Report on Banks

July 2008

BANCO CENTRAL
DE LA REPÚBLICA ARGENTINA

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Year V, Number 11

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Note | Information for July 2008 available by August 22, 2008 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.

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Monthly summary

- **As a result of the measures adopted by the BCRA to restore system liquidity, a further increase was seen in financial intermediation with the private sector in July**. Growth in lending to households and companies took place simultaneously with a strengthening of bank liquidity levels. These movements were mainly funded by the increase in time deposits of the private sector. The financial system continues to post book profits that are boosting its solvency indicators.

- **The deepening of financial intermediation continues to drive expansion of the sector's operating structure.** Payroll rose by 1.8% (1,700 employees) in the first half of the year, slightly above the levels for December 2001, with a rise in both public and private sector banks. There has been an increase of 7.2% (600 units) in the number of ATMs in the first half of 2008, while branches have risen at a more moderate rate.

- **The improvement in private sector deposits provided the main source of bank funding in July**. During the month deposits went up $3 billion (1.9% or 16.8% y.o.y.), led by time deposits (5.1% or 18.3% y.o.y.) in both the retail and wholesale segments. This growth in private sector time deposits was widespread in July, having been experienced by two-thirds of all financial entities (recording 94% of such deposits).

- **Bank liquidity levels continued to progress during the period.** Financial system liquid assets rose by $3.8 billion, mainly from the increase in repo positions with the BCRA, at the same time as there was a fall in the stock of current accounts held by financial entities at this Institution, as well as in cash held at banks, given the end of the two-month (June/July) minimum cash compliance period. As a result, the liquidity indicator for the system as a whole stood at 25.8% of total deposits in July, 1.1 p.p. more than in the previous month and 3.8 p.p. above the level for the same period of 2007.

- **Lending to households and companies has continued to grow, although at a moderate rate.** In July lending to the private sector increased $860 million (0.7% or 32.6% y.o.y.), with export credit and mortgages showing the greatest dynamism. As a result, lending to the private sector has posted a rise of 22%a. in the first 7 months of 2008, whereas in the same period of the previous year the increase had been 39%a. **In the case of lending to companies**, although some reduction in the rate can be observed, **the increase remains widespread, becoming more uniform across all stock ranges.**

- **Development of bank financing has taken place in a context of limited credit risk.** This can be seen from the private sector loan non-performance ratio, which stood at 3.1% in July, posting accumulated declines of 0.1 p.p. and 0.6 p.p. for the first 7 months of 2008 and in comparison with the same period of the previous year, respectively. This improvement is accounted by lending to the corporate sector, as there has been some deterioration in the case of lending to households.

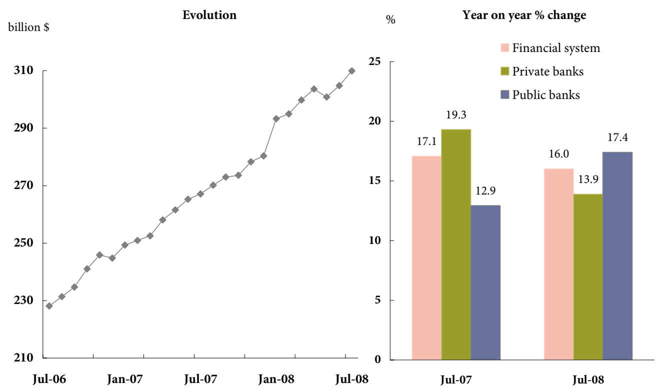
- **The financial system continued to strengthen its solvency indicators in July.** Bank net worth expanded by $400 million (1% or 8.6% y.o.y.) during the month, driven by positive results. Capital compliance levels continue to exceed minimum internationally-recommended standards, as well as those required locally. The capital compliance ratio stood at 16.6% of risk-weighted assets in July, 0.1 p.p. more than in the previous month.

- **Book profits totaled $440 million, for a ROA of 1.7%a. in July**, 0.4 p.p. of assets more than in the previous month, following improved service income margin and lower outflows from loan loss provisions and operating costs. As a result, in the first 7 months of the year the financial system has accrued profits for $2.8 billion, a ROA of 1.6%a., 0.2 p.p. of assets more than the figure recorded in the same period of last year.

Chart 1

Netted Assets

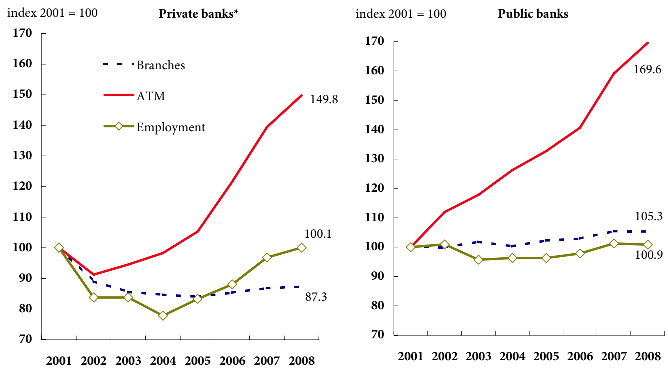
Financial system



Source: BCRA

Chart 2

Financial System Structure by Type of Banks



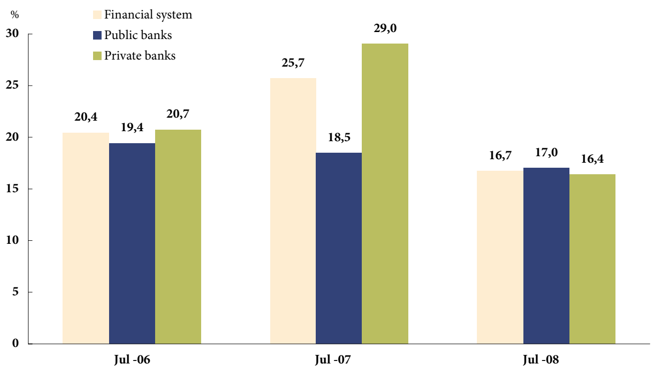
* Do not include NBFE.

Source: BCRA

Chart 3

Deposits of the Private Sector

Year on year % change



Note: Include accrued interests and CER adjustments.

Source: BCRA

Activity

Growth in funding by means of private sector deposits has continued to boost lending to companies and households

As a consequence of the measures adopted by the BCRA to restore liquidity to the system, a further increase was seen in financial intermediation with the private sector in July. Private sector deposits went up 1.9% (16.8% y.o.y.) during the month, while household and corporate lending[1] rose 0.7% (32.6% y.o.y.), moderating its growth rate. **This increased lending to the private sector took place at the same time as the strengthening of bank liquidity levels[2],** within the context of the end of two-month minimum cash compliance period[3]. As a result, financial system netted assets went up 1.7% (16% y.o.y.), mainly driven by private banks, which recorded a rise of 1.7% (13.9% y.o.y.), while public financial entities posted growth of 1.5% (17.4% y.o.y.) (see Chart 1).

This increased volume of financial intermediation continued to drive the development of bank operating structure. Payroll went up 1.8% (1,700 employees) in the first half of the year[4], for a year-on-year increase of 4.4% (4,100 employees), slightly above the levels in December 2001 in both public and private banks (see Chart 2). ATMs went up 7.2% (600 units) in the first half of 2008 and 16.6% (1,300 units) in the last 12 months, while branches increased at a slower rate (0.3% for the half and 1.7% in the last year).

In terms of the estimated flow of funds for financial entities as a whole during July, **increased deposits of the private sector** (up $3 billion) **and deposits of the public sector** (up $1.6 billion) **represented the most significant sources of funds for the month.** An increase in liquid assets ($3.8 billion) and growth in lending[5] to the private sector ($1.25 billion) were the most notable uses of funds during July.

In the case of private banks, higher private sector deposits (up $2.6 billion) and an increase in liquid assets ($2.45 billion) were the main source and use of funds respectively in July. The greatest difference with public

[1] Totals include financing by means of leasing.

[2] These include minimum cash compliance (cash, current accounts held at the BCRA and special collateral accounts) and other freely-available amounts, including correspondent accounts, as well as the cash stock of financial entities reverse repos with the BCRA.

[3] Com. "A" 4807 dated May 29, 2008.

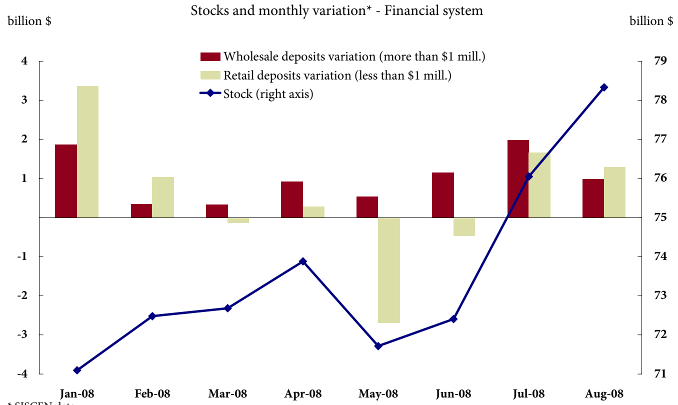
[4] Latest figures available as of June 2008.

[5] Stocks have been adjusted by financial trust issuance during the month.

Chart 4

Time Deposits of the Private Sector

Stocks and monthly variation* - Financial system

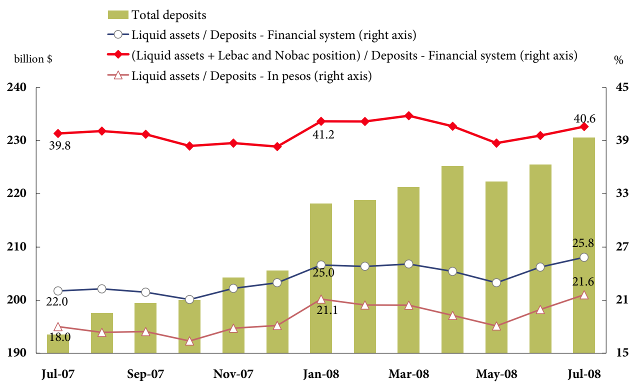


* SISCEN data.

Source: BCRA

Chart 5

Deposits and Liquidity

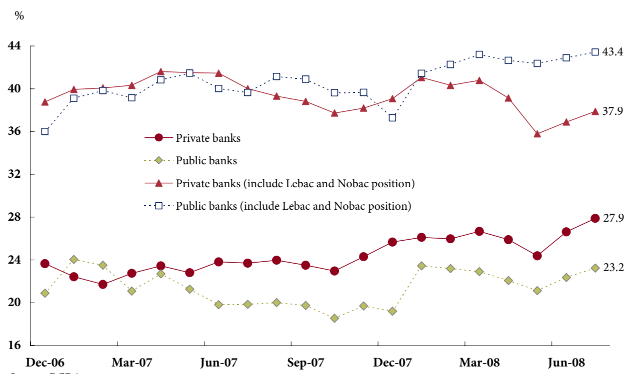


Source: BCRA

Chart 6

Liquidity by Group of Banks

Liquid assets / Total deposits - Financial system



Source: BCRA

banks was seen in the behavior of lending to the private sector: **the monthly increase in credit to the private sector was almost entirely accounted for public financial entities, as the rise was lower in the case of private banks** (once stocks have been adjusted to reflect the issuance of financial trusts).

Financial system foreign currency assets dropped US$270 million in July, mainly led by the reduction in liquid assets. Foreign currency liabilities also posted a reduction of US$200 million for the month, largely explained by the redeeming of corporate bonds, and a reduction in other liabilities from financial intermediation. These movements, combined with the increase in financial system net worth, resulted in **a drop for the month** (0.6 p.p.) **in financial system foreign currency mismatching** in terms of net worth to 19.7% (6.7 p.p. below the level at the end of 2007)[6].

Deposits and liquidity

Time deposits account for growth in private sector placements, as liquidity indicators gain strength

Total financial system deposits continued to increase in July: total placements[7] went up $5.1 billion (2.2% or 19.2% y.o.y.) during the month, driven mainly by private sector deposits (up $3 billion), and to a lesser extent, by those of the public sector ($1.6 billion).

In July, a rise in deposits of the private sector was recorded by a total of 47 banks (holding over two thirds of such stocks), year-on-year growth by type of bank being more uniform than in previous years (see Chart 3) following lower growth seen in private banks.

The rise in deposits of the private sector was led by time deposits[8] (5.1% for the month and 18.3% y.o.y.), and was widely spread (being recorded by 56 banks holding 94% of such deposits). Private banks in particular showed greater dynamism, with an increase in time deposits of 5.2% (18.4% y.o.y.). **In July, retail time deposits of the private sector returned to their upward path, recovering part of the ground lost in May and June** (see Chart 4)[9]. Wholesale deposits have continued to rise (with time deposits of the pension funds in particular increasing by $850 million in July). These

[6] It should be noted that in June one private bank reclassified certain foreign currency items, effective as from December 2007.

[7] Includes public and private sector deposits, those of the financial sector, accrued interest and CER adjustments.

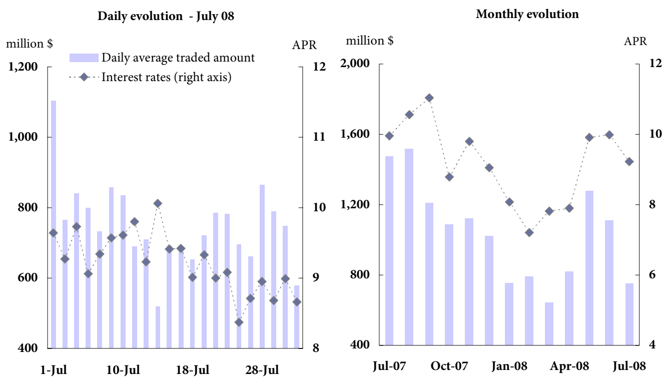
[8] Including time deposits and term investments.

[9] This trend towards recovery by time deposits of the private sector deepened in August (according to information provided by the SisCen).

Chart 7

Call Market

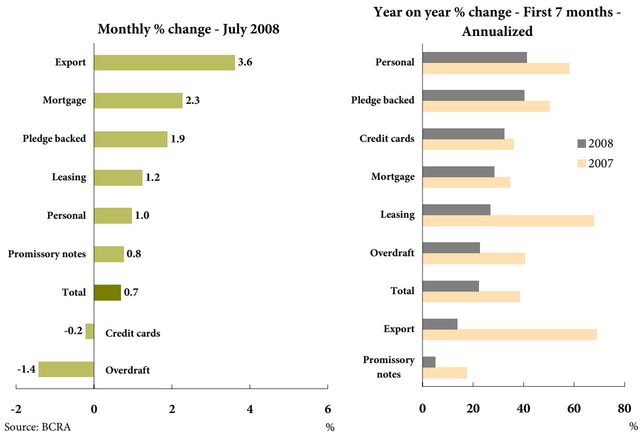
1-day maturity operations in pesos



Source: BCRA

Chart 8

Credit to the Private Sector by Type of Line

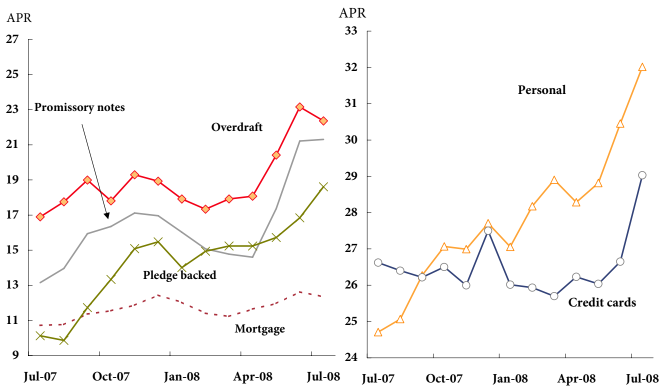


Source: BCRA

Chart 9

Lending Interest Rates

Credit to the private sector - Financial system



Source: BCRA

developments took place in the framework of gradually declining deposit interest rates.

Within the context of persistent volatility on financial markets, local banks have continued to improve their liquidity levels. Financial system liquid assets registered an increase of $3.8 billion in July, mainly as a consequence of a rise in repo positions with the BCRA ($9 billion), at the same time as a drop in the stock of current accounts held at this Institution and in cash held by banks (down $5.2 billion in total). It should be noted that these movements coincided with the end of the two-month (June/July) minimum cash compliance period.

As a result, **the system-wide liquidity level stood at 25.8% of total deposits in July**, 1.1 p.p. above the level recorded in June (see Chart 5). In turn, the $550 million increase in the position of Lebac and Nobac during the month caused the broad liquidity indicator that includes that position to rise 1 p.p. in July, reaching 40.6% of total deposits. **Growth for the month by liquid assets was recorded by both private and public financial entities.** Private banks increased their liquidity ratio by 1.3 p.p. in July, to 27.9% of their deposits (see Chart 6), while in the case of public financial entities the increase for the month was 0.9 p.p., to 23.2% of their deposits.

One-day maturity operation call-money market interest rate in pesos dropped 0.8 p.p. during the month (see Chart 7), to an average of 9.2%. Daily average traded volume on this market reached $750 million in July, 32.5% less than in the previous month. This gradual reduction in interest rate and trading volume continued to be recorded during August.

Financing

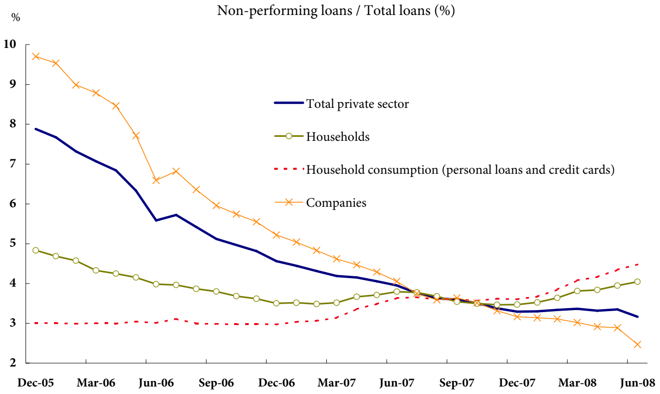
As the rate of expansion in lending to companies slowed, growth has been more uniform across different stock ranges

Lending to the private sector continued to rise in July, although at a more moderate rate. During the month, lending to households and companies increased by $860 million (0.7% or 32.6% y.o.y.), or by $1.25 billion (1%) if stocks are corrected to reflect the monthly issuance of financial trusts. Export and mortgage credit showed the greatest dynamism during the month, rising by 3.6% and 2.3% respectively (see Chart 8). The 1% rise in personal loan stocks becomes 2.3% when corrected by the issuance of financial trusts, while the slight drop in credit card lending would be offset if a similar adjustment were to be made. Lending to the private sector has therefore seen a slowing in its growth rate,

Chart 10

Non-Performing Credit to the Private Sector

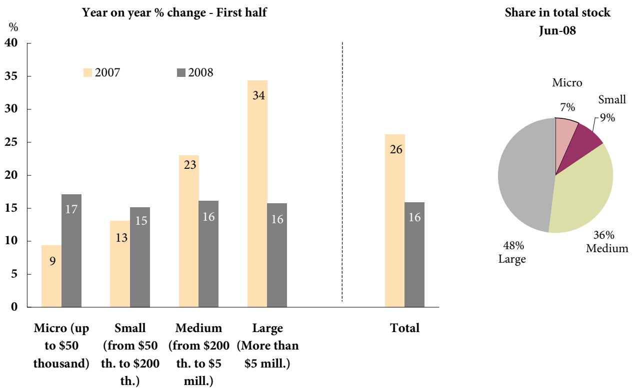
Non-performing loans / Total loans (%)



Note: Last available data as of June 2008.
Source: BCRA

Chart 11

Lending to Companies by Residual Stock Range

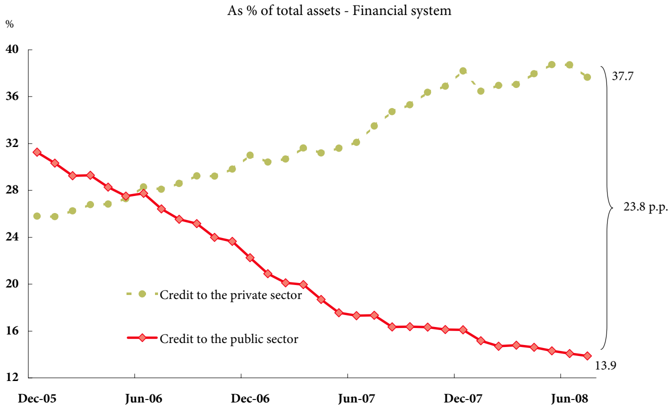


Note: Last available data as of June 2008.
Source: BCRA

Chart 12

Public and Private Sector Exposure

As % of total assets - Financial system



Source: BCRA

rising by 22%a. in the first 7 months of 2008, a performance that has taken place evenly across all credit lines.

It should be noted that the increase in lending to the private sector during July took place at a time when interest rates performed unevenly. **Interest rates on lines associated with commercial activity** (overdrafts) **declined, or remained unchanged** (promissory notes) **during the month** (see Chart 9), while interest rates rose for credit card borrowing and personal loans.

Increased bank lending to households and companies continued to take place within the context of limited credit risk. This can be seen from the fact that non-performance in the case of lending to the private sector stood at 3.1% in July, showing a total reduction of 0.1 p.p. and 0.6 p.p. in the first 7 months of 2008 and compared with the same period of 2007, respectively. This improvement in lending quality was explained by the corporate sector[10], as lending to households recorded some deterioration (see Chart 10). Specifically, non-performance in the case of corporate lending fell 0.7 p.p. in 2008 (according to information as at June 2008, the latest available), to 2.5% of loans[11]. Household lending delinquency reached 4% of loans, 0.5 p.p. above the level recorded at the end of 2007. This increase is explained by household consumption credit (personal loans and credit card), for which non-performance rose 0.9 p.p. in the first part of 2008, to 4.5%.

In the case of lending to companies, although some reduction in the rate can be observed, the increase remains widespread, becoming gradually more uniform across all residual stock ranges. In spite of accounting for a low share of total lending to the corporate sector, bank loans for relatively lower amounts classified according to stock range (under $200 thousand, mainly associated with micro and small businesses) recorded greater growth in the first half of 2008 than in the same period of the previous year (see Chart 11), while those corresponding to larger-amount segments showed a decline in their growth rate.

Normalization of bank assets continues to take place within the framework of declining exposure to the public sector. The financial system's exposure to the public sector fell by 0.1 p.p. of assets in July to 13.9%, accumulating a 2.2 p.p. reduction in the first 7 months

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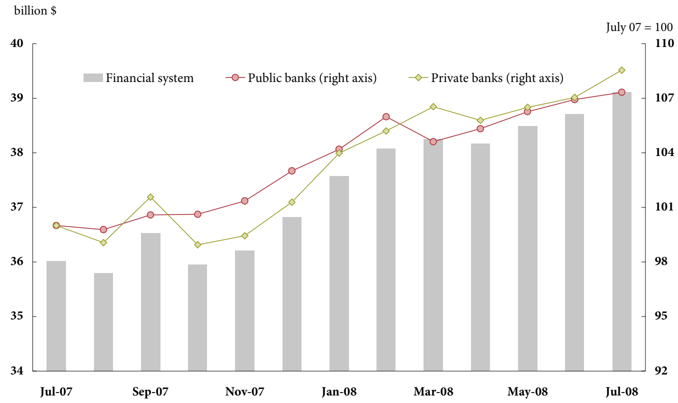
[10] Loans to companies are considered to be those granted to legal persons and commercial credit to individuals, while remaining lending to individuals is included under the households heading.

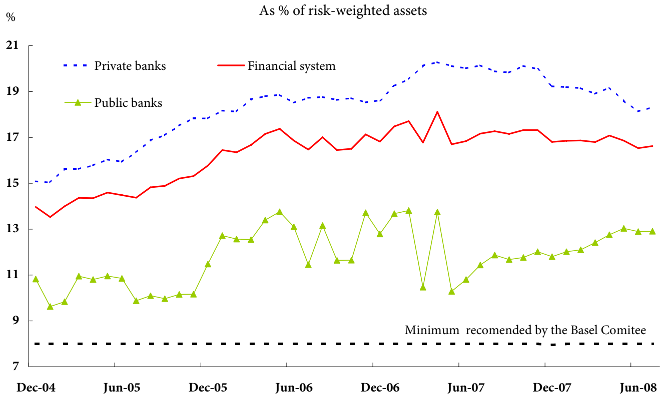
[11] This performance was largely explained by the transferring to memorandum accounts by a public bank of a large corporate loan that had already been the subject of a provision.

Chart 13
Net Worth Evolution



Source: BCRA

Chart 14
Capital Compliance According to Regulation
As % of risk-weighted assets



Source: BCRA

Chart 15
Financial System Profitability

Source: BCRA

of 2008 (see Chart 12). This first part of the year performance took place in both public and private banks, with the latter recording the lowest exposure to the public sector. At a time when financial intermediation is on the increase, the setting of an overall cap of 35% of bank assets as from July 2007, together with maximum limits based on financial entity capital and their area of operation, and the elimination of the bias in minimum capital requirements (following the unifying of requirements on lending to the private and public sectors), among other measures, have been encouraging a drop in such exposure.

Solvency

Profits are improving financial system solvency levels

In July the financial system continued to reinforce its solvency, benefiting from the profits recorded. Banking net worth increased by $400 million (1% or 8.6% y.o.y.) in the month. This performance was led by private banks (see Chart 13), with an increase of $350 million (1.4% or 8.5% y.o.y.) in their net worth, with a lesser improvement by public banks (0.4% or 7.3% y.o.y.).

The financial system continued to exhibit capital compliance levels in excess of minimum international-recommended, as well as those required domestically. The capital compliance ratio stood at 16.6% of risk-weighted assets in July (see Chart 14), 0.1 p.p. more than in the previous month, although it was down 0.6 p.p. year-on-year as a result of the increased dynamism of assets at risk compared with that for compliance, as a result of the rise in financial intermediation activity. Excess capital compliance in terms of the requirement grew 4 p.p. in the month to 86%.

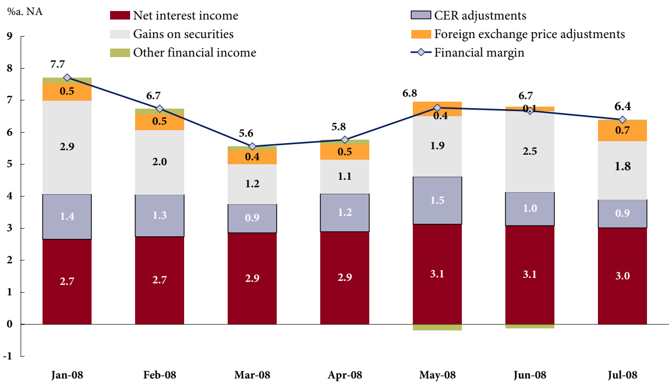
The financial system posted profits in the order of $440 million in July (ROA of 1.7%a. and ROE of 14.8%a.) (see Chart 15). **Bank profits were widespread**: 70 banks out of a total of 85 (representing 86% of total assets) accrued profits. Positive results were recorded by both private and public banks, which posted ROA of 2.5%a. and 0.6%a., respectively. Financial system profits rose 0.4 p.p. of assets in the month, mainly as a result of higher service income margin and the accrual of lower outflows (loan loss provisions and operating costs). As a result, in the first 7 months of the year banks have accumulated profits equivalent to 1.6%a. of assets, 0.2 p.p. more than in the same period of 2007.

During the month, bank financial margin fell 0.3 p.p. compared with June, to stand at 6.4%a. of assets. This

Chart 16

Financial Margin

Financial system



Source: BCRA

Chart 17

Service Income Margin

Financial system

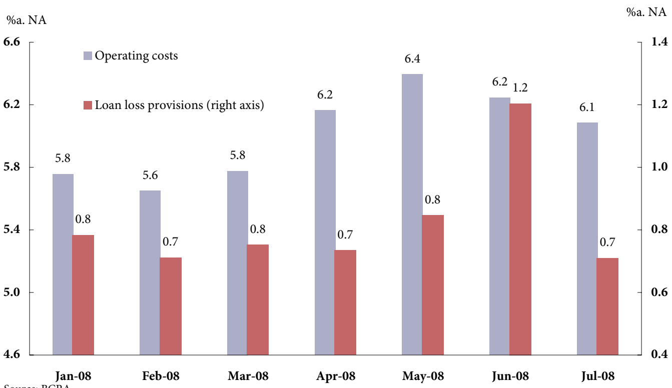
* Up t o July - Annualized

Source: BCRA

Chart 18

Loan Loss Provisions and Operating Costs

Financial system



Source: BCRA

drop was mainly explained by the reduction of 0.7 p.p. of assets in gains on securities, which totaled 1.8%a. in July (see Chart 16). Interest income fell slightly to 3%a. of assets. These movements were partly offset by the increase of 0.6 p.p. of assets from foreign exchange price adjustments, which rose to 0.7%a. As a result, financial margin reached 6.5%a. in the first 7 months of 2008, 1 p.p. more than in the same period of last year.

Service income margin totaled 3.7%a. of assets in July, 0.2 p.p. more than in the previous month. In the year to date this income statement heading has been equivalent to 3.4%a. of assets (see Chart 17), 0.4 p.p. more than in the first 7 months of 2007, thus continuing the upward trend being spurred by the deepening of financial intermediation with the private sector.

During the month a reduction took place in certain bank expenditure accrual. Loan loss provisions were down 0.5 p.p. of assets in July to 0.7%a.[12] At the same time, operating costs dropped by 0.1 p.p. of assets in July, to 6.1%a. (see Chart 18), totaling 6%a. of assets in the year to date, 0.7 p.p. more than in the same period of 2007. The ratio for the coverage of operating costs by recurring revenue[13] reached 106% in the first part of 2008, 11 p.p. more than in the same period of 2007.

The amortization of court-ordered releases and adjustments to the valuation of loans to the public sector, headings associated with the recognition of the effects of the crisis in 2001-2002, **fell to a total of 0.8%a. of assets in the month**, 0.2 p.p. less than in June**.**

On the basis of information available at the time this Report is being published, **it is estimated that financial entities will have continued to consolidate their solvency in August, following further book profits and the possibility of new capital contributions.** Profitability will continue to derive from those more stable sources of income, in line with the gradual recovery by traditional sources of bank funding, within the context of increased dynamism by lending to the private sector. No significant change is expected in the case of gains on securities, given the uneven performance by prices during the month.

[12] During June, one public bank completed the setting up of a large provision in relation to a bad loan that was transferred to a memorandum account.

[13] Net interest income and service income margin is considered to be recurring.

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" 4825 – 04/07/08**

Trading operation margins have been increased from 15 to 25%. Likewise, for those financial entities recording an excess to their exposure to non-financial public sector credit, limits it will be allowed for their position in fixed-rate national government securities in pesos (without CER adjustment) issued as from June 1, 2007, with a duration of 5 years or more to exceed the margin set for "purchase and sale or intermediation transactions," as long as this does not lead to increases in such excesses in the case of credit risk diversification.

- **Communication "A" 4831 – 23/07/08**

Allocation of collateral assets. Loans between financial entities secured by means of "Secured Loans" and/or "Bogar 2020". Such transactions must be entered into taking into account a coverage margin that should not be lower than that published monthly by the BCRA for the month in which the transaction is entered into. In addition, it is made clear that authorized foreign lending entities must hold an "A" rating or better, unless they are foreign controlled banks, or that are head offices of, local financial entities.

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 institutions that have not provided data for the month reviewed, the most recent information available is repeated in the aggregate balance sheet. On the other hand, for profitability analysis only the banks providing data for that month are considered.

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

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

(d) Profit ratio calculations are based on monthly results estimated from changes in the aggregate result amounts during the current fiscal year. 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 institutions 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 institutions that specialize in a financial sector niche market –usually smaller institutions-. Finally, it is worth noting that the classifications defined above are solely for analytical purposes and does not mean it is the only methodology criteria by which to group them; while on the other hand, the listing of features for each financial institution 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, including correspondent accounts plus repos 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	Jul 2007	2007	Jun 2008	Jul 2008
1.- Liquidity	22.3	26.1	23.1	25.0	23.4	19.6	22.8	29.1	29.6	20.1	22.5	22.0	23.0	24.7	25.8
2.- Credit to the public sector	16.9	16.2	16.2	18.0	17.3	23.0	48.5	46.5	40.6	31.3	22.3	17.3	16.1	14.0	13.9
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	33.5	38.2	38.7	37.7
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	3.7	3.2	3.1	3.1
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	-3.3	-3.1	-3.0	-2.5	-2.4
6.- ROA	0.6	1.0	0.5	0.2	0.0	0.0	-8.9	-2.9	-0.5	0.9	1.9	1.4	1.5	1.6	1.6
7.- ROE	4.1	6.3	3.9	1.7	0.0	-0.2	-59.2	-22.7	-4.2	7.0	14.3	10.1	9.0	13.6	13.8
8.- Eficiency	142	136	138	142	147	143	189	69	125	151	167	161	161	165	165
9.- Capital compliance	23.8	20.8	20.3	21.0	20.1	21.4	-	14.5	14.0	15.3	16.8	17.2	16.8	16.5	16.6
10.- Excess capital compliance	64	73	49	54	58	54	-	116	185	173	134	96	92	82	86

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	Jul 07	Dec 07	Jun 08	Jul 08	Change (%)		
												Last month	2008	Last 12 months
Assets	**163,550**	**123,743**	**187,532**	**186,873**	**212,562**	**221,962**	**258,384**	**288,153**	**297,963**	**328,125**	**339,707**	**3.5**	**14.0**	**17.9**
Liquid assets[1]	20,278	13,005	17,138	27,575	29,154	20,819	37,991	41,988	46,320	51,492	46,300	-10.1	0.0	10.3
Public bonds	10,474	3,694	31,418	45,062	55,382	66,733	64,592	70,421	62,678	65,980	75,274	14.1	20.1	6.9
Lebac/Nobac	-	-	-	-	17,755	28,340	29,289	40,302	36,022	40,712	50,453	23.9	40.1	25.2
Portfolio	-	-	-	-	11,803	21,067	25,725	34,435	31,598	33,499	34,029	1.6	7.7	-1.2
Repo[2]	-	-	-	-	5,953	7,273	3,563	5,867	4,424	7,213	16,424	127.7	271.2	179.9
Private bonds	633	543	332	198	387	389	813	754	382	753	599	-20.4	56.7	-20.5
Loans	83,277	77,351	84,792	68,042	73,617	84,171	103,668	115,132	132,157	146,282	147,185	0.6	11.4	27.8
Public sector	15,164	22,694	44,337	33,228	30,866	25,836	20,874	16,775	16,772	17,387	17,563	1.0	4.7	4.7
Private sector	64,464	52,039	38,470	33,398	41,054	55,885	77,832	93,483	110,355	123,095	123,941	0.7	12.3	32.6
Financial sector	3,649	2,617	1,985	1,417	1,697	2,450	4,962	4,874	5,030	5,800	5,680	-2.1	12.9	16.5
Provisions over loans	-6,907	-6,987	-11,952	-9,374	-7,500	-4,930	-3,728	-3,696	-4,089	-4,261	-4,289	0.6	4.9	16.0
Other netted credits due to financial intermediation	42,361	21,485	39,089	27,030	32,554	26,721	26,039	33,040	29,712	37,003	43,265	16.9	45.6	30.9
Corporate bonds and subordinated debt	794	751	1,708	1,569	1,018	873	773	719	606	688	727	5.6	20.0	1.0
Unquoted trusts	2,053	2,065	6,698	4,133	3,145	3,883	4,881	4,811	5,023	5,654	5,572	-1.5	10.9	15.8
Compensation receivable	0	0	17,111	14,937	15,467	5,841	763	370	377	314	314	0.3	-16.6	-15.1
Other	39,514	18,669	13,572	6,392	12,924	16,124	19,622	27,139	23,706	30,347	36,652	20.8	54.6	35.0
Leasing	786	771	567	397	611	1,384	2,262	3,059	3,469	3,936	3,985	1.2	14.9	30.3
Shares in other companies	2,645	2,688	4,653	4,591	3,871	4,532	6,392	6,713	6,430	6,735	6,865	1.9	6.8	2.3
Fixed assets and miscellaneous	4,939	4,804	8,636	8,164	7,782	7,546	7,619	7,636	7,643	7,699	7,731	0.4	1.2	1.3
Foreign branches	1,115	1,057	3,522	3,144	3,524	3,647	2,782	2,924	2,912	2,869	2,888	0.7	-0.8	-1.2
Other assets	3,950	5,334	9,338	12,043	13,180	10,950	9,953	10,183	10,347	9,637	9,903	2.8	-4.3	-2.7
Liabilities	**146,267**	**107,261**	**161,446**	**164,923**	**188,683**	**195,044**	**225,369**	**252,136**	**261,143**	**289,412**	**300,593**	**3.9**	**15.1**	**19.2**
Deposits	86,506	66,458	75,001	94,635	116,655	136,492	170,898	193,498	205,550	225,505	230,565	2.2	12.2	19.2
Public sector[3]	7,204	950	8,381	16,040	31,649	34,019	45,410	48,999	48,340	59,911	61,524	2.7	27.3	25.6
Private sector[3]	78,397	43,270	59,698	74,951	83,000	100,809	123,431	142,202	155,048	163,036	166,058	1.9	7.1	16.8
Current account	6,438	7,158	11,462	15,071	18,219	23,487	26,900	32,282	35,245	36,702	37,742	2.8	7.1	16.9
Savings account	13,008	14,757	10,523	16,809	23,866	29,078	36,442	40,864	47,109	48,699	47,845	-1.8	1.6	17.1
Time deposit	53,915	18,012	19,080	33,285	34,944	42,822	54,338	62,350	65,952	70,048	73,815	5.4	11.9	18.4
CEDRO	0	0	12,328	3,217	1,046	17	13	12	0	0	0	-	-	-
Other netted liabilities due to financial intermediation	55,297	36,019	75,737	61,690	64,928	52,072	46,037	50,086	46,225	54,050	60,203	11.4	30.2	20.2
Interbanking obligations	3,545	2,550	1,649	1,317	1,461	2,164	4,578	4,341	4,310	5,071	4,997	-1.5	15.9	15.1
BCRA lines	102	4,470	27,837	27,491	27,726	17,005	7,686	2,781	2,362	2,223	2,202	-0.9	-6.8	-20.8
Outstanding bonds	4,954	3,777	9,096	6,675	7,922	6,548	6,603	7,921	6,938	6,376	6,240	-2.1	-10.1	-21.2
Foreign lines of credit	8,813	7,927	25,199	15,196	8,884	4,684	4,240	3,440	3,864	4,681	4,822	3.0	24.8	40.2
Other	37,883	17,295	11,955	11,012	18,934	21,671	22,930	31,604	28,752	35,699	41,942	17.5	45.9	32.7
Subordinated debts	2,255	2,260	3,712	2,028	1,415	1,381	1,642	1,661	1,672	1,589	1,580	-0.6	-5.5	-4.9
Other liabilities	2,210	2,524	6,997	6,569	5,685	5,099	6,792	6,891	7,695	8,267	8,245	-0.3	7.2	19.6
Net worth	**17,283**	**16,483**	**26,086**	**21,950**	**23,879**	**26,918**	**33,014**	**36,017**	**36,819**	**38,713**	**39,115**	**1.0**	**6.2**	**8.6**
Memo														
Netted assets	129,815	110,275	185,356	184,371	202,447	208,275	244,791	267,100	280,336	304,797	309,917	1.7	10.6	16.0
Consolidated netted assets	125,093	106,576	181,253	181,077	198,462	203,286	235,845	258,004	271,652	295,211	300,314	1.7	10.6	16.4

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

Source: BCRA

Statistics Annex | Financial System (cont.)

Chart 3 | Profitability Structure

	Annual								First 7 months		Monthly			Last
Amount in million of pesos	**2000**	**2001**	**2002[1]**	**2003**	**2004**	**2005**	**2006**	**2007**	**2007**	**2008**	**May-08**	**Jun-08**	**Jul-08**	**12 months**
Financial margin	7,291	6,943	13,991	1,965	6,075	9,475	13,262	15,338	8,314	11,301	1,676	1,675	1,633	18,325
Net interest income	5,106	4,625	-3,624	-943	1,753	3,069	4,150	5,744	3,071	5,056	775	774	769	7,729
CER and CVS adjustments	0	0	8,298	2,315	1,944	3,051	3,012	2,624	1,582	2,042	368	263	227	3,084
Foreign exchange price adjustments	185	268	5,977	-890	866	751	944	1,357	642	788	108	36	167	1,503
Gains on securities	1,481	1,490	3,639	1,962	1,887	2,371	4,923	5,349	2,853	3,341	471	633	463	5,836
Other financial income	519	559	-299	-480	-375	233	235	264	166	75	-46	-31	7	173
Service income margin	3,582	3,604	4,011	3,415	3,904	4,781	6,243	8,248	4,448	5,970	887	878	936	9,770
Loan loss provisions	-3,056	-3,096	-10,007	-2,089	-1,511	-1,173	-1,198	-1,894	-901	-1,425	-210	-302	-181	-2,418
Operating costs	-7,375	-7,362	-9,520	-7,760	-7,998	-9,437	-11,655	-14,634	-7,927	-10,437	-1,584	-1,568	-1,553	-17,144
Tax charges	-528	-571	-691	-473	-584	-737	-1,090	-1,537	-809	-1,195	-172	-201	-184	-1,923
Income tax	-446	-262	-509	-305	-275	-581	-595	-1,032	-637	-816	-110	-122	-147	-1,212
Adjust. to the valuation of government securities[2]	0	0	0	-701	-320	-410	-752	-837	-239	-934	-217	-175	-143	-1,532
Amortization payments for court-ordered releases	0	0	0	-1,124	-1,686	-1,867	-2,573	-1,980	-1,124	-598	-80	-65	-57	-1,455
Other	535	702	-3,880	1,738	1,497	1,729	2,664	2,234	921	935	210	204	133	2,248
Monetary results	0	0	-12,558	69	0	0	0	0	0	0	0	0	0	0
Total results[3]	**3**	**-42**	**-19,162**	**-5,265**	**-898**	**1,780**	**4,306**	**3,905**	**2,045**	**2,799**	**400**	**324**	**437**	**4,659**
Adjusted results[4]	-	-	-	-3,440	1,337	4,057	7,631	6,723	3,408	4,332	697	564	637	7,646
Annualized indicators - As % of netted assets														
Financial margin	5.7	5.7	6.5	1.1	3.1	4.6	5.8	5.8	5.5	6.5	6.8	6.7	6.4	6.4
Net interest income	4.0	3.8	-1.7	-0.5	0.9	1.5	1.8	2.2	2.0	2.9	3.1	3.1	3.0	2.7
CER and CVS adjustments	0.0	0.0	3.9	1.3	1.0	1.5	1.3	1.0	1.1	1.2	1.5	1.0	0.9	1.1
Foreign exchange price adjustments	0.1	0.2	2.8	-0.5	0.4	0.4	0.4	0.5	0.4	0.5	0.4	0.1	0.7	0.5
Gains on securities	1.2	1.2	1.7	1.1	1.0	1.2	2.2	2.0	1.9	1.9	1.9	2.5	1.8	2.0
Other financial income	0.4	0.5	-0.1	-0.3	-0.2	0.1	0.1	0.1	0.1	0.0	-0.2	-0.1	0.0	0.1
Service income margin	2.8	3.0	1.9	1.9	2.0	2.3	2.7	3.1	3.0	3.4	3.6	3.5	3.7	3.4
Loan loss provisions	-2.4	-2.6	-4.7	-1.1	-0.8	-0.6	-0.5	-0.7	-0.6	-0.8	-0.8	-1.2	-0.7	-0.8
Operating costs	-5.8	-6.1	-4.4	-4.2	-4.1	-4.6	-5.1	-5.6	-5.3	-6.0	-6.4	-6.2	-6.1	-6.0
Tax charges	-0.4	-0.5	-0.3	-0.3	-0.3	-0.4	-0.5	-0.6	-0.5	-0.7	-0.7	-0.8	-0.7	-0.7
Income tax	-0.3	-0.2	-0.2	-0.2	-0.1	-0.3	-0.3	-0.4	-0.4	-0.5	-0.4	-0.5	-0.6	-0.4
Adjust. to the valuation of government securities[2]	0.0	0.0	0.0	-0.4	-0.2	-0.2	-0.3	-0.3	-0.2	-0.5	-0.9	-0.7	-0.6	-0.5
Amortization payments for court-ordered releases	0.0	0.0	0.0	-0.6	-0.9	-0.9	-1.1	-0.8	-0.7	-0.3	-0.3	-0.3	-0.2	-0.5
Other	0.4	0.6	-1.8	0.9	0.8	0.8	1.2	0.8	0.6	0.5	0.8	0.8	0.5	0.8
Monetary results	0.0	0.0	-5.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ROA[3]	**0.0**	**0.0**	**-8.9**	**-2.9**	**-0.5**	**0.9**	**1.9**	**1.5**	**1.4**	**1.6**	**1.6**	**1.3**	**1.7**	**1.6**
ROA adjusted[4]	0.0	0.0	-8.9	-1.9	0.7	2.0	3.4	2.6	2.3	2.5	2.8	2.2	2.5	2.7
ROE[3]	*0.0*	*-0.2*	*-59.2*	*-22.7*	*-4.2*	*7.0*	*14.3*	*9.0*	*10.1*	*13.8*	*13.7*	*11.0*	*14.8*	*10.7*

(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) 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	Jul 07	Dec 07	Jun 08	Jul 08
Non-performing loans (overall)	12.9	13.1	18.1	17.7	10.7	5.2	3.4	3.0	2.7	2.7	2.7
Non-performing loans to the non-financial private sector	**16.0**	**19.1**	**38.6**	**33.5**	**18.6**	**7.6**	**4.5**	**3.7**	**3.2**	**3.1**	**3.1**
Provisions / Non-performing loans	61.1	66.4	73.8	79.2	102.9	124.5	129.9	130.3	129.6	123.5	123.5
(Total non-perfoming - Provisions) / Overall financing	5.0	4.4	4.7	3.7	-0.3	-1.3	-1.0	-0.9	-0.8	-0.6	-0.6
(Total non-perfoming - Provisions) / Net worth	26.2	21.6	17.2	11.9	-1.0	-4.1	-3.3	-3.0	-3.0	-2.5	-2.5

(*) 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	Jul 2007	2007	Jun 2008	Jul 2008
1.- Liquidity	23.6	26.9	22.8	24.3	24.1	23.6	24.8	27.6	29.2	21.5	23.7	23.7	25.7	26.6	27.9
2.- Credit to the public sector	13.5	13.7	13.6	16.1	14.7	20.8	49.4	47.1	41.2	28.0	15.9	10.7	9.1	7.5	7.8
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	41.7	46.6	47.4	46.1
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	3.6	3.0	2.5	2.6	2.7
5.- Net worth exposure to private sector	21.6	14.3	13.2	11.5	13.4	11.4	18.6	11.2	1.9	-2.2	-3.0	-3.0	-3.6	-3.1	-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	1.3	1.6	1.8	1.9
7.- ROE	4.1	6.3	4.3	2.3	0.8	1.4	-79.0	-19.1	-8.1	4.1	15.3	8.9	8.8	14.2	14.9
8.- Eficiency	144	135	139	146	152	151	168	93	115	136	158	151	152	163	164
9.- Capital compliance	15.9	15.4	14.6	18.9	18.0	17.6	-	14.0	15.1	17.8	18.6	20.1	19.2	18.1	18.3
10.- Excess capital compliance	33	47	27	60	49	43	-	88	157	155	116	96	87	77	83

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	Jul 07	Dec 07	Jun 08	Jul 08	Change (%) Last month	Change (%) 2008	Change (%) Last 12 months
Assets	**119,371**	**82,344**	**118,906**	**116,633**	**128,065**	**129,680**	**152,414**	**168,008**	**175,509**	**188,766**	**193,747**	**2.6**	**10.4**	**15.3**
Liquid assets[1]	13,920	10,576	11,044	14,500	15,893	14,074	22,226	25,061	29,418	30,542	28,591	-6.4	-2.8	14.1
Public bonds	7,583	1,627	19,751	22,260	24,817	29,966	27,663	29,466	24,444	21,974	26,956	22.7	10.3	-8.5
Lebac/Nobac	0	0	-	-	8,359	15,227	15,952	19,149	17,684	15,626	20,785	33.0	17.5	8.5
Portfolio	0	0	-	-	5,611	12,899	14,220	17,475	15,639	12,596	13,492	7.1	-13.7	-22.8
Repo[2]	0	0	-	-	2,749	2,328	1,732	1,674	2,045	3,030	7,293	140.7	256.7	335.7
Private bonds	563	451	273	172	333	307	683	589	310	578	504	-12.9	62.2	-14.5
Loans	56,035	52,319	51,774	47,017	50,741	56,565	69,294	77,170	88,898	96,583	96,622	0.0	8.7	25.2
Public sector	8,172	13,803	25,056	23,571	21,420	15,954	10,036	6,493	6,413	6,186	6,357	2.8	-0.9	-2.1
Private sector	45,103	36,636	26,074	22,816	28,213	39,031	55,632	67,198	78,587	85,943	85,839	-0.1	9.2	27.7
Financial sector	2,760	1,880	644	630	1,107	1,580	3,626	3,478	3,898	4,454	4,426	-0.6	13.6	27.2
Provisions over loans	-3,248	-3,957	-7,463	-5,225	-3,717	-2,482	-2,227	-2,242	-2,365	-2,626	-2,630	0.1	11.2	17.3
Other netted credits due to financial intermediation	36,600	13,037	27,212	22,148	25,753	16,873	18,387	19,905	17,084	22,963	24,610	7.2	44.0	23.6
Corporate bonds and subordinated debt	724	665	1,514	1,394	829	675	618	578	430	506	538	6.3	25.1	-6.9
Unquoted trusts	1,609	1,637	6,205	3,571	2,362	2,444	2,982	3,452	3,456	4,105	3,900	-5.0	12.9	13.0
Compensation receivable	0	0	15,971	13,812	14,657	5,575	760	370	377	314	314	0.3	-16.6	-15.0
Other	34,267	10,735	3,523	3,370	7,905	8,179	14,027	15,505	12,822	18,038	19,857	10.1	54.9	28.1
Leasing	776	752	553	387	592	1,356	2,126	2,838	3,149	3,519	3,549	0.9	12.7	25.0
Shares in other companies	1,651	1,703	3,123	2,791	1,892	2,416	4,042	4,291	3,762	4,129	4,231	2.5	12.5	-1.4
Fixed assets and miscellaneous	3,225	3,150	5,198	4,902	4,678	4,575	4,677	4,703	4,685	4,750	4,789	0.8	2.2	1.8
Foreign branches	75	112	-109	-136	-53	-148	-139	-147	-154	-152	-153	0.6	-0.6	3.6
Other assets	2,190	2,574	7,549	7,816	7,137	6,178	5,682	6,374	6,277	6,506	6,677	2.6	6.4	4.8
Liabilities	**107,193**	**70,829**	**103,079**	**101,732**	**113,285**	**112,600**	**131,476**	**144,949**	**152,153**	**164,082**	**168,717**	**2.8**	**10.9**	**16.4**
Deposits	57,833	44,863	44,445	52,625	62,685	75,668	94,095	107,141	116,719	122,751	126,014	2.7	8.0	17.6
Public sector[3]	1,276	950	1,636	3,077	6,039	6,946	7,029	7,650	7,564	9,450	10,118	7.1	33.8	32.3
Private sector[3]	55,917	43,270	38,289	47,097	55,384	67,859	85,714	98,125	107,671	111,642	114,220	2.3	6.1	16.4
Current account	4,960	7,158	8,905	11,588	13,966	17,946	20,604	24,342	27,132	27,875	28,585	2.5	5.4	17.4
Savings account	9,409	14,757	6,309	10,547	14,842	18,362	23,165	25,776	30,169	29,850	29,487	-1.2	-2.3	14.4
Time deposit	39,030	18,012	11,083	18,710	22,729	27,736	38,043	43,717	45,770	48,802	51,520	5.6	12.6	17.8
CEDRO	0	0	9,016	2,409	798	3	1	1	0	0	0	-	-	-
Other netted liabilities due to financial intermediation	46,271	22,629	49,341	42,367	45,083	32,349	31,750	32,370	29,323	35,123	36,409	3.7	24.2	12.5
Interbanking obligations	2,293	1,514	836	726	1,070	1,488	3,383	2,654	1,979	2,135	1,953	-8.6	-1.3	-26.4
BCRA lines	83	1,758	16,624	17,030	17,768	10,088	3,689	785	675	711	724	1.8	7.3	-7.7
Outstanding bonds	4,939	3,703	9,073	6,674	7,922	6,548	6,413	7,731	6,686	6,129	5,896	-3.8	-11.8	-23.7
Foreign lines of credit	5,491	4,644	15,434	9,998	5,444	2,696	2,249	1,443	1,833	2,706	2,825	4.4	54.1	95.8
Other	33,466	11,010	7,374	7,939	12,878	11,530	16,015	19,758	18,150	23,441	25,011	6.7	37.8	26.6
Subordinated debts	1,668	1,700	3,622	1,850	1,304	1,319	1,642	1,657	1,668	1,585	1,576	-0.6	-5.5	-4.9
Other liabilities	1,420	1,637	5,671	4,890	4,213	3,264	3,989	3,781	4,443	4,624	4,718	2.0	6.2	24.8
Net worth	**12,178**	**11,515**	**15,827**	**14,900**	**14,780**	**17,080**	**20,938**	**23,059**	**23,356**	**24,683**	**25,029**	**1.4**	**7.2**	**8.5**
Memo														
Netted assets	88,501	73,796	117,928	115,091	121,889	123,271	143,807	156,251	166,231	174,957	177,955	1.7	7.1	13.9

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

Source: BCRA

Statistics Annex | Private Banks (cont.)

Chart 7 | Profitability Structure

	Annual								First 7 months		Monthly			Last
Amount in million of pesos	**2000**	**2001**	**2002[1]**	**2003**	**2004**	**2005**	**2006**	**2007**	**2007**	**2008**	**May-08**	**Jun-08**	**Jul-08**	**12 months**
Financial margin	5,441	5,282	10,628	2,575	3,415	5,253	7,778	8,960	4,748	7,107	1,092	1,051	1,100	11,318
Net interest income	3,598	3,519	-304	107	1,214	2,069	2,826	4,191	2,103	4,097	648	615	635	6,186
CER and CVS adjustments	0	0	1,476	1,082	900	1,215	858	662	429	483	94	55	54	717
Foreign exchange price adjustments	160	256	6,189	-312	666	576	740	990	463	823	185	142	129	1,349
Gains on securities	1,232	962	3,464	1,892	959	1,259	3,154	2,888	1,604	1,653	211	274	278	2,936
Other financial income	450	546	-197	-195	-322	134	199	229	149	51	-46	-35	4	130
Service income margin	2,554	2,598	2,782	2,341	2,774	3,350	4,459	5,881	3,212	4,198	613	602	649	6,868
Loan loss provisions	-2,173	-2,464	-6,923	-1,461	-1,036	-714	-737	-1,174	-615	-920	-138	-171	-100	-1,478
Operating costs	-5,263	-5,224	-6,726	-5,310	-5,382	-6,303	-7,741	-9,735	-5,257	-6,910	-1,053	-1,035	-1,033	-11,388
Tax charges	-379	-418	-512	-366	-393	-509	-769	-1,105	-576	-891	-128	-156	-137	-1,420
Income tax	-393	-216	-337	-295	-202	-217	-365	-380	-177	-556	-98	-96	-96	-759
Adjust. to the valuation of government securities[2]	0	0	0	-665	-51	-201	-170	-100	9	-163	-60	-54	-32	-273
Amortization payments for court-ordered releases	0	0	0	-791	-1,147	-1,168	-1,182	-1,466	-899	-394	-39	-38	-38	-961
Other	307	615	-4,164	1,178	846	1,156	1,641	1,576	711	452	73	127	49	1,318
Monetary results	0	0	-10,531	-20	0	0	0	0	0	0	0	0	0	0
Total results[3]	**93**	**174**	**-15,784**	**-2,813**	**-1,176**	**648**	**2,915**	**2,457**	**1,155**	**1,923**	**260**	**229**	**363**	**3,225**
Adjusted results[4]	-	-	-	-1,357	252	2,016	4,267	4,023	2,046	2,481	360	321	433	4,458
Annualized indicators - As % of netted assets														
Financial margin	6.2	6.4	7.6	2.3	2.9	4.3	5.9	5.8	5.4	7.1	7.7	7.3	7.5	6.8
Net interest income	4.1	4.3	-0.2	0.1	1.0	1.7	2.1	2.7	2.4	4.1	4.6	4.3	4.3	3.7
CER and CVS adjustments	0.0	0.0	1.1	0.9	0.8	1.0	0.6	0.4	0.5	0.5	0.7	0.4	0.4	0.4
Foreign exchange price adjustments	0.2	0.3	4.4	-0.3	0.6	0.5	0.6	0.6	0.5	0.8	1.3	1.0	0.9	0.8
Gains on securities	1.4	1.2	2.5	1.7	0.8	1.0	2.4	1.9	1.8	1.6	1.5	1.9	1.9	1.8
Other financial income	0.5	0.7	-0.1	-0.2	-0.3	0.1	0.2	0.1	0.2	0.1	-0.3	-0.2	0.0	0.1
Service income margin	2.9	3.2	2.0	2.0	2.4	2.7	3.4	3.8	3.7	4.2	4.3	4.2	4.4	4.1
Loan loss provisions	-2.5	-3.0	-5.0	-1.3	-0.9	-0.6	-0.6	-0.8	-0.7	-0.9	-1.0	-1.2	-0.7	-0.9
Operating costs	-6.0	-6.4	-4.8	-4.6	-4.6	-5.1	-5.9	-6.3	-6.0	-6.9	-7.4	-7.2	-7.1	-6.8
Tax charges	-0.4	-0.5	-0.4	-0.3	-0.3	-0.4	-0.6	-0.7	-0.7	-0.9	-0.9	-1.1	-0.9	-0.9
Income tax	-0.4	-0.3	-0.2	-0.3	-0.2	-0.2	-0.3	-0.2	-0.2	-0.6	-0.7	-0.7	-0.7	-0.5
Adjust. to the valuation of government securities[2]	0.0	0.0	0.0	-0.6	0.0	-0.2	-0.1	-0.1	0.0	-0.2	-0.4	-0.4	-0.2	-0.2
Amortization payments for court-ordered releases	0.0	0.0	0.0	-0.7	-1.0	-1.0	-0.9	-1.0	-1.0	-0.4	-0.3	-0.3	-0.3	-0.6
Other	0.4	0.7	-3.0	1.0	0.7	0.9	1.2	1.0	0.8	0.4	0.5	0.9	0.3	0.8
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
ROA[3]	**0.1**	**0.2**	**-11.3**	**-2.5**	**-1.0**	**0.5**	**2.2**	**1.6**	**1.3**	**1.9**	**1.8**	**1.6**	**2.5**	**1.9**
ROA adjusted[4]	0.1	0.2	-11.3	-1.2	0.2	1.6	3.2	2.6	2.3	2.5	2.5	2.2	3.0	2.7
ROE [3]	*0.8*	*1.4*	*-79.0*	*-19.1*	*-8.1*	*4.1*	*15.3*	*8.8*	*8.9*	*14.9*	*14.1*	*12.4*	*19.4*	*11.5*

(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	Jul 07	Dec 07	Jun 08	Jul 08
Non-performing loans (overall)	8.3	9.9	19.8	15.7	8.9	4.4	2.9	2.6	2.2	2.3	2.4
Non-performing loans to the non-financial private sector	**9.8**	**14.0**	**37.4**	**30.4**	**15.3**	**6.3**	**3.6**	**3.0**	**2.5**	**2.6**	**2.7**
Provisions / Non-performing loans	67.7	75.7	73.4	79.0	97.0	114.3	129.3	132.2	141.3	132.4	129.8
(Total non-perfoming - Provisions) / Overall financing	2.7	2.4	5.3	3.3	0.4	-0.6	-0.9	-0.8	-0.9	-0.7	-0.7
(Total non-perfoming - Provisions) / Net worth	13.4	11.4	18.6	11.2	1.3	-2.2	-3.0	-3.0	-3.6	-3.1	-2.9

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

Source: BCRA