Report on Banks

MARCH 2007

Central Bank of Argentina

Year IV - No. 7

Contents

Note: This report contains information from March 2007 available on 23 April 2007. 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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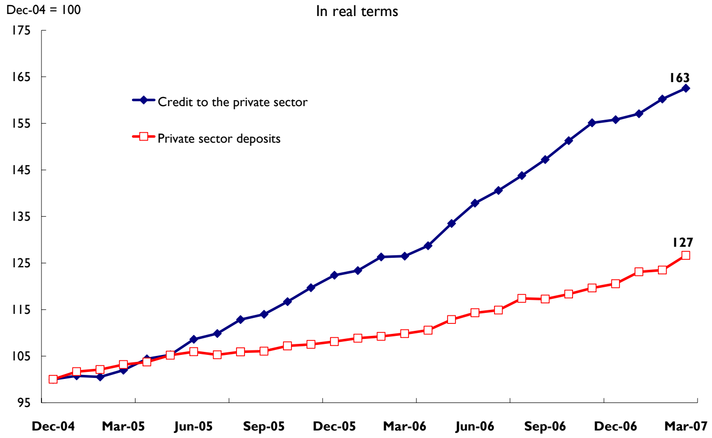
Summary

- **The financial policy implemented by the Central Bank continue to spur recovery by traditional banking activity, encouraging a rapid sector's balance sheets normalization.** Lending to the private sector has increased, there has been a reduction in exposure to the public sector, as well as a notable rise in time deposits, accelerated settlement of Central Bank rediscounts, and a consolidation of profitability and solvency.
- In line with Central Bank financial policy, the financial system **continues to increase the maturity of its funding**: in March private sector time deposits went up 4.3% (31% y.o.y.), faster than sight deposits: 3.4% (23% y.o.y.). Private banks led the increase in time deposits during the month.
- **Rediscounts, one of the inheritances from the 2001-2002 crisis, are soon to disappear.** Payments under the matching system in March totaled $1 billion, following the settlement in full of its liabilities by one private bank, leaving just one financial entity with debt under the schedule. Rediscounts accounted for 1.5% of financial system liabilities in March, 8.7 p.p. less than at the end of 2004.
- **Lending to the private sector maintained its growth in March**, increasing 2.2% (41% y.o.y.), in line with the rate of growth seen in the last year. **Loans are being granted for longer terms**: new mortgage loans have lengthened their duration by 46 months in the last year, to 11.7 years, while loans to firms gradually increased their maturity.
- **In the first quarter of 2007, loans to companies increased in all segments, with notable dynamism in micro-credit.** This development has benefited from Central Bank measures in favor of SMEs. **Declining credit risk from households and companies enhanced reduction in portfolio delinquency,** which dropped 2.7 p.p. in the last year, to a historical low of 4.1% of private sector loans.
- **Financial entities have continued to deepen their independence from the financing needs of the non-financial public sector.** Exposure to risk from the non-financial public sector fell 2 p.p. in the first quarter of 2007 to 19.7% of total assets, a change that was led by private banks. Repos and Lebac and Nobac are monetary regulation operations with the purpose of maintaining equilibrium in the market, and do not constitute public sector financing by the banking sector.
- **In March growth in non-financial private sector deposits ($4.3 billion) and the reduction in lending to the public sector ($0.9 billion) were the main sources of funding for the financial system. The most notable uses of resources were the increase in lending to the private sector ($1.95 billion), reduction in public sector deposits,** increased holdings of Central Bank securities, and the repayment of rediscounts in the context of the matching scheme.
- The financial system recorded **book profits for the eighth consecutive quarter**. Driven in particular by growth in traditional banking activities and the recovery in sovereign debt bond prices, in March banks accrued profits for 1.9%a. of netted assets (13.8%a. of net worth). As a result, **the first quarter of the year ended with profits of close to 2.1%a. of assets (15.7%a. of net worth), above those recorded in the first quarter of 2006**.
- **Higher bank profits continued to improve sector solvency:** net worth grew 1.5% in March accumulating 22% in the last 12 months. Capital compliance in terms of financial system assets at risk rose 1.1 p.p. in the first quarter, to 18.1%., in excess of internationally recommended levels.

Chart 1

Financial Intermediation Deepening

In real terms

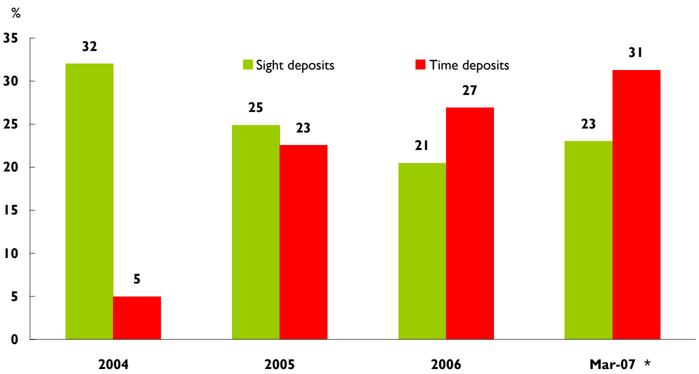


Source: BCRA

Chart 2

Private Deposits

Y.o.y. % growth - Financial system



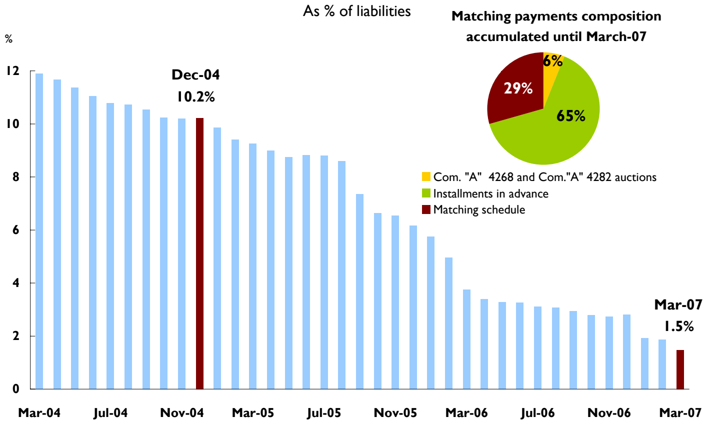
* Y.o.y. Var.

Source: BCRA

Chart 3

Matching Schedule Liabilities with BCRA

As % of liabilities



Source: BCRA

Activity:

Funding and private sector loans maturities lengthen

In the first quarter of 2007 banks continued to increase their volumes of traditional financial intermediation, consolidating the trend for both increased deposits and higher lending to the private sector (see Chart 1). As a result, the asset and liability structure of the financial system has continued to return to normal, in a trend that has deepened in the last two years. In March, lending to the private sector by the financial system represented approximately 32% of financial system assets, 12 p.p. higher than the value at the end of 2004, while private sector deposits have gained ground in bank funding, rising to 56% of liabilities (12.3 p.p. more than in 2004).

In March, bank activity focused largely on financial intermediation, in line with the pattern seen in recent years. The main sources of financial system resources during the month were increased deposits by the private non-financial sector (up $4.3 billion), declining exposure to the public sector ($900 million), and a reduction in liquid assets by financial institutions ($270 million).

In this context, the most notable uses of resources in March were the increase in lending to the private sector ($1.95 billion)[1], the drop in public sector deposits, increased holdings of Central Bank securities ($1.1 billion), payment of liabilities with the Central Bank under the matching schedule ($1 billion) and the repayment of corporate bonds in foreign currency ($350 million)[2].

Reflecting the Central Bank's financial policy, the 3.4% increase ($4.3 billion, 26% y.o.y.) in non-financial private sector deposits in March was largely explained by the dynamic of time deposits, which rose 4.3% ($2.5 billion, 31% y.o.y.), while sight deposits went up 3.4% ($2.2 billion, 23% y.o.y.)[3] (see Chart 2). This behavior for the month is in line with the performance seen since 2006, in the context of stable deposit rates. **As a result, encouraged by the Central Bank's financial policy, bank funding maturity continues to lengthen.**

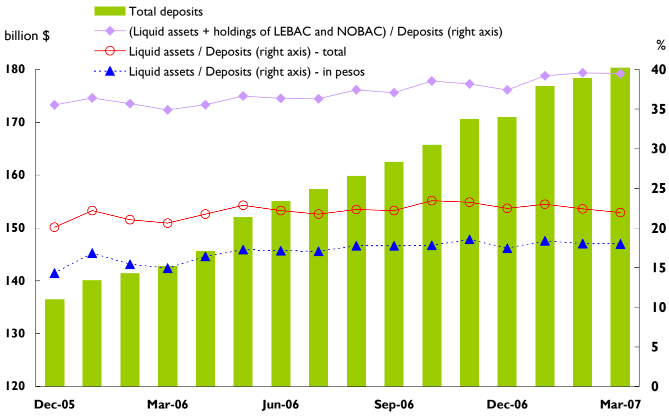
Together with the favorable development seen by private sector deposits, **bank liabilities have improved in qualitative terms, as the liquidity rediscounts granted by the Central Bank are set to disappear.** Payments under the so-called matching schedule totaled $1 billion in March and $96 million in both April and May. The payment in March was boosted by the settlement in full by one private bank of its liabilities, so that only one financial institution remains holding debt under this schedule. Liquidity assistance liabilities to the Central Bank therefore represented 1.5% of all financial system liabilities in March, 8.7 p.p. less than at the end of 2004 (see Chart 3). It should be noted that as a result of the incentives established by the Central Bank at the beginning of 2005, almost two thirds of the payments made by banks under the matching schedule have arisen from early settlement of such liabilities.

[1] Adjusted for the setting up of financial trusts during the month. Includes lending in the form of leasing.
[2] Accounted for by one large private bank.
[3] Deposits under the Others heading recorded a drop of $400 million during the month.

Chart 4

Deposits and Liquidity

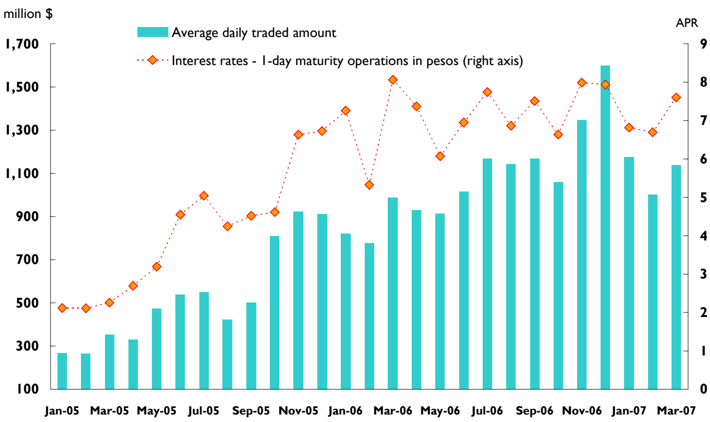
Financial system



Source: BCRA

Chart 5

Call Market

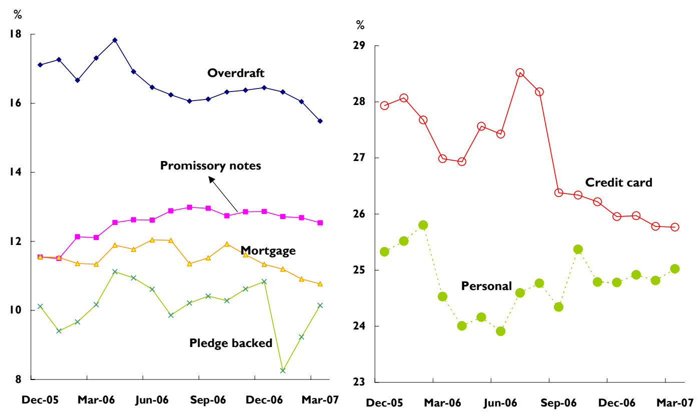


Source: BCRA

Chart 6

Interest Rates

Spread between lending rates and less than 59-day time deposit rate



Source: BCRA

During March, banks recorded a slight reduction in their liquid assets ($270 million), reflected in a drop in the liquidity indicator to 21.9% of deposits (0.5 p.p. less than in February) (see Chart 4). Banks restructured the composition of their reserves, in part to be able to comply with minimum cash requirements[4]: a portion of the funds held by financial institutions in Central Bank repos (down $2.1 billion) was transferred to current accounts at the Central Bank and to cash at banks (up $1.85 billion). The liquidity indicator, which includes Lebac and Nobac holdings, remained relatively stable during the month (39.5% of deposits). In the case of private banks, during March, the liquidity indicator increased slightly to 22.8% of deposits (1 p.p. more than in February), remaining virtually unchanged if Lebac and Nobac holdings are included (44.5% of deposits).

In a month in which banks were required to return to monthly compliance with liquidity requirements, **the call market recorded an increase in activity.** The daily average trading volume reached $1.14 billion in March (14% more than in the previous month), with a rising interest rate on overnight placements in pesos, averaging an annual 7.6% (90 b.p. more than in the previous quarter) (see Chart 5). Viewed in perspective, **the call market continued to develop and increase its depth**, with an almost fourfold increase in the volume traded in the first quarter of 2007 compared with two years earlier. The levels of concentration are declining both in the case of bidders and offerors. Greater diversity of transactions among participants ensures a context of declining levels of segmentation.

As in recent years, lending to the private sector has been the main use of financial sector resources in March, growing 2.2% (41% y.o.y.). This increase was matched by **an improvement in portfolio quality**, with non-performing loans reaching 4.1% of total private sector loans. The increase in lending in March was widespread, with a notable increase in promissory notes (4.2%[5]), personal loans (4.2%) and export credit lines (3.4%). Lending rates performed unevenly during the month (see Chart 6), with a drop in average rates on mortgage loans, overdrafts, credit cards and promissory notes, while personal and pledge backed loans experienced slight increases.

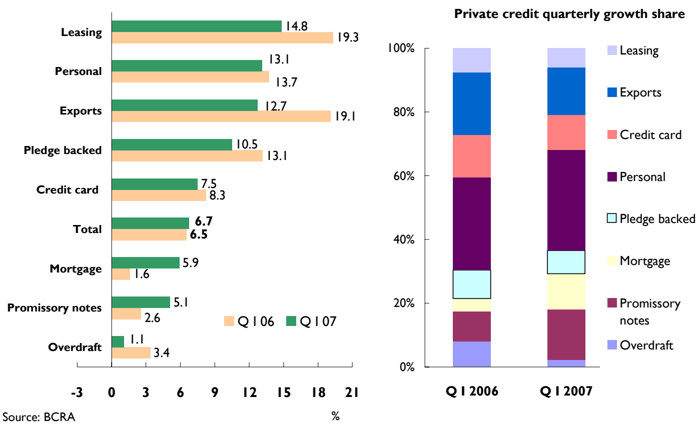
In the first quarter of 2007 growth in lending to the private sector was slightly higher than that recorded in the same period of the previous year (see Chart 7). Although in the first part of 2007 mortgage loans and promissory note lending showed more dynamism than in the previous year, the rise in leasing transactions has continued to stand out (14.8%), as did personal loans (13.1%) and export credit lines (12.7%). Steady growth in economic activity has continued to encourage companies, SMEs in particular, to finance medium-term projects using bank leasing. As a result, leasing transactions have continued to increase their share in total private sector lending: in March 2007 leasing accounted for 3.1% of lending to the private sector, approximately 17.1% of the pledge backed and mortgage loan total (3 p.p. more than one year earlier).

[4] After the end of the quarterly compliance period.
[5] Totals have been adjusted to take into account a reclassification of accounts between promissory notes in dollars and export lines by one financial institution.

Chart 7

Credit to the Private Sector

By type of lines - Quarter on quarter % change - QI 2006 and QI 2007

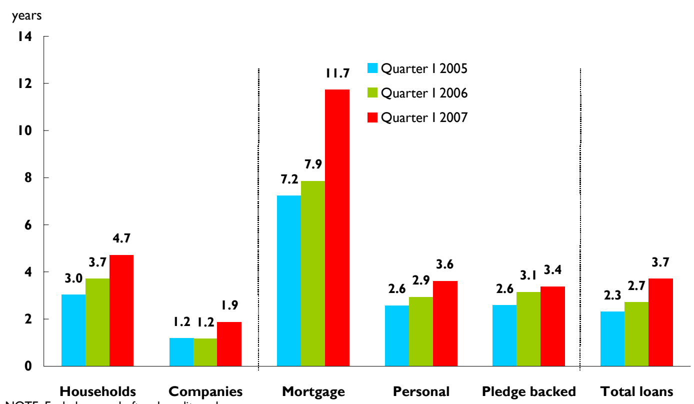


Source: BCRA

Chart 8

Lending to the Private Sector

Average maturity weighted by amounts



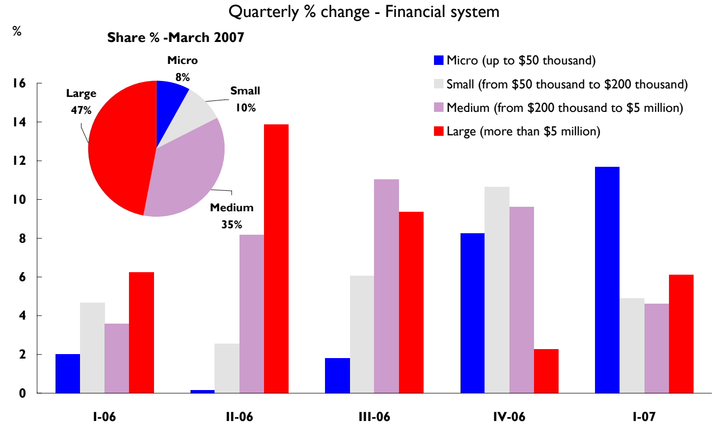
NOTE: Excludes overdraft and credit cards.

Source: BCRA

Chart 9

Lending to Companies by Amount Range

Quarterly % change - Financial system



Source: BCRA

Credit lines gaining share in the growth in lending to the private sector in the first part of the year included promissory notes (accounting for 16% of the increase in lending in the first quarter) and mortgage loans (11%), which occupied the position of current account overdrafts, credit card lending, and export credit lines. Personal loans maintained their significant contribution to growth.

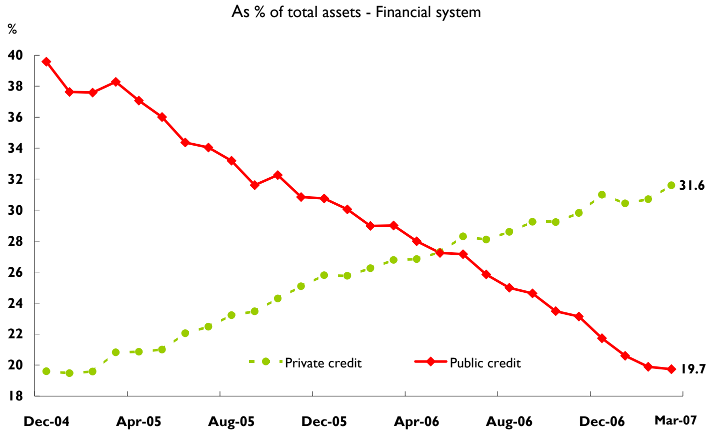
Encouraged by the regulatory changes introduced by the Central Bank, **lending to the private sector has expanded its horizons in the first part of 2007**. If overdrafts and credit card lending are excluded, the maturity of new loans to the private sector has been stretched to an average of 3.7 years (see Chart 8), almost 12 months more than in the same period of 2006, a movement led mainly by the lines granted to households, although the maturity of loans to companies is gradually beginning to increase. There was a notable lengthening in the term of mortgage loans, which extended their duration by an average of 46 months in the last year, to 11.7 years. This development benefited from regulatory incentives established from the Central Bank (relaxation of the capital requirement for loans of up to $200 thousand[6], allowing financing of 100%, and 90% when the amount of the mortgage is between $200 thousand and $300 thousand, encouragement for banks to include rent and utility payment receipts in their evaluation of debtor repayment capacity, in line with the recommendation to implement screening and credit-scoring models), and the gradual increase in the use of financial trusts to off-load these loans, and a suitable economic climate.

The increase in the first quarter of 2007 was seen across all loan sizes. While those lines for amounts in excess of $5 million (mainly directed to large companies) grew 6.1% until accounting for almost half of total lending, loans for between $200 thousand and $5 million (mainly granted to medium-size companies) increased 4.6%. Loans for between $50 thousand and $200 thousand, and those for less than $50 thousand (small companies and micro-undertakings) went up by 4.9% and 11.7% respectively in the last 3 months (see Chart 9), benefiting in part from measures to encourage SMEs introduced by the Central Bank. Services and primary production were the sectors leading growth in bank financing to companies during the course of the first quarter of 2007, rising 12% (52% y.o.y.) and 10% (33% y.o.y.), respectively. As a result, in March these two productive sectors, added to manufacturing industry, concentrated 81% of the loans granted to companies.

The rise in the importance of lending to the private sector continues to be accompanied by declining exposure to the public sector. During March the financial system slightly reduced the weight of public sector assets in portfolio, to a level of 19.7% of total assets (21.1% of netted assets), in line with the incentives promoted by the Central Bank. This behavior was led by private banks. In the last 12 months, financial institutions lowered their public sector exposure by 9.3 p.p. of assets, accumulating a drop of almost 20 p.p. since the end of 2004 (see Chart 10). Repos and Lebac and Nobac transactions are performed for monetary regulation purposes with the aim of keeping

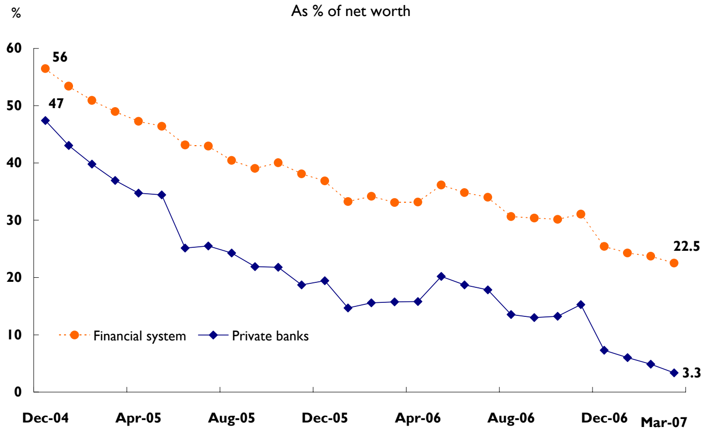
[6] As long as they are applied to the purchase of sole, permanently occupied family dwellings.

Chart 10
Public and Private Sector Exposure
As % of total assets - Financial system



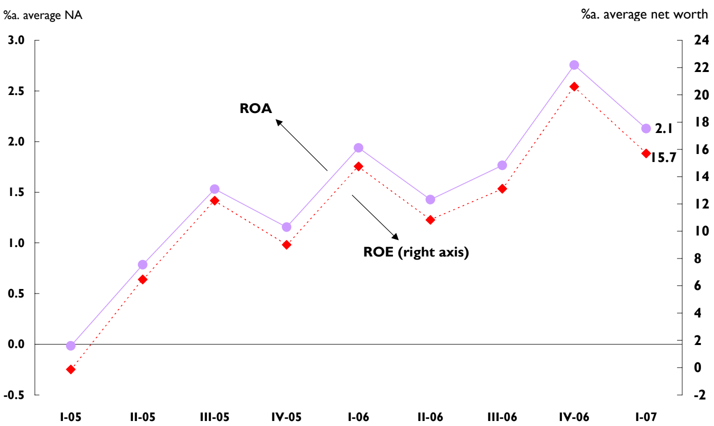
Source: BCRA

Chart 11
Currency Mismatch
As % of net worth



Source: BCRA

Chart 12
Quarterly Profitability



Source: BCRA

the market in balance, and do not represent lending to the public sector by the financial system.

In March, foreign currency assets fell by US$430 million, mainly from lower liquid assets and other credits from financial intermediation. Liabilities in this currency dropped by US$340 million, largely explained by the payment of a corporate bond by one financial institution and a reduction of forward sales. **As a result, foreign currency mismatching in terms of net worth dropped 1.2 p.p. in March** to 22.5%. (see Chart 11). This reduction was greater in private banks (falling 1.5 p.p. in March) standing at 3.3% of net worth.

Profitability:

Banks post profits for the eighth consecutive quarter

Driven by the steady increase in traditional banking activity, at a time when international financial markets have been recovering, as reflected in the prices of local debt securities, **the financial system continued to record profits in March**. This brought to an end the eighth consecutive quarter of book gains for banks, favoring an improvement in the sector's solvency levels.

Specifically in March, bank book profits totaled an annualized -a.- 1.9% of netted assets[7] and 13.8% net worth, 0.7 p.p. and 4.9 p.p. respectively above the values for February. As a result, at the end of the first quarter of 2007 bank profitability totaled 2.1%a. of assets and 15.7%a. of net worth, figures that while lower than those at the end of the previous year, are higher than the profits recorded in the same period of 2006 (1.9%a. of assets and 14.8%a. of net worth) (see Chart 12).

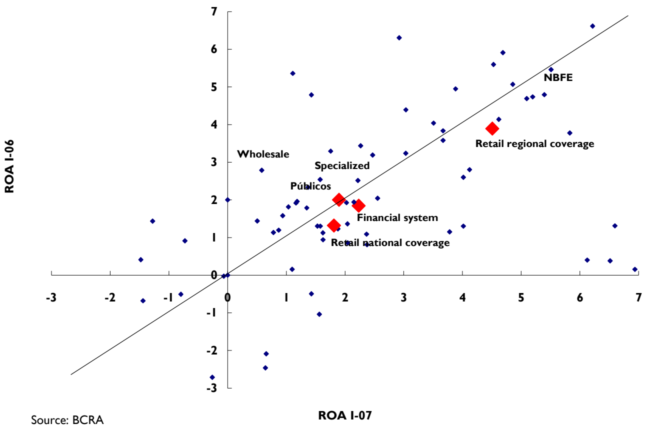
Both public and private banks posted positive results in March. Private financial institutions accrued profits for the month equal to 1.9%a. of assets (13%a. of net worth), a figure that rises to 2.2%a. of assets for the first quarter of 2007 (14.8% a. of net worth). Public banks achieved a ROA of 1.7%a. in March (ROE of 15.3%a.) ending the quarter with a return on assets of 1.9%a. (17.5% a. of net worth).

During the first three months of 2007 the sound profitability performance was widespread, with 73 financial institutions (84% of assets) recording profits. Although all groups of banks recorded positive results, they performed unevenly (see Chart 13). Both nationwide and regional private retail banks recorded increased profitability in the first quarter of 2007, to levels of 1.8%a. and 4.5%a. of assets respectively, above the levels of the previous year. Specialized private retail banks and wholesale banks recorded a drop in their profits, although results remain positive.

In line with the higher profits from the holding of financial assets, and net interest income, **bank financial margin rose to 0.7 p.p. of assets in March to a level of 5.8%a.** (see Chart 14), a performance led by private banks.

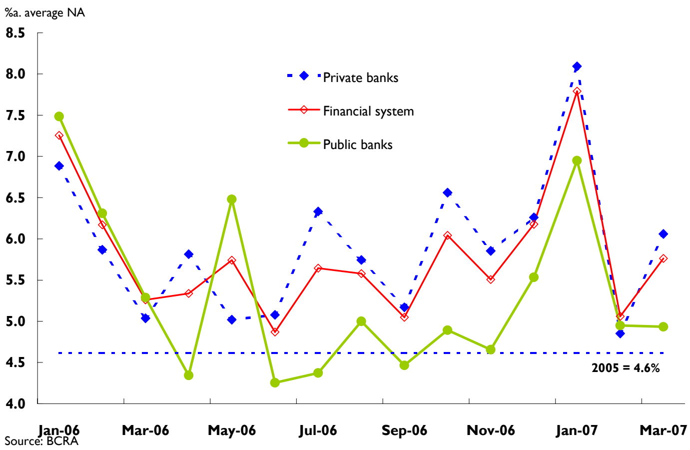
[7] In this section, whenever reference is made to assets, it should be understood to mean netted assets (see Glossary).

Chart 13
Financial Entities Profitability



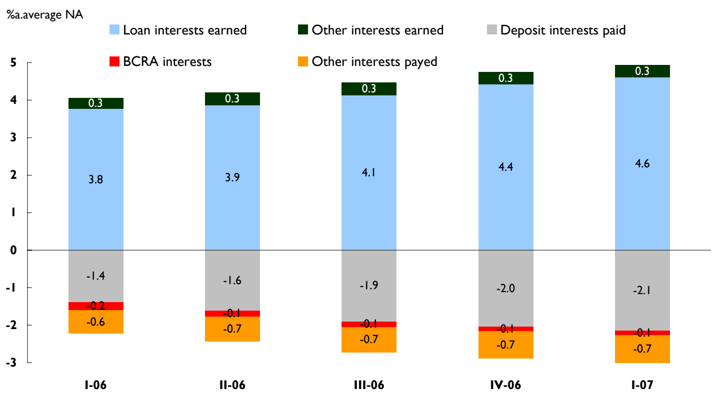
Source: BCRA

Chart 14
Financial Margin



Source: BCRA

Chart 15
Net Interest Income
Financial system



Source: BCRA

In a context of steadily rising lending to the private sector, **in March bank results from interest rose by 0.2 p.p. of assets to 1.9%a..** Net interest income grew in March, ending the first quarter of 2007 at 4.9%a. (0.8 p.p. more than in the same period of the previous year) mainly explained by loan interest earned (see Chart 15). With the rise in private sector deposits and the higher interest rates agreed, bank interest expenses rose during the month up to 3%a. in the first part of the year (0.8 p.p. more than in the first quarter of 2006), a change led mainly by deposit interest paid. As a result, in the first quarter of 2007 net interest income totaled 1.9%a. of assets, slightly above the levels observed in the same period of 2006.

Having overcome the effects of increased international financial market volatility at the end of February on the domestic bond market (see Chart 16)**, in March gains on securities showed a recovery,** rising by 0.6 p.p. of assets to a level of 2.2%a.. In the first three months of 2007 this income statement heading was responsible for the main contribution to the increased profitability of the financial system, growing by 0.5 p.p. of assets regarding the same period of 2006. It should be borne in mind that gains on securities represent one of the most volatile of bank income categories (see Chart 17).

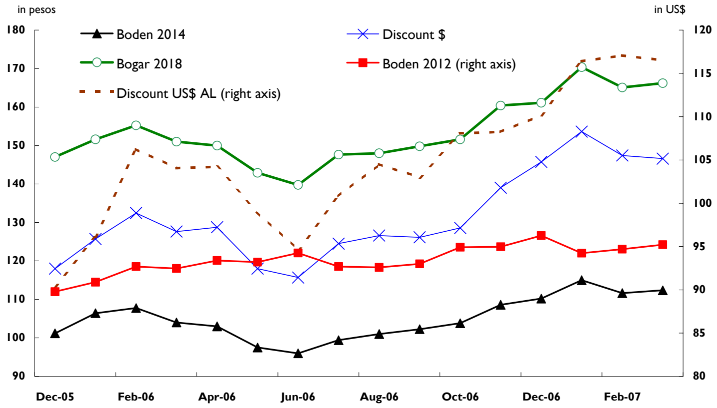
Gains on exchange rate differences rose slightly in March to 0.4%a. of assets, in the context of stability in the nominal peso-dollar exchange rate and declining active currency mismatching in the financial system. **The lower growth in CER in March compared with the previous month resulted in the adjustments by this coefficient dropping 0.2 p.p. in the month, to 1.2%a. of assets.** In the first three months of the year income from this source totaled 1.3%a. of assets, in line with the figure recorded for 2006 as a whole.

Driven by steady progress in bank transactional activity, service income margin expanded 0.3 p.p. of assets in March to 3.1%a., recording growth of 0.4 p.p. of assets in the first quarter of 2007 (to a level of 3%a.) compared with the same period in the previous year. This movement was mainly explained by the increase in commissions on loans, followed by income from deposits (see Chart 18). The share of operating costs covered by income from services increased in March to 58%, higher than in the same period of the previous year.

Within the framework of a quarterly closing, financial system loan loss provisions recorded an increase of 0.4 p.p. of assets to 0.7%a. (see Chart 19), mainly as a result of a positive adjustment made by one bank in February and a once-only increase by one financial institution that was involved in a merger in March. Despite this performance for the month, as private sector loan non-performance has been declining, in the first quarter of 2007 this indicator reached 0.6%a. of assets, slightly above the level in the previous year. **Notwithstanding these movements, loan loss charges continue at historically low levels.**

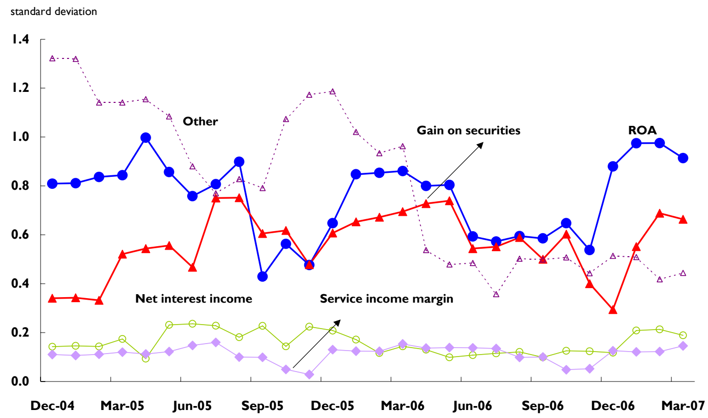
In a context of recovering wage levels in the sector, operating costs went up by 0.3 p.p. of assets in March to a level of 5.4%a., led by private banks. As a result, operating costs totaled 5.2%a. in the first quarter of 2007 (see Chart 20), slightly higher than those recorded in the same period of last year and in 2006 as a whole. Despite the rising

Chart 16
Main Government Securities
End of month prices



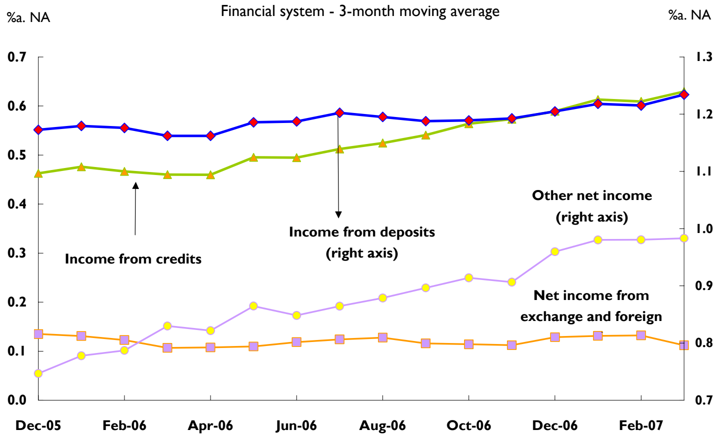
Source: Reuters

Chart 17
Volatility
6-month standard deviation



Source: BCRA

Chart 18
Service Income Margin Breakdown
Financial system - 3-month moving average



Source: BCRA

trend seen in the last 2 years, these costs remain below those recorded in the pre-crisis period.

Financial system sundry results rose by 0.4 p.p. of assets in March to 1%a.. This change was mainly explained by the increase in results from investments in other companies and the recovery of loans that had been non-performing. As a result, in the first quarter of 2007 sundry results stood at 0.7% of assets, 0.2 p.p. more than in the first three months of 2006.

Headings associated with the gradual recognition of the effects of the crisis (amortization of court-ordered payments and adjustment to the valuation of public sector assets) **remained virtually unchanged in March**, reaching 0.8%a. and 0.1%a. of assets, respectively. Amortization of court-ordered payment results remained virtually unchanged compared with the same quarter of the previous year (0.8%a.), while adjustments to the valuation of public sector assets fell 0.3 p.p. of assets (0.1%a.). Lastly, tax payments have continued their gradual upward trend.

Outlook for April

On the basis of the information available at the time this report is being published, **it is expected that banks will continue to accrue profits in April,** mainly as a result of an increased volume of traditional financial intermediation.

In the context of a varied performance by lending rates, **in April there was an overall growth in all private sector loan lines**, and in particular by personal loans and overdrafts (see Table 1). In April there was an increase in both sight and time deposits by the private sector, at a time when interest rates have fallen. It is therefore expected that **interest results will continue to improve in April**.

The larger increase in the CER coefficient in April compared with March will probably have a positive repercussion on bank financial margin. In line with the trend seen in recent months, **service income margin will continue its positive trend**, driven by an increase in transactional deposits and loans to the private sector. Furthermore, continuing with the development recorded in March, positive results from the holding of financial assets can be forecasted, in view of the increase in prices of government securities held in bank portfolios that are marked to market.

In addition, gains on exchange rate differences in April could show a slight reduction, given the drop in the nominal peso-dollar exchange rate between ends in the month, at a time when the financial system continues to record an active currency mismatching (although it is declining). Lastly, it should be considered that **the cost structure** (operating costs and loan loss charges) **will record a certain decline in April**, once the effects of the adjustments that are generally observed at the end of fiscal quarters have been overcome.

Solvency:

Traditional banking activity is driving sector solvency

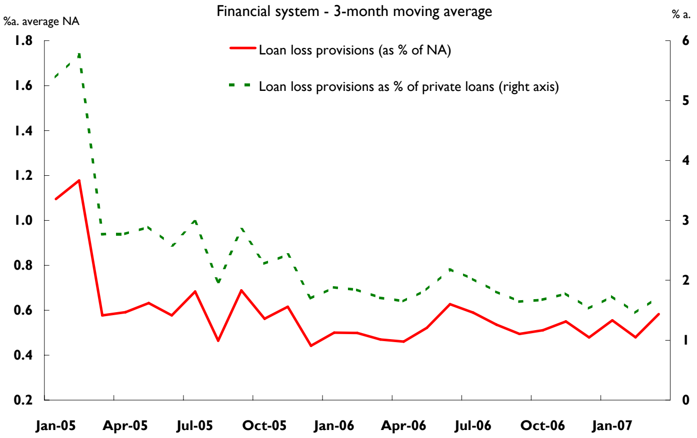
Banks continue to reinforce their solvency, led by steady increases in accrual profit. In March, financial sector net worth rose by 1.5% ($500 million), having achieved growth of 22% ($6.2 billion) in the last 12 months (see Chart 21). The private banks segment recorded year-on-year expansion of 20.7% ($3.75 billion) in its net worth, while in official banks the rate of expansion was 23.8% ($2.25 billion) (see Chart 22). In this context, financial system leverage has remained stable since the start of 2007.

As a result, **the financial system has consolidated its solvency indicators, exceeding the Central Bank requirements and minimum international recommended standards.** Capital compliance by all banks totaled 18.1% of risk-weighted assets at the end of March, 0.4 p.p. more than in February and 2.2 p.p. more than in the same month of 2006. Capital compliance in March was double the requirement.

Chart 19

Loan Loss Provisions

Financial system - 3-month moving average

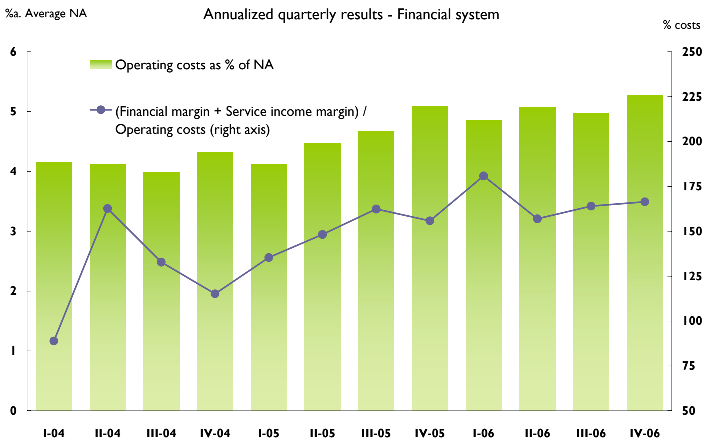


Source: BCRA

Chart 20

Operating Costs

Annualized quarterly results - Financial system



Source: BCRA

Table 1

Main Developments in April 2007

	Mar	Apr	Var. Mar	Var. Apr
Prices				
Exchange rate ($/US$)[1]	3.101	3.090	0.0	-0.4
CPI	190.8	192.3	0.8	0.7
CER[1]	1.94	1.95	0.5	0.7
	%	%	Var p.p	Var p.p
Government securities - annual IRR[1]				
BOGAR $ 2018	4.9	4.4	-4	-48
BODEN U$S 2012	7.6	7.3	4	-28
Discount $	6.0	5.9	11	-13
Discount U$S NY	7.2	7.9	-12	70
	%	%	Var p.p	Var p.p
Average percentage rates				
Lending [2]				
Overdraft	15.9	15.5	-31	-35
Promissory notes	13.1	13.1	26	3
Mortgage	10.8	11.1	-24	37
Pledge-backed	10.1	9.7	59	-42
Personal	25.0	25.3	22	28
30 to 44 day time deposit	7.2	7.1	14	-14
LEBAC in $ without CER - 1 year	10.5	10.3	-22	-14
7 day BCRA repos	6.9	7.0	22	10
BADLAR	7.5	7.1	33	-34
	Mill. $	Mill. $	Var %	Var %
Balance[2,3] - Financial system				
Peso deposits - Private sector	111,935	115,545	1.4	3.2
Sight deposits	60,324	62,522	0.8	3.6
Time deposits	51,611	53,023	2.1	2.7
Peso loans - Private sector	66,637	68,370	2.0	2.6
Overdraft	11,109	11,597	1.0	4.4
Promissory notes	14,348	14,570	1.3	1.5
Mortgage	10,575	10,805	2.4	2.2
Pledge-backed	4,009	4,138	3.2	3.2
Personal	14,531	14,973	3.7	3.0

([1]) End of month figure.

([2]) Estimation based on SISCEN data (provisional data subject to change).

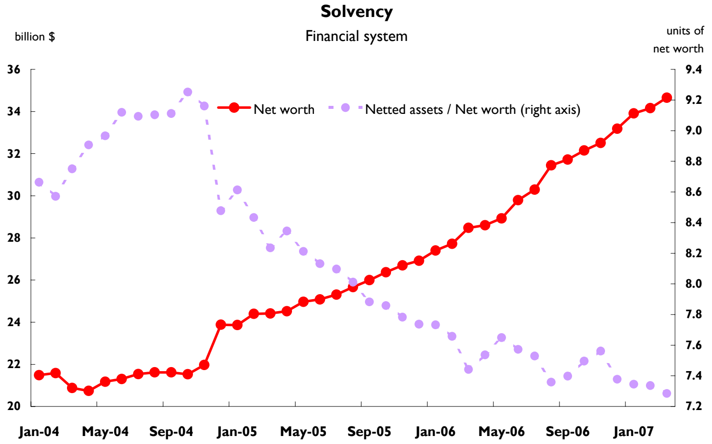
([3]) Monthly average. In million of pesos.

Source: INDEC and BCRA.

Chart 21

Solvency

Financial system

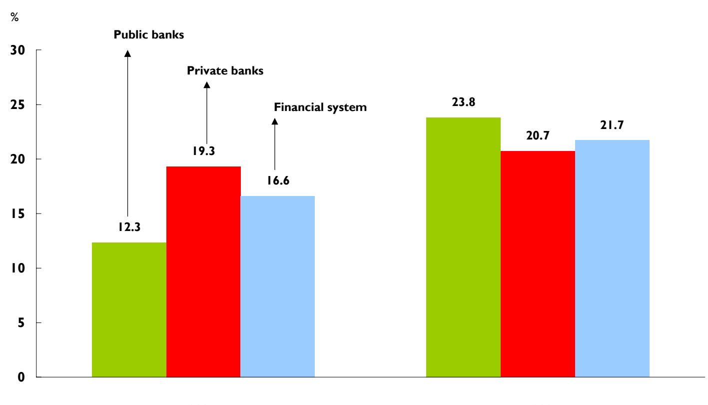


Source: BCRA

Chart 22

Net Worth by Group of Banks

Y.o.y. % change - As of March



Source: BCRA

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” 4637 – 07/March/07**

With the aim of facilitating access to mortgage loans and encouraging the securitization of such assets, changes were made to regulations with regard to the Mortgage Loan Origination and Administration Manual. The main change is the adaptation of the text to incorporate the terms of Com. “A” 4572, allowing the customer file to hold only identification details when the loan is granted on the basis of screening or credit scoring techniques.

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 institutions, 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 Institutions.

(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 institutions from public banks. Also and with a view to deepening the scope of the analysis, private institutions 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 institutions specializing in a financial sector niche market –generally smaller institutions. 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 institutions 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 institutions.
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 and modifications.
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 Central Bank 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, sundry 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.a.: annualized 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 and compensation receivable from the Federal Government.
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´s equity, calculated towards meeting capital regulations. (Responsabilidad Patrimonial Computable)
SMEs: Small and Medium Enterprises.
US$: United States dollars

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	Mar 2006	2006	Feb 2007	Mar 2007
1.- Liquidity	22.3	26.1	23.1	25.0	23.4	19.6	22.8	29.1	29.6	20.1	20.6	22.5	22.4	21.9
2.- Lending to the public sector	16.9	16.2	16.2	18.0	17.3	23.0	50.3	46.5	39.6	30.8	29.0	21.7	19.9	19.7
3.- Lending to the private sector	50.8	47.7	48.4	44.9	39.9	42.7	20.8	18.1	19.6	25.8	26.8	31.0	30.7	31.6
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	6.8	4.5	4.2	4.1
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	-4.3	-3.3	-3.5	-2.7
6.- ROA	0.6	1.0	0.5	0.2	0.0	0.0	-8.9	-2.9	-0.5	0.9	1.9	2.0	2.3	2.1
7.- ROE	4.1	6.3	3.9	1.7	0.0	-0.2	-59.2	-22.7	-4.2	7.0	14.8	15.0	16.7	15.7
8.- Efficiency	142	136	138	142	147	143	189	69	125	151	181	167	182	176
9.- Capital compliance	23.8	20.8	20.3	21.0	20.1	21.4	-	14.5	14.0	15.3	15.9	17.0	17.8	18.1
10.- Excess capital compliance	64	73	49	54	58	54	-	116	185	173	129	136	108	109

Source: BCRA

Chart 2: Balance Sheet

In current pesos (millions)	Dec 00	Dec 01	Dec 02	Dec 03	Dec 04	Dec 05	Mar 06	Dec 06	Feb 07	Mar 07	Change (%) Last month	Accum. 2007	Last 12 months
Assets	**163,550**	**123,743**	**187,532**	**186,873**	**212,562**	**221,962**	**227,434**	**258,424**	**272,147**	**270,340**	**-0.7**	**4.6**	**18.9**
Liquid assets[1]	20,278	13,005	17,138	27,575	29,154	20,819	27,411	37,991	34,048	35,903	5.4	-5.5	31.0
Public bonds	10,474	3,694	31,418	45,062	55,382	66,733	58,601	64,422	73,321	71,346	-2.7	10.7	21.7
Lebac/Nobac	0	0	-	-	17,755	28,340	24,369	29,091	39,618	38,337	-3.2	31.8	57.3
Portfolio	0	0	-	-	11,803	21,067	20,417	25,570	30,605	31,691	3.6	23.9	55.2
Repo	0	0	-	-	5,953	7,273	3,952	3,521	9,014	6,645	-26.3	88.7	68.1
Private bonds	633	543	332	198	387	389	663	813	861	860	-0.1	5.8	29.8
Loans	83,277	77,351	84,792	68,042	73,617	84,171	86,719	103,653	106,503	107,952	1.4	4.1	24.5
Public sector	15,164	22,694	44,337	33,228	30,866	25,836	24,614	20,857	20,650	20,785	0.7	-0.3	-15.6
Private sector	64,464	52,039	38,470	33,398	41,054	55,885	59,262	77,834	81,099	82,825	2.1	6.4	39.8
Financial sector	3,649	2,617	1,985	1,417	1,697	2,450	2,843	4,962	4,755	4,343	-8.7	-12.5	52.7
Provisions over loans	-6,907	-6,987	-11,952	-9,374	-7,500	-4,930	-4,703	-3,997	-4,039	-3,981	-1.4	-0.4	-15.3
Other netted credits due to financial intermediation	42,361	21,485	39,089	27,030	32,554	26,721	31,126	26,030	31,898	28,388	-11.0	9.1	-8.8
Corporate bonds and subordinated debt	794	751	1,708	1,569	1,018	873	993	773	759	647	-14.8	-16.3	-34.8
Unquoted trusts	2,053	2,065	6,698	4,133	3,145	3,883	4,274	4,881	4,818	4,787	-0.6	-1.9	12.0
Compensation receivable	0	0	17,111	14,937	15,467	5,841	5,573	763	772	774	0.3	1.4	-86.1
Other	39,514	18,669	13,572	6,392	12,924	16,124	20,286	19,613	25,550	22,180	-13.2	13.1	9.3
Assets under financial leases	786	771	567	397	611	1,384	1,651	2,262	2,470	2,597	5.1	14.8	57.3
Shares and participation	2,645	2,688	4,653	4,591	3,871	4,532	4,728	6,378	6,647	6,713	1.0	5.2	42.0
Fixed assets and miscellaneous	4,939	4,804	8,636	8,164	7,782	7,546	7,489	7,638	7,612	7,654	0.6	0.2	2.2
Foreign branches	1,115	1,057	3,522	3,144	3,524	3,647	3,753	2,788	2,831	2,854	0.8	2.4	-23.9
Other assets	3,950	5,334	9,338	12,043	13,180	10,950	9,996	10,447	9,994	10,054	0.6	-3.8	0.6
Liabilities	**146,267**	**107,261**	**161,446**	**164,923**	**188,683**	**195,044**	**198,958**	**225,239**	**237,988**	**235,684**	**-1.0**	**4.6**	**18.5**
Deposits	86,506	66,458	75,001	94,635	116,655	136,492	142,794	170,903	178,290	180,876	1.5	5.8	26.7
Public sector[2]	7,204	950	8,381	16,040	31,649	34,019	35,701	45,410	47,421	45,793	-3.4	0.8	28.3
Private sector[2]	78,397	43,270	59,698	74,951	83,000	100,809	105,363	123,437	128,284	132,582	3.4	7.4	25.8
Current account	6,438	7,158	11,462	15,071	18,219	23,487	23,550	26,900	27,800	28,703	3.2	6.7	21.9
Savings account	13,008	14,757	10,523	16,809	23,866	29,078	30,333	36,444	36,285	37,582	3.6	3.1	23.9
Time deposit	53,915	18,012	19,080	33,285	34,944	42,822	45,988	54,338	57,888	60,374	4.3	11.1	31.3
CEDRO	0	0	12,328	3,217	1,046	17	17	13	13	13	-1.9	-4.9	-25.6
Other netted liabilities due to financial intermediation	55,297	36,019	75,737	61,690	64,928	52,072	49,700	46,037	51,360	46,404	-9.7	0.8	-6.6
Call money	3,545	2,550	1,649	1,317	1,461	2,164	2,627	4,578	4,264	3,854	-9.6	-15.8	46.7
BCRA lines	102	4,470	27,837	27,491	27,726	17,005	12,295	7,686	5,841	4,888	-16.3	-36.4	-60.2
Outstanding bonds	4,954	3,777	9,096	6,675	7,922	6,548	6,863	6,603	6,984	6,631	-5.1	0.4	-3.4
Foreign lines of credit	8,813	7,927	25,199	15,196	8,884	4,684	4,441	4,240	3,661	3,651	-0.3	-13.9	-17.8
Other	37,883	17,295	11,955	11,012	18,934	21,671	23,474	22,930	30,611	27,380	-10.6	19.4	16.6
Subordinated debts	2,255	2,260	3,712	2,028	1,415	1,381	1,290	1,642	1,661	1,663	0.1	1.3	28.9
Other liabilities	2,210	2,524	6,997	6,569	5,685	5,099	5,174	6,657	6,677	6,741	1.0	1.3	30.3
Net worth	**17,283**	**16,483**	**26,086**	**21,950**	**23,879**	**26,918**	**28,476**	**33,185**	**34,159**	**34,656**	**1.5**	**4.4**	**21.7**
Memo													
Netted assets	129,815	110,275	185,356	184,371	202,447	208,275	211,925	244,832	250,630	252,468	0.7	3.1	19.1
Consolidated netted assets	125,093	106,576	181,253	181,077	198,462	203,391	206,441	235,958	241,625	243,876	0.9	3.4	18.1

(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

Amounts in million of pesos	Annual							First 3 months		Monthly			Last
	2000	**2001**	**2002**[1]	**2003**	**2004**	**2005**	**2006**	**2006**	**2007**	**Jan-07**	**Feb-07**	**Mar-07**	**12 months**
Financial margin	7,291	6,943	13,991	1,965	6,075	9,475	12,972	3,302	3,729	1,552	1,014	1,164	13,399
Net interest income	5,106	4,625	-3,624	-943	1,753	3,069	4,095	971	1,157	443	334	380	4,281
CER and CVS adjustments	0	0	8,298	2,315	1,944	3,051	3,022	951	780	260	278	242	2,851
Foreign exchange price adjustments	185	268	5,977	-890	866	751	929	323	271	120	67	83	876
Gains on securities	1,481	1,490	3,639	1,962	1,887	2,371	4,703	985	1,453	703	312	438	5,170
Other financial income	519	559	-299	-480	-375	233	223	70	68	25	22	21	220
Service income margin	3,582	3,604	4,011	3,415	3,904	4,781	6,162	1,356	1,779	593	558	628	6,585
Loan loss provisions	-3,056	-3,096	-10,007	-2,089	-1,511	-1,173	-1,174	-249	-351	-155	-59	-137	-1,275
Operating costs	-7,375	-7,362	-9,520	-7,760	-7,998	-9,437	-11,476	-2,576	-3,127	-1,019	-1,019	-1,088	-12,026
Tax charges	-528	-571	-691	-473	-584	-737	-1,080	-228	-321	-102	-104	-115	-1,173
Income tax	-446	-262	-509	-305	-275	-581	-730	-239	-350	-141	-111	-99	-841
Adjustments to the valuation of government securities[2]	0	0	0	-701	-320	-410	-690	-197	-37	-13	-8	-15	-529
Amortization payments for court-ordered releases	0	0	0	-1,124	-1,686	-1,867	-1,697	-424	-456	-141	-157	-159	-1,730
Other	535	702	-3,880	1,738	1,497	1,729	2,231	282	413	84	128	201	2,361
Monetary results	0	0	-12,558	69	0	0	0	0	0	0	0	0	0
Total results	**3**	**-42**	**-19,162**	**-5,265**	**-898**	**1,780**	**4,517**	**1,028**	**1,280**	**658**	**243**	**380**	**4,770**
Adjusted results[3]	-	-	-	-3,440	1,337	4,057	6,905	1,649	1,773	812	407	554	7,029
Annualized indicators - As % of netted assets													
Financial margin	5.7	5.7	6.5	1.1	3.1	4.6	5.7	6.2	6.2	7.8	5.1	5.8	5.7
Net interest income	4.0	3.8	-1.7	-0.5	0.9	1.5	1.8	1.8	1.9	2.2	1.7	1.9	1.8
CER and CVS adjustments	0.0	0.0	3.9	1.3	1.0	1.5	1.3	1.8	1.3	1.3	1.4	1.2	1.2
Foreign exchange price adjustments	0.1	0.2	2.8	-0.5	0.4	0.4	0.4	0.6	0.5	0.6	0.3	0.4	0.4
Gains on securities	1.2	1.2	1.7	1.1	1.0	1.2	2.1	1.9	2.4	3.5	1.6	2.2	2.2
Other financial income	0.4	0.5	-0.1	-0.3	-0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Service income margin	2.8	3.0	1.9	1.9	2.0	2.3	2.7	2.6	3.0	3.0	2.8	3.1	2.8
Loan loss provisions	-2.4	-2.6	-4.7	-1.1	-0.8	-0.6	-0.5	-0.5	-0.6	-0.8	-0.3	-0.7	-0.5
Operating costs	-5.8	-6.1	-4.4	-4.2	-4.1	-4.6	-5.1	-4.9	-5.2	-5.1	-5.1	-5.4	-5.1
Tax charges	-0.4	-0.5	-0.3	-0.3	-0.3	-0.4	-0.5	-0.4	-0.5	-0.5	-0.5	-0.6	-0.5
Income tax	-0.3	-0.2	-0.2	-0.2	-0.1	-0.3	-0.3	-0.5	-0.6	-0.7	-0.6	-0.5	-0.4
Adjustments to the valuation of government securities[2]	0.0	0.0	0.0	-0.4	-0.2	-0.2	-0.3	-0.4	-0.1	-0.1	0.0	-0.1	-0.2
Amortization payments for court-ordered releases	0.0	0.0	0.0	-0.6	-0.9	-0.9	-0.7	-0.8	-0.8	-0.7	-0.8	-0.8	-0.7
Other	0.4	0.6	-1.8	0.9	0.8	0.8	1.0	0.5	0.7	0.4	0.6	1.0	1.0
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
ROA	**0.0**	**0.0**	**-8.9**	**-2.9**	**-0.5**	**0.9**	**2.0**	**1.9**	**2.1**	**3.3**	**1.2**	**1.9**	**2.0**
ROA adjusted[3]	0.0	0.0	-8.9	-1.9	0.7	2.0	3.0	3.1	2.9	4.1	2.0	2.7	3.0
ROE	*0.0*	*-0.2*	*-59.2*	*-22.7*	*-4.2*	*7.0*	*15.0*	*14.8*	*15.7*	*24.5*	*8.9*	*13.8*	*15.2*

(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) 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	Mar 06	Dec 06	Jan 07	Feb 07	Mar 07
Non-performing loans (overall)	12.9	13.1	18.1	17.7	10.7	5.2	4.7	3.4	3.3	3.3	3.2
Non-performing loans to the non-financial private sector	**16.0**	**19.1**	**38.6**	**33.5**	**18.6**	**7.6**	**6.8**	**4.5**	**4.3**	**4.2**	**4.1**
Commercial portfolio (*)	14.9	20.7	44.0	38.0	22.8	9.3	8.3	5.0	4.8	4.7	4.5
Consumption and housing portfolio	17.3	17.5	31.4	28.0	11.0	4.8	4.5	3.5	3.5	3.5	3.5
Provisions / Total non-performing loans	61.1	66.4	73.8	79.2	102.9	125.1	129.0	130.2	130.6	133.0	130.7
(Total non-performing - Provisions) / Overall financing	5.0	4.4	4.7	3.7	-0.3	-1.3	-1.3	-1.0	-1.0	-1.1	-1.0
(Total non-performing - Provisions) / Net worth	26.2	21.6	17.2	11.9	-1.0	-4.1	-4.2	-3.3	-3.2	-3.5	-3.2

(*) 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 + Central Bank 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	Mar 2006	2006	Feb 2007	Mar 2007
1.- Liquidity	23.6	26.9	22.8	24.3	24.1	23.6	24.8	27.6	29.2	21.5	22.0	23.7	21.7	22.8
2.- Lending to the public sector	13.5	13.7	13.6	16.1	14.7	20.8	52.5	47.1	41.2	28.0	25.1	15.9	13.9	13.7
3.- Lending to the private sector	51.0	46.7	47.6	44.6	38.4	45.4	22.4	19.9	22.5	31.1	32.4	37.9	37.8	39.1
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	5.7	3.6	3.5	3.3
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	-2.4	-3.0	-3.1	-3.0
6.- ROA	0.6	0.7	0.5	0.3	0.1	0.2	-11.3	-2.5	-1.0	0.5	1.8	2.2	2.3	2.2
7.- ROE	4.1	6.3	4.3	2.3	0.8	1.4	-79.0	-19.1	-8.1	4.1	13.0	15.3	15.7	14.8
8.- Efficiency	144	135	139	146	152	151	168	93	115	136	165	159	173	169
9.- Capital compliance	15.9	15.4	14.6	18.9	18.0	17.6	-	14.0	15.1	17.8	18.7	18.6	19.5	20.1
10.- Excess capital compliance	33	47	27	60	49	43	-	88	157	155	123	116	94	95

Source: BCRA

Chart 6: Balance Sheet

In current pesos (millions)	Dec 00	Dec 01	Dec 02	Dec 03	Dec 04	Dec 05	Mar 06	Dec 06	Feb 07	Mar 07	Change (%) Last month	Change (%) Accum. 2007	Change (%) Last 12 months
Assets	**119,371**	**82,344**	**118,906**	**116,633**	**128,065**	**129,680**	**132,483**	**152,414**	**158,064**	**156,760**	**-0.8**	**2.9**	**18.3**
Liquid assets[1]	13,920	10,576	11,044	14,500	15,893	14,074	16,788	22,226	19,585	22,375	14.2	0.7	33.3
Public bonds	7,583	1,627	19,751	22,260	24,817	29,966	26,989	27,663	31,779	29,167	-8.2	5.4	8.1
Lebac/Nobac	0	0	-	-	8,359	15,227	13,392	15,952	21,486	19,464	-9.4	22.0	45.3
Portfolio	0	0	-	-	5,611	12,899	12,972	14,231	17,990	17,653	-1.9	24.0	36.1
Repo	0	0	-	-	2,749	2,328	420	1,721	3,496	1,812	-48.2	5.3	331.1
Private bonds	563	451	273	172	333	307	585	683	741	740	-0.2	8.4	26.4
Loans	56,035	52,319	51,774	47,017	50,741	56,565	56,969	69,294	70,454	71,382	1.3	3.0	25.3
Public sector	8,172	13,803	25,056	23,571	21,420	15,954	14,062	10,036	9,260	9,332	0.8	-7.0	-33.6
Private sector	45,103	36,636	26,074	22,816	28,213	39,031	41,256	55,632	57,434	58,809	2.4	5.7	42.5
Financial sector	2,760	1,880	644	630	1,107	1,580	1,651	3,626	3,760	3,241	-13.8	-10.6	96.3
Provisions over loans	-3,248	-3,957	-7,463	-5,225	-3,717	-2,482	-2,397	-2,227	-2,266	-2,247	-0.8	0.9	-6.2
Other netted credits due to financial intermediation	36,600	13,037	27,212	22,148	25,753	16,873	19,018	18,387	20,906	18,225	-12.8	-0.9	-4.2
Corporate bonds and subordinated debt	724	665	1,514	1,394	829	675	824	618	604	492	-18.5	-20.3	-40.2
Unquoted trusts	1,609	1,637	6,205	3,571	2,362	2,444	2,726	2,982	3,338	3,338	0.0	11.9	22.5
Compensation receivable	0	0	15,971	13,812	14,657	5,575	5,308	760	772	774	0.3	1.8	-85.4
Other	34,267	10,735	3,523	3,370	7,905	8,179	10,160	14,027	16,193	13,621	-15.9	-2.9	34.1
Assets under financial leases	776	752	553	387	592	1,356	1,613	2,126	2,317	2,433	5.0	14.4	50.9
Shares and participation	1,651	1,703	3,123	2,791	1,892	2,416	2,583	4,042	4,277	4,356	1.9	7.8	68.7
Fixed assets and miscellaneous	3,225	3,150	5,198	4,902	4,678	4,575	4,533	4,677	4,693	4,703	0.2	0.6	3.8
Foreign branches	75	112	-109	-136	-53	-148	-158	-139	-142	-143	0.6	2.9	-9.8
Other assets	2,190	2,574	7,549	7,816	7,137	6,178	5,962	5,682	5,720	5,769	0.9	1.5	-3.2
Liabilities	**107,193**	**70,829**	**103,079**	**101,732**	**113,285**	**112,600**	**114,389**	**131,476**	**136,508**	**134,918**	**-1.2**	**2.6**	**17.9**
Deposits	57,833	44,863	44,445	52,625	62,685	75,668	77,715	94,095	98,039	100,501	2.5	6.8	29.3
Public sector[2]	1,276	950	1,636	3,077	6,039	6,946	6,300	7,029	7,225	6,750	-6.6	-4.0	7.1
Private sector[2]	55,917	43,270	38,289	47,097	55,384	67,859	70,477	85,714	89,495	92,427	3.3	7.8	31.1
Current account	4,960	7,158	8,905	11,588	13,966	17,946	17,811	20,604	21,051	21,798	3.5	5.8	22.4
Savings account	9,409	14,757	6,309	10,547	14,842	18,362	19,335	23,165	23,077	23,603	2.3	1.9	22.1
Time deposit	39,030	18,012	11,083	18,710	22,729	27,736	29,525	38,043	41,172	43,038	4.5	13.1	45.8
CEDRO	0	0	9,016	2,409	798	3	3	1	1	1	-9.5	-32.1	-62.8
Other netted liabilities due to financial intermediation	46,271	22,629	49,341	42,367	45,083	32,349	32,250	31,750	32,850	28,796	-12.3	-9.3	-10.7
Call money	2,293	1,514	836	726	1,070	1,488	1,836	3,383	2,927	2,446	-16.4	-27.7	33.2
BCRA lines	83	1,758	16,624	17,030	17,768	10,088	7,905	3,689	1,931	1,034	-46.4	-72.0	-86.9
Outstanding bonds	4,939	3,703	9,073	6,674	7,922	6,548	6,863	6,413	6,794	6,441	-5.2	0.4	-6.1
Foreign lines of credit	5,491	4,644	15,434	9,998	5,444	2,696	2,430	2,249	1,662	1,652	-0.6	-26.6	-32.0
Other	33,466	11,010	7,374	7,939	12,878	11,530	13,216	16,015	19,537	17,224	-11.8	7.5	30.3
Subordinated debts	1,668	1,700	3,622	1,850	1,304	1,319	1,230	1,642	1,661	1,663	0.1	1.3	35.3
Other liabilities	1,420	1,637	5,671	4,890	4,213	3,264	3,194	3,989	3,957	3,957	0.0	-0.8	23.9
Net worth	**12,178**	**11,515**	**15,827**	**14,900**	**14,780**	**17,080**	**18,094**	**20,938**	**21,557**	**21,843**	**1.3**	**4.3**	**20.7**
Memo													
Netted assets	88,501	73,796	117,928	115,091	121,889	123,271	124,574	143,807	145,293	146,712	1.0	2.0	17.8

(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

	Annual							First 3 months		Monthly			Last
Amounts in million of pesos	**2000**	**2001**	**2002[1]**	**2003**	**2004**	**2005**	**2006**	**2006**	**2007**	**Jan-07**	**Feb-07**	**Mar-07**	**12 months**
Financial margin	5,441	5,282	10,628	2,575	3,415	5,253	7,672	1,842	2,307	979	587	741	8,136
Net interest income	3,598	3,519	-304	107	1,214	2,069	2,772	665	799	293	232	273	2,906
CER and CVS adjustments	0	0	1,476	1,082	900	1,215	854	276	246	78	81	87	824
Foreign exchange price adjustments	160	256	6,189	-312	666	576	725	215	181	46	66	69	692
Gains on securities	1,232	962	3,464	1,892	959	1,259	3,132	646	1,019	539	189	291	3,505
Other financial income	450	546	-197	-195	-322	134	188	40	62	22	20	20	210
Service income margin	2,554	2,598	2,782	2,341	2,774	3,350	4,379	975	1,314	441	406	467	4,719
Loan loss provisions	-2,173	-2,464	-6,923	-1,461	-1,036	-714	-713	-162	-264	-128	-29	-107	-815
Operating costs	-5,263	-5,224	-6,726	-5,310	-5,382	-6,303	-7,598	-1,710	-2,142	-698	-696	-748	-8,031
Tax charges	-379	-418	-512	-366	-393	-509	-760	-161	-233	-73	-77	-83	-832
Income tax	-393	-216	-337	-295	-202	-217	-365	-62	-104	-51	-26	-27	-407
Adjustments to the valuation of government securities[2]	0	0	0	-665	-51	-201	-170	-50	15	17	-4	2	-106
Amortization payments for court-ordered releases	0	0	0	-791	-1,147	-1,168	-1,161	-267	-305	-96	-103	-105	-1,199
Other	307	615	-4,164	1,178	846	1,156	1,626	168	212	41	73	98	1,670
Monetary results	0	0	-10,531	-20	0	0	0	0	0	0	0	0	0
Total results	**93**	**174**	**-15,784**	**-2,813**	**-1,176**	**648**	**2,910**	**574**	**800**	**431**	**131**	**237**	**3,136**
Adjusted results[3]	-	-	-	-1,357	252	2,016	4,242	890	1,090	510	239	341	4,441
Annualized indicators - As % of netted assets													
Financial margin	6.2	6.4	7.6	2.3	2.9	4.3	5.8	5.9	6.3	8.1	4.9	6.1	5.9
Net interest income	4.1	4.3	-0.2	0.1	1.0	1.7	2.1	2.1	2.2	2.4	1.9	2.2	2.1
CER and CVS adjustments	0.0	0.0	1.1	0.9	0.8	1.0	0.6	0.9	0.7	0.6	0.7	0.7	0.6
Foreign exchange price adjustments	0.2	0.3	4.4	-0.3	0.6	0.5	0.5	0.7	0.5	0.4	0.5	0.6	0.5
Gains on securities	1.4	1.2	2.5	1.7	0.8	1.0	2.4	2.1	2.8	4.5	1.6	2.4	2.5
Other financial income	0.5	0.7	-0.1	-0.2	-0.3	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2
Service income margin	2.9	3.2	2.0	2.0	2.4	2.7	3.3	3.1	3.6	3.6	3.4	3.8	3.4
Loan loss provisions	-2.5	-3.0	-5.0	-1.3	-0.9	-0.6	-0.5	-0.5	-0.7	-1.1	-0.2	-0.9	-0.6
Operating costs	-6.0	-6.4	-4.8	-4.6	-4.6	-5.1	-5.8	-5.5	-5.9	-5.8	-5.7	-6.1	-5.8
Tax charges	-0.4	-0.5	-0.4	-0.3	-0.3	-0.4	-0.6	-0.5	-0.6	-0.6	-0.6	-0.7	-0.6
Income tax	-0.4	-0.3	-0.2	-0.3	-0.2	-0.2	-0.3	-0.2	-0.3	-0.4	-0.2	-0.2	-0.3
Adjustments to the valuation of government securities[2]	0.0	0.0	0.0	-0.6	0.0	-0.2	-0.1	-0.2	0.0	0.1	0.0	0.0	-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	-0.8	-0.9	-0.9	-0.9
Other	0.4	0.7	-3.0	1.0	0.7	0.9	1.2	0.5	0.6	0.3	0.6	0.8	1.2
Monetary results	0.0	0.0	-7.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ROA	**0.1**	**0.2**	**-11.3**	**-2.5**	**-1.0**	**0.5**	**2.2**	**1.8**	**2.2**	**3.6**	**1.1**	**1.9**	**2.3**
ROA adjusted[3]	0.1	0.2	-11.3	-1.2	0.2	1.6	3.2	2.9	3.0	4.2	2.0	2.8	3.2
ROE	*0.8*	*1.4*	*-79.0*	*-19.1*	*-8.1*	*4.1*	*15.3*	*13.0*	*14.8*	*24.1*	*7.3*	*13.0*	*15.7*

(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) 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	Mar 06	Dec 06	Jan 07	Feb 07	Mar 07
Non-performing loans (overall)	8.3	9.9	19.8	15.7	8.9	4.4	4.1	2.9	2.9	2.9	2.8
Non-performing loans to the non-financial private sector	**9.8**	**14.0**	**37.4**	**30.4**	**15.3**	**6.3**	**5.7**	**3.6**	**3.5**	**3.5**	**3.3**
Commercial portfolio (*)	8.4	15.4	44.7	39.0	18.2	7.3	6.7	3.8	3.7	3.6	3.5
Consumption and housing portfolio	11.9	12.4	26.0	17.2	10.0	4.2	4.0	3.2	3.2	3.2	3.1
Provisions / Total non-performing loans	67.7	75.7	73.4	79.0	95.7	114.6	117.7	129.6	131.9	132.3	131.1
(Total non-performing - Provisions) / Overall financing	2.7	2.4	5.3	3.3	0.4	-0.6	-0.7	-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	-2.4	-3.0	-3.1	-3.1	-3.0

(*) 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 + Central Bank 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.