

# Report on Banks

January 2009



BANCO CENTRAL  
DE LA REPÚBLICA ARGENTINA

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January 2009

Year VI, No. 5



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DE LA REPÚBLICA ARGENTINA

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Note | Information for January 2009 available by February 25, 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

- **Within a context of rising uncertainty, over the last year the financial system has been showing signs of a gradual deceleration in the process of financial intermediation with the private sector. At present, financial entities record adequate liquidity and solvency levels, and also they have available new liquidity windows generated by the BCRA in the last quarter to ensure the ability to withstand any potentially greater impact from new episodes of tension.**
- **Stocks of non-financial sector deposits increased 10.8% y.o.y. in January, below the growth rate of previous months.** The rise for the month has been driven by private sector deposits, and to a lesser extent by those from the public sector. Deposits retain their participation in the funding of the financial system as a whole (liabilities and net worth), accounting for three-quarters of this aggregate, with an increased weighting for sight deposits and relative decline in time deposits. In the case of private sector time deposits, since the middle of 2008 there has been an increase in the share accounted for up to 2-month maturity time deposits (up 6 p.p., to 59% of the total).
- **Banks have begun 2009 with liquidity levels similar to those observed at the beginning of 2008.** Financial system liquid assets rose \$3.5 billion in January as a result of the setting up of repos with the BCRA, partly offset by lower cash holdings. According to balance sheet information, the liquidity indicator in pesos stands at 22% of total deposits in pesos, 0.8 and 0.9 p.p. more than in December and in January 2008, respectively. The broad peso and dollar liquidity indicator (including the position in Lebac and Nobac) has reached 40.4% of total deposits in January, 1.5 p.p. more than in the previous month but 0.8 p.p. less than one year earlier.
- **Balance sheet stocks for lending to the private sector dropped slightly in January (-0.7%), in part because of the lower seasonal dynamism characteristic of the summer period.** This reduction took place mainly among private banks (both local and foreign), as public banks increased their lending to the private sector during the month. **Public financial entities continue to grow their share in the total stock of lending to households and companies,** significantly narrowing the gap with private national and foreign banks in the last 12 months.
- **Although remaining at historically low levels, private lending non-performance has gone up 0.5 p.p. in the last 4 months to a level of 3.3%, interrupting the downward trend recorded in recent years.** At present, this indicator is reflecting increased non-performance in both lending to households and to the corporate sector.
- **During January a swap of Guaranteed Loans took place, generating a reduction in the mismatching of CER-adjusted items of the financial system** (so that there is a lower exposure of banks to the real interest rate risk) in line with the process of balance sheet normalization.
- **In January, financial system consolidated net worth again posted an increase (1.5% or 11.3% y.o.y.). Capital compliance in terms of risk-weighted assets remains stable,** at levels in excess of local requirements and minimum internationally-recommended standards. For financial entities as a whole, the regulatory capital in excess reaches 85%. **Nominal book profits for January were lower than those observed in the same month of 2008 and 2007.** Although since 2005 financial entities have been recording book profits in nominal terms, profitability in recent years becomes negative when adjusted for the effect of changes in the valuation of government securities held in bank portfolios. As a result, local banks are currently recording lower profitability levels than those observed in the majority of emerging economies.

## Activity

*Financial intermediation continues to grow, although at a slower rhythm*

In the midst of the most serious international crisis for decades, on the local front there continues to be a decline in the financial intermediation growth rate with companies and households. Private sector deposits and loans continue to post lower year-on-year expansion rhythm at the beginning of 2009 (see Chart 1).

In terms of the flow of funds estimated for the financial sector as a whole based on balance sheet data, in January the increase in liquid assets (\$3.5 billion) and the increase in Lebac and Nobac not linked to repos (\$2 billion) constituted the main uses of funds by banks. The most significant sources of funds during the month were the higher private sector deposits (\$4.2 billion) and, for the first time since the credit growth cycle began, a reduction in lending to the private sector<sup>1</sup> (\$750 million).

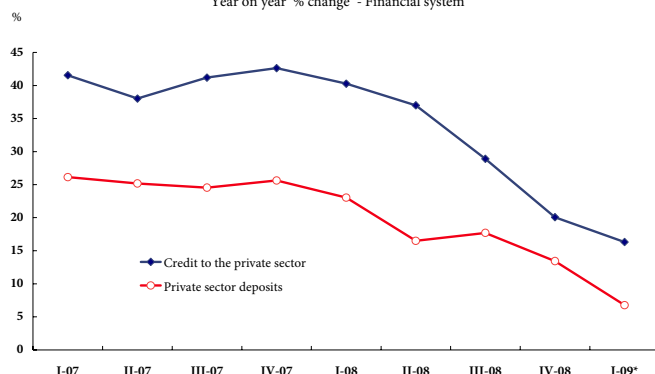
Within the framework of gradual balance sheet normalization, in the first month of 2009 financial entities as a whole continued to reduce their mismatching of CER-adjusted items, mainly from the effect of the recent swap of Guaranteed Loans carried out by the government. CER mismatching affects approximately 55% of financial system net worth, having fallen by 10 p.p. in the month (see Chart 2), thus reducing bank exposure to real interest rate risk. Private banks account for most of this reduction, while public financial entities record a relatively higher mismatching.

## Deposits and liquidity

*Growth in deposit slows, while liquidity levels remain steady*

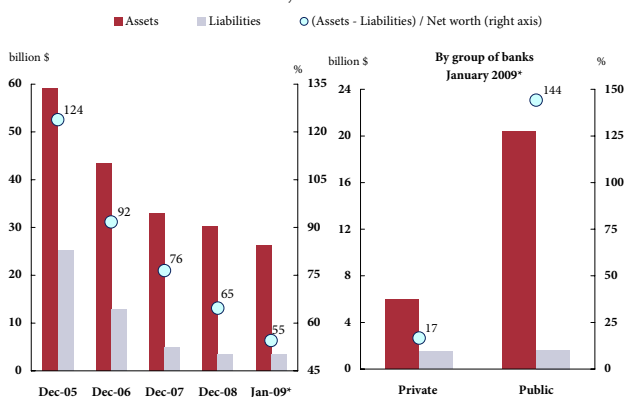
Stocks of non-financial sector deposits<sup>2</sup> went up \$4.7 billion (2%) or 10.8% y.o.y. in January, a lower growth rate than that seen in recent months. The monthly increase in deposits has been led by those of the private sector (\$4.2 billion or 2.5%) and, to a lesser extent, by those of the public sector (\$300 million or 0.4%). Deposits have maintained their share in the overall funding of the financial system (liabilities plus net

**Chart 1**  
Financial Intermediation with the Private Sector  
Year on year % change - Financial system



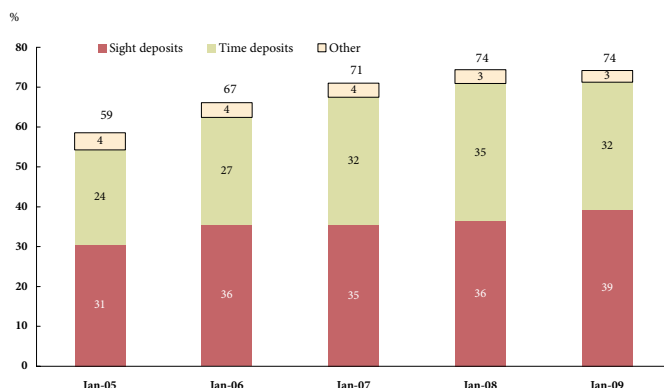
\* At January 09  
Source: BCRA

**Chart 2**  
CER Mismatch  
CER adjusted statements



\* Note: Stock balance sheet data estimation  
Source: BCRA

**Chart 3**  
Non-Financial Sector Total Deposits  
As % of total financing (netted liabilities + net worth) - Financial system



Source: BCRA

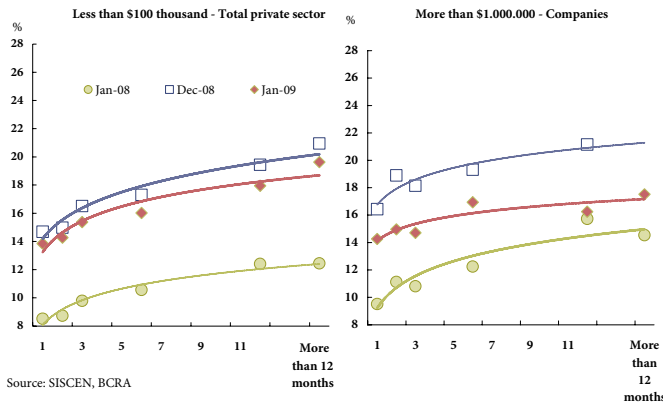
<sup>1</sup> The balance is adjusted to reflect the issue of financial trusts during the month.

<sup>2</sup> Includes deposits from the private and public sectors, accrued interest and CER adjustments.

**Chart 4**

**Private Sector Time Deposits in Pesos**

Interest rate operations by contractual maturity - Financial system

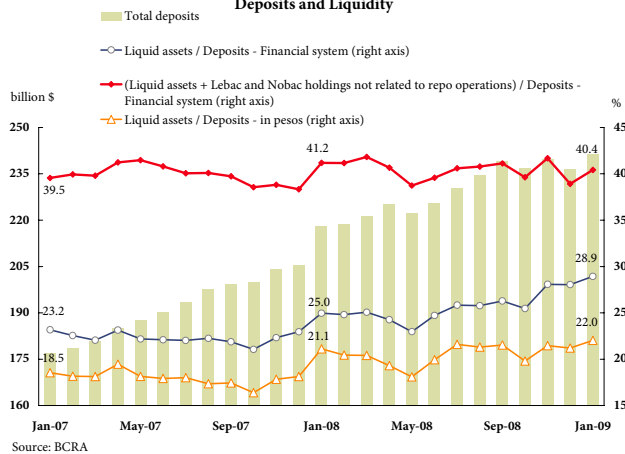


worth) at a level of close to three-quarters of the total, **with sight accounts recording an increase in their weighting in recent months** (see Chart 3), **while the share of time deposits has dropped**. It should be noted that in the case of private sector time deposits, since mid-2008 an increase has been recorded in the share accounted for up to 2-month maturity time deposits (up 6 p.p., to 59% of the total).

**The increase for the month in private sector deposits is explained by the rise in time deposits (5.6%), as there was a slight drop in sight deposits (-0.1%).** This has taken place in a context of a monthly falling of deposit interest rates (see Chart 4) in both the wholesale and retail segments.

**Chart 5**

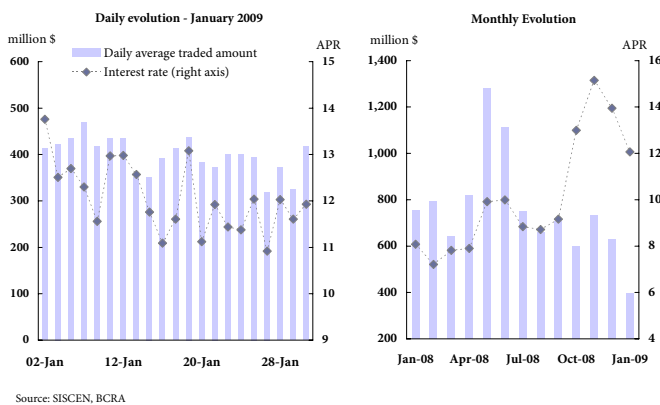
**Deposits and Liquidity**



**The financial system began the year with liquidity levels similar to those seen in the same period of the previous year, although they are above the levels of 2007.** Within the framework of the quarterly (December, January, February) position for calculating liquidity requirements, bank liquid assets rose \$3.5 billion in January, driven by the entering into of repos with the BCRA (\$4.7 billion), partly offset by a reduction in cash holdings (\$1.2 billion). According to balance sheet figures, in January the liquidity indicator in pesos stood at 22% of total deposits in pesos, an increase of 0.8 and 0.9 p.p. in relation to December and January 2008 respectively. The liquidity indicator that includes instruments in pesos and foreign currency reached 28.9% of deposits, rising 0.9 p.p. in the month and 3.9 p.p. compared to one year earlier (see Chart 5). Holdings of Lebac and Nobac not linked to repo transactions rose \$2 billion in January, so that the broad liquidity indicator (including pesos and foreign currency) reached 40.4% of total deposits, 0.8 p.p. lower than one year earlier.

**Chart 6**

**Call Market Operations in pesos**



Within the context of the mentioned liquidity levels, **there have been declines in both interest rates and volumes traded on the call market** (see Chart 6), and this reduction has been maintained in February.

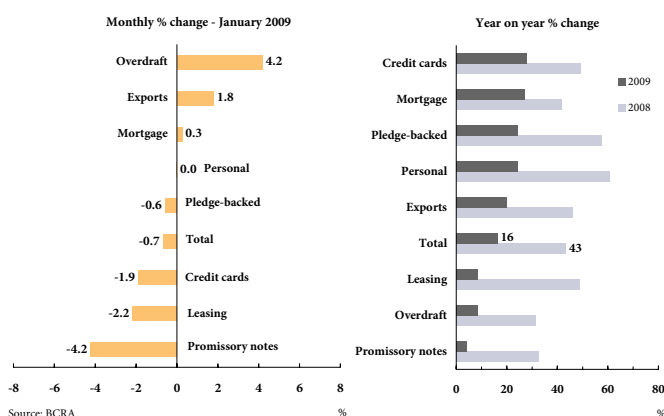
## Financing

**Public banks continue to increase their share of lending to the private sector**

**The year-on-year growth rate of lending to the private sector has continued to slow** until reaching 16% y.o.y., 27 p.p. less than in January 2008 (see Chart 7). Balance sheet stocks for lending to the private sector fell in January (down \$900 million or \$750 million excluding

**Chart 7**

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



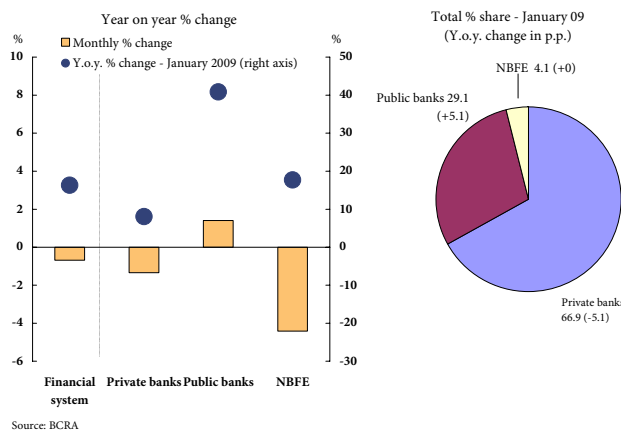
the impact on balance sheet stocks of the issue of financial trusts for the month<sup>3</sup> by banks), in part because of the lower dynamism characteristic of the summer period.

**Promissory notes and leasing show a decline for the month, party compensated for by an increase in overdrafts and export loans.** Consumer credits have shown a slight drop for the first time since 2004, lower credit card loans leading the way. Collateralized loans have remained steady during January, with a drop in pledge-backed loans that has been compensated for by an increase in mortgage loans.

The monthly reduction in loans to households and companies took place in private banks and non-bank financial entities, as **public banks continued to increase their lending to the private sector.** As a result, public banks continue to increase their share of the total stock of lending to the private sector (see Chart 8).

**Chart 8**

**Credit to the Private Sector by Group of Banks**

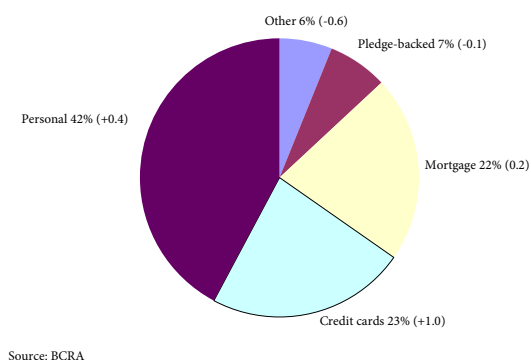


**Lending to households<sup>4</sup> recorded an increase of 26.1% y.o.y.,** reaching 19.1% of netted assets, 2.3 p.p. more than one year earlier. The increase in lending to families is driven by consumer credit lines (personal and credit cards), which have gained share in the total stock of household lending, currently accounting for almost two thirds of the total (see Chart 9).

**Bank lending to companies rose 12% y.o.y., showing slower growth in the lines targeting all productive sectors.** Loans to manufacturing industry and primary production (both to the agricultural sector and the rest of the activities financed) show the highest growth rates, gaining share in lending to companies, reaching 60.2% of the total. On the other hand, loans to commerce, construction and services lost share of the total.

**Chart 9**

**Financing to Households**  
As % of total stock credit to households (Y.o.y. change in p.p.)

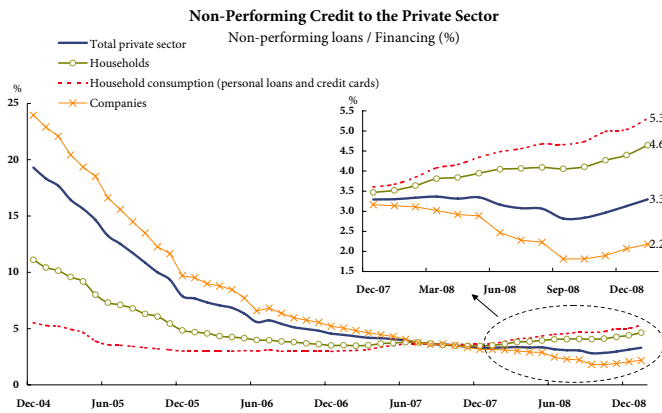


**Loans to companies and households continue to represent a moderate credit risk.** Non-performance in the case of loans to the private sector recorded a rise of 0.5 p.p. in the last 4 months to a level of 3.3%, a movement driven by both loans to the corporate sector and those granted to families (with delinquency up 2.2% and 4.6%, respectively) (see Chart 10). Coverage of non-performing loan totals with provisions totals 127%, an indication of the sound position of banks in the face of private sector credit risk.

<sup>3</sup> In January three financial trusts were set up for a total of \$176 million, of which \$160 million corresponded to securitization of personal loans and the rest to credit card coupons.

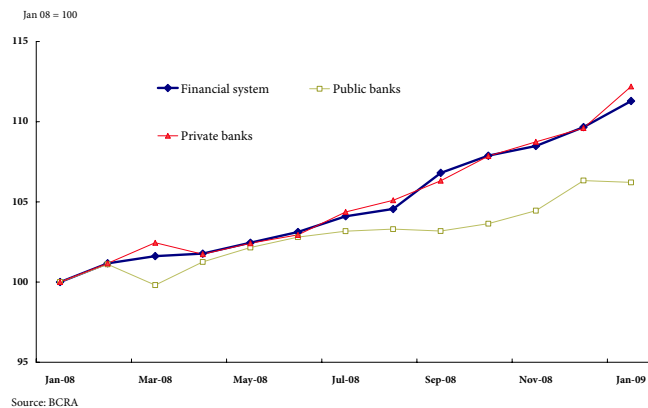
<sup>4</sup> Loans to households are those granted to individuals, except for commercial loans. This latter heading is added to loans to legal persons and is included within the companies total.

**Chart 10**



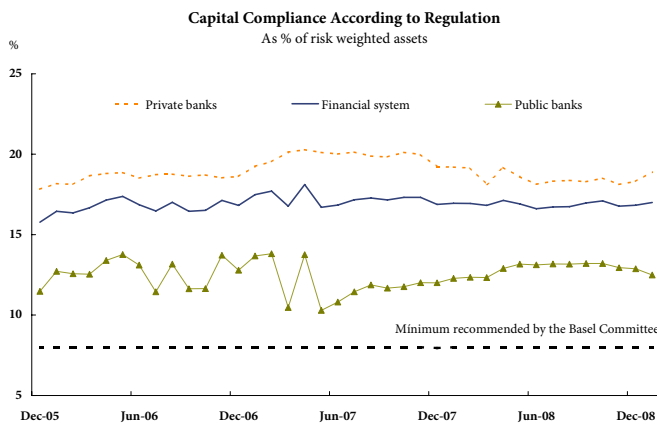
Source: BCRA

**Chart 11**  
Net Worth Evolution



Source: BCRA

**Chart 12**



Source: BCRA

## Solvency

*Book profits at the start of 2009 were lower than those of previous years*

At the beginning of 2009 the financial system continued to consolidate its solvency, enabling it to confront the increasingly volatile scenario. Consolidated net worth for financial institutions went up 1.5% (11.3% y.o.y.) for the month, driven by private banks (see Chart 11).

Financial system capital compliance exceeds internationally recommended levels and local requirements. **Capital compliance in terms of assets at risk totals 17%**, remaining at a level similar to that for the last three years (see Chart 12). As planned, the coefficient that temporarily lowered capital requirements on loans to the public sector was eliminated as from January 2009 (Alfa 1 rose from 0.75 to 1). As a result of the increase in requirement, the capital position of the financial system (excess integration) dropped slightly in January to 85% of the total requirement.

Although since 2005 financial entities have been recording book profits in nominal terms (see Chart 13), **profitability in recent years becomes negative when adjusted for the effect of changes in the valuation of government securities held in bank portfolios**. As a result, local banks are currently recording lower profitability levels than those observed in the majority of emerging economies.

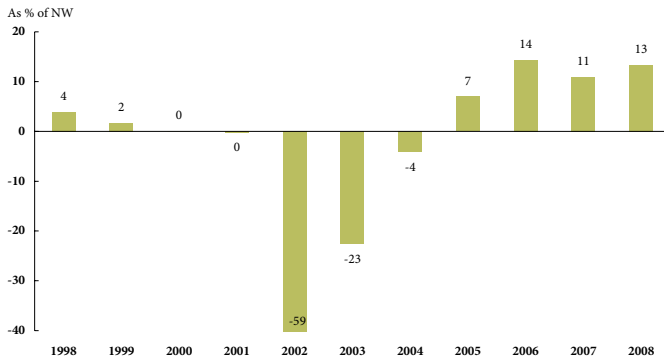
**At the start of 2009, banks accrued nominal book profits for 2.1%a. of netted assets (\$561 million). These book results for January are 18% and 12% lower than those recorded in the same month of 2007 and 2008 respectively** (see Chart 14). Profits for the month were largely driven by private banks, and to a lesser extent by public banks. A total of 77 financial entities, representing 91% of total financial system assets, recorded positive results for the month.

**In January, bank financial margin rose (to 8%a. of assets), reflecting the recovery for the month in gain on securities**. Net interest income for the month was higher, as a result of an adjustment made by one bank within the context of the swap of Guaranteed Loans. If this adjustment is excluded, interest income remained steady at 3.9%a. of assets in January. Foreign exchange price



**Chart 13**

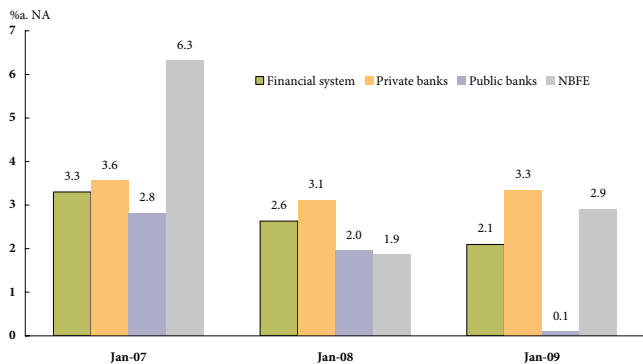
**ROE**  
Financial system



Source: BCRA

**Chart 14**

**Financial System Profitability**  
As % of netted assets



Source: BCRA

adjustments dropped for the month because of the lower increase in the nominal peso-dollar exchange rate.

**Service income margin was 3.7%a. of assets, slightly lower than in the previous month.** Service income margin continues to underpin financial system results, driven mainly by resources from the receipt of deposits, and to a lesser extent, the granting of loans.

As in previous years, **operating costs dropped slightly at the beginning of the year**, after higher year-end levels caused by additional bonus payments. Notwithstanding the monthly fall, operating costs continue to increase their weight in financial entity results, largely driven by payroll costs. **The ratio for the coverage of operating costs by the more stable sources of revenue (net interest income and service income margin) stands at 131%**, higher than the level recorded at the beginning of 2008.

On the basis of the information available at the date of publication of this Report, **it is estimated that in February financial entities will continue to consolidate their solvency, although some reduction in nominal book profits can be expected.** In view of the gradual slowing shown by financial intermediation, lower net interest income and service income margin can be expected, and this will be combined with a slight increase in loan loss charges.

## 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” 4895 – 9/01/09**

Prevention of money-laundering and other illicit activities. The introduction of regulations on the completeness of information in relation to account movements has been postponed to April 2009, with a rewording of the requirements that financial entities must make of customers with whom they are establishing a new contractual relationship.

- **Communication “A” 4898 – 22/01/09**

Accounting valuation of national public debt instruments. Refinancing of Guaranteed Loans issued by the National Government. Guidelines were established for the subscription of the “Bond of the Argentine Nation in Pesos – BADLAR due 2014” and the Promissory Note of the Argentine Nation – BADLAR in pesos due 2014” by financial entities by means of their swap, use as payment or permutation for Guaranteed Loans that had been issued by the National Government. The instruments received in exchange are covered by the regulations on permitted excesses of the limits on lending to the non-financial public sector, and no authorization such as is called for by the ordered text of regulations on “Financing of the Non-Financial Public Sector” shall be required from the BCRA. These bonds and/or promissory notes are to be booked at the net book value of the proportional part of the regularizing account for the Guaranteed Loans used in the transaction when included on the balance sheets of the financial entities. Subsequently, financial entities should opt definitively for booking their holdings –in full or in part- according to one of the valuation criteria established by the BCRA.

As from February 2009 a change has been made to the valuation criteria for certain instruments covered by the “Regime for the valuation of Guaranteed Loans and other instruments of public sector non-financial debt,” using the higher value of the corresponding present value (to be published by the BCRA, leaving without effect the monthly discount rate schedule) and their book value (net of the regularizing account). All other instruments must be recorded at their book value at January 31, 2009 (net of the corresponding asset regularization account) less financial servicing collected subsequent to that date.

## 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 | Jan 2008 | 2008 | Jan 2009 |
|--|------|------|------|------|------|------|-------|-------|------|------|------|------|----------|------|----------|
| 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 | 25.0     | 28.0 | 28.9     |
| 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 | 15.4     | 12.7 | 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 | 36.5     | 39.4 | 38.0     |
| 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  | 3.2      | 3.1  | 3.3      |
| 5.- Net worth exposure to the 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 | -2.9     | -3.3 | -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  | 1.5  | 2.6      | 1.6  | 2.1      |
| 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 | 22.4     | 13.4 | 17.8     |
| 8.- Efficiency                               | 142  | 136  | 138  | 142  | 147  | 143  | 189   | 69    | 125  | 151  | 167  | 160  | 193      | 168  | 181      |
| 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 | 17.0     | 16.8 | 17.0     |
| 10.- Excess capital compliance               | 64   | 73   | 49   | 54   | 58   | 54   | -     | 116   | 185  | 173  | 134  | 93   | 84       | 90   | 85       |

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         | Jan 08         | Dec 08         | Jan 09         | Change (in %) |                |  |  |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|----------------|--|--|
|  |                |                |                |                |                |                |                |                |                |                |                | 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>297,963</b> | <b>319,678</b> | <b>347,148</b> | <b>357,378</b> | <b>2.9</b>    | <b>11.8</b>    |  |  |
| Liquid assets <sup>1</sup>                               | 20,278         | 13,005         | 17,138         | 27,575         | 29,154         | 20,819         | 37,991         | 46,320         | 43,994         | 58,989         | 57,829         | -2.0          | 31.4           |  |  |
| Public bonds   | 10,474         | 3,694          | 31,418         | 45,062         | 55,382         | 66,733         | 64,592         | 62,678         | 75,371         | 65,321         | 74,819         | 14.5          | -0.7           |  |  |
| Lebac/Nobac  | -              | -              | -              | -              | 17,755         | 28,340         | 29,289         | 36,022         | 48,737         | 37,158         | 43,045         | 15.8          | -11.7          |  |  |
| Portfolio  | -              | -              | -              | -              | 11,803         | 21,067         | 25,767         | 31,598         | 35,409         | 25,711         | 27,712         | 7.8           | -21.7          |  |  |
| Repo <sup>2</sup>  | -              | -              | -              | -              | 5,953          | 7,273          | 3,521          | 4,424          | 13,328         | 11,447         | 15,333         | 34.0          | 15.0           |  |  |
| Private bonds  | 633            | 543            | 332            | 198            | 387            | 389            | 813            | 382            | 373            | 203            | 212            | 4.7           | -43.1          |  |  |
| Loans  | 83,277         | 77,351         | 84,792         | 68,042         | 73,617         | 84,171         | 103,668        | 132,157        | 135,487        | 154,727        | 150,672        | -2.6          | 11.2           |  |  |
| Public sector  | 15,164         | 22,694         | 44,337         | 33,228         | 30,866         | 25,836         | 20,874         | 16,772         | 17,707         | 17,097         | 14,143         | -17.3         | -20.1          |  |  |
| Private sector   | 64,464         | 52,039         | 38,470         | 33,398         | 41,054         | 55,885         | 77,832         | 110,355        | 113,098        | 132,837        | 132,062        | -0.6          | 16.8           |  |  |
| Financial sector   | 3,649          | 2,617          | 1,985          | 1,417          | 1,697          | 2,450          | 4,962          | 5,030          | 4,682          | 4,793          | 4,467          | -6.8          | -4.6           |  |  |
| Provisions over loans                                    | -6,907         | -6,987         | -11,952        | -9,374         | -7,500         | -4,930         | -3,728         | -4,089         | -4,150         | -4,738         | -4,877         | 2.9           | 17.5           |  |  |
| Other netted credits due to financial intermediation     | 42,361         | 21,485         | 39,089         | 27,300         | 32,554         | 26,721         | 26,039         | 29,712         | 38,404         | 38,194         | 44,686         | 17.0          | 16.4           |  |  |
| Corporate bonds and subordinated debt                    | 794            | 751            | 1,708          | 1,569          | 1,018          | 873            | 773            | 606            | 612            | 912            | 901            | -1.2          | 47.2           |  |  |
| Unquoted trusts  | 2,053          | 2,065          | 6,698          | 4,133          | 3,145          | 3,883          | 4,881          | 5,023          | 5,120          | 5,723          | 5,795          | 1.3           | 13.2           |  |  |
| Compensation receivable                                  | 0              | 0              | 17,111         | 14,937         | 15,467         | 5,841          | 763            | 377            | 378            | 357            | 361            | 1.0           | -4.7           |  |  |
| Other  | 39,514         | 18,669         | 13,572         | 6,392          | 12,924         | 16,124         | 19,622         | 23,706         | 32,294         | 31,202         | 37,629         | 20.6          | 16.5           |  |  |
| Leasing  | 786            | 771            | 567            | 397            | 611            | 1,384          | 2,262          | 3,469          | 3,545          | 3,935          | 3,850          | -2.2          | 8.6            |  |  |
| Shares in other companies                                | 2,645          | 2,688          | 4,653          | 4,591          | 3,871          | 4,532          | 6,392          | 6,430          | 6,577          | 7,175          | 7,326          | 2.1           | 11.4           |  |  |
| Fixed assets and miscellaneous                           | 4,939          | 4,804          | 8,636          | 8,164          | 7,782          | 7,546          | 7,619          | 7,643          | 7,672          | 7,905          | 7,932          | 0.3           | 3.4            |  |  |
| Foreign branches   | 1,115          | 1,057          | 3,522          | 3,144          | 3,524          | 3,647          | 2,782          | 2,912          | 2,934          | 3,154          | 3,181          | 0.8           | 8.4            |  |  |
| Other assets   | 3,950          | 5,334          | 9,338          | 12,043         | 13,180         | 10,950         | 9,953          | 10,347         | 9,470          | 12,283         | 11,749         | -4.3          | 24.1           |  |  |
| <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>261,143</b> | <b>282,128</b> | <b>305,762</b> | <b>315,369</b> | <b>3.1</b>    | <b>11.8</b>    |  |  |
| Deposits   | 86,506         | 66,458         | 75,001         | 94,635         | 116,655        | 136,492        | 170,898        | 205,550        | 218,206        | 236,482        | 241,317        | 2.0           | 10.6           |  |  |
| Public sector <sup>3</sup>                               | 7,204          | 950            | 8,381          | 16,040         | 31,649         | 34,019         | 45,410         | 48,340         | 55,611         | 67,421         | 67,718         | 0.4           | 21.8           |  |  |
| Private sector <sup>3</sup>                              | 78,397         | 43,270         | 59,698         | 74,951         | 83,000         | 100,809        | 123,431        | 155,048        | 159,758        | 166,373        | 170,583        | 2.5           | 6.8            |  |  |
| Current account  | 6,438          | 7,158          | 11,462         | 15,071         | 18,219         | 23,487         | 26,900         | 35,245         | 36,493         | 39,619         | 39,188         | -1.1          | 7.4            |  |  |
| Savings account  | 13,008         | 14,757         | 10,523         | 16,809         | 23,866         | 29,078         | 36,442         | 47,109         | 47,394         | 51,016         | 51,353         | 0.7           | 8.4            |  |  |
| Time deposit   | 53,915         | 18,012         | 19,080         | 33,285         | 34,944         | 42,822         | 54,338         | 65,952         | 68,995         | 69,484         | 73,451         | 5.7           | 6.5            |  |  |
| CEDRO  | 0              | 0              | 12,328         | 3,217          | 1,046          | 17             | 13             | 0              | 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         | 54,386         | 57,714         | 62,722         | 8.7           | 15.3           |  |  |
| Interbanking obligations                                 | 3,545          | 2,550          | 1,649          | 1,317          | 1,461          | 2,164          | 4,578          | 4,310          | 3,973          | 3,895          | 3,572          | -8.3          | -10.1          |  |  |
| BCRA lines   | 102            | 4,470          | 27,837         | 27,491         | 27,726         | 17,005         | 7,686          | 2,362          | 2,350          | 1,884          | 1,846          | -2.0          | -21.4          |  |  |
| Outstanding bonds  | 4,954          | 3,777          | 9,096          | 6,675          | 7,922          | 6,548          | 6,603          | 6,938          | 6,827          | 5,984          | 5,808          | -2.9          | -14.9          |  |  |
| Foreign lines of credit                                  | 8,813          | 7,927          | 25,199         | 15,196         | 8,884          | 4,684          | 4,240          | 3,864          | 4,039          | 4,541          | 4,340          | -4.4          | 7.5            |  |  |
| Other  | 37,883         | 17,295         | 11,955         | 11,012         | 18,934         | 21,671         | 22,930         | 28,752         | 37,197         | 41,408         | 47,157         | 13.9          | 26.8           |  |  |
| Subordinated debts                                       | 2,255          | 2,260          | 3,712          | 2,028          | 1,415          | 1,381          | 1,642          | 1,672          | 1,643          | 1,763          | 1,744          | -1.1          | 6.2            |  |  |
| Other liabilities  | 2,210          | 2,524          | 6,997          | 6,569          | 5,685          | 5,099          | 6,792          | 7,695          | 7,894          | 9,803          | 9,585          | -2.2          | 21.4           |  |  |
| <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>36,819</b>  | <b>37,550</b>  | <b>41,386</b>  | <b>42,009</b>  | <b>1.5</b>    | <b>11.9</b>    |  |  |
| <b>Memo</b>  |                |                |                |                |                |                |                |                |                |                |                |               |                |  |  |
| Netted assets  | 129,815        | 110,275        | 185,356        | 184,371        | 202,447        | 208,275        | 244,791        | 280,336        | 293,465        | 321,460        | 325,388        | 1.2           | 10.9           |  |  |
| Consolidated netted assets                               | 125,093        | 106,576        | 181,253        | 181,077        | 198,462        | 203,286        | 235,845        | 271,652        | 284,982        | 312,403        | 316,504        | 1.3           | 11.1           |  |  |

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

Source: BCRA

# Statistics Annex | Financial System (cont.)

## Chart 3 | Profitability Structure

| Amount in million of pesos                               | Annual     |             |                   |               |              |              |              |              |              | First month |             | Monthly    |             |             | Last 12 months |
|--|------------|-------------|-------------------|---------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|------------|-------------|-------------|----------------|
|  | 2000       | 2001        | 2002 <sup>1</sup> | 2003          | 2004         | 2005         | 2006         | 2007         | 2008         | 2008        | 2009        | Nov-08     | Dec-08      | Jan-09      |                |
| Financial margin   | 7,291      | 6,943       | 13,991            | 1,965         | 6,075        | 9,475        | 13,262       | 15,134       | 20,513       | 1,864       | 2,138       | 1,616      | 1,917       | 2,138       | 20,787         |
| Net interest income                                      | 5,106      | 4,625       | -3,624            | -943          | 1,753        | 3,069        | 4,150        | 5,744        | 9,574        | 643         | 1,259       | 865        | 1,020       | 1,259       | 10,190         |
| CER and CVS adjustments                                  | 0          | 0           | 8,298             | 2,315         | 1,944        | 3,051        | 3,012        | 2,624        | 2,822        | 340         | 125         | 137        | 139         | 125         | 2,607          |
| Foreign exchange price adjustments                       | 185        | 268         | 5,977             | -890          | 866          | 751          | 944          | 1,357        | 2,306        | 133         | 181         | 125        | 422         | 181         | 2,354          |
| Gains on securities                                      | 1,481      | 1,490       | 3,639             | 1,962         | 1,887        | 2,371        | 4,923        | 5,144        | 4,449        | 708         | 497         | 649        | 291         | 497         | 4,238          |
| Other financial income                                   | 519        | 559         | -299              | -480          | -375         | 233          | 235          | 264          | 1,363        | 40          | 75          | -161       | 44          | 75          | 1,398          |
| Service income margin                                    | 3,582      | 3,604       | 4,011             | 3,415         | 3,904        | 4,781        | 6,243        | 8,248        | 10,869       | 828         | 1,002       | 963        | 1,083       | 1,002       | 11,043         |
| Loan loss provisions                                     | -3,056     | -3,096      | -10,007           | -2,089        | -1,511       | -1,173       | -1,198       | -1,894       | -2,854       | -189        | -316        | -237       | -485        | -316        | -2,981         |
| Operating costs  | -7,375     | -7,362      | -9,520            | -7,760        | -7,998       | -9,437       | -11,655      | -14,634      | -18,731      | -1,391      | -1,730      | -1,629     | -1,767      | -1,730      | -19,070        |
| Tax charges  | -528       | -571        | -691              | -473          | -584         | -737         | -1,090       | -1,537       | -2,313       | -159        | -237        | -200       | -248        | -237        | -2,391         |
| Income tax   | -446       | -262        | -509              | -305          | -275         | -581         | -595         | -1,032       | -1,345       | -176        | -234        | -128       | 62          | -234        | -1,403         |
| Adjust. to the valuation of gov. securities <sup>2</sup> | 0          | 0           | 0                 | -701          | -320         | -410         | -752         | -837         | -1,823       | -2          | -116        | -138       | -143        | -116        | -1,936         |
| Amort. payments for court-ordered releases               | 0          | 0           | 0                 | -1,124        | -1,686       | -1,867       | -2,573       | -1,922       | -994         | -113        | -50         | -152       | -77         | -50         | -931           |
| Other  | 535        | 702         | -3,880            | 1,738         | 1,497        | 1,729        | 2,664        | 2,380        | 1,444        | -24         | 106         | 148        | 47          | 106         | 1,575          |
| Monetary results   | 0          | 0           | -12,558           | 69            | 0            | 0            | 0            | 0            | 0            | 0           | 0           | 0          | 0           | 0           | 0              |
| <b>Total results<sup>3</sup></b>                         | <b>3</b>   | <b>-42</b>  | <b>-19,162</b>    | <b>-5,265</b> | <b>-898</b>  | <b>1,780</b> | <b>4,306</b> | <b>3,905</b> | <b>4,766</b> | <b>636</b>  | <b>561</b>  | <b>243</b> | <b>389</b>  | <b>561</b>  | <b>4,691</b>   |
| <b>Adjusted results<sup>4</sup></b>                      | <b>-</b>   | <b>-</b>    | <b>-</b>          | <b>-3,440</b> | <b>1,337</b> | <b>4,057</b> | <b>7,631</b> | <b>6,665</b> | <b>7,583</b> | <b>752</b>  | <b>728</b>  | <b>533</b> | <b>609</b>  | <b>728</b>  | <b>7,559</b>   |
| <i>Annualized indicators - As % of netted assets</i>     |            |             |                   |               |              |              |              |              |              |             |             |            |             |             |                |
| Financial margin   | 5.7        | 5.7         | 6.5               | 1.1           | 3.1          | 4.6          | 5.8          | 5.7          | 6.7          | 7.7         | 8.0         | 6.0        | 7.3         | 8.0         | 6.8            |
| Net interest income                                      | 4.0        | 3.8         | -1.7              | -0.5          | 0.9          | 1.5          | 1.8          | 2.2          | 3.1          | 2.7         | 4.7         | 3.2        | 3.9         | 4.7         | 3.3            |
| CER and CVS adjustments                                  | 0.0        | 0.0         | 3.9               | 1.3           | 1.0          | 1.5          | 1.3          | 1.0          | 0.9          | 1.4         | 0.5         | 0.5        | 0.5         | 0.5         | 0.8            |
| Foreign exchange price adjustments                       | 0.1        | 0.2         | 2.8               | -0.5          | 0.4          | 0.4          | 0.4          | 0.5          | 0.8          | 0.5         | 0.7         | 0.5        | 1.6         | 0.7         | 0.8            |
| Gains on securities                                      | 1.2        | 1.2         | 1.7               | 1.1           | 1.0          | 1.2          | 2.2          | 1.9          | 1.5          | 2.9         | 1.9         | 2.4        | 1.1         | 1.9         | 1.4            |
| Other financial income                                   | 0.4        | 0.5         | -0.1              | -0.3          | -0.2         | 0.1          | 0.1          | 0.1          | 0.4          | 0.2         | 0.3         | -0.6       | 0.2         | 0.3         | 0.5            |
| Service income margin                                    | 2.8        | 3.0         | 1.9               | 1.9           | 2.0          | 2.3          | 2.7          | 3.1          | 3.6          | 3.4         | 3.7         | 3.6        | 4.1         | 3.7         | 3.6            |
| Loan loss provisions                                     | -2.4       | -2.6        | -4.7              | -1.1          | -0.8         | -0.6         | -0.5         | -0.7         | -0.9         | -0.8        | -1.2        | -0.9       | -1.8        | -1.2        | -1.0           |
| Operating costs  | -5.8       | -6.1        | -4.4              | -4.2          | -4.1         | -4.6         | -5.1         | -5.5         | -6.1         | -5.8        | -6.5        | -6.1       | -6.7        | -6.5        | -6.2           |
| Tax charges  | -0.4       | -0.5        | -0.3              | -0.3          | -0.3         | -0.4         | -0.5         | -0.6         | -0.8         | -0.7        | -0.9        | -0.7       | -0.9        | -0.9        | -0.8           |
| Income tax   | -0.3       | -0.2        | -0.2              | -0.2          | -0.1         | -0.3         | -0.3         | -0.4         | -0.4         | -0.7        | -0.9        | -0.5       | 0.2         | -0.9        | -0.5           |
| Adjust. to the valuation of gov. securities <sup>2</sup> | 0.0        | 0.0         | 0.0               | -0.4          | -0.2         | -0.2         | -0.3         | -0.3         | -0.6         | 0.0         | -0.4        | -0.5       | -0.5        | -0.4        | -0.6           |
| Amort. payments for court-ordered releases               | 0.0        | 0.0         | 0.0               | -0.6          | -0.9         | -0.9         | -1.1         | -0.7         | -0.3         | -0.5        | -0.2        | -0.6       | -0.3        | -0.2        | -0.3           |
| Other  | 0.4        | 0.6         | -1.8              | 0.9           | 0.8          | 0.8          | 1.2          | 0.9          | 0.5          | -0.1        | 0.4         | 0.6        | 0.2         | 0.4         | 0.5            |
| 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         | 0.0            |
| <b>ROA<sup>3</sup></b>                                   | <b>0.0</b> | <b>0.0</b>  | <b>-8.9</b>       | <b>-2.9</b>   | <b>-0.5</b>  | <b>0.9</b>   | <b>1.9</b>   | <b>1.5</b>   | <b>1.6</b>   | <b>2.6</b>  | <b>2.1</b>  | <b>0.9</b> | <b>1.5</b>  | <b>2.1</b>  | <b>1.5</b>     |
| <b>ROA adjusted<sup>4</sup></b>                          | <b>0.0</b> | <b>0.0</b>  | <b>-8.9</b>       | <b>-1.9</b>   | <b>0.7</b>   | <b>2.0</b>   | <b>3.4</b>   | <b>2.5</b>   | <b>2.5</b>   | <b>3.1</b>  | <b>2.7</b>  | <b>2.0</b> | <b>2.3</b>  | <b>2.7</b>  | <b>2.5</b>     |
| <b>ROE<sup>5</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>13.4</b>  | <b>22.4</b> | <b>17.8</b> | <b>7.9</b> | <b>12.5</b> | <b>17.8</b> | <b>13.1</b>    |

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

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

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

Source: BCRA

## Chart 4 | Portfolio Quality

| As percentage   | Dec 00      | Dec 01      | Dec 02      | Dec 03      | Dec 04      | Dec 05     | Dec 06     | Dec 07     | Jan 08     | Dec 08     |
|---|-------------|-------------|-------------|-------------|-------------|------------|------------|------------|------------|------------|
| Non-performing loans (overall)                                  | 12.9        | 13.1        | 18.1        | 17.7        | 10.7        | 5.2        | 3.4        | 2.7        | 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>3.2</b> | <b>3.2</b> | <b>3.1</b> |
| Provisions / Non-performing loans                               | 61.1        | 66.4        | 73.8        | 79.2        | 102.9       | 124.5      | 129.9      | 129.6      | 128.3      | 131.4      |
| (Total non-performing - 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-performing - Provisions) / Net worth                 | 26.2        | 21.6        | 17.2        | 11.9        | -1.0        | -4.1       | -3.3       | -3.0       | -2.9       | -3.3       |

(\*) 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 | Jan 2008 | 2008 | Jan 2009 |
|--|------|------|------|------|------|------|-------|-------|------|------|------|------|----------|------|----------|
| 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 | 26.1     | 34.1 | 33.9     |
| 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  | 9.3      | 6.3  | 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 | 45.4     | 44.0 | 41.6     |
| 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  | 2.5      | 2.8  | 3.0      |
| 5.- Net worth exposure to the 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 | -3.4     | -3.4 | -2.9     |
| 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  | 3.1      | 1.9  | 3.3      |
| 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 | 24.4     | 15.1 | 26.8     |
| 8.- Efficiency                               | 144  | 135  | 139  | 146  | 152  | 151  | 168   | 93    | 115  | 136  | 158  | 152  | 188      | 166  | 197      |
| 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     | 18.3 | 18.9     |
| 10.- Excess capital compliance               | 33   | 47   | 27   | 60   | 49   | 43   | -     | 88    | 157  | 155  | 116  | 87   | 82       | 87   | 89       |

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         | Jan 08         | Dec 08         | Jan 09         | Change (in %) |                |  |  |
|--|----------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|----------------|--|--|
|  |                |               |                |                |                |                |                |                |                |                |                | 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>175,509</b> | <b>184,151</b> | <b>208,865</b> | <b>217,794</b> | <b>4.3</b>    | <b>18.3</b>    |  |  |
| Liquid assets <sup>1</sup>                               | 13,920         | 10,576        | 11,044         | 14,500         | 15,893         | 14,074         | 22,226         | 29,418         | 27,382         | 37,044         | 35,217         | -4.9          | 28.6           |  |  |
| Public bonds   | 7,583          | 1,627         | 19,751         | 22,260         | 24,817         | 29,966         | 27,663         | 24,444         | 29,881         | 29,551         | 38,806         | 31.3          | 29.9           |  |  |
| Lebac/Nobac  | 0              | 0             | -              | -              | 8,359          | 15,227         | 15,952         | 17,684         | 23,084         | 23,457         | 28,713         | 22.4          | 24.4           |  |  |
| Portfolio  | 0              | 0             | -              | -              | 5,611          | 12,899         | 14,220         | 15,639         | 18,260         | 12,853         | 12,853         | 0.0           | -29.6          |  |  |
| Repo <sup>2</sup>  | 0              | 0             | -              | -              | 2,749          | 2,328          | 1,732          | 2,045          | 4,824          | 10,603         | 15,860         | 49.6          | 228.8          |  |  |
| Private bonds  | 563            | 451           | 273            | 172            | 333            | 307            | 683            | 310            | 309            | 127            | 149            | 17.2          | -51.9          |  |  |
| Loans  | 56,035         | 52,319        | 51,774         | 47,017         | 50,741         | 56,565         | 69,294         | 88,898         | 90,778         | 98,529         | 94,794         | -3.8          | 4.4            |  |  |
| Public sector  | 8,172          | 13,803        | 25,056         | 23,571         | 21,420         | 15,954         | 10,036         | 6,413          | 6,523          | 6,249          | 3,748          | -40.0         | -42.5          |  |  |
| Private sector   | 45,103         | 36,636        | 26,074         | 22,816         | 28,213         | 39,031         | 55,632         | 78,587         | 80,473         | 88,426         | 87,319         | -1.3          | 8.5            |  |  |
| Financial sector   | 2,760          | 1,880         | 644            | 630            | 1,107          | 1,580          | 3,626          | 3,898          | 3,782          | 3,854          | 3,726          | -3.3          | -1.5           |  |  |
| Provisions over loans                                    | -3,248         | -3,957        | -7,463         | -5,225         | -3,717         | -2,482         | -2,227         | -2,365         | -2,410         | -2,869         | -2,960         | 3.2           | 22.8           |  |  |
| Other netted credits due to financial intermediation     | 36,600         | 13,037        | 27,212         | 22,148         | 25,753         | 16,873         | 18,387         | 17,084         | 20,368         | 25,249         | 31,108         | 23.2          | 52.7           |  |  |
| Corporate bonds and subordinated debt                    | 724            | 665           | 1,514          | 1,394          | 829            | 675            | 618            | 430            | 440            | 699            | 686            | -1.8          | 55.9           |  |  |
| Unquoted trusts  | 1,609          | 1,637         | 6,205          | 3,571          | 2,362          | 2,444          | 2,982          | 3,456          | 3,656          | 3,870          | 3,943          | 1.9           | 7.9            |  |  |
| Compensation receivable                                  | 0              | 0             | 15,971         | 13,812         | 14,657         | 5,575          | 760            | 377            | 378            | 357            | 361            | 1.0           | -4.7           |  |  |
| Other  | 34,267         | 10,735        | 3,523          | 3,370          | 7,905          | 8,179          | 14,027         | 12,822         | 15,893         | 20,323         | 26,118         | 28.5          | 64.3           |  |  |
| Leasing  | 776            | 752           | 553            | 387            | 592            | 1,356          | 2,126          | 3,149          | 3,209          | 3,451          | 3,379          | -2.1          | 5.3            |  |  |
| Shares in other companies                                | 1,651          | 1,703         | 3,123          | 2,791          | 1,892          | 2,416          | 4,042          | 3,762          | 3,882          | 4,529          | 4,619          | 2.0           | 19.0           |  |  |
| Fixed assets and miscellaneous                           | 3,225          | 3,150         | 5,198          | 4,902          | 4,678          | 4,575          | 4,677          | 4,685          | 4,714          | 4,927          | 4,940          | 0.3           | 4.8            |  |  |
| Foreign branches   | 75             | 112           | -109           | -136           | -53            | -148           | -139           | -154           | -155           | -178           | -180           | 1.3           | 16.4           |  |  |
| Other assets   | 2,190          | 2,574         | 7,549          | 7,816          | 7,137          | 6,178          | 5,682          | 6,277          | 6,193          | 8,505          | 7,922          | -6.8          | 27.9           |  |  |
| <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>152,153</b> | <b>160,173</b> | <b>182,585</b> | <b>190,894</b> | <b>4.6</b>    | <b>19.2</b>    |  |  |
| Deposits   | 57,833         | 44,863        | 44,445         | 52,625         | 62,685         | 75,668         | 94,095         | 116,719        | 122,176        | 135,711        | 139,519        | 2.8           | 14.2           |  |  |
| Public sector <sup>3</sup>                               | 1,276          | 950           | 1,636          | 3,077          | 6,039          | 6,946          | 7,029          | 7,564          | 8,739          | 19,600         | 20,829         | 6.3           | 138.3          |  |  |
| Private sector <sup>3</sup>                              | 55,917         | 43,270        | 38,289         | 47,097         | 55,384         | 67,859         | 85,714         | 107,671        | 111,931        | 114,176        | 116,582        | 2.1           | 4.2            |  |  |
| Current account  | 4,960          | 7,158         | 8,905          | 11,588         | 13,966         | 17,946         | 20,604         | 27,132         | 27,853         | 30,188         | 29,594         | -2.0          | 6.3            |  |  |
| Savings account  | 9,409          | 14,757        | 6,309          | 10,547         | 14,842         | 18,362         | 23,165         | 30,169         | 30,888         | 32,778         | 32,784         | 0.0           | 6.1            |  |  |
| Time deposit   | 39,030         | 18,012        | 11,083         | 18,710         | 22,729         | 27,736         | 38,043         | 45,770         | 48,570         | 46,990         | 49,632         | 5.6           | 2.2            |  |  |
| CEDRO  | 0              | 0             | 9,016          | 2,409          | 798            | 3              | 1              | 0              | 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         | 31,762         | 39,298         | 43,806         | 11.5          | 37.9           |  |  |
| Interbanking obligations                                 | 2,293          | 1,514         | 836            | 726            | 1,070          | 1,488          | 3,383          | 1,979          | 1,519          | 1,160          | 1,094          | -5.8          | -28.0          |  |  |
| BCRA lines   | 83             | 1,758         | 16,624         | 17,030         | 17,768         | 10,088         | 3,689          | 675            | 687            | 649            | 650            | 0.2           | -5.4           |  |  |
| Outstanding bonds  | 4,939          | 3,703         | 9,073          | 6,674          | 7,922          | 6,548          | 6,413          | 6,686          | 6,576          | 5,672          | 5,496          | -3.1          | -16.4          |  |  |
| Foreign lines of credit                                  | 5,491          | 4,644         | 15,434         | 9,998          | 5,444          | 2,696          | 2,249          | 1,833          | 2,008          | 2,261          | 2,053          | -9.2          | 2.2            |  |  |
| Other  | 33,466         | 11,010        | 7,374          | 7,939          | 12,878         | 11,530         | 16,015         | 18,150         | 20,971         | 29,555         | 34,514         | 16.8          | 64.6           |  |  |
| Subordinated debts                                       | 1,668          | 1,700         | 3,622          | 1,850          | 1,304          | 1,319          | 1,642          | 1,668          | 1,639          | 1,759          | 1,740          | -1.1          | 6.2            |  |  |
| Other liabilities  | 1,420          | 1,637         | 5,671          | 4,890          | 4,213          | 3,264          | 3,989          | 4,443          | 4,596          | 5,817          | 5,828          | 0.2           | 26.8           |  |  |
| <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>23,356</b>  | <b>23,978</b>  | <b>26,280</b>  | <b>26,901</b>  | <b>2.4</b>    | <b>12.2</b>    |  |  |
| <b>Memo</b>  |                |               |                |                |                |                |                |                |                |                |                |               |                |  |  |
| <b>Netted assets</b>                                     | <b>88,501</b>  | <b>73,796</b> | <b>117,928</b> | <b>115,091</b> | <b>121,889</b> | <b>123,271</b> | <b>143,807</b> | <b>166,231</b> | <b>171,836</b> | <b>192,051</b> | <b>195,494</b> | <b>1.8</b>    | <b>13.8</b>    |  |  |

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

Source: BCRA

## Statistics Annex | Private Banks (cont.)

### Chart 7 | Profitability Structure

| Amount in million of pesos                               | Annual     |            |                   |               |               |            |              |              |              | First month |            | Monthly    |            |            | Last 12 months |
|--|------------|------------|-------------------|---------------|---------------|------------|--------------|--------------|--------------|-------------|------------|------------|------------|------------|----------------|
|  | 2000       | 2001       | 2002 <sup>1</sup> | 2003          | 2004          | 2005       | 2006         | 2007         | 2008         | 2008        | 2009       | Nov-08     | Dec-08     | Jan-09     |                |
| Financial margin   | 5,441      | 5,282      | 10,628            | 2,575         | 3,415         | 5,253      | 7,778        | 8,960        | 12,947       | 1,169       | 1,507      | 1,035      | 1,030      | 1,507      | 13,285         |
| Net interest income                                      | 3,598      | 3,519      | -304              | 107           | 1,214         | 2,069      | 2,826        | 4,191        | 7,727        | 511         | 991        | 724        | 795        | 991        | 8,207          |
| CER and CVS adjustments                                  | 0          | 0          | 1,476             | 1,082         | 900           | 1,215      | 858          | 662          | 651          | 91          | 44         | 10         | 30         | 44         | 604            |
| Foreign exchange price adjustments                       | 160        | 256        | 6,189             | -312          | 666           | 576        | 740          | 990          | 1,620        | 100         | 114        | 119        | 264        | 114        | 1,634          |
| Gains on securities                                      | 1,232      | 962        | 3,464             | 1,892         | 959           | 1,259      | 3,154        | 2,888        | 1,620        | 433         | 278        | 338        | -104       | 278        | 1,466          |
| Other financial income                                   | 450        | 546        | -197              | -195          | -322          | 134        | 199          | 229          | 1,329        | 35          | 79         | -156       | 46         | 79         | 1,373          |
| Service income margin                                    | 2,554      | 2,598      | 2,782             | 2,341         | 2,774         | 3,350      | 4,459        | 5,881        | 7,632        | 588         | 709        | 656        | 753        | 709        | 7,753          |
| Loan loss provisions                                     | -2,173     | -2,464     | -6,923            | -1,461        | -1,036        | -714       | -737         | -1,174       | -1,861       | -134        | -206       | -171       | -284       | -206       | -1,934         |
| Operating costs  | -5,263     | -5,224     | -6,726            | -5,310        | -5,382        | -6,303     | -7,741       | -9,735       | -12,389      | -935        | -1,123     | -1,065     | -1,195     | -1,123     | -12,577        |
| Tax charges  | -379       | -418       | -512              | -366          | -393          | -509       | -769         | -1,105       | -1,713       | -116        | -178       | -144       | -179       | -178       | -1,775         |
| Income tax   | -393       | -216       | -337              | -295          | -202          | -217       | -365         | -380         | -1,170       | -119        | -165       | -112       | -76        | -165       | -1,216         |
| Adjust. to the valuation of gov. securities <sup>2</sup> | 0          | 0          | 0                 | -665          | -51           | -201       | -170         | -100         | -267         | 21          | -24        | -7         | 5          | -24        | -311           |
| Amort. payments for court-ordered releases               | 0          | 0          | 0                 | -791          | -1,147        | -1,168     | -1,182       | -1,466       | -688         | -78         | -20        | -122       | -47        | -20        | -631           |
| Other  | 307        | 615        | -4,164            | 1,178         | 846           | 1,156      | 1,641        | 1,576        | 908          | 42          | 37         | 67         | 181        | 37         | 902            |
| Monetary results   | 0          | 0          | -10,531           | -20           | 0             | 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>3,399</b> | <b>440</b>  | <b>536</b> | <b>138</b> | <b>190</b> | <b>536</b> | <b>3,495</b>   |
| Adjusted results <sup>4</sup>                            | -          | -          | -                 | -1,357        | 252           | 2,016      | 4,267        | 4,023        | 4,355        | 497         | 580        | 267        | 231        | 580        | 4,437          |
| <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          | 7.3          | 8.3         | 9.4        | 6.7        | 6.5        | 9.4        | 7.4            |
| Net interest income                                      | 4.1        | 4.3        | -0.2              | 0.1           | 1.0           | 1.7        | 2.1          | 2.7          | 4.4          | 3.6         | 6.2        | 4.7        | 5.0        | 6.2        | 4.6            |
| CER and CVS adjustments                                  | 0.0        | 0.0        | 1.1               | 0.9           | 0.8           | 1.0        | 0.6          | 0.4          | 0.4          | 0.6         | 0.3        | 0.1        | 0.2        | 0.3        | 0.3            |
| Foreign exchange price adjustments                       | 0.2        | 0.3        | 4.4               | -0.3          | 0.6           | 0.5        | 0.6          | 0.6          | 0.9          | 0.7         | 0.7        | 0.8        | 1.7        | 0.7        | 0.9            |
| Gains on securities                                      | 1.4        | 1.2        | 2.5               | 1.7           | 0.8           | 1.0        | 2.4          | 1.9          | 0.9          | 3.1         | 1.7        | 2.2        | -0.7       | 1.7        | 0.8            |
| Other financial income                                   | 0.5        | 0.7        | -0.1              | -0.2          | -0.3          | 0.1        | 0.2          | 0.1          | 0.8          | 0.2         | 0.5        | -1.0       | 0.3        | 0.5        | 0.8            |
| Service income margin                                    | 2.9        | 3.2        | 2.0               | 2.0           | 2.4           | 2.7        | 3.4          | 3.8          | 4.3          | 4.2         | 4.4        | 4.3        | 4.8        | 4.4        | 4.3            |
| Loan loss provisions                                     | -2.5       | -3.0       | -5.0              | -1.3          | -0.9          | -0.6       | -0.6         | -0.8         | -1.1         | -0.9        | -1.3       | -1.1       | -1.8       | -1.3       | -1.1           |
| Operating costs  | -6.0       | -6.4       | -4.8              | -4.6          | -4.6          | -5.1       | -5.9         | -6.3         | -7.0         | -6.6        | -7.0       | -6.9       | -7.6       | -7.0       | -7.0           |
| Tax charges  | -0.4       | -0.5       | -0.4              | -0.3          | -0.3          | -0.4       | -0.6         | -0.7         | -1.0         | -0.8        | -1.1       | -0.9       | -1.1       | -1.1       | -1.0           |
| Income tax   | -0.4       | -0.3       | -0.2              | -0.3          | -0.2          | -0.2       | -0.3         | -0.2         | -0.7         | -0.8        | -1.0       | -0.7       | -0.5       | -1.0       | -0.7           |
| Adjust. to the valuation of gov. securities <sup>2</sup> | 0.0        | 0.0        | 0.0               | -0.6          | 0.0           | -0.2       | -0.1         | -0.1         | -0.2         | 0.1         | -0.1       | 0.0        | 0.0        | -0.1       | -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         | -0.6        | -0.1       | -0.8       | -0.3       | -0.1       | -0.4           |
| Other  | 0.4        | 0.7        | -3.0              | 1.0           | 0.7           | 0.9        | 1.2          | 1.0          | 0.5          | 0.3         | 0.2        | 0.4        | 1.1        | 0.2        | 0.5            |
| 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        | 0.0            |
| <b>ROA<sup>3</sup></b>                                   | <b>0.1</b> | <b>0.2</b> | <b>-11.3</b>      | <b>-2.5</b>   | <b>-1.0</b>   | <b>0.5</b> | <b>2.2</b>   | <b>1.6</b>   | <b>1.9</b>   | <b>3.1</b>  | <b>3.3</b> | <b>0.9</b> | <b>1.2</b> | <b>3.3</b> | <b>2.0</b>     |
| ROA adjusted <sup>4</sup>                                | 0.1        | 0.2        | -11.3             | -1.2          | 0.2           | 1.6        | 3.2          | 2.6          | 2.5          | 3.5         | 3.6        | 1.7        | 1.5        | 3.6        | 2.5            |
| ROE <sup>3</sup>   | 0.8        | 1.4        | -79.0             | -19.1         | -8.1          | 4.1        | 15.3         | 10.9         | 15.1         | 24.4        | 26.8       | 7.1        | 9.7        | 26.8       | 15.4           |

(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     | Jan 08     | Dec 08     | Jan 09     |
|---|------------|-------------|-------------|-------------|-------------|------------|------------|------------|------------|------------|------------|
| Non-performing loans (overall)                                  | 8.3        | 9.9         | 19.8        | 15.7        | 8.9         | 4.4        | 2.9        | 2.2        | 2.2        | 2.5        | 2.8        |
| <b>Non-performing loans to the non-financial private sector</b> | <b>9.8</b> | <b>14.0</b> | <b>37.4</b> | <b>30.4</b> | <b>15.3</b> | <b>6.3</b> | <b>3.6</b> | <b>2.5</b> | <b>2.5</b> | <b>2.8</b> | <b>3.0</b> |
| Provisions / Non-performing loans                               | 67.7       | 75.7        | 73.4        | 79.0        | 97.0        | 114.3      | 129.3      | 141.3      | 138.6      | 134.1      | 127.9      |
| (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       | -0.8       |
| (Total non-performing - Provisions) / Net worth                 | 13.4       | 11.4        | 18.6        | 11.2        | 1.3         | -2.2       | -3.0       | -3.6       | -3.4       | -3.4       | -2.9       |

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

Source: BCRA