

# Report on Banks

December 2011



BANCO CENTRAL  
DE LA REPÚBLICA ARGENTINA

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December 2011

Year IX, No. 4



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DE LA REPÚBLICA ARGENTINA

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Note | Information for December 2011 available by January 26, 2012 is included. This Report is focused on the performance of the financial system, including breakdowns by homogeneous sub-sectors. The data reported (particularly, those referring to profitability) are provisional and are subject to changes later. Except the opposite was indicated the data included corresponds to BCRA Information Regimes (end of month data).

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For comments, enquiries or electronic subscriptions: [analisis.financiero@bcra.gov.ar](mailto:analisis.financiero@bcra.gov.ar)

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## Summary for month

- **At the end of 2011 financial intermediation rose again. During the month banks slightly increased their liquidity indicators and accrued book profits.**
- **Lending to the private sector was up 2.4% in December**, driven mainly by credit cards, promissory notes and mortgages. **The ratio for private sector loan non-performance remained at a low level during the month**, at around 1.4%.
- **Total financial system deposits rose 2.9% in December. This growth came mainly from private sector deposits (5.1%)**, mostly in the form of sight deposits (6.8%) -reflecting the seasonal behavior- as well as in time deposits (3.7%). **The broad financial system liquidity indicator** (taking into account peso and foreign currency items, as well as Central Bank bills and notes) **increased slightly in December**, to 37.6% of deposits.
- **In the month net worth of the consolidated financial system expanded by 2.5%**, and the year concluded with a level of capital compliance in the order of 15.5% of risk-weighted assets (RWA). In an international comparison, this indicator is in line with the average for the region, and above the average for developed nations. **All groups of banks have recorded capital compliance levels in excess of capital requirements. In December the financial system accrued profits equivalent to 4.1%a. of assets**, more than in November, mainly because of better gains on securities and higher net interest income.

## Summary for year

- **Over the course of the year there has been a significant expansion of bank credit to the productive sectors, at the same time as private sector time deposits gained significance within total financial system funding. Measures to develop the use of bank transfers were responsible for the positive performance by this mechanism. Financial system as a whole ended the year with book profits and showing high liquidity and solvency indicators. In 2011, risks inherent to banking activity were held at low levels.**
- **Over the course of the year lending to the private sector grew by 46.2%, 9.1 p.p. more than in 2010.** As a result, **private sector lending stocks reached almost 14.5% of GDP at the end of the year, 2 p.p. more than at the end of 2010.** Lending to companies recorded the largest year-on-year increase, and was mainly driven by public banks. In 2011 loans to manufacturing, commerce and construction were the most dynamic, **with increases in the rate of credit growth with respect to 2010 for most productive segments.**
- **The private sector non-performing loan ratio fell 0.7 p.p. in 2011, a performance reflected by all group of banks.** The financial system has continued to maintain a high level of coverage by means of provisions, equivalent to 171% of the non-performing private sector portfolio, 28 p.p. above the level recorded at the end of 2010.
- **Private sector deposits grew 27.5% in 2011, mainly as a result of the behavior of time deposits (29.4%)**, which increased their share of total financial system funding. In the context of significant expansion in lending to the private sector, **the broad liquidity indicator fell 6.8 p.p. in 2011.** From previously high levels, all group of banks recorded a decline in this indicator during the course of the year.
- **With the purpose of increase population access to financial services, since the end of 2010 transfers costs were lowered, and as from April 2011 immediate value transfers by electronic means were granted. Following this stimulus, bank transfers performed positively.** The annualized amount of retail and immediate transfers reached 15.5% of GDP, close to 6 p.p. more than at the end of 2010.
- **Net worth of consolidated financial system posted an increase of 21.8% in 2011**, partly from book profits. Capitalization carried out in 2011 totaled almost \$1.0 billion, exceeding the level seen in the previous three years. In view of the situation on international markets, the Central Bank established new measures to be in force since Feb-12, designed to continue strengthening bank solvency standards. Specifically, **a capital requirement was imposed to cover operational risk, and the capital buffer prior to profit distribution was increased.**
- **Over the course of the year, banking system recorded book profits for 2.7% of assets**, thus concluding the seventh consecutive year of positive results. **All group of banks posted profits in 2011.**

## Activity

*In 2011 banks significantly increased their level of financial intermediation with the private sector*

At the end of 2011 banks were continuing to expand their level of financial intermediation with the private sector. Lending to the private sector posted a year-on-year (y.o.y.) change of 46.2% while private sector deposits were up 27.5% y.o.y. (see Chart 1), driven by time deposits. In this context, netted assets<sup>1</sup> for the banking system continued to increase in December, resulting in an improvement of 24.8% y.o.y.

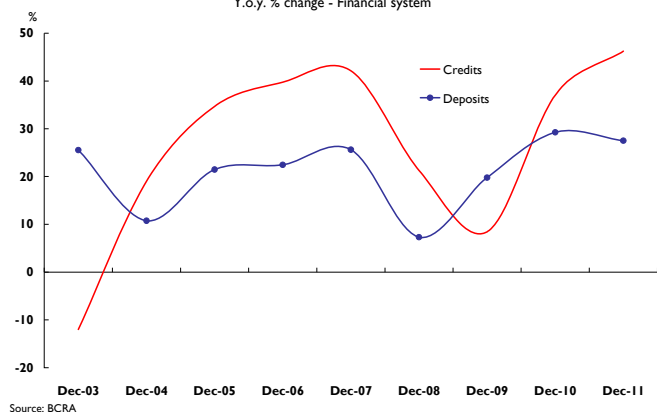
During the month the principal source of funds for banks<sup>2</sup> was private sector deposits (\$16.1 billion). These resources were directed mainly to increased private sector lending (\$7.3 billion) and liquid assets (\$5.2 billion). During the period there were also reductions in public sector deposits (\$3.1 billion) -in part because of increased year-end disbursements- and larger holdings of Lebac and Nobac (\$2.1 billion).

In the fourth quarter of 2011 bank financial intermediation with the private sector was the most significant activity. The increase in the stock of private sector deposits in pesos (\$24.5 billion) was the main source of funds for the financial system. These resources were mainly used to provide increased private sector lending (\$23.0 billion) (see Chart 2).

In December there was a decline in broad foreign currency mismatching<sup>3</sup> of the financial system. This drop for the month was explained by the greater increase in banking system liabilities (mainly from the increase in total deposits) compared with assets (mainly public sector securities), and to a lesser extent, by lower net term purchases of foreign currency by banks. As a result, broad foreign currency mismatching posted a reduction of 1.8 p.p. of net worth in December, to 40.3% (see Chart 3). Over the course of the year the broad foreign currency mismatching accumulated an increase of 11.3 p.p. of net worth, driven by foreign private banks.

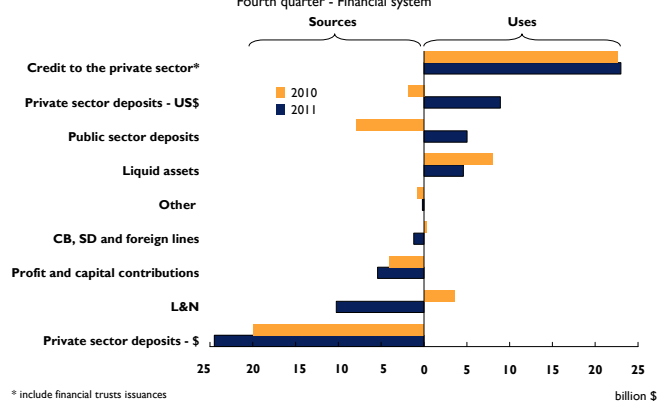
In recent months the financial system has continued to record progress in the providing of means of payment. In the first month of 2012 the number of checks cleared rose 2.6% compared with December 2011, taking the year-on-year increase to 7.6% (29.3%

**Chart 1**  
Financial Intermediation with the Private Sector  
Y.o.y. % change - Financial system



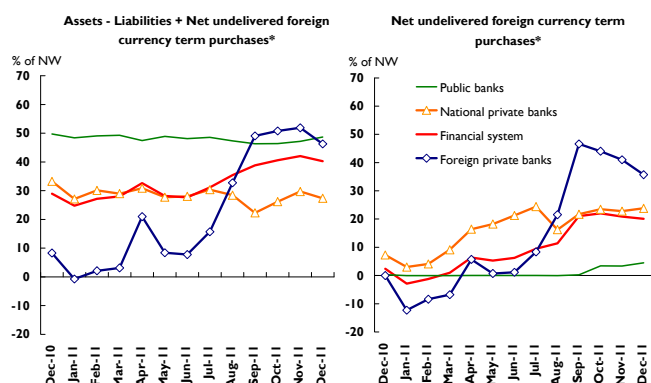
Source: BCRA

**Chart 2**  
Estimation of Sources and Uses of Funds  
Fourth quarter - Financial system



\* include financial trusts issuances  
Source: BCRA

**Chart 3**  
Foreign Currency Mismatching

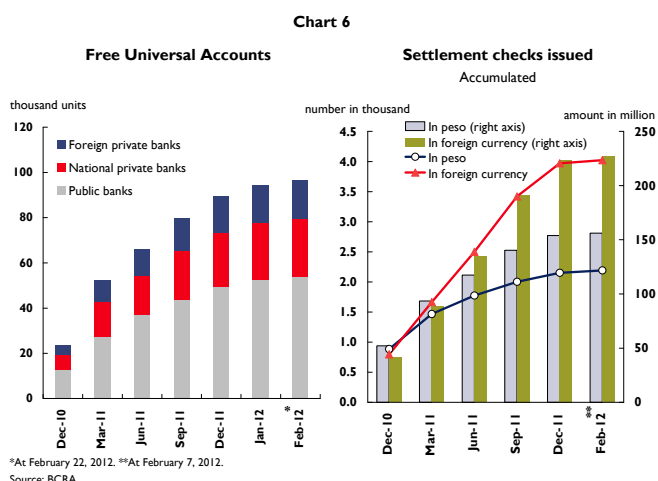
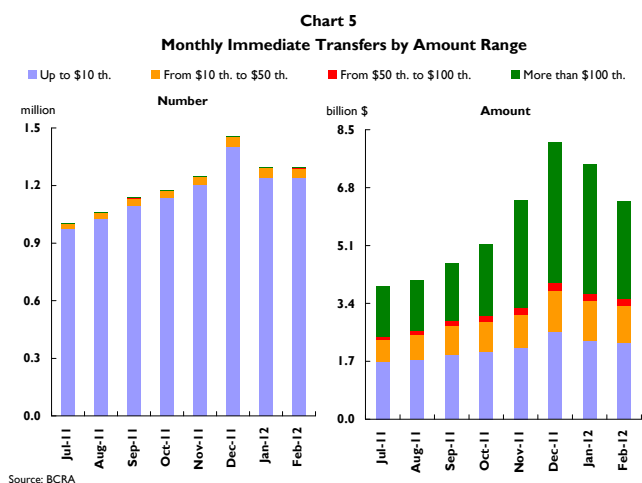
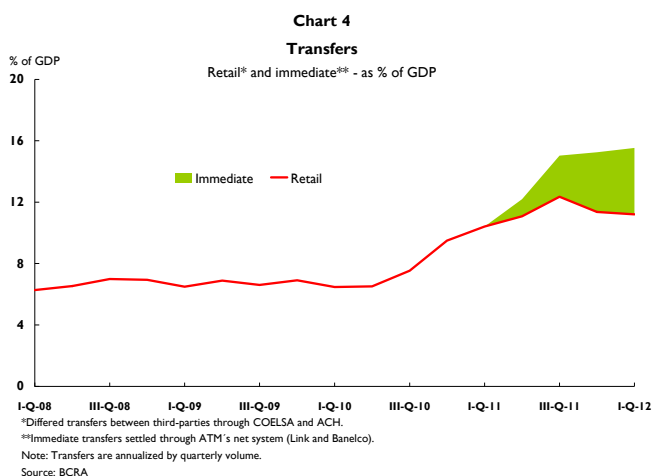


\* Memorandum account  
Source: BCRA

<sup>1</sup> Assets are netted to take into consideration accounting duplications from repo, forward and unsettled spot transactions.

<sup>2</sup> Change estimated on the basis of variations in balance sheet stocks.

<sup>3</sup> Including differences between assets and liabilities, as well as net undelivered foreign currency term purchases.



y.o.y. in terms of value). In terms of both number and value, at the beginning of 2012 the ratio for bounced checks by non-sufficient funds and the total cleared has remained at levels similar to those of December (around 1.1% and 0.7%, respectively).

**With the aim of increasing access by the population to financial services, since the end of 2010** the cost of making transfers was lowered<sup>4</sup>, with no charge being made for electronic transfers for amounts of under \$10,000. In addition, it was determined that as from the end of April 2011, banks would grant immediate transfers of smaller amounts processed through ATMs or via Internet<sup>5</sup>. **As a result of this stimulus, bank transfers have been recording a positive performance.** The annualized rate for retail and immediate transfers<sup>6</sup> processed in January 2012 was equivalent to 15.5% of GDP, almost 6 p.p. more than at the end of 2010 (see Chart 4). Most of immediate transfers were for amounts of under \$10,000 (see Chart 5), a segment that represented close to 30% of the total value processed in January 2012 by this means.

Slight over a year since the introduction, **the number of holders of the Free Universal Account (CGU) reached 96,700<sup>7</sup> by mid-February 2012** (see Chart 6). This tool was developed to encourage greater inclusion for individuals to financial services. **In addition, at the end of 2010 the Settlement Check (ChC) was reintroduced for larger amount transactions** (such as real estate purchases). Since the introduction of settlement check transactions have been performed for a total amount of \$156 million (almost 2,200 checks in local currency) and US\$227 million (around 4,020 checks denominated in foreign currency).

## Deposits and liquidity

*Private sector deposits continued to gain share of bank funding, mainly from improved time deposit stocks*

**Total financial system deposit stocks increased 2.9% in December, driven by increased private sector deposits (5.1%).** The latter were mainly driven by sight deposits (6.8%) in the last month of 2011, reflecting some degree of seasonality, and by time deposits (3.7%). Deposits by the public sector were down for the month,

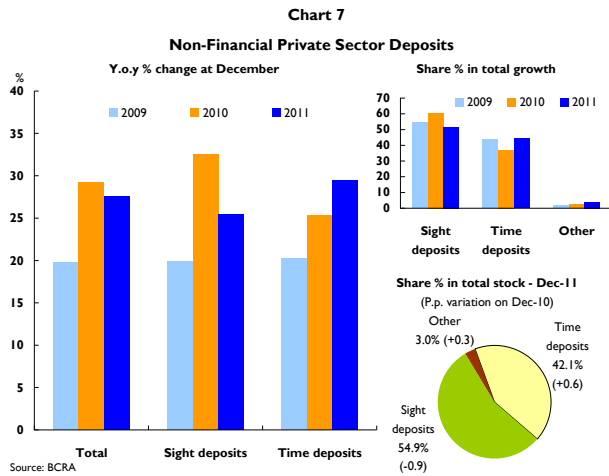
<sup>4</sup> Communication "A" 5127 dated on 24/09/10.

<sup>5</sup> Communication "A" 5194 dated on 18/03/11.

<sup>6</sup> Retail: Deferred transfers between third parties through COELSA and ACH. Immediate: made through ATM Link and BANELCO systems.

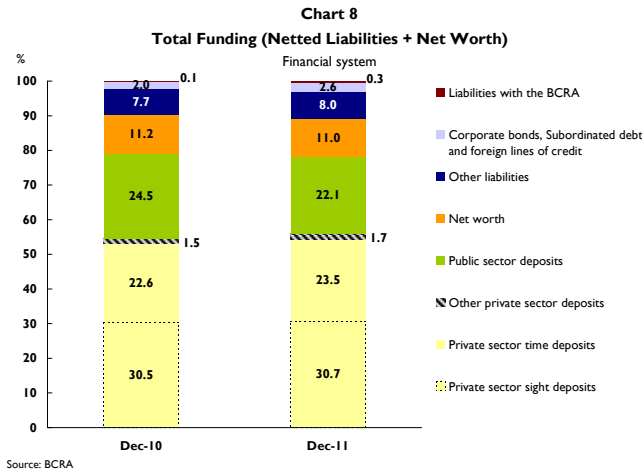
<sup>7</sup> Of these, some 10,870 accounts are in the process of being validated, pending completion of the process of verification of the requirements for applicants.

in part because of the disbursements required at year-end.

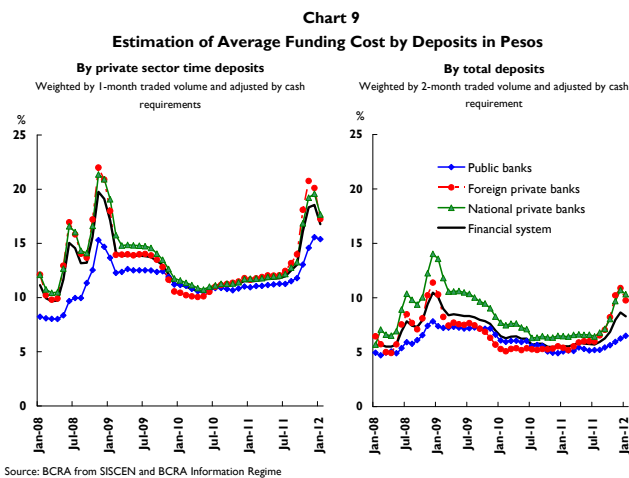


In 2011 total deposit stocks increased 22.9%. **Private sector deposits recorded greater year-on-year dynamism, growing 27.5% mainly from time deposits (29.4%)** (see Chart 7). As a result, during the year there was an increase in the share of private sector time deposits in total financial system funding (see Chart 8).

**The increase in financial system funding cost<sup>8</sup> recorded at the end of 2011 began to reverse gradually at the beginning of 2012** (see Chart 9). The increase recorded in the last quarter of 2011 and the gradual decreasing in January, were mainly caused by **the dynamic of time deposit interest rates**. As a result, the cost of banking system funding in pesos by means of deposits stood at around 8.3% in the first month of 2012, 0.4 p.p. under the December level. Private banks, both national and foreign, continued to record a higher cost of funding in pesos compared with public banks.



**The broad financial system liquidity indicator** (considering items in pesos and foreign currency, as well as Central Bank bills and notes) **increased by 0.6 p.p. of deposits in December, to 37.6%**. This increase was mainly explained by the rise of cash and Lebac and Nobac holdings. The banking system liquidity indicator that includes only peso-denominated items (excluding Lebac and Nobac not linked to repos with the Central Bank) also experienced an increase in the month, to 20.2%. **In line with the significant growth in lending to the private sector, the broad liquidity indicator for financial entities fell 6.8 p.p. in 2011** (see Chart 10). From previous high levels, all groups of banks saw a drop in this indicator over the course of 2011.



**Call market interest rates have continued to fall in recent months, and traded amounts remained high**. Since their peak in October, the average rate on the call market in pesos has accumulated a drop of almost 2 p.p., to stand at 9.6% at the beginning of 2012, in line with levels in the first part of 2011. Average daily trading volumes started the year with a rise, reaching \$1.35 billion in January.

<sup>8</sup> Cost of funding by total deposits in pesos, estimated on the basis of the interest rates traded, weighted by transaction volume.

## Financing

*Lending to the private sector rose in December, and growth for the year exceeded that recorded in 2010*

Private sector loan stocks went up 2.4% in December<sup>9</sup>, driven mainly by credit card, promissory notes and mortgages, while overdraft and export credit stocks dropped during the month. The increase in lending in December was driven mainly by national private banks.

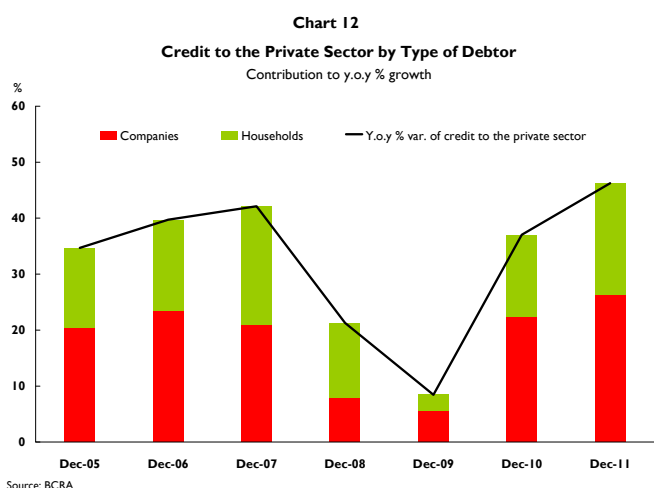
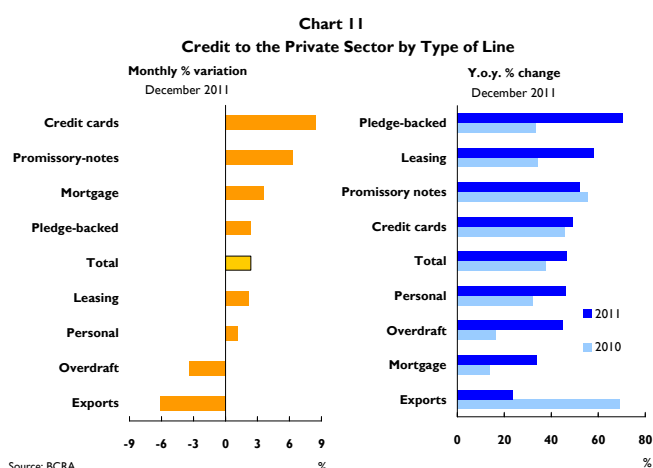
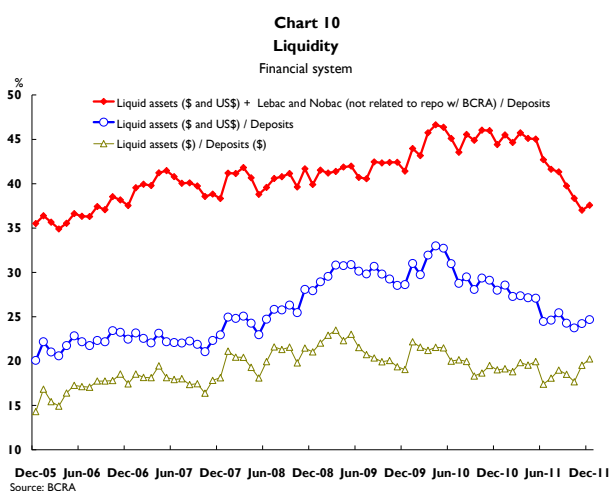
Over the course of 2011 lending to the private sector went up 46.2%, 9.1 p.p. more than in 2010 (see Chart 11). All credit lines posted increases in 2011, and most grew at a faster rate than in 2010.

Lending to companies rose 1.8% in December, accumulating an increase of 46.4% in 2011, a higher rate than that recorded by household loans. In December lending to companies accounted for 57% of total private sector lending stock, as well as the largest share of its year-on-year growth (see Chart 12), driven largely by public banks.

Most productive sectors recorded increases in borrowing compared with 2010. Loans to manufacturing, commerce and construction posted the greatest relative growth rates in 2011. Manufacturing and primary production showed the largest year-on-year increases for lending to companies (see Chart 13).

Within the framework of the Bicentenary Productive Financing Program<sup>10</sup>, the Central Bank has awarded a total of \$4.115 billion by means of 10 auctions. By January 2012, participating banks had granted companies a total amount of \$2.176 billion pesos. Three-quarters of this total was allocated to companies in the manufacturing sector. In February 2012 it was decided to widen the scope of the program's credit lines, so that some of the resources could be used to finance working capital to facilitate the production of capital goods<sup>11</sup> (see Chart 14).

Lending to households went up 3.1% in December, with cards showing greater dynamism, reflecting

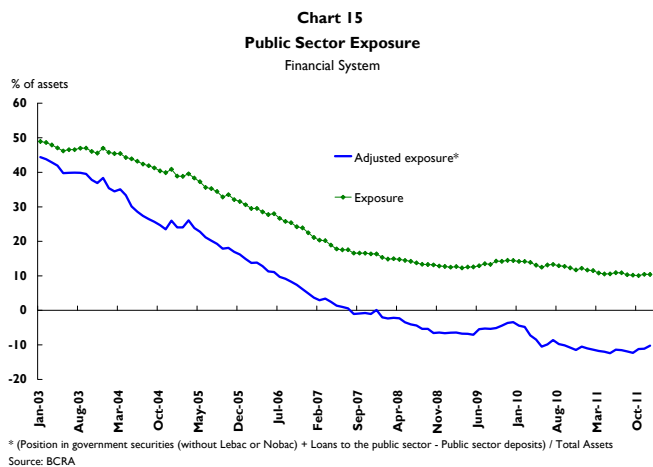
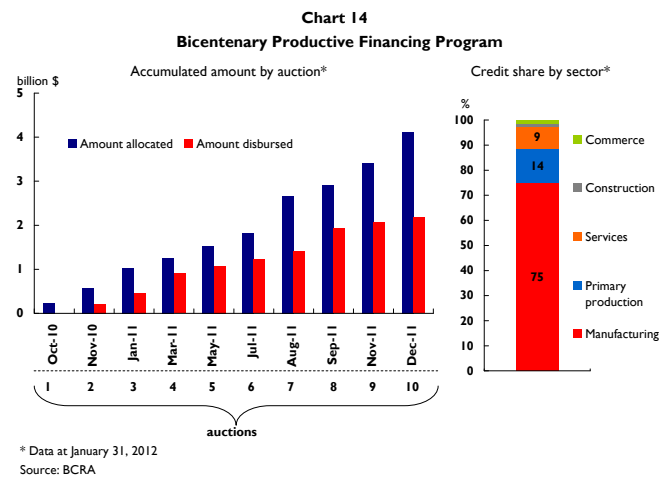
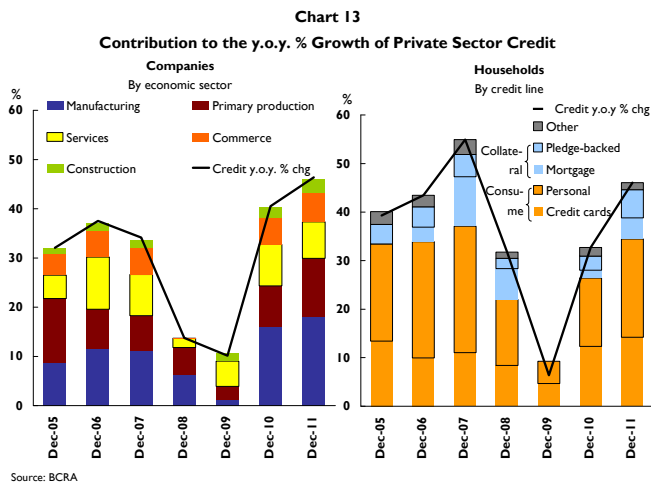


<sup>9</sup> If balance sheet stocks are adjusted by assets securitized during the final month of the year (using bank loans as underlying assets), the variation in lending to the private sector for the month would amount to 2.5%. During December 6 financial trusts were issued using bank loans as underlying assets for a total of \$507 million.

<sup>10</sup> The purpose of this Program is to provide funding to financial entities to be channeled towards up to 5-year maturity lending for investment.

<sup>11</sup> Communication "A" 5278.





increased year-end spending, and mortgage loan totals were also higher. Consequently, lending to households increased year-on-year by 46.1%. In the last 12 months there was a notable performance by pledge-backed loans to households (up 89% y.o.y.), while consumer credit (personal loans and credit cards) continued to account for most of the year-on-year increase in loans (three-quarters of the total household loan).

**At the beginning of 2012, peso lending interest rates began to decline following the rise at the end of last year.** Lending interest rate changes were more marked than the increase in the cost of funding, leading to a reduction in spreads at the start of 2012, partly reversing the rise observed in the final quarter of 2011.

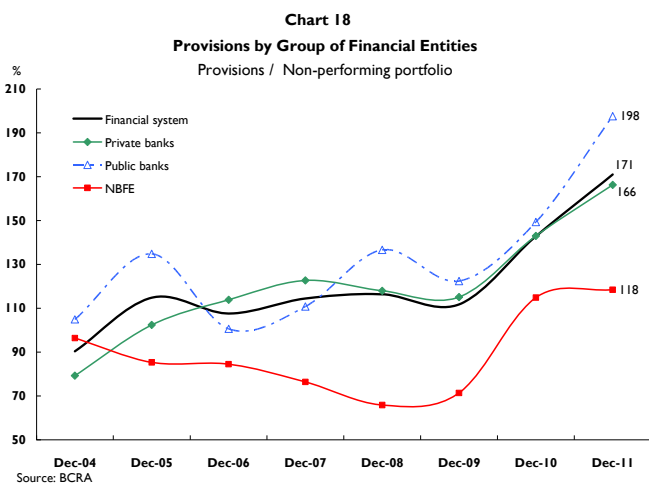
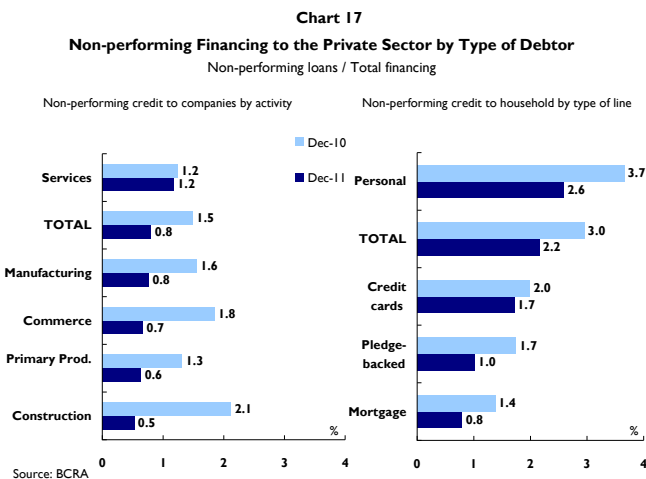
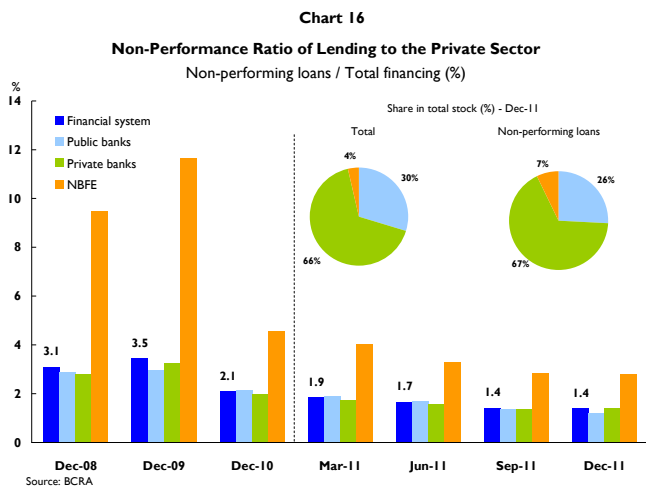
In a context of rising lending to the private sector, **financial system exposure to the public sector in December stood at 10.4% of total assets, a drop of 1.8 p.p. in the last 12 months.** In consolidated terms for all jurisdictions, and taking into consideration funding banks obtain from public sector deposits, the financial system will continue to record a net debtor position with regard to the public sector, for an amount equivalent to 10.2% of total assets (see Chart 15).

## Portfolio quality

*Private sector non-performing loan levels remained low, and showed a high provision coverage*

The private sector non-performing loan ratio remained at a low level in December, at around 1.4%. This indicator dropped 0.7 p.p. for the year, a performance reflected in all groups of financial entities (see Chart 16). In the case of private banks, all subgroups classified according to the size of their assets showed lower delinquency rates in the last 12 months. This change was more evident in the case of mid-size entities (accounting for approximately 9% of total assets of the financial system), for which non-performing levels dropped 1.5 p.p.

**Companies' loan non-performance remained steady in December compared with November, at around 0.8%.** In year-on-year terms, this indicator fell 0.7 p.p., with an improvement in portfolio quality across all productive segments. The most important declines in delinquency took place in commerce (-1.1 p.p.) and construction sectors (-1.6 p.p.) (see Chart 17).



Although not showing any significant change for the month, all household lending lines posted declining non-performing ratios over the course of 2011. The delinquency indicator for loans to households dropped 0.8 p.p. compared with December 2010 to 2.2%, with a sharper decline in the case of personal (-1.1 p.p.).

During 2011 the proportion of private sector loans covered by preferred-collateral<sup>12</sup> increased slightly compared with the level recorded at the end of 2010, to 16% of the total. Delinquency of private unsecured loans stood at 1.4% in December, 0.7 p.p. below the level recorded one year earlier.

In this context, the financial system continued to exhibit a high level of coverage, with provisions equivalent to 171% of the month's non-performing portfolio, 28 p.p. above the level at the end of 2010. Over the course of 2011 all groups of financial entities increased their coverage levels, with public banks showing the largest increase (48 p.p.) compared with the figure for one year earlier (see Chart 18).

## Solvency

*The financial system has remained robust, posting book profits for the seventh consecutive year*

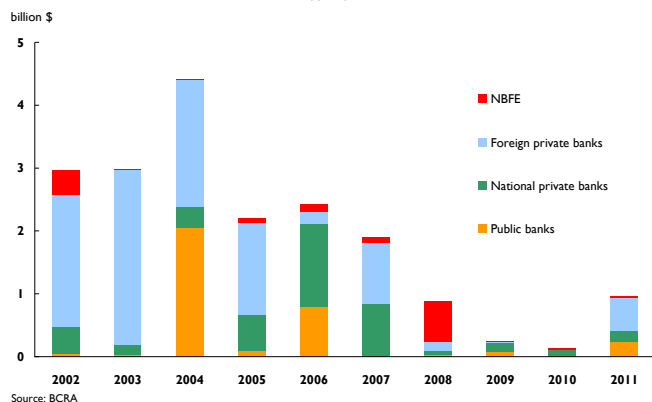
In the final month of 2011 consolidated financial system net worth grew by 2.5%. This increase came mainly from book profits, partly offset by the distribution of dividends that took place during the month. For the year as a whole, financial system net worth went up 21.8%, also mainly from book profits. In 2011 capitalization by the sector totaled almost \$1.0 billion, exceeding the levels recorded in the last 3 years (see Chart 19).

As a consequence of the greater relative increase in assets in relation to net worth, the level of financial system leverage has risen slightly during the year. Assets totaled 9.2 times net worth, below both the average for the region and the level in other emerging and developed economies (see Chart 20).

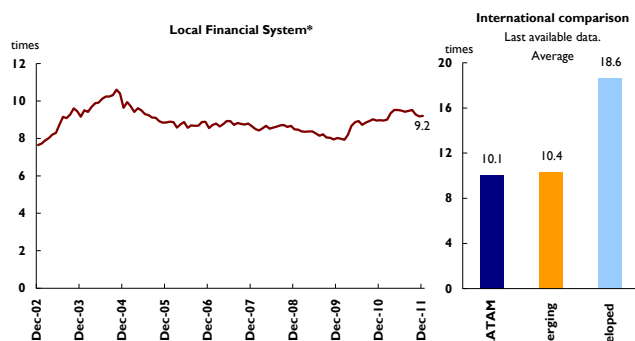
The financial system capital compliance ratio reached 15.5% of risk-weighted assets (RWA) at the end of the year, dropping slightly over the month and accumulating a reduction of 2.2 p.p. of RWA in 2011, a

<sup>12</sup> Collateral in the form of ceding or assignment of rights in relation to securities or notes (Preferred Class "A") and real rights on assets or third party commitments (Preferred Class "B") which duly instrumented ensure that the entity will be able to avail itself of funds to settle the obligation entered into by its customer. For further details, see the Central Bank's ordered text on Guarantees.

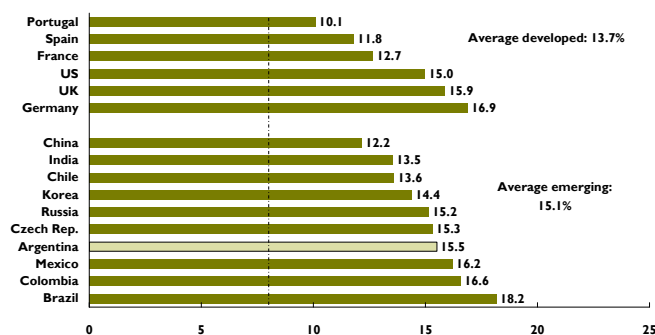
**Chart 19**  
**Capital Contributions**  
2002-2011



**Chart 20**  
**Leverage of the Financial System**  
Assets (not weighted by risk) / Net worth



**Chart 21**  
**Capital Compliance**  
As % of risk weighted assets



Note: Data at 2011: Argentina, Portugal, USA, Germany, India, Chile, Rep. of Korea, Czech Rep., Russian Federation, Spain, Mexico, Colombia and Brazil. Data at 2010: China, United Kingdom and France.  
Source: Financial Soundness Indicators (FSI), Global Financial Stability Report (IMF) and BCRA

consequence of sustained credit growth. **In the international comparison, the local financial system displays adequate solvency levels.** On the basis of the level of capital compliance (as a percentage of RWA), the Argentine financial system has recorded a ratio similar to the average for the region and above the average for developed countries (see Chart 21). Excess capital compliance by the financial system has been equivalent to 62% of the regulatory requirement in December.

**In the face of a more volatile international situation, the Central Bank established new measures effective as from February 2012<sup>13</sup> designed to continue to strengthen financial entity solvency standards.** These measures are in line with the commitments entered into at the Basel Committee on Banking Supervision. Specifically, **a capital requirement was imposed to cover operational risk, and the capital buffer prior to profit distribution was increased.** The additional capital requirement for operational risk is equivalent to 15% of the average of positive gross income for the last three years, and will begin to be implemented gradually. Financial entities recording profits shall only be able to distribute dividends if their regulatory capital in a post-distribution scenario remains at least 75% above the requirement.

**Financial system book profits for December were higher** than November, reaching 4.1% a. of assets, mainly from increased gains on securities and higher net interest income. Over 2011 as a whole, **all groups of financial entities posted profits**, with a moderate increase in the case of public banks and a decline for private bank and non-bank financial entities (see Chart 22). **In the accumulated total for the year, the financial system accrued profits for 2.7% of assets**, slightly less than the figure recorded last year, mainly from lower gains on securities.

**Bank financial margin rose by 2.1 p.p. of assets to 9.9% a. in December. The increase for the month was due to greater gains on securities and higher net interest income** (see Chart 23). In the total for the year, financial margin was down by 0.5 p.p. of assets to 8%, mainly from the performance by gains on securities (down 0.6 p.p. of assets to 2.6%), and to a lesser extent, from lower revenue from CER adjustments (down 0.3 p.p. of assets to 0.3%). Over the course of the year **net interest income increased 0.3 p.p. of assets to 4.6%**, driven mainly by private banks.

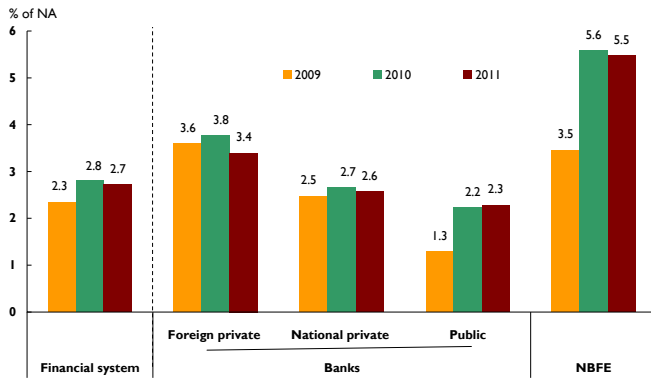
<sup>13</sup> Communication "A" 5272 and Communication "A" 5273.

**Banking system service income margin increased by 0.2 p.p. of assets in December to 4.2%<sup>a</sup>**, mainly as a result of the performance by private banks. Results for 2011 were slightly above those for one year earlier, reaching 3.9% of assets. **During 2011 greater dynamism was shown by headings such as insurance premiums and credit card issuance charges**, which have gained ground within the service income margin category. Service expenditure (commissions) posted a moderate increase over the year.

**In 2011 the more stable net income categories**, net interest income and service income margin, **increased their weighting** as a leading source of net income (having grown by 4.5 p.p. to 68%). In contrast, **more volatile sources of net income**, such as gains on securities and foreign exchange price differences, **gradually lost weight** (declining 3.7 p.p. to 25%).

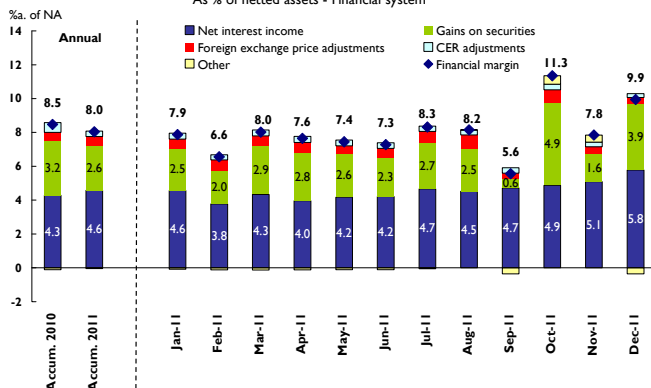
**At the end of the year, operating costs remained steady at around 6.9%<sup>a</sup> of assets.** In the year-on-year comparison, this expenditure fell 0.2 p.p. of assets, to 6.7%, a performance observed in almost all bank categories. In December, loan loss provisions increased slightly to 0.8%<sup>a</sup> of assets. Nevertheless, **in the total for the year loan loss provisions fell gradually to 0.7% of assets** (see Chart 24), their lowest level for the last 3 years, in line with the improvement in private sector loan portfolio quality.

**Chart 22**  
**Profitability by Group of Banks**  
As % of netted assets



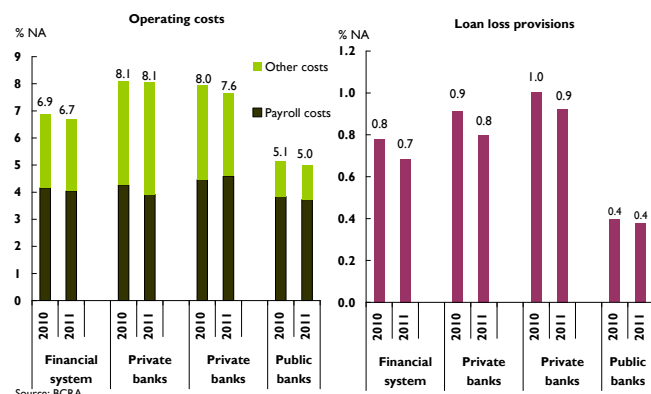
Source: BCRA

**Chart 23**  
**Financial Margin**  
As % of netted assets - Financial system



Source: BCRA

**Chart 24**  
**Main Expenses of Result Estimations**



Source: BCRA

## Latest regulations

This section contains a summary of the main regulations related to the business of financial intermediation issued during the month (referenced by the date on which they came into force).

### **Communication “A” 5257 - 01/12/ 11**

Deposits and time investments. As a result of the suspension of the daily SISCEN-0001 “Interbank offered rate” information task and the discontinuation of publication of the BAIBOR rate, as from 01/01/12 these items have been eliminated from the regulations on “Deposits and time investments”.

### **Communication “A” 5259 - 27/12/ 11**

Financing of the public non-financial sector. No objections have been made to the acquisition by financial entities of Municipal Treasury Bills to be issued by the Municipality of Rio Cuarto, Province of Cordoba, for \$12 million, as long as the applicable maximum limits on credit assistance to the non-financial public sector are not exceeded.

### **Communication “A” 5263 - 30/12/ 11**

Bank current account regulations. The term of the rule on restrictions on sight and fixed date check and bill of exchange endorsements has been extended to 31/12/13.

## 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. Profit ratios are annualized with the exception of those. Initially, the breakdown by group of banks was determined by the majority of decision making role -in terms of voting rights at shareholder meetings- distinguishing between private sector financial entities (national or foreign depending on their residence) and public banks. In order to increase depth of the analysis, private sector entities were also classed according to the geographic coverage and business scope of their operations. Investment banking is defined as those specializing in 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 specialized 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.
- (e) Indicators exhibited in Tables 1 and 5 of Statistical Appendix: 1.- (Minimum cash compliance at the BCRA in pesos and foreign currency + Other cash holding in pesos and foreign currency + Creditor net balance for BCRA repo transactions with Lebac and Nobac) / Total deposits; 2.- (Position in government securities (with out Lebac and Nobac) + Loans to the public sector + Compensations receivable) / Total assets; 3.- (Loans to the non-financial private sector + Leasing) / Total assets; 4.- Non-performing portfolio with the non-financial private sector / Loans to the non-financial private sector; 5.- (Total non-performing portfolio – Loan loss provisions) / Net worth. Non-performing portfolio includes loans classified into situations 3, 4, 5 and 6; 6.- Cumulated annual result / Average monthly netted assets - % annualized; 7.- Cumulated annual result / Average monthly net worth - % annualized; 8.- (Financial margin (Net interest income + CER and CVS adjustments + Gains on securities + Foreign exchange price adjustments + Other financial income) + Service income margin) / Cumulated annual operating costs; 9.- Capital compliance (Responsabilidad Patrimonial Computable) / Risk - adjusted assets according to the regulation of BCRA about Minimum Capital Compliance; 10.- Capital compliance Tier 1 / Risk weighted assets, according to the BCRA rule on minimum capital; 11.- (Capital compliance minus requirements, included forbearances) / Capital requirements.

# 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 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. Scheduled Stabilization Coefficient.

**Financial margin:** Income less outlays of a financial nature. Include net 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.

**Net 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. Include interest on loans of government securities and premiums on repos and reverse repos.

**Lebac and Nobac:** Bills and notes of the BCRA.

**Liquid assets:** Cash disposal (Minimum cash compliance – cash, current account at BCRA and special accounts in guarantee – and other liquid items mainly correspondent accounts) plus Creditor net balance for BCRA repo transactions with Lebac and Nobac.

**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 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, 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)

**RWA:** Risk weighted assets.

**SME:** Small and Medium Enterprises.

**US\$:** United States dollars

# Statistics annex | Financial system

## Chart 1 | Financial Soundness Indicators (see Methodology)

As %	2002	2003	2004	2005	2006	2007	2008	2009	2010	Nov 2011	2011
1.- Liquidity	22.8	29.1	29.6	20.1	22.5	23.0	27.9	28.6	28.0	24.2	24.7
2.- Credit to the public sector	48.9	47.0	40.9	31.5	22.5	16.3	12.7	14.4	12.2	10.5	10.4
3.- Credit to the private sector	20.8	18.1	19.6	25.8	31.0	38.2	39.4	38.3	39.8	47.1	47.4
4.- Private non-performing loans	38.6	33.5	18.6	7.6	4.5	3.2	3.1	3.5	2.1	1.4	1.4
5.- Net worth exposure to the private sector	16.6	11.5	1.1	-2.5	-0.8	-1.5	-1.7	-1.3	-3.2	-4.3	-4.3
6.- ROA	-8.9	-2.9	-0.5	0.9	1.9	1.5	1.6	2.3	2.8	2.6	2.7
7.- ROE	-59.2	-22.7	-4.2	7.0	14.3	11.0	13.4	19.2	24.4	24.1	25.3
8.- Efficiency	189	69	125	151	167	160	167	185	179	176	179
9.- Capital compliance	-	14.5	14.0	15.3	16.9	16.9	16.9	18.8	17.7	15.8	15.5
10.- Capital compliance Tier I	-	-	13.5	14.1	14.1	14.6	14.2	14.5	13.1	11.1	10.8
11.- Excess capital compliance	-	116	185	173	134	93	90	100	86	64	62

Source: BCRA

## Chart 2 | Balance Sheet

In million of current pesos	Dec 02	Dec 03	Dec 04	Dec 05	Dec 06	Dec 07	Dec 08	Dec 09	Dec 10	Nov 11	Dec 11	Change (in %)	
												Last month	2011
<b>Assets</b>	<b>187,532</b>	<b>186,873</b>	<b>212,562</b>	<b>221,962</b>	<b>258,384</b>	<b>297,963</b>	<b>346,762</b>	<b>387,381</b>	<b>510,304</b>	<b>617,659</b>	<b>628,969</b>	<b>1.8</b>	<b>23.3</b>
Cash disposal <sup>1</sup>	17,138	27,575	29,154	20,819	37,991	46,320	58,676	71,067	93,085	95,630	104,403	9.2	12.2
Public bonds	31,418	45,062	55,382	66,733	64,592	62,678	65,255	86,318	117,951	113,311	112,850	-0.4	-4.3
Lebac/Nobac	-	-	17,755	28,340	29,289	36,022	37,093	43,867	76,948	72,836	71,137	-2.3	-7.6
Portfolio	-	-	11,803	21,067	25,767	31,598	25,652	34,748	61,855	57,484	59,633	3.7	-3.6
Repo <sup>2</sup>	-	-	5,953	7,273	3,521	4,424	11,442	9,119	15,093	15,352	11,504	-25.1	-23.8
Private bonds	332	198	387	389	813	382	203	307	209	223	212	-5.0	1.2
Loans	84,792	68,042	73,617	84,171	103,668	132,157	154,719	169,868	230,127	325,084	332,317	2.2	44.4
Public sector	44,337	33,228	30,866	25,836	20,874	16,772	17,083	20,570	25,907	31,156	31,346	0.6	21.0
Private sector	38,470	33,398	41,054	55,885	77,832	110,355	132,844	145,247	199,202	284,818	291,708	2.4	46.4
Financial sector	1,985	1,417	1,697	2,450	4,962	5,030	4,793	4,052	5,018	9,109	9,263	1.7	84.6
Provisions over loans	-11,952	-9,374	-7,500	-4,930	-3,728	-4,089	-4,744	-5,824	-6,232	-7,035	-7,165	1.9	15.0
Other netted credits due to financial intermediation	39,089	27,030	32,554	26,721	26,039	29,712	38,152	33,498	39,009	46,406	40,854	-12.0	4.7
Corporate bonds and subordinated debt	1,708	1,569	1,018	873	773	606	912	1,146	1,433	1,800	1,658	-7.9	15.7
Unquoted trusts	6,698	4,133	3,145	3,883	4,881	5,023	5,714	5,942	6,824	7,873	7,967	1.2	16.7
Compensation receivable	17,111	14,937	15,467	5,841	763	377	357	16	0	0	0	0.0	-33.3
Other	13,572	6,392	12,924	16,124	19,622	23,706	31,169	26,395	30,752	36,732	31,230	-15.0	1.6
Leasing	567	397	611	1,384	2,262	3,469	3,935	2,933	3,936	6,087	6,222	2.2	58.1
Shares in other companies	4,653	4,591	3,871	4,532	6,392	6,430	7,236	6,711	7,921	8,887	9,135	2.8	15.3
Fixed assets and miscellaneous	8,636	8,164	7,782	7,546	7,619	7,643	7,903	8,239	9,071	9,931	10,110	1.8	11.5
Foreign branches	3,522	3,144	3,524	3,647	2,782	2,912	3,153	3,926	3,283	3,527	3,541	0.4	7.9
Other assets	9,338	12,043	13,180	10,950	9,953	10,347	12,275	10,337	11,943	15,609	16,492	5.7	38.1
<b>Liabilities</b>	<b>161,446</b>	<b>164,923</b>	<b>188,683</b>	<b>195,044</b>	<b>225,369</b>	<b>261,143</b>	<b>305,382</b>	<b>339,047</b>	<b>452,752</b>	<b>549,604</b>	<b>559,214</b>	<b>1.7</b>	<b>23.5</b>
Deposits	75,001	94,635	116,655	136,492	170,898	205,550	236,217	271,853	376,344	449,619	462,537	2.9	22.9
Public sector <sup>3</sup>	8,381	16,040	31,649	34,019	45,410	48,340	67,151	69,143	115,954	133,038	129,903	-2.4	12.0
Private sector <sup>3</sup>	59,698	74,951	83,000	100,809	123,431	155,048	166,378	199,278	257,595	312,397	328,463	5.1	27.5
Current account	11,462	15,071	18,219	23,487	26,900	35,245	39,619	45,752	61,306	74,173	76,804	3.5	25.3
Savings account	10,523	16,809	23,866	29,078	36,442	47,109	50,966	62,807	82,575	94,755	103,636	9.4	25.5
Time deposits	19,080	33,285	34,944	42,822	54,338	65,952	69,484	83,967	104,492	130,579	135,082	3.4	29.3
CEDRO	12,328	3,217	1,046	17	13	0	0	0	0	0	0	-	-
Other netted liabilities due to financial intermediation	75,737	61,690	64,928	52,072	46,037	46,225	57,662	52,114	60,029	81,086	76,034	-6.2	26.7
Interbanking obligations	1,649	1,317	1,461	2,164	4,578	4,310	3,895	3,251	4,201	7,834	7,947	1.4	89.2
BCRA lines	27,837	27,491	27,726	17,005	7,686	2,362	1,885	270	262	1,835	1,920	4.6	631.6
Outstanding bonds	9,096	6,675	7,922	6,548	6,603	6,938	5,984	5,033	3,432	6,782	6,856	1.1	99.7
Foreign lines of credit	25,199	15,196	8,884	4,684	4,240	3,864	4,541	3,369	3,897	6,283	6,467	2.9	66.0
Other	11,955	11,012	18,934	21,671	22,930	28,752	41,357	40,191	48,236	58,352	52,845	-9.4	9.6
Subordinated debts	3,712	2,028	1,415	1,381	1,642	1,672	1,763	1,922	2,165	1,994	2,065	3.6	-4.6
Other liabilities	6,997	6,569	5,685	5,099	6,792	7,695	9,740	13,159	14,213	16,904	18,578	9.9	30.7
<b>Net worth</b>	<b>26,086</b>	<b>21,950</b>	<b>23,879</b>	<b>26,918</b>	<b>33,014</b>	<b>36,819</b>	<b>41,380</b>	<b>48,335</b>	<b>57,552</b>	<b>68,055</b>	<b>69,755</b>	<b>2.5</b>	<b>21.2</b>
<b>Memo</b>													
Netted assets	185,356	184,371	202,447	208,275	244,791	280,336	321,075	364,726	482,532	585,557	601,968	2.8	24.8
Consolidated netted assets	181,253	181,077	198,462	203,286	235,845	271,652	312,002	357,118	472,934	571,349	587,393	2.8	24.2

(<sup>1</sup>) Includes margin accounts with the BCRA. (<sup>2</sup>) Booked value from balance sheet (it includes all the counterparts). (<sup>3</sup>) 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											Monthly		
	2002 <sup>1</sup>	2003	2004	2005	2006	2007	2008	2009	2010	2011	Oct-11	Nov-11	Dec-11	
Financial margin	13,991	1,965	6,075	9,475	13,262	15,134	20,462	28,937	35,490	43,664	5,460	3,796	4,947	
Net interest income	-3,624	-943	1,753	3,069	4,150	5,744	9,573	14,488	17,963	24,903	2,345	2,467	2,878	
CER and CVS adjustments	8,298	2,315	1,944	3,051	3,012	2,624	2,822	1,196	2,434	1,725	161	134	116	
Foreign exchange price adjustments	5,977	-890	866	751	944	1,357	2,307	2,588	2,100	3,024	364	205	185	
Gains on securities	3,639	1,962	1,887	2,371	4,923	5,144	4,398	11,004	13,449	14,223	2,351	788	1,943	
Other financial income	-299	-480	-375	233	235	264	1,362	-339	-457	-211	240	202	-175	
Service income margin	4,011	3,415	3,904	4,781	6,243	8,248	10,870	13,052	16,089	21,407	1,940	1,944	2,090	
Loan loss provisions	-10,007	-2,089	-1,511	-1,173	-1,198	-1,894	-2,839	-3,814	-3,267	-3,719	-459	-269	-405	
Operating costs	-9,520	-7,760	-7,998	-9,437	-11,655	-14,634	-18,767	-22,710	-28,756	-36,349	-3,282	-3,343	-3,449	
Tax charges	-691	-473	-584	-737	-1,090	-1,537	-2,318	-3,272	-4,120	-5,967	-580	-572	-656	
Adjust. to the valuation of gov. securities <sup>2</sup>	0	-701	-320	-410	-752	-837	-1,757	-262	-214	-336	-27	-24	-21	
Amort. payments for court-ordered releases	0	-1,124	-1,686	-1,867	-2,573	-1,922	-994	-703	-635	-289	-28	-25	-33	
Other	-3,880	1,738	1,497	1,729	2,664	2,380	1,441	918	2,079	2,941	280	108	316	
Monetary results	-12,558	69	0	0	0	0	0	0	0	0	0	0	0	
Total results before tax <sup>3</sup>	-18,653	-4,960	-623	2,360	4,901	4,938	6,100	12,145	16,665	21,352	3,305	1,615	2,788	
Income tax	-509	-305	-275	-581	-595	-1,032	-1,342	-4,226	-4,904	-6,597	-1,230	-471	-762	
<b>Resultado total<sup>3</sup></b>	<b>-19,162</b>	<b>-5,265</b>	<b>-898</b>	<b>1,780</b>	<b>4,306</b>	<b>3,905</b>	<b>4,757</b>	<b>7,920</b>	<b>11,761</b>	<b>14,754</b>	<b>2,075</b>	<b>1,143</b>	<b>2,027</b>	
Resultado ajustado <sup>4</sup>	-	-3,440	1,337	4,057	7,631	6,665	7,508	8,885	12,610	15,379	2,129	1,193	2,081	
<i>Annualized indicators - As % of netted assets</i>														
Financial margin	6.5	1.1	3.1	4.6	5.8	5.7	6.7	8.6	8.5	8.0	11.3	7.8	9.9	
Net interest income	-1.7	-0.5	0.9	1.5	1.8	2.2	3.1	4.3	4.3	4.6	4.9	5.1	5.8	
CER and CVS adjustments	3.9	1.3	1.0	1.5	1.3	1.0	0.9	0.4	0.6	0.3	0.3	0.3	0.2	
Foreign exchange price adjustments	2.8	-0.5	0.4	0.4	0.4	0.5	0.8	0.8	0.5	0.6	0.8	0.4	0.4	
Gains on securities	1.7	1.1	1.0	1.2	2.2	1.9	1.4	3.3	3.2	2.6	4.9	1.6	3.9	
Other financial income	-0.1	-0.3	-0.2	0.1	0.1	0.1	0.4	-0.1	-0.1	0.0	0.5	0.4	-0.4	
Service income margin	1.9	1.9	2.0	2.3	2.7	3.1	3.6	3.9	3.8	3.9	4.0	4.0	4.2	
Loan loss provisions	-4.7	-1.1	-0.8	-0.6	-0.5	-0.7	-0.9	-1.1	-0.8	-0.7	-1.0	-0.6	-0.8	
Operating costs	-4.4	-4.2	-4.1	-4.6	-5.1	-5.5	-6.1	-6.7	-6.9	-6.7	-6.8	-6.9	-6.9	
Tax charges	-0.3	-0.3	-0.3	-0.4	-0.5	-0.6	-0.8	-1.0	-1.0	-1.1	-1.2	-1.2	-1.3	
Adjust. to the valuation of gov. securities <sup>2</sup>	0.0	-0.4	-0.2	-0.2	-0.3	-0.3	-0.6	-0.1	-0.1	-0.1	-0.1	-0.1	0.0	
Amort. payments for court-ordered releases	0.0	-0.6	-0.9	-0.9	-1.1	-0.7	-0.3	-0.2	-0.2	-0.1	-0.1	-0.1	-0.1	
Other	-1.8	0.9	0.8	0.8	1.2	0.9	0.5	0.3	0.5	0.5	0.6	0.2	0.6	
Monetary results	-5.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Total results before tax <sup>3</sup>	-8.7	-2.7	-0.3	1.1	2.2	1.9	2.0	3.6	4.0	3.9	6.9	3.3	5.6	
Income tax	-0.2	-0.2	-0.1	-0.3	-0.3	-0.4	-0.4	-1.3	-1.2	-1.2	-2.6	-1.0	-1.5	
<b>ROA<sup>3</sup></b>	<b>-8.9</b>	<b>-2.9</b>	<b>-0.5</b>	<b>0.9</b>	<b>1.9</b>	<b>1.5</b>	<b>1.6</b>	<b>2.3</b>	<b>2.8</b>	<b>2.7</b>	<b>4.3</b>	<b>2.4</b>	<b>4.1</b>	
ROA adjusted <sup>4</sup>	-8.9	-1.9	0.7	2.0	3.4	2.5	2.5	2.6	3.0	2.8	4.4	2.5	4.2	
ROE before tax <sup>3</sup>	-57.6	-21.4	-2.9	9.3	16.2	13.9	17.2	29.5	34.5	36.6	63.8	30.6	51.6	
ROE <sup>3</sup>	-59.2	-22.7	-4.2	7.0	14.3	11.0	13.4	19.2	24.4	25.3	40.0	21.7	37.5	

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

(3) As of January 2008, data to calculate financial system consolidated result is available. This indicator excludes results and asset headings related to shares and participation in other local financial entities.

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

Source: BCRA

### Chart 4 | Portfolio Quality

As percentage	Dec 02	Dec 03	Dec 04	Dec 05	Dec 06	Dec 07	Dec 08	Dec 09	Dec 10	Nov 11	Dec 11
<b>Non-performing loans (overall)</b>	<b>18.1</b>	<b>17.7</b>	<b>10.7</b>	<b>5.2</b>	<b>3.4</b>	<b>2.7</b>	<b>2.7</b>	<b>3.0</b>	<b>1.8</b>	<b>1.2</b>	<b>1.2</b>
Provisions / Non-performing loans	72	77	98	115	108	115	117	115	148	178	176
(Total non-performing - Provisions) / Overall financing	5.0	4.1	0.2	-0.8	-0.3	-0.4	-0.5	-0.5	-0.9	-0.9	-0.9
(Total non-performing - Provisions) / Net worth	18.2	13.3	0.8	-2.6	-0.9	-1.6	-1.8	-1.7	-3.6	-4.7	-4.6
<b>Non-performing loans to the non-financial private sector</b>	<b>38.6</b>	<b>33.5</b>	<b>18.6</b>	<b>7.6</b>	<b>4.5</b>	<b>3.2</b>	<b>3.1</b>	<b>3.5</b>	<b>2.1</b>	<b>1.4</b>	<b>1.4</b>
Provisions / Non-performing loans	74	79	97	115	108	114	116	112	143	172	171
(Total non-performing - Provisions) / Overall financing	10.1	7.0	0.6	-1.1	-0.3	-0.5	-0.5	-0.4	-0.9	-1.0	-1.0
(Total non-performing - Provisions) / Net worth	16.6	11.5	1.1	-2.5	-0.8	-1.5	-1.7	-1.3	-3.2	-4.3	-4.3

Source: BCRA

# Statistics annex | Private banks

## Chart 5 | Financial Soundness Indicators (see Metodology)

As %	2002	2003	2004	2005	2006	2007	2008	2009	2010	Nov 2011	2011
1.- Liquidity	24.8	27.6	29.2	21.5	23.7	25.7	34.1	29.8	26.0	26.7	26.7
2.- Credit to the public sector	50.0	47.7	41.6	28.5	16.3	9.5	6.3	6.1	4.4	3.1	3.2
3.- Credit to the private sector	22.4	19.9	22.5	31.1	37.9	46.6	44.0	43.3	50.3	54.9	54.5
4.- Private non-performing loans	37.4	30.4	15.3	6.3	3.6	2.5	2.8	3.3	2.0	1.4	1.4
5.- Net worth exposure to the private sector	19.0	12.9	3.6	-0.4	-1.4	-2.0	-1.8	-1.6	-3.4	-4.5	-4.3
6.- ROA	-11.3	-2.5	-1.0	0.5	2.2	1.6	1.9	3.0	3.2	2.7	3.0
7.- ROE	-79.0	-19.1	-8.1	4.1	15.3	10.9	15.2	22.9	24.5	23.7	25.6
8.- Efficiency	168	93	115	136	158	152	166	195	176	175	178
9.- Capital compliance	-	14.0	15.1	17.8	18.6	19.2	18.3	22.6	20.4	16.8	16.8
10.- Capital compliance Tier I	-	-	14.7	16.1	15.3	16.7	14.9	17.2	15.2	12.8	12.5
11.- Excess capital compliance	-	88	157	155	116	87	86	121	100	70	70

Source: BCRA

## Chart 6 | Balance Sheet

In million of current pesos	Dec 02	Dec 03	Dec 04	Dec 05	Dec 06	Dec 07	Dec 08	Dec 09	Dec 10	Nov 11	Dec 11	Change (in %)	
												Last month	2011
<b>Assets</b>	<b>118,906</b>	<b>116,633</b>	<b>128,065</b>	<b>129,680</b>	<b>152,414</b>	<b>175,509</b>	<b>208,888</b>	<b>229,549</b>	<b>280,025</b>	<b>352,949</b>	<b>364,099</b>	<b>3.2</b>	<b>30.0</b>
Cash disposal <sup>1</sup>	11,044	14,500	15,893	14,074	22,226	29,418	37,044	43,562	49,730	55,109	58,879	6.8	18.4
Public bonds	19,751	22,260	24,817	29,966	27,663	24,444	29,552	47,949	48,903	46,054	50,038	8.6	2.3
Lebac/Nobac	-	-	8,359	15,227	15,952	17,684	23,457	31,575	34,422	31,559	34,333	8.8	-0.3
Portfolio	-	-	5,611	12,899	14,220	15,639	12,858	27,413	31,148	20,764	23,876	15.0	-23.3
Repo <sup>2</sup>	-	-	2,749	2,328	1,732	2,045	10,598	4,161	3,274	10,795	10,456	-3.1	219.4
Private bonds	273	172	333	307	683	310	127	233	184	171	164	-4.1	-10.8
Loans	51,774	47,017	50,741	56,565	69,294	88,898	98,529	101,722	143,202	197,547	202,117	2.3	41.1
Public sector	25,056	23,571	21,420	15,954	10,036	6,413	6,249	1,694	1,625	1,315	1,215	-7.6	-25.2
Private sector	26,074	22,816	28,213	39,031	55,632	78,587	88,426	96,790	137,308	188,552	193,126	2.4	40.7
Financial sector	644	630	1,107	1,580	3,626	3,898	3,854	3,238	4,270	7,680	7,777	1.3	82.1
Provisions over loans	-7,463	-5,225	-3,717	-2,482	-2,227	-2,365	-2,871	-3,653	-3,926	-4,453	-4,574	2.7	16.5
Other netted credits due to financial intermediation	27,212	22,148	25,753	16,873	18,387	17,084	25,265	21,258	20,241	31,366	29,349	-6.4	45.0
Corporate bonds and subordinated debt	1,514	1,394	829	675	618	430	699	734	757	922	796	-13.6	-5.2
Unquoted trusts	6,205	3,571	2,362	2,444	2,982	3,456	3,869	4,198	4,500	5,214	5,268	1.0	17.1
Compensation receivable	15,971	13,812	14,657	5,575	760	377	357	16	0	0	0	-	-
Other	3,523	3,370	7,905	8,179	14,027	12,822	20,339	16,311	14,984	25,229	23,284	-7.7	55.4
Leasing	553	387	592	1,356	2,126	3,149	3,451	2,569	3,519	5,340	5,452	2.1	54.9
Shares in other companies	3,123	2,791	1,892	2,416	4,042	3,762	4,538	4,067	4,934	5,842	5,998	2.7	21.6
Fixed assets and miscellaneous	5,198	4,902	4,678	4,575	4,677	4,685	4,926	5,096	5,808	6,485	6,663	2.7	14.7
Foreign branches	-109	-136	-53	-148	-139	-154	-178	-202	-215	-238	-240	0.8	11.7
Other assets	7,549	7,816	7,137	6,178	5,682	6,277	8,505	6,946	7,646	9,726	10,253	5.4	34.1
<b>Liabilities</b>	<b>103,079</b>	<b>101,732</b>	<b>113,285</b>	<b>112,600</b>	<b>131,476</b>	<b>152,153</b>	<b>182,596</b>	<b>198,438</b>	<b>243,766</b>	<b>311,461</b>	<b>321,098</b>	<b>3.1</b>	<b>31.7</b>
Deposits	44,445	52,625	62,685	75,668	94,095	116,719	135,711	154,387	198,662	242,903	253,705	4.4	27.7
Public sector <sup>3</sup>	1,636	3,077	6,039	6,946	7,029	7,564	19,600	17,757	23,598	29,843	27,663	-7.3	17.2
Private sector <sup>3</sup>	38,289	47,097	55,384	67,859	85,714	107,671	114,176	134,426	173,203	210,421	223,141	6.0	28.8
Current account	8,905	11,588	13,966	17,946	20,604	27,132	30,188	35,127	46,297	55,799	57,586	3.2	24.4
Savings account	6,309	10,547	14,842	18,362	23,165	30,169	32,778	40,999	53,085	60,001	66,891	11.5	26.0
Time deposit	11,083	18,710	22,729	27,736	38,043	45,770	46,990	54,058	67,568	85,738	89,924	4.9	33.1
CEDRO	9,016	2,409	798	3	1	0	0	0	0	0	0	-	-
Other netted liabilities due to financial intermediation	49,341	42,367	45,083	32,349	31,750	29,323	39,298	34,235	34,427	55,838	53,957	-3.4	56.7
Interbanking obligations	836	726	1,070	1,488	3,383	1,979	1,160	1,668	1,903	3,447	3,524	2.2	85.2
BCRA lines	16,624	17,030	17,768	10,088	3,689	675	649	41	57	433	456	5.3	701.9
Outstanding bonds	9,073	6,674	7,922	6,548	6,413	6,686	5,672	4,626	2,802	5,393	5,119	-5.1	82.7
Foreign lines of credit	15,434	9,998	5,444	2,696	1,833	2,249	1,833	2,261	1,262	1,716	4,036	5.2	147.8
Other	7,374	7,939	12,878	11,530	16,015	18,150	29,555	26,638	27,949	42,529	40,605	-4.5	45.3
Subordinated debts	3,622	1,850	1,304	1,319	1,642	1,668	1,759	1,918	2,148	1,977	1,948	-1.5	-9.3
Other liabilities	5,671	4,890	4,213	3,264	3,989	4,443	5,828	7,897	8,528	10,742	11,489	6.9	34.7
<b>Net worth</b>	<b>15,827</b>	<b>14,900</b>	<b>14,780</b>	<b>17,080</b>	<b>20,938</b>	<b>23,356</b>	<b>26,292</b>	<b>31,111</b>	<b>36,259</b>	<b>41,489</b>	<b>43,001</b>	<b>3.6</b>	<b>18.6</b>
<b>Memo</b>													
<b>Netted assets</b>	<b>117,928</b>	<b>115,091</b>	<b>121,889</b>	<b>123,271</b>	<b>143,807</b>	<b>166,231</b>	<b>192,074</b>	<b>216,100</b>	<b>267,364</b>	<b>331,121</b>	<b>344,078</b>	<b>3.9</b>	<b>28.7</b>

(<sup>1</sup>) Includes margin accounts with the BCRA. (<sup>2</sup>) Booked value from balance sheet (it includes all the counterparts). (<sup>3</sup>) 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										Monthly		
	2002 <sup>1</sup>	2003	2004	2005	2006	2007	2008	2009	2010	2011	Oct-11	Nov-11	Dec-11
Financial margin	10,628	2,575	3,415	5,253	7,778	8,960	12,964	19,724	21,837	27,227	3,368	2,493	3,155
Net interest income	-304	107	1,214	2,069	2,826	4,191	7,727	10,572	12,842	18,518	1,769	1,785	2,056
CER and CVS adjustments	1,476	1,082	900	1,215	858	662	651	185	244	288	26	22	22
Foreign exchange price adjustments	6,189	-312	666	576	740	990	1,620	1,646	1,493	2,064	237	116	140
Gains on securities	3,464	1,892	959	1,259	3,154	2,888	1,637	7,343	7,464	6,351	1,087	362	1,101
Other financial income	-197	-195	-322	134	199	229	1,329	-22	-205	6	250	209	-164
Service income margin	2,782	2,341	2,774	3,350	4,459	5,881	7,632	9,198	11,345	15,243	1,401	1,376	1,507
Loan loss provisions	-6,923	-1,461	-1,036	-714	-737	-1,174	-1,863	-2,751	-2,253	-2,625	-322	-179	-297
Operating costs	-6,726	-5,310	-5,382	-6,303	-7,741	-9,735	-12,401	-14,807	-18,819	-23,817	-2,145	-2,167	-2,237
Tax charges	-512	-366	-393	-509	-769	-1,105	-1,715	-2,380	-2,927	-4,300	-414	-419	-464
Adjust. to the valuation of gov. securities <sup>2</sup>	0	-665	-51	-201	-170	-100	-267	0	47	-40	0	0	0
Amort. payments for court-ordered releases	0	-791	-1,147	-1,168	-1,182	-1,466	-688	-367	-441	-133	-15	-10	-16
Other	-4,164	1,178	846	1,156	1,641	1,576	916	398	1,382	1,716	61	101	206
Monetary results	-10,531	-20	0	0	0	0	0	0	0	0	0	0	0
Total results before tax <sup>3</sup>	-15,447	-2,518	-973	865	3,279	2,836	4,579	9,014	10,171	13,272	1,934	1,195	1,852
Income tax	-337	-295	-202	-217	-365	-380	-1,168	-3,001	-2,733	-4,290	-666	-416	-402
<b>Resultado total<sup>3</sup></b>	<b>-15,784</b>	<b>-2,813</b>	<b>-1,176</b>	<b>648</b>	<b>2,915</b>	<b>2,457</b>	<b>3,412</b>	<b>6,014</b>	<b>7,438</b>	<b>8,982</b>	<b>1,268</b>	<b>778</b>	<b>1,450</b>
Resultado ajustado <sup>4</sup>	-	-1,357	252	2,016	4,267	4,023	4,367	6,381	7,832	9,154	1,283	789	1,466
Annualized indicators - As % of netted assets													
Financial margin	7.6	2.3	2.9	4.3	5.9	5.8	7.3	9.8	9.3	9.0	12.4	9.1	11.1
Net interest income	-0.2	0.1	1.0	1.7	2.1	2.7	4.4	5.3	5.5	6.1	6.5	6.5	7.2
CER and CVS adjustments	1.1	0.9	0.8	1.0	0.6	0.4	0.4	0.1	0.1	0.1	0.1	0.1	0.1
Foreign exchange price adjustments	4.4	-0.3	0.6	0.5	0.6	0.6	0.9	0.8	0.6	0.7	0.9	0.4	0.5
Gains on securities	2.5	1.7	0.8	1.0	2.4	1.9	0.9	3.7	3.2	2.1	4.0	1.3	3.9
Other financial income	-0.1	-0.2	-0.3	0.1	0.2	0.1	0.8	0.0	-0.1	0.0	0.9	0.8	-0.6
Service income margin	2.0	2.0	2.4	2.7	3.4	3.8	4.3	4.6	4.8	5.0	5.2	5.0	5.3
Loan loss provisions	-5.0	-1.3	-0.9	-0.6	-0.6	-0.8	-1.1	-1.4	-1.0	-0.9	-1.2	-0.7	-1.0
Operating costs	-4.8	-4.6	-4.6	-5.1	-5.9	-6.3	-7.0	-7.4	-8.0	-7.8	-7.9	-7.9	-7.9
Tax charges	-0.4	-0.3	-0.3	-0.4	-0.6	-0.7	-1.0	-1.2	-1.2	-1.4	-1.5	-1.5	-1.6
Adjust. to the valuation of gov. securities <sup>2</sup>	0.0	-0.6	0.0	-0.2	-0.1	-0.1	-0.2	0.0	0.0	0.0	0.0	0.0	0.0
Amort. payments for court-ordered releases	0.0	-0.7	-1.0	-1.0	-0.9	-0.9	-0.4	-0.2	-0.2	0.0	-0.1	0.0	-0.1
Other	-3.0	1.0	0.7	0.9	1.2	1.0	0.5	0.2	0.6	0.6	0.2	0.4	0.7
Monetary results	-7.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total results before tax <sup>3</sup>	-11.1	-2.2	-0.8	0.7	2.5	1.8	2.6	4.5	4.3	4.4	7.1	4.4	6.5
Income tax	-0.2	-0.3	-0.2	-0.2	-0.3	-0.2	-0.7	-1.5	-1.2	-1.4	-2.4	-1.5	-1.4
<b>ROA<sup>3</sup></b>	<b>-11.3</b>	<b>-2.5</b>	<b>-1.0</b>	<b>0.5</b>	<b>2.2</b>	<b>1.6</b>	<b>1.9</b>	<b>3.0</b>	<b>3.2</b>	<b>3.0</b>	<b>4.7</b>	<b>2.9</b>	<b>5.1</b>
ROA adjusted <sup>4</sup>	-11.3	-1.2	0.2	1.6	3.2	2.6	2.5	3.2	3.3	3.0	4.7	2.9	5.2
ROE before tax <sup>3</sup>	-77.3	-17.1	-6.7	5.5	17.2	12.6	20.4	34.4	33.5	37.8	62.5	37.8	56.5
ROE <sup>3</sup>	-79.0	-19.1	-8.1	4.1	15.3	10.9	15.2	22.9	24.5	25.6	41.0	24.6	44.3

(1) Data at December 2002 currency (2) Com. "A" 391 I. 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" 391 I and 4084.

Source: BCRA

### Chart 8 | Portfolio Quality

As percentage	Dec 02	Dec 03	Dec 04	Dec 05	Dec 06	Dec 07	Dec 08	Dec 09	Dec 10	Nov 11	Dec 11
<b>Non-performing loans (overall)</b>	<b>19.8</b>	<b>15.7</b>	<b>8.9</b>	<b>4.4</b>	<b>2.9</b>	<b>2.2</b>	<b>2.5</b>	<b>3.1</b>	<b>1.9</b>	<b>1.3</b>	<b>1.3</b>
Provisions / Non-performing loans	71	73	89	103	114	123	119	116	144	171	167
(Total non-performing - Provisions) / Overall financing	5.7	4.2	1.0	-0.1	-0.4	-0.5	-0.5	-0.5	-0.8	-0.9	-0.9
(Total non-performing - Provisions) / Net worth	20.0	14.4	3.4	-0.4	-1.4	-2.1	-1.9	-1.7	-3.4	-4.6	-4.4
<b>Non-performing loans to the non-financial private sector</b>	<b>37.4</b>	<b>30.4</b>	<b>15.3</b>	<b>6.3</b>	<b>3.6</b>	<b>2.5</b>	<b>2.8</b>	<b>3.3</b>	<b>2.0</b>	<b>1.4</b>	<b>1.4</b>
Provisions / Non-performing loans	72	75	88	102	114	123	118	115	143	170	166
(Total non-performing - Provisions) / Overall financing	10.3	7.6	1.8	-0.1	-0.5	-0.6	-0.5	-0.5	-0.9	-1.0	-0.9
(Total non-performing - Provisions) / Net worth	19.0	12.9	3.6	-0.4	-1.4	-2.0	-1.8	-1.6	-3.4	-4.5	-4.3

Source: BCRA