Report on Banks

NOVEMBER 2006

Central Bank of Argentina

Year IV – No. 3

Contents

Note: Includes information for November 2006 available by 21/12/06. This report focuses on the description of the performance of the financial system, including breakdowns into homogeneous sub-groups. The data exhibited (in particular, the ones concerning profitability) are provisional, and are subject to revisions later.

Published on 15 January 2007

For comments, enquiries or electronic subscription:
analisis.financiero@bcra.gov.ar

Summary

- **The financial system is coming to the end of its best year since the crisis.** Increased private sector deposits and loans, record levels of credit portfolio quality, declining exposure to the public sector and the accelerated repayment of Central Bank rediscounts have all helped to underpin these results. **This positive performance in the context of increased competition has enabled banks to consolidate their profitability levels, and thus their solvency, a pattern that is expected to be continued through 2007.**

- **In November banks obtained funds mainly from growth in deposits by the non-financial sector ($5.1 billion)**, whereas the reduction in exposure to the public sector played a lesser role. With these funds, **banks continued to develop lending to the private sector ($2.6 billion)**, at the same time as they settled liabilities in dollars ($1.3 billion). In addition, there was an increase in liquid assets ($800 million) and a rise in the position taken in Lebac and Nobac bills ($400 million).

- Growth in official sector deposits ($2.9 billion) and those of the private sector ($2.2 billion) was responsible for the increase in total deposits in November. In line with the situation seen in recent months, **the increase in private sector time deposits continued at a higher rate than the increase in sight deposits, reinforcing the move towards longer-term funding**. This behavior has been encouraged by various measures introduced by the Central Bank

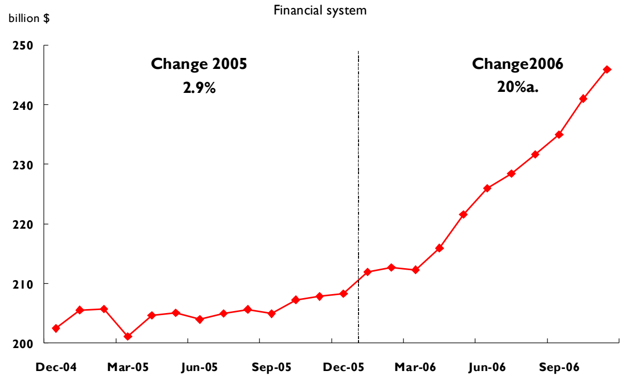
- **Normalization of bank liabilities with the Central Bank has accelerated.** The new mechanisms introduced by the Central Bank in the last 2 years have enabled 71.6% of the original debt from liquidity assistance to be repaid during 2005 and 2006. **This figure rises to 80.5% when including a large repayment that took place in January 2007.** As a result, the outstanding principal balance currently totals $3.6 billion.

- **Private sector loan totals continued to rise in November** (3.3%), **with an increase of 43% annualized (a.) in 2006 to date.** A growing volume of new loans is being granted for medium and long terms. **Private sector loan delinquency dropped 0.1 p.p. in the month to a level of 4.7%**. While lending to companies has recorded non-performance of 5.6%, in the case of consumer loans the total was 3.6%.

- As a result of the measures established by the Central Bank, **financial institutions exposure to the public sector dropped 0.4 p.p. in November to 23.1% of total assets,** having posted a decline of 16.4 p.p. in the last 2 years. Private sector loans in bank portfolios now exceed exposure to the public sector by 5.9 p.p. of assets.

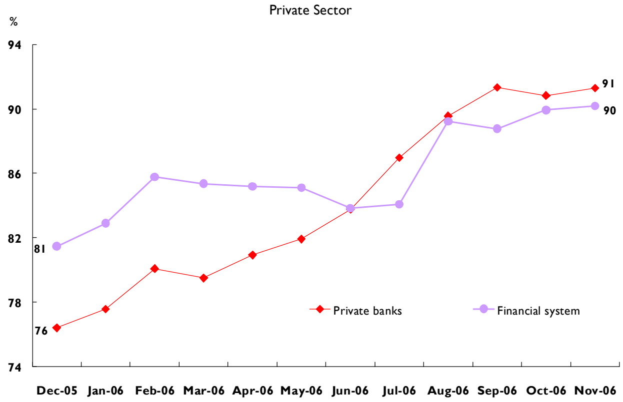
- **In a similar manner to the previous month, in November book profits accrued by the financial institution aggregate totaled $460 million** (2.3%a. of assets, 17.1%a. of net worth), with a performance that totaled 1.8%a. of assets (13.8%a. of net worth) in the accumulated total for 2006 to date. As a result, **bank net worth increased 1.1% in November, accumulating growth of 22.9%a. in 2006, while capital compliance in terms of assets at risk grew 0.6 p.p. in the month to 17.1%, above the minimum capital requirements laid down by the Central Bank.**

Chart 1
Netted Assets
Financial system



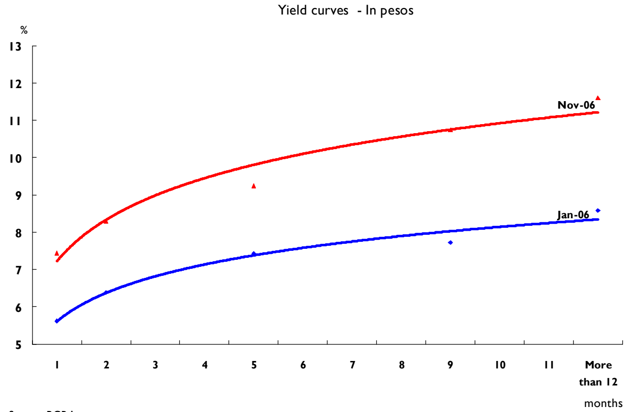
Source: BCRA

Chart 2
Time Deposits / Sight Deposits
Private Sector



Source: BCRA

Chart 3
Private Time Deposits
Yield curves - In pesos



Source: BCRA

Activity

Accelerated reduction in liabilities to the Central Bank

Close to the end of 2006, during November banks continued to show signs of the gradual normalization of their financial position, as reflected in the consolidation of the volume of their traditional banking business. **The increase in private and public sector deposits (approximately $5.1 billion) formed the main source of financial system resources in November**, while exposure to the public sector continued to decline.

The deepening of lending to the private sector ($2.6 billion[1]), the settlement of liabilities in dollars ($1.3 billion) and an increase in liquid assets (close to $800 million), have made up the main uses of funds during the month. Completing the use of funds, banks increased their position in Lebac and Nobac ($400 million) and made payments to the Central Bank under the so-called matching mechanism. In this context of rising volumes of financial intermediation, **bank netted assets rose 2% in November (1.3% in real terms)** (see Chart 1)**, accumulating growth of 20% annualized (a.) in 2006 (9%a. in real terms)**.

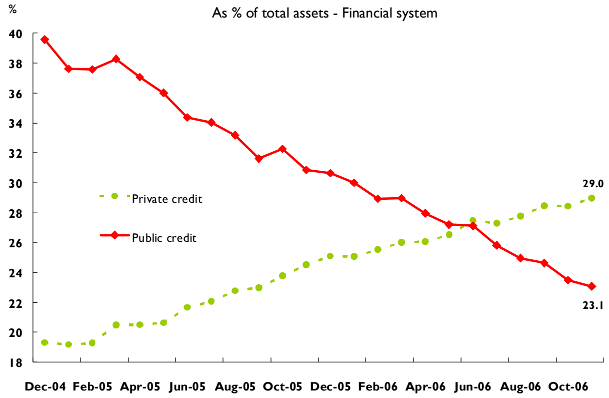
The increase in total deposits in November (3.1%, $5.1 billion) can be explained by both the rise in official sector placements (6.5%, $2.9 billion)[2] and in those of the private sector (1.8%, $2.2 billion). In the case of the private sector deposits, **the growth in time deposits (1.8%, $1.0 billion) was once again greater than the growth recorded in sight deposits (1.5%, $900 million), in line with the trend displayed over the course of 2006**[3]. A similar performance was seen in private banks: the increase in private sector deposits (accounting for almost 90% of the total) reflected a relatively greater growth in time deposits (3%) than in sight deposits (2.5%).

In this context, in the year to date the ratio of time deposits to sight deposits grew 9 p.p. to 90% of the latter (see Chart 2). **At a time of strong growth in the levels of financial intermediation, the greater preference by private agents for time placements is being driven by gradually rising interest rates on such deposits, recording a behavior in line with the incentives established by the Central Bank.** In 2006 to date there has been a widespread increase along the entire time deposit yield curve, which has also been growing steeper (see Chart 3).

As a result of the measures implemented by the Central Bank, in November the weighting of public sector assets[4] in the financial system portfolio dropped 0.4 p.p. to a level of 23.1% of total assets (24.9% of netted assets), a movement partly explained by certain sales of government securities during the month. This exposure has therefore accumulated a drop of 7.7 p.p. in 2006 to date and 16.4 p.p. in the

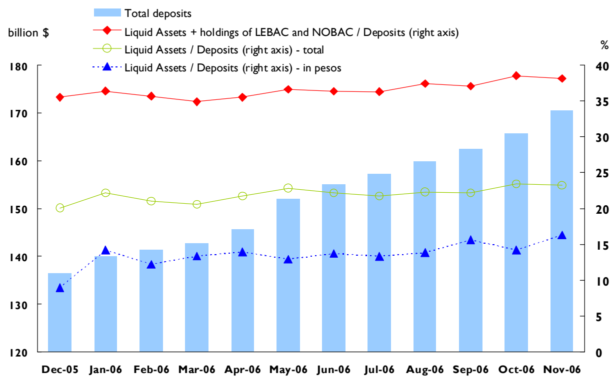
[1] Adjusted for the setting up of financial trusts during the month. Includes financing by means of leasing.
[2] In particular, a single large transaction by one public bank ($1.3 billion).
[3] Deposits under the Others heading recorded an increase for the month of almost $300 million.
[4] Exposure to the public sector includes the position in government securities (taking into account compensation receivable) and loans to the public sector. It does not include LEBAC and NOBAC.

Chart 4
Public and Private Sector Exposure
As % of total assets - Financial system



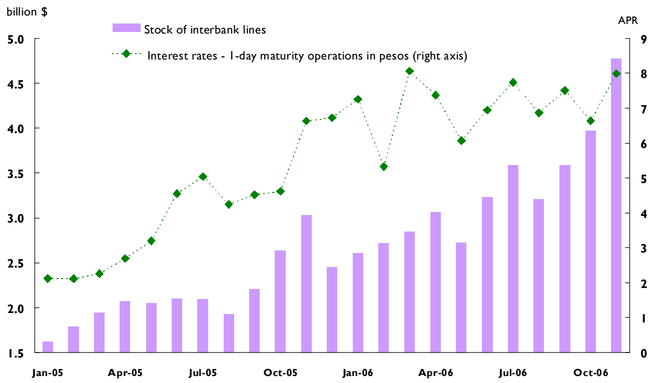
Source: BCRA

Chart 5
Deposits and Liquidity
Financial system



Source: BCRA

Chart 6
Call Market



Source: BCRA

last two years (see Chart 4). **The positive performance by fiscal accounts, combined with declining exposure to the public sector, are rapidly strengthening the financial sector in the face of the risk of lending to the public sector.** Private banks recorded a drop in their exposure to the government of 0.5 p.p. to 19.2% of total assets (20.7% of netted assets), accumulating a drop of almost 9 p.p. in 2006 to date. In the case of official banks, the weighting of public sector assets fell 0.1 p.p. to 29.3% p.p. of total assets (31.5 % of netted assets), totaling a decline of almost 6 p.p. in the first eleven months of 2006.

Although the growth in deposits in November was mainly channeled into lending activity, liquid assets also recorded an increase. In particular, growth in bank liquid assets ($800 million) was associated with increased bank current account liquidity at the Central Bank ($2.15 billion) and their increased cash holdings ($600 million), effects that were partly offset by the reduction in reverse repos with the Central Bank ($1.95 billion). In this context, **the liquidity ratio (pesos and dollars) fell 0.2 p.p. to 23.2% of deposits in November** (see Chart 5), **in line with the increased channeling of resources into private sector lending.** Taking into account Lebac and Nobac holdings (which went up by $400 million in November), the liquidity ratio displayed a drop of 0.4 p.p. to 38.1% of financial system deposits. **In the case of private banks, the liquidity indicator increased 0.6 p.p. to 23% of private sector placements**, rising to 42.9% if holdings of Lebac and Nobac are included.

The call money market was noted for a rise in the interest rates traded during November, in the context of a larger volume of operations (a daily average of $1.5 billion). In particular, the average interest rate for overnight deposits in pesos reached 8%, 140 basis points (b.p.) above the average recorded in the previous month (see Chart 6). This increased cost for inter-bank lines can be correlated to the new level of reference short-term interest rates established by the Central Bank for its repo transactions. **In November the balance of inter-bank loans recorded its largest monthly increase for the year, rising 20%** ($800 million) to a total of close to $4.8 billion. **This increase in volumes traded took place in the context of lower levels of concentration (particularly on the side of those demanding such inter-bank lines) and segmentation in the call market**[5].

The stock of loans to the private sector[6] **rose 3.3% ($2.4 billion) in November, posting an increase of 43%a. in the first 11 months of 2006.** Private banks explained most of the monthly dynamic: their loans to the private sector went up 4.5% ($2.3 billion). This increased financial system exposure to the private sector took place in a context of declining credit risk: in November the non-performance ratio for private sector loans fell 0.1 p.p. to 4.7%.

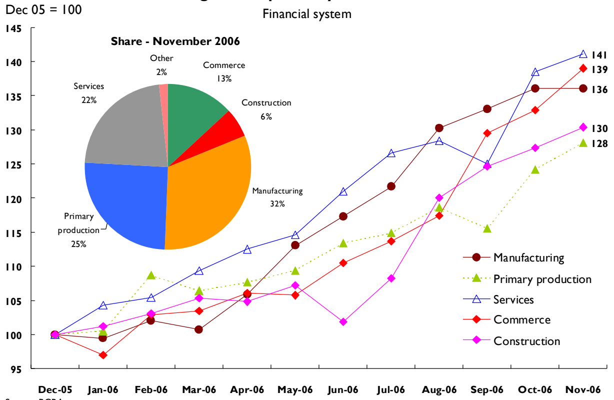
Primary goods production and commerce were the business sectors that most increased their bank borrowing in November. While loans for primary production rose by $370 million (3.2%), loans to commerce went up $280 million (4.6%). Although industry and primary production receive the largest volume of bank resources (32%

---

[5] For further details, see the Reports on Banks for October 2006, pages 2 and 3.

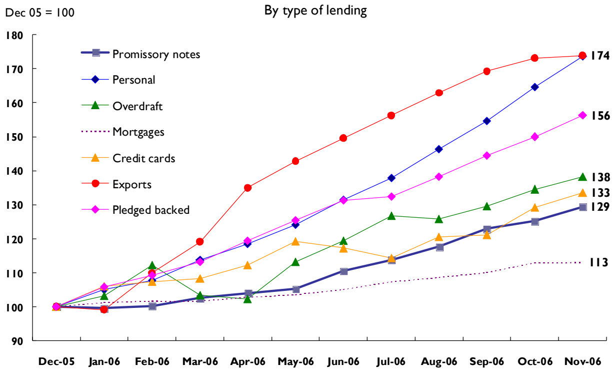
[6] Calculation made on the basis of balance sheet totals. Loans in foreign currency are stated in pesos. Does not include interest or adjustments. Not adjusted for unrecoverable loans written off from the balance sheet.

Chart 7
Lending to Companies by Economic Sector
Financial system



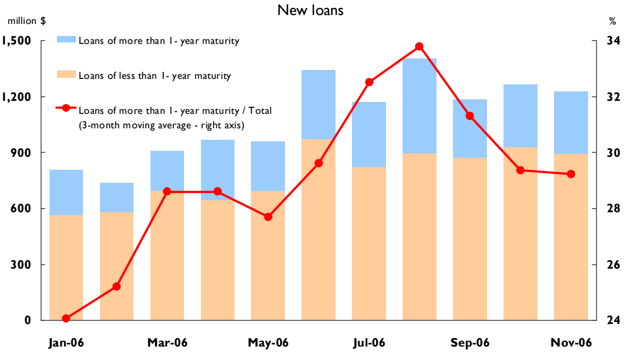
Source: BCRA

Chart 8
Loans to the Private Sector
By type of lending



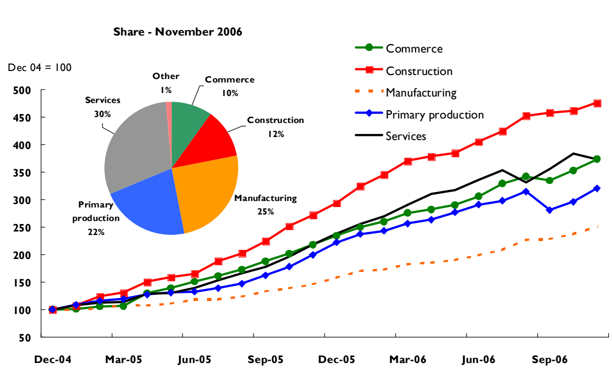
Source: BCRA

Chart 9
Lending to Companies by Maturity
New loans



NOTE: Do not include current account overdraft.
Source: BCRA

Chart 10
Leasing to Companies



Source: BCRA

and 25%, respectively), **in 2006 to date service companies and commerce have shown the highest loan growth rates (46%a. and 43%a., respectively)** (see Chart 7). This greater bank financing for companies took place in the context of a lower risk of corporate default, with a delinquency level that dropped 0.2 p.p. to 5.6% of total loans. **Loans granted on the basis of promissory notes were the credit lines most used by companies** in November (rising 3.4%, $540 million), followed by current account overdrafts (2.7%, $300 million) (see Chart 8).

An increasing proportion of new loans to companies are being granted for medium to long terms. In the total for the second half of the year to date, new loans granted for terms in excess of one year accounted for almost 30% of the total, 2 p.p. above the weighting recorded in the first part of 2006 (see Chart 9). The gradually increased participation by such credit lines is both a sign of the improved business outlook facing companies and the growing willingness by banks to lengthen the maturity of their credit offer.

In line with the behavior seen in recent months, **growth in lending to households has been led by the increase in personal loans ($680 million).** Adjusted to take into account financial trusts set up during the month, the increase in this credit line rises to $740 million. This notable performance by personal loans has taken place in the context of lower interest rates, which have fallen by an average 90 b.p. in the month to 24.5%[7]. **In the last 12 months the average term for new personal loans lengthened by 5 months, standing at 3.4 years (41 months) in November.** In addition, in the context of lower interest rates on loans though credit card use, these lines recorded growth for the month of close to $250 million. The rising volume of household consumption lending has been matched by lower credit risk: the delinquency rate for such loans fell 0.1 p.p. in November to 3.6%.

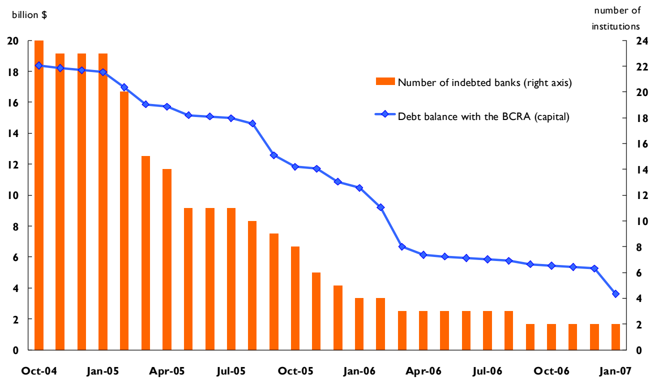
Companies and households continue to gradually increase their longer term borrowing. Pledge-backed loans rose 4.2% ($150 million) in November. Mortgage loans increased 1.8% during the month[8], totaling 13% (14%a.) in the first 11 months of the year.

Corporate leasing continues to gain strength as a leading alternative to traditional medium and long-term financing, particularly for small and medium-size businesses. Total bank leasing operations ($2.1 billion) increased 3.2% in November, accumulating growth of 55% (61%a.) in the year to date (see Chart 10). Those sectors of the economy involved in primary goods production and industry gained the largest proportion of these funds during the month ($34 million and $29 million, respectively). As a result, leasing finance continues to gain share, currently totaling the equivalent to 40% of traditional mortgage and pledge loan totals for companies, almost 8 p.p. more than at the end of 2005.

The normalization of bank liabilities with the Central Bank continues to gain strength. In November and December the financial system made payments using the matching mechanism totaling $125

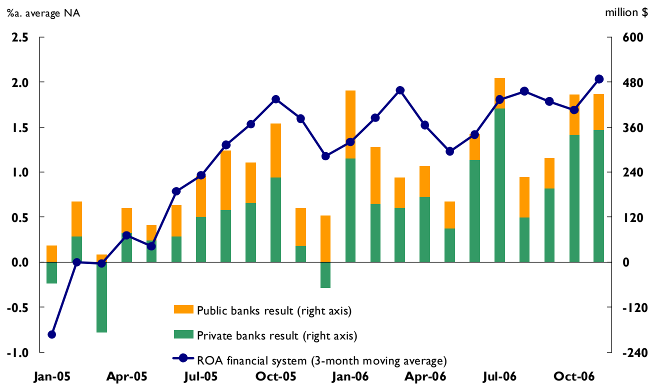
[7] A reduction in total financial cost (CFT) on personal loans has also been recorded. For further details see Com. "P" 48695 available at www.bcra.gov.ar.
[8] This figure has been adjusted because of a reclassification of accounts by one large bank.

Chart 11
Liabilities with the BCRA - Matching Schedule



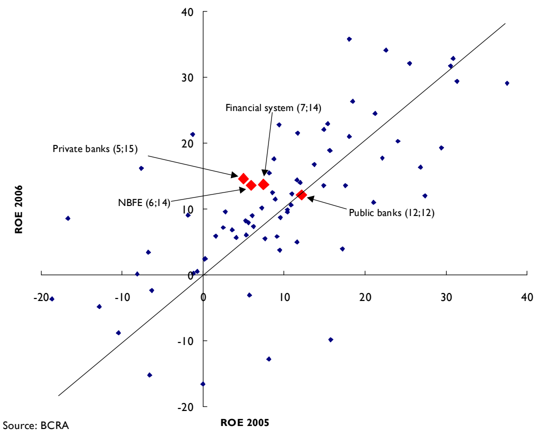
Source: BCRA

Chart 12
Financial System Profitability



Source: BCRA

Chart 13
ROE
First 11 months of 2005 and 2006- Annualized



Source: BCRA

million and $129 million, respectively. Furthermore, **in January 2007 payments to the Central Bank totaled $1.9 billion, driven by an early settlement**[9], whereby one bank settled approximately two-thirds of its outstanding liabilities to the Central Bank (including both principal and CER).

The new mechanisms introduced by the Central Bank in the last two years enabled an accelerated settlement of rediscounts. As a result, during 2005 and 2006 the Central Bank received principal payments for over $12.7 billion under the matching system, settling 71.6% of the original debt for liquidity assistance (see Chart 11). **The early repayment made in January 2007 took the total repaid since 2005 to 80.5% of the original amount**, leaving a principal debt stock of $3.6 billion (1.6% of total bank liabilities).

During the course of 2006, financial system foreign currency mismatching dropped 8.1 p.p.. In November foreign currency assets rose US$184 million, mainly from higher balances with correspondents, while liabilities increased by US$42 million. As a result, foreign currency mismatching in terms of net worth increased 0.8 p.p. in November to 30.8%.

Profitability:

November results higher than monthly average for 2006

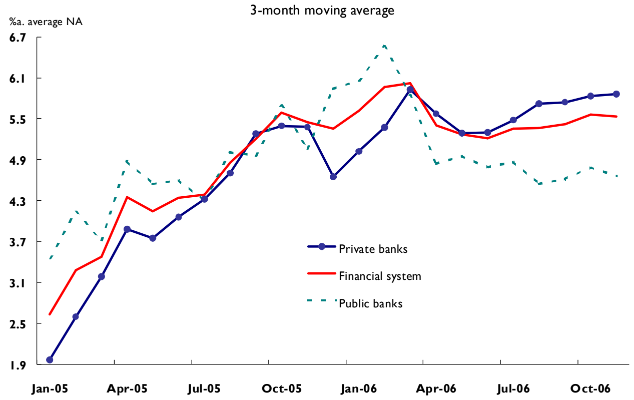
In November there was again widespread profit accrual by the financial system. A total of 71 of the 90 banks in the system (84% of total financial system assets) posted book profits in the month, a number that rises to 77 (88% of assets) if accumulated results for 2006 are considered.

In a manner similar to that of the previous month, in November the financial system accrued book profits for $460 million (2.3%a. of netted assets, 17.1%a. of net worth[10]) (see Chart 12), an amount higher than the monthly average for 2006 ($340 million). As a result, profits have been built up for an amount of 1.8%a. of assets (13.8%a. of net worth) by the financial system aggregate over 2006 (see Chart 13). This provides an indication of the steady normalization of bank financial position, mainly explained by the recovery in income related to traditional lending activity, an increase in transaction services, and greater profits from the holding and trading of securities. The private bank group recorded profits of close to $350 million (3%a. of assets, 20.5%a. of net worth) for the month, while official banks posted profits for $95 million (1.2%a. of assets, 10.7%a. of net worth).

Bank financial margin dropped by 0.5 p.p. of assets in November to 5.5%a. (see Chart 14 showing a moving quarterly average), driven by both lower results from securities and from interest. Results from the holding and trading of financial securities recorded a drop of 0.5 p.p. in November to 2.2%a. of assets. This performance mainly reflected

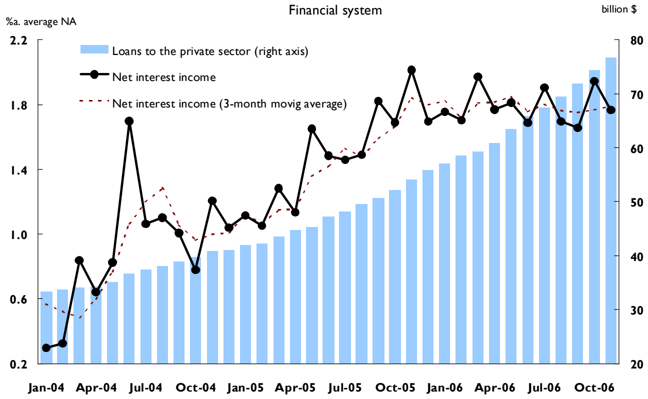
[9] The total amount repaid by the bank in question was $1.77 billion, made up of an early settlement for 1.73 billion and settlement of the scheduled installment for $39 million.
[10] In this section, all references to assets should be understood as referring to netted assets (see Glossary).

Chart 14
Financial Margin
3-month moving average



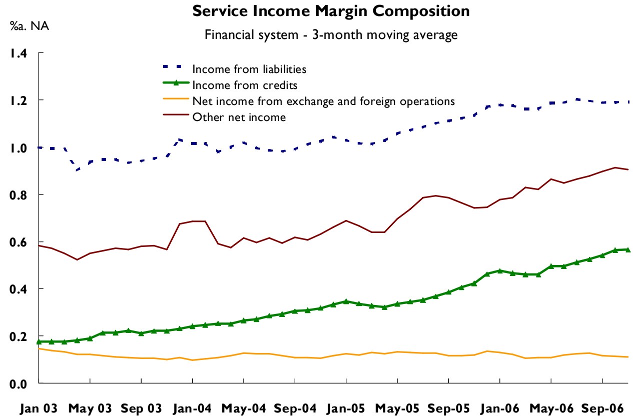
Source: BCRA

Chart 15
Net Interest Income
Financial system



Source: BCRA

Chart 16
Service Income Margin Composition
Financial system - 3-month moving average



Source: BCRA

the booking of losses by one large private bank derived from changes in the valuation of part of its bond portfolio. In line with the effect anticipated in the previous issue of this Report, if this particular transaction is excluded, gains on bonds remained at a level similar to those for October, in part due to the positive development of the prices of the main government securities that have been marked to market by banks.

Interest results remained virtually unchanged in November (recording a slight fall of 0.1 p.p. of assets), totaling 1.8%a. of assets **(approximately one third of the financial margin)** (see Chart 15)**, a level in line with the total recorded for 2006 to date.** The reduction for the month of slightly over 3% in interest income[11], to a level of $930 million, has explained this change. A steady rise in traditional lending activity and improved loan quality have taken interest income for November above the monthly average for 2006 ($810 million) and for 2005 ($580 million). In addition, interest expense remained stable during November ($570 million) compared with the previous month, while showing a rising trend over the year as a whole. **During 2006,** as a result of the process of rapid growth in lending, **financial system interest results have recorded a growth of 0.3 p.p. of assets compared with the same period in 2005.**

The greater relative growth in CER during November compared with the previous month was reflected in a monthly increase in the accrual of gains under this heading. Specifically, **CER adjustments recorded an increase of 0.2 p.p. to 1.2%a. of assets,** slightly below the figure recorded for the first 11 months of the year. **Exchange rate differences recorded a drop of 0.1 p.p. to 0.1%a. of assets,** in line with the drop in the peso-dollar exchange rate in November.

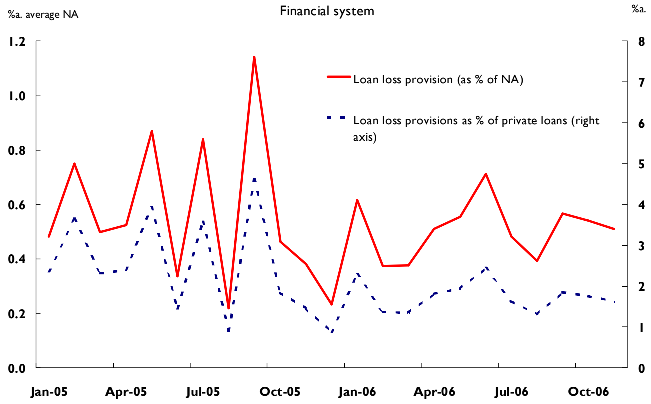
Net bank income from services totaled 2.8%a. of assets, with income derived from deposits gaining strength as its main component (see Chart 16 showing a moving quarterly average). As a result, **income from services totaled $5.5 billion in 2006 to date (28% more than in the same period of the previous year)**. At present, net income from services totals 54% of operating costs, having shown an upward trend for the last 4 years.

The gradual improvement in portfolio quality and the granting of new loans in the context of a reduction in credit risk has kept loan loss charges at reduced levels (0.5%a. of assets) (see Chart 17). Consequently, over the course of 2006 this indicator has stood at 0.5%a. of assets, 0.1 p.p. lower than in the same period of 2005.

As the end of the fiscal year approaches, in November operating costs rose 0.2 p.p. to 5.1%a. of assets (see Chart 18). **The increase for the month in operating costs was mainly associated with certain bonus payments to personnel and increased advertising expenditure by a group of financial institutions.** In addition to the seasonal components shown by this income statement account, this income statement heading is showing a rising trend: in the accumulated total for 2006 it totals 5%a. of assets, 0.5 p.p. more than in the same period of 2005. This behavior is in line with the recovery in payroll

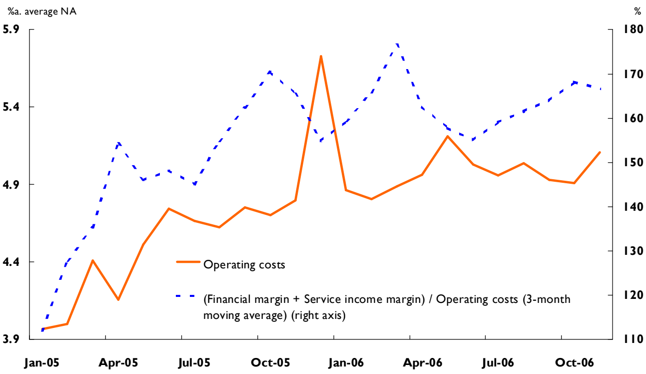
[11] Mainly because of the high income from reverse repos recorded in October by one public bank.

Chart 17
Loan Loss Provisions
Financial system



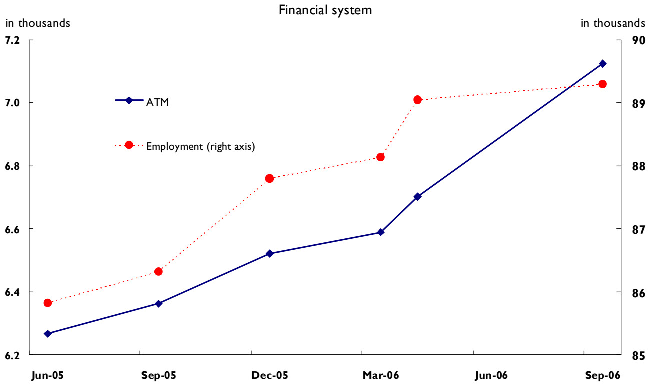
Source: BCRA

Chart 18
Operating Costs
Financial system



Source: BCRA

Chart 19
ATM and Employment
Financial system



Source: BCRA

numbers,[12] as well as with the gradual increase in the number of branches and ATMs at the disposal of the public[13] (see Chart 19). The rise for the month in operating costs was reflected in a reduction in their coverage by means of income (financial margin and income from services) to a level of 162%.

Sundry results for the bank aggregate rose by 0.6 p.p. of assets in November to 1.5%a.. **Profits on investments in other institutions and gains from loan recoveries explained the increase for the month in sundry results**. This income statement heading totaled 0.9%a. over the first 11 months of 2006, slightly above the figure in the same month of the previous year. Lastly, those headings associated with the gradual recognition of the effects of the crisis (amortization of court ordered payments and adjustments to the valuation of public sector assets) remained at 1%a. of assets in the aggregate.

Outlook for December

Information available as at the date of publication of this Report indicates steady expansion of financial intermediation in December (see Table 1). **The rise in lending in December was led in particular by promissory notes, personal loans and current account overdrafts,** interest rates remaining steady in the case of the first two loan lines, with a slight increase in the case of overdrafts.

Unlike in the previous two months, in December time deposits recorded relatively little growth compared with the increase in sight deposits. This greater preference for liquid deposits can be explained by both year-end spending and liquidity requirements associated with the summer vacation period. Given these relative variations, **it is estimated that growth in interest income should be higher than that for interest expense, leading to an improved result on financial intermediation.** This steady increase in transactional deposits and in loans will probably boost financial institution service income. Meanwhile, the lower increase in CER in December compared with the previous year will be reflected in lower net adjustments under this heading.

Between ends of December the peso-dollar exchange rate remained stable, so that results from exchange rate differences are unlikely to show significant modifications. **The domestic bond market performed favorably in November, with a positive effect on the prices of the main government securities that have been marked to market by banks.** Therefore, gains on securities from financial assets will continue to represent a significant component of bank profitability during December. In relation to the cost structure, because a balance sheet closing period is involved, **in December there could be a moderate increase in loan loss charges and operating costs, particularly given the effect from the accrual of extraordinary payments to personnel** at the end of the year.

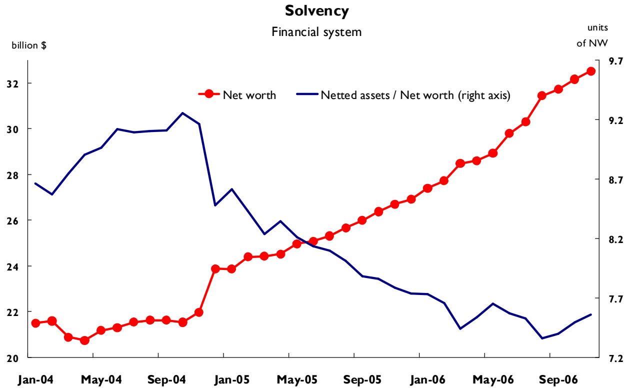
[12] See Chart 21 in the October issue of this Report.
[13] Geographical coverage by the banking sector is gradually improving. See FSB No.6 page 42 for greater detail, available at www.bcra.gov.ar

Table 1
Main Developments in December 2006

	Nov	Dec	Var. Nov%	Var. Dec%
Prices				
Exchange rate ($/US$)[1]	3.069	3.070	-0.8	0.0
CPI	184.9	186.7	0.7	1.0
CER[1]	1.88	1.89	0.9	0.7
	%	%	Var p.p.	Var p.p.
Government securities - annual IRR[1]				
BOGAR $ 2018	4.9	5.0	-88	11
BODEN U$S 2012	7.6	7.6	-46	-6
Discount $	6.1	5.7	-44	-37
Discount U$S NY	8.4	7.7	-5	-71
	%	%	Var p.p.	Var p.p.
Average percentage rates				
Lending [2]				
Overdraft	16.3	17.0	14	64
Promissory notes	13.2	13.2	38	6
Mortgage	11.6	11.4	23	-29
Pledge-backed	10.6	10.5	6	-8
Personal	24.7	24.7	34	2
30 to 44 day time deposit	7.1	7.5	8	38
LEBAC in $ without CER - 1 year	11.2	11.2	-16	-6
7 day BCRA repos	6.3	6.3	25	0
BADLAR	7.4	7.9	21	52
	Mill. $	Mill. $	Var %	Var %
Balance[2,3] - Financial system				
Peso deposits - Private sector	102,805	105,620	1.6	2.7
Sight deposits	55,739	58,441	1.3	4.8
Time deposits	47,066	47,179	1.9	0.2
Peso loans - Private sector	61,698	63,738	3.5	3.3
Overdraft	11,317	11,692	4.0	3.3
Promissory notes	13,460	13,969	2.9	3.8
Mortgage	9,823	9,852	2.3	0.3
Pledge-backed	3,507	3,645	4.3	3.9
Personal	12,568	13,041	6.4	3.8

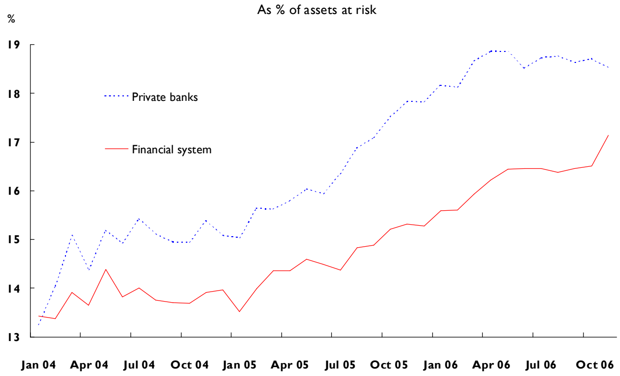
(1) End of month figure.
(2) Estimation based on SISCEN data (provisional data subject to change).
(3) Monthly average. In million of pesos.
Source: INDEC and BCRA.

Chart 20
Solvency
Financial system



Source: BCRA

Chart 21
Capital Compliance
As % of assets at risk



Source: BCRA

Solvency:

Banks strengthen financial position

Banks have succeeded in strengthening their solvency, generating resources from their traditional business and resorting to a lesser extent to additional contributions from their owners. Whereas over the whole of 2005 new capital injections ($2.2 billion) were 27% higher than bank profits, over the first 11 months of 2006 this situation was reversed: profits were 57% greater than new capital contributions.

In November bank net worth increased 1.1% (almost $360 million) (see Chart 20)**, achieving a growth of 22.9%a. in 2006 to date** or 19.1%a. if ownership between banks is consolidated. For the third month in succession, the degree of financial system leverage has recorded a slight increase to 7.6 units of net worth, a development in line with the notable increase in the volume of financial intermediation.

As a result of one transaction involving a major public bank, **the financial system capital compliance indicator increased 0.6 p.p. to 17.1% of risk-weighted assets**, (see Chart 21) comfortably exceeding internationally-recommended levels. Private bank capital compliance also recorded adequate levels, totaling 18.5% of assets at risk. **During 2006 it has been seen that most banks have recorded an increase in their capital compliance in terms of assets at risk.** Excess capital compliance by financial institutions rose in November to 143% of the requirement, a development mainly explained by the mentioned increase in compliance.

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" " 4591 – 08/Nov/06
Financial institution minimum capital requirements. For the purpose of paying the financial servicing on long-term debt instruments (forming part of the RPC) such issues must count on prior approval by their shareholders' meeting. The procedure mentioned in Com. "A" 4589 should be used to determine the existence of sufficient balance to make the payment, with the following exceptions:

1. Non-deduction from retained earnings of those amounts capitalized for differences corresponding to payments made in compliance with court orders ("Pesified" deposits) and the positive result arising from the difference between book value and market price, if the bank records government securities that have not been marked to market;
2. The values corresponding to the "alfa1" and "alfa2" ratios shall be used for the recalculation of the minimum capital position established by transitory regulations (points 9.5 and 9.6 of section 9 of the rules on Minimum Capital).

Communication "A" 4598 – 17/Nov/06
Net global foreign currency position. As from 1/Jan/07 the maximum limit for the negative foreign currency provision will be increased by 15 percentage points, as long as the financial institutions jointly record:

1. Medium-term and long-term loans in pesos granted to the private non-financial sector for terms of over 4 years for an amount equivalent to the mentioned limit;
2. An increase in the minimum capital requirement for credit risk equivalent to the expansion of the general limit in the net global foreign currency position.

Methodology:

(a) Aggregate balance sheet information is taken from the Monthly Accounting Information System (non-consolidated balances). With a view to calculating data for the system aggregate, for institutions not providing data for the month under review, the latest information available is repeated in the aggregate balance sheet. In turn, for the analysis of profitability, only taken into consideration are those institutions providing data on the month in question.

(b) Due to the possible lack of data for a number of banks at the time of drafting this Report, and given the possibility of subsequent corrections to the data provided by financial institutions, the data included –particularly for the last month mentioned- is of a preliminary nature. Consequently, and given the fact that the latest available data are always used, data in connection with earlier periods may not match what was previously mentioned in prior issues of the Report. In such cases, the latter release should be considered the highest quality available one.

(c) Unless provided to the contrary, data on deposits and loans relate to balance sheet information, and do not necessarily agree with those gathered via the Centralized System of Information Requirements (SISCEN). Reasons for discrepancies include: the exact date taken into account for the calculation of monthly variations and the items included in the definition adopted in each case.

(d) Qualitative information on specific transactions involving specific banks has been taken from the notes to the banks financial statements, or obtained on the basis of inquiries made to the supervisors with the Superintendence of Financial and Exchange Institutions.

(e) Profitability indicators are calculated based on monthly results estimated on the grounds of the changes in the amount of aggregated results during the current fiscal year. Unless a provision is made to the contrary, profitability ratios are annualized.

(f) Initially, the breakdown by group of banks was determined on the basis of majority involvement in decision taking –in terms of Shareholders meetings votes- differentiating between privately-owned institutions from public banks. Also and with a view to deepening the scope of the analysis, private institutions were identified according to geographic and business scope of their operations. Thus, wholesale banks were defined as those specializing in the large corporations and investors sector, which usually do not depend for their funding on deposits from the private sector. On the other hand, retail banks were divided into those carrying out business at the domestic level, located in certain geographic regions –municipalities, provinces, or regions- and institutions specializing in a financial sector niche market –generally smaller institutions. Lastly, it should be noted that the grouping herein has solely been carried out for analytical purposes and does not imply the only methodological grouping criterion; whereas, on the other hand, the listing of features pertaining to each set of institutions has been established in a general manner.

Glossary:

%a.: annualized percentage.
%i.a.: interannual percentage.
Adjusted profit: Total profit excluding payments made due to court-ordered releases and adjustments to the valuation of public sector assets according to Com. "A" 3911 and modifications.
ASE: Adjusted stockholders' equity, for Responsabilidad Patrimonial Computable (RPC) in Spanish. The measure for compliance with bank capital regulations.
Consolidated (or aggregate) assets and liabilities: Those arising from excluding operations between financial institutions.
CEDRO: *Certificado de Depósito Reprogramado*. Rescheduled Stabilization Coefficient.
Financial margin: Income less outlays of a financial nature. Includes interest income, gains from securities, CER/CVS adjustments, exchange rate differences and other financial results. Does not include the items affected by Com. A 3911 and modifications.
Gains from securities: Includes income from government securities, short-term investments, corporate bonds, subordinated debt, options and from other income from financial intermediation. In the case of government securities, it includes the results accrued from income, quotation differences, exponential increase on the basis of the internal rate of return (IRR), and from sales, as well as the charge for impairment to value.
Income from services: Commissions collected less commissions paid. Includes commissions on liabilities, credits, securities, guarantees granted, rental of safe deposits boxes and foreign trade and exchange transactions, excluding in the case of the latter results from the trading of foreign currency, which are recorded in the "Exchange difference" accounts (here included under the heading "Other financial results"). Outflows include commissions paid, contributions to the Banking Social Services Institute (ISSB), other contributions on service income and charges accrued for gross income tax.
Interest income (interest margin): Interest collected less interest paid on financial intermediation, on an accrual basis – taken from balance sheet – rather than on a cash basis. Includes interest on loans of government securities and premiums on repos and reverse repos.
Liquid assets: Minimum cash compliance – cash, current account at Central Bank and special accounts in guarantee – and other liquid items, including correspondent accounts.
Liquidity ratio: Liquid assets as a percentage of total deposits.
mill.: million
Netted assets (NA) and liabilities: Those net of accounting duplications inherent to the recording of repurchase agreements, term transactions or unsettled spot transactions.
Net worth exposure to counterparty risk: Non-performing portfolio net of allowances in terms of net worth.
Non-performing portfolio: Portfolio in categories 3 to 6, as per the debtor classification system.
Operating costs: Includes remuneration, social security payments, services and fees, sundry expenses, taxes and amortization.
ON: Corporate bonds (Obligaciones Negociables).
OS: Subordinated debt (Obligaciones Subordinadas).
Other financial results: Income from financial leasing, adjustments to valuation of credit to the public sector, contribution to the deposit guarantee fund, interest on liquid funds, difference in market price of gold and foreign exchange, premiums on the sale of foreign currency and other unidentified income (net).
PN: Net worth (Patrimonio Neto).
p.p.a.: annualized percentage points
Private sector credit: Loans to the private sector and private sector securities.
Public sector credit: Loans to the public sector, holdings of government securities and compensation receivable from the Federal Government.
Quotation differences: Income from the monthly updating of foreign currency-denominated assets and liabilities. The heading also includes income arising from the purchase and sale of foreign currency, arising from the difference in the price agreed (net of direct costs generated by the transaction) and the book value.
ROA: Net profits as a percentage of netted assets. When referring to accumulated results the denominator includes the average netted assets for the reference months.
ROE: Net profits as a percentage of net worth. When referring to accumulated results the denominator includes the average net worth for the reference months.
RPC: Adjusted stockholders´s equity, calculated towards meeting capital regulations. (Responsabilidad Patrimonial Computable)
SMEs: Small and Medium Enterprises.
US$: United States dollars

Statistics Annex: Financial System

Chart 1: Financial Soundness Indicators (see Methodological note in next page)

As %	1996	1997	1998	1999	2000	2001	2002	2003	2004	Nov 2005	2005	Oct 2006	Nov 2006
1.- Liquidity	22.3	26.1	23.1	25.0	23.4	19.6	22.8	29.1	29.6	22.8	20.1	23.4	23.2
2.- Lending to the public sector	19.2	19.2	19.3	21.8	21.8	25.8	49.1	47.2	41.5	32.7	32.8	25.5	24.9
3.- Lending to the private sector	57.8	56.2	57.2	53.7	49.7	47.2	20.8	18.1	20.3	26.0	26.8	30.9	31.2
4.- Private non-performing loans	16.2	13.8	12.2	14.0	16.0	19.1	38.6	33.5	18.6	9.0	7.6	4.8	4.7
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	-3.6	-4.1	-3.7	-4.0
6.- ROA	0.6	1.0	0.5	0.2	0.0	0.0	-8.9	-2.9	-0.5	0.9	0.9	1.8	1.8
7.- ROE	4.1	6.3	3.9	1.7	0.0	-0.2	-59.2	-22.7	-4.2	7.5	7.0	13.4	13.8
8.- Efficiency	142	136	138	142	147	143	189	69	125	153	151	168	168
9.- Capital compliance	23.8	20.8	20.3	21.0	20.1	21.4	-	14.5	14.0	15.3	15.3	16.5	17.1
10.- Excess capital compliance	64	73	49	54	58	54	-	116	185	177	173	136	143

Source: BCRA

Chart 2: Balance Sheet

In current pesos (millions)	Dec 00	Dec 01	Dec 02	Dec 03	Dec 04	Nov 05	Dec 05	Oct 06	Nov 06	Change (%)		
										Month on month	Accum. 2006	Last 12 months
Assets	**163,550**	**123,743**	**187,532**	**186,873**	**212,562**	**220,832**	**221,962**	**261,648**	**264,878**	**1.2**	**19.3**	**19.9**
Liquid assets[1]	20,278	13,005	17,138	27,575	29,154	26,615	20,819	33,487	36,231	8.2	74.0	36.1
Public bonds	10,474	3,694	31,418	45,062	55,382	61,353	66,733	68,321	66,105	-3.2	-0.9	7.7
Lebac/Nobac	0	0	-	-	17,755	24,712	28,340	32,855	31,209	-5.0	10.1	26.3
Portfolio	0	0	-	-	11,803	20,096	21,067	25,020	25,419	1.6	20.7	26.5
Repo	0	0	-	-	5,953	4,616	7,273	7,835	5,790	-26.1	-20.4	25.4
Private bonds	633	543	332	198	387	361	389	599	572	-4.4	46.9	58.3
Loans	83,277	77,351	84,792	68,042	73,617	82,832	84,171	100,740	104,048	3.3	23.6	25.6
Public sector	15,164	22,694	44,337	33,228	30,866	25,673	25,836	22,385	22,508	0.5	-12.9	-12.3
Private sector	64,464	52,039	38,470	33,398	41,054	54,131	55,885	74,380	76,771	3.2	37.4	41.8
Financial sector	3,649	2,617	1,985	1,417	1,697	3,028	2,450	3,974	4,769	20.0	94.7	57.5
Provisions over loans	-6,907	-6,987	-11,952	-9,374	-7,500	-5,424	-4,930	-4,273	-4,276	0.1	-13.3	-21.2
Other netted credits due to financial intermediation	42,361	21,485	39,089	27,030	32,554	26,227	26,721	34,094	33,046	-3.1	23.7	26.0
Corporate bonds and subordinated debt	794	751	1,708	1,569	1,018	853	873	782	780	-0.2	-10.6	-8.6
Unquoted trusts	2,053	2,065	6,698	4,133	3,145	3,864	3,883	4,828	5,038	4.3	29.7	30.4
Compensation receivable	0	0	17,111	14,937	15,467	6,030	5,841	4,776	4,778	0.0	-18.2	-20.8
Other	39,514	18,669	13,572	6,392	12,924	15,480	16,124	23,708	22,450	-5.3	39.2	45.0
Assets under financial leases	786	771	567	397	611	1,264	1,384	2,088	2,169	3.9	56.7	71.6
Shares and participation	2,645	2,688	4,653	4,591	3,871	4,429	4,532	5,843	6,047	3.5	33.4	36.5
Fixed assets and miscellaneous	4,939	4,804	8,636	8,164	7,782	7,497	7,546	7,497	7,538	0.5	-0.1	0.5
Foreign branches	1,115	1,057	3,522	3,144	3,524	3,641	3,647	3,246	3,234	-0.4	-11.3	-11.2
Other assets	3,950	5,334	9,338	12,043	13,180	12,037	10,950	10,007	10,165	1.6	-7.2	-15.6
Liabilities	**146,267**	**107,261**	**161,446**	**164,923**	**188,683**	**194,133**	**195,044**	**229,486**	**232,361**	**1.3**	**19.1**	**19.7**
Deposits	86,506	66,458	75,001	94,635	116,655	134,272	136,492	165,710	170,564	2.9	25.0	27.0
Public sector[2]	7,204	950	8,381	16,040	31,649	33,488	34,019	44,086	46,957	6.5	38.0	40.2
Private sector[2]	78,397	43,270	59,698	74,951	83,000	99,135	100,809	119,155	121,299	1.8	20.3	22.4
Current account	6,438	7,158	11,462	15,071	18,219	22,921	23,487	25,667	26,421	2.9	12.5	15.3
Savings account	13,008	14,757	10,523	16,809	23,866	27,914	29,078	34,045	34,201	0.5	17.6	22.5
Time deposit	53,915	18,012	19,080	33,285	34,944	42,497	42,822	53,692	54,665	1.8	27.7	28.6
CEDRO	0	0	12,328	3,217	1,046	22	17	15	14	-2.0	-18.5	-33.9
Other netted liabilities due to financial intermediation	55,297	36,019	75,737	61,690	64,928	53,271	52,072	56,438	54,612	-3.2	4.9	2.5
Call money	3,545	2,550	1,649	1,317	1,461	2,766	2,164	3,675	4,364	18.7	101.7	57.8
BCRA lines	102	4,470	27,837	27,491	27,726	17,917	17,005	10,873	10,874	0.0	-36.1	-39.3
Outstanding bonds	4,954	3,777	9,096	6,675	7,922	6,343	6,548	6,505	6,491	-0.2	-0.9	2.3
Foreign lines of credit	8,813	7,927	25,199	15,196	8,884	4,995	4,684	4,173	4,228	1.3	-9.7	-15.4
Other	37,883	17,295	11,955	11,012	18,934	21,250	21,671	31,212	28,655	-8.2	32.2	34.8
Subordinated debts	2,255	2,260	3,712	2,028	1,415	1,376	1,381	1,249	1,186	-5.1	-14.1	-13.8
Other liabilities	2,210	2,524	6,997	6,569	5,685	5,214	5,099	6,089	5,999	-1.5	17.6	15.1
Net worth	**17,283**	**16,483**	**26,086**	**21,950**	**23,879**	**26,699**	**26,918**	**32,161**	**32,517**	**1.1**	**20.8**	**21.8**
Memo												
Netted assets	129,815	110,275	185,356	184,371	202,447	207,811	208,275	241,005	245,893	2.0	18.1	18.3
Consolidated netted assets	125,093	106,576	181,253	181,077	198,462	202,410	203,391	233,391	237,342	1.7	16.7	17.3

(1) Includes margin accounts with the BCRA. (2) Does not include accrual on interest or CER.

Source: BCRA

Statistics Annex: Financial System

Chart 3: Profitability Structure

Amounts in million of pesos	Annual						First 11 months		Monthly			Last
	2000	2001	2002[1]	2003	2004	2005	2005	2006	Sep-06	Oct-06	Nov-06	12 months
Financial margin	7,291	6,943	13,991	1,965	6,075	9,475	8,597	11,699	988	1,213	1,116	12,578
Net interest income	5,106	4,625	-3,624	-943	1,753	3,069	2,768	3,710	324	390	359	4,012
CER and CVS adjustments	0	0	8,298	2,315	1,944	3,051	2,795	2,760	182	207	254	3,016
Foreign exchange price adjustments	185	268	5,977	-890	866	751	524	879	79	49	27	1,106
Gains on securities	1,481	1,490	3,639	1,962	1,887	2,371	2,284	4,147	384	546	456	4,234
Other financial income	519	559	-299	-480	-375	233	226	203	19	21	20	209
Service income margin	3,582	3,604	4,011	3,415	3,904	4,781	4,309	5,530	539	561	564	6,001
Loan loss provisions	-3,056	-3,096	-10,007	-2,089	-1,511	-1,173	-1,089	-1,086	-111	-109	-104	-1,170
Operating costs	-7,375	-7,362	-9,520	-7,760	-7,998	-9,437	-8,434	-10,280	-964	-986	-1,038	-11,283
Tax charges	-528	-571	-691	-473	-584	-737	-661	-957	-94	-99	-99	-1,033
Income tax	-446	-262	-509	-305	-275	-581	-560	-791	-64	-100	-92	-812
Adjustments to the valuation of government securities[2]	0	0	0	-701	-320	-410	-248	-644	-54	-54	-60	-807
Amortization payments for court-ordered releases	0	0	0	-1,124	-1,686	-1,867	-1,719	-1,549	-124	-137	-141	-1,697
Other	535	702	-3,880	1,738	1,497	1,729	1,532	1,849	179	175	313	2,046
Monetary results	0	0	-12,558	69	0	0	0	0	0	0	0	0
Total results	**3**	**-42**	**-19,162**	**-5,265**	**-898**	**1,780**	**1,727**	**3,770**	**295**	**464**	**459**	**3,823**
Adjusted results[3]	-	-	-	-3,440	1,337	4,057	3,694	5,963	473	655	659	6,327
Annualized indicators - As % of netted assets												
Financial margin	5.7	5.7	6.5	1.1	3.1	4.6	4.6	5.7	5.1	6.0	5.5	5.6
Net interest income	4.0	3.8	-1.7	-0.5	0.9	1.5	1.5	1.8	1.7	1.9	1.8	1.8
CER and CVS adjustments	0.0	0.0	3.9	1.3	1.0	1.5	1.5	1.3	0.9	1.0	1.2	1.3
Foreign exchange price adjustments	0.1	0.2	2.8	-0.5	0.4	0.4	0.3	0.4	0.4	0.2	0.1	0.5
Gains on securities	1.2	1.2	1.7	1.1	1.0	1.2	1.2	2.0	2.0	2.7	2.2	1.9
Other financial income	0.4	0.5	-0.1	-0.3	-0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Service income margin	2.8	3.0	1.9	1.9	2.0	2.3	2.3	2.7	2.8	2.8	2.8	2.7
Loan loss provisions	-2.4	-2.6	-4.7	-1.1	-0.8	-0.6	-0.6	-0.5	-0.6	-0.5	-0.5	-0.5
Operating costs	-5.8	-6.1	-4.4	-4.2	-4.1	-4.6	-4.5	-5.0	-4.9	-4.9	-5.1	-5.0
Tax charges	-0.4	-0.5	-0.3	-0.3	-0.3	-0.4	-0.4	-0.5	-0.5	-0.5	-0.5	-0.5
Income tax	-0.3	-0.2	-0.2	-0.2	-0.1	-0.3	-0.3	-0.4	-0.3	-0.5	-0.5	-0.4
Adjustments to the valuation of government securities[2]	0.0	0.0	0.0	-0.4	-0.2	-0.2	-0.1	-0.3	-0.3	-0.3	-0.3	-0.4
Amortization payments for court-ordered releases	0.0	0.0	0.0	-0.6	-0.9	-0.9	-0.9	-0.8	-0.6	-0.7	-0.7	-0.8
Other	0.4	0.6	-1.8	0.9	0.8	0.8	0.8	0.9	0.9	0.9	1.5	0.9
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
ROA	**0.0**	**0.0**	**-8.9**	**-2.9**	**-0.5**	**0.9**	**0.9**	**1.8**	**1.5**	**2.3**	**2.3**	**1.7**
ROA adjusted[3]	0.0	0.0	-8.9	-1.9	0.7	2.0	2.0	2.9	2.4	3.3	3.2	2.8
ROE	*0.0*	*-0.2*	*-59.2*	*-22.7*	*-4.2*	*7.0*	*7.5*	*13.8*	*11.2*	*17.3*	*17.1*	*12.8*

(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" head
(3) Excluding amortization of payments for court-ordered releases and the effects of Com. "A" 3911 and 4084.
Source: BCRA

Chart 4: Portfolio Quality

As percentages	Dec 00	Dec 01	Dec 02	Dec 03	Dec 04	Nov 05	Dec 05	Sep 06	Oct 06	Nov 06
Non-performing loans (overall)	12.9	13.1	18.1	17.7	10.7	6.0	5.2	3.8	3.7	3.5
Non-performing loans to the non-financial private sector	**16.0**	**19.1**	**38.6**	**33.5**	**18.6**	**9.0**	**7.6**	**5.0**	**4.8**	**4.7**
Commercial portfolio (*)	14.9	20.7	44.0	38.0	22.8	11.1	9.3	5.7	5.5	5.3
Consumption and housing portfolio	17.3	17.5	31.4	28.0	11.0	5.5	4.8	3.8	3.7	3.6
Provisions / Total non-performing loans	61.1	66.4	73.8	79.2	102.9	118.5	125.1	131.6	132.1	134.4
(Total non-performing - Provisions) / Overall financing	5.0	4.4	4.7	3.7	-0.3	-1.1	-1.3	-1.2	-1.2	-1.2
(Total non-performing - Provisions) / Net worth	26.2	21.6	17.2	11.9	-1.0	-3.6	-4.1	-3.7	-3.7	-4.0

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

Methodological note (chart 1):

1.-(Cash compliance according to BCRA + Other cash holdings + Central Bank repos) / Total deposits; **2.-**(Public bonds position (without LEBAC and NOBAC) + Loans to the public sector + Compensation receivable) / Netted assets; **3.-**Loans to the private sector / Netted assets; **4.-**Non-performing loans to the non-financial private sector / Loans to the non-financial private sector; **5.-**(Total non-performing loans – Provisions) /Net Worth. The non-performing loans includes loans classified in situation 3,4,5, and 6; **6.-**Accumulated annual results /Average monthly netted assets - % Annualized; **7.-** Accumulated annual results / Average monthly net worth - % Annualized; **8.-**(Financial margin (Net interest income + Restatement by CER and CVS + Gain on securities + Foreign exchange price adjustments + Other financial income) + Service income margin) / Operating costs; **9.-**Capital compliance (Responsabilidad Patrimonial Computable) / Risk – adjusted assets according to the norm of BCRA about Minimum Capital Compliance; **10.-**(Capital Compliance minus requirements, included franchises) / Capital requirements.

Statistics Annex: Private Banks

Chart 5: Financial Soundness Indicators (see Methodological note in next page)

As %	1996	1997	1998	1999	2000	2001	2002	2003	2004	Nov 2005	2005	Oct 2006	Nov 2006
1.- Liquidity	23.6	26.9	22.8	24.3	24.1	23.6	24.8	27.6	29.2	23.3	21.5	22.4	23.0
2.- Lending to the public sector	15.9	16.9	17.0	20.4	19.9	23.2	49.9	47.7	43.1	29.5	29.5	21.3	20.7
3.- Lending to the private sector	59.5	57.4	58.9	55.5	51.0	49.6	22.1	19.8	23.1	30.7	31.7	38.0	38.4
4.- Private non-performing loans	11.1	8.5	7.7	8.9	9.8	14.0	37.4	30.4	15.3	7.7	6.3	4.0	3.8
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	-1.2	-2.2	-2.9	-2.9
6.- ROA	0.6	0.7	0.5	0.3	0.1	0.2	-11.3	-2.5	-1.0	0.6	0.5	2.0	2.1
7.- ROE	4.1	6.3	4.3	2.3	0.8	1.4	-79.0	-19.1	-8.1	5.0	4.1	14.0	14.6
8.- Efficiency	144	135	139	146	152	151	168	93	115	141	136	160	160
9.- Capital compliance	15.9	15.4	14.6	18.9	18.0	17.6	-	14.0	15.1	17.8	17.8	18.7	18.5
10.- Excess capital compliance	33	47	27	60	49	43	-	88	157	155	155	125	122

Source: BCRA

Chart 6: Balance Sheet

In current pesos (millions)	Dec 00	Dec 01	Dec 02	Dec 03	Dec 04	Nov 05	Dec 05	Oct 06	Nov 06	Change (%)		
										Month on month	Accum. 2006	Last 12 months
Assets	**119,371**	**82,344**	**118,906**	**116,633**	**128,065**	**130,884**	**129,680**	**150,929**	**154,574**	**2.4**	**19.2**	**18.1**
Liquid assets[1]	13,920	10,576	11,044	14,500	15,893	16,431	14,074	18,276	20,695	13.2	47.0	25.9
Public bonds	7,583	1,627	19,751	22,260	24,817	28,590	29,966	28,927	26,948	-6.8	-10.1	-5.7
Lebac/Nobac	0	0	-	-	8,359	13,737	15,227	16,914	15,463	-8.6	1.6	12.6
Portfolio	0	0	-	-	5,611	12,621	12,899	14,016	13,963	-0.4	8.2	10.6
Repo	0	0	-	-	2,749	1,116	2,328	2,899	1,500	-48.3	-35.6	34.4
Private bonds	563	451	273	172	333	282	307	485	467	-3.7	52.2	65.9
Loans	56,035	52,319	51,774	47,017	50,741	55,192	56,565	67,172	70,073	4.3	23.9	27.0
Public sector	8,172	13,803	25,056	23,571	21,420	15,905	15,954	11,678	11,726	0.4	-26.5	-26.3
Private sector	45,103	36,636	26,074	22,816	28,213	37,652	39,031	52,708	55,039	4.4	41.0	46.2
Financial sector	2,760	1,880	644	630	1,107	1,635	1,580	2,786	3,308	18.8	109.4	102.4
Provisions over loans	-3,248	-3,957	-7,463	-5,225	-3,717	-2,735	-2,482	-2,273	-2,275	0.1	-8.3	-16.8
Other netted credits due to financial intermediation	36,600	13,037	27,212	22,148	25,753	18,878	16,873	22,698	22,698	0.0	34.5	20.2
Corporate bonds and subordinated debt	724	665	1,514	1,394	829	681	675	584	583	-0.1	-13.7	-14.4
Unquoted trusts	1,609	1,637	6,205	3,571	2,362	2,586	2,444	3,077	3,180	3.4	30.1	23.0
Compensation receivable	0	0	15,971	13,812	14,657	5,766	5,575	4,772	4,774	0.0	-14.4	-17.2
Other	34,267	10,735	3,523	3,370	7,905	9,845	8,179	14,265	14,161	-0.7	73.1	43.8
Assets under financial leases	776	752	553	387	592	1,236	1,356	1,976	2,045	3.5	50.8	65.4
Shares and participation	1,651	1,703	3,123	2,791	1,892	2,339	2,416	3,671	3,848	4.8	59.3	64.5
Fixed assets and miscellaneous	3,225	3,150	5,198	4,902	4,678	4,540	4,575	4,563	4,607	1.0	0.7	1.5
Foreign branches	75	112	-109	-136	-53	-77	-148	-138	-138	-0.2	-6.7	79.0
Other assets	2,190	2,574	7,549	7,816	7,137	6,209	6,178	5,572	5,606	0.6	-9.2	-9.7
Liabilities	**107,193**	**70,829**	**103,079**	**101,732**	**113,285**	**114,148**	**112,600**	**130,629**	**133,945**	**2.5**	**19.0**	**17.3**
Deposits	57,833	44,863	44,445	52,625	62,685	74,764	75,668	89,599	92,126	2.8	21.8	23.2
Public sector[2]	1,276	950	1,636	3,077	6,039	7,354	6,946	7,410	7,691	3.8	10.7	4.6
Private sector[2]	55,917	43,270	38,289	47,097	55,384	66,553	67,859	80,834	83,164	2.9	22.6	25.0
Current account	4,960	7,158	8,905	11,588	13,966	17,539	17,946	19,215	19,874	3.4	10.7	13.3
Savings account	9,409	14,757	6,309	10,547	14,842	17,517	18,362	21,131	21,490	1.7	17.0	22.7
Time deposit	39,030	18,012	11,083	18,710	22,729	27,444	27,736	36,646	37,763	3.0	36.2	37.6
CEDRO	0	0	9,016	2,409	798	6	3	2	2	-3.1	-27.4	-67.8
Other netted liabilities due to financial intermediation	46,271	22,629	49,341	42,367	45,083	34,830	32,349	36,283	36,861	1.6	13.9	5.8
Call money	2,293	1,514	836	726	1,070	2,001	1,488	2,405	3,016	25.4	102.7	50.7
BCRA lines	83	1,758	16,624	17,030	17,768	10,254	10,088	6,785	6,829	0.6	-32.3	-33.4
Outstanding bonds	4,939	3,703	9,073	6,674	7,922	6,343	6,548	6,465	6,451	-0.2	-1.5	1.7
Foreign lines of credit	5,491	4,644	15,434	9,998	5,444	3,025	2,696	2,141	2,212	3.3	-17.9	-26.9
Other	33,466	11,010	7,374	7,939	12,878	13,207	11,530	18,487	18,353	-0.7	59.2	39.0
Subordinated debts	1,668	1,700	3,622	1,850	1,304	1,312	1,319	1,188	1,186	-0.2	-10.1	-9.6
Other liabilities	1,420	1,637	5,671	4,890	4,213	3,243	3,264	3,559	3,772	6.0	15.6	16.3
Net worth	**12,178**	**11,515**	**15,827**	**14,900**	**14,780**	**16,736**	**17,080**	**20,300**	**20,630**	**1.6**	**20.8**	**23.3**
Memo												
Netted assets	88,501	73,796	117,928	115,091	121,889	122,730	123,271	138,858	143,190	3.1	16.2	16.7

(1) Includes margin accounts with the BCRA. (2) Does not include accrual on interest or CER.

Source: BCRA

Statistics Annex: Private Banks

Chart 7: Profitability Structure

	Annual						First 11 months		Monthly			Last
Amounts in million of pesos	2000	2001	2002[1]	2003	2004	2005	2005	2006	Sep-06	Oct-06	Nov-06	12 months
Financial margin	5,441	5,282	10,628	2,575	3,415	5,253	4,908	6,919	585	759	696	7,264
Net interest income	3,598	3,519	-304	107	1,214	2,069	1,871	2,511	218	256	249	2,709
CER and CVS adjustments	0	0	1,476	1,082	900	1,215	1,162	763	58	56	59	817
Foreign exchange price adjustments	160	256	6,189	-312	666	576	463	689	55	50	53	801
Gains on securities	1,232	962	3,464	1,892	959	1,259	1,281	2,788	238	378	318	2,767
Other financial income	450	546	-197	-195	-322	134	131	168	15	19	18	170
Service income margin	2,554	2,598	2,782	2,341	2,774	3,350	3,029	3,946	379	401	404	4,268
Loan loss provisions	-2,173	-2,464	-6,923	-1,461	-1,036	-714	-640	-663	-71	-61	-75	-737
Operating costs	-5,263	-5,224	-6,726	-5,310	-5,382	-6,303	-5,635	-6,785	-633	-646	-678	-7,452
Tax charges	-379	-418	-512	-366	-393	-509	-449	-672	-66	-68	-69	-731
Income tax	-393	-216	-337	-295	-202	-217	-186	-297	-22	-54	-52	-328
Adjustments to the valuation of government securities[2]	0	0	0	-665	-51	-201	-97	-163	-14	-12	-11	-266
Amortization payments for court-ordered releases	0	0	0	-791	-1,147	-1,168	-1,078	-1,052	-90	-97	-101	-1,142
Other	307	615	-4,164	1,178	846	1,156	866	1,292	129	116	238	1,582
Monetary results	0	0	-10,531	-20	0	0	0	0	0	0	0	0
Total results	**93**	**174**	**-15,784**	**-2,813**	**-1,176**	**648**	**717**	**2,526**	**198**	**339**	**352**	**2,457**
Adjusted results[3]	-	-	-	-1,357	252	2,016	1,892	3,741	302	448	464	3,865
Annualized indicators - As % of netted assets												
Financial margin	6.2	6.4	7.6	2.3	2.9	4.3	4.4	5.8	5.2	6.6	5.8	5.6
Net interest income	4.1	4.3	-0.2	0.1	1.0	1.7	1.7	2.1	1.9	2.2	2.1	2.1
CER and CVS adjustments	0.0	0.0	1.1	0.9	0.8	1.0	1.0	0.6	0.5	0.5	0.5	0.6
Foreign exchange price adjustments	0.2	0.3	4.4	-0.3	0.6	0.5	0.4	0.6	0.5	0.4	0.4	0.6
Gains on securities	1.4	1.2	2.5	1.7	0.8	1.0	1.1	2.3	2.1	3.3	2.7	2.1
Other financial income	0.5	0.7	-0.1	-0.2	-0.3	0.1	0.1	0.1	0.1	0.2	0.2	0.1
Service income margin	2.9	3.2	2.0	2.0	2.4	2.7	2.7	3.3	3.3	3.5	3.4	3.3
Loan loss provisions	-2.5	-3.0	-5.0	-1.3	-0.9	-0.6	-0.6	-0.6	-0.6	-0.5	-0.6	-0.6
Operating costs	-6.0	-6.4	-4.8	-4.6	-4.6	-5.1	-5.0	-5.6	-5.6	-5.6	-5.7	-5.7
Tax charges	-0.4	-0.5	-0.4	-0.3	-0.3	-0.4	-0.4	-0.6	-0.6	-0.6	-0.6	-0.6
Income tax	-0.4	-0.3	-0.2	-0.3	-0.2	-0.2	-0.2	-0.2	-0.2	-0.5	-0.4	-0.3
Adjustments to the valuation of government securities[2]	0.0	0.0	0.0	-0.6	0.0	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2
Amortization payments for court-ordered releases	0.0	0.0	0.0	-0.7	-1.0	-1.0	-1.0	-0.9	-0.8	-0.8	-0.8	-0.9
Other	0.4	0.7	-3.0	1.0	0.7	0.9	0.8	1.1	1.1	1.0	2.0	1.2
Monetary results	0.0	0.0	-7.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ROA	**0.1**	**0.2**	**-11.3**	**-2.5**	**-1.0**	**0.5**	**0.6**	**2.1**	**1.7**	**2.9**	**3.0**	**1.9**
ROA adjusted[3]	0.1	0.2	-11.3	-1.2	0.2	1.6	1.7	3.1	2.7	3.9	3.9	3.0
ROE	*0.8*	*1.4*	*-79.0*	*-19.1*	*-8.1*	*4.1*	*5.0*	*14.6*	*11.9*	*20.0*	*20.5*	*13.1*

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

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

Source: BCRA

Chart 8: Portfolio Quality

As percentages	Dec 00	Dec 01	Dec 02	Dec 03	Dec 04	Nov 05	Dec 05	Sep 06	Oct 06	Nov 06
Non-performing loans (overall)	8.3	9.9	19.8	15.7	8.9	5.4	4.4	3.2	3.1	2.9
Non-performing loans to the non-financial private sector	**9.8**	**14.0**	**37.4**	**30.4**	**15.3**	**7.7**	**6.3**	**4.1**	**4.0**	**3.7**
Commercial portfolio (*)	8.4	15.4	44.7	39.0	18.2	9.1	7.3	4.4	4.3	3.9
Consumption and housing portfolio	11.9	12.4	26.0	17.2	10.0	5.0	4.2	3.5	3.3	3.3
Provisions / Total non-performing loans	67.7	75.7	73.4	79.0	95.7	106.6	114.6	125.7	126.6	129.6
(Total non-performing - Provisions) / Overall financing	2.7	2.4	5.3	3.3	0.4	-0.3	-0.6	-0.8	-0.8	-0.9
(Total non-performing - Provisions) / Net worth	13.4	11.4	18.6	11.2	1.3	-1.2	-2.2	-2.8	-2.9	-3.1

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

Source: BCRA

Methodological note (chart 5):

1.-(Cash compliance according to BCRA + Other cash holdings + Central Bank repos) / Total deposits; **2.-**(Public bonds position (without LEBAC and NOBAC) + Loans to the public sector + Compensation receivable) / Netted assets; **3.-**Loans to the private sector / Netted assets; **4.-**Non-performing loans to the non-financial private sector / Loans to the non-financial private sector; **5.-**(Total non-performing loans – Provisions) /Net Worth. The non-performing loans includes loans classified in situation 3,4,5, and 6; **6.-**Accumulated annual results /Average monthly netted assets - % Annualized; **7.-** Accumulated annual results / Average monthly net worth - % Annualized; **8.-**(Financial margin (Net interest income + Restatement by CER and CVS + Gain on securities + Foreign exchange price adjustments + Other financial income) + Service income margin) / Operating costs; **9.-**Capital compliance (Responsabilidad Patrimonial Computable) / Risk – adjusted assets according to the norm of BCRA about Minimum Capital Compliance; **10.-**(Capital Compliance minus requirements, included franchises) / Capital requirements.