

Report on Banks

October 2008



BANCO CENTRAL
DE LA REPÚBLICA ARGENTINA

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Year VI, No. 2



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Note | Information for October 2008 available by November 24, 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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Summary

- The local financial system was able to weather a temporary drop in deposits during October that was unrelated to any change in bank fundamentals, at the same time as it recorded sound levels of liquidity, capital adequacy and business performance. **In a context of marked volatility on domestic and international financial markets, the system continued to increase its lending to households and families during the month, although at a more moderate rate, while credit risk remained within bounds.** In this scenario, this Institution continues to build up tools to consolidate bank liquidity levels and ensure the normal development of financial intermediation.
- **Total deposits in the financial system fell by \$2.4 billion (-1%) in October, mainly as a result of private sector deposits in pesos performance.** This drop in deposit took place mainly in sight accounts, with a lesser reduction in time deposits, and caused a rise in deposit rates. In November there has been a recovery in deposits, mainly from an increase in private sector deposits.
- **Liquidity indicators have remained relatively stable during October, in a level higher than those seen in previous years.** The bank liquidity indicator stood at 25.5% of total deposits, 4.4 p.p. more than in the same period of 2007.
- **Private sector stock balance credits recorded an increase of \$3.05 billion (2.3% or 28% y.o.y.) in October,** with a slowing in their rate of growth across all lines. The increase in total private sector lending was driven mainly by public banks, where it has shown greater relative dynamism over the course of 2008. **Loans in pesos to the private sector went up \$1.45 billion (1.3%) for the month,** with notable dynamism in the case of credit card and pledge-backed loans, while there was a drop in overdrafts. As a result, **lending to the private sector amounted to 40.1% of total bank assets during the month** (3.7 p.p. more than 12 months earlier), **more than three times the exposure to the public sector,** which stood at 13.1% in October (3.2 p.p. less than in the same month of 2007).
- **Private sector non-performance ratio stood at a record low of 2.8% of the portfolio, showing a drop of 0.4 p.p. in 2008 to date.** This reduction has been led by the corporate sector. Household loan non-performance stabilized at around 4.1% in the last quarter.
- **Financial entity solvency continued to improve at the beginning of the last quarter of the year.** In October financial system net worth went up \$450 million (1.1% or 12.9% y.o.y.), mainly driven by book profits. **Capital compliance totaled 17.1% of risk-weighted assets in October,** 0.1 p.p. and 0.2 p.p. higher than in the previous month and at the end of 2007, **levels that exceed minimum standards recommended internationally as well as those required locally.** Excess capital compliance stood at 92% of the total requirement in October (3 p.p. more than in the previous month), with surpluses being recorded for all financial entity sub-groups.
- **Book profits amounted to \$610 million or a ROA of 2.3%a. in October,** 0.7 p.p. of assets more than in September, **mainly as a result of higher accrued earnings from exchange rate price adjustments and service income margin increase,** movements partly offset by the drop in gain on securities derived from holding and trading. As a result, in the first 10 months of 2008 banks accrued profits for \$4.1 billion or a ROA of 1.6%a., 0.2 p.p. of assets more than in the same period of 2007.

Activity

Lending to companies and households is more than three times the exposure to the public sector

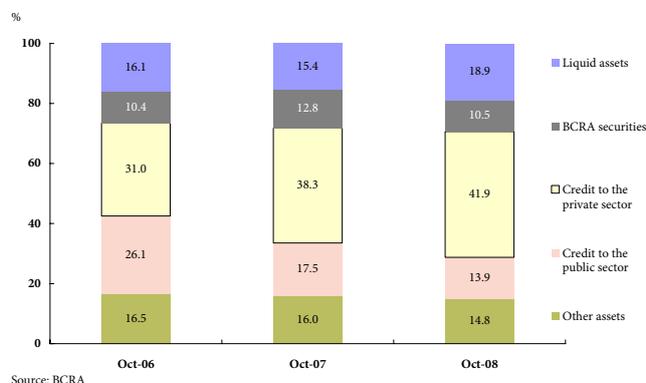
Despite having to face a context of marked volatility on local and international financial markets, lending to the private sector continued to increase during October. As a result of this growth, household and company financing reached 40.1% of total bank assets during the month (41.9% of netted assets), an increase of 3.7 p.p. over the last 12 months and more than three times the exposure to the public sector, which stood at 13.1% in October (13.9% of netted assets), 3.2 p.p. less than in the same month of last year (see Chart 1). These developments have taken place together with improvements in liquidity and solvency indicators for the financial system compared with one year earlier, providing guarantees to face a scenario in the next few months that is expected to be volatile.

On the specific matter of the estimated flow of funds for the financial system as a whole during October¹, **higher public sector deposits** (up \$2.65 billion) and **falls in liquid assets** (down \$2.55 billion) and in **Lebac and Nobac position** (\$2.0 billion), **provided the main sources of funds**. The main uses of resources during the month were the drop in private sector deposits (\$4.6 billion) and the increase in lending² to households and companies (\$3.25 billion)³.

The behavior of private sector deposits during October was affected by a limited imbalance in the demand for money during the financial turbulence that bore no relation to the development of financial system fundamentals. **Bank netted assets recorded a slight drop for the month of 0.2%**, mainly driven by private banks, as the netted assets of official financial entities recorded an increase. Nevertheless, in the first 10 months of 2008, financial system netted assets recorded an increase of 17.2%a., 2.9 p.p. higher than the level for the corresponding period of last year.

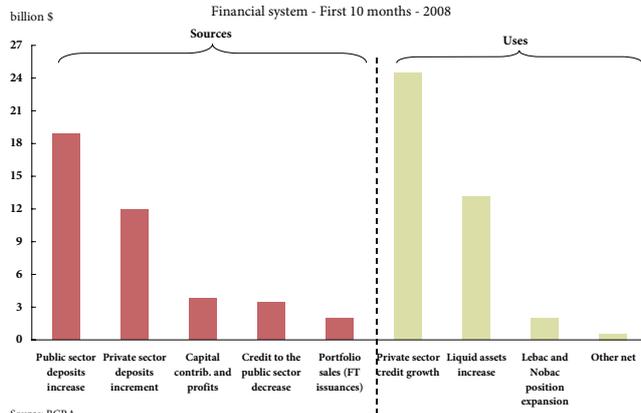
It should be noted that during the first 10 months of 2008, banks succeeded in maintaining financial intermediation growth while consolidating liquidity levels (see Chart 2). Increased deposits from both the

Chart 1
Netted Assets Composition
Financial system



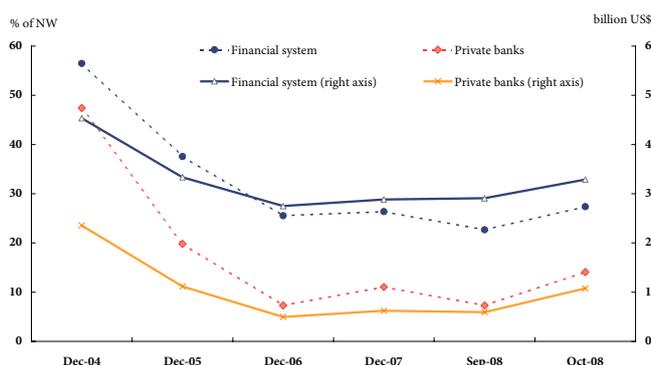
Source: BCRA

Chart 2
Estimation of Main Sources and Uses of Funds
Financial system - First 10 months - 2008



Source: BCRA

Chart 3
Currency Mismatch
Assets in US\$ - Liabilities in US\$



Source: BCRA

¹ No adjustments are made for changes in the peso-dollar exchange rate.

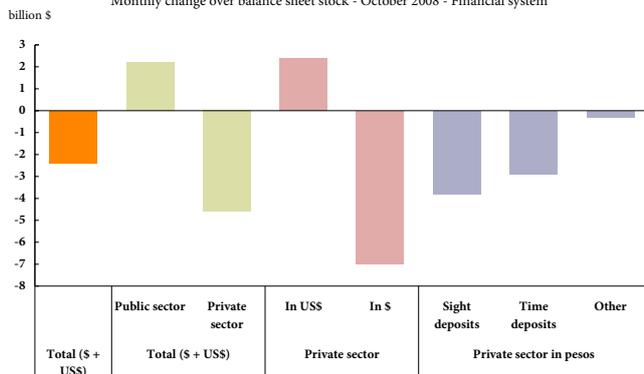
² Total is adjusted for financial trust issuances during the month.

³ If financial system flow of funds during October excludes the impact of the change in the exchange rate, sources of funds because of the reduction in liquid assets are estimated to have totaled \$4.0 billion, with \$2.35 billion being provided by the increase in public sector deposits, while in terms of funds uses, the flow from the drop in private sector deposits is estimated at \$6.6 billion, with the increase in lending to the private sector accounting for \$1.6 billion.

Chart 4

Total Deposits Evolution

Monthly change over balance sheet stock - October 2008 - Financial system

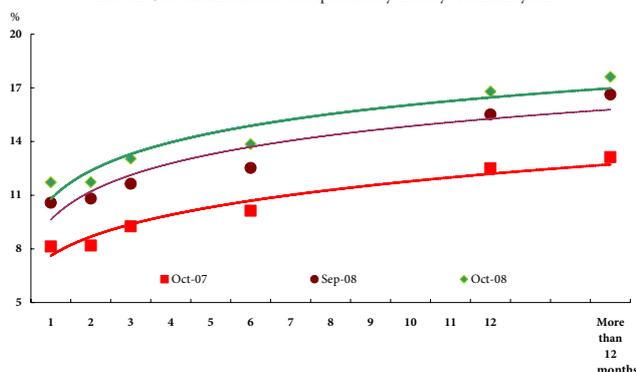


Source: BCRA

Chart 5

Private Sector Time Deposits in Pesos

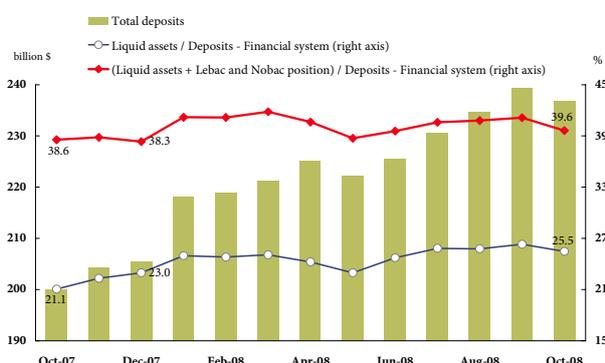
Less than \$100 thousand interest rate operations by maturity - Financial system



Source: BCRA

Chart 6

Deposits and Liquidity



Source: BCRA

public and private sectors have been the main source of financial entity funding in the year to date. These resources were mainly allocated to expand lending to companies and households, and to strengthen bank liquid resources.

Financial system registered a slight increase in foreign currency balance sheet mismatching, although it remains below the levels seen four years earlier. Bank assets in foreign currency rose US\$190 million in October, mainly driven by an increase in liquid assets, offset by a reduction in certain term transactions. Foreign currency liabilities dropped US\$190 million during the month, reflecting the impact of the redemption of corporate bonds by some financial entities, and the settlement of foreign credit lines and other financial liabilities, partly offset by an increase in private sector deposits. As a result, **financial system foreign currency mismatching in terms of net worth posted a slight rise in October to 27.4%, although it remains below the levels of four years earlier (-29 p.p.)** (see Chart 3).

Deposits and liquidity

Adequate liquidity levels have been maintained, despite the temporary fall in deposits during October

In October, total financial system deposits posted a temporary drop, explained by the performance of deposits in pesos from the private sector unrelated to the state of the fundamental variables of the financial system, a situation similar to that experienced the previous May. Total deposits⁴ fell \$2.4 billion in the month (-1% or 18.4% y.o.y.), mainly from a reduction of \$4.6 billion (-2.7% or 13.9% y.o.y.) in private sector deposits, in part offset by a rise of \$2.65 billion (4.1% or 31.9% y.o.y.) in public sector deposits.

In the particular case of private sector deposits, the monthly drop in balance sheet stocks was due to a decline in peso deposits (-\$7.0 billion), and was partly compensated for by an increase in foreign currency deposits (\$2.4 billion). The higher deposits in dollars has registered the effect of the rise for the month in the nominal peso-dollar exchange rate, growth for the month recorded in the currency of origin having been US\$140 million.

⁴ Including deposits from the private sector, public sector, interbank transfers, accrued interest and CER adjustments.

Chart 7

Liquidity by Group of Banks
Liquid assets / Total deposits - Financial system

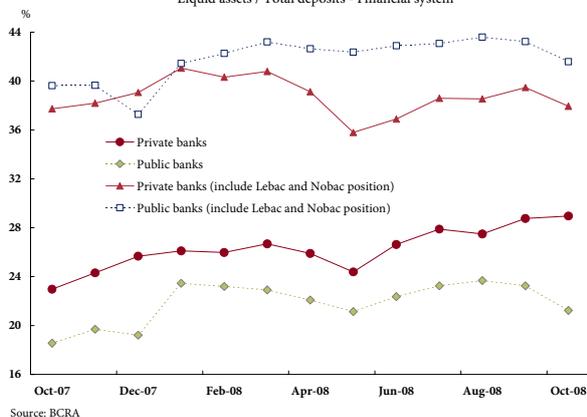


Chart 8

Call Market
Operation in pesos

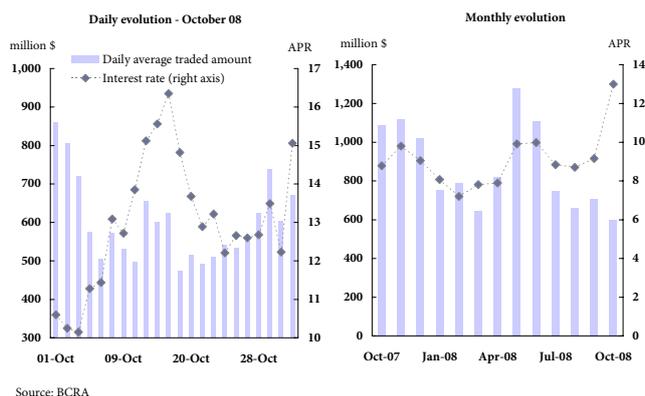
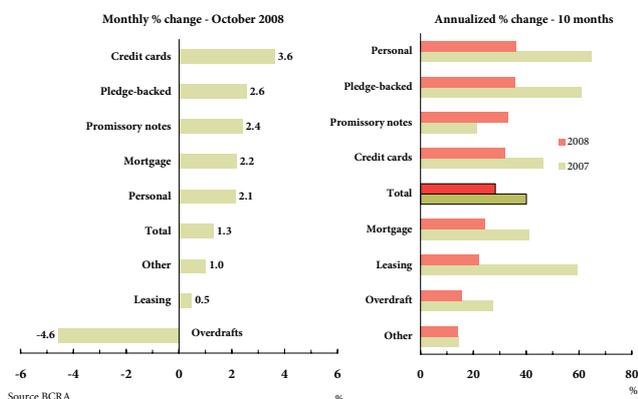


Chart 9

Credit to the Private Sector in Pesos by Type of Line



The decline in private sector deposits in pesos during the month mainly took place in sight deposits, and to a lesser extent in time deposits (see Chart 4), both in the retail and wholesale segments. The drop for the month in private sector deposits was behind the increase that took place in deposit rates. This hike was higher for larger deposit amounts, and in the case of retail deposits, there was a rise across all term segments (see Chart 5).

It should be noted that in November total deposits picked up again (according to SisCen data, they rose by \$2.1 billion between the beginning and the end of the month), mainly as a result of improvements in both sight and time deposits of the private sector in pesos.

In a scenario of growing financial turbulence, banks experienced a fall in their liquidity indicators during October, although they remained above the levels recorded 12 months earlier. Liquid financial system assets⁵ dropped \$2.55 billion during the month, basically because of the reduction in the net position for repos with the BCRA (-\$6.6 billion)⁶, offset by a rise in the stocks of current accounts held by banks at the BCRA and in the amount of cash held by financial entities (\$4.05 billion in total), within the framework of the two-month (October-November) period established for compliance with minimum cash requirements in pesos.

As a result, the financial system liquidity indicator reached 25.5% of total deposits, 4.4 p.p. more than in the same period of 2007 (see Chart 6). Bearing in mind the drop of \$2.0 billion in Lebac and Nobac position, the broad bank liquidity index (which includes that position) fell 1.5 p.p. in the month to 39.6% of total deposits, although it remains 1.1 p.p. higher than 12 months earlier.

Private banks recorded an increase in their liquidity indicator in October, while in the case of official entities this indicator declined (see Chart 7), although in the case of both groups levels are higher in year-on-year terms. These two groups of financial entities also recorded a monthly reduction in their broad liquidity indicators.

Interbank loan market also felt the impact of increased financial turbulence. Call market interest rates rose 3.8 p.p. in October, to an average of 13% (see Chart 8), with a slight decline in the average traded volume for this market. In total, 33 entities were net offerors during October on the call market, a smaller

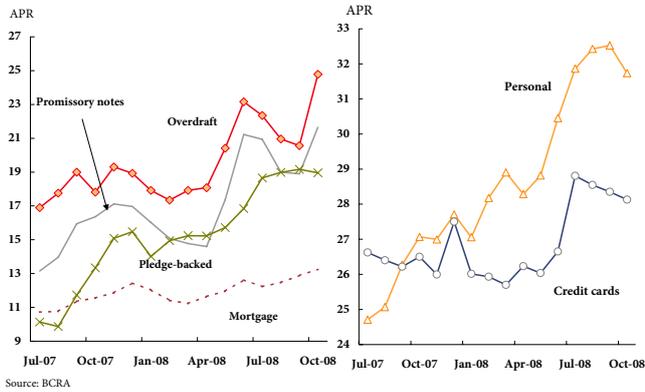
⁵ See Glossary.

⁶ Much of this drop in positions in repos with the BCRA was reversed in the early days of November.

Chart 10

Lending Interest Rates

Credit to the private sector - Financial system



Source: BCRA

number than in previous months. Public banks and national private banks stood out among the leading funds offerors, while the greatest demand came from foreign controlled private banks. During October, **the BCRA modified its interest rate table for swap transactions**, increasing all its fixed interest rate modalities by 0.75 p.p..

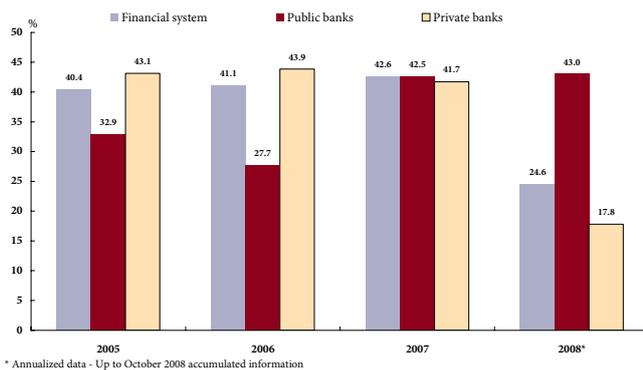
During this period of sustained financial upheaval, **the BCRA has continued to generate instruments to reinforce bank liquidity levels and thus avoid excessively cautious behavior by financial entities** (for greater detail, see the Report on Banks for September 2008). These have included mechanisms such as the automatic repurchase of Lebac and Nobac, tendering of BCRA bill and note put options and the recently-implemented pre-classification of assets for the requesting of liquidity assistance from the BCRA. These measures were added to the decision to set a two-month term (October-November) for compliance with minimum cash requirements in pesos, a reduction in foreign currency liquidity requirements, and the adaptation of requirements to be able to gain access to BCRA liquidity assistance.

Financing

Lending to the private sector has increased, although there has been a widespread deceleration across all credit lines

Chart 11

Credit to the Private Sector by Group of Banks



* Annualized data - Up to October 2008 accumulated information
Note: Financial system data include NBFE
Source: BCRA

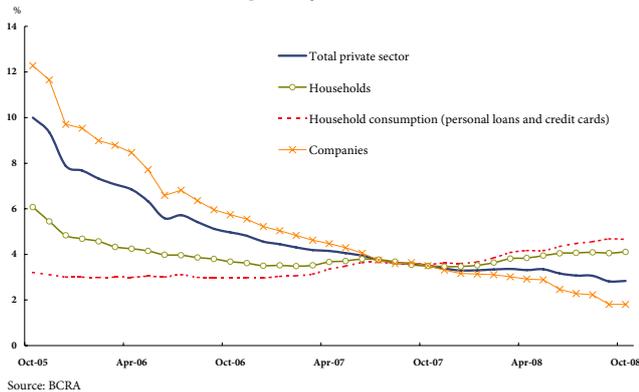
Private sector total stock balance credits (both peso and foreign currency nominated) **rose by 2.3% in October**, and by almost 2.5% if the stock is adjusted by the issuance of financial trusts during the month⁷. This growth in lending has in part reflected the impact of the increase that took place in the nominal peso-dollar exchange rate during the month. As a result of this increase for the month, **in October total financing to the private sector recorded an increase of 28% y.o.y., 12 p.p. below the rate of increase posted one year earlier.**

Loans in pesos to the private sector went up \$1.45 billion (1.3%) in October, with notable dynamism in the case of lending by means of credit cards (up 3.6%) and pledge-backed loans (up 2.6%) (see Chart 9). The increase in personal loan totals (2.1%) was influenced by the issuances of financial trusts during the month (if the

⁷ In October three financial trusts were issued with bank loans as their underlying assets, for a total of \$215 million, of which \$180 million corresponded to the securitization of personal loans.

Chart 12

Non-Performing Credit to the Private Sector
Non-performing loans / Total loans (%)



Source: BCRA

stock was adjusted by such issues, growth would total 2.8%), while overdrafts dropped during the month. Over the course of the year the rate of growth by loans in pesos to the private sector has slowed, showing a rise of 24%a., 16 p.p. lower than in the same period of 2007, a development that has been widespread across all credit lines.

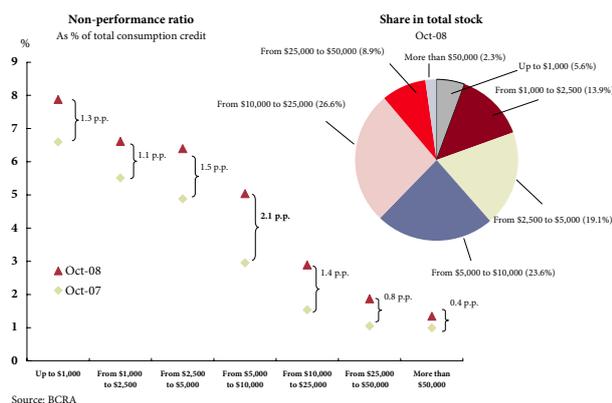
It should be noted that the increase in peso lending to the private sector during October took place in the context of an uneven development by interest rates. Lending interest rates for commercial loans (overdrafts and promissory notes) rose in October, while interest rates on credit card and personal loan lines showed a slight drop (see Chart 10).

Foreign currency loans went up \$1.6 billion (7.7%) in October, reflecting the effects of the increase in nominal peso-dollar exchange rate on book stock loans. Measured in their original currency, these loans posted a slight monthly drop (0.3% or US\$20 million), despite the increase seen in export financing.

In October the rise in total lending to the private sector was mainly driven by public banks, which posted an increase of \$2.2 billion (6.5%). Consequently, it can be seen that **different bank group lending has performed more unevenly in 2008 than in previous years** (see Chart 11), with public banks showing greater dynamism.

Chart 13

Household Consumption Credit
Personal loans and credit cards



Source: BCRA

Portfolio quality

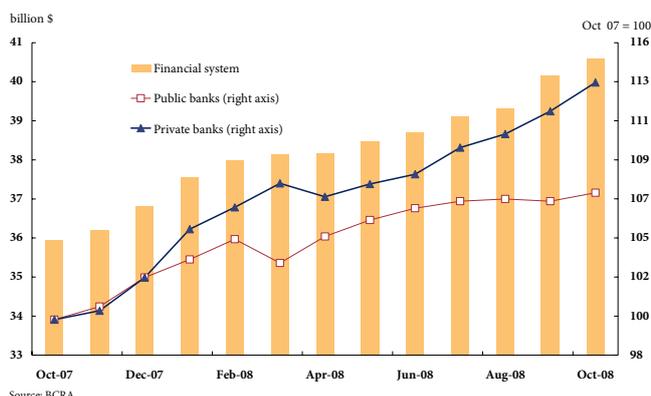
Household lending non-performance ratio remain steady

Growth in lending to the private sector continues to take place in a context of limited credit risk. This is reflected in the fact that non-performance stood at 2.8% of loans to the private sector in October, showing a drop of 0.4 p.p. over the course of 2008. As a result, **non-performance in the case of lending to the private sector has reached a historical low.**

According to October figures, the improvement in the performance of the loan portfolio continues to be driven by lending to companies⁸ (see Chart 12). The corporate sector achieved a delinquency rate of 1.8%, a reduction of 1.4 p.p. over the course of 2008.

⁸ 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 14
Net Worth Evolution

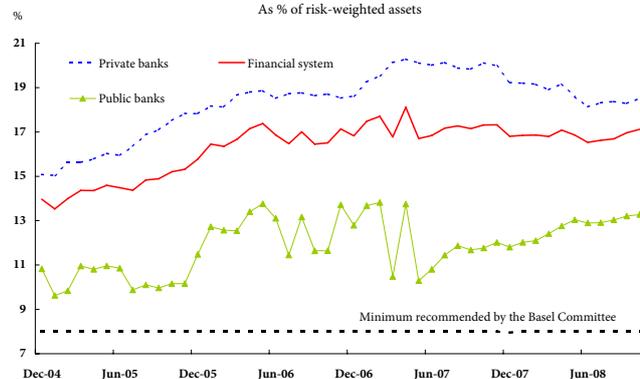


Source: BCRA

The non-performance ratio for loans to households steadied at 4.1% in the last 4 months. This has been caused by a slowing in the growth rate for non-performing loans, a movement that amply exceeded the reduction in the rhythm of expansion for total lending to households. Nevertheless, the quality of household lending has seen a year-on-year deterioration of 0.6 p.p., mainly explained by the behavior of consumer credit, lines that have posted an increase in their delinquency of 1.2 p.p. in the last 12 months (to 4.7%).

Those consumer loans with a relatively smaller residual stock range show the highest non-performance rates. Nevertheless, in the last 12 months it can be seen that the largest increase in delinquency has taken place in the intermediate residual stock segment (see Chart 13). In particular, loans for between \$5,000 and \$10,000 (representing 23.5% of the total) have recorded a non-performance ratio 2.1 p.p. higher than that posted one year earlier, reaching a level of 5%.

Chart 15
Capital Compliance According to Regulation
As % of risk-weighted assets



Source: BCRA

In another indication of the sound financial situation of banks in the face of the risk of lending to the private sector, **the level of coverage by provisions of total non-performing loans increased by 4 p.p. over the course of 2008, until reaching a level of 134% in October.** This provides the financial system with balance sheet protection in the event of any future increase in non-performance. As a result, the indicator for non-performing loans not covered by provisions in terms of net worth remains in negative figures for the financial system, with similar levels among the various bank groups.

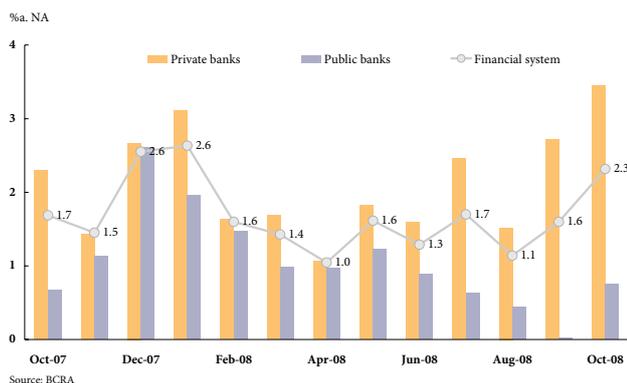
Solvency

Profits recorded continue to improve financial system solvency

Banks continued to strengthen their solvency levels in October, in a similar trend to that observed in recent quarters. On the basis of book profits, bank net worth rose \$450 million (1.1%) in October, accumulating growth of \$4.65 billion (12.9%) in the last 12 months (see Chart 14). Performance for the month was led by private sector financial entities, which increased their net worth by \$370 million (1.5% or 13.4% y.o.y.), with the official banking sector posting an increase of \$60 million, (0.4% or 7.1% y.o.y.).⁹

⁹ The rest corresponds to non-bank financial entities.

Chart 16
Financial System Profitability
As % of netted assets

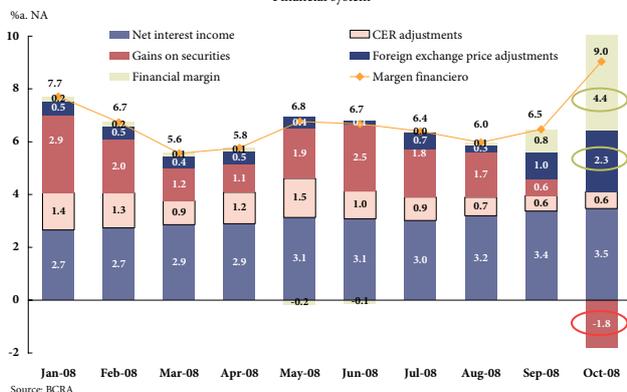


Although no new capital contributions were received in October, **during 2008 financial system capital injections have totaled almost \$800 million**, mainly benefiting non-bank financial entities. In the post-crisis period as from 2002, banks have received new capital injections for almost \$17.7 billion, a trend encouraged by the incentives introduced by the BCRA and the good business prospects for the sector, a situation that has made it possible for banks to count on adequate solvency levels when confronting increased financial volatility.

Financial system capital compliance stood at 17.1% of risk-weighted assets in October, 0.1 p.p. above the level observed in the previous month and 0.2 p.p. more than at the end of 2007 (see Chart 15), remaining above minimum levels recommended internationally as well as those demanded locally. Excess capital compliance in terms of capital requirements also grew during the month (3 p.p.) to a level of 92%, **a surplus being recorded by all financial entity sub-groups.**

Book profits recorded in October drove the increase in net worth for the sector. During the month the **financial system accrued profits for \$610 million**, equivalent to an **ROA of 2.3%a.**, 0.7 p.p. more than the September figure (see Chart 16). **Private and public banks posted positive results** for 3.5%a. and 0.8%a. of assets at the start of the last quarter of 2008. This performance was widespread, with 67 entities recording profits (out of a total of 85), representing 83% of total assets. As a result, in the year to date, the financial system has accumulated gains of \$4.1 billion (1.6%a. of assets and 14%a. of net worth), almost 40% more than in the same period of 2007.

Chart 17
Financial Margin
Financial system

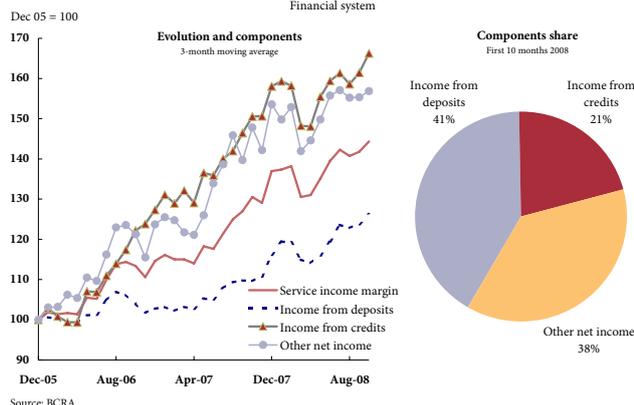


Bank financial margin recorded significant growth in October (2.5 p.p.), reaching a maximum for recent years of 9%a. of assets (see Chart 17). This increase in financial margin **has mainly been a result of the increase in the nominal peso-dollar exchange rate between month-ends**, with an impact on results from foreign exchange price adjustments, which rose 1.3 p.p. to 2.3%a. (because of the active foreign currency balance sheet position for the financial system) and other financial results, which have risen 3.6 p.p. to 4.4%a. This latter movement is partly explained by the effect of changes to the exchange parity on open term transactions in foreign currency held by financial entities (and particularly by private banks). These effects could be less significant in November, given the

reduction in nominal exchange rate fluctuations. In 2008 to date, financial margin excluding the effect of variations in the foreign exchange price adjustments in terms of the restatement of balance sheet totals denominated in foreign currency (with elimination of exchange rate differences) shows growth of 0.9 p.p. compared with the same period of 2007.

Chart 18

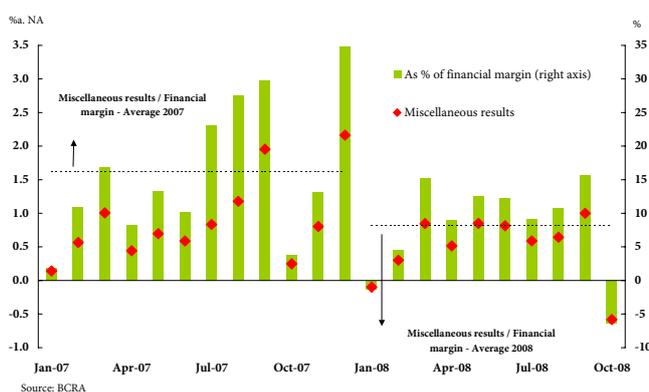
Service Income Margin
Financial system



The more stable sources of revenue for financial entities (net interest income and service income margin) continued to gain strength as the main source of revenue resources for the sector. Net interest income rose by 0.1 p.p. of assets in October to 3.5%, reaching an all-time high for recent years. Service income margin went up by 0.3 p.p. of assets during the month to 3.9%. Over the first 10 months of 2008 service income margin has amounted to 3.5% of assets, 0.4 p.p. more than in the same period of last year, benefiting in particular from lending activity income (see Chart 18). As a result, **those more stable sources of bank revenue have succeeded in rising above operating costs (108%),** a trend that has been growing in recent periods.

Chart 19

Miscellaneous Results
Monthly evolution



Gains on securities was significantly affected by the persistent financial volatility on local and foreign markets. In October, this bank income statement heading showed a loss (-1.8% of assets), reflecting the widespread fall in the prices of the leading securities held in bank portfolios. Despite this deterioration for the month, over the course of 2008 banks still record gains for 1.4% of assets under this heading. Furthermore, it should be borne in mind that **at the end of October the BCRA broadened the scope of valuation options for securities held in bank investment accounts¹⁰, providing an additional tool to minimize the effect of short-term volatility on traditional lending to companies and households.**

Within a context of historically low levels of delinquency, loan loss charges fell 0.1 p.p. of assets to 0.9%. In the case of loans to the private sector, such charges totaled 2.4%, an amount 0.2 p.p. below the total for the previous month. Operating costs rose slightly to 6.3% in October, 0.2 p.p. above the figure for the year to date.

Miscellaneous results dropped by 1.7 p.p. of assets in the month (to -0.6%), mainly because of certain extraordinary income items with a temporary impact in

¹⁰ Communication "A" 4861.

the previous month, and the setting up of greater loan loss provisions in October. Headings in relation to the effects of the recent crisis (amortization of court-ordered payment releases and adjustments to the valuation of public sector assets) recorded a slight decline in October. Overall, these items have fallen by 0.3 p.p. of assets to 0.8%a. (see Chart 19).

On the basis of the information available at the time of publication of this Report, **it is estimated that in November the financial system will have continued to strengthen its solvency on the basis of the profits recorded**, although such profits will probably be lower. Some slowing in financial intermediation is expected, following a lower rate of credit growth, with deposits growing gradually once again. Net interest income are not expected to record any major change. Net gains on securities will continue to reflect the impact of the current international scenario, although this will be moderated by the broadening of valuation adjustment alternatives introduced by the BCRA. Loan loss charges will remain low, a reflection the stability that exists in non-performance levels, while operating costs will probably continue to display a certain upward tendency.

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” 4851 – 16/10/08**

Minimum cash requirements on foreign currency held by banks have been lowered as from November 2008. Requirements on Mutual Investment Funds have also been lowered. In addition, the uses of lending capacity from foreign currency deposits have been increased.

- **Communication “A” 4852 – 16/10/08**

With a frequency in accordance with market conditions and the needs of local financial entities, the BCRA has decided to offer put options on BCRA securities falling due within the next six (6) months, so as to ensure the liquidity of underlying securities and mitigate the effects of international market turmoil.

- **Communication “A” 4853 – 16/10/08**

Financial entities shall only be allowed to sell Government securities that they have held in portfolio for a minimum of three days prior to the entering into of the corresponding trades. As from November 26, 2008, this restriction is waived in the case of transactions entered into with the BCRA, as per Communication “A” 4878.

- **Communication “A” 4854 – 20/10/08**

Regulations on operational risk management have been relaxed to allow the Operational Risk Unit to report for functional purposes to the General Management (or equivalent authority).

- **Communication “A” 4857 – 28/10/08**

For financial entities not qualifying as electronic open market (MAE) traders, the BCRA will enable telephone repo trading with this Institution and at established rates for the terms made available.

- **Communication “A” 4858 – 29/10/08**

A temporary regulation has been introduced covering the October/November 2008 period, allowing the calculation of the requirement and compliance with minimum cash requirements to be determined on a two-monthly basis.

- **Communication “A” 4859 – 30/10/08**

Conditions for the granting of financial assistance for liquidity purposes laid down in the BCRA Charter have been modified. Consideration will now be given to the reduction in sources of financing calculated on an aggregate basis, taking into account deposits, long-term investments, net interbank loan borrowing positions, foreign lines of credit and corporate bonds. The term for settlement has been extended from 90 to 180 days.

- **Communication “A” 4861 – 30/10/08**

As from October 31, 2008 financial entities will be allowed to totally or partially transfer federal government securities and BCRA monetary regulation instruments contained in the volatilities listing published by the BCRA to “Investment Accounts” and/or “Special Investment Accounts.”

- **Communication “A” 4862 – 30/10/08**

Shortfalls in minimum cash compliance in pesos and in securities and monetary regulation instruments in pesos, as well as in compliance in foreign currency, will have a charge equivalent to twice the private bank BADLAR rate for deposits in pesos.

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	Oct 2007	2007	Sep 2008	Oct 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	21.1	23.0	26.3	25.5
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	16.3	16.1	13.0	13.1
3.- Credit to the private sector	50.8	47.7	48.4	44.9	39.9	42.7	20.8	18.1	19.6	25.8	31.0	36.4	38.2	38.5	40.1
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	3.4	3.2	2.8	2.8
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	-3.5	-3.0	-3.1	-3.2
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	11.0	13.3	14.0
8.- Efficiency	142	136	138	142	147	143	189	69	125	151	167	161	160	164	168
9.- Capital compliance	23.8	20.8	20.3	21.0	20.1	21.4	-	14.5	14.0	15.3	16.8	17.3	16.9	17.0	17.1
10.- Excess capital compliance	64	73	49	54	58	54	-	116	185	173	134	101	93	89	92

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	Oct 07	Dec 07	Sep 08	Oct 08	Change (in %)			
												Last month	2008	Last 12 months	
Assets	163,550	123,743	187,532	186,873	212,562	221,962	258,384	293,875	297,963	347,072	340,796	-1.8	14.4	16.0	
Liquid assets ¹	20,278	13,005	17,138	27,575	29,154	20,819	37,991	39,214	46,320	52,647	56,687	7.7	22.4	44.6	
Public bonds	10,474	3,694	31,418	45,062	55,382	66,733	64,592	69,938	62,678	72,790	62,493	-14.1	-0.3	-10.6	
Lebac/Nobac	-	-	-	-	17,755	28,340	29,289	42,386	36,022	49,212	40,554	-17.6	12.6	-4.3	
Portfolio	-	-	-	-	11,803	21,067	25,725	34,672	31,598	35,511	33,532	-5.6	6.1	-3.3	
Repo ²	-	-	-	-	5,953	7,273	3,563	7,714	4,424	13,701	7,022	-48.7	58.7	-9.0	
Private bonds	633	543	332	198	387	389	813	406	382	201	202	0.6	-47.2	-50.2	
Loans	83,277	77,351	84,792	68,042	73,617	84,171	103,668	125,223	132,157	152,513	154,935	1.6	17.2	23.7	
Public sector	15,164	22,694	44,337	33,228	30,866	25,836	20,874	16,712	16,772	17,325	17,069	-1.5	1.8	2.1	
Private sector	64,646	52,039	38,470	33,398	41,054	55,885	77,832	103,502	110,355	129,400	132,517	2.4	20.1	28.0	
Financial sector	3,649	2,617	1,985	1,417	1,697	2,450	4,962	5,009	5,030	5,788	5,349	-7.6	6.3	6.8	
Provisions over loans	-6,907	-6,987	-11,952	-9,374	-7,500	-4,930	-3,728	-3,934	-4,089	-4,280	-4,385	2.5	7.3	11.5	
Other netted credits due to financial intermediation	42,361	21,485	39,089	27,030	32,554	26,721	26,039	32,607	29,712	40,573	36,733	-9.5	23.6	12.7	
Corporate bonds and subordinated debt	794	751	1,708	1,569	1,018	873	773	675	606	1,024	1,015	-0.9	67.6	50.4	
Unquoted trusts	2,053	2,065	6,698	4,133	3,145	3,883	4,881	5,330	5,023	5,697	5,734	0.6	14.2	7.6	
Compensation receivable	0	0	17,111	14,937	15,467	5,841	763	375	377	324	349	7.6	-7.5	-7.1	
Other	39,514	18,669	13,572	6,392	12,924	16,124	19,622	26,226	23,706	33,528	29,635	-11.6	25.0	13.0	
Leasing	786	771	567	397	611	1,384	2,262	3,330	3,469	4,072	4,101	0.7	18.2	23.2	
Shares in other companies	2,645	2,688	4,653	4,591	3,871	4,532	6,392	6,143	6,430	7,189	7,184	-0.1	11.7	16.9	
Fixed assets and miscellaneous	4,939	4,804	8,636	8,164	7,782	7,546	7,619	7,573	7,643	7,787	7,830	0.5	2.4	3.4	
Foreign branches	1,115	1,057	3,522	3,144	3,524	3,647	2,782	2,904	2,912	2,916	3,066	5.1	5.3	5.6	
Other assets	3,950	5,334	9,338	12,043	13,180	10,950	9,953	10,471	10,347	10,663	11,951	12.1	15.5	14.1	
Liabilities	146,267	107,261	161,446	164,923	188,683	195,044	225,369	257,924	261,143	306,915	300,201	-2.2	15.0	16.4	
Deposits	86,506	66,458	75,001	94,635	116,655	136,492	170,898	200,039	205,550	239,295	236,873	-1.0	15.2	18.4	
Public sector ³	7,204	950	8,381	16,040	31,649	34,019	45,410	51,005	48,340	64,624	67,259	4.1	39.1	31.9	
Private sector ³	78,397	43,270	59,698	74,951	83,000	100,809	123,431	146,636	155,048	171,589	166,979	-2.7	7.7	13.9	
Current account	6,438	7,158	11,462	15,071	18,219	23,487	26,900	34,153	35,245	39,804	37,177	-6.6	5.5	8.9	
Savings account	13,008	14,757	10,523	16,809	23,866	29,078	36,442	43,277	47,109	47,118	46,813	-0.6	-0.6	8.2	
Time deposit	53,915	18,012	19,080	33,285	34,944	42,822	54,338	62,072	65,952	77,779	76,387	-1.8	15.8	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	48,647	46,225	57,182	52,058	-9.0	12.6	7.0	
Interbanking obligations	3,545	2,550	1,649	1,317	1,461	2,164	4,578	4,379	4,310	5,002	4,534	-9.4	5.2	3.5	
BCRA lines	102	4,470	27,837	27,491	27,726	17,005	7,686	2,422	2,362	1,978	1,948	-1.5	-17.5	-19.6	
Outstanding bonds	4,954	3,777	9,096	6,675	7,922	6,548	6,603	7,067	6,938	6,098	6,138	0.7	-11.5	-13.1	
Foreign lines of credit	8,813	7,927	25,199	15,196	8,884	4,684	4,240	3,827	3,864	5,112	5,152	0.8	33.3	34.6	
Other	37,883	17,295	11,955	11,012	18,934	21,671	22,930	30,952	28,752	38,992	34,286	-12.1	19.2	10.8	
Subordinated debts	2,255	2,260	3,712	2,028	1,415	1,381	1,642	1,655	1,672	1,612	1,723	6.9	3.1	4.1	
Other liabilities	2,210	2,524	6,997	6,569	5,685	5,099	6,792	7,583	7,695	8,827	9,548	8.2	24.1	25.9	
Net worth	17,283	16,483	26,086	21,950	23,879	26,918	33,014	35,951	36,819	40,156	40,595	1.1	10.3	12.9	
Memo															
Netted assets	129,815	110,275	185,356	184,371	202,447	208,275	244,791	273,756	280,336	320,794	320,039	-0.2	14.2	16.9	
Consolidated netted assets	125,093	106,576	181,253	181,077	198,462	203,286	235,845	265,195	271,652	311,021	310,605	-0.1	14.3	17.1	

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

Source: BCRA

Statistics Annex | Financial System (cont.)

Chart 3 | Profitability Structure

Amount in million of pesos	Annual								First 10 months		Monthly			Last
	2000	2001	2002 ¹	2003	2004	2005	2006	2007	2007	2008	Aug-08	Sep-08	Oct-08	12 months
Financial margin	7,291	6,943	13,991	1,965	6,075	9,475	13,262	15,134	12,262	16,930	1,544	1,708	2,377	19,802
Net interest income	5,106	4,625	-3,624	-943	1,753	3,069	4,150	5,744	4,596	7,685	826	891	912	8,833
CER and CVS adjustments	0	0	8,298	2,315	1,944	3,051	3,012	2,624	2,163	2,545	181	155	168	3,007
Foreign exchange price adjustments	185	268	5,977	-890	866	751	944	1,357	1,133	1,753	71	276	618	1,977
Gains on securities	1,481	1,490	3,639	1,962	1,887	2,371	4,923	5,144	4,193	3,469	440	162	-473	4,420
Other financial income	519	559	-299	-480	-375	233	235	264	177	1,477	26	224	1,153	1,565
Service income margin	3,582	3,604	4,011	3,415	3,904	4,781	6,243	8,248	6,685	8,823	896	943	1,014	10,386
Loan loss provisions	-3,056	-3,096	-10,007	-2,089	-1,511	-1,173	-1,198	-1,894	-1,486	-2,129	-196	-264	-244	-2,537
Operating costs	-7,375	-7,362	-9,520	-7,760	-7,998	-9,437	-11,655	-14,634	-11,803	-15,330	-1,572	-1,633	-1,670	-18,161
Tax charges	-528	-571	-691	-473	-584	-737	-1,090	-1,537	-1,241	-1,865	-194	-203	-273	-2,160
Income tax	-446	-262	-509	-305	-275	-581	-595	-1,032	-907	-1,280	-95	-121	-245	-1,405
Adjust. to the valuation of gov. securities ²	0	0	0	-701	-320	-410	-752	-837	-592	-1,489	-196	-229	-129	-1,734
Amort. payments for court-ordered releases	0	0	0	-1,124	-1,686	-1,867	-2,573	-1,922	-1,633	-785	-58	-61	-68	-1,074
Other	535	702	-3,880	1,738	1,497	1,729	2,664	2,380	1,688	1,247	166	282	-153	1,939
Monetary results	0	0	-12,558	69	0	0	0	0	0	0	0	0	0	0
Total results³	3	-42	-19,162	-5,265	-898	1,780	4,306	3,905	2,972	4,123	295	422	610	5,056
Adjusted results ⁴	-	-	-	-3,440	1,337	4,057	7,631	6,665	5,197	6,396	549	712	806	7,864
<i>Annualized indicators - As % of netted assets</i>														
Financial margin	5.7	5.7	6.5	1.1	3.1	4.6	5.8	5.7	5.6	6.7	6.0	6.5	9.0	6.6
Net interest income	4.0	3.8	-1.7	-0.5	0.9	1.5	1.8	2.2	2.1	3.0	3.2	3.4	3.5	3.0
CER and CVS adjustments	0.0	0.0	3.9	1.3	1.0	1.5	1.3	1.0	1.0	1.0	0.7	0.6	0.6	1.0
Foreign exchange price adjustments	0.1	0.2	2.8	-0.5	0.4	0.4	0.4	0.5	0.5	0.7	0.3	1.0	2.3	0.7
Gains on securities	1.2	1.2	1.7	1.1	1.0	1.2	2.2	1.9	1.9	1.4	1.7	0.6	-1.8	1.5
Other financial income	0.4	0.5	-0.1	-0.3	-0.2	0.1	0.1	0.1	0.1	0.6	0.1	0.8	4.4	0.5
Service income margin	2.8	3.0	1.9	1.9	2.0	2.3	2.7	3.1	3.1	3.5	3.5	3.6	3.9	3.5
Loan loss provisions	-2.4	-2.6	-4.7	-1.1	-0.8	-0.6	-0.5	-0.7	-0.7	-0.8	-0.8	-1.0	-0.9	-0.8
Operating costs	-5.8	-6.1	-4.4	-4.2	-4.1	-4.6	-5.1	-5.5	-5.4	-6.1	-6.1	-6.2	-6.3	-6.1
Tax charges	-0.4	-0.5	-0.3	-0.3	-0.3	-0.4	-0.5	-0.6	-0.6	-0.7	-0.7	-0.8	-1.0	-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	-0.9	-0.5
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	-0.8	-0.9	-0.5	-0.6
Amort. payments for court-ordered releases	0.0	0.0	0.0	-0.6	-0.9	-0.9	-1.1	-0.7	-0.7	-0.3	-0.2	-0.2	-0.3	-0.4
Other	0.4	0.6	-1.8	0.9	0.8	0.8	1.2	0.9	0.8	0.5	0.6	1.1	-0.6	0.6
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
ROA³	0.0	0.0	-8.9	-2.9	-0.5	0.9	1.9	1.5	1.4	1.6	1.1	1.6	2.3	1.7
ROA adjusted ⁴	0.0	0.0	-8.9	-1.9	0.7	2.0	3.4	2.5	2.4	2.5	2.1	2.7	3.1	2.6
ROE ³	0.0	-0.2	-59.2	-22.7	-4.2	7.0	14.3	11.0	10.1	14.0	9.9	13.9	19.9	14.3

(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	Oct 07	Dec 07	Sep 08	Oct 08
Non-performing loans (overall)	12.9	13.1	18.1	17.7	10.7	5.2	3.4	2.9	2.7	2.4	2.4
Non-performing loans to the non-financial private sector	16.0	19.1	38.6	33.5	18.6	7.6	4.5	3.4	3.2	2.8	2.8
Provisions / Non-performing loans	61.1	66.4	73.8	79.2	102.9	124.5	129.9	133.6	129.6	132.9	133.5
(Total non-performing - Provisions) / Overall financing	5.0	4.4	4.7	3.7	-0.3	-1.3	-1.0	-1.0	-0.8	-0.8	-0.8
(Total non-performing - Provisions) / Net worth	26.2	21.6	17.2	11.9	-1.0	-4.1	-3.3	-3.5	-3.0	-3.1	-3.2

(*) 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	Oct 2007	2007	Sep 2008	Oct 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	23.0	25.7	28.7	29.0
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	6.7	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	45.2	46.6	46.7	48.1
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	2.7	2.5	2.4	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	-3.4	-3.6	-3.4	-3.6
6.- ROA	0.6	0.7	0.5	0.3	0.1	0.2	-11.3	-2.5	-1.0	0.5	2.2	1.5	1.6	2.0	2.1
7.- ROE	4.1	6.3	4.3	2.3	0.8	1.4	-79.0	-19.1	-8.1	4.1	15.3	10.1	10.9	15.3	16.5
8.- Efficiency	144	135	139	146	152	151	168	93	115	136	158	152	152	162	169
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	18.3	18.5
10.- Excess capital compliance	33	47	27	60	49	43	-	88	157	155	116	101	87	81	85

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	Oct 07	Dec 07	Sep 08	Oct 08	Change (in %)			
												Last month	2008	Last 12 months	
Assets	119,371	82,344	118,906	116,633	128,065	129,680	152,414	170,439	175,509	198,821	195,121	-1.9	11.2	14.5	
Liquid assets ¹	13,920	10,576	11,044	14,500	15,893	14,074	22,226	24,236	29,418	31,765	34,103	7.4	15.9	40.7	
Public bonds	7,583	1,627	19,751	22,260	24,817	29,966	27,663	27,639	24,444	25,831	19,899	-23.0	-18.6	-28.0	
Lebac/Nobac	0	0	-	-	8,359	15,227	15,952	19,875	17,684	21,160	15,428	-27.1	-12.8	-22.4	
Portfolio	0	0	-	-	5,611	12,899	14,220	16,396	15,639	14,034	11,485	-18.2	-26.6	-30.0	
Repo ²	0	0	-	-	2,749	2,328	1,732	3,479	2,045	7,126	3,944	-44.7	92.9	13.4	
Private bonds	563	451	273	172	333	307	683	354	310	113	121	7.5	-61.0	-65.8	
Loans	56,035	52,319	51,774	47,017	50,741	56,565	69,294	84,188	88,898	100,239	100,543	0.3	13.1	19.4	
Public sector	8,172	13,803	25,056	23,571	21,420	15,954	10,036	6,427	6,413	6,319	6,274	-0.7	-2.2	-2.4	
Private sector	45,103	36,636	26,074	22,816	28,213	39,031	55,632	73,953	78,587	89,336	90,150	0.9	14.7	21.9	
Financial sector	2,760	1,880	644	630	1,107	1,580	3,626	3,808	3,898	4,584	4,118	-10.1	5.7	8.1	
Provisions over loans	-3,248	-3,957	-7,463	-5,225	-3,717	-2,482	-2,227	-2,303	-2,365	-2,596	-2,670	2.8	12.9	15.9	
Other netted credits due to financial intermediation	36,600	13,037	27,212	22,148	25,753	16,873	18,387	18,799	17,084	23,492	21,585	-8.1	26.3	14.8	
Corporate bonds and subordinated debt	724	665	1,514	1,394	829	675	618	496	430	815	804	-1.4	86.9	62.0	
Unquoted trusts	1,609	1,637	6,205	3,571	2,362	2,444	2,982	3,828	3,456	3,947	3,916	-0.8	13.3	2.3	
Compensation receivable	0	0	15,971	13,812	14,657	5,575	760	375	377	324	349	7.6	-7.5	-7.0	
Other	34,267	10,735	3,523	3,370	7,905	8,179	14,027	14,100	12,822	18,406	16,516	-10.3	28.8	17.1	
Leasing	776	752	553	387	592	1,356	2,126	3,048	3,149	3,609	3,622	0.3	15.0	18.8	
Shares in other companies	1,651	1,703	3,123	2,791	1,892	2,416	4,042	3,662	3,762	4,495	4,564	1.5	21.3	24.6	
Fixed assets and miscellaneous	3,225	3,150	5,198	4,902	4,678	4,575	4,677	4,617	4,685	4,833	4,867	0.7	3.9	5.4	
Foreign branches	75	112	-109	-136	-53	-148	-139	-152	-154	-159	-173	8.6	12.5	14.0	
Other assets	2,190	2,574	7,549	7,816	7,137	6,178	5,682	6,351	6,277	7,200	8,660	20.3	38.0	36.4	
Liabilities	107,193	70,829	103,079	101,732	113,285	112,600	131,476	147,623	152,153	173,327	169,258	-2.3	11.2	14.7	
Deposits	57,833	44,863	44,445	52,625	62,685	75,668	94,095	111,082	116,719	130,976	127,876	-2.4	9.6	15.1	
Public sector ³	1,276	950	1,636	3,077	6,039	6,946	7,029	8,099	7,564	10,801	11,066	2.5	46.3	36.6	
Private sector ³	55,917	43,270	38,289	47,097	55,384	67,859	85,714	101,556	107,671	118,424	115,122	-2.8	6.9	13.4	
Current account	4,960	7,158	8,905	11,588	13,966	17,946	20,604	25,864	27,132	29,865	27,917	-6.5	2.9	7.9	
Savings account	9,409	14,757	6,309	10,547	14,842	18,362	23,165	27,666	30,169	29,741	29,644	-0.3	-1.7	7.1	
Time deposit	39,030	18,012	11,083	18,710	22,729	27,736	38,043	43,398	45,770	54,216	53,069	-2.1	15.9	22.3	
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	30,675	29,323	35,555	33,858	-4.8	15.5	10.4	
Interbanking obligations	2,293	1,514	836	726	1,070	1,488	3,383	2,206	1,979	2,006	1,611	-19.7	-18.6	-27.0	
BCRA lines	83	1,758	16,624	17,030	17,768	10,088	3,689	665	675	634	641	1.1	-5.0	-3.6	
Outstanding bonds	4,939	3,703	9,073	6,674	7,922	6,548	6,413	6,915	6,686	5,755	5,826	1.2	-12.9	-15.7	
Foreign lines of credit	5,491	4,644	15,434	9,998	5,444	2,696	2,249	1,804	1,833	3,068	2,933	-4.4	60.0	62.6	
Other	33,466	11,010	7,374	7,939	12,878	11,530	16,015	19,085	18,150	24,092	22,848	-5.2	25.9	19.7	
Subordinated debts	1,668	1,700	3,622	1,850	1,304	1,319	1,642	1,651	1,668	1,608	1,719	6.9	3.1	4.2	
Other liabilities	1,420	1,637	5,671	4,890	4,213	3,264	3,989	4,216	4,443	5,188	5,803	11.9	30.6	37.7	
Net worth	12,178	11,515	15,827	14,900	14,780	17,080	20,938	22,816	23,356	25,494	25,863	1.5	10.7	13.4	
Memo															
Netted assets	88,501	73,796	117,928	115,091	121,889	123,271	143,807	160,080	166,231	184,636	183,044	-0.9	10.1	14.3	

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

Source: BCRA

Statistics Annex | Private Banks (cont.)

Chart 7 | Profitability Structure

Amount in million of pesos	Annual								First 10 months		Monthly			Last
	2000	2001	2002 ¹	2003	2004	2005	2006	2007	2007	2008	Aug-08	Sep-08	Oct-08	12 months
Financial margin	5,441	5,282	10,628	2,575	3,415	5,253	7,778	8,960	7,150	10,877	971	1,062	1,736	12,686
Net interest income	3,598	3,519	-304	107	1,214	2,069	2,826	4,191	3,283	6,204	641	690	776	7,112
CER and CVS adjustments	0	0	1,476	1,082	900	1,215	858	662	557	611	43	41	44	716
Foreign exchange price adjustments	160	256	6,189	-312	666	576	740	990	826	1,232	75	117	216	1,395
Gains on securities	1,232	962	3,464	1,892	959	1,259	3,154	2,888	2,334	1,391	188	-8	-443	1,945
Other financial income	450	546	-197	-195	-322	134	199	229	150	1,439	24	222	1,143	1,518
Service income margin	2,554	2,598	2,782	2,341	2,774	3,350	4,459	5,881	4,781	6,223	636	668	722	7,323
Loan loss provisions	-2,173	-2,464	-6,923	-1,461	-1,036	-714	-737	-1,174	-915	-1,406	-139	-188	-159	-1,665
Operating costs	-5,263	-5,224	-6,726	-5,310	-5,382	-6,303	-7,741	-9,735	-7,841	-10,124	-1,037	-1,086	-1,091	-12,018
Tax charges	-379	-418	-512	-366	-393	-509	-769	-1,105	-893	-1,390	-144	-148	-207	-1,602
Income tax	-393	-216	-337	-295	-202	-217	-365	-380	-290	-983	-88	-107	-230	-1,072
Adjust. to the valuation of gov. securities ²	0	0	0	-665	-51	-201	-170	-100	-54	-264	-27	-47	-27	-311
Amort. payments for court-ordered releases	0	0	0	-791	-1,147	-1,168	-1,182	-1,466	-1,248	-520	-40	-39	-47	-738
Other	307	615	-4,164	1,178	846	1,156	1,641	1,576	1,202	660	91	297	-180	1,034
Monetary results	0	0	-10,531	-20	0	0	0	0	0	0	0	0	0	0
Total results³	93	174	-15,784	-2,813	-1,176	648	2,915	2,457	1,893	3,074	224	412	517	3,637
Adjusted results⁴	-	-	-	-1,357	252	2,016	4,267	4,023	3,195	3,858	291	498	591	4,686
<i>Annualized indicators - As % of netted assets</i>														
Financial margin	6.2	6.4	7.6	2.3	2.9	4.3	5.9	5.8	5.6	7.5	6.6	7.0	11.6	7.3
Net interest income	4.1	4.3	-0.2	0.1	1.0	1.7	2.1	2.7	2.6	4.3	4.3	4.6	5.2	4.1
CER and CVS adjustments	0.0	0.0	1.1	0.9	0.8	1.0	0.6	0.4	0.4	0.4	0.3	0.3	0.3	0.4
Foreign exchange price adjustments	0.2	0.3	4.4	-0.3	0.6	0.5	0.6	0.6	0.6	0.8	0.5	0.8	1.4	0.8
Gains on securities	1.4	1.2	2.5	1.7	0.8	1.0	2.4	1.9	1.8	1.0	1.3	-0.1	-3.0	1.1
Other financial income	0.5	0.7	-0.1	-0.2	-0.3	0.1	0.2	0.1	0.1	1.0	0.2	1.5	7.6	0.9
Service income margin	2.9	3.2	2.0	2.0	2.4	2.7	3.4	3.8	3.8	4.3	4.3	4.4	4.8	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	-0.9	-1.2	-1.1	-1.0
Operating costs	-6.0	-6.4	-4.8	-4.6	-4.6	-5.1	-5.9	-6.3	-6.2	-7.0	-7.0	-7.2	-7.3	-6.9
Tax charges	-0.4	-0.5	-0.4	-0.3	-0.3	-0.4	-0.6	-0.7	-0.7	-1.0	-1.0	-1.0	-1.4	-0.9
Income tax	-0.4	-0.3	-0.2	-0.3	-0.2	-0.2	-0.3	-0.2	-0.2	-0.7	-0.6	-0.7	-1.5	-0.6
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	-0.3	-0.2	-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	-0.4
Other	0.4	0.7	-3.0	1.0	0.7	0.9	1.2	1.0	0.9	0.5	0.6	2.0	-1.2	0.6
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
ROA³	0.1	0.2	-11.3	-2.5	-1.0	0.5	2.2	1.6	1.5	2.1	1.5	2.7	3.5	2.1
ROA adjusted⁴	0.1	0.2	-11.3	-1.2	0.2	1.6	3.2	2.6	2.5	2.7	2.0	3.3	3.9	2.7
ROE³	0.8	1.4	-79.0	-19.1	-8.1	4.1	15.3	10.9	10.1	16.5	11.9	21.7	26.9	16.2

(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	Dec 07	Oct 07	Dec 07	Sep 08	Oct 08
Non-performing loans (overall)	8.3	9.9	19.8	15.7	8.9	4.4	2.9	2.4	2.2	2.1	2.2	2.2
Non-performing loans to the non-financial private sector	9.8	14.0	37.4	30.4	15.3	6.3	3.6	2.7	2.5	2.4	2.5	2.5
Provisions / Non-performing loans	67.7	75.7	73.4	79.0	97.0	114.3	129.3	136.4	141.3	138.5	139.4	139.4
(Total non-performing - Provisions) / Overall financing	2.7	2.4	5.3	3.3	0.4	-0.6	-0.9	-0.9	-0.9	-0.9	-0.8	-0.9
(Total non-performing - Provisions) / Net worth	13.4	11.4	18.6	11.2	1.3	-2.2	-3.0	-3.4	-3.6	-3.4	-3.4	-3.6

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

Source: BCRA