# Report on Banks

September 2008

BANCO CENTRAL
DE LA REPÚBLICA ARGENTINA

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Year VI, Number 1

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DE LA REPÚBLICA ARGENTINA

# Contents



Note | Information for September 2008 available by October 27, 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.

*Published on November 17, 2008*

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# Monthly summary

- **In a context of rising financial volatility and uncertainty about the course of world economic growth, the local financial system continues to perform its intermediation function, without neglecting to maintain adequate liquidity and capital levels. The BCRA persists in promoting instruments that have contributed to preserve the local financial stability.** In September, lending to the private sector increased again, although its rate of year-on-year growth declined. This performance has taken place in a context of limited credit risk, with rising deposit as the main source of bank funding for the month. As a result, banks continue to show improved solvency levels, a consequence of both capital contributions and book profits.

- **Bank lending to the private sector continue to rise in September** (2% or $2.6 billion), **although evidencing some moderation in its annual growth rhythm. In an international environment that has been more hostile to emerging economies as a whole, slowing credit growth rates have been a feature of the financial systems in the region.** Promissory notes and credit cards were the most dynamic lines during the month. Private sector lending stood at 38.5% of total assets, slightly above the level registered in August, and 3.2 p.p. more than 12 months earlier.

- As a result, **within the framework of BCRA incentives established to reinforce the "crowding in" process for lending to households and companies, financial system exposure to the private sector is at almost three times the level of its exposure to the public sector.** Bank exposure to the public sector declined by 0.3 p.p. in September, to 12.9% of total assets. This drop for the month took place mainly in private banks.

- **Banks have continued to record adequate liquidity levels, to be use as insurance in the face of the increasingly volatile outlook.** Liquid assets went up $2.45 billion in September, mainly because of the increase of current account stocks at the BCRA and cash held in banks, partly offset by a reduction in the repo position with the BCRA. As a result, **the liquidity indicator reached 26.3% of total deposits** for the month, rising to over 41% if Lebac and Nobac position is included.

- **Non-performance ratio in the case of lending to the private sector have reached a record low of 2.9% of the portfolio, showing a drop of 0.3 p.p. in 2008 to date.** This decline has been driven by the corporate sector, being widespread across all segments of productive activity.

- **Total deposits rose $4.7 billion in September, following an increase in private sector placements ($3.8 billion) and, to a lesser extent, in deposits by the public sector ($900 million)**. Private sector deposit increases took place in both sight and time deposit accounts. In view of the resurgence of financial market turmoil, private sector deposits in pesos declined in October.

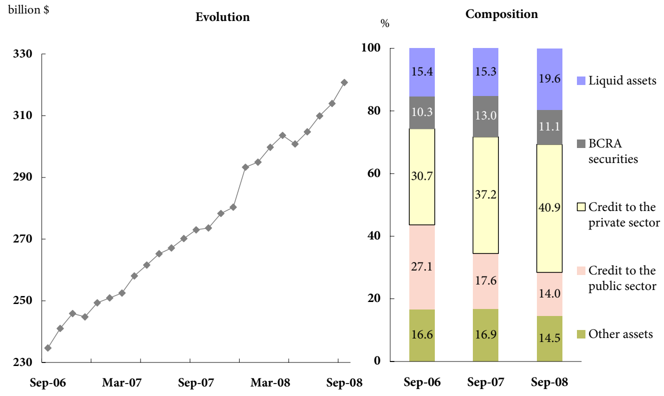
- **During September the financial system continued to strengthen its solvency, mainly as a result of the capital contributions received, with a lesser contribution from book profits.** During the month, bank net worth rose $825 million (2.1% or 9.9% y.o.y.), mainly from the receipt of a capitalization by a non-bank financial entity for the equivalent of US$175 million. Book profits posted by the banking system in September reached $410 million (1.6%a. of assets), showing an increase compared with the previous month. As a result, the third quarter of 2008 has closed with profits totaling almost $1.15 billion (1.5%a. of assets), accumulating a total of $3.5 billion (1.6%a. of assets) in the first 9 months of 2008. Capital compliance increased by 0.3 p.p. of risk-weighted assets in September, to 17%.

# Activity

***Within an increasingly volatile scenario, financial intermediation with the private sector continues to grow***

### Chart 1

**Netted Assets**
Financial system



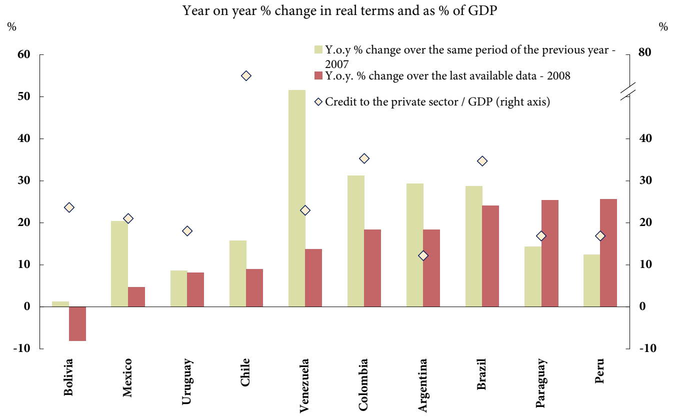

Source: BCRA

**In the midst of growing financial turbulence, local banking system has continued to increase its intermediation volumes, without neglecting to maintain precautionary liquidity levels.** In a context of limited credit risk, during September credit to the private sector continued to rise, although the annual growth rhythm has fallen. Private sector deposits increased during the month, so that they were the main source of bank funding. Credit growth took place at the same time as adequate systemic liquidity was maintained to insure against a more volatile context.

**Financial system netted assets went up 2.2% during the month, for total year-on-year (y.o.y.) growth of 17.5%.** This increase for the month was driven by private banks, with a rise of 2.7% (15.8% y.o.y.) and, to a lesser extent, by public financial entities, which posted an increase of 1.3% (18.3% y.o.y.). In the last year, **the growth of the financial system asset portfolio was driven mainly by liquid assets, followed in second place by credit to the private sector** (see Chart 1). Liquid assets stood at 19.6% of financial system netted assets in September (4.3 p.p. more than in the same month of 2007), while lending to the private sector reached 40.9% (3.7 p.p. higher than 12 months earlier).

### Chart 2

**Credit to the Private Sector**
Year on year % change in real terms and as % of GDP




Source: Central Banks, Superintendencies and IMF.

It should be noted that despite the worsening international financial crisis, both the local financial system and those of the region have continued to show growth in their lending to the private sector. Nevertheless, bearing in mind that penetration levels are relatively low, **in most Latin American economies there has been a slowing in the rate of private sector lending expansion in recent months** (see Chart 2).

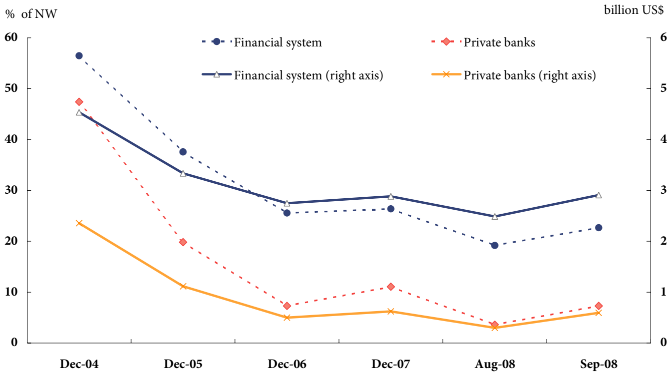
**In terms of the estimated flow of funds for all financial entities in September, higher private sector deposits** ($3.8 billion) **and public sector deposits** ($900 million), **followed by capital contributions** ($550 million) **have constituted the main sources of resources**. The main fund uses during the month were increased lending to the private sector ($2.6 billion) and a rise in the holding of liquid assets ($2.45 billion).

In the case of **private bank flow of resources, increased private sector deposits** ($3.0 billion) **provided the most significant source of funds for the month**. These

Chart 3

Currency Mismatch

Assets in US$ - Liabilities in US$

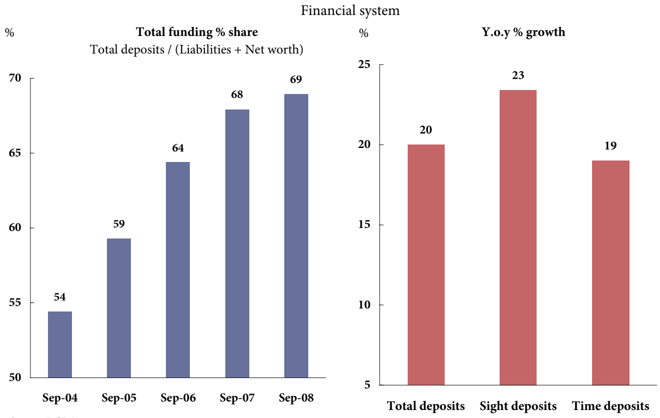



Source: BCRA

Chart 4

Total Deposits

Financial system




Source: BCRA

resources were channeled mainly into reinforcing liquid assets ($2.5 billion) and the granting of loans to the private sector ($1.65 billion). The main difference with the estimated flow of funds for the public banks was seen in the behavior of liquid assets, as in the case of this latter group of banks they remained unchanged.

**The financial system records a low level of foreign currency mismatching**. Bank foreign currency assets rose by US$640 million in September, driven by an increase in future and forward transactions and a rise in liquid assets. Foreign currency liabilities went up US$220 million during the month, reflecting the impact of increased private sector deposits. As a result, **financial system foreign currency mismatching in terms of net worth recorded a slight increase for the month to 22.7%, although it remains lower than in 2007** (-3.7 p.p.) (see Chart 3).

# Deposits and liquidity

***Deposits gain share in bank funding in a situation of strengthening liquidity levels***

**The increase in total deposits in September was led mainly by private sector placements.** Total deposit stocks[1] increased by $4.7 billion (2% or 20% y.o.y.) in September, explained by growth of $3.8 billion (2.2% or 17.7% y.o.y.) in private sector placements, and by the $900 million (1.4% or 26% y.o.y.) rise in those of the public sector. **Private sector deposit growth for the month was mainly driven by sight deposits, with a lesser contribution from time deposits** (both wholesale and retail), in a context of a slight upward turn in deposit interest rates.

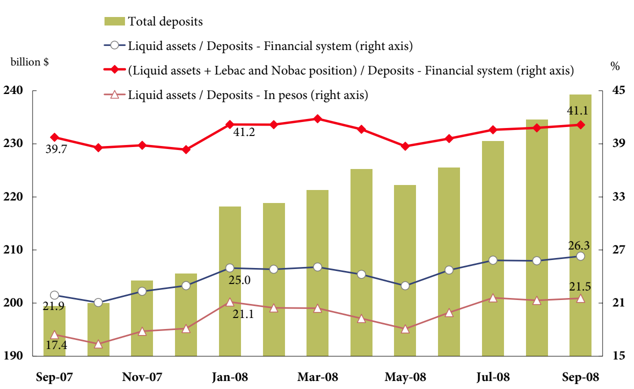
It should be noted that **in October there was a drop for the month in total deposits** (according to SisCen data, the fall was approximately $1.6 billion between ends of the month), reflecting the impact of a drop in private sector peso deposits (sight placements and to a lesser extent, time deposits). This movement was partly offset by a rise in total public sector deposits and in private sector dollar placements.

Notwithstanding this short-term performance, the normalization of bank liabilities is a process that has taken place steadily in recent years, with **deposits gaining share of total financial system funding** (see Chart 4). As at September, total deposits represented 69% of liabilities and net worth of the banking system as

[1] Including accrued interest and CER adjustments.

## Chart 5

Deposits and Liquidity

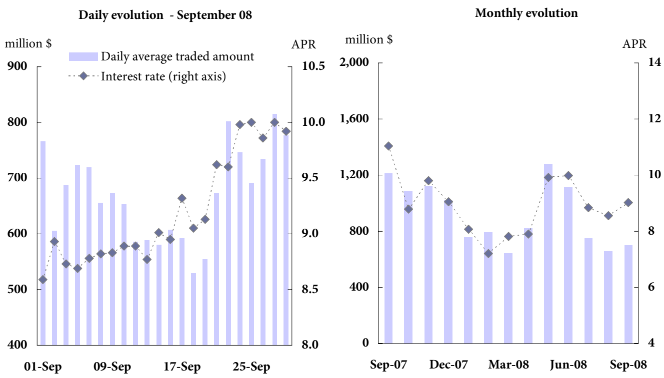



Source: BCRA

## Chart 6

Call Market

1-day maturity operations in pesos




Source: BCRA

a whole, 10 p.p. more than four years ago, and above the levels recorded prior to the 2001-2002 crisis.

**Within the framework of persistent volatility on financial markets, the local financial system continues to display adequate liquidity levels.** Liquid banking system assets[2] went up $2.45 billion in the month, explained by the increase in current account stocks at the BCRA and in cash held at banks ($4.1 billion in total), a figure that was partly offset by the drop in repos with the BCRA position (-$1.65 billion).

As a result, in September **the bank liquidity indicator reached 26.3% of total deposits**, up 0.5 p.p. compared with August and 4.4 p.p. in the last 12 months (see Chart 5). Given the increase for the month of $300 million in Lebac and Nobac position, the broad financial system liquidity index (which includes this position) increased 0.3 p.p. in September to 41.1% of total deposits. **This increase in liquidity for the month took place mainly in private banks,** as in the case of public banks there was a slight decline.

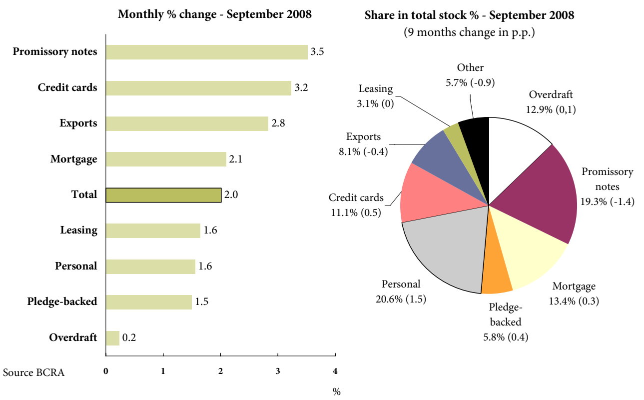
Call money market interest rate rose 0.5 p.p. during the month, averaging 9.2% during September (see Chart 6). This increase mainly reflects transactions entered into in the final days of the month. **It should be considered that the behavior of interbank market interest rates during September has reflected the increased recorded in the rate for BCRA repos** (1 p.p. in all their forms). Daily average trading volume in the call market in September reached $700 million, sightly higher than in August.

**The BCRA continues to broaden the range of tools available to ensure adequate liquidity in the financial system.** In September a **session was introduced for the automatic repurchase of Lebac and Nobac** with a residual terms of less than 6 months, discounting face values using the private bank BADLAR interest rate plus a spread of 6 p.p. Complementing this step, a **mechanism for the tendering of put options on BCRA securities was established,** permitting banks to sell back Lebac and Nobac to this Institution at a discount on the BADLAR interest rate (such securities should have a residual term of less than 180 days). In addition, **the maximum term for banks to be able to carry out reverse repos with the BCRA was extended to 90 days** (based on a private bank BADLAR interest rate plus a spread of 4 p.p.).

[2] See Glossary.

### Chart 7

Credit to the Private Sector by Type of Line

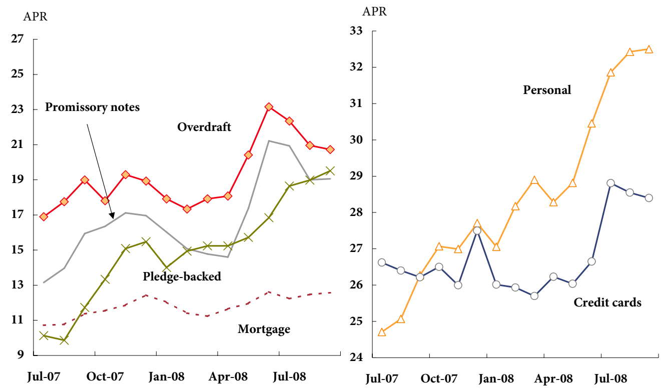



Source BCRA

### Chart 8

Lending Interest Rates

Credit to the private sector - Financial system

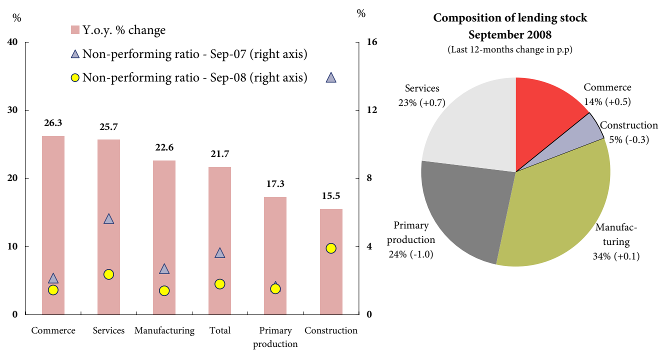



Source: BCRA

### Chart 9

Lending to Companies by Economic Sector

Financial system




Source: BCRA

In addition to these measures, **a two-month period (October-November) was decreed for minimum cash compliance in pesos,** with the aim of providing greater degrees of freedom to financial entities. Furthermore, as a temporary step, as from December 2008 banks will be allowed to **claim the full amount of cash they hold, as well as cash in transit and cash at value carriers, when calculating liquidity requirement compliance.** At the same time, **this Institution decided to lower minimum cash requirements on deposits in dollars** so that banks would be able to free up resources for use in lending in such currency in relation to foreign trade transactions. **The BCRA has also recently revised liquidity assistance requirements** to take into account bank asset structures, seeking to expand access to the liquidity window in view of the volatility registered by deposits. As from November, banks will have available a **mechanism for the pre-classification of assets for use to collateralize loans from the BCRA,** as from which they will have the option to request liquidity against such assets if necessary.

# Financing

***Lending to the private sector keeps on growing, with reduced levels of non-performance***

**Lending to the private sector increased by $2.6 billion (2%) in September**, slowing its rate of year-on-year growth to approximately 29%. Lending via promissory notes and credit cards were the most dynamic during the month, rising 3.5% and 3.2%, respectively (see Chart 7). Personal loans have made the greatest gains in total loan portfolio share during the course of 2008 (+1.5 p.p.), followed by credit card lending and pledge-backed loans. This increase in lending to the private sector during September took place in a context of relatively stable lending interest rates in comparison with the previous month (see Chart 8), although those are still higher than the values seen at the beginning of the year.

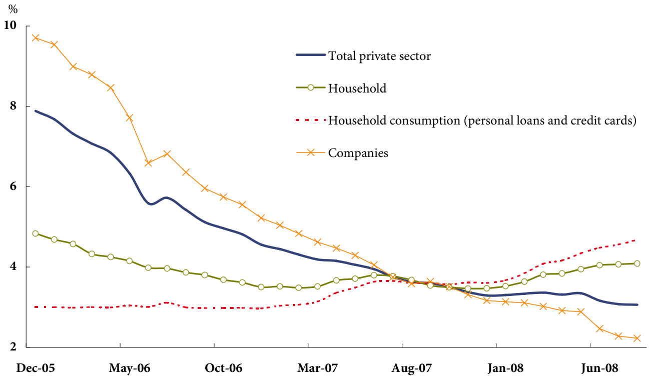
**Bank lending to corporations has continued to increase for all productive sectors,** posting a year-on-year increase of 21.7% (see Chart 9), a more moderate expansion rate than in previous periods. Commerce, service and the manufacturing sector have recorded above-average year-on-year rates of increase (26.3%, 25.7% and 22.6% respectively), gaining share in total loans, offsetting the lower than average increase for the primary production and construction sectors.

**Lending to households continues to rise**, reaching 18.7% of netted assets in September, an increase of 1.8

**Chart 10**

**Non-Performing Credit to the Private Sector**

Non-performing loans / Total loans (%)

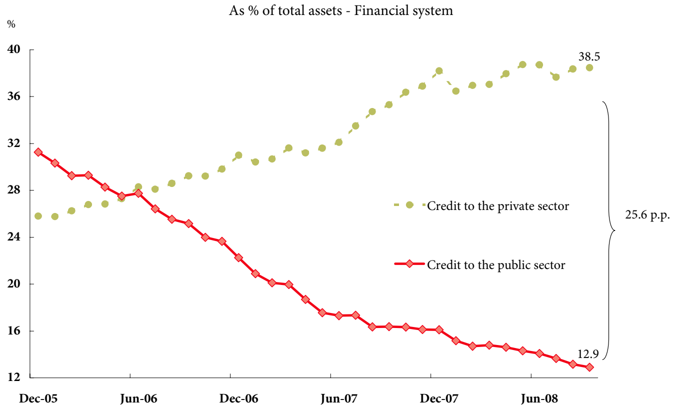



Source: BCRA

**Chart 11**

**Private and Public Sector Exposure**

As % of total assets - Financial system

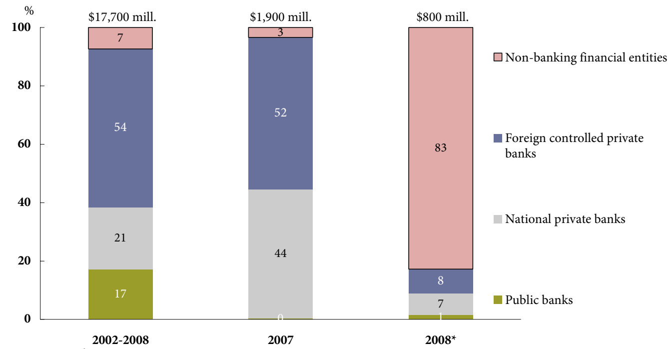



Source: BCRA

**Chart 12**

**Capital Contributions**

Composition by financial entity group




*Up to September

Source: BCRA

p.p. in 2008 to date. The most dynamic lines in the last 9 months were personal and pledge-backed loans, which increased their share of the loans to households portfolio following growth at above the average rate.

**The increase in lending to companies and households has continued to take place in the context of limited credit risk.** This can be seen from the fact that non-performance levels remained at a historically low level of 2.9% of lending to the private sector in September, with a drop of 0.6 p.p. in the last 12 months. **This year-on-year improvement in credit portfolio quality was explained by loans to the corporate sector**[3] (see Chart 10), for which delinquency totaled 1.8%. **There has been a decline in non-performance across all segments of productive activity.** While loans to the construction sector have shown the most significant improvement in delinquency level, the best relative performance has been recorded in the lines granted to commerce and the manufacturing sector, both of which show non-performance ratios of 1.4%. The non-performance rate for household lending remains within a historically low range, although it has risen slightly compared with levels one year earlier (to 4.1%). It should be noted that at September **the coverage of total non-performing loans by means of provisions was 131%**, another indication of the sound financial situation of banks in the face of private sector credit risk.

**Steady growth in lending to the private sector continues to take place at the same time as exposure to the public sector has declined.** Lending to the public sector stood at 12.9% of assets in September, 0.3 p.p. less than in August and 3.5 p.p. lower than in the same month of last year (see Chart 11). This change was led by the private bank sector.

# Solvency

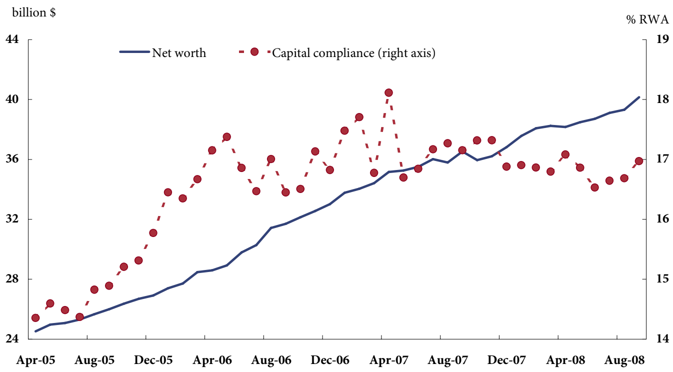
***Net worth increases as a result of capital contributions and book profits***

At the end of the third quarter of the year, **banks have continued to strengthen their balance sheet structure**. The book profits posted by financial entities, added to new capital contributions, continue to promote the consolidation of financial sector solvency.

In September banking sector net worth rose 2.1% ($825 million), for a total positive variation of 9.9% (close to

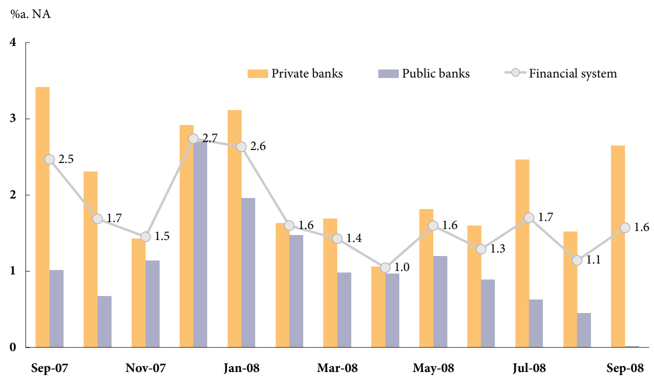
[3] Loans to companies are considered to be those granted to legal persons and commercial credit to individuals, while remaining lending to individuals is included under the households heading.

### Chart 13
**Solvency**
Financial system



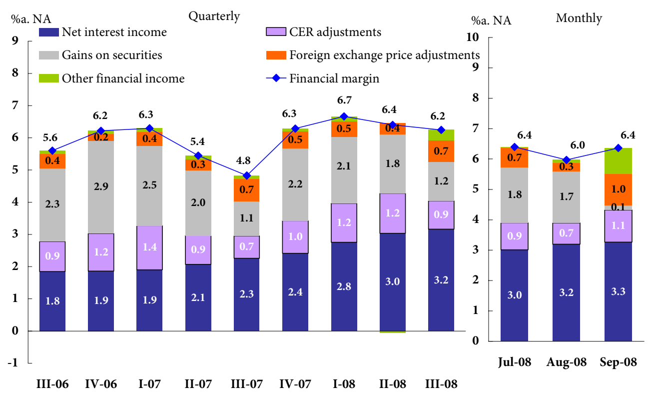

Source: BCRA

### Chart 14
**Financial System Profitability**
As % of netted assets




Source: BCRA

### Chart 15
**Financial Margin**
Financial system




Source: BCRA

$3.65 billion) over the course of the last 12 months. **A non-bank financial entity received a capital contribution in cash for approximately US$175 million**. In 2008 to date, banks have received capital injections for $800 million, with non-bank financial entities accounting for 83% of the total (see Chart 12). As a result, since the beginning of 2002 the financial system has received capital injections totaling approximately $17.7 billion.

The banking sector has continued to reinforce its solvency, exceeding the requirements established by the BCRA and the minimum standards recommended internationally. As a consequence of the increase in basic net worth following capital contributions during the month, and the reduction in risk weighted assets, **capital compliance in relation to the latter went up 0.3 p.p., reaching 17%** (see Chart 13). Therefore, excess capital compliance in terms of requirement rose 1.5 p.p. to 88.7% at the end of the third quarter of the year.

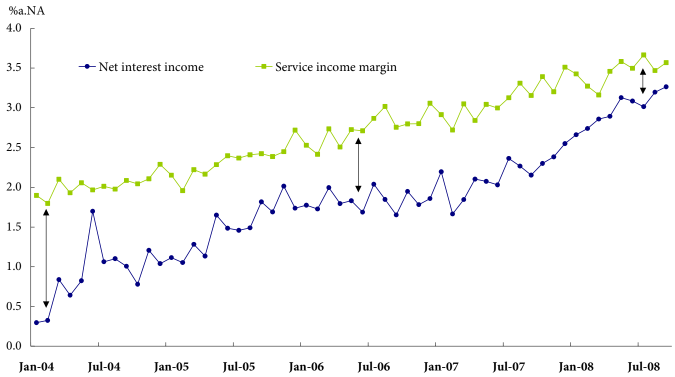
**In September, financial entities continued to reinforce their profit levels.** Financial system ROA reached 1.6%a. of assets in September ($410 million), a rise of 0.5 p.p. for the month (see Chart 14). This took profits for the third quarter of 2008 to almost $1.15 billion (1.5%a. of assets), a figure that compares favorably with the $985 million (1.3%a. of assets) and $370 million (0.5%a. of assets) recorded in the second quarter of this year and in the same period of 2007, respectively. Consequently, in the first 9 months of 2008 banks achieved a ROA of 1.6%a. (close to $3.5 billion) and a ROE of 13.3%a.

As in recent periods, **results for the month were led by private banks,** which posted profits for $400 million (ROA of 2.6%a.) This group of banks accrued profits for $985 million (ROA of 2.2 %a.) and $2.55 billion (ROA of 2%a.) for the quarter and in the year to date, respectively. Public banks recorded profits of close to $2 million during the month, a figure that rises to $115 million (ROA of 0.4%a.) and $850 million (0.9%a. of assets) for the whole of the third quarter, and in the first nine months of the year.

**Banking sector financial margin rose by 0.4 p.p. of assets in the month, to 6.4%a.** (see Chart 15). This sound performance **was mainly explained by foreign exchange price adjustments**, at a time of slight increases in balance sheet foreign currency mismatching, as well as in the peso-dollar exchange rate. Income from this source totaled 1%a. of assets for the month, 0.7 p.p. more than in August. Those more stable revenue sources (interest and service earnings) together rose by 0.2 p.p. of assets in September to 6.9%a. **Service income margin**

**Chart 16**

More Stable Revenue Sources Evolution

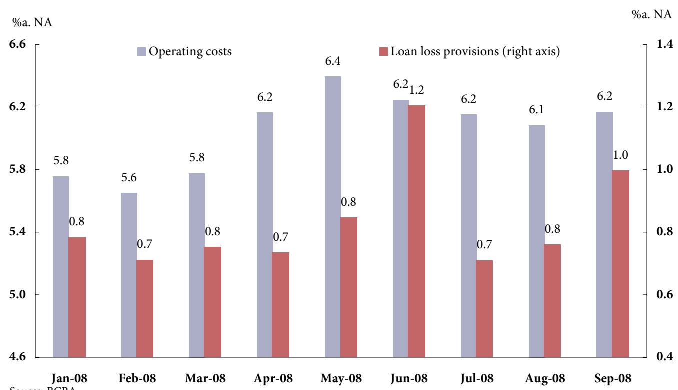



Source: BCRA

**Chart 17**

Loan Loss Provisions and Operating Costs

Financial system




Source: BCRA

**has maintained its growth trend,** rising in September by 0.1 p.p. of assets to 3.6 %a., thus ending the quarter at the same level, and 0.4 p.p. of assets above the same quarter of 2007. **A similar behavior was recorded by net interest income** (see Chart 16), which rose by 0.1 p.p. of assets to 3.3%a. in September. This revenue ended the quarter at 3.2%a. of assets, 0.9 p.p. higher than in the same period of 2007.

As a result of the uncertainty of the financial situation and a reclassification of items during the month, **gains on securities posted a decline of 1.6 p.p. of assets to 0.1%a.**[4] For the quarter as a whole, however, it amounted to 1.2%a. of assets, 0.1 p.p. above the level recorded one year earlier. CER adjustments recorded an increase for the month of 0.4 p.p. of assets to 1.1%a., largely reflecting the impact of the mentioned reclassification.

**Loan loss provisions rose slightly during the month,** by 0.2 p.p. of assets to 1%a., within the context of a quarterly period-end closing, **although they still remain at a low level.** These disbursements have nevertheless dropped by 0.1 p.p. of assets compared with the previous quarter and compared with the same period of 2007. Operating costs went up 0.1 p.p. of assets in the month, to 6.2%a. (see Chart 17). **Miscellaneous heading rose** 0.4 p.p. of assets during the month to 1%a., **driven by the results obtained from investments in other non-banking entities** controlled by financial entities.

On the basis of the available information at the time this Report was being published, **it is expected that banks will continue to improve their solvency in October, although there could be some decline in profits from the fluctuations in the financial environment.** Although some financial intermediation volatility will be recorded for the month (in the form of lower private sector deposits, slower growth in lending and some reduction in financial intermediation spreads following a larger rise in deposit interest rates than in lending interest rates), net interest income and service income margin is not expected to have been significantly affected. As a result of the rise in the peso-dollar exchange rate between ends in October, an increase in foreign exchange price adjustments can be expected. Gains on securities are expected to be lower, in view of the significant volatility shown by financial markets.

[4] During September one large private bank reclassified certain results from government securities to CER adjustments. Corrected to take this operation into account, gains on securities would have totaled 0.6% of assets.

# 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).

- To make available to the financial system a mechanism for the immediate obtaining of liquidity, the BCRA began to offer banks the possibility of daily automatic repurchase of its Lebac and Nobac as from September 22. The bills and notes must mature within six months, and the price will arise from discounting the nominal value with an interest rate equivalent to the private bank BADLAR, plus a 6% spread.

# Methodology

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

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

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

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

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

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

# Glossary

**%a.:** annualized percentage.
**%i.a.:** interannual percentage.
**Adjusted profit**: Total profit excluding payments made due to court-ordered releases and adjustments to the valuation of public sector assets according to Com. "A" 3911 and modifications.
**ASE:** Adjusted stockholders' equity, for Responsabilidad Patrimonial Computable (RPC) in Spanish. The measure for compliance with bank capital regulations.
**Consolidated (or aggregate) assets and liabilities:** Those arising from excluding operations between financial entities.
**Consolidated result:** Excludes results related to shares and participations in other local financial entities.
**CEDRO:** Certificado de Depósito Reprogramado. Rescheduled Stabilization Coefficient.
**Financial margin:** Income less outlays of a financial nature. Includes interest income, gains from securities, CER/CVS adjustments, exchange rate differences and other financial results. Does not include the items affected by Com. A 3911.
**Gains from securities:** Includes income from government securities, short-term investments, corporate bonds, subordinated debt, options and from other income from financial intermediation. In the case of government securities, it includes the results accrued from income, quotation differences, exponential increase on the basis of the internal rate of return (IRR), and from sales, as well as the charge for impairment to value.
**Income from services:** Commissions collected less commissions paid. Includes commissions on liabilities, credits, securities, guarantees granted, rental of safe deposits boxes and foreign trade and exchange transactions, excluding in the case of the latter results from the trading of foreign currency, which are recorded in the "Exchange difference" accounts (here included under the heading "Other financial results"). Outflows include commissions paid, contributions to the Banking Social Services Institute (ISSB), other contributions on service income and charges accrued for gross income tax.
**Interest income (interest margin):** Interest collected less interest paid on financial intermediation, on an accrual basis – taken from balance sheet – rather than on a cash basis. Includes interest on loans of government securities and premiums on repos and reverse repos.
**Liquid assets:** Minimum cash compliance – cash, current account at BCRA and special accounts in guarantee – and other liquid items, 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 | Sep 2007 | 2007 | Aug 2008 | Sep 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 | 21.9 | 23.0 | 25.8 | 26.3 |
| 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 | 16.4 | 16.1 | 13.2 | 12.9 |
| 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 | 35.3 | 38.2 | 38.4 | 38.5 |
| 4.- Private non-performing loans | 16.2 | 13.8 | 12.2 | 14.0 | 16.0 | 19.1 | 38.6 | 33.5 | 18.6 | 7.6 | 4.5 | 3.5 | 3.2 | 3.0 | 2.9 |
| 5.- Net worth exposure to private sector | 24.9 | 22.5 | 20.6 | 24.7 | 26.2 | 21.9 | 17.3 | 12.4 | -1.0 | -4.1 | -3.3 | -3.2 | -3.0 | -2.7 | -3.0 |
| 6.- ROA | 0.6 | 1.0 | 0.5 | 0.2 | 0.0 | 0.0 | -8.9 | -2.9 | -0.5 | 0.9 | 1.9 | 1.3 | 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 | 9.8 | 11.0 | 13.3 | 13.3 |
| 8.- Eficiency | 142 | 136 | 138 | 142 | 147 | 143 | 189 | 69 | 125 | 151 | 167 | 159 | 160 | 164 | 164 |
| 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 | 16.9 | 16.7 | 17.0 |
| 10.- Excess capital compliance | 64 | 73 | 49 | 54 | 58 | 54 | - | 116 | 185 | 173 | 134 | 100 | 93 | 87 | 89 |

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 | Sep 07 | Dec 07 | Aug 08 | Sep 08 | Change (in %) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | Last month | 2008 | Last 12 months |
| **Assets** | **163,550** | **123,743** | **187,532** | **186,873** | **212,562** | **221,962** | **258,384** | **293,555** | **297,963** | **341,297** | **347,046** | **1.7** | **16.5** | **18.2** |
| Liquid assets[1] | 20,278 | 13,005 | 17,138 | 27,575 | 29,154 | 20,819 | 37,991 | 39,893 | 46,320 | 48,586 | 52,682 | 8.4 | 13.7 | 32.1 |
| Public bonds | 10,474 | 3,694 | 31,418 | 45,062 | 55,382 | 66,733 | 64,592 | 70,811 | 62,678 | 73,836 | 72,790 | -1.4 | 16.1 | 2.8 |
| Lebac/Nobac | - | - | - | - | 17,755 | 28,340 | 29,289 | 43,329 | 36,022 | 50,500 | 49,212 | -2.6 | 36.6 | 13.6 |
| Portfolio | - | - | - | - | 11,803 | 21,067 | 25,725 | 35,195 | 31,598 | 35,225 | 35,511 | 0.8 | 12.4 | 0.9 |
| Repo[2] | - | - | - | - | 5,953 | 7,273 | 3,563 | 8,134 | 4,424 | 15,275 | 13,701 | -10.3 | 209.7 | 68.4 |
| Private bonds | 633 | 543 | 332 | 198 | 387 | 389 | 813 | 413 | 382 | 306 | 201 | -34.3 | -47.5 | -51.4 |
| Loans | 83,277 | 77,351 | 84,792 | 68,042 | 73,617 | 84,171 | 103,668 | 122,121 | 132,157 | 150,014 | 152,519 | 1.7 | 15.4 | 24.9 |
| Public sector | 15,164 | 22,694 | 44,337 | 33,228 | 30,866 | 25,836 | 20,874 | 16,849 | 16,772 | 17,298 | 17,324 | 0.2 | 3.3 | 2.8 |
| Private sector | 64,464 | 52,039 | 38,470 | 33,398 | 41,054 | 55,885 | 77,832 | 100,316 | 110,355 | 126,911 | 129,415 | 2.0 | 17.3 | 29.0 |
| Financial sector | 3,649 | 2,617 | 1,985 | 1,417 | 1,697 | 2,450 | 4,962 | 4,956 | 5,030 | 5,805 | 5,781 | -0.4 | 14.9 | 16.6 |
| Provisions over loans | -6,907 | -6,987 | -11,952 | -9,374 | -7,500 | -4,930 | -3,728 | -3,874 | -4,089 | -4,361 | -4,293 | -1.5 | 5.0 | 10.8 |
| Other netted credits due to financial intermediation | 42,361 | 21,485 | 39,089 | 27,030 | 32,554 | 26,721 | 26,039 | 32,999 | 29,712 | 41,109 | 40,241 | -2.1 | 35.4 | 21.9 |
| Corporate bonds and subordinated debt | 794 | 751 | 1,708 | 1,569 | 1,018 | 873 | 773 | 687 | 606 | 1,008 | 1,024 | 1.6 | 69.1 | 49.0 |
| Unquoted trusts | 2,053 | 2,065 | 6,698 | 4,133 | 3,145 | 3,883 | 4,881 | 5,398 | 5,023 | 5,760 | 5,679 | -1.4 | 13.1 | 5.2 |
| Compensation receivable | 0 | 0 | 17,111 | 14,937 | 15,467 | 5,841 | 763 | 375 | 377 | 317 | 324 | 2.3 | -14.0 | -13.5 |
| Other | 39,514 | 18,669 | 13,572 | 6,392 | 12,924 | 16,124 | 19,622 | 26,539 | 23,706 | 34,023 | 33,213 | -2.4 | 40.1 | 25.1 |
| Leasing | 786 | 771 | 567 | 397 | 611 | 1,384 | 2,262 | 3,319 | 3,469 | 4,006 | 4,072 | 1.6 | 17.4 | 22.7 |
| Shares in other companies | 2,645 | 2,688 | 4,653 | 4,591 | 3,871 | 4,532 | 6,392 | 6,919 | 6,430 | 6,976 | 7,185 | 3.0 | 11.7 | 3.9 |
| Fixed assets and miscellaneous | 4,939 | 4,804 | 8,636 | 8,164 | 7,782 | 7,546 | 7,619 | 7,536 | 7,643 | 7,738 | 7,770 | 0.4 | 1.7 | 3.1 |
| Foreign branches | 1,115 | 1,057 | 3,522 | 3,144 | 3,524 | 3,647 | 2,782 | 2,928 | 2,912 | 2,877 | 2,916 | 1.4 | 0.1 | -0.4 |
| Other assets | 3,950 | 5,334 | 9,338 | 12,043 | 13,180 | 10,950 | 9,953 | 10,492 | 10,347 | 10,210 | 10,962 | 7.4 | 5.9 | 4.5 |
| **Liabilities** | **146,267** | **107,261** | **161,446** | **164,923** | **188,683** | **195,044** | **225,369** | **257,031** | **261,143** | **301,971** | **306,897** | **1.6** | **17.5** | **19.4** |
| Deposits | 86,506 | 66,458 | 75,001 | 94,635 | 116,655 | 136,492 | 170,898 | 199,394 | 205,550 | 234,597 | 239,276 | 2.0 | 16.4 | 20.0 |
| Public sector[3] | 7,204 | 950 | 8,381 | 16,040 | 31,649 | 34,019 | 45,410 | 51,295 | 48,340 | 63,724 | 64,624 | 1.4 | 33.7 | 26.0 |
| Private sector[3] | 78,397 | 43,270 | 59,698 | 74,951 | 83,000 | 100,809 | 123,431 | 145,787 | 155,048 | 167,810 | 171,571 | 2.2 | 10.7 | 17.7 |
| Current account | 6,438 | 7,158 | 11,462 | 15,071 | 18,219 | 23,487 | 26,900 | 32,857 | 35,245 | 38,016 | 39,781 | 4.6 | 12.9 | 21.1 |
| Savings account | 13,008 | 14,757 | 10,523 | 16,809 | 23,866 | 29,078 | 36,442 | 42,778 | 47,109 | 47,191 | 47,119 | -0.2 | 0.0 | 10.1 |
| Time deposit | 53,915 | 18,012 | 19,080 | 33,285 | 34,944 | 42,822 | 54,338 | 63,182 | 65,952 | 76,123 | 77,785 | 2.2 | 17.9 | 23.1 |
| CEDRO | 0 | 0 | 12,328 | 3,217 | 1,046 | 17 | 13 | 5 | 0 | 0 | 0 | - | - | - |
| Other netted liabilities due to financial intermediation | 55,297 | 36,019 | 75,737 | 61,690 | 64,928 | 52,072 | 46,037 | 48,750 | 46,225 | 57,609 | 57,183 | -0.7 | 23.7 | 17.3 |
| Interbanking obligations | 3,545 | 2,550 | 1,649 | 1,317 | 1,461 | 2,164 | 4,578 | 4,322 | 4,310 | 5,082 | 5,002 | -1.6 | 16.1 | 15.7 |
| BCRA lines | 102 | 4,470 | 27,837 | 27,491 | 27,726 | 17,005 | 7,686 | 2,452 | 2,362 | 2,013 | 1,978 | -1.8 | -16.3 | -19.4 |
| Outstanding bonds | 4,954 | 3,777 | 9,096 | 6,675 | 7,922 | 6,548 | 6,603 | 7,181 | 6,938 | 6,128 | 6,098 | -0.5 | -12.1 | -15.1 |
| Foreign lines of credit | 8,813 | 7,927 | 25,199 | 15,196 | 8,884 | 4,684 | 4,240 | 3,753 | 3,864 | 4,860 | 5,112 | 5.2 | 32.3 | 36.2 |
| Other | 37,883 | 17,295 | 11,955 | 11,012 | 18,934 | 21,671 | 22,930 | 31,042 | 28,752 | 39,526 | 38,993 | -1.3 | 35.6 | 25.6 |
| Subordinated debts | 2,255 | 2,260 | 3,712 | 2,028 | 1,415 | 1,381 | 1,642 | 1,645 | 1,672 | 1,592 | 1,612 | 1.3 | -3.6 | -2.0 |
| Other liabilities | 2,210 | 2,524 | 6,997 | 6,569 | 5,685 | 5,099 | 6,792 | 7,242 | 7,695 | 8,174 | 8,827 | 8.0 | 14.7 | 21.9 |
| **Net worth** | **17,283** | **16,483** | **26,086** | **21,950** | **23,879** | **26,918** | **33,014** | **36,524** | **36,819** | **39,326** | **40,150** | **2.1** | **9.0** | **9.9** |
| **Memo** | | | | | | | | | | | | | | |
| **Netted assets** | 129,815 | 110,275 | 185,356 | 184,371 | 202,447 | 208,275 | 244,791 | 273,056 | 280,336 | 313,951 | 320,771 | 2.2 | 14.4 | 17.5 |
| **Consolidated netted assets** | 125,093 | 106,576 | 181,253 | 181,077 | 198,462 | 203,286 | 235,845 | 263,785 | 271,652 | 304,220 | 310,947 | 2.2 | 14.5 | 17.9 |

(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 | Financial System (cont.)

## Chart 3 | Profitability Structure

| | Annual | | | | | | | | First 9 months | | Monthly | | | Last |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *Amount in million of pesos* | **2000** | **2001** | **2002[1]** | **2003** | **2004** | **2005** | **2006** | **2007** | **2007** | **2008** | **Jul-08** | **Aug-08** | **Sep-08** | **12 months** |
| Financial margin | 7,291 | 6,943 | 13,991 | 1,965 | 6,075 | 9,475 | 13,262 | 15,134 | 10,770 | 14,524 | 1,633 | 1,544 | 1,679 | 18,887 |
| Net interest income | 5,106 | 4,625 | -3,624 | -943 | 1,753 | 3,069 | 4,150 | 5,744 | 4,071 | 6,743 | 769 | 826 | 861 | 8,416 |
| CER and CVS adjustments | 0 | 0 | 8,298 | 2,315 | 1,944 | 3,051 | 3,012 | 2,624 | 1,918 | 2,503 | 227 | 181 | 280 | 3,208 |
| Foreign exchange price adjustments | 185 | 268 | 5,977 | -890 | 866 | 751 | 944 | 1,357 | 983 | 1,135 | 167 | 71 | 276 | 1,508 |
| Gains on securities | 1,481 | 1,490 | 3,639 | 1,962 | 1,887 | 2,371 | 4,923 | 5,144 | 3,591 | 3,819 | 463 | 440 | 38 | 5,372 |
| Other financial income | 519 | 559 | -299 | -480 | -375 | 233 | 235 | 264 | 206 | 325 | 7 | 26 | 224 | 383 |
| Service income margin | 3,582 | 3,604 | 4,011 | 3,415 | 3,904 | 4,781 | 6,243 | 8,248 | 5,911 | 7,806 | 935 | 896 | 941 | 10,143 |
| Loan loss provisions | -3,056 | -3,096 | -10,007 | -2,089 | -1,511 | -1,173 | -1,198 | -1,894 | -1,334 | -1,884 | -181 | -196 | -263 | -2,444 |
| Operating costs | -7,375 | -7,362 | -9,520 | -7,760 | -7,998 | -9,437 | -11,655 | -14,634 | -10,480 | -13,654 | -1,570 | -1,572 | -1,627 | -17,808 |
| Tax charges | -528 | -571 | -691 | -473 | -584 | -737 | -1,090 | -1,537 | -1,086 | -1,591 | -184 | -194 | -202 | -2,042 |
| Income tax | -446 | -262 | -509 | -305 | -275 | -581 | -595 | -1,032 | -831 | -1,027 | -149 | -95 | -113 | -1,228 |
| Adjust. to the valuation of gov. securities[2] | 0 | 0 | 0 | -701 | -320 | -410 | -752 | -837 | -509 | -1,333 | -143 | -196 | -203 | -1,661 |
| Amort. payments for court-ordered releases | 0 | 0 | 0 | -1,124 | -1,686 | -1,867 | -2,573 | -1,922 | -1,484 | -717 | -57 | -58 | -61 | -1,155 |
| Other | 535 | 702 | -3,880 | 1,738 | 1,497 | 1,729 | 2,664 | 2,380 | 1,631 | 1,383 | 150 | 166 | 264 | 2,131 |
| 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** | **2,587** | **3,505** | **434** | **295** | **414** | **4,823** |
| Adjusted results[4] | - | - | - | -3,440 | 1,337 | 4,057 | 7,631 | 6,665 | 4,581 | 5,556 | 634 | 549 | 678 | 7,640 |
| *Annualized indicators - As % of netted assets* | | | | | | | | | | | | | | |
| Financial margin | 5.7 | 5.7 | 6.5 | 1.1 | 3.1 | 4.6 | 5.8 | 5.7 | 5.5 | 6.4 | 6.4 | 6.0 | 6.4 | 6.4 |
| Net interest income | 4.0 | 3.8 | -1.7 | -0.5 | 0.9 | 1.5 | 1.8 | 2.2 | 2.1 | 3.0 | 3.0 | 3.2 | 3.3 | 2.9 |
| CER and CVS adjustments | 0.0 | 0.0 | 3.9 | 1.3 | 1.0 | 1.5 | 1.3 | 1.0 | 1.0 | 1.1 | 0.9 | 0.7 | 1.1 | 1.1 |
| Foreign exchange price adjustments | 0.1 | 0.2 | 2.8 | -0.5 | 0.4 | 0.4 | 0.4 | 0.5 | 0.5 | 0.5 | 0.7 | 0.3 | 1.0 | 0.5 |
| Gains on securities | 1.2 | 1.2 | 1.7 | 1.1 | 1.0 | 1.2 | 2.2 | 1.9 | 1.8 | 1.7 | 1.8 | 1.7 | 0.1 | 1.8 |
| Other financial income | 0.4 | 0.5 | -0.1 | -0.3 | -0.2 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.0 | 0.1 | 0.8 | 0.1 |
| Service income margin | 2.8 | 3.0 | 1.9 | 1.9 | 2.0 | 2.3 | 2.7 | 3.1 | 3.0 | 3.5 | 3.7 | 3.5 | 3.6 | 3.4 |
| Loan loss provisions | -2.4 | -2.6 | -4.7 | -1.1 | -0.8 | -0.6 | -0.5 | -0.7 | -0.7 | -0.8 | -0.7 | -0.8 | -1.0 | -0.8 |
| Operating costs | -5.8 | -6.1 | -4.4 | -4.2 | -4.1 | -4.6 | -5.1 | -5.5 | -5.4 | -6.0 | -6.2 | -6.1 | -6.2 | -6.0 |
| Tax charges | -0.4 | -0.5 | -0.3 | -0.3 | -0.3 | -0.4 | -0.5 | -0.6 | -0.6 | -0.7 | -0.7 | -0.7 | -0.8 | -0.7 |
| Income tax | -0.3 | -0.2 | -0.2 | -0.2 | -0.1 | -0.3 | -0.3 | -0.4 | -0.4 | -0.5 | -0.6 | -0.4 | -0.4 | -0.4 |
| Adjust. to the valuation of gov. securities[2] | 0.0 | 0.0 | 0.0 | -0.4 | -0.2 | -0.2 | -0.3 | -0.3 | -0.3 | -0.6 | -0.6 | -0.8 | -0.8 | -0.6 |
| Amort. payments for court-ordered releases | 0.0 | 0.0 | 0.0 | -0.6 | -0.9 | -0.9 | -1.1 | -0.7 | -0.8 | -0.3 | -0.2 | -0.2 | -0.2 | -0.4 |
| Other | 0.4 | 0.6 | -1.8 | 0.9 | 0.8 | 0.8 | 1.2 | 0.9 | 0.8 | 0.6 | 0.6 | 0.6 | 1.0 | 0.7 |
| 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** | **1.3** | **1.6** | **1.7** | **1.1** | **1.6** | **1.6** |
| ROA adjusted[4] | 0.0 | 0.0 | -8.9 | -1.9 | 0.7 | 2.0 | 3.4 | 2.5 | 2.3 | 2.5 | 2.5 | 2.1 | 2.6 | 2.6 |
| *ROE[3]* | *0.0* | *-0.2* | *-59.2* | *-22.7* | *-4.2* | *7.0* | *14.3* | *11.0* | *9.8* | *13.3* | *14.7* | *9.9* | *13.7* | *13.6* |

(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 | Sep 07 | Dec 07 | Aug 08 | Sep 08 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Non-performing loans (overall) | 12.9 | 13.1 | 18.1 | 17.7 | 10.7 | 5.2 | 3.4 | 2.9 | 2.7 | 2.6 | 2.5 |
| **Non-performing loans to the non-financial private sector** | **16.0** | **19.1** | **38.6** | **33.5** | **18.6** | **7.6** | **4.5** | **3.5** | **3.2** | **3.0** | **2.9** |
| Provisions / Non-performing loans | 61.1 | 66.4 | 73.8 | 79.2 | 102.9 | 124.5 | 129.9 | 131.8 | 129.6 | 126.7 | 130.5 |
| (Total non-perfoming - Provisions) / Overall financing | 5.0 | 4.4 | 4.7 | 3.7 | -0.3 | -1.3 | -1.0 | -0.9 | -0.8 | -0.7 | -0.8 |
| (Total non-perfoming - Provisions) / Net worth | 26.2 | 21.6 | 17.2 | 11.9 | -1.0 | -4.1 | -3.3 | -3.2 | -3.0 | -2.7 | -3.0 |

(*) 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 | Sep 2007 | 2007 | Aug 2008 | Sep 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 | 23.5 | 25.7 | 27.5 | 28.8 |
| 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 | 9.6 | 9.1 | 6.9 | 6.7 |
| 3.- Credit to the private sector | 51.0 | 46.7 | 47.6 | 44.6 | 38.4 | 45.4 | 22.4 | 19.9 | 22.5 | 31.1 | 37.9 | 44.3 | 46.6 | 47.2 | 46.8 |
| 4.- Private non-performing loans | 11.1 | 8.5 | 7.7 | 8.9 | 9.8 | 14.0 | 37.4 | 30.4 | 15.3 | 6.3 | 3.6 | 2.8 | 2.5 | 2.7 | 2.5 |
| 5.- Net worth exposure to private sector | 21.6 | 14.3 | 13.2 | 11.5 | 13.4 | 11.4 | 18.6 | 11.2 | 1.9 | -2.2 | -3.0 | -3.1 | -3.6 | -2.8 | -3.2 |
| 6.- ROA | 0.6 | 0.7 | 0.5 | 0.3 | 0.1 | 0.2 | -11.3 | -2.5 | -1.0 | 0.5 | 2.2 | 1.4 | 1.6 | 1.9 | 2.0 |
| 7.- ROE | 4.1 | 6.3 | 4.3 | 2.3 | 0.8 | 1.4 | -79.0 | -19.1 | -8.1 | 4.1 | 15.3 | 9.4 | 10.9 | 14.5 | 15.3 |
| 8.- Eficiency | 144 | 135 | 139 | 146 | 152 | 151 | 168 | 93 | 115 | 136 | 158 | 150 | 152 | 162 | 162 |
| 9.- Capital compliance | 15.9 | 15.4 | 14.6 | 18.9 | 18.0 | 17.6 | - | 14.0 | 15.1 | 17.8 | 18.6 | 19.8 | 19.2 | 18.4 | 18.3 |
| 10.- Excess capital compliance | 33 | 47 | 27 | 60 | 49 | 43 | - | 88 | 157 | 155 | 116 | 100 | 87 | 83 | 81 |

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 | Sep 07 | Dec 07 | Aug 08 | Sep 08 | Change (in %) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | Last month | 2008 | Last 12 months |
| **Assets** | **119,371** | **82,344** | **118,906** | **116,633** | **128,065** | **129,680** | **152,414** | **169,751** | **175,509** | **193,704** | **198,797** | **2.6** | **13.3** | **17.1** |
| Liquid assets[1] | 13,920 | 10,576 | 11,044 | 14,500 | 15,893 | 14,074 | 22,226 | 24,174 | 29,418 | 29,489 | 31,801 | 7.8 | 8.1 | 31.5 |
| Public bonds | 7,583 | 1,627 | 19,751 | 22,260 | 24,817 | 29,966 | 27,663 | 28,114 | 24,444 | 25,523 | 25,831 | 1.2 | 5.7 | -8.1 |
| Lebac/Nobac | 0 | 0 | - | - | 8,359 | 15,227 | 15,952 | 20,364 | 17,684 | 20,629 | 21,159 | 2.6 | 19.7 | 3.9 |
| Portfolio | 0 | 0 | - | - | 5,611 | 12,899 | 14,220 | 16,912 | 15,639 | 14,116 | 14,033 | -0.6 | -10.3 | -17.0 |
| Repo[2] | 0 | 0 | - | - | 2,749 | 2,328 | 1,732 | 3,452 | 2,045 | 6,513 | 7,126 | 9.4 | 248.5 | 106.5 |
| Private bonds | 563 | 451 | 273 | 172 | 333 | 307 | 683 | 359 | 310 | 215 | 113 | -47.7 | -63.7 | -68.6 |
| Loans | 56,035 | 52,319 | 51,774 | 47,017 | 50,741 | 56,565 | 69,294 | 82,356 | 88,898 | 98,711 | 100,245 | 1.6 | 12.8 | 21.7 |
| Public sector | 8,172 | 13,803 | 25,056 | 23,571 | 21,420 | 15,954 | 10,036 | 6,538 | 6,413 | 6,361 | 6,318 | -0.7 | -1.5 | -3.4 |
| Private sector | 45,103 | 36,636 | 26,074 | 22,816 | 28,213 | 39,031 | 55,632 | 72,069 | 78,587 | 87,792 | 89,350 | 1.8 | 13.7 | 24.0 |
| Financial sector | 2,760 | 1,880 | 644 | 630 | 1,107 | 1,580 | 3,626 | 3,749 | 3,898 | 4,559 | 4,577 | 0.4 | 17.4 | 22.1 |
| Provisions over loans | -3,248 | -3,957 | -7,463 | -5,225 | -3,717 | -2,482 | -2,227 | -2,270 | -2,365 | -2,678 | -2,609 | -2.6 | 10.3 | 15.0 |
| Other netted credits due to financial intermediation | 36,600 | 13,037 | 27,212 | 22,148 | 25,753 | 16,873 | 18,387 | 18,659 | 17,084 | 22,914 | 23,161 | 1.1 | 35.6 | 24.1 |
| Corporate bonds and subordinated debt | 724 | 665 | 1,514 | 1,394 | 829 | 675 | 618 | 508 | 430 | 803 | 815 | 1.5 | 89.6 | 60.6 |
| Unquoted trusts | 1,609 | 1,637 | 6,205 | 3,571 | 2,362 | 2,444 | 2,982 | 3,867 | 3,456 | 4,129 | 3,929 | -4.8 | 13.7 | 1.6 |
| Compensation receivable | 0 | 0 | 15,971 | 13,812 | 14,657 | 5,575 | 760 | 374 | 377 | 317 | 324 | 2.3 | -14.0 | -13.4 |
| Other | 34,267 | 10,735 | 3,523 | 3,370 | 7,905 | 8,179 | 14,027 | 13,910 | 12,822 | 17,666 | 18,093 | 2.4 | 41.1 | 30.1 |
| Leasing | 776 | 752 | 553 | 387 | 592 | 1,356 | 2,126 | 3,061 | 3,149 | 3,555 | 3,609 | 1.5 | 14.6 | 17.9 |
| Shares in other companies | 1,651 | 1,703 | 3,123 | 2,791 | 1,892 | 2,416 | 4,042 | 4,455 | 3,762 | 4,321 | 4,491 | 3.9 | 19.4 | 0.8 |
| Fixed assets and miscellaneous | 3,225 | 3,150 | 5,198 | 4,902 | 4,678 | 4,575 | 4,677 | 4,586 | 4,685 | 4,800 | 4,832 | 0.7 | 3.1 | 5.4 |
| Foreign branches | 75 | 112 | -109 | -136 | -53 | -148 | -139 | -151 | -154 | -153 | -159 | 3.8 | 3.6 | 5.6 |
| Other assets | 2,190 | 2,574 | 7,549 | 7,816 | 7,137 | 6,178 | 5,682 | 6,408 | 6,277 | 7,007 | 7,484 | 6.8 | 19.2 | 16.8 |
| **Liabilities** | **107,193** | **70,829** | **103,079** | **101,732** | **113,285** | **112,600** | **131,476** | **146,331** | **152,153** | **168,503** | **173,312** | **2.9** | **13.9** | **18.4** |
| Deposits | 57,833 | 44,863 | 44,445 | 52,625 | 62,685 | 75,668 | 94,095 | 110,462 | 116,719 | 127,767 | 130,957 | 2.5 | 12.2 | 18.6 |
| Public sector[3] | 1,276 | 950 | 1,636 | 3,077 | 6,039 | 6,946 | 7,029 | 8,281 | 7,564 | 10,565 | 10,801 | 2.2 | 42.8 | 30.4 |
| Private sector[3] | 55,917 | 43,270 | 38,289 | 47,097 | 55,384 | 67,859 | 85,714 | 100,814 | 107,671 | 115,420 | 118,407 | 2.6 | 10.0 | 17.5 |
| Current account | 4,960 | 7,158 | 8,905 | 11,588 | 13,966 | 17,946 | 20,604 | 24,765 | 27,132 | 28,392 | 29,842 | 5.1 | 10.0 | 20.5 |
| Savings account | 9,409 | 14,757 | 6,309 | 10,547 | 14,842 | 18,362 | 23,165 | 27,066 | 30,169 | 29,385 | 29,743 | 1.2 | -1.4 | 9.9 |
| Time deposit | 39,030 | 18,012 | 11,083 | 18,710 | 22,729 | 27,736 | 38,043 | 44,427 | 45,770 | 53,163 | 54,222 | 2.0 | 18.5 | 22.0 |
| 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 | 30,280 | 29,323 | 34,341 | 35,559 | 3.5 | 21.3 | 17.4 |
| Interbanking obligations | 2,293 | 1,514 | 836 | 726 | 1,070 | 1,488 | 3,383 | 2,176 | 1,979 | 2,026 | 2,006 | -1.0 | 1.4 | -7.8 |
| BCRA lines | 83 | 1,758 | 16,624 | 17,030 | 17,768 | 10,088 | 3,689 | 662 | 675 | 632 | 634 | 0.4 | -6.0 | -4.2 |
| Outstanding bonds | 4,939 | 3,703 | 9,073 | 6,674 | 7,922 | 6,548 | 6,413 | 7,061 | 6,686 | 5,785 | 5,755 | -0.5 | -13.9 | -18.5 |
| Foreign lines of credit | 5,491 | 4,644 | 15,434 | 9,998 | 5,444 | 2,696 | 2,249 | 1,731 | 1,833 | 2,901 | 3,068 | 5.8 | 67.4 | 77.2 |
| Other | 33,466 | 11,010 | 7,374 | 7,939 | 12,878 | 11,530 | 16,015 | 18,650 | 18,150 | 22,999 | 24,096 | 4.8 | 32.8 | 29.2 |
| Subordinated debts | 1,668 | 1,700 | 3,622 | 1,850 | 1,304 | 1,319 | 1,642 | 1,641 | 1,668 | 1,588 | 1,608 | 1.3 | -3.6 | -2.1 |
| Other liabilities | 1,420 | 1,637 | 5,671 | 4,890 | 4,213 | 3,264 | 3,989 | 3,948 | 4,443 | 4,807 | 5,188 | 7.9 | 16.8 | 31.4 |
| **Net worth** | **12,178** | **11,515** | **15,827** | **14,900** | **14,780** | **17,080** | **20,938** | **23,420** | **23,356** | **25,201** | **25,486** | **1.1** | **9.1** | **8.8** |
| **Memo** | | | | | | | | | | | | | | |
| **Netted assets** | 88,501 | 73,796 | 117,928 | 115,091 | 121,889 | 123,271 | 143,807 | 159,450 | 166,231 | 179,830 | 184,613 | 2.7 | 11.1 | 15.8 |

(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 9 months | | Monthly | | | Last |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *Amount in million of pesos* | **2000** | **2001** | **2002[1]** | **2003** | **2004** | **2005** | **2006** | **2007** | **2007** | **2008** | **Jul-08** | **Aug-08** | **Sep-08** | **12 months** |
| Financial margin | 5,441 | 5,282 | 10,628 | 2,575 | 3,415 | 5,253 | 7,778 | 8,960 | 6,237 | 9,111 | 1,100 | 971 | 1,033 | 11,834 |
| Net interest income | 3,598 | 3,519 | -304 | 107 | 1,214 | 2,069 | 2,826 | 4,191 | 2,870 | 5,400 | 635 | 641 | 661 | 6,721 |
| CER and CVS adjustments | 0 | 0 | 1,476 | 1,082 | 900 | 1,215 | 858 | 662 | 494 | 692 | 54 | 43 | 166 | 861 |
| Foreign exchange price adjustments | 160 | 256 | 6,189 | -312 | 666 | 576 | 740 | 990 | 700 | 1,015 | 129 | 75 | 117 | 1,304 |
| Gains on securities | 1,232 | 962 | 3,464 | 1,892 | 959 | 1,259 | 3,154 | 2,888 | 1,992 | 1,708 | 278 | 188 | -133 | 2,604 |
| Other financial income | 450 | 546 | -197 | -195 | -322 | 134 | 199 | 229 | 181 | 297 | 4 | 24 | 222 | 344 |
| Service income margin | 2,554 | 2,598 | 2,782 | 2,341 | 2,774 | 3,350 | 4,459 | 5,881 | 4,231 | 5,498 | 648 | 636 | 665 | 7,148 |
| Loan loss provisions | -2,173 | -2,464 | -6,923 | -1,461 | -1,036 | -714 | -737 | -1,174 | -818 | -1,247 | -100 | -139 | -188 | -1,603 |
| Operating costs | -5,263 | -5,224 | -6,726 | -5,310 | -5,382 | -6,303 | -7,741 | -9,735 | -6,960 | -9,030 | -1,032 | -1,037 | -1,083 | -11,805 |
| Tax charges | -379 | -418 | -512 | -366 | -393 | -509 | -769 | -1,105 | -775 | -1,183 | -137 | -144 | -147 | -1,513 |
| Income tax | -393 | -216 | -337 | -295 | -202 | -217 | -365 | -380 | -240 | -744 | -98 | -88 | -98 | -884 |
| Adjust. to the valuation of gov. securities[2] | 0 | 0 | 0 | -665 | -51 | -201 | -170 | -100 | -30 | -212 | -32 | -27 | -21 | -281 |
| Amort. payments for court-ordered releases | 0 | 0 | 0 | -791 | -1,147 | -1,168 | -1,182 | -1,466 | -1,140 | -473 | -38 | -40 | -39 | -799 |
| Other | 307 | 615 | -4,164 | 1,178 | 846 | 1,156 | 1,641 | 1,576 | 1,080 | 824 | 49 | 91 | 280 | 1,320 |
| 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** | **1,585** | **2,545** | **360** | **224** | **401** | **3,416** |
| Adjusted results[4] | - | - | - | -1,357 | 252 | 2,016 | 4,267 | 4,023 | 2,756 | 3,229 | 430 | 291 | 461 | 4,496 |
| *Annualized indicators - As % of netted assets* | | | | | | | | | | | | | | |
| Financial margin | 6.2 | 6.4 | 7.6 | 2.3 | 2.9 | 4.3 | 5.9 | 5.8 | 5.5 | 7.0 | 7.5 | 6.6 | 6.8 | 6.9 |
| Net interest income | 4.1 | 4.3 | -0.2 | 0.1 | 1.0 | 1.7 | 2.1 | 2.7 | 2.5 | 4.1 | 4.3 | 4.3 | 4.4 | 3.9 |
| CER and CVS adjustments | 0.0 | 0.0 | 1.1 | 0.9 | 0.8 | 1.0 | 0.6 | 0.4 | 0.4 | 0.5 | 0.4 | 0.3 | 1.1 | 0.5 |
| Foreign exchange price adjustments | 0.2 | 0.3 | 4.4 | -0.3 | 0.6 | 0.5 | 0.6 | 0.6 | 0.6 | 0.8 | 0.9 | 0.5 | 0.8 | 0.8 |
| Gains on securities | 1.4 | 1.2 | 2.5 | 1.7 | 0.8 | 1.0 | 2.4 | 1.9 | 1.8 | 1.3 | 1.9 | 1.3 | -0.9 | 1.5 |
| Other financial income | 0.5 | 0.7 | -0.1 | -0.2 | -0.3 | 0.1 | 0.2 | 0.1 | 0.2 | 0.2 | 0.0 | 0.2 | 1.5 | 0.2 |
| Service income margin | 2.9 | 3.2 | 2.0 | 2.0 | 2.4 | 2.7 | 3.4 | 3.8 | 3.7 | 4.2 | 4.4 | 4.3 | 4.4 | 4.2 |
| Loan loss provisions | -2.5 | -3.0 | -5.0 | -1.3 | -0.9 | -0.6 | -0.6 | -0.8 | -0.7 | -1.0 | -0.7 | -0.9 | -1.2 | -0.9 |
| Operating costs | -6.0 | -6.4 | -4.8 | -4.6 | -4.6 | -5.1 | -5.9 | -6.3 | -6.1 | -6.9 | -7.1 | -7.0 | -7.2 | -6.9 |
| Tax charges | -0.4 | -0.5 | -0.4 | -0.3 | -0.3 | -0.4 | -0.6 | -0.7 | -0.7 | -0.9 | -0.9 | -1.0 | -1.0 | -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 | -0.6 | -0.6 | -0.5 |
| Adjust. to the valuation of gov. securities[2] | 0.0 | 0.0 | 0.0 | -0.6 | 0.0 | -0.2 | -0.1 | -0.1 | 0.0 | -0.2 | -0.2 | -0.2 | -0.1 | -0.2 |
| Amort. payments for court-ordered releases | 0.0 | 0.0 | 0.0 | -0.7 | -1.0 | -1.0 | -0.9 | -0.9 | -1.0 | -0.4 | -0.3 | -0.3 | -0.3 | -0.5 |
| Other | 0.4 | 0.7 | -3.0 | 1.0 | 0.7 | 0.9 | 1.2 | 1.0 | 0.9 | 0.6 | 0.3 | 0.6 | 1.8 | 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** | **1.4** | **2.0** | **2.5** | **1.5** | **2.6** | **2.0** |
| ROA adjusted[4] | 0.1 | 0.2 | -11.3 | -1.2 | 0.2 | 1.6 | 3.2 | 2.6 | 2.4 | 2.5 | 2.9 | 2.0 | 3.0 | 2.6 |
| *ROE[3]* | *0.8* | *1.4* | *-79.0* | *-19.1* | *-8.1* | *4.1* | *15.3* | *10.9* | *9.4* | *15.3* | *19.2* | *11.9* | *21.1* | *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) 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 | Sep 07 | Dec 07 | Aug 08 | Sep 08 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Non-performing loans (overall) | 8.3 | 9.9 | 19.8 | 15.7 | 8.9 | 4.4 | 2.9 | 2.4 | 2.2 | 2.4 | 2.3 |
| **Non-performing loans to the non-financial private sector** | **9.8** | **14.0** | **37.4** | **30.4** | **15.3** | **6.3** | **3.6** | **2.8** | **2.5** | **2.7** | **2.5** |
| Provisions / Non-performing loans | 67.7 | 75.7 | 73.4 | 79.0 | 97.0 | 114.3 | 129.3 | 134.3 | 141.3 | 128.1 | 134.0 |
| (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 | -0.8 |
| (Total non-perfoming - Provisions) / Net worth | 13.4 | 11.4 | 18.6 | 11.2 | 1.3 | -2.2 | -3.0 | -3.1 | -3.6 | -2.8 | -3.2 |

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

Source: BCRA