes in January, reflection the seasonal decline in economic sector activity levels at the beginning of the year. During the month lending interest rates evolved unevenly. There were slight increases in overdraft and personal loan interest rates, while there was a drop in promissory notes, mortgages, pledge-backed loans and credit cards.

Within the domestic financial system, growth in lending to the private sector is being matched by a gradual lengthening in maturity transactions. The average maturity for credit to the private sector being granted reached almost 4 years in the first month of 2008, 5 months longer than in the same period of the previous year. This lengthening of private sector lending maturities affected both lending to households and lending to companies. The longer average term for loans was largely driven by the dynamic of mortgage and pledge-backed loans.

It should be noted that collateralized loans to the private sector rose 46.1% in the last 12 months, exceeding both the rhythm of growth in commercial lending and the average increase in credit to the private sector (see Chart 7). Nevertheless, as in other countries in the region, the steady growth in household consumer loans provided the main impulse to private sector lending.

**Chart 9**

**Non-Performance Credit Lines to Households**  
Non-performing portfolio / Total financing



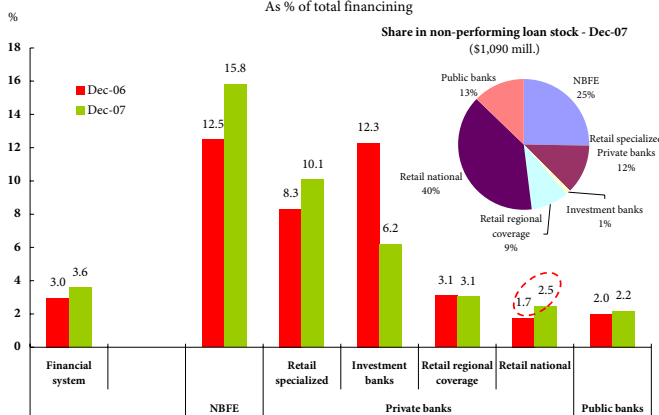
Source: BCRA

**Growth in lending to the private sector is taking place in a context of limited credit risk.** The reduction in lending to the private sector delinquency was driven mainly by the corporate sector. While the non-performance ratio for the private sector fell 1.2 p.p. in 2007 (reaching 3.2% in December 2007, last available figure), non-performance in the case of companies (which account for almost 60% of private sector lending) fell 2.1 p.p. in the same period (to 3.2%) (see Chart 8).

Although, household loan delinquency is currently at a similar level to that shown twelve months earlier, **non-performance of different credit lines has been uneven.** While delinquency ratios for the most dynamic lines, mainly linked to consumption (personal loans and credit-card lending) have shown a slight increase in the last year, the quality of mortgage loan portfolios has recorded a notable improvement (see Chart 9).

**Chart 10**

**Non-Performance Credit to Households Consumption**  
As % of total financing



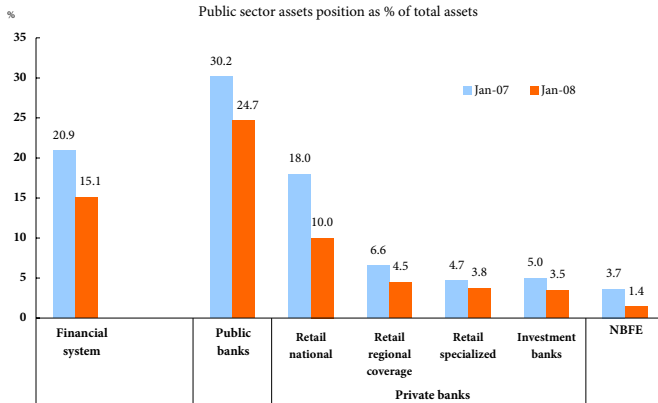
Source: BCRA

As a result, **non-performance credit to household consumption reached 3.6% at the end of 2007, 0.6 p.p. higher than one year earlier.** Private retail banks with national coverage accounted for 0.4 p.p. of the total increase, while non-bank financial entities and retail specialized banks were the groups showing the largest increases in this ratio (see Chart 10).

**Steady growth in lending to the private sector had as its counterpart a reduction in public sector exposure.** Lending to the public sector fell by 1 p.p. of assets in January (to 15.1%). This movement was led by public banks, although there was also a reduction in the case of private banks. **The reduction in exposure to this sector was widespread across the various groups of financial entity in the last year.** Private retail national banks and official financial entities recorded the largest decline for the year (see Chart 11).

**Chart 11**

**Public Sector Exposure**  
Public sector assets position as % of total assets



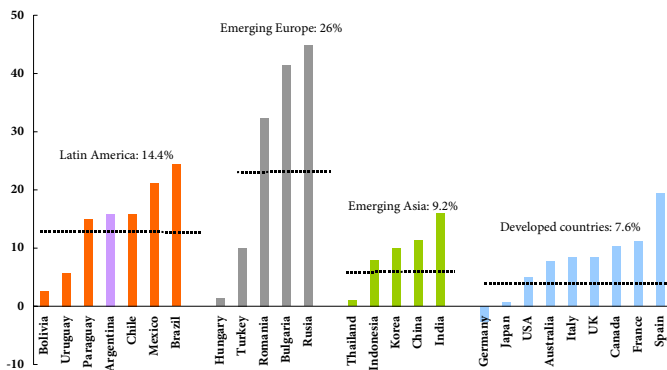
Source: BCRA

**Sustained growth in lending to the private sector is a distinctive feature of the region.** Nevertheless, despite the large margin for a deepening of credit in Latin America, its growth rate is lower than that seen in emerging Europe economies, a region where there is greater penetration by private sector lending in the economy (see Chart 12).

Furthermore, there are differences between emerging regions on the matter of funding instruments. Whereas in areas such as emerging Europe and Asia banks make increasing use of capital markets to fund themselves, in Latin American financial systems growth in lending to the private sector is funded mainly by deposits taken from the private sector. Nevertheless, **many countries in the region, including the domestic financial system,**

**Chart 12**

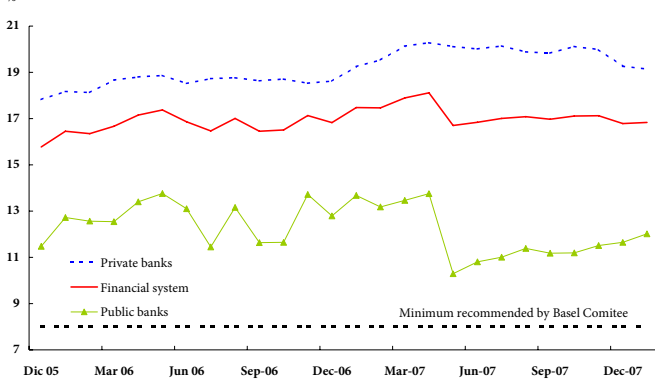
**Loans to the Private Sector**  
Year on year % change - CPI deflated



Source: IMF, International Financial Statistics

**Chart 13**

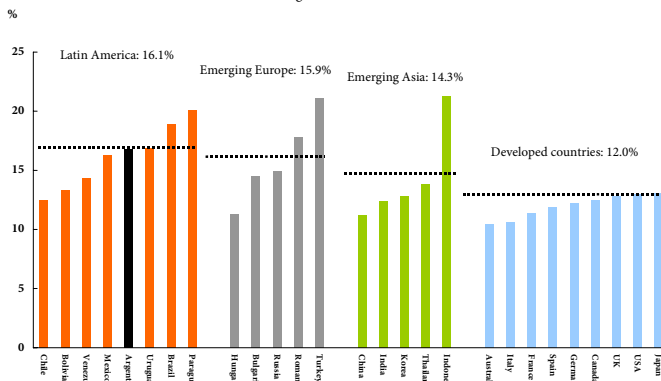
**Capital Compliance**  
As % of risk-weighted assets



Source: BCRA

**Chart 14**

**Capital Compliance**  
As % of risk-weighted assets - Last available data



Source: BCRA

have deepened mechanisms such as portfolio securitization, to take advantage of financial system and capital markets complementation.

## Solvency:

*Local bank solvency levels are in line with those of the region*

At the beginning of 2008 banks continued with the trend towards consolidation of their solvency levels, a pattern driven mainly by book profits from financial intermediation and the commercialization of financial services. Financial system net worth grew by more than \$700 million (1.9%) in January, accumulating an increase of \$3.8 billion (11.2%) in the last 12 months. Monthly net worth increase was led by private banks (2.5%) and, to a lesser extent, by public banks (1.1%).

In January, banks continued to display adequate capital compliance levels, exceeding the internationally-recommended minimums, as well as those required by local regulations. The financial system excess capital compliance reached 82% of the total requirement in the first month of the year, showing a fall of 7 p.p. compared with December 2007. This drop for the month was mainly explained by the fact that as from January there was an increase in the coefficient that temporarily lowered capital requirements on lending to the public non-financial sector (Alfa1), from 0.50 to 0.75. In line with the established schedule, as from January 2009 this coefficient will reach a full unit, eliminating the temporary reductions in prudential requirements in relation to credit risk on lending to the non-financial public sector.

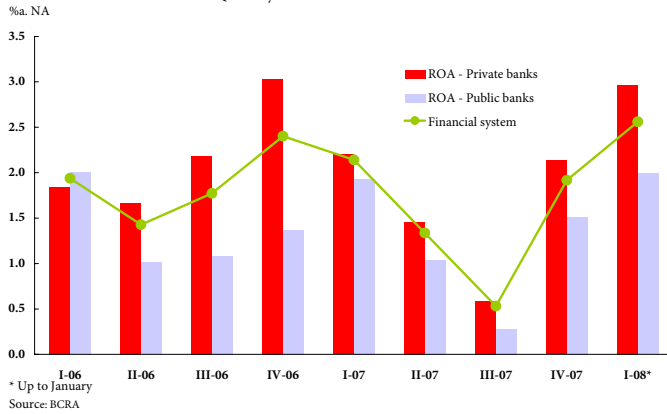
Notwithstanding the sustained increase in lending to the private sector, capital compliance remained steady during the month at 16.8% of risk-weighted assets. While the public bank segment continued to improve its capital compliance ratio, private banks posted a slight drop for the month (see Chart 13).

As a result, local bank capital compliance is in line with the levels recorded by other Latin American economies (see Chart 14), as well as being higher than that of other emerging economies and that of developed countries. Given the levels of solvency indicators, the local financial system is in a sound position that will allow it to continue to expand its exposure to the private sector at the same time as showing adequate solvency levels with which to face any future eventual shocks.



**Chart 15**

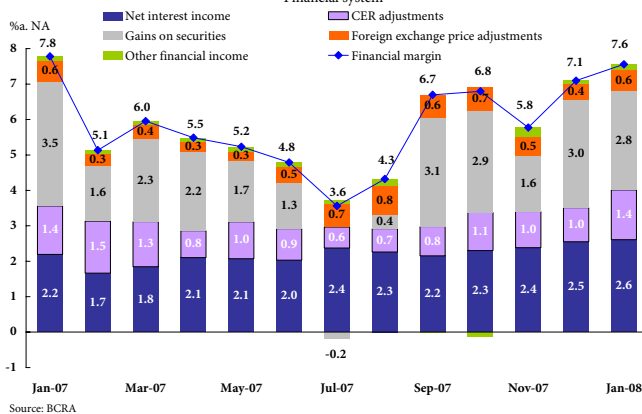
**Financial System Profitability**  
Quarterly annualized - As % of netted assets



**Bank solvency gained strength in January on the basis of the profits recorded by financial entities during the month.** The consolidated result for the financial system totaled \$610 million, or 2.6%a. of assets (see Chart 15)<sup>3</sup>. As a result, monthly book profits in nominal terms stood at similar levels to those for the same period of the previous year. Private and public banks posted positive results for 3%a. and 2%a. of assets in January, respectively. The recording of profits was widespread: 74 financial entities (98% of total assets) posted book profits for the month.

**Chart 16**

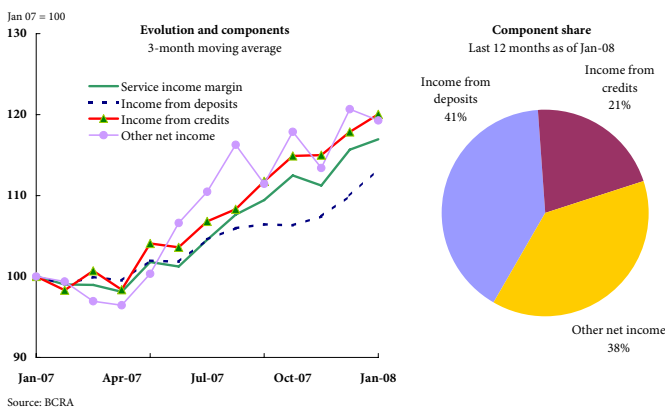
**Financial Margin**  
Financial system



**In January, bank financial margin rose 0.5 p.p. to 7.6%a. of assets** (see Chart 16). This increase for the month in financial margin was explained by the increase in interest income, higher CER adjustments (mainly because of an adjustment by a public bank) and a rise in exchange rate price adjustments. These movements were partly offset by a slight reduction in results from the holding and trading of securities compared with December, although gains under this heading continued at relatively high levels.

**Chart 17**

**Service Income Margin**  
Financial system



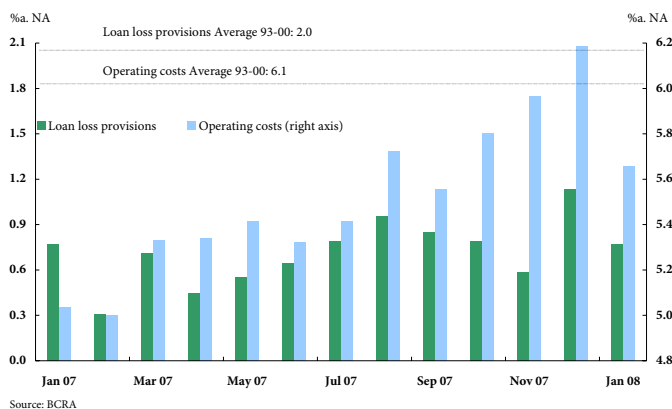
**Net interest income continued its upward trend during the month, rising 0.1 p.p. to 2.6%a. of assets** (2.2% of assets in the last 12 months). Overall, it can be seen that this upward trend is common to all the main headings making up net interest income. The steady increase in lending to the private sector, together with the increase in time deposits, have meant that interest earned on loans and interest paid for deposits have both shown growth in recent periods.

**Net income from services** dropped 0.1 p.p. in January, to a level of 3.4%a. of assets (3.2% of assets in the last 12 months). Although explaining only 21% of accumulated service income in the last 12 months, revenue from the granting of loans has been showing greater dynamism than that derived from deposits (see Chart 17).

**Outflows were lower in January than in December,** following the extraordinary expense usually connected to year-end closing, especially in the case of operating costs and loan loss charges (see Chart 18). Loan loss provisions in particular were down 0.3 p.p. in January, to 0.8% of assets (0.7% of assets in the last 12 months), continuing at a historically low level. Operating costs stood at 5.7%a. of assets in January, 0.5 p.p. lower than in the previous month. Given these reductions and the increase in financial margin, combined with the sustained level of service income, the ratio for the

<sup>3</sup> Since January 2008 there is available information to calculate the consolidated result of the financial system. This indicator excludes results and asset headings related to permanent shares and participation in other local financial entities.

**Chart 18**  
**Operating Costs and Loan Loss Provisions**  
 As % of netted assets - Financial system



coverage of operating costs rose in January to 193%. Operating costs have been rising gradually, in line with the growth in the sector's operating structure and the increase in wages. On the basis of the last 12 months, financial system operating costs have totaled 5.6% of assets.

Amortizations of court-ordered releases and adjustments to the valuation of lending to the public sector, items associated with the recognition of the effects of the 2001-2002 crisis, fell during the month to a total of 0.5%a. of assets in January. Lastly, the miscellaneous heading posted a loss of 0.1%a. of assets in January.

On the basis of the information available at the date of publication of this Report, **it is estimated that financial entities will continue to strengthen their solvency levels through their book profits.** In view of the increase in financial intermediation in the private sector, it is estimated that recurring bank revenues (interest income and service revenue) will continue to drive monthly income figures. It is however expected that gains from the holding and trading of securities will decline next month as a result of the drop in the prices of the main securities held by banks, in a context of continued volatility on international financial markets.



## **Latest regulations:**

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

**Note:** In January 2008 no significant regulations were issued affecting the financial system.

## Methodology:

- (a) Aggregate balance sheet information is taken from the Monthly Accounting Information System (non-consolidated balances). With a view to calculating data for the system aggregate, for entities not providing data for the month under review, the latest information available is repeated in the aggregate balance sheet. In turn, for the analysis of profitability, only taken into consideration are those entities providing data on the month in question.
- (b) Due to the possible lack of data for a number of banks at the time of drafting this Report, and given the possibility of subsequent corrections to the data provided by financial entities, the data included –particularly for the last month mentioned- is of a preliminary nature. Consequently, and given the fact that the latest available data are always used, data in connection with earlier periods may not match what was previously mentioned in prior issues of the Report. In such cases, the latter release should be considered the highest quality available one.
- (c) Unless provided to the contrary, data on deposits and loans relate to balance sheet information, and do not necessarily agree with those gathered via the Centralized System of Information Requirements (SISCEN). Reasons for discrepancies include: the exact date taken into account for the calculation of monthly variations and the items included in the definition adopted in each case.
- (d) Qualitative information on specific transactions involving specific banks has been taken from the notes to the banks financial statements, or obtained on the basis of inquiries made to the supervisors with the Superintendence of Financial and Exchange Entities.
- (e) Profitability indicators are calculated based on monthly results estimated on the grounds of the changes in the amount of aggregated results during the current fiscal year. Unless a provision is made to the contrary, profitability ratios are annualized.
- (f) Initially, the breakdown by group of banks was determined on the basis of majority involvement in decision taking –in terms of Shareholders meetings votes- differentiating between privately-owned entities from public banks. Also and with a view to deepening the scope of the analysis, private entities were identified according to geographic and business scope of their operations. Thus, wholesale banks were defined as those specializing in the large corporations and investors sector, which usually do not depend for their funding on deposits from the private sector. On the other hand, retail banks were divided into those carrying out business at the domestic level, located in certain geographic regions –municipalities, provinces, or regions- and entities specializing in a financial sector niche market –generally smaller entities. Lastly, it should be noted that the grouping herein has solely been carried out for analytical purposes and does not imply the only methodological grouping criterion; whereas, on the other hand, the listing of features pertaining to each set of entities has been established in a general manner.

## Glossary:

**%a.:** annualized percentage.

**%i.a.:** interannual percentage.

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

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

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

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

**CEDRO:** Certificado de Depósito Reprogramado. Rescheduled Stabilization Coefficient.

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

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

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

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

**Liquid assets:** Minimum cash compliance – cash, current account at BCRA and special accounts in guarantee – and other liquid items, including correspondent accounts.

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

**mill.:** million.

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

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

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

**Operating costs:** Includes remuneration, social security payments, services and fees, 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 stockholders' equity, calculated towards meeting capital regulations. (Responsabilidad Patrimonial Computable)

**SMEs:** Small and Medium Enterprises.

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

**RWA:** Risk weighted assets.

## Statistics Annex: Financial System

Chart 1: Financial Soundness Indicators (see Methodological note in next page)

As %	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Jan 2007	2007	Jan 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	23.2	23.0	25.0
2.- Credit to the public sector	16.9	16.2	16.2	18.0	17.3	23.0	48.5	46.5	40.6	31.3	22.3	20.9	16.1	15.1
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	30.4	38.2	36.5
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	4.3	3.2	3.2
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	-3.2	-3.0	-2.9
6.- ROA	0.6	1.0	0.5	0.2	0.0	0.0	-8.9	-2.9	-0.5	0.9	1.9	3.3	1.5	2.6
7.- ROE	4.1	6.3	3.9	1.7	0.0	-0.2	-59.2	-22.7	-4.2	7.0	14.3	24.4	11.0	22.2
8.- Efficiency	142	136	138	142	147	143	189	69	125	151	167	212	160	193
9.- Capital compliance	23.8	20.8	20.3	21.0	20.1	21.4	-	14.5	14.0	15.3	16.8	17.5	16.8	16.8
10.- Excess capital compliance	64	73	49	54	58	54	-	116	185	173	134	107	89	82

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	Jan 07	Dec 07	Jan 08	Change (%)			
											Last month	Last 12 months		
<b>Assets</b>	<b>163,550</b>	<b>123,743</b>	<b>187,532</b>	<b>186,873</b>	<b>212,562</b>	<b>221,962</b>	<b>258,384</b>	<b>268,509</b>	<b>297,970</b>	<b>319,836</b>	<b>7.3</b>	<b>19.1</b>		
Liquid assets <sup>1</sup>	20,278	13,005	17,138	27,575	29,154	20,819	37,991	36,177	46,320	44,046	-4.9	21.8		
Public bonds	10,474	3,694	31,418	45,062	55,382	66,733	64,592	71,909	62,677	75,122	19.9	4.5		
Lebac/Nobac	-	-	-	-	17,755	28,340	29,289	37,013	36,022	48,488	34.6	31.0		
Portfolio	-	-	-	-	11,803	21,067	25,767	28,773	31,598	35,160	11.3	22.2		
Repo	-	-	-	-	5,953	7,273	3,521	8,240	4,424	13,328	201.3	61.7		
Private bonds	633	543	332	198	387	389	813	858	382	373	-2.4	-56.5		
Loans	83,277	77,351	84,792	68,042	73,617	84,171	103,668	104,520	132,157	135,548	2.6	29.7		
Public sector	15,164	22,694	44,337	33,228	30,866	25,836	20,874	20,588	16,772	17,804	6.2	-13.5		
Private sector	64,464	52,039	38,470	33,398	41,054	55,885	77,832	79,292	110,355	113,059	2.4	42.6		
Financial sector	3,649	2,617	1,985	1,417	1,697	2,450	4,962	4,640	5,030	4,685	-6.9	1.0		
Provisions over loans	-6,907	-6,987	-11,952	-9,374	-7,500	-4,930	-3,728	-3,742	-4,080	-4,152	1.8	11.0		
Other netted credits due to financial intermediat.	42,361	21,485	39,089	27,030	32,554	26,721	26,039	29,722	29,712	38,758	30.4	30.4		
Corporate bonds and subordinated debt	794	751	1,708	1,569	1,018	873	773	777	606	612	1.1	-21.2		
Unquoted trusts	2,053	2,065	6,698	4,133	3,145	3,883	4,881	5,054	5,023	5,170	2.9	2.3		
Compensation receivable	0	0	17,111	14,937	15,467	5,841	763	768	377	378	0.3	-50.7		
Other	39,514	18,669	13,572	6,392	12,924	16,124	19,622	23,123	23,706	32,597	37.5	41.0		
Leasing	786	771	567	397	611	1,384	2,262	2,383	3,469	3,544	2.1	48.7		
Shares in other companies	2,645	2,688	4,653	4,591	3,871	4,532	6,392	6,613	6,430	6,563	2.1	-0.8		
Fixed assets and miscellaneous	4,939	4,804	8,636	8,164	7,782	7,546	7,619	7,628	7,643	7,660	0.2	0.4		
Foreign branches	1,115	1,057	3,522	3,144	3,524	3,647	2,782	2,816	2,912	2,935	0.8	4.2		
Other assets	3,950	5,334	9,338	12,043	13,180	10,950	9,953	9,623	10,346	9,439	-8.8	-1.9		
<b>Liabilities</b>	<b>146,267</b>	<b>107,261</b>	<b>161,446</b>	<b>164,923</b>	<b>188,683</b>	<b>195,044</b>	<b>225,369</b>	<b>234,731</b>	<b>261,139</b>	<b>282,288</b>	<b>8.1</b>	<b>20.3</b>		
Deposits	86,506	66,458	75,001	94,635	116,655	136,492	170,898	176,981	205,551	218,113	6.1	23.2		
Public sector <sup>2</sup>	7,204	950	8,381	16,040	31,649	34,019	45,410	46,864	48,340	55,608	15.0	18.7		
Private sector <sup>2</sup>	78,397	43,270	59,698	74,951	83,000	100,809	123,431	127,664	155,048	159,667	3.0	25.1		
Current account	6,438	7,158	11,462	15,071	18,219	23,487	26,900	28,092	35,245	36,459	3.4	29.8		
Savings account	13,008	14,757	10,523	16,809	23,866	29,078	36,442	36,211	47,109	47,381	0.6	30.8		
Time deposit	53,915	18,012	19,080	33,285	34,944	42,822	54,338	57,421	65,952	68,937	4.5	20.1		
CEDRO	0	0	12,328	3,217	1,046	17	13	13	0	0	-	-		
Other netted liabilities due to financial intermediat.	55,297	36,019	75,737	61,690	64,928	52,072	46,037	49,198	46,226	54,715	18.4	11.2		
Interbanking obligations	3,545	2,550	1,649	1,317	1,461	2,164	4,578	4,253	4,310	3,973	-7.8	-6.6		
BCRA lines	102	4,470	27,837	27,491	27,726	17,005	7,686	5,894	2,362	2,348	-0.6	-60.2		
Outstanding bonds	4,954	3,777	9,096	6,675	7,922	6,548	6,603	6,979	6,938	6,827	-1.6	-2.2		
Foreign lines of credit	8,813	7,927	25,199	15,196	8,884	4,684	4,240	4,192	3,864	4,037	4.5	-3.7		
Other	37,883	17,295	11,955	11,012	18,934	21,671	22,930	27,881	28,752	37,529	30.5	34.6		
Subordinated debts	2,255	2,260	3,712	2,028	1,415	1,381	1,642	1,655	1,672	1,643	-1.7	-0.7		
Other liabilities	2,210	2,524	6,997	6,569	5,685	5,099	6,792	6,898	7,690	7,817	1.6	13.3		
<b>Net worth</b>	<b>17,283</b>	<b>16,483</b>	<b>26,086</b>	<b>21,950</b>	<b>23,879</b>	<b>26,918</b>	<b>33,014</b>	<b>33,778</b>	<b>36,831</b>	<b>37,548</b>	<b>1.9</b>	<b>11.2</b>		
<b>Memo</b>														
Netted assets	129,815	110,275	185,356	184,371	202,447	208,275	244,791	249,355	280,344	293,299	4.6	17.6		
Consolidated netted assets	125,093	106,576	181,253	181,077	198,462	203,286	235,845	240,524	271,660	284,821	4.8	18.4		

(1) Includes margin accounts with the BCRA. (2) Does not include accrual on interest or CER.

Source: BCRA

## Statistics Annex: Financial System

### Chart 3: Profitability Structure

Amount in million of pesos	Annual								First month		Monthly			Last
	2000	2001	2002 <sup>1</sup>	2003	2004	2005	2006	2007	2007	2008	Nov-07	Dec-07	Jan-08	12 months
Financial margin	7,291	6,943	13,991	1,965	6,075	9,475	13,262	15,165	1,619	1,826	1,339	1,658	1,826	15,372
Net interest income	5,106	4,625	-3,624	-943	1,753	3,069	4,150	5,745	456	630	553	595	630	5,919
CER and CVS adjustments	0	0	8,298	2,315	1,944	3,051	3,012	2,624	285	340	237	225	340	2,679
Foreign exchange price adjustments	185	268	5,977	-890	866	751	944	1,356	122	140	120	104	140	1,374
Gains on securities	1,481	1,490	3,639	1,962	1,887	2,371	4,923	5,175	730	677	366	710	677	5,122
Other financial income	519	559	-299	-480	-375	233	235	264	25	39	63	24	39	278
Service income margin	3,582	3,604	4,011	3,415	3,904	4,781	6,243	8,248	605	817	743	820	817	8,459
Loan loss provisions	-3,056	-3,096	-10,007	-2,089	-1,511	-1,173	-1,198	-1,896	-161	-186	-136	-264	-186	-1,922
Operating costs	-7,375	-7,362	-9,520	-7,760	-7,998	-9,437	-11,655	-14,632	-1,047	-1,367	-1,384	-1,445	-1,367	-14,953
Tax charges	-528	-571	-691	-473	-584	-737	-1,090	-1,537	-104	-157	-133	-162	-157	-1,590
Income tax	-446	-262	-509	-305	-275	-581	-595	-1,031	-149	-174	-76	-48	-174	-1,057
Adjustments to the valuation of government securities <sup>2</sup>	0	0	0	-701	-320	-410	-752	-838	13	-6	-122	-123	-6	-857
Amortization payments for court-ordered releases	0	0	0	-1,124	-1,686	-1,867	-2,573	-1,821	-120	-113	179	-187	-113	-1,814
Other	535	702	-3,880	1,738	1,497	1,729	2,664	2,249	29	-29	-73	360	-29	2,191
Monetary results	0	0	-12,558	69	0	0	0	0	0	0	0	0	0	0
<b>Total results<sup>3</sup></b>	<b>3</b>	<b>-42</b>	<b>-19,162</b>	<b>-5,265</b>	<b>-898</b>	<b>1,780</b>	<b>4,306</b>	<b>3,906</b>	<b>686</b>	<b>611</b>	<b>337</b>	<b>608</b>	<b>611</b>	<b>3,831</b>
Adjusted results <sup>4</sup>	-	-	-	-3,440	1,337	4,057	7,631	6,565	793	730	280	919	730	6,502
<b>Annualized indicators - As % of netted assets</b>														
Financial margin	5.7	5.7	6.5	1.1	3.1	4.6	5.8	5.7	7.8	7.6	5.8	7.1	7.6	5.7
Net interest income	4.0	3.8	-1.7	-0.5	0.9	1.5	1.8	2.2	2.2	2.6	2.4	2.5	2.6	2.2
CER and CVS adjustments	0.0	0.0	3.9	1.3	1.0	1.5	1.3	1.0	1.4	1.4	1.0	1.0	1.4	1.0
Foreign exchange price adjustments	0.1	0.2	2.8	-0.5	0.4	0.4	0.4	0.5	0.6	0.6	0.5	0.4	0.6	0.5
Gains on securities	1.2	1.2	1.7	1.1	1.0	1.2	2.2	2.0	3.5	2.8	1.6	3.0	2.8	1.9
Other financial income	0.4	0.5	-0.1	-0.3	-0.2	0.1	0.1	0.1	0.1	0.2	0.3	0.1	0.2	0.1
Service income margin	2.8	3.0	1.9	1.9	2.0	2.3	2.7	3.1	2.9	3.4	3.2	3.5	3.4	3.2
Loan loss provisions	-2.4	-2.6	-4.7	-1.1	-0.8	-0.6	-0.5	-0.7	-0.8	-0.8	-0.6	-1.1	-0.8	-0.7
Operating costs	-5.8	-6.1	-4.4	-4.2	-4.1	-4.6	-5.1	-5.5	-5.0	-5.7	-6.0	-6.2	-5.7	-5.6
Tax charges	-0.4	-0.5	-0.3	-0.3	-0.3	-0.4	-0.5	-0.6	-0.5	-0.7	-0.6	-0.7	-0.7	-0.6
Income tax	-0.3	-0.2	-0.2	-0.2	-0.1	-0.3	-0.3	-0.4	-0.7	-0.7	-0.3	-0.2	-0.7	-0.4
Adjustments to the valuation of government securities <sup>2</sup>	0.0	0.0	0.0	-0.4	-0.2	-0.2	-0.3	-0.3	0.1	0.0	-0.5	-0.5	0.0	-0.3
Amortization payments for court-ordered releases	0.0	0.0	0.0	-0.6	-0.9	-0.9	-1.1	-0.7	-0.6	-0.5	0.8	-0.8	-0.5	-0.7
Other	0.4	0.6	-1.8	0.9	0.8	0.8	1.2	0.8	0.1	-0.1	-0.3	1.5	-0.1	0.8
Monetary results	0.0	0.0	-5.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>ROA<sup>3</sup></b>	<b>0.0</b>	<b>0.0</b>	<b>-8.9</b>	<b>-2.9</b>	<b>-0.5</b>	<b>0.9</b>	<b>1.9</b>	<b>1.5</b>	<b>3.3</b>	<b>2.6</b>	<b>1.5</b>	<b>2.6</b>	<b>2.6</b>	<b>1.4</b>
ROA adjusted <sup>4</sup>	0.0	0.0	-8.9	-1.9	0.7	2.0	3.4	2.5	3.8	3.1	1.2	3.9	3.1	2.4
<b>ROE<sup>3</sup></b>	<b>0.0</b>	<b>-0.2</b>	<b>-59.2</b>	<b>-22.7</b>	<b>-4.2</b>	<b>7.0</b>	<b>14.3</b>	<b>11.0</b>	<b>24.4</b>	<b>22.2</b>	<b>11.2</b>	<b>19.8</b>	<b>22.2</b>	<b>10.8</b>

(1) Data at December 2002 currency (2) Com. "A" 3911. Adjustments to the valuation of government unlisted securities according to Com. "A" 4084 are included under the 'gains from securities' heading.

(3) As of January 2008, data to calculate financial system consolidated result is available. This indicator excludes results and asset headings related to shares and participation in other local financial entities.

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

Source: BCRA

### Chart 4: Portfolio Quality

As percentages	Dec 00	Dec 01	Dec 02	Dec 03	Dec 04	Dec 05	Dec 06	Jan 07	Dec 07	Jan 08
Non-performing loans (overall)	12.9	13.1	18.1	17.7	10.7	5.2	3.4	3.3	2.7	2.7
<b>Non-performing loans to the non-financial private sector</b>	<b>16.0</b>	<b>19.1</b>	<b>38.6</b>	<b>33.5</b>	<b>18.6</b>	<b>7.6</b>	<b>4.5</b>	<b>4.3</b>	<b>3.2</b>	<b>3.2</b>
Commercial portfolio (*)	14.9	20.7	44.0	38.0	22.8	9.3	5.0	4.8	3.1	3.0
Consumption and housing portfolio	17.3	17.5	31.4	28.0	11.0	4.8	3.5	3.5	3.4	3.5
Provisions / Non-performing loans	61.1	66.4	73.8	79.2	102.9	125.1	130.3	130.4	130.0	129.0
(Total non-performing - Provisions) / Overall financing	5.0	4.4	4.7	3.7	-0.3	-1.3	-1.0	-1.0	-0.8	-0.8
(Total non-performing - Provisions) / Net worth	26.2	21.6	17.2	11.9	-1.0	-4.1	-3.3	-3.2	-3.0	-2.9

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

Source: BCRA

### Methodological note (chart 1):

**1.-**(Cash compliance according to BCRA + Other cash holdings + BCRA repos) / Total deposits; **2.-**(Public bonds position (without LEBAC and NOBAC) + Loans to the public sector + Compensation receivable) / Netted assets; **3.-**Loans to the private sector / Netted assets; **4.-**Non-performing loans to the non-financial private sector / Loans to the non-financial private sector; **5.-**(Total non-performing loans - Provisions) / Net Worth. The non-performing loans includes loans classified in situation 3,4,5, and 6; **6.-**Accumulated annual results / Average monthly netted assets - % Annualized; **7.-** Accumulated annual results / Average monthly net worth - % Annualized; **8.-**(Financial margin (Net interest income + Restatement by CER and CVS + Gain on securities + Foreign exchange price adjustments + Other financial income) + Service income margin) / Operating costs; **9.-**Capital compliance (Responsabilidad Patrimonial Computable) / Risk - adjusted assets according to the norm of BCRA about Minimum Capital Compliance; **10.-**(Capital Compliance minus requirements, included franchises) / Capital requirements.

## Statistics Annex: Private Banks

Chart 5: Financial Soundness Indicators (see Methodological note in next page)

As %	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Jan 2007	2007	Jan 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	22.4	25.7	26.2
2.- Credit to the public sector	13.5	13.7	13.6	16.1	14.7	20.8	49.4	47.1	41.2	28.0	15.9	14.8	9.1	8.7
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	37.8	46.6	45.4
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	3.5	2.5	2.5
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	-3.1	-3.6	-3.4
6.- ROA	0.6	0.7	0.5	0.3	0.1	0.2	-11.3	-2.5	-1.0	0.5	2.2	3.6	1.6	3.0
7.- ROE	4.1	6.3	4.3	2.3	0.8	1.4	-79.0	-19.1	-8.1	4.1	15.3	24.1	10.9	24.0
8.- Efficiency	144	135	139	146	152	151	168	93	115	136	158	203	152	187
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	19.2	19.1
10.- Excess capital compliance	33	47	27	60	49	43	-	88	157	155	116	94	86	82

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	Jan 07	Dec 07	Jan 08	Change (%)			
											Last month	Last 12 months		
<b>Assets</b>	<b>119,371</b>	<b>82,344</b>	<b>118,906</b>	<b>116,633</b>	<b>128,065</b>	<b>129,680</b>	<b>152,414</b>	<b>155,737</b>	<b>175,509</b>	<b>184,268</b>	<b>5.0</b>	<b>18.3</b>		
Liquid assets <sup>1</sup>	13,920	10,576	11,044	14,500	15,893	14,074	22,226	21,217	29,418	27,434	-6.7	29.3		
Public bonds	7,583	1,627	19,751	22,260	24,817	29,966	27,663	30,991	24,444	29,644	21.3	-4.3		
Lebac/Nobac	0	0	-	-	8,359	15,227	15,952	19,357	17,684	22,848	29.2	18.0		
Portfolio	0	0	-	-	5,611	12,899	14,220	17,048	15,639	18,024	15.2	5.7		
Repo	0	0	-	-	2,749	2,328	1,732	2,309	2,045	4,824	135.9	108.9		
Private bonds	563	451	273	172	333	307	683	730	310	309	-0.4	-57.6		
Loans	56,035	52,319	51,774	47,017	50,741	56,565	69,294	69,622	88,898	90,781	2.1	30.4		
Public sector	8,172	13,803	25,056	23,571	21,420	15,954	10,036	9,377	6,413	6,518	1.6	-30.5		
Private sector	45,103	36,636	26,074	22,816	28,213	39,031	55,632	56,623	78,587	80,478	2.4	42.1		
Financial sector	2,760	1,880	644	630	1,107	1,580	3,626	3,621	3,898	3,785	-2.9	4.5		
Provisions over loans	-3,248	-3,957	-7,463	-5,225	-3,717	-2,482	-2,227	-2,281	-2,365	-2,409	1.9	5.6		
Other netted credits due to financial intermediat.	36,600	13,037	27,212	22,148	25,753	16,873	18,387	18,738	17,084	20,670	21.0	10.3		
Corporate bonds and subordinated debt	724	665	1,514	1,394	829	675	618	621	430	440	2.4	-29.1		
Unquoted trusts	1,609	1,637	6,205	3,571	2,362	2,444	2,982	3,345	3,456	3,656	5.8	9.3		
Compensation receivable	0	0	15,971	13,812	14,657	5,575	760	766	377	378	0.3	-50.7		
Other	34,267	10,735	3,523	3,370	7,905	8,179	14,027	14,005	12,822	16,196	26.3	15.6		
Leasing	776	752	553	387	592	1,356	2,126	2,237	3,149	3,207	1.9	43.3		
Shares in other companies	1,651	1,703	3,123	2,791	1,892	2,416	4,042	4,218	3,762	3,882	3.2	-8.0		
Fixed assets and miscellaneous	3,225	3,150	5,198	4,902	4,678	4,575	4,677	4,689	4,685	4,713	0.6	0.5		
Foreign branches	75	112	-109	-136	-53	-148	-139	-141	-154	-155	0.8	9.5		
Other assets	2,190	2,574	7,549	7,816	7,137	6,178	5,682	5,718	6,277	6,191	-1.4	8.3		
<b>Liabilities</b>	<b>107,193</b>	<b>70,829</b>	<b>103,079</b>	<b>101,732</b>	<b>113,285</b>	<b>112,600</b>	<b>131,476</b>	<b>134,300</b>	<b>152,153</b>	<b>160,320</b>	<b>5.4</b>	<b>19.4</b>		
Deposits	57,833	44,863	44,445	52,625	62,685	75,668	94,095	97,354	116,719	122,083	4.6	25.4		
Public sector <sup>2</sup>	1,276	950	1,636	3,077	6,039	6,946	7,029	7,271	7,564	8,737	15.5	20.2		
Private sector <sup>2</sup>	55,917	43,270	38,289	47,097	55,384	67,859	85,714	88,769	107,671	111,840	3.9	26.0		
Current account	4,960	7,158	8,905	11,588	13,966	17,946	20,604	21,194	27,132	27,818	2.5	31.3		
Savings account	9,409	14,757	6,309	10,547	14,842	18,362	23,165	22,920	30,169	30,875	2.3	34.7		
Time deposit	39,030	18,012	11,083	18,710	22,729	27,736	38,043	40,597	45,770	48,512	6.0	19.5		
CEDRO	0	0	9,016	2,409	798	3	1	1	0	0	-	-		
Other netted liabilities due to financial intermedia	46,271	22,629	49,341	42,367	45,083	32,349	31,750	31,213	29,323	32,011	9.2	2.6		
Interbanking obligations	2,293	1,514	836	726	1,070	1,488	3,383	3,000	1,979	1,519	-23.2	-49.4		
BCRA lines	83	1,758	16,624	17,030	17,768	10,088	3,689	1,944	675	685	1.6	-64.7		
Outstanding bonds	4,939	3,703	9,073	6,674	7,922	6,548	6,413	6,789	6,686	6,576	-1.7	-3.1		
Foreign lines of credit	5,491	4,644	15,434	9,998	5,444	2,696	2,249	2,188	1,833	2,007	9.5	-8.3		
Other	33,466	11,010	7,374	7,939	12,878	11,530	16,015	17,292	18,150	21,224	16.9	22.7		
Subordinated debts	1,668	1,700	3,622	1,850	1,304	1,319	1,642	1,655	1,668	1,639	-1.7	-1.0		
Other liabilities	1,420	1,637	5,671	4,890	4,213	3,264	3,989	4,079	4,443	4,586	3.2	12.4		
<b>Net worth</b>	<b>12,178</b>	<b>11,515</b>	<b>15,827</b>	<b>14,900</b>	<b>14,780</b>	<b>17,080</b>	<b>20,938</b>	<b>21,438</b>	<b>23,356</b>	<b>23,948</b>	<b>2.5</b>	<b>11.7</b>		
<b>Memo</b>														
Netted assets	88,501	73,796	117,928	115,091	121,889	123,271	143,807	145,160	166,231	171,709	3.3	18.3		

(1) Includes margin accounts with the BCRA. (2) Does not include accrual on interest or CER.

Source: BCRA



## Statistics Annex: Private Banks

### Chart 7: Profitability Structure

Amount in million of pesos	Annual								First month		Monthly			Last
	2000	2001	2002 <sup>1</sup>	2003	2004	2005	2006	2007	2007	2008	Nov-07	Dec-07	Jan-08	12 months
Financial margin	5,441	5,282	10,628	2,575	3,415	5,253	7,778	8,960	979	1,124	891	918	1,124	9,104
Net interest income	3,598	3,519	-304	107	1,214	2,069	2,826	4,191	293	498	442	466	498	4,396
CER and CVS adjustments	0	0	1,476	1,082	900	1,215	858	662	78	91	54	51	91	675
Foreign exchange price adjustments	160	256	6,189	-312	666	576	740	990	46	99	88	76	99	1,043
Gains on securities	1,232	962	3,464	1,892	959	1,259	3,154	2,888	539	401	248	307	401	2,750
Other financial income	450	546	-197	-195	-322	134	199	229	22	34	59	19	34	241
Service income margin	2,554	2,598	2,782	2,341	2,774	3,350	4,459	5,881	441	578	518	582	578	6,018
Loan loss provisions	-2,173	-2,464	-6,923	-1,461	-1,036	-714	-737	-1,174	-128	-130	-104	-155	-130	-1,177
Operating costs	-5,263	-5,224	-6,726	-5,310	-5,382	-6,303	-7,741	-9,736	-698	-910	-924	-971	-910	-9,948
Tax charges	-379	-418	-512	-366	-393	-509	-769	-1,105	-73	-114	-94	-119	-114	-1,146
Income tax	-393	-216	-337	-295	-202	-217	-365	-379	-51	-114	-39	-49	-114	-441
Adjustments to the valuation of government securities <sup>2</sup>	0	0	0	-665	-51	-201	-170	-100	17	18	-20	-26	18	-99
Amortization payments for court-ordered releases	0	0	0	-791	-1,147	-1,168	-1,182	-1,466	-96	-78	-107	-110	-78	-1,447
Other	307	615	-4,164	1,178	846	1,156	1,641	1,576	41	37	73	300	37	1,573
Monetary results	0	0	-10,531	-20	0	0	0	0	0	0	0	0	0	0
<b>Total results<sup>3</sup></b>	<b>93</b>	<b>174</b>	<b>-15,784</b>	<b>-2,813</b>	<b>-1,176</b>	<b>648</b>	<b>2,915</b>	<b>2,457</b>	<b>431</b>	<b>410</b>	<b>194</b>	<b>370</b>	<b>410</b>	<b>2,436</b>
Adjusted results <sup>4</sup>	-	-	-	-1,357	252	2,016	4,267	4,023	510	470	322	506	470	3,982
<b>Annualized indicators - As % of netted assets</b>														
Financial margin	6.2	6.4	7.6	2.3	2.9	4.3	5.9	5.8	8.1	8.1	6.5	6.6	8.1	5.8
Net interest income	4.1	4.3	-0.2	0.1	1.0	1.7	2.1	2.7	2.4	3.6	3.2	3.4	3.6	2.8
CER and CVS adjustments	0.0	0.0	1.1	0.9	0.8	1.0	0.6	0.4	0.6	0.7	0.4	0.4	0.7	0.4
Foreign exchange price adjustments	0.2	0.3	4.4	-0.3	0.6	0.5	0.6	0.6	0.4	0.7	0.6	0.5	0.7	0.7
Gains on securities	1.4	1.2	2.5	1.7	0.8	1.0	2.4	1.9	4.5	2.9	1.8	2.2	2.9	1.8
Other financial income	0.5	0.7	-0.1	-0.2	-0.3	0.1	0.2	0.1	0.2	0.2	0.4	0.1	0.2	0.2
Service income margin	2.9	3.2	2.0	2.0	2.4	2.7	3.4	3.8	3.6	4.2	3.8	4.2	4.2	3.8
Loan loss provisions	-2.5	-3.0	-5.0	-1.3	-0.9	-0.6	-0.6	-0.8	-1.1	-0.9	-0.8	-1.1	-0.9	-0.8
Operating costs	-6.0	-6.4	-4.8	-4.6	-4.6	-5.1	-5.9	-6.3	-5.8	-6.6	-6.8	-7.0	-6.6	-6.4
Tax charges	-0.4	-0.5	-0.4	-0.3	-0.3	-0.4	-0.6	-0.7	-0.6	-0.8	-0.7	-0.9	-0.8	-0.7
Income tax	-0.4	-0.3	-0.2	-0.3	-0.2	-0.2	-0.3	-0.2	-0.4	-0.8	-0.3	-0.4	-0.8	-0.3
Adjustments to the valuation of government securities <sup>2</sup>	0.0	0.0	0.0	-0.6	0.0	-0.2	-0.1	-0.1	0.1	0.1	-0.1	-0.2	0.1	-0.1
Amortization payments for court-ordered releases	0.0	0.0	0.0	-0.7	-1.0	-1.0	-0.9	-0.9	-0.8	-0.6	-0.8	-0.8	-0.6	-0.9
Other	0.4	0.7	-3.0	1.0	0.7	0.9	1.2	1.0	0.3	0.3	0.5	2.2	0.3	1.0
Monetary results	0.0	0.0	-7.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>ROA<sup>3</sup></b>	<b>0.1</b>	<b>0.2</b>	<b>-11.3</b>	<b>-2.5</b>	<b>-1.0</b>	<b>0.5</b>	<b>2.2</b>	<b>1.6</b>	<b>3.6</b>	<b>3.0</b>	<b>1.4</b>	<b>2.7</b>	<b>3.0</b>	<b>1.6</b>
ROA adjusted <sup>4</sup>	0.1	0.2	-11.3	-1.2	0.2	1.6	3.2	2.6	4.2	3.4	2.4	3.7	3.4	2.5
<b>ROE<sup>3</sup></b>	<b>0.8</b>	<b>1.4</b>	<b>-79.0</b>	<b>-19.1</b>	<b>-8.1</b>	<b>4.1</b>	<b>15.3</b>	<b>10.9</b>	<b>24.1</b>	<b>24.0</b>	<b>10.2</b>	<b>19.0</b>	<b>24.0</b>	<b>10.8</b>

(1) Data at December 2002 currency (2) Com. "A" 3911. Adjustments to the valuation of government unlisted securities according to Com. "A" 4084 are included under the "gains from securities" heading.

(3) As of January 2008, data to calculate financial system consolidated result data 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 percentages	Dec 00	Dec 01	Dec 02	Dec 03	Dec 04	Dec 05	Dec 06	Jan 07	Dec 07	Jan 08
Non-performing loans (overall)	8.3	9.9	19.8	15.7	8.9	4.4	2.9	2.9	2.2	2.2
<b>Non-performing loans to the non-financial private sector</b>	<b>9.8</b>	<b>14.0</b>	<b>37.4</b>	<b>30.4</b>	<b>15.3</b>	<b>6.3</b>	<b>3.6</b>	<b>3.5</b>	<b>2.5</b>	<b>2.5</b>
Commercial portfolio (*)	8.4	15.4	44.7	39.0	18.2	7.3	3.8	3.7	2.0	2.0
Consumption and housing portfolio	11.9	12.4	26.0	17.2	10.0	4.2	3.2	3.2	3.2	3.3
Provisions / Non-performing loans	67.7	75.7	73.4	79.0	95.7	114.6	129.6	131.9	141.6	139.0
(Total non-performing - Provisions) / Overall financing	2.7	2.4	5.3	3.3	0.4	-0.6	-0.9	-0.9	-0.9	-0.9
(Total non-performing - Provisions) / Net worth	13.4	11.4	18.6	11.2	1.3	-2.2	-3.0	-3.1	-3.6	-3.4

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

Source: BCRA

### Methodological note (chart 5):

**1.-**(Cash compliance according to BCRA + Other cash holdings + BCRA repos) / Total deposits; **2.-**(Public bonds position (without LEBAC and NOBAC) + Loans to the public sector + Compensation receivable) / Netted assets; **3.-**Loans to the private sector / Netted assets; **4.-**Non-performing loans to the non-financial private sector / Loans to the non-financial private sector; **5.-**(Total non-performing loans - Provisions) / Net Worth. The non-performing loans includes loans classified in situation 3,4,5, and 6; **6.-**Accumulated annual results / Average monthly netted assets - % Annualized; **7.-** Accumulated annual results / Average monthly net worth - % Annualized; **8.-**(Financial margin (Net interest income + Restatement by CER and CVS + Gain on securities + Foreign exchange price adjustments + Other financial income) + Service income margin) / Operating costs; **9.-**Capital compliance (Responsabilidad Patrimonial Computable) / Risk - adjusted assets according to the norm of BCRA about Minimum Capital Compliance; **10.-**(Capital Compliance minus requirements, included franchises) / Capital requirements.