

Report on *Banks*

JULY 2007



Central Bank
of Argentina

Year IV - No. 11

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Note: This report contains information from July 2007 available on 23 August 2007. Description centers mainly on the behavior of the financial system (including breakdowns by uniform sub-groups). Figures provided (particularly in the case of profitability) are preliminary, and may be subject to change.

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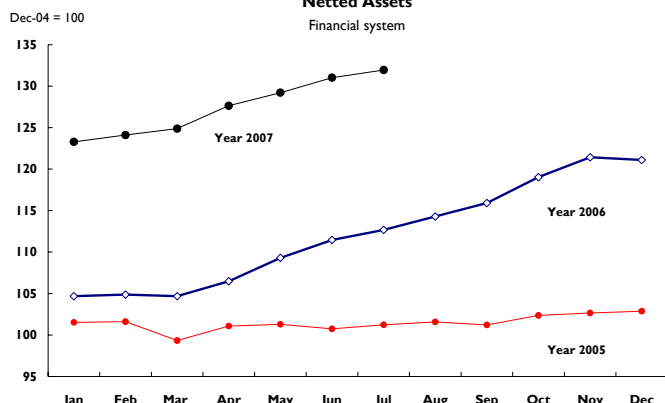
Summary

- **In July the financial system continued to improve its balance sheet, at the same time as it was able to increase banking transactions with the private sector, both behaviors being encouraged by the Central Bank by means of its financial policy.** Lending to the private sector increased in the context of reduced credit risk, and at the same time, funding maturity was lengthened as a result of the growth in private sector time deposits. Banks continued to consolidate their solvency levels.
- **Credit to the private sector recorded an increase of 4% in July (39.8% y.o.y.).** As a result, lending to the private sector reached a level of 33.5% of assets, almost doubling the size of exposure to the public sector, which, having fallen 0.1 p.p. in the month, stood at 16.9%. Private sector non-performing loan portfolio dropped 0.1 p.p. in the month for a total drop of 1.7 p.p. in the last 12 months, to a record low of 3.8%.
- In addition to the growth in private sector lending and progress on its loan quality, improvements have taken place on other fronts: **maturities has lengthened, and penetration at regional level has increased.**
- Continuing the trend towards normalization of balance sheets, **deposits consolidate as the main source of funds for the financial system.** In line with the incentives established by the Central Bank, **longer-term funding has been gaining strength**, with time deposits recording larger growth than sight accounts.
- Deepening the progress made in the last three years, **banks have almost eliminated from their liabilities the debt with the Central Bank in the 'matching schedule'.** The sole remaining bank of the 24 that received liquidity assistance from the Central Bank during the 2001-2002 crisis made a settlement in advance, as in June, with monthly payments totaling \$875 million.
- **Related to the volatility on international financial markets, bank profitability recorded a ROA of -0.8%.** Notwithstanding this result, during the first seven months of 2007 financial entities as a whole recorded a ROA of 1.4% and a ROE of 10.1%. In addition, despite this negative external shock, **in July the financial system continued to significantly expand its sources of recurring revenue: net interest income and service income margin.**
- **Capital increases improved the solvency of the financial system in July, more than offsetting the losses posted for the period.** In this situation, bank net worth went up \$500 million (1.4% or 19.1% y.o.y.) in the month. This movement was mainly explained by \$800 million stock issue, the largest such capital increase in 2007. **The improvement in profit generation capability in the last three years, together with the capitalization received, have placed banks in a sound relative position to absorb the negative effects of the current international context.**
- **The financial system has continued to upgrade its operating structure in a context of a steady payroll increase.** In the last 12 months the sector has added a total of 6,500 employees (7.3% y.o.y.).



Chart 1

Netted Assets
Financial system



Source: BCRA

Activity:

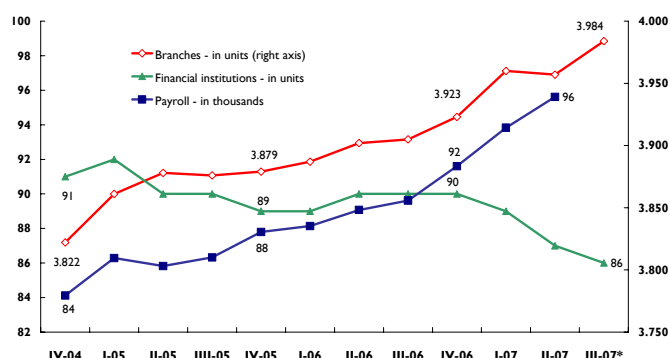
Credit to the private sector is twice that of lending to the public sector

In July banks accentuated the trend towards growth in financial intermediation activity with the private sector. Funding maturity lengthened following growth in private time deposits, while loans to the private sector rose in a context of limited credit risk. In line with the gradual normalization of balance sheets, netted assets went up 0.7% in July (see Chart 1), for total year-on-year (y.o.y.) growth of 17.1%.

The financial system is continuing to adjust the size of its operating structure, with a steady payroll increase. In the first seven months of the year the number of financial institutions operating locally fell by 4, taking the total to 86 at the end of July (see Chart 2). This process was mainly a consequence of strategic decisions made by the head offices of foreign financial institutions. Reflecting the good prospects for the sector, payroll have increased by 6,500 in the last 12 months (7.3% y.o.y.). The number of branches grew at a more moderate rate (2.1% y.o.y.), with banks demonstrating a certain preference for increasing the number of their automatic teller machines (17.8% y.o.y.).

Chart 2

Financial System Structure

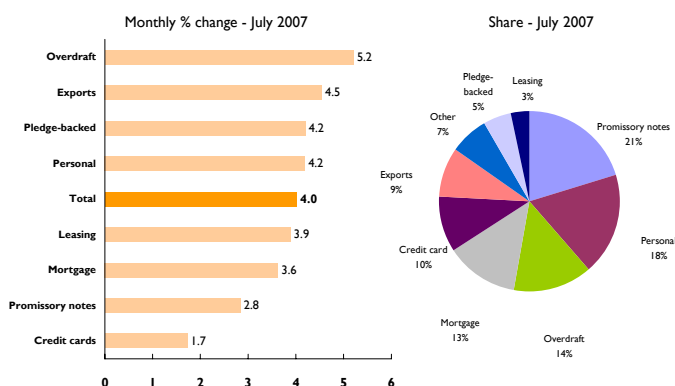


* Up to July
Source: BCRA

In terms of the flow of funds, in July the increase in deposits (\$3.45 billion) provided the main source of bank funding. A reduction in Lebac and Nobac positions (\$750 million), lower lending to the public sector (\$450 million) and capital increases by two private banks¹ (\$330 million), by means of public share offerings and cash contributions, were other important sources of funds for financial institutions during the month. New funding obtained during the month was mainly used for lending to the private sector (\$3.8 billion). In addition, the only bank still owing rediscounts made payment to the Central Bank of its 'matching schedule' installment for July, together with an advance settlement, a total disbursement of \$875 million. Banks increased their liquid assets by \$600 million during the month.

Chart 3

Credit to the Private Sector by Type of Line



Note: Not adjust by financial trusts
Source: BCRA

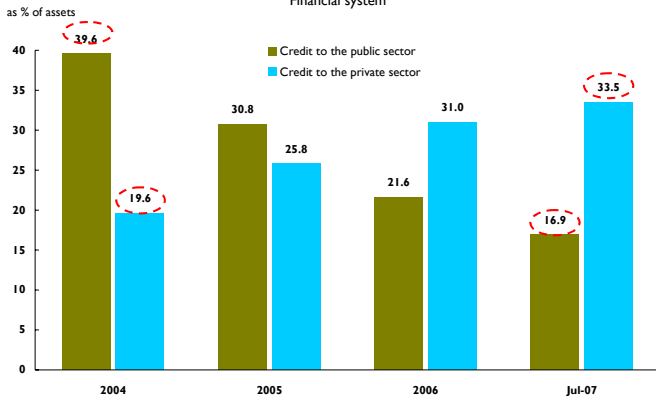
Loans to the private sector recorded an increase of 4% in July, for total growth of 39.8% in the last 12 months. The most dynamic credit lines in July were overdrafts, export credit and pledge-backed loans (see Chart 3), which went up 5.2%, 4.5% and 4.2%, respectively during the month. The main lines justifying the nominal increase for the month were promissory notes, personal loans and overdrafts. Increased lending to the private sector has been taking place in a context of limited credit risk. Private sector portfolio non-performance was down 0.1 p.p. in July, totaling a drop of 1.7 p.p. in the last 12 months, to a record low of 3.8%.

On the basis of this growth in July, credit to the private sector has increased its share of assets by 1.4 p.p. to 33.5%, almost twice the level of exposure to the public sector, which dropped 0.1 p.p. during the month, to stand at 16.9% (see Chart 4). As a result, encouraged by

¹ During the month another domestic-capital financial institution issued shares for \$470 million, but as the capital was paid in during the first days of August, this transaction did not impact on financial system cash flows for July.

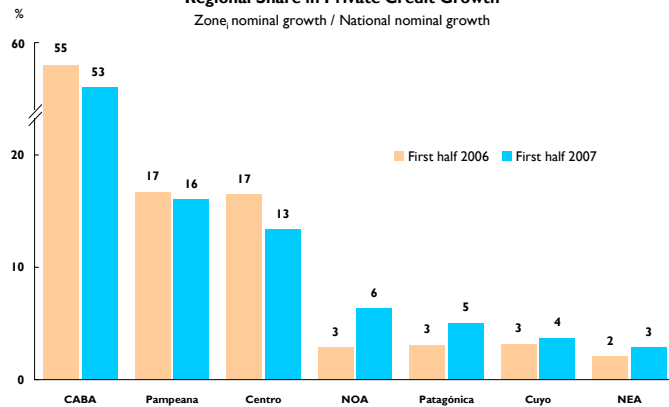


Chart 4
Assets Normalization
Financial system



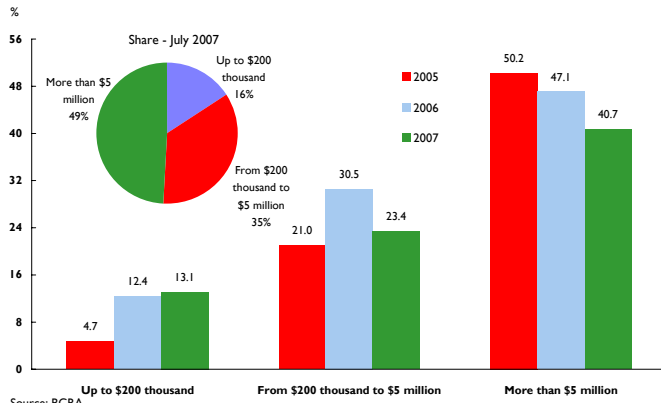
Source: BCRA

Chart 5
Regional Share in Private Credit Growth
Zone, nominal growth / National nominal growth



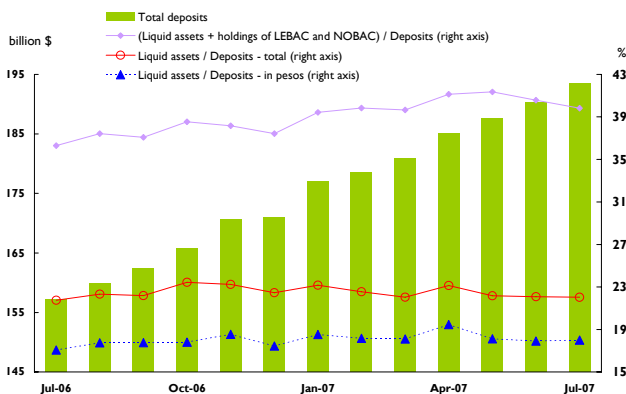
Source: BCRA

Chart 6
Lending to Companies by Amount Range
Annualized % change - First 7 months accumulated - Financial system



Source: BCRA

Chart 7
Deposits and Liquidity
Financial system



Source: BCRA

Central Bank regulations placing limits on lending to the public sector, banks have reinforced their independence from the borrowing needs of the public sector, directing their resources towards households and companies.

The incentives established by the Central Bank to increase the length to maturity of loans and regional lending coverage are taking effect. The increased credit to the private sector has experienced a steady, widespread extension to its maturity. Driven by the increase in loans for longer terms, such as mortgages (35%a. in the first 7 months of 2007), the average term for private loans as at July reached 4.1 years, 11 months higher than at the end of 2006. This extension of maturity applied to both lending to households and loans to companies.

Furthermore, lending to the private sector has increased its regional penetration. The distribution of credit growth in the first half of 2007 was more geographically uniform than in the same period of the previous year: the four regions which had the lowest share in the increase in private sector lending during the first half of 2006 (Northwestern Argentina - NOA, Patagonia, Cuyo and Northeastern Argentina- NEA), together increased their share by 7 p.p. during the first half of 2007, reducing the share of the three regions that still account for the largest proportion of credit growth (see Chart 5).

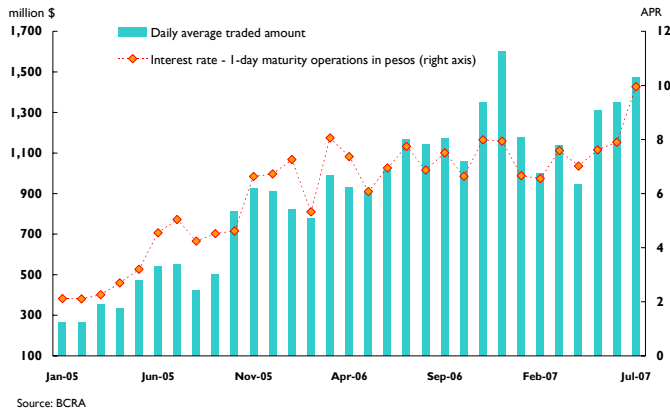
Growth in lending to companies during the first seven months of 2007 was widespread across all size segments, although lines for over \$5 million continue to show greatest dynamism in 2007, achieving a share of almost half of total lending. As a result, in line with the incentives established by the Central Bank, resources have been made available to finance companies of all sizes, from corporations to micro-undertakings. Although still recording a low share of the total stock of loans to companies, lines for amounts of less than \$200 thousand (related to micro-undertakings and small companies) recorded a slight acceleration in their growth rate, unlike the larger types of loan (see Chart 6).

Financial institutions recorded a slight increase in their liquid assets in July (\$600 million), and significantly restructured them. While repos with the Central Bank were down \$3.8 billion, balances of current accounts at the Central Bank and cash in banks rose by \$4.4 billion. Total deposits increased by more than liquid assets, placing the liquidity index at relatively stable levels compared with the previous month, at close to 22% in July (see Chart 7). The liquidity indicator that includes holdings of Lebac and Nobac fell 0.8 p.p., to 39.8% of deposits in July, mainly because of the drop of \$750 million in holdings of Central Bank securities.

The reduction in the position of Lebac and Nobac held by banks was mainly due to the redemptions by the Central Bank on the secondary market. This measure was intended to inject liquidity into the market in an effort to offset volatility on international money markets, particularly at the end of July. One-day call-money rates rose to an average 10% during the month, 2.1 p.p. higher than in June, while the daily average traded amount on this market increased 9%, to \$1.48 billion (see Chart 8).

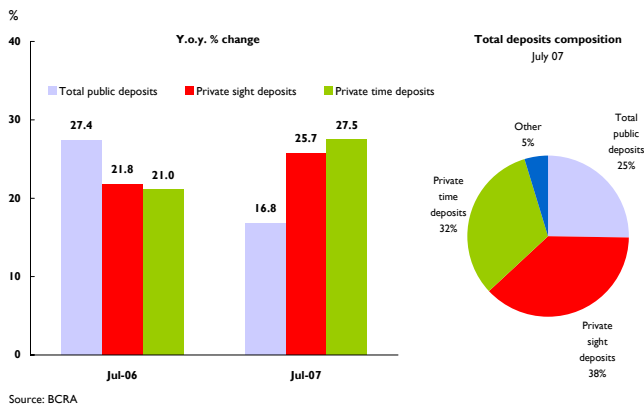


Chart 8
Call market



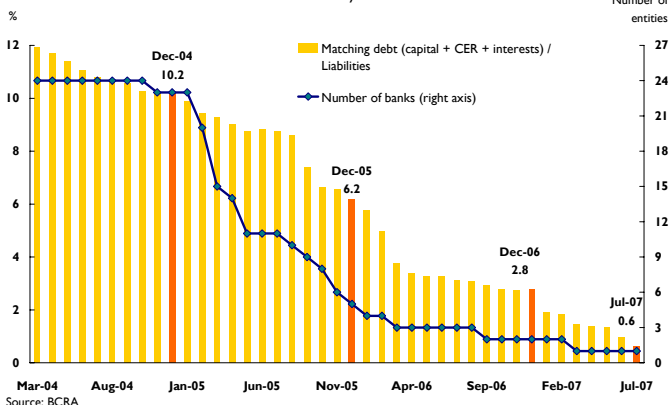
In view of the increase in liquidity requirements, the Central Bank has continued to provide tools for the strengthening of the financial system. In addition to its established role as a lender of last resort, the monetary authority has been repurchasing Lebac and Nobac bills and scaling their tender, auctioning repos for longer terms, and allowing the calculation of minimum cash requirements on the basis of a two-month period (July and August).

Chart 9
Deposits
Financial system



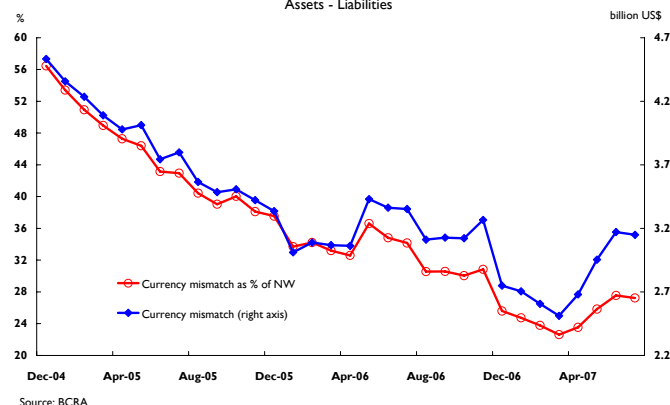
Continuing with the process of balance sheet normalization, deposits have gained strength as the main source of financial system resources. The \$3.2 billion rise in total deposits in July (1.7% or 23% y.o.y.) has mainly been explained by the \$2.25 billion increase in private sector deposits (1.6% or 25.8% y.o.y.), and, to a lesser extent by an increase of \$1.2 billion (2.5% or 16.8% y.o.y.) in public sector deposit. An increase in time deposits accounted for over 80% of the rise in private sector deposits in July. As a result of this dynamic, private sector time deposits recorded the highest year-on-year growth rate (see Chart 9), rising to represent almost one third of total financial system deposits in July.

Chart 10
Liabilities with the BCRA - Matching Schedule
Financial system



Deepening the progress made in the last three years, banks have virtually eliminated from their liabilities their debt owed to the Central Bank under the 'matching schedule'. At present, out of the original 24 financial entities, only one still records liabilities. In July, in addition to the monthly matching installment, this last bank made a payment in advance, taking its total payments to \$875 million, while in August and September it made payments for \$71 million and \$73 million, corresponding to its monthly installments. With these payments, the inheritance from the crisis has virtually been eliminated from banking system balance sheets, as the remaining balance due totals only 0.6% of financial system liabilities (see Chart 10).

Chart 11
Currency Mismatch - Financial System
Assets - Liabilities



In July, foreign currency bank assets dropped US\$150 million, mainly reflecting the end of certain reverse repos performed by official banks with the Central Bank in previous months, and the sale of the foreign currency linked to such operations, the variation being partly offset by growth in lending in dollars to finance exports. Liabilities in dollars declined by US\$130 million, largely explained by the reduction in the balances of accounts connected with the settlement of dollar swaps with the Central Bank, a variation partly compensated for by the increase in dollar deposits. As a result, the foreign currency mismatching in terms of net worth stood at 27.2% in July (see Chart 11), dropping 0.3 p.p. compared with the previous month and 6.9 p.p. in the last 12 months.

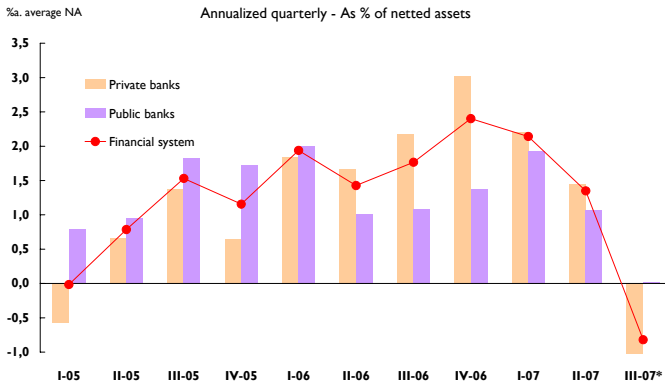
Profitability:

Increased recurring revenue softened the impact of losses on securities

In the context of volatility on international and domestic financial markets, which deepened towards the end of July, the local financial system accrued losses for the month totaling an annualized (a.) -0.8%

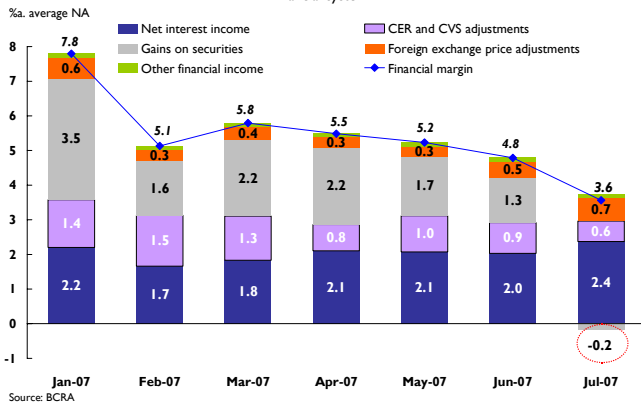


Chart 12
Financial System Profitability
Annualized quarterly - As % of netted assets



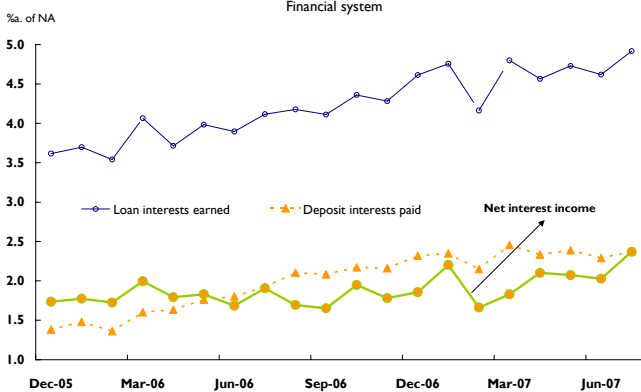
* Up to July - annualized
Source: BCRA

Chart 13
Financial Margin Composition
Financial system



Source: BCRA

Chart 14
Main Components of Net Interest Income
Financial system



Source: BCRA

of assets² (see Chart 12). Despite this negative external shock, the improvement in profit-generating capacity achieved over the last 3 years, together with the capitalization received, have placed the banking sector in a sound relative position to be able to absorb the negative effects of the current international situation. It should be noted that despite recording figures somewhat lower than those achieved in the same period of 2006, in the first seven months of 2007 financial entities as a whole registered a profit of 1.4% of assets and a ROE of 10.1%.

The impact of the turbulent world financial situation differed according to the type of bank: whereas public banks recorded a result of close to zero, private financial entities posted negative book results. Private banks recorded a ROA of -1.5% (3 p.p. less than in the previous month). Just as at system level, the reduction for the month in the profitability of private banks was entirely explained by international and domestic financial market volatility, as financial intermediation levels continued to increase steadily. Despite these movements for the month, in 2007 to date both public and private banks have shown a similar performance in terms of profitability, achieving a ROA of 1.3%, while non-bank financial entities recorded an accumulated ROA of 5.1%.

Bank financial margin recorded a decline in July, standing at 3.6% of assets for the month (see Chart 13), 1.2 p.p. less than in June. For the first seven months of 2007 financial margin has totaled 5.4%, slightly less than was posted in the same period of the previous year.

Increased financial intermediation activity led to growth of 0.4 p.p. of assets in net interest income in July, to a level of 2.4% (see Chart 14). The rise in interest results was mainly caused by higher income for the month, while interest expense rose moderately, partly due to the increased relative share of time deposits compared with sight deposits.

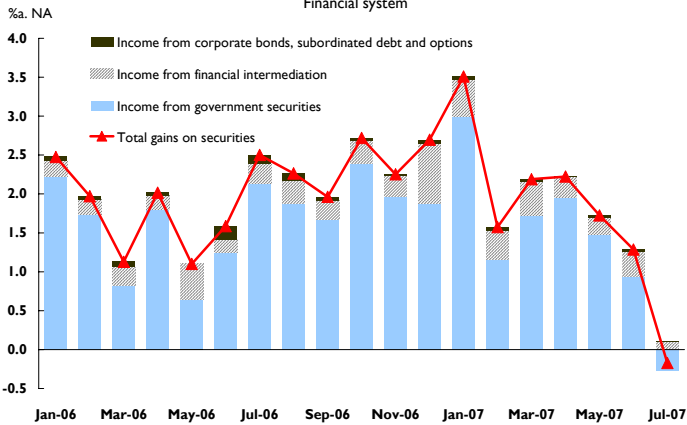
Results from the holding and trading of securities totaled -0.2% of assets, 1.5 p.p. below the figure recorded in the previous month, a change led by results on public securities (see Chart 15). Although the drop in results on public securities was widespread among banks, the phenomenon was centered on a few entities (10 banks, representing almost half of all banking sector assets, explained slightly over 70% of the drop in gains on securities). Reflecting the financial problems caused by the subprime crisis in the United States, prices of the main domestic securities recorded sharp declines (increasing their yields), especially in the last week of July (see Chart 16). This took place in the context of increased risk aversion and rising liquidity needs in the main financial centers, which among other things led to the unwinding of positions in emerging country assets, provoking widespread turbulence on share and bond markets in those economies.

In line with the growth in financial intermediation activities with the private sector, in July service income margin recorded its highest levels since 2002, exceeding pre-crisis levels. Income from services

² In this section whenever reference is made to ROA and ROE, the denominator should be understood to be netted assets and net worth, respectively (see Glossary).

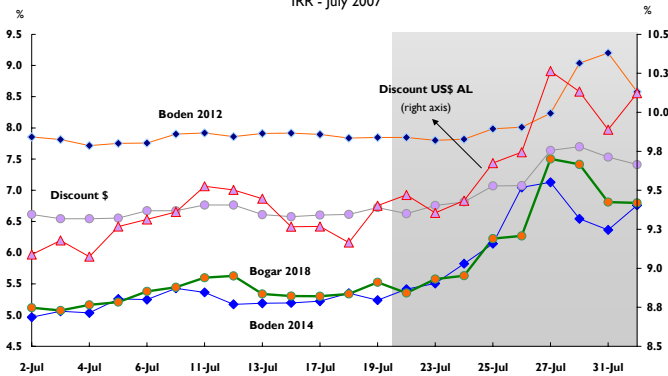


Chart 15
Gains on Securities
Financial system



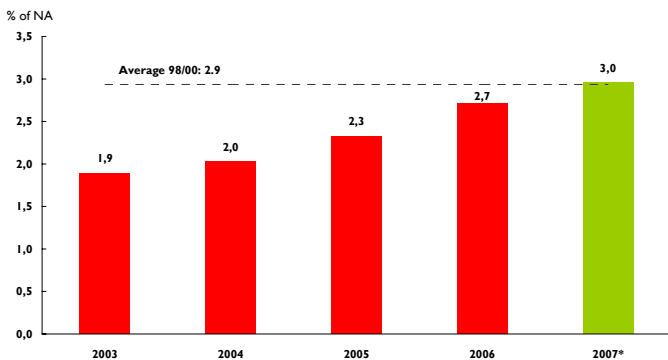
Source: BCRA

Chart 16
Public Bonds
IRR - July 2007



Source: Reuters

Chart 17
Service Income Margin



* Up to July - annualized
Source: BCRA

went up 0.1 p.p. of assets to 3.1%a., for a total of 3%a. of assets in the first seven months of the year (see Chart 17), 0.4 p.p. above the same period of the previous year. In July, service income margin was able to cover 58% of operating costs, 3.8 p.p. more than in the same month of 2006. It should be noted that the marked growth in service income margin recorded in recent years reflects both the growth in deposit-related transactions and the increase in lending to the private sector.

In a context of rising volatility on international financial markets, an increase took place in the peso-dollar exchange rate between ends for the month (\$0.03 per dollar). This movement was responsible for a rise in results from exchange rate differences in July of 0.2 p.p. of assets (to 0.7%a.), despite the slight decline in the active foreign currency position held by banks. In the first seven months of 2007 this bank income statement heading totaled 0.4%a. of assets, 0.1 p.p. less than recorded in the same period of the previous year.

Loan loss provisions went up by 0.2 p.p. of assets to a level of 0.8%a. in July³, a figure that totals 0.6%a. for 2007 to date. As a result of this monthly increase, loan loss provisions in terms of private sector loans registered a level of 2.2%a., 0.4 p.p. more than in June (see Chart 18, which shows a 3-month moving average total). Low portfolio non-performance levels have led to these small loan losses, which currently stand at a record low level.

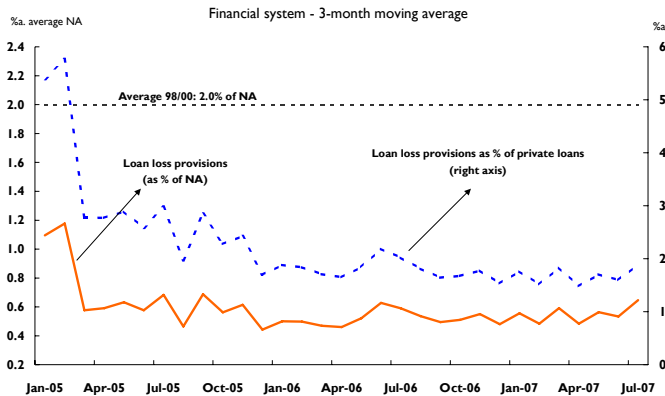
In July operating costs stood at 5.4%a. of assets, 0.1 p.p. higher than in June. As a result, in the first seven months of 2007 operating costs totaled 5.3%a. of assets, slightly above the level recorded in the same period of 2006. The drop in financial margin, despite higher service income margin, led to a reduction for the month in the coverage of operating costs by service income margin, to 124%. Higher wages in the sector, added to a steady increase in payroll and in the number of branches (see page 2), has been reflected in a rising trend in operating costs, although they are still below the levels prior to the 2001-2002 crisis.

Miscellaneous has continued to record a fairly volatile behavior in 2007 to date. During July miscellaneous posted a significant drop of 0.9 p.p. of assets to 0.7%a. (see Chart 19). This movement was largely explained by a drop in results from long-term investments that mainly reflected the losses from the holding and trading of securities of the companies controlled by the financial entities.

Lower charges for the amortization of court-ordered deposit releases, together with a slight decline in tax accruals in July, helped to offset the effects of international financial market volatility on bank results for the month. While the amortization of court-ordered payments dropped by 0.3 p.p. of assets to 0.8%a., income tax accrual recorded a drop of 0.5 p.p. of assets to 0.1%a.. Nevertheless, adjustments to the valuation of public sector assets increased by 0.5 p.p. of assets, to 0.6%a.. This increase was related to a once-only transaction by one public bank.

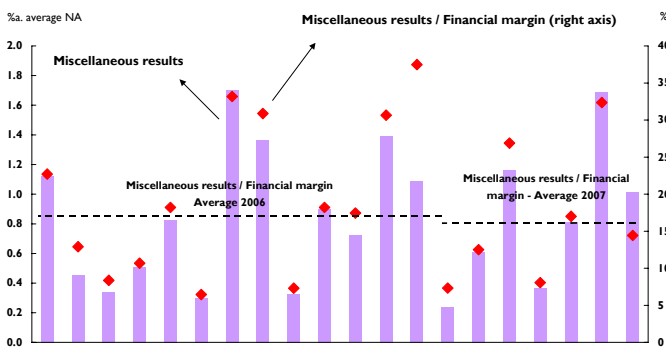
³ This increase was mainly associated with an account reclassification carried out by one large public bank.

Chart 18
Loan Loss Provisions



Source: BCRA

Chart 19
Miscellaneous Results



Source: BCRA

Table I
Main Developments in August 2007

	Jul	Aug	Var. Jul	Var. Aug
Prices				
Exchange rate (\$/US\$) ¹	3.120	3.156	0.9	1.2
CPI	194.9	196.0	0.5	0.6
CER ¹	1.98	1.99	0.4	0.5
	%	%	Var p.p.	Var p.p.
Securities - annual IRR¹				
BOGAR \$ 2018	6.7	9.1	163	236
BODEN US\$ 2012	8.6	10.0	96	132
Discount \$	7.3	8.3	77	104
Discount US\$ NY	9.8	9.7	120	-7
Lebac in \$ - 6 months to maturity	11.8	14.6	246	279
Nobac in \$ (BADLAR Private banks) - 9 months to maturity	11.2	15.4	217	422
	%	%	Var p.p.	Var p.p.
Average percentage rates				
Lending ²				
Overdraft	16.9	19.6	76	262
Promissory notes	13.2	14.2	79	105
Mortgage	10.8	10.9	18	13
Pledge-backed	10.0	9.4	-44	-58
Personal	24.5	24.5	-78	3
30 to 44 day time deposit	7.3	8.5	26	119
BADLAR	7.7	9.0	53	134
7 day BCRA repos	7.6	7.8	21	14
Lebac in \$ - 9 months	10.0	10.5	-2	47
	Mill. \$	Mill. \$	Var %	Var %
Balance^{2,3} - Financial system				
Peso deposits - Private sector	121,976	122,704	2.3	0.6
Sight deposits	68,499	69,247	3.6	1.1
Time deposits	53,477	53,458	0.8	0.0
Peso loans - Private sector	75,184	77,173	4.4	2.6
Overdraft	13,602	13,196	7.6	-3.0
Promissory notes	15,439	15,968	4.4	3.4
Mortgage	11,736	12,221	3.5	4.1
Pledge-backed	4,634	4,835	4.3	4.3
Personal	16,689	17,534	3.8	5.1

(¹) End of month figure. Secondary market

(²) Estimation based on SISCEN data (provisional data subject to change).

(³) Monthly average. In million of pesos.

Source: INDEC and BCRA.

Outlook for August

In August it is expected that financial institutions will continue to consolidate their sources of recurring income, given the increase in the volume of private sector financial intermediation. August saw growth in both loans to the private sector and private sector deposits, consolidating the trends of the last three years.

The increase in loans to the private sector was led by personal loans, pledge-backed loans and mortgages, while promissory notes stood out among commercial loans (see Table 1). Overall, lending rates recorded an increase during the month (except for pledge-backed loans), especially in the case of commercial loans. In such a context, increased interest charges on loans in a situation in which there was stability in the stock of time deposits (although there was a gradual increase in deposit rates), could lead to an increase in interest results. Sight deposits were responsible for most of the increase in private sector deposits. On the basis of these developments, and increase is expected in service income margin. Lastly, it is expected that CER adjustments will have shown a slight increase during the month, given the greater increase in this rate compared with July.

In August, reflecting the volatility existing at international level, there was a further decline in the prices of the leading securities held by banks in their portfolios. Nevertheless, this will have been partly offset by the steps taken by the Central Bank to ensure adequate liquidity levels and avoid excessive fluctuations in the net worth of those banks holding Central Bank bills and notes to maturity, and in those securities available for sale. As a result, it is estimated that in August local capital market volatility will have a lower negative accounting impact than in July.

In such a context, results from exchange rate differences will be higher than those recorded in July, given the increase in the peso-dollar exchange rate between ends for the month. Lastly, given the low levels of private sector delinquency, it is expected that loan loss provisions will continue at a low level, while operating costs could continue to reflect higher employment levels in the financial system.

Solvency:

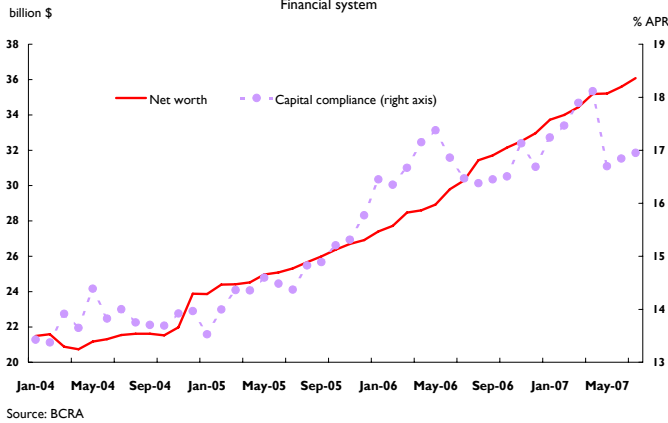
Solvency strengthened by means of stock issues

Although in recent months the increase in financial system solvency was mainly associated with the profits being accrued by banks, in July capital increases were responsible for such as process. Financial system net worth rose \$500 million in the month (1.4% or 19.1% y.o.y.) (see Chart 20). This total was almost entirely accounted for by private banks, a group that increased its net worth by 2.1% in July (22.9% y.o.y.). Official banks recorded no change in their net worth for the month, with growth of 12.4% in the last 12 months.

In July, financial institution capital contributions totaled \$800 million, the largest monthly rise in 2007 to date. This is a sign of the favorable prospects for the sector, in a context of a steady increase in



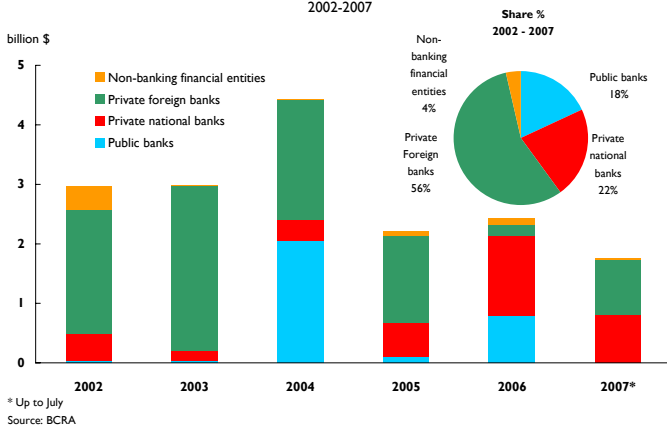
Chart 20
Solvency
Financial system



financial intermediation. Taking advantage of the benefits of complementation with capital markets, two private financial entities issued stock to increase their capital. As a result, almost all the capital increases (95%) came from these two banks, the balance corresponding to contributions in cash by one foreign bank. Private national banks and private foreign banks were responsible in almost equal proportions for the total amount of capitalization received by banks in the first seven months of 2007 (close to 1.8 billion). Since 2002 the financial system has received somewhat over 16.8 billion in the form of capitalization, more than half of which was carried out by private foreign banks (see Chart 21).

Financial system capital compliance totaled 17% of risk-weighted assets at the end of July, 0.2 p.p. above the level of the previous month, and 0.5 p.p. more than in the same month of 2006. As at July, the financial system maintains an excess in capital compliance equivalent to 93.1% of the capital requirement.

Chart 21
Capital Contributions
2002-2007





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” 4686 – 04/July/07**

This regulation establishes that financial entities must set up a provision for the amount resulting from the difference between the determination of court-ordered deposits in the original currency of the deposit and the book value of those deposits set up in foreign currency that at 5 January 02 were covered by the terms of Law 25561 and Decree 214/02. This provision should be posted as a liability, offset against income, and is to be released as rulings are issued by the courts handling the cases to which the deposits relate confirming that they were originally set up in foreign currency. Furthermore, it will be permitted for financial entities to fully or partially capitalize such losses. Amortization shall take place in equal consecutive monthly installments not extending beyond June 2009.

- **Communication “A” 4691 – 27/July/07**

Regulations on “Minimum cash”. It is established as a temporary measure that for the July-August 2007 period requirements and compliance will be calculated on a two-month basis. In addition, it is laid down that the daily minimum compliance requirement in pesos for the period from 30 July 07 to 31 Aug 07 is to be calculated on the basis of applying a rate of 40% of the respective minimum cash requirement.



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 entities 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 entities 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' 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	2005	Jul 2006	2006	Jun 2007	Jul 2007
1.- Liquidity	22.3	26.1	23.1	25.0	23.4	19.6	22.8	29.1	29.6	20.1	21.8	22.5	22.1	22.0
2.- Lending to the public sector	16.9	16.2	16.2	18.0	17.3	23.0	48.5	46.5	39.6	30.8	25.8	21.6	17.0	16.9
3.- Lending to the private sector	50.8	47.7	48.4	44.9	39.9	42.7	20.8	18.1	19.6	25.8	28.1	31.0	32.1	33.5
4.- Private non-performing loans	16.2	13.8	12.2	14.0	16.0	19.1	38.6	33.5	18.6	7.6	5.5	4.5	3.9	3.8
5.- Net worth exposure to private sector	24.9	22.5	20.6	24.7	26.2	21.9	17.3	12.4	-1.0	-4.1	-3.5	-3.3	-3.1	-3.0
6.- ROA	0.6	1.0	0.5	0.2	0.0	0.0	-8.9	-2.9	-0.5	0.9	1.8	1.9	1.7	1.4
7.- ROE	4.1	6.3	3.9	1.7	0.0	-0.2	-59.2	-22.7	-4.2	7.0	13.8	14.3	12.8	10.1
8.- Efficiency	142	136	138	142	147	143	189	69	125	151	168	167	164	158
9.- Capital compliance	23.8	20.8	20.3	21.0	20.1	21.4	-	14.5	14.0	15.3	16.5	16.7	16.8	17.0
10.- Excess capital compliance	64	73	49	54	58	54	-	116	185	173	130	132	92	93

Source: BCRA

Chart 2: Balance Sheet

In current pesos (millions)	Dec 00	Dec 01	Dec 02	Dec 03	Dec 04	Dec 05	Jul 06	Dec 06	Jun 07	Jul 07	Change (%)			
											Last month	Accum. 2007	Last 12 months	
Assets	163,550	123,743	187,532	186,873	212,562	221,962	247,070	258,742	289,450	288,182	-0.4	11.4	16.6	
Liquid assets ¹	20,278	13,005	17,138	27,575	29,154	20,819	28,989	37,991	37,579	41,988	11.7	10.5	44.8	
Public bonds	10,474	3,694	31,418	45,062	55,382	66,733	65,670	64,395	76,929	70,064	-8.9	8.8	6.7	
Lebac/Nobac	0	0	-	-	17,755	28,340	30,633	29,091	44,504	39,865	-10.4	37.0	30.1	
Portfolio	0	0	-	-	11,803	21,067	22,874	25,570	35,189	34,435	-2.1	34.7	50.5	
Repo	0	0	-	-	5,953	7,273	7,759	3,521	9,315	5,431	-41.7	54.2	-30.0	
Private bonds	633	543	332	198	387	389	795	813	795	754	-5.2	-7.3	-5.1	
Loans	83,277	77,351	84,792	68,042	73,617	84,171	93,607	103,611	112,084	115,131	2.7	11.1	23.0	
Public sector	15,164	22,694	44,337	33,228	30,866	25,836	22,521	20,815	16,734	16,775	0.2	-19.4	-25.5	
Private sector	64,464	52,039	38,470	33,398	41,054	55,885	67,501	77,834	89,922	93,482	4.0	20.1	38.5	
Financial sector	3,649	2,617	1,985	1,417	1,697	2,450	3,584	4,962	5,427	4,874	-10.2	-1.8	36.0	
Provisions over loans	-6,907	-6,987	-11,952	-9,374	-7,500	-4,930	-4,278	-3,999	-4,013	-3,954	-1.5	-1.1	-7.6	
Other netted credits due to financial intermediat.	42,361	21,485	39,089	27,030	32,554	26,721	34,006	26,030	35,707	33,040	-7.5	26.9	-2.8	
Corporate bonds and subordinated debt	794	751	1,708	1,569	1,018	873	764	773	724	719	-0.7	-7.0	-5.8	
Unquoted trusts	2,053	2,065	6,698	4,133	3,145	3,883	4,446	4,881	4,753	4,811	1.2	-1.4	8.2	
Compensation receivable	0	0	17,111	14,937	15,467	5,841	5,168	763	367	370	1.0	-51.5	-92.8	
Other	39,514	18,669	13,572	6,392	12,924	16,124	23,628	19,613	29,863	27,140	-9.1	38.4	14.9	
Assets under financial leases	786	771	567	397	611	1,384	1,934	2,262	2,945	3,059	3.9	35.3	58.2	
Shares and participation	2,645	2,688	4,653	4,591	3,871	4,532	4,785	6,378	6,836	6,705	-1.9	5.1	40.1	
Fixed assets and miscellaneous	4,939	4,804	8,636	8,164	7,782	7,546	7,491	7,638	7,628	7,658	0.4	0.3	2.2	
Foreign branches	1,115	1,057	3,522	3,144	3,524	3,647	3,834	2,788	2,884	2,924	1.4	4.9	-23.7	
Other assets	3,950	5,334	9,338	12,043	13,180	10,950	10,237	10,835	10,075	10,813	7.3	-0.2	5.6	
Liabilities	146,267	107,261	161,446	164,923	188,683	195,044	216,781	225,773	253,871	252,106	-0.7	11.7	16.3	
Deposits	86,506	66,458	75,001	94,635	116,655	136,492	157,257	170,898	190,281	193,498	1.7	13.2	23.0	
Public sector ²	7,204	950	8,381	16,040	31,649	34,019	41,943	45,410	47,805	48,999	2.5	7.9	16.8	
Private sector ²	78,397	43,270	59,698	74,951	83,000	100,809	113,032	123,431	139,935	142,202	1.6	15.2	25.8	
Current account	6,438	7,158	11,462	15,071	18,219	23,487	24,425	26,900	32,054	32,282	0.7	20.0	32.2	
Savings account	13,008	14,757	10,523	16,809	23,866	29,078	33,755	36,442	40,654	40,864	0.5	12.1	21.1	
Time deposit	53,915	18,012	19,080	33,285	34,944	42,822	48,911	54,338	60,515	62,350	3.0	14.7	27.5	
CEDRO	0	0	12,328	3,217	1,046	17	16	13	13	12	-1.2	-6.9	-23.4	
Other netted liabilities due to financial intermediat.	55,297	36,019	75,737	61,690	64,928	52,072	52,860	46,037	54,976	50,076	-8.9	8.8	-5.3	
Call money	3,545	2,550	1,649	1,317	1,461	2,164	3,359	4,578	4,864	4,341	-10.8	-5.2	29.2	
BCRA lines	102	4,470	27,837	27,491	27,726	17,005	11,381	7,686	3,585	2,781	-22.4	-63.8	-75.6	
Outstanding bonds	4,954	3,777	9,096	6,675	7,922	6,548	6,598	6,603	8,003	7,921	-1.0	19.9	20.1	
Foreign lines of credit	8,813	7,927	25,199	15,196	8,884	4,684	4,339	4,240	3,255	3,438	5.6	-18.9	-20.7	
Other	37,883	17,295	11,955	11,012	18,934	21,671	27,184	22,930	35,269	31,596	-10.4	37.8	16.2	
Subordinated debts	2,255	2,260	3,712	2,028	1,415	1,381	1,269	1,642	1,657	1,661	0.2	1.2	30.9	
Other liabilities	2,210	2,524	6,997	6,569	5,685	5,099	5,395	7,196	6,957	6,871	-1.2	-4.5	27.3	
Net worth	17,283	16,483	26,086	21,950	23,879	26,918	30,289	32,969	35,579	36,076	1.4	9.4	19.1	
Memo														
Netted assets	129,815	110,275	185,356	184,371	202,447	208,275	228,100	245,149	265,264	267,129	0.7	9.0	17.1	
Consolidated netted assets	125,093	106,576	181,253	181,077	198,462	203,286	221,753	236,216	255,472	258,036	1.0	9.2	16.4	

(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 7 months		Monthly			Last	
	2000	2001	2002 ¹	2003	2004	2005	2006	2006	2007	May-07	Jun-07	Jul-07	12 months
Financial margin	7,291	6,943	13,991	1,965	6,075	9,475	12,956	7,305	8,090	1,141	1,058	793	13,741
Net interest income	5,106	4,625	-3,624	-943	1,753	3,069	4,095	2,311	3,073	452	448	528	4,857
CER and CVS adjustments	0	0	8,298	2,315	1,944	3,051	3,008	1,935	1,582	227	197	132	2,654
Foreign exchange price adjustments	185	268	5,977	-890	866	751	928	603	648	57	103	149	973
Gains on securities	1,481	1,490	3,639	1,962	1,887	2,371	4,703	2,325	2,622	376	284	-38	5,000
Other financial income	519	559	-299	-480	-375	233	222	131	166	28	26	22	256
Service income margin	3,582	3,604	4,011	3,415	3,904	4,781	6,162	3,327	4,448	663	662	696	7,282
Loan loss provisions	-3,056	-3,096	-10,007	-2,089	-1,511	-1,173	-1,174	-690	-895	-120	-134	-174	-1,379
Operating costs	-7,375	-7,362	-9,520	-7,760	-7,998	-9,437	-11,477	-6,320	-7,927	-1,181	-1,176	-1,206	-13,084
Tax charges	-528	-571	-691	-473	-584	-737	-1,078	-567	-809	-119	-123	-128	-1,320
Income tax	-446	-262	-509	-305	-275	-581	-765	-460	-638	-51	-125	-19	-943
Adjustments to the valuation of government securities ²	0	0	0	-701	-320	-410	-747	-432	-160	-10	-26	-124	-474
Amortization payments for court-ordered releases	0	0	0	-1,124	-1,686	-1,867	-1,698	-961	-1,344	-174	-233	-182	-2,080
Other	535	702	-3,880	1,738	1,497	1,729	2,123	1,112	1,281	185	358	161	2,292
Monetary results	0	0	-12,558	69	0	0	0	0	0	0	0	0	0
Total results	3	-42	-19,162	-5,265	-898	1,780	4,302	2,313	2,046	333	262	-183	4,035
Adjusted results ³	-	-	-	-3,440	1,337	4,057	6,746	3,707	3,550	517	520	123	6,589
<i>Annualized indicators - As % of netted assets</i>													
Financial margin	5.7	5.7	6.5	1.1	3.1	4.6	5.7	5.7	5.4	5.2	4.8	3.6	5.5
Net interest income	4.0	3.8	-1.7	-0.5	0.9	1.5	1.8	1.8	2.0	2.1	2.0	2.4	1.9
CER and CVS adjustments	0.0	0.0	3.9	1.3	1.0	1.5	1.3	1.5	1.1	1.0	0.9	0.6	1.1
Foreign exchange price adjustments	0.1	0.2	2.8	-0.5	0.4	0.4	0.4	0.5	0.4	0.3	0.5	0.7	0.4
Gains on securities	1.2	1.2	1.7	1.1	1.0	1.2	2.1	1.8	1.7	1.7	1.3	-0.2	2.0
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	0.1
Service income margin	2.8	3.0	1.9	1.9	2.0	2.3	2.7	2.6	3.0	3.0	3.0	3.1	2.9
Loan loss provisions	-2.4	-2.6	-4.7	-1.1	-0.8	-0.6	-0.5	-0.5	-0.6	-0.6	-0.6	-0.8	-0.6
Operating costs	-5.8	-6.1	-4.4	-4.2	-4.1	-4.6	-5.1	-5.0	-5.3	-5.4	-5.3	-5.4	-5.2
Tax charges	-0.4	-0.5	-0.3	-0.3	-0.3	-0.4	-0.5	-0.4	-0.5	-0.5	-0.6	-0.6	-0.5
Income tax	-0.3	-0.2	-0.2	-0.2	-0.1	-0.3	-0.3	-0.4	-0.4	-0.2	-0.6	-0.1	-0.4
Adjustments to the valuation of government securities ²	0.0	0.0	0.0	-0.4	-0.2	-0.2	-0.3	-0.3	-0.1	0.0	-0.1	-0.6	-0.2
Amortization payments for court-ordered releases	0.0	0.0	0.0	-0.6	-0.9	-0.9	-0.7	-0.8	-0.9	-0.8	-1.1	-0.8	-0.8
Other	0.4	0.6	-1.8	0.9	0.8	0.8	0.9	0.9	0.9	0.9	1.6	0.7	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	0.0
ROA	0.0	0.0	-8.9	-2.9	-0.5	0.9	1.9	1.8	1.4	1.5	1.2	-0.8	1.6
ROA adjusted ³	0.0	0.0	-8.9	-1.9	0.7	2.0	3.0	2.9	2.4	2.4	2.4	0.6	2.6
ROE	0.0	-0.2	-59.2	-22.7	-4.2	7.0	14.3	13.8	10.1	11.4	8.8	-6.1	12.0

(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 4: Portfolio Quality

As percentages	Dec 00	Dec 01	Dec 02	Dec 03	Dec 04	Dec 05	Jul 06	Dec 06	May 07	Jun 07	Jul 07
Non-performing loans (overall)	12.9	13.1	18.1	17.7	10.7	5.2	4.1	3.4	3.2	3.1	3.1
Non-performing loans to the non-financial private sector	16.0	19.1	38.6	33.5	18.6	7.6	5.5	4.5	4.0	3.9	3.8
Commercial portfolio (*)	14.9	20.7	44.0	38.0	22.8	9.3	6.5	5.0	4.1	3.9	3.8
Consumption and housing portfolio	17.3	17.5	31.4	28.0	11.0	4.8	4.0	3.5	3.7	3.8	3.7
Provisions / Total non-performing loans	61.1	66.4	73.8	79.2	102.9	125.1	126.7	130.3	130.2	130.3	129.4
(Total non-performing - Provisions) / Overall financing	5.0	4.4	4.7	3.7	-0.3	-1.3	-1.1	-1.0	-1.0	-0.9	-0.9
(Total non-performing - Provisions) / Net worth	26.2	21.6	17.2	11.9	-1.0	-4.1	-3.5	-3.3	-3.1	-3.1	-3.0

(*) 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	2005	Jul 2006	2006	Jun 2007	Jul 2007
1.- Liquidity	23.6	26.9	22.8	24.3	24.1	23.6	24.8	27.6	29.2	21.5	20.3	23.7	23.8	23.7
2.- Lending to the public sector	13.5	13.7	13.6	16.1	14.7	20.8	49.4	47.1	41.2	28.0	22.4	15.9	11.0	10.7
3.- Lending to the private sector	51.0	46.7	47.6	44.6	38.4	45.4	22.4	19.9	22.5	31.1	35.5	37.9	40.3	41.7
4.- Private non-performing loans	11.1	8.5	7.7	8.9	9.8	14.0	37.4	30.4	15.3	6.3	4.6	3.6	3.2	3.1
5.- Net worth exposure to private sector	21.6	14.3	13.2	11.5	13.4	11.4	18.6	11.2	1.9	-2.2	-2.4	-3.0	-2.9	-2.9
6.- ROA	0.6	0.7	0.5	0.3	0.1	0.2	-11.3	-2.5	-1.0	0.5	2.0	2.2	1.8	1.3
7.- ROE	4.1	6.3	4.3	2.3	0.8	1.4	-79.0	-19.1	-8.1	4.1	14.4	15.3	12.3	8.9
8.- Efficiency	144	135	139	146	152	151	168	93	115	136	158	159	159	151
9.- Capital compliance	15.9	15.4	14.6	18.9	18.0	17.6	-	14.0	15.1	17.8	18.7	18.6	20.0	20.1
10.- Excess capital compliance	33	47	27	60	49	43	-	88	157	155	120	116	93	96

Source: BCRA

Chart 6: Balance Sheet

In current pesos (millions)	Dec 00	Dec 01	Dec 02	Dec 03	Dec 04	Dec 05	Jul 06	Dec 06	Jun 07	Jul 07	Change (%)			
											Last month	Accum. 2007	Last 12 months	
Assets	119,371	82,344	118,906	116,633	128,065	129,680	139,533	152,414	166,408	168,008	1.0	10.2	20.4	
Liquid assets ¹	13,920	10,576	11,044	14,500	15,893	14,074	16,339	22,226	23,293	25,061	7.6	12.8	53.4	
Public bonds	7,583	1,627	19,751	22,260	24,817	29,966	29,299	27,663	32,298	29,466	-8.8	6.5	0.6	
Lebac/Nobac	0	0	-	-	8,359	15,227	14,994	15,952	22,229	19,149	-13.9	20.0	27.7	
Portfolio	0	0	-	-	5,611	12,899	13,746	14,220	18,668	17,475	-6.4	22.9	27.1	
Repo	0	0	-	-	2,749	2,328	1,248	1,732	3,561	1,674	-53.0	-3.4	34.1	
Private bonds	563	451	273	172	333	307	696	683	639	589	-7.8	-13.7	-15.4	
Loans	56,035	52,319	51,774	47,017	50,741	56,565	61,898	69,294	74,876	77,170	3.1	11.4	24.7	
Public sector	8,172	13,803	25,056	23,571	21,420	15,954	11,974	10,036	6,461	6,493	0.5	-35.3	-45.8	
Private sector	45,103	36,636	26,074	22,816	28,213	39,031	47,658	55,632	64,311	67,198	4.5	20.8	41.0	
Financial sector	2,760	1,880	644	630	1,107	1,580	2,266	3,626	4,104	3,478	-15.2	-4.1	53.5	
Provisions over loans	-3,248	-3,957	-7,463	-5,225	-3,717	-2,482	-2,283	-2,227	-2,293	-2,242	-2.2	0.7	-1.8	
Other netted credits due to financial intermediat.	36,600	13,037	27,212	22,148	25,753	16,873	19,033	18,387	20,136	19,905	-1.1	8.3	4.6	
Corporate bonds and subordinated debt	724	665	1,514	1,394	829	675	578	618	583	578	-0.9	-6.5	0.0	
Unquoted trusts	1,609	1,637	6,205	3,571	2,362	2,444	2,822	2,982	3,403	3,452	1.4	15.8	22.3	
Compensation receivable	0	0	15,971	13,812	14,657	5,575	4,877	760	366	370	1.0	-51.3	-92.4	
Other	34,267	10,735	3,523	3,370	7,905	8,179	10,756	14,027	15,783	15,505	-1.8	10.5	44.2	
Assets under financial leases	776	752	553	387	592	1,356	1,856	2,126	2,743	2,838	3.5	33.5	52.9	
Shares and participation	1,651	1,703	3,123	2,791	1,892	2,416	2,620	4,042	4,433	4,291	-3.2	6.2	63.8	
Fixed assets and miscellaneous	3,225	3,150	5,198	4,902	4,678	4,575	4,541	4,677	4,676	4,703	0.6	0.6	3.6	
Foreign branches	75	112	-109	-136	-53	-148	-122	-139	-145	-147	1.6	6.2	21.0	
Other assets	2,190	2,574	7,549	7,816	7,137	6,178	5,656	5,682	5,753	6,374	10.8	12.2	12.7	
Liabilities	107,193	70,829	103,079	101,732	113,285	112,600	120,770	131,476	143,830	144,949	0.8	10.2	20.0	
Deposits	57,833	44,863	44,445	52,625	62,685	75,668	84,033	94,095	105,833	107,141	1.2	13.9	27.5	
Public sector ²	1,276	950	1,636	3,077	6,039	6,946	6,877	7,029	7,730	7,650	-1.0	8.8	11.2	
Private sector ²	55,917	43,270	38,289	47,097	55,384	67,859	75,931	85,714	96,668	98,125	1.5	14.5	29.2	
Current account	4,960	7,158	8,905	11,588	13,966	17,946	18,212	20,604	24,317	24,342	0.1	18.1	33.7	
Savings account	9,409	14,757	6,309	10,547	14,842	18,362	20,222	23,165	25,485	25,776	1.1	11.3	27.5	
Time deposit	39,030	18,012	11,083	18,710	22,729	27,736	33,426	38,043	42,582	43,717	2.7	14.9	30.8	
CEDRO	0	0	9,016	2,409	798	3	1	1	1	1	-9.1	-45.3	-68.4	
Other netted liabilities due to financial intermediat.	46,271	22,629	49,341	42,367	45,083	32,349	32,280	31,750	32,598	32,370	-0.7	2.0	0.3	
Call money	2,293	1,514	836	726	1,070	1,488	2,319	3,383	3,204	2,654	-17.2	-21.6	14.4	
BCRA lines	83	1,758	16,624	17,030	17,768	10,088	7,069	3,689	730	785	7.5	-78.7	-88.9	
Outstanding bonds	4,939	3,703	9,073	6,674	7,922	6,548	6,598	6,413	7,813	7,731	-1.1	20.5	17.2	
Foreign lines of credit	5,491	4,644	15,434	9,998	5,444	2,696	2,361	2,249	1,286	1,443	12.2	-35.8	-38.9	
Other	33,466	11,010	7,374	7,939	12,878	11,530	13,933	16,015	19,564	19,758	1.0	23.4	41.8	
Subordinated debts	1,668	1,700	3,622	1,850	1,304	1,319	1,209	1,642	1,653	1,657	0.2	0.9	37.1	
Other liabilities	1,420	1,637	5,671	4,890	4,213	3,264	3,249	3,989	3,745	3,781	1.0	-5.2	16.4	
Net worth	12,178	11,515	15,827	14,900	14,780	17,080	18,763	20,938	22,578	23,059	2.1	10.1	22.9	
Memo														
Netted assets	88,501	73,796	117,928	115,091	121,889	123,271	130,961	143,807	154,184	156,251	1.3	8.7	19.3	

(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

Amounts in million of pesos	Annual							First 7 months		Monthly			Last
	2000	2001	2002 ¹	2003	2004	2005	2006	2006	2007	May-07	Jun-07	Jul-07	12 months
Financial margin	5,441	5,282	10,628	2,575	3,415	5,253	7,672	4,236	4,748	742	627	341	8,184
Net interest income	3,598	3,519	-304	107	1,214	2,069	2,772	1,568	2,103	319	331	361	3,307
CER and CVS adjustments	0	0	1,476	1,082	900	1,215	854	545	429	62	50	28	738
Foreign exchange price adjustments	160	256	6,189	-312	666	576	725	459	463	61	73	76	729
Gains on securities	1,232	962	3,464	1,892	959	1,259	3,132	1,560	1,604	273	150	-143	3,176
Other financial income	450	546	-197	-195	-322	134	188	104	149	26	24	18	233
Service income margin	2,554	2,598	2,782	2,341	2,774	3,350	4,379	2,378	3,212	482	478	499	5,214
Loan loss provisions	-2,173	-2,464	-6,923	-1,461	-1,036	-714	-713	-404	-615	-86	-100	-97	-924
Operating costs	-5,263	-5,224	-6,726	-5,310	-5,382	-6,303	-7,598	-4,191	-5,257	-778	-780	-782	-8,665
Tax charges	-379	-418	-512	-366	-393	-509	-760	-402	-576	-87	-88	-90	-934
Income tax	-393	-216	-337	-295	-202	-217	-365	-138	-178	-22	-43	14	-404
Adjustments to the valuation of government securities ²	0	0	0	-665	-51	-201	-170	-117	9	1	-7	-10	-44
Amortization payments for court-ordered releases	0	0	0	-791	-1,147	-1,168	-1,161	-628	-899	-118	-168	-118	-1,432
Other	307	615	-4,164	1,178	846	1,156	1,626	786	711	114	271	45	1,551
Monetary results	0	0	-10,531	-20	0	0	0	0	0	0	0	0	0
Total results	93	174	-15,784	-2,813	-1,176	648	2,910	1,519	1,154	247	190	-199	2,546
Adjusted results ³	-	-	-	-1,357	252	2,016	4,242	2,264	2,045	364	365	-70	4,022
Annualized indicators - As % of netted assets													
Financial margin	6.2	6.4	7.6	2.3	2.9	4.3	5.8	5.7	5.4	5.9	4.9	2.6	5.6
Net interest income	4.1	4.3	-0.2	0.1	1.0	1.7	2.1	2.1	2.4	2.5	2.6	2.8	2.3
CER and CVS adjustments	0.0	0.0	1.1	0.9	0.8	1.0	0.6	0.7	0.5	0.5	0.4	0.2	0.5
Foreign exchange price adjustments	0.2	0.3	4.4	-0.3	0.6	0.5	0.5	0.6	0.5	0.5	0.6	0.6	0.5
Gains on securities	1.4	1.2	2.5	1.7	0.8	1.0	2.4	2.1	1.8	2.2	1.2	-1.1	2.2
Other financial income	0.5	0.7	-0.1	-0.2	-0.3	0.1	0.1	0.1	0.2	0.2	0.2	0.1	0.2
Service income margin	2.9	3.2	2.0	2.0	2.4	2.7	3.3	3.2	3.7	3.8	3.7	3.8	3.6
Loan loss provisions	-2.5	-3.0	-5.0	-1.3	-0.9	-0.6	-0.5	-0.5	-0.7	-0.7	-0.8	-0.7	-0.6
Operating costs	-6.0	-6.4	-4.8	-4.6	-4.6	-5.1	-5.8	-5.7	-6.0	-6.2	-6.1	-6.0	-6.0
Tax charges	-0.4	-0.5	-0.4	-0.3	-0.3	-0.4	-0.6	-0.5	-0.7	-0.7	-0.7	-0.7	-0.6
Income tax	-0.4	-0.3	-0.2	-0.3	-0.2	-0.2	-0.3	-0.2	-0.2	-0.2	-0.3	0.1	-0.3
Adjustments to the valuation of government securities ²	0.0	0.0	0.0	-0.6	0.0	-0.2	-0.1	-0.2	0.0	0.0	-0.1	-0.1	0.0
Amortization payments for court-ordered releases	0.0	0.0	0.0	-0.7	-1.0	-1.0	-0.9	-0.8	-1.0	-0.9	-1.3	-0.9	-1.0
Other	0.4	0.7	-3.0	1.0	0.7	0.9	1.2	1.1	0.8	0.9	2.1	0.3	1.1
Monetary results	0.0	0.0	-7.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ROA	0.1	0.2	-11.3	-2.5	-1.0	0.5	2.2	2.0	1.3	2.0	1.5	-1.5	1.8
ROA adjusted ³	0.1	0.2	-11.3	-1.2	0.2	1.6	3.2	3.1	2.3	2.9	2.8	-0.5	2.8
ROE	0.8	1.4	-79.0	-19.1	-8.1	4.1	15.3	14.4	8.9	13.2	10.1	-10.3	11.9

(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	Dec 05	Jul 06	Dec 06	May 07	Jun 07	Jul 07
Non-performing loans (overall)	8.3	9.9	19.8	15.7	8.9	4.4	3.6	2.9	2.8	2.8	2.7
Non-performing loans to the non-financial private sector	9.8	14.0	37.4	30.4	15.3	6.3	4.6	3.6	3.2	3.2	3.1
Commercial portfolio (*)	8.4	15.4	44.7	39.0	18.2	7.3	5.0	3.8	3.1	3.0	2.9
Consumption and housing portfolio	11.9	12.4	26.0	17.2	10.0	4.2	3.8	3.2	3.4	3.5	3.4
Provisions / Total non-performing loans	67.7	75.7	73.4	79.0	95.7	114.6	119.6	129.6	131.8	130.4	130.6
(Total non-performing - Provisions) / Overall financing	2.7	2.4	5.3	3.3	0.4	-0.6	-0.7	-0.9	-0.9	-0.8	-0.8
(Total non-performing - Provisions) / Net worth	13.4	11.4	18.6	11.2	1.3	-2.2	-2.4	-3.0	-3.0	-2.9	-2.9

(*) 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.