

Report on Banks

July 2011



BANCO CENTRAL
DE LA REPÚBLICA ARGENTINA

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July 2011

Year VIII, No. 11



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Note | Information for July 2011 available by August 26, 2011 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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Summary

- **The local macroeconomic environment continues to favor the expansion of financial system activity.** In a context of greater credit dynamism, financial system liquidity indicators remain at a high level. **Growth in bank loans** has been funded mainly by deposits taken from the private sector, **and has been boosted principally by the corporate sector, within a framework of declining non-performing loan stocks.** This increase in banking activity has led to an expansion of financial system operating structure (with increases in the payroll, number of ATMs, and branches), **with a notable increase in branch openings in areas of the country with less banking services**, at the same time as there have been improvements in terms of efficiency and productivity of the sector. **Such developments have taken place together with consolidation in bank solvency levels.**
- **As part of the policy being developed by the Central Bank aimed to broaden financial services access, in recent months a series of measures have been introduced to facilitate bank transfers.** As from November 2010 the Central Bank established a significant reduction in transfer costs, mainly in the smaller amount segment, and since the end of April 2011 banks began to offer transfers with immediate credit. Since the introduction of the measure to reduce costs through to August 2011 there has been an increase of 33% in the total number of transfers for amounts of under \$10,000. In addition, by August 2011 the number of immediate transfers performed via the networks exceeded one million (for \$4.1 billion), an increase of 29% compared with May.
- **These measures, together with the re-introduction of the Settlement Check (ChC) and the introduction of the Free Universal Account (CGU), have made it possible to increase the security and the practicality of transactions for the population, enabling the replacement of cash by the use of other means of payment.** In particular, the number of CGU accountholders has continued to rise (reaching 77,300 by mid-September this year), as has the amount and number of ChC transactions (since their introduction 1,962 checks have been issued in local currency for \$136 million, as well as 3,225 documents in foreign currency for US\$177 million).
- **Balance sheet stock of lending to the private sector rose 4.2% in July, with a notable increase in leasing and promissory notes (particularly single name bills). In the last 12 months lending to the private sector has risen by 50%, driven mainly by loans to companies (54% y.o.y.).** As a result, the year-on-year increase in lending to the corporate sector has continued to exceed the rate of growth in loans to households for the thirteenth consecutive month. **In the last 10 months, and for the first time since the growth pattern in lending returned since the crisis in 2001-2002, the rate of increase in lending to companies has been greater than that for consumer lending.** Manufacturing industry stood out as the activity with the greatest share of year-on-year growth in lending to the corporate sector, followed by the service sector and primary production.
- **Within the framework of the Bicentenary Productive Financing Program, the Central Bank at the end of August and in mid-September held its seventh and eighth auctions, awarding \$835 million and \$253 million, respectively.** As a result, the total amount awarded reached almost \$2.92 billion, with participation by 12 banks.
- **The private sector non-performing loan ratio dropped 0.1 p.p. in July, reaching an all-time low of 1.6%. Compared with July 2010 this indicator has lost 1.2 p.p., also posting a drop in absolute terms in the stock of loans in a non-performing condition.** The ratio for coverage by provisions of non-performing loans to the private sector reached 159%, 37 p.p. more than one year earlier.
- Total bank balance sheet deposit stocks went up 1.6 % in July, driven by both private and public sector deposits. **In the last 12 months total deposits posted a growth of 34.5%** (almost 6 p.p. up on the level recorded in July 2010). **This increase was led by private sector deposits, which recorded a growth of 35.7% y.o.y. (year on year).**
- **Within the context of a steady increase in lending to the private sector, the broad liquidity indicator for banks as a whole (which takes into account items in pesos and in foreign currency, as well as Central Bank bills and notes) dropped 1.1 p.p. of total deposits in July to 41.6%,** basically because of lower holdings of Lebac and Nobac, moderated by slight increases in cash at banks and net repos with the Central Bank. In addition, the liquidity indicator for the banking system, which excludes the portfolio of own holdings of Lebac and Nobac, increased slightly in the month, reaching 24.6%.
- **Consolidated financial system net worth increased 2.2% in the month (22.5% y.o.y.), mainly from book profits.** Banks as a whole continue to show high levels of solvency. In July capital compliance stood at 16.4% of risk-weighted assets (RWA). Based on the level of compliance with core or **Tier 1 capital requirements, the local financial system has recorded levels in line with the regional average, and slightly over the average for developed countries.**
- **In July, ROA for the banking system posted an increase for the month of 0.2 p.p. to 2.7%a.,** a change caused mainly by greater financial margin and lower operating costs. Over the course of 2011 the financial system has accrued profits for 2.5%a. of assets, in line with level recorded one year earlier. **Financial entities have recorded improvements in their efficiency indicators,** particularly from increases in the coverage of operating costs by recurring income sources.

Activity

Within the framework of significant growth in financial intermediation, infrastructure for the provision of financial services has increased

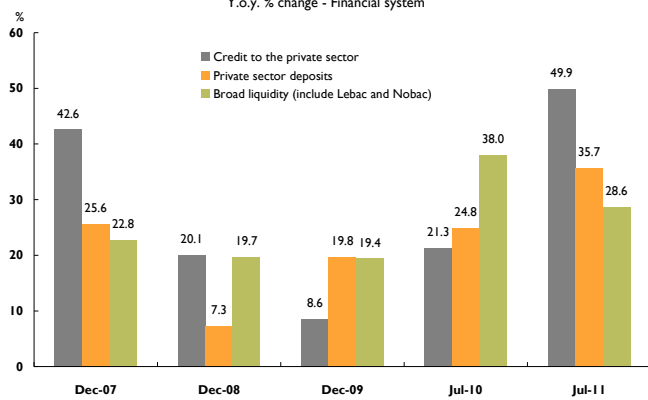
In July continued to be significant dynamism in private sector lending and deposits, consolidating the financial intermediation growth pace with companies and households (see Chart 1). In this context, financial system netted assets rose 2.2% in the month, fundamentally because of the performance by public banks. As a result, banking system netted assets posted a rise of 32.8% year-on-year (y.o.y.).

During the month the main sources of funds for banks (estimated on the basis of changes to balance sheet stocks) were the rise in private sector deposits (\$4.2 billion), lower holdings of Lebac and Nobac (\$4.1 billion) and increased deposits from the public sector (\$2.2 billion). On the other hand, during the month the most notable uses of funds were the growth in lending to the private sector (\$10.3 billion) and to a lesser extent, the increase that took place in liquid assets (\$2.3 billion).

In line with the positive performance being recorded by financial intermediation, financial system operating infrastructure has continued to expand in recent months. Payroll in the sector reached their highest level since the 2001-2002 crisis, rising 4% compared with the beginning of 2010¹ (the lowest level recorded since the start of the latest international financial crisis) (see Chart 2). In addition, the number of ATMs has continued to rise, as has the number of branches (offices and other dependencies), although at a slower rate. It should be noted that in the first 8 months of 2011 the Central Bank authorized the opening of 42 branches in localities with low levels of banking service availability, and another 18 applications for such areas are currently being analyzed. This means that in the first few months of this year approvals for the opening of new branches in areas with a lower availability of banking services doubled in relation to the same period of 2010. This has been the result of the introduction of a change in regulations by the Central Bank according to which in response to requests for authorization to open branches in areas well-served by banking services, the Central Bank assigns priority to those applications that simultaneously

Chart 1

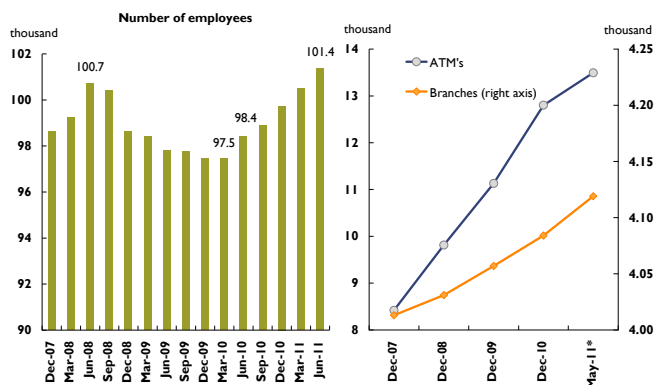
Financial Intermediation
Y.o.y. % change - Financial system



Source: BCRA

Chart 2

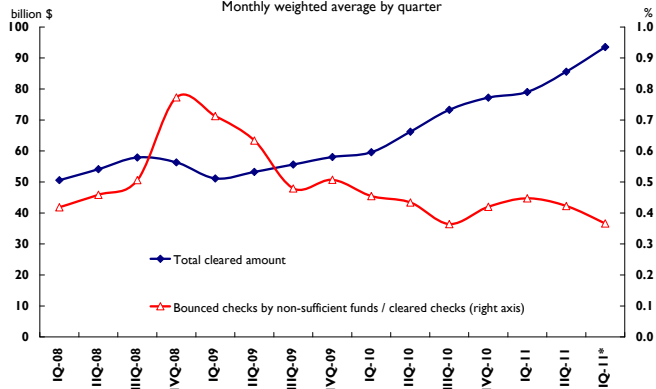
Operating Structure of the Financial System



Note: Branches include head office, headquarters, agencies and offices. *Last available information
Source: BCRA

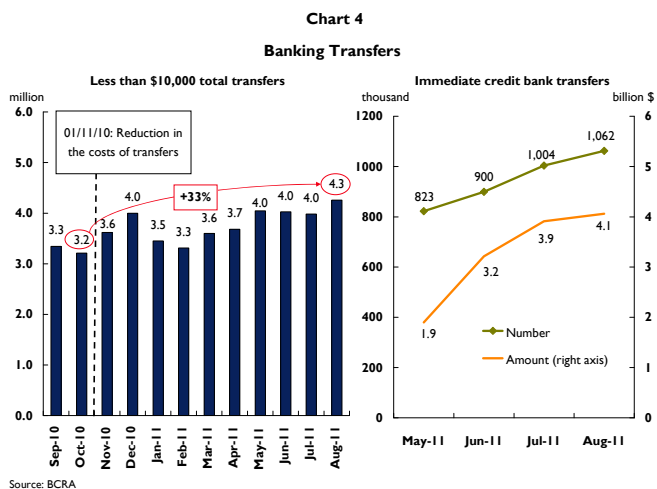
Chart 3

Cleared and Bounced Checks
Monthly weighted average by quarter



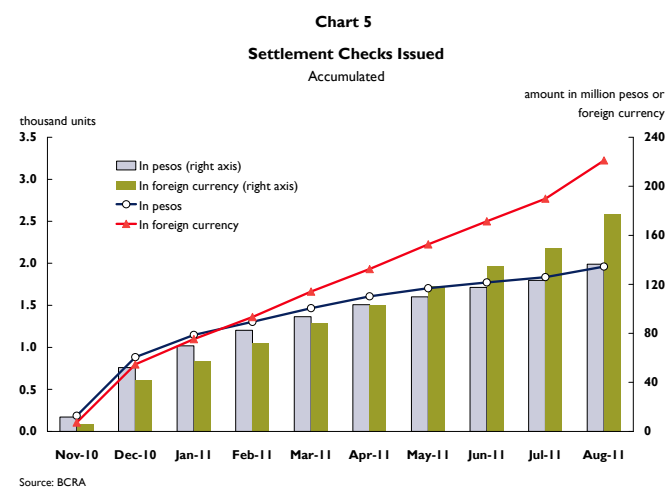
* At July
Source: BCRA

¹ The increase would total 4.8% if consideration were given to the group of banks that submitted information updated to June 2011 (74 out of a total of 80). This increase is in line with the dynamism of employment in the economy as a whole.

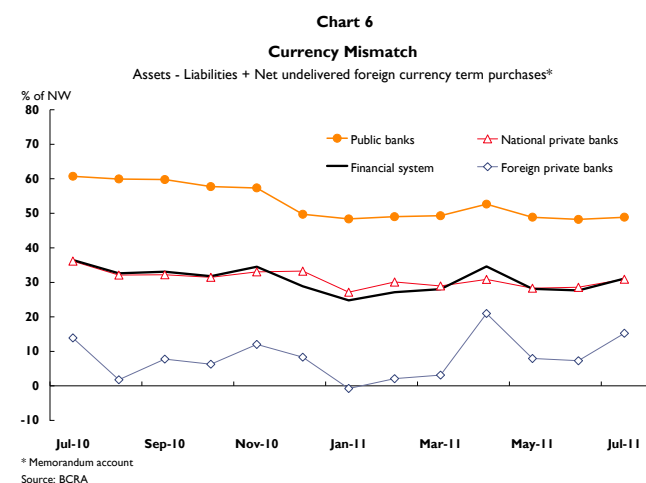


propose the opening of branches where the banking service infrastructure is insufficient.²

At the same time, **the financial system continued to develop its role as a provider of means of payment services for the economy.** In July and August the volume and value of checks cleared continued to rise. In August documents were cleared for a total of \$98 billion, posting an increase of 30.8% y.o.y. **The number of checks returned for insufficient funds as a percentage of the total cleared reached its lowest level since the start of the international financial crisis (0.34% in August)** (see Chart 3).



Within the framework of a policy intended to increase access by the population to financial services, a series of measures have been introduced to facilitate the making of bank transfers. As from November 2010 a significant reduction was ordered in the cost of transfers, particularly in the lower-amount segment –with the requirement that transfers for amounts of \$10.000 or less should be entirely free – and since the end of April 2011 banks began to provide transfers for immediate credit.³ As a result, the number of transfers processed through the low-value clearing house⁴ continued to rise, posting an increase of 4.4% y.o.y. in August. In addition, between October 2010 (prior to the introduction of the cost reduction) and August 2011 there was an increase of 33% in the total number of transfers for amounts below \$10,000. Furthermore, by August 2011 more than one million immediate transfers had been carried out (for \$4.1 billion), an increase of 29% compared with May (see Chart 4).



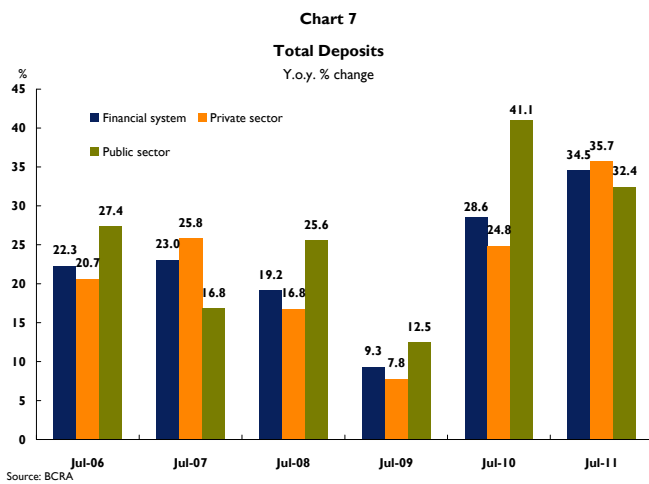
These measures, together with other initiatives such as the re-launching of the Settlement Check (ChC) and the implementation of the Free Universal Account (CGU), succeeded in increasing the safety and practicality of the population's transactions, enabling the replacement of cash by other means of payment. The number of holders of CGU accounts continued to rise (reaching 77,300⁵ by the middle of September), as did the amount and number of transactions using the ChC, which since its introduction has seen the issue of 1,962 documents in local currency for \$136 million and 3,225 checks in foreign currency for US\$177 million (see Chart 5).

² Communication "A" 5167.

³ For further detail on "immediate" transfers, see Communication "A" 5194. For information on the regulation lowering the cost of transfers, see Communication "A" 5127.

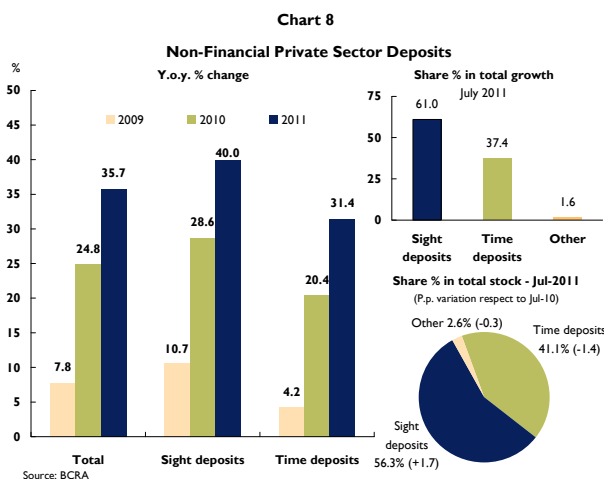
⁴ This institution is used for the electronic processing of low-value instruments (checks, other clearing documents, direct debits, transfers). It is responsible for settlement of the balances cleared by the financial institutions by means of postings to their corresponding accounts at the Central Bank at the end of the daily session.

⁵ Of these, some 8,500 accounts are in the process of being validated, pending completion of the process of verification of the requirements for applicants.



Banks continue to carry out their activity while showing a limited foreign currency mismatching. In a context of greater net term purchases by private banks, foreign currency open position held by financial entities⁶ rose slightly in July to 31.1% of net worth. Despite this increase for the month, **financial system foreign currency mismatching level has been lower than that recorded 12 months ago (see Chart 6) and well below the average recorded in recent years.**

In addition, **it should be noted that banks as a whole continue to record low levels of dollarization.** Lending to the private sector in foreign currency remains at low level and in accordance with BCRA regulations is granted mainly to borrowers recording revenue correlated with the development of the exchange rate. As a result, unlike the situation in other economies and past situations in Argentina, the credit risk to the local financial system from changes in the nominal exchange rate remains at a very low level.



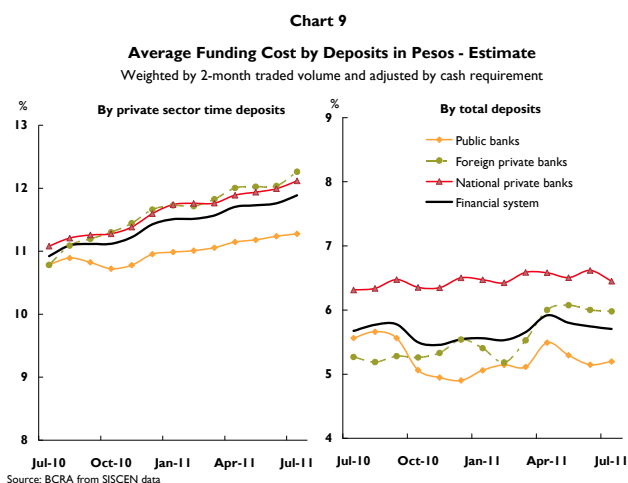
It should also be noted that lending to the public sector by the financial system continues at a reduced level, both compared with previous years and when matched against international standards. At July 2011 the financial system exposure to the public sector stood at 10.8% of assets, dropping slightly in the month and accumulating a reduction of 2.5 p.p. compared with the same period of the previous year. Furthermore, when considering the overall total funding that banks obtain from the public sector, this sector is in a net creditor position in relation to the financial system.

Deposits and liquidity

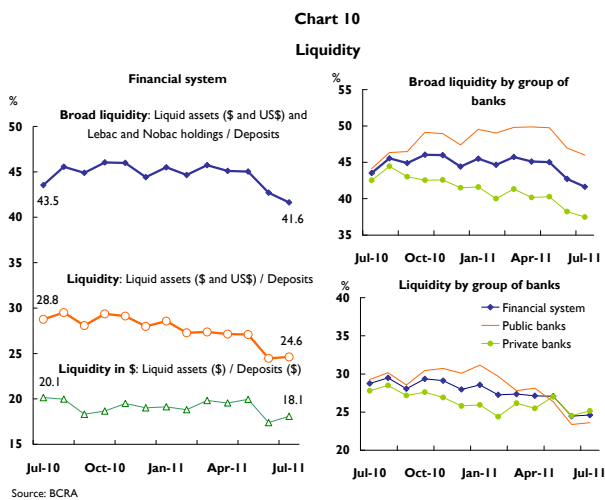
Private sector deposits have continued to rise, driven by both time deposits and sight accounts

Financial system deposit stocks increased 1.6% in July. Private sector deposits posted an increase for the month of 1.4%, driven by both time deposits (2.7%) and sight accounts (1.2%). Public sector deposits rose 1.8% in the month, a movement explained by growth in time deposits, which was partly offset by a drop in sight deposits.

In the last 12 months total financial system deposit stocks have accumulated growth of 34.5% (almost 6 p.p. up on the level at July 2010), driven mainly by private sector deposits (see Chart 7). The increase in the latter was mainly explained by sight accounts (which rose at a rate of 40% y.o.y. and accounted for 61% of the

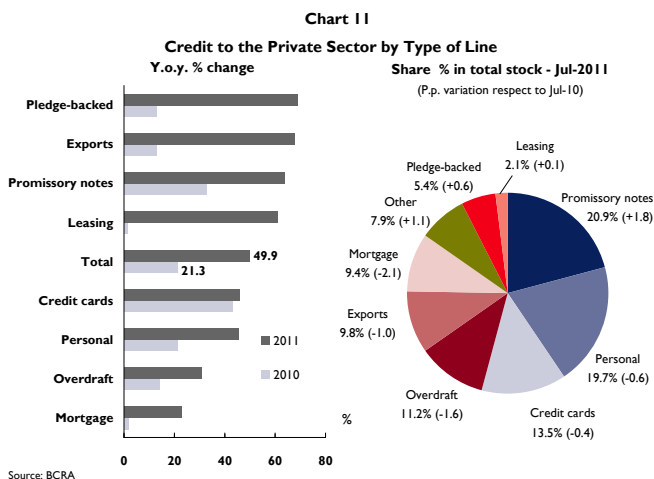


⁶ Including the difference between assets and liabilities, as well as the forward purchases and sales of foreign currency.

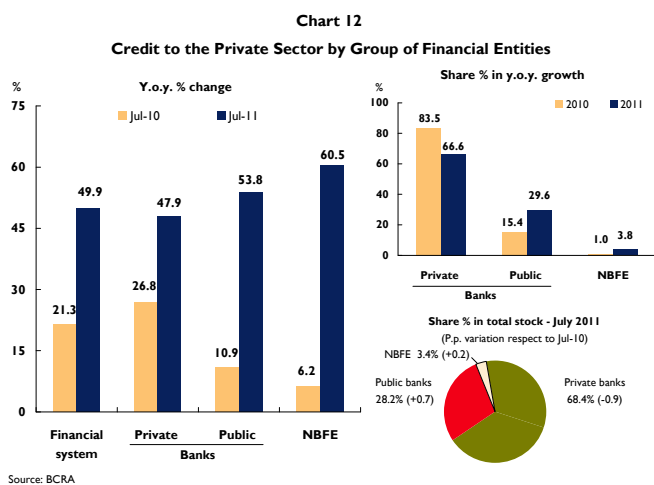


growth in private sector deposit totals in that period) and to a lesser extent, by time deposits (which rose 31.4% y.o.y. and contributed 37.4% of the increase in stock) (see Chart 8). Public sector deposits recorded a rise of 32.4% y.o.y. Reflecting these movements, in the last 12 months private sector deposits increased their share of total financial system funding by 1 p.p.⁷ until reaching 56%, while the weight of public sector deposits remained relatively steady at around 24%⁸.

The cost to the banking system of funding by means of the domestic currency deposits total, estimated on the basis of interest rates traded (weighted by transaction volume), **held steady in July at around 5.7%**. In the year-on-year comparison, although there were no significant variations in the cost of funding by deposits in pesos for the financial system as a whole, an increase was noted in the case of private banks (particularly those with foreign capital), with a drop in the case of public financial entities (see Chart 9).



Within the framework of sustained growth in lending to the private sector, the broad liquidity indicator for the banking system (which takes into account items in pesos and foreign currency, as well as Central Bank bills and notes not connected with repos with the Central Bank) **declined by 1.1 p.p. of total deposits in July to 41.6%**, mainly because of the reduction during the month in holdings of Lebac and Nobac, **offset by slight increases in cash held at banks and net repos with the Central Bank**. This movement was driven by both private banks and public banks (see Chart 10). The financial system liquidity indicator that only includes peso-denominated items (excluding Lebac and Nobac not tied to Central Bank repos) stood at 18.1% of deposits in domestic currency, 0.7 p.p. more than in June.



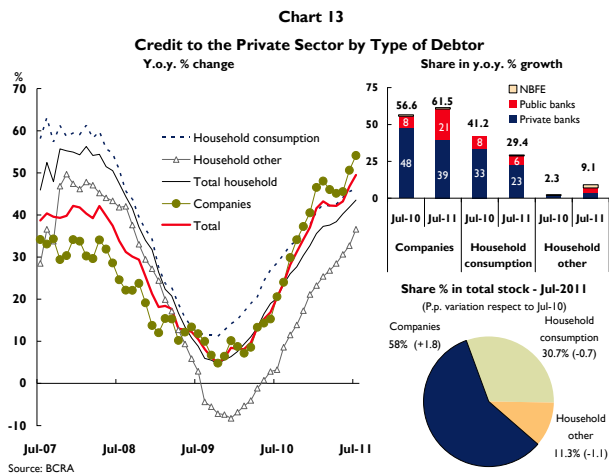
The call market interest rate increased by 0.7 p.p. to 10.2% in July, a variation driven in part by certain specific requirements for liquidity. Average daily trading volume negotiated during the month was \$1.1 billion, 7% (or \$70 million) more than in June.

Financing

As counterpart risk remains low, lending to companies has continued to lead growth in total credit to the private sector

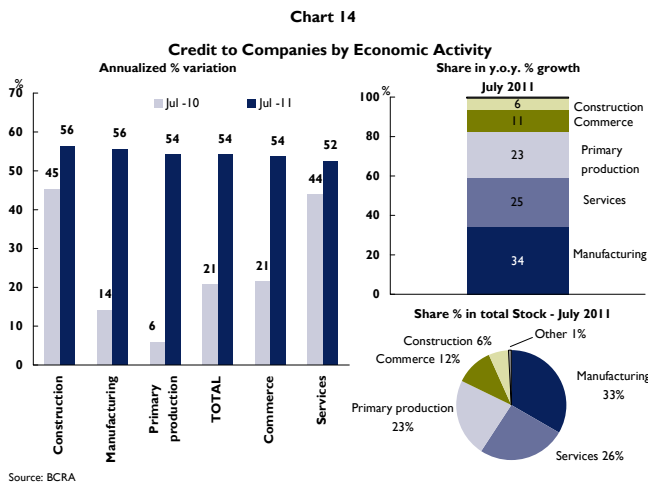
⁷ Netted and consolidated.

⁸ The rest of total financial system funding is made up of net equity and other liabilities (such as the placement of outstanding bonds and subordinated debt, and foreign lines of credit).



In July lending to the private sector balance sheet stock increased 4.2%⁹. Except in the case of credit cards, all credit lines recorded growth for the month, with significant increases in the case of leasing and promissory notes. As a result, **lending to the private sector accumulated growth of almost 50% y.o.y.**¹⁰, more than double the figure reported in the same month of the previous year (see Chart 11). In the last 12 months pledge-backed loans, export credit, promissory notes and leasing rose at above the average rate, gaining share in the total stock of lending to the private sector.

All categories of financial entities posted increases for the month in their lending to the private sector. In the last 12 months, public banks posted a rate of growth higher than that of private banks, and therefore increased their share of lending to the private sector in total stock. As a result, **public banks have doubled their share of year-on-year growth in total lending to companies and households compared with the same month of the previous year, although private banks have continued to be responsible for the largest contribution to this increase** (see Chart 12).



Lending to companies rose by 5.8% in July accumulating growth of 54.1% y.o.y., exceeding the year-on-year growth rate in lending to households for the thirteenth consecutive month (see Chart 13). **In the last 10 months, and for the first time since the financial system return to lending growth after 2001-2002 financial crisis, the rate of increase in lending to companies has been greater than that corresponding to consumer lending.** Lending to the corporate sector has accounted for 61.5% of the year-on-year expansion in total private sector lending stock, with a notable participation of loans granted by private financial entities, although public banks increased their contribution compared with one year earlier. All productive sectors¹¹ recorded similar year-on-year lending dynamism, and in all cases growth took place at a faster rate than had been seen in the same month in 2010 (see Chart 14). Manufacturing took the largest share of the year-on-year growth in lending to companies, followed by services and primary production. **In the case of private banks, the increase in lending seen in the last 12 months was largely explained by promissory notes, export credit and overdrafts, and was mainly granted to manufacturing, primary production and services** (see Table 1).

Table 1
Credit to the Corporative Sector by Activity and Type of Line
Share in annualized growth - First 7 months of 2011 - Private banks

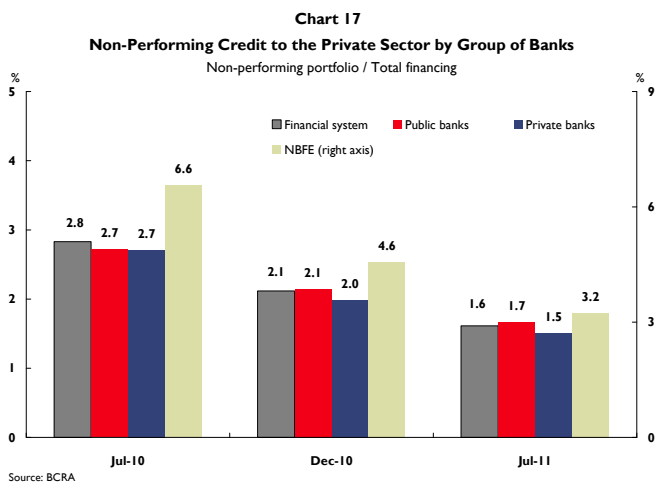
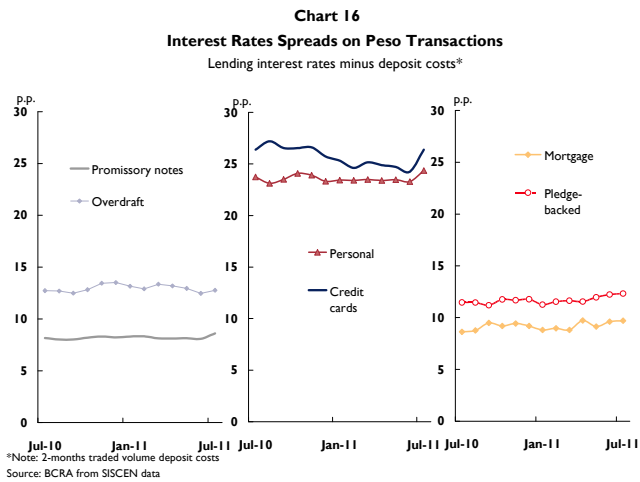
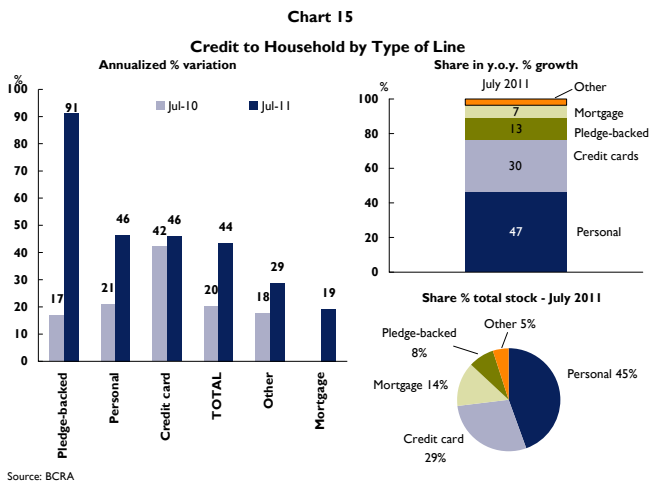
	All	Lines					
		Promissory notes	Exports and Other	Overdraft	Leasing	Pledge-backed	Mortgage
All	100.0	40.2	34.2	16.4	5.2	2.3	1.7
Manufacturing	39.2	14.6	14.9	8.3	1.0	0.2	0.1
Primary production	20.2	7.7	10.3	0.0	0.9	0.9	0.5
Services	19.6	8.5	5.2	2.8	1.7	1.0	0.4
Commerce	13.7	7.3	3.5	1.9	0.3	0.2	0.4
Construction	6.6	1.8	0.1	3.3	1.2	0.1	0.2
Other	0.7	0.3	0.2	0.1	0.1	0.0	0.1

Source: BCRA

⁹ If balance sheet totals are adjusted for the assets securitized during the month (using bank loans as underlying assets), the variation in lending to the private sector would amount to 4.3%. During the month 3 financial trusts were issued using bank loans as underlying assets for a total of \$214 million, of which \$167 million corresponded to personal loan securitization and \$47 million to securitization of pledge-backed loans.

¹⁰ Without taking into account the increase for the month corresponding to the credit assistance provided to the Trust for the Administration of Natural Gas Importation by one public bank, the increase for the month would total 2.8%, while the year-on-year increase would be 48%.

¹¹ Based on the sector classification used by the Financial System Debtor Center.



Within the framework of the Bicentenary Productive Financing Program¹², at the end of August and in mid-September the Central Bank held its seventh and eighth auctions, awarding \$835 million and \$253 million, respectively. As a result, the total amount awarded by the Central Bank to date reached almost \$2.92 billion, with participation by 12 banks. At the end of August more than three-quarters of the loans committed by banks under this Program had been channeled to the manufacturing sector.

Lending to households went up 2.2% in July (44% y.o.y.), with a notable performance by pledge-backed loans and personal loans. Pledge-backed loans have been the most dynamic in the last 12 months, rising by 91% y.o.y. and accounting for 13% of the increase in lending to households in the period. Consumer credit lines posted growth of 46.3% y.o.y., contributing over three-quarters of the increase in lending to households (see Chart 15).

In July, interest rates of peso transactions recorded limited movement, with a slight increase in commercial loans interest rates (promissory notes and overdrafts) and in those for consumer credit (personal loans and credit card lending), while interest rates on collateralized loans (mortgage and pledge-backed) did not record significant change. This rise in lending rates led to a slight increase for the month in spreads, given that the estimated cost of funding from total deposits in pesos remained steady. In year-on-year terms, these spreads between lending interest rates and cost of funding have recorded slight increases for almost all lines (see Chart 16).

The private sector lending non-performance rate¹³ dropped 0.1 p.p. in July reaching an all-time low of 1.6%. In the last 12 months this indicator has fallen by 1.2 p.p. as a result of portfolio quality improvements for all uniform groups of the financial entities (see Chart 17), in all cases a product of the combined effect of a drop in the non-performing balance and greater dynamism for the total loan stock. The year-on-year reduction in private sector lending delinquency was driven mainly by the positive development in the case of consumer lending quality, for which the non-performance ratio dropped 1.5 p.p. to 2.5% in July. The ratio for provisions coverage of the non-performing private sector loans stood at 159%, 37 p.p. more than one year earlier.

¹² The purpose of this Program is to provide funding to financial entities to be channeled towards lending for investment.

¹³ Includes credit assistance (lines under the loans heading, other credits from financial intermediation, financial leasing credits, and sundry credits).

Solvency

The financial system has reinforced its high capital solvency level

Consolidated financial system net worth rose 2.2% in the month, driven mainly by book profits. All groups of banks recorded a rise in their net worth, with a significant increase in the case of national private banks. In the last 12 months, consolidated financial system net worth has grown 22.5%.

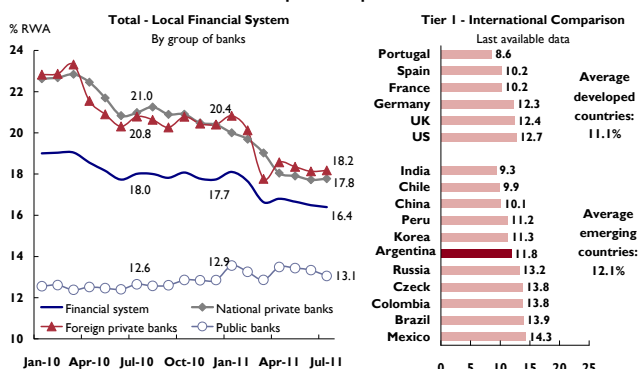
Within the context of rising levels of financial intermediation, **the capital compliance ratio for the banking system dropped slightly during the month to 16.4% of risk-weighted assets (RWA).** Excess capital compliance reached 71% of total regulatory capital requirement. The local financial system also records adequate solvency levels when compared to international standards. Based on the level of compliance with core or Tier 1¹⁴ capital requirements (as a percentage of RWA), **the Argentine financial system has recorded levels in line with the regional average, and slightly over the average for developed countries** (see Chart 18).

In July financial entities recorded book profits for 2.7%a. of assets (see Chart 19), slightly higher than in June, mainly because of the greater financial margin and lower operating costs in relation to assets. Over the course of the year the financial system has accrued profits equivalent to 2.5%a. of assets, in line with the level of one year earlier.

Banking system financial margin went up by 0.7 p.p. of assets to 8%a. in July. Financial system net interest income posted an increase of 0.4 p.p. of assets in the month, to 4.6%a., while gains on securities and gains from foreign exchange price adjustments rose by around 0.2 p.p. of assets, to 2.5%a. and 0.7%a. respectively (see Chart 20). In the first 7 months of 2011 there has been a slight year-on-year drop in almost all the headings making up financial margin (which reached 7.5%a. of assets).

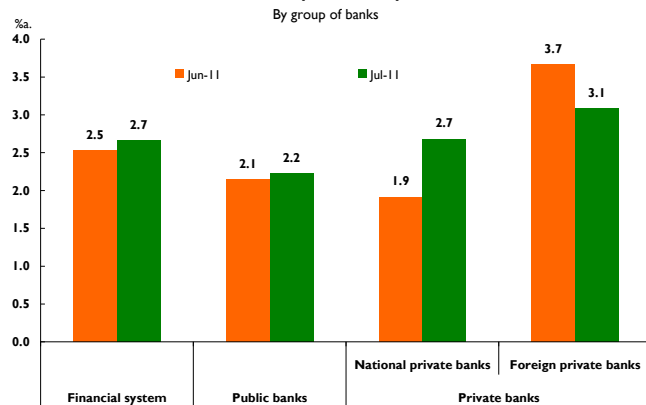
Financial system service revenue stood at 3.9%a. of assets in July, down 0.2 p.p. compared with the previous month. This performance for the month took place in both private and public banks, although the relative decline was greater in the case of the latter group. As a result, in the accumulated total for 2011 to date, service income margin has remained at levels

Chart 18
Capital Compliance



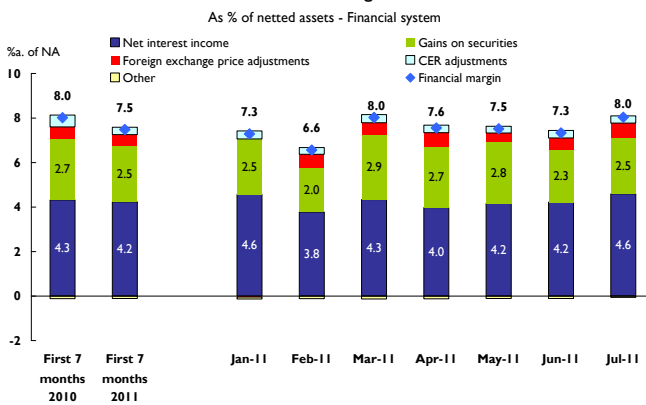
*Data at 2011: Argentina, Brazil, Chile, Colombia, Mexico, Czech Republic, India, United States, Germany, Portugal. At 2010: Peru, Russia, China, Korea, United Kingdom, Spain. At 2009: France
Source: Financial Soundness Indicators (FSI), Global Financial Stability Report (GFSR) and BCRA

Chart 19
Monthly Profitability



Source: BCRA

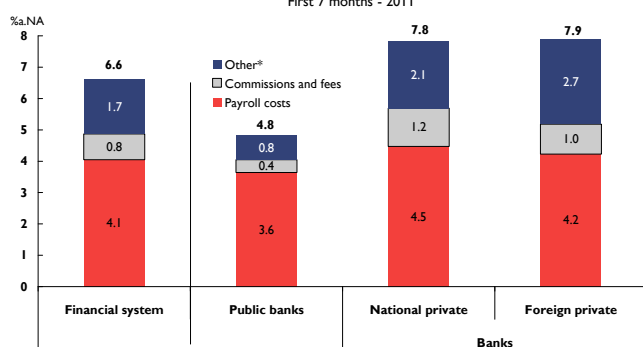
Chart 20
Financial Margin



Source: BCRA

¹⁴ Core net worth minus deductions

Chart 21
Operating Costs
First 7 months - 2011

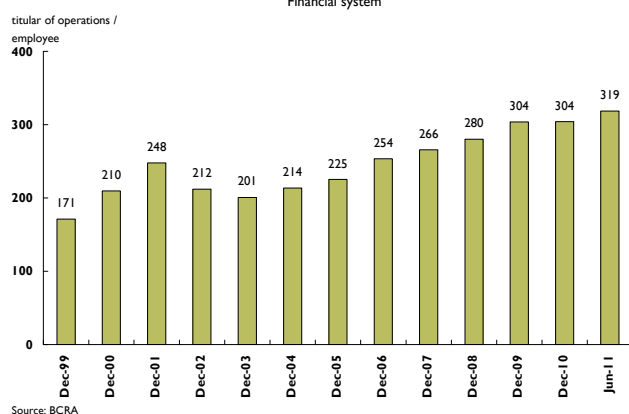


*Publicity, rental costs, taxes, insurances, stationery, electricity, amortization of organization costs, maintaining costs, depreciation of fixed assets and other expenses
Source: BCRA

similar to those of the previous year, at around 3.8% a. of assets.

Operating costs were down 0.4 p.p. of assets for the month, to 6.6% a., a performance recorded in all groups of banks. It should be mentioned that private banks have been accruing higher operating costs than public banks, partly because of higher payments under the headings of commissions and fees, property rental, advertising and taxes, among others (see Chart 21). Payroll expenses (wages and social security) show less variation according to type of bank, and when grouped according to number of employees, levels are almost identical.

Chart 22
Titular Lending and/or Titular Deposit Operations by Bank Employee
Financial system



Source: BCRA

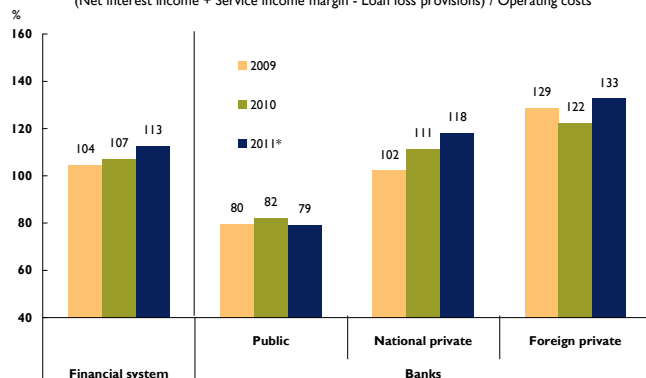
During the month, loan loss provisions totaled 0.7% a. of assets, slightly more than in June, a development that was led by private banks. Nevertheless, over 2011 such costs have been equivalent to 0.6% a. of assets, 0.2 p.p. less than the figure for the same period of the previous year, in line with the reduction in the non-performing ratio for lending to the private sector.

The banking system continues to show improvement in various productivity and efficiency indicators during 2011 to date. As an example, the total number of titular of asset and liability accounts in terms of the number of employees in the banking system has maintained the upward trend of recent years (see Chart 22). In the last two years there has also been an increase in the volume of business with the private sector in terms of operating costs. Similarly, there has also been an increase in recurring income in terms of such costs (see Chart 23).

Chart 23

Financial System Efficiency

(Net interest income + Service income margin - Loan loss provisions) / Operating costs



* First 7 months
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).

Note: In July 2011 there were no regulations to highlight related to financial intermediation activity.

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. Except the opposite was specified, profit ratios are annualized.
- (e) 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.
- (f) 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 (Capital requirement) / Risk weighted assets, according to the BCRA rule on minimum capital; 10.- Total capital position (Capital compliance - Capital requirement) / Capital requirement.

Glossary

%a.: annualized percentage.

%i.a.: interannual percentage.

Adjusted profit: Total profit excluding payments made due to court-ordered releases and adjustments to the valuation of public sector assets according to Com. "A" 3911 and modifications.

ASE: Adjusted stockholders' equity, for 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 interest income, gains from securities, CER/CVS adjustments, exchange rate differences and other financial results. Does not include the items affected by Com. A 3911.

Gains from securities: Includes income from government securities, short-term investments, corporate bonds, subordinated debt, options and from other income from financial intermediation. In the case of government securities, it includes the results accrued from income, quotation differences, exponential increase on the basis of the internal rate of return (IRR), and from sales, as well as the charge for impairment to value.

Income from services: Commissions collected less commissions paid. Includes commissions on liabilities, credits, securities, guarantees granted, rental of safe deposits boxes and foreign trade and exchange transactions, excluding in the case of the latter results from the trading of foreign currency, which are recorded in the "Exchange difference" accounts (here included under the heading "Other financial results"). Outflows include commissions paid, contributions to the Banking Social Services Institute (ISSB), other contributions on service income and charges accrued for gross income tax.

Interest income (interest margin): Interest collected less interest paid on financial intermediation, on an accrual basis – taken from balance sheet – rather than on a cash basis. 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 Metodology)

As %	2002	2003	2004	2005	2006	2007	2008	2009	Jul 2010	2010	Jun 2011	Jul 2011
1.- Liquidity	22.8	29.1	29.6	20.1	22.5	23.0	27.9	28.6	28.8	28.0	24.5	24.6
2.- Credit to the public sector	48.9	47.0	40.9	31.5	22.5	16.3	12.7	14.4	13.3	12.2	10.9	10.8
3.- Credit to the private sector	20.8	18.1	19.6	25.8	31.0	38.2	39.4	38.3	38.1	39.8	42.9	43.9
4.- Private non-performing loans	38.6	33.5	18.6	7.6	4.5	3.2	3.1	3.5	2.8	2.1	1.7	1.6
5.- Net worth exposure to the private sector	16.6	11.5	1.1	-2.5	-0.8	-1.5	-1.7	-1.3	-2.1	-3.2	-3.7	-4.0
6.- ROA	-8.9	-2.9	-0.5	0.9	1.9	1.5	1.6	2.3	2.5	2.8	2.5	2.5
7.- ROE	-59.2	-22.7	-4.2	7.0	14.3	11.0	13.4	19.2	21.2	24.4	23.3	23.6
8.- Efficiency	189	69	125	151	167	160	167	185	173	179	170	171
9.- Capital compliance	-	14.5	14.0	15.3	16.9	16.9	16.9	18.8	18.0	17.7	16.5	16.4
10.- Capital compliance Tier I	-	-	13.5	14.1	14.1	14.6	14.2	14.5	14.8	13.1	12.2	11.8
11.- Excess capital compliance	-	115.9	185.1	173.5	134.0	92.8	89.8	99.8	89.9	86.5	71.8	71.1

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	Jun 10	Jul 10	Dec 10	Jun 11	Jul 11	Change (in %)		
														Last month	2011	Last 12 months
Assets	187,532	186,873	212,562	221,962	258,384	297,963	346,762	387,381	442,536	445,331	510,304	568,881	579,374	1.8	13.5	30.1
Cash disposal ¹	17,138	27,575	29,154	20,819	37,991	46,320	58,676	71,067	87,384	81,195	93,085	95,782	97,548	1.8	4.8	20.1
Public bonds	31,418	45,062	55,382	66,733	64,592	62,678	65,255	86,318	100,711	103,826	117,951	128,131	123,985	-3.2	5.1	19.4
Lebac/Nobac	-	-	17,755	28,340	29,289	36,022	37,093	43,867	61,227	62,879	76,948	89,633	85,075	-5.1	10.6	35.3
Portfolio	-	-	11,803	21,067	25,767	31,598	25,652	34,748	45,951	47,889	61,855	78,316	74,173	-5.3	19.9	54.9
Repo ²	-	-	5,953	7,273	3,521	4,424	11,442	9,119	15,275	14,990	15,093	11,317	10,902	-3.7	-27.8	-27.3
Private bonds	332	198	387	389	813	382	203	307	256	248	209	267	247	-7.4	18.3	-0.4
Loans	84,792	68,042	73,617	84,171	103,668	132,157	154,719	169,868	191,200	194,872	230,127	274,730	285,259	3.8	24.0	46.4
Public sector	44,337	33,228	30,866	25,836	20,874	16,772	17,083	20,570	23,701	23,903	25,907	29,371	29,582	0.7	14.2	23.8
Private sector	38,470	33,398	41,054	55,885	77,832	110,355	132,844	145,247	163,186	166,619	199,202	238,913	248,978	4.2	25.0	49.4
Financial sector	1,985	1,417	1,697	2,450	4,962	5,030	4,793	4,052	4,313	4,351	5,018	6,446	6,699	3.9	33.5	54.0
Provisions over loans	-11,952	-9,374	-7,500	-4,930	-3,728	-4,089	-4,744	-5,824	-5,878	-5,938	-6,232	-6,425	-6,631	3.2	6.4	11.7
Other netted credits due to financial intermediation	39,089	27,030	32,554	26,721	26,039	29,712	38,152	33,498	37,181	38,906	39,009	38,634	37,550	-2.8	-3.7	-3.5
Corporate bonds and subordinated debt	1,708	1,569	1,018	873	773	606	912	1,146	1,360	1,302	1,433	1,819	1,829	0.6	27.6	40.5
Unquoted trusts	6,698	4,133	3,145	3,883	4,881	5,023	5,714	5,942	5,985	5,637	6,824	7,088	7,084	-0.1	3.8	25.7
Compensation receivable	17,111	14,937	15,467	5,841	763	377	357	16	15	15	0	0	0	0.0	-19.0	-99.9
Other	13,572	6,392	12,924	16,124	19,622	23,706	31,169	26,395	29,822	31,952	30,752	29,727	28,636	-3.7	-6.9	-10.4
Leasing	567	397	611	1,384	2,262	3,469	3,935	2,933	2,969	3,208	3,936	4,893	5,159	5.4	31.1	60.8
Shares in other companies	4,653	4,591	3,871	4,532	6,392	6,430	7,236	6,711	6,982	7,207	7,921	8,056	8,258	2.5	4.3	14.6
Fixed assets and miscellaneous	8,636	8,164	7,782	7,546	7,619	7,643	7,903	8,239	8,497	8,525	9,071	9,478	9,547	0.7	5.2	12.0
Foreign branches	3,522	3,144	3,524	3,647	2,782	2,912	3,153	3,926	3,158	3,188	3,283	3,481	3,531	1.4	7.6	10.8
Other assets	9,338	12,043	13,180	10,950	9,953	10,347	12,275	10,337	10,075	10,095	11,943	11,853	14,921	25.9	24.9	47.8
Liabilities	161,446	164,923	188,683	195,044	225,369	261,143	305,382	339,047	392,455	393,864	452,752	507,924	517,098	1.8	14.2	31.3
Deposits	75,001	94,635	116,655	136,492	170,898	205,550	236,217	271,853	325,484	324,061	376,344	429,235	436,016	1.6	15.9	34.5
Public sector ³	8,381	16,040	31,649	34,019	45,410	48,340	67,151	69,143	101,910	97,630	115,954	127,036	129,285	1.8	11.5	32.4
Private sector ³	59,698	74,951	83,000	100,809	123,431	155,048	166,378	199,278	220,041	223,392	257,595	298,986	303,219	1.4	17.7	35.7
Current account	11,462	15,071	18,219	23,487	26,900	35,245	39,619	45,752	52,371	52,167	61,306	71,031	69,416	-2.3	13.2	33.1
Savings account	10,523	16,809	23,866	29,078	36,442	47,109	50,966	62,807	68,753	69,681	82,575	97,444	101,164	3.8	22.5	45.2
Time deposit	19,080	33,285	34,944	42,822	54,338	65,952	69,484	83,967	90,216	92,853	104,492	119,010	122,424	2.9	17.2	31.8
CEDRO	12,328	3,217	1,046	17	13	0	0	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	54,231	56,292	60,029	64,150	63,634	-0.8	6.0	13.0
Interbanking obligations	1,649	1,317	1,461	2,164	4,578	4,310	3,895	3,251	3,530	3,577	4,201	5,414	5,531	2.2	31.7	54.6
BCRA lines	27,837	27,491	27,726	17,005	7,686	2,362	1,885	270	268	271	262	801	857	6.9	226.4	216.2
Outstanding bonds	9,096	6,675	7,922	6,548	6,603	6,938	5,984	5,033	4,059	3,938	3,432	5,897	6,051	2.6	76.3	53.7
Foreign lines of credit	25,199	15,196	8,884	4,684	4,240	3,864	4,541	3,369	3,272	3,260	3,897	4,966	5,110	2.9	31.1	56.8
Other	11,955	11,012	18,934	21,671	22,930	28,752	41,357	40,191	43,102	45,246	48,236	47,071	46,085	-2.1	-4.5	1.9
Subordinated debts	3,712	2,028	1,415	1,381	1,642	1,672	1,763	1,922	1,973	1,958	2,165	1,851	1,853	0.2	-14.4	-5.3
Other liabilities	6,997	6,569	5,685	5,099	6,792	7,695	9,740	13,159	10,766	11,553	14,213	12,689	15,594	22.9	9.7	35.0
Net worth	26,086	21,950	23,879	26,918	33,014	36,819	41,380	48,335	50,081	51,467	57,552	60,957	62,276	2.2	8.2	21.0
Memo																
Netted assets	185,356	184,371	202,447	208,275	244,791	280,336	321,075	364,726	416,256	417,065	482,532	542,288	553,999	2.2	14.8	32.8
Consolidated netted assets	181,253	181,077	198,462	203,286	235,845	271,652	312,002	357,118	407,671	408,248	472,934	531,211	542,604	2.1	14.7	32.9

(¹) Includes margin accounts with the BCRA. (²) Booked value from balance sheet (it includes all the counterparts). (³) Does not include accrual on interest or CER.

Source: BCRA

Statistics annex | Financial system (cont.)

Chart 3 | Profitability Structure

Amount in million of pesos	Annual										First 7 months		Monthly			Last
	2002 ¹	2003	2004	2005	2006	2007	2008	2009	2010	2010	2011	May-11	Jun-11	Jul-11	12months	
Financial margin	13,991	1,965	6,075	9,475	13,262	15,134	20,462	28,937	35,490	18,411	22,652	3,320	3,288	3,683	39,732	
Net interest income	-3,624	-943	1,753	3,069	4,150	5,744	9,573	14,488	17,963	9,929	12,831	1,842	1,894	2,106	20,865	
CER and CVS adjustments	8,298	2,315	1,944	3,051	3,012	2,624	2,822	1,196	2,434	1,225	997	132	149	147	2,206	
Foreign exchange price adjustments	5,977	-890	866	751	944	1,357	2,307	2,588	2,100	1,237	1,476	176	243	304	2,339	
Gains on securities	3,639	1,962	1,887	2,371	4,923	5,144	4,398	11,004	13,449	6,291	7,660	1,218	1,049	1,152	14,818	
Other financial income	-299	-480	-375	233	235	264	1,362	-339	-457	-272	-311	-48	-48	-25	-496	
Service income margin	4,011	3,415	3,904	4,781	6,243	8,248	10,870	13,052	16,089	8,818	11,630	1,806	1,817	1,778	18,901	
Loan loss provisions	-10,007	-2,089	-1,511	-1,173	-1,198	-1,894	-2,839	-3,814	-3,267	-1,745	-1,957	-282	-223	-330	-3,480	
Operating costs	-9,520	-7,760	-7,998	-9,437	-11,655	-14,634	-18,767	-22,710	-28,756	-15,753	-19,997	-3,133	-3,132	-3,005	-33,000	
Tax charges	-691	-473	-584	-737	-1,090	-1,537	-2,318	-3,272	-4,120	-2,173	-3,133	-466	-492	-484	-5,080	
Adjst. to the valuation of gov. securities ²	0	-701	-320	-410	-752	-837	-1,757	-262	-214	-166	24	-26	-24	-23	-23	
Amort. payments for court-ordered releases	0	-1,124	-1,686	-1,867	-2,573	-1,922	-994	-703	-635	-371	-140	-25	-26	-21	-404	
Other	-3,880	1,738	1,497	1,729	2,664	2,380	1,441	918	2,079	1,051	1,711	103	417	264	2,740	
Monetary results	-12,558	69	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total results before tax ³	-18,653	-4,960	-623	2,360	4,901	4,938	6,100	12,145	16,665	8,071	10,792	1,297	1,623	1,861	19,385	
Income tax	-509	-305	-275	-581	-595	-1,032	-1,342	-4,226	-4,904	-2,332	-3,153	-397	-490	-644	-5,725	
Resultado total³	-19,162	-5,265	-898	1,780	4,306	3,905	4,757	7,920	11,761	5,739	7,639	900	1,134	1,217	13,660	
Resultado ajustado ⁴	-	-3,440	1,337	4,057	7,631	6,665	7,508	8,885	12,610	6,277	7,773	952	1,184	1,262	14,106	
Annualized indicators - As % of netted assets																
Financial margin	6.5	1.1	3.1	4.6	5.8	5.7	6.7	8.6	8.5	8.0	7.5	7.5	7.3	8.0	8.1	
Net interest income	-1.7	-0.5	0.9	1.5	1.8	2.2	3.1	4.3	4.3	4.3	4.2	4.2	4.2	4.6	4.2	
CER and CVS adjustments	3.9	1.3	1.0	1.5	1.3	1.0	0.9	0.4	0.6	0.5	0.3	0.3	0.3	0.3	0.4	
Foreign exchange price adjustments	2.8	-0.5	0.4	0.4	0.4	0.5	0.8	0.8	0.5	0.5	0.4	0.5	0.7	0.5	0.5	
Gains on securities	1.7	1.1	1.0	1.2	2.2	1.9	1.4	3.3	3.2	2.7	2.5	2.8	2.3	2.5	3.0	
Other financial income	-0.1	-0.3	-0.2	0.1	0.1	0.1	0.4	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	
Service income margin	1.9	1.9	2.0	2.3	2.7	3.1	3.6	3.9	3.8	3.8	3.8	4.1	4.1	3.9	3.8	
Loan loss provisions	-4.7	-1.1	-0.8	-0.6	-0.5	-0.7	-0.9	-1.1	-0.8	-0.8	-0.6	-0.6	-0.5	-0.7	-0.7	
Operating costs	-4.4	-4.2	-4.1	-4.6	-5.1	-5.5	-6.1	-6.7	-6.9	-6.9	-6.6	-7.1	-7.0	-6.6	-6.7	
Tax charges	-0.3	-0.3	-0.3	-0.4	-0.5	-0.6	-0.8	-1.0	-1.0	-0.9	-1.0	-1.1	-1.1	-1.1	-1.0	
Adjst. to the valuation of gov. securities ²	0.0	-0.4	-0.2	-0.2	-0.3	-0.3	-0.6	-0.1	-0.1	-0.1	0.0	-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	-0.2	0.0	-0.1	-0.1	0.0	-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	0.9	0.6	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	0.0	0.0	
Total results before tax ³	-8.7	-2.7	-0.3	1.1	2.2	1.9	2.0	3.6	4.0	3.5	3.6	2.9	3.6	4.1	3.9	
Income tax	-0.2	-0.2	-0.1	-0.3	-0.3	-0.4	-0.4	-1.3	-1.2	-1.0	-1.0	-0.9	-1.1	-1.4	-1.2	
ROA³	-8.9	-2.9	-0.5	0.9	1.9	1.5	1.6	2.3	2.8	2.5	2.5	2.0	2.5	2.7	2.8	
ROA adjusted ⁴	-8.9	-1.9	0.7	2.0	3.4	2.5	2.5	2.6	3.0	2.7	2.6	2.2	2.6	2.8	2.9	
ROE before tax ³	-57.6	-21.4	-2.9	9.3	16.2	13.9	17.2	29.5	34.5	41.7	46.6	28.0	34.3	38.5	36.2	
ROE ³	-59.2	-22.7	-4.2	7.0	14.3	11.0	13.4	19.2	24.4	21.2	23.6	19.5	24.0	25.2	25.5	

(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	Jul 10	Dec 10	Jun 11	Jul 11
Non-performing loans (overall)	18.1	17.7	10.7	5.2	3.4	2.7	2.7	3.0	2.4	1.8	1.5	1.4
Provisions / Non-performing loans	72.3	76.8	97.8	115.3	108.2	115.2	117.0	115.3	126.2	147.7	160.4	165.0
(Total non-performing - Provisions) / Overall financing	5.0	4.1	0.2	-0.8	-0.3	-0.4	-0.5	-0.5	-0.6	-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	-2.5	-3.6	-4.1	-4.3
Non-performing loans to the non-financial private sector	38.6	33.5	18.6	7.6	4.5	3.2	3.1	3.5	2.8	2.1	1.7	1.6
Provisions / Non-performing loans	73.8	79.0	96.9	114.8	107.6	114.4	116.4	111.8	122.1	142.8	155.0	159.4
(Total non-performing - Provisions) / Overall financing	10.1	7.0	0.6	-1.1	-0.3	-0.5	-0.5	-0.4	-0.6	-0.9	-0.9	-1.0
(Total non-performing - Provisions) / Net worth	16.6	11.5	1.1	-2.5	-0.8	-1.5	-1.7	-1.3	-2.1	-3.2	-3.7	-4.0

Source: BCRA

Statistics annex | Private banks

Chart 5 | Financial Soundness Indicators (see Metodology)

As %	2002	2003	2004	2005	2006	2007	2008	2009	Jul 2010	2010	Jun 2011	Jul 2011
1.- Liquidity	24.8	27.6	29.2	21.5	23.7	25.7	34.1	29.8	28.2	26.0	25.4	25.4
2.- Credit to the public sector	50.0	47.7	41.6	28.5	16.3	9.5	6.3	6.1	5.2	4.4	3.5	3.6
3.- Credit to the private sector	22.4	19.9	22.5	31.1	37.9	46.6	44.0	43.3	47.1	50.3	52.5	53.7
4.- Private non-performing loans	37.4	30.4	15.3	6.3	3.6	2.5	2.8	3.3	2.7	2.0	1.6	1.5
5.- Net worth exposure to the private sector	19.1	12.9	3.6	-0.4	-1.4	-2.0	-1.8	-1.6	-2.3	-3.4	-3.9	-4.2
6.- ROA	-11.3	-2.5	-1.0	0.5	2.2	1.6	1.9	3.0	2.9	3.2	2.6	2.6
7.- ROE	-79.0	-19.1	-8.1	4.1	15.3	10.9	15.2	22.9	22.0	24.5	22.1	22.6
8.- Efficiency	168	93	115	136	158	152	166	195	174	176	167	170
9.- Capital compliance	-	14.0	15.1	17.8	18.6	19.2	18.3	22.6	20.9	20.4	17.9	18.0
10.- Capital compliance Tier I	-	-	14.7	16.1	15.3	16.7	14.9	17.2	17.3	15.2	15.0	14.5
11.- Excess capital compliance	-	88.2	157.1	155.0	115.8	86.9	86.4	121.3	104.6	100.4	79.1	79.9

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	Jul 10	Dec 10	Jun 11	Jul 11	Change (in %)			
													Last month	2011	Last 12 months	
Assets	118,906	116,633	128,065	129,680	152,414	175,509	208,888	229,549	249,549	280,025	320,983	323,720	0.9	15.6	29.7	
Cash disposal ¹	11,044	14,500	15,893	14,074	22,226	29,418	37,044	43,562	45,292	49,730	54,500	54,560	0.1	9.7	20.5	
Public bonds	19,751	22,260	24,817	29,966	27,663	24,444	29,552	47,949	46,184	48,903	50,638	48,132	-4.9	-1.6	4.2	
Lebac/Nobac	-	-	8,359	15,227	15,952	17,684	23,457	31,575	31,111	34,422	36,952	34,199	-7.4	-0.6	9.9	
Portfolio	-	-	5,611	12,899	14,220	15,639	12,858	27,413	25,502	31,148	31,438	28,628	-8.9	-8.1	12.3	
Repo ²	-	-	2,749	2,328	1,732	2,045	10,598	4,161	5,609	3,274	5,514	5,571	1.0	70.1	-0.7	
Private bonds	273	172	333	307	683	310	127	233	147	184	172	183	6.3	-0.3	25.0	
Loans	51,774	47,017	50,741	56,565	69,294	88,898	98,529	101,722	119,857	143,202	170,979	176,108	3.0	23.0	46.9	
Public sector	25,056	23,571	21,420	15,954	10,036	6,413	6,249	1,694	1,654	1,625	1,286	1,286	0.0	-20.8	-22.3	
Private sector	26,074	22,816	28,213	39,031	55,632	78,587	88,426	96,790	114,714	137,308	164,270	169,080	2.9	23.1	47.4	
Financial sector	644	630	1,107	1,580	3,626	3,898	3,854	3,238	3,489	4,270	5,423	5,741	5.9	34.5	64.6	
Provisions over loans	-7,463	-5,225	-3,717	-2,482	-2,227	-2,365	-2,871	-3,653	-3,833	-3,926	-4,048	-4,143	2.3	5.5	8.1	
Other netted credits due to financial intermediation	27,212	22,148	25,753	16,873	18,387	17,084	25,265	21,258	22,520	20,241	25,291	24,591	-2.8	21.5	9.2	
Corporate bonds and subordinated debt	1,514	1,394	829	675	618	430	699	734	773	757	965	964	-0.1	27.3	24.7	
Unquoted trusts	6,205	3,571	2,362	2,444	2,982	3,456	3,869	4,198	3,998	4,500	4,411	4,438	0.6	-1.4	11.0	
Compensation receivable	15,971	13,812	14,657	5,575	760	377	357	16	15	0	0	0	-	-	-	
Other	3,523	3,370	7,905	8,179	14,027	12,822	20,339	16,311	17,734	14,984	19,915	19,189	-3.6	28.1	8.2	
Leasing	553	387	592	1,356	2,126	3,149	3,451	2,569	2,830	3,519	4,381	4,616	5.4	31.2	63.1	
Shares in other companies	3,123	2,791	1,892	2,416	4,042	3,762	4,538	4,067	4,459	4,934	5,021	5,179	3.1	5.0	16.2	
Fixed assets and miscellaneous	5,198	4,902	4,678	4,575	4,677	4,685	4,926	5,096	5,335	5,808	6,171	6,230	0.9	7.3	16.8	
Foreign branches	-109	-136	-53	-148	-139	-154	-178	-202	-214	-215	-225	-228	1.0	6.1	6.5	
Other assets	7,549	7,816	7,137	6,178	5,682	6,277	8,505	6,946	6,972	7,646	8,102	8,491	4.8	11.1	21.8	
Liabilities	103,079	101,732	113,285	112,600	131,476	152,153	182,596	198,438	217,184	243,766	283,975	285,883	0.7	17.3	31.6	
Deposits	44,445	52,625	62,685	75,668	94,095	116,719	135,711	154,387	173,044	198,662	229,581	232,289	1.2	16.9	34.2	
Public sector ³	1,636	3,077	6,039	6,946	7,029	7,564	19,600	17,757	23,712	23,598	29,124	30,125	3.4	27.7	27.0	
Private sector ³	38,289	47,097	55,384	67,859	85,714	107,671	114,176	134,426	147,978	173,203	198,471	199,992	0.8	15.5	35.2	
Current account	8,905	11,588	13,966	17,946	20,604	27,132	30,188	35,127	38,782	46,297	52,519	50,657	-3.5	9.4	30.6	
Savings account	6,309	10,547	14,842	18,362	23,165	30,169	32,778	40,999	44,522	53,085	63,330	64,679	2.1	21.8	45.3	
Time deposit	11,083	18,710	22,729	27,736	38,043	45,770	46,990	54,058	58,756	67,568	75,307	77,534	3.0	14.7	32.0	
CEDRO	9,016	2,409	798	3	1	0	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	35,077	34,427	44,226	43,178	-2.4	25.4	23.1	
Interbank obligations	836	726	1,070	1,488	3,383	1,979	1,160	1,668	1,576	1,903	2,362	2,184	-7.5	14.7	38.6	
BCRA lines	16,624	17,030	17,768	10,088	3,689	675	649	41	38	57	193	238	23.2	318.1	529.7	
Outstanding bonds	9,073	6,674	7,922	6,548	6,413	6,686	5,672	4,626	3,653	2,802	4,779	4,851	1.5	73.1	32.8	
Foreign lines of credit	15,434	9,998	5,444	2,696	2,249	1,833	2,261	1,262	1,197	1,716	2,794	2,952	5.6	72.0	146.6	
Other	7,374	7,939	12,878	11,530	16,015	18,150	29,555	26,638	28,614	27,949	34,097	32,953	-3.4	17.9	15.2	
Subordinated debts	3,622	1,850	1,304	1,319	1,642	1,668	1,759	1,918	1,955	2,148	1,833	1,836	0.1	-14.5	-6.1	
Other liabilities	5,671	4,890	4,213	3,264	3,989	4,443	5,828	7,897	7,108	8,528	8,335	8,580	2.9	0.6	20.7	
Net worth	15,827	14,900	14,780	17,080	20,938	23,356	26,292	31,111	32,365	36,259	37,008	37,837	2.2	4.4	16.9	
Memo																
Netted assets	117,928	115,091	121,889	123,271	143,807	166,231	192,074	216,100	234,630	267,364	303,658	307,206	1.2	14.9	30.9	

(¹) Includes margin accounts with the BCRA. (²) Booked value from balance sheet (it includes all the counterparts). (³) Does not include accrual on interest or CER.

Source: BCRA

Statistics annex | Private banks (cont.)

Chart 7 | Profitability Structure

Amount in million of pesos	Annual									First 7 months		Monthly			Last
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2010	2011	May-11	Jun-11	Jul-11	12 months
Financial margin	10,628	2,575	3,415	5,253	7,778	8,960	12,964	19,724	21,837	11,747	14,132	1,996	2,089	2,339	24,222
Net interest income	-304	107	1,214	2,069	2,826	4,191	7,727	10,572	12,842	6,976	9,637	1,417	1,458	1,556	15,503
CER and CVS adjustments	1,476	1,082	900	1,215	858	662	651	185	244	130	168	28	25	24	282
Foreign exchange price adjustments	6,189	-312	666	576	740	990	1,620	1,646	1,493	849	1,012	160	175	195	1,655
Gains on securities	3,464	1,892	959	1,259	3,154	2,888	1,637	7,343	7,464	3,908	3,473	419	459	566	7,030
Other financial income	-197	-195	-322	134	199	229	1,329	-22	-205	-115	-159	-28	-28	-2	-248
Service income margin	2,782	2,341	2,774	3,350	4,459	5,881	7,632	9,198	11,345	6,254	8,214	1,252	1,266	1,259	13,305
Loan loss provisions	-6,923	-1,461	-1,036	-714	-737	-1,174	-1,863	-2,751	-2,253	-1,207	-1,379	-208	-153	-235	-2,425
Operating costs	-6,726	-5,310	-5,382	-6,303	-7,741	-9,735	-12,401	-14,807	-18,819	-10,359	-13,164	-2,003	-2,003	-1,963	-21,623
Tax charges	-512	-366	-393	-509	-769	-1,105	-1,715	-2,380	-2,927	-1,571	-2,251	-333	-359	-354	-3,608
Adjust. to the valuation of gov. securities ²	0	-665	-51	-201	-170	-100	-267	0	47	15	104	0	0	0	136
Amort. payments for court-ordered releases	0	-791	-1,147	-1,168	-1,182	-1,466	-688	-367	-441	-256	-64	-12	-12	-9	-249
Other	-4,164	1,178	846	1,156	1,641	1,576	916	398	1,382	671	974	128	231	71	1,685
Monetary results	-10,531	-20	0	0	0	0	0	0	0	0	0	0	0	0	0
Total results before tax ³	-15,447	-2,518	-973	865	3,279	2,836	4,579	9,014	10,171	5,294	6,566	820	1,058	1,108	11,443
Income tax	-337	-295	-202	-217	-365	-380	-1,168	-3,001	-2,733	-1,515	-2,139	-255	-377	-382	-3,357
Resultado total⁴	-15,784	-2,813	-1,176	648	2,915	2,457	3,412	6,014	7,438	3,779	4,427	565	681	726	8,087
Resultado ajustado ⁴	-	-1,357	252	2,016	4,267	4,023	4,367	6,381	7,832	4,020	4,384	577	693	735	8,196
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	8.4	8.1	8.3	9.2	8.9
Net interest income	-0.2	0.1	1.0	1.7	2.1	2.7	4.4	5.3	5.5	5.4	5.7	5.8	5.8	6.1	5.7
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	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	0.6	0.7	0.7	0.8	0.6
Gains on securities	2.5	1.7	0.8	1.0	2.4	1.9	0.9	3.7	3.2	3.0	2.1	1.7	1.8	2.2	2.6
Other financial income	-0.1	-0.2	-0.3	0.1	0.2	0.1	0.8	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	0.0	-0.1
Service income margin	2.0	2.0	2.4	2.7	3.4	3.8	4.3	4.6	4.8	4.8	4.9	5.1	5.1	5.0	4.9
Loan loss provisions	-5.0	-1.3	-0.9	-0.6	-0.6	-0.8	-1.1	-1.4	-1.0	-0.9	-0.8	-0.8	-0.6	-0.9	-0.9
Operating costs	-4.8	-4.6	-4.6	-5.1	-5.9	-6.3	-7.0	-7.4	-8.0	-8.0	-7.9	-8.1	-8.0	-7.7	-7.9
Tax charges	-0.4	-0.3	-0.3	-0.4	-0.6	-0.7	-1.0	-1.2	-1.2	-1.2	-1.3	-1.4	-1.4	-1.4	-1.3
Adjust. to the valuation of gov. securities ²	0.0	-0.6	0.0	-0.2	-0.1	-0.1	-0.2	0.0	0.0	0.0	0.1	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	-0.2	0.0	0.0	0.0	0.0	-0.1
Other	-3.0	1.0	0.7	0.9	1.2	1.0	0.5	0.2	0.6	0.5	0.6	0.5	0.9	0.3	0.6
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	0.0	0.0
Total results before tax ³	-11.1	-2.2	-0.8	0.7	2.5	1.8	2.6	4.5	4.3	4.1	3.9	3.3	4.2	4.4	4.2
Income tax	-0.2	-0.3	-0.2	-0.2	-0.3	-0.2	-0.7	-1.5	-1.2	-1.2	-1.3	-1.0	-1.5	-1.5	-1.2
ROA³	-11.3	-2.5	-1.0	0.5	2.2	1.6	1.9	3.0	3.2	2.9	2.6	2.3	2.7	2.9	3.0
ROA adjusted ⁴	-11.3	-1.2	0.2	1.6	3.2	2.6	2.5	3.2	3.3	3.1	2.6	2.3	2.8	2.9	3.0
ROE before tax ³	-77.3	-17.1	-6.7	5.5	17.2	12.6	20.4	34.4	33.5	43.1	46.8	29.6	37.4	38.3	34.9
ROE ³	-79.0	-19.1	-8.1	4.1	15.3	10.9	15.2	22.9	24.5	22.0	22.6	20.4	24.1	25.1	24.7

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

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

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

Source: BCRA

Chart 8 | Portfolio Quality

As percentage	Dec 02	Dec 03	Dec 04	Dec 05	Dec 06	Dec 07	Dec 08	Dec 09	Jul 10	Dec 10	Jun 11	Jul 11
Non-performing loans (overall)	19.8	15.7	8.9	4.4	2.9	2.2	2.5	3.1	2.6	1.9	1.5	1.5
Provisions / Non-performing loans	71.3	73.0	89.2	102.7	114.2	123.4	118.5	115.9	123.6	143.5	154.9	160.9
(Total non-performing - Provisions) / Overall financing	5.7	4.2	1.0	-0.1	-0.4	-0.5	-0.5	-0.5	-0.6	-0.8	-0.8	-0.9
(Total non-performing - Provisions) / Net worth	20.1	14.4	3.4	-0.4	-1.4	-2.1	-1.9	-1.7	-2.3	-3.4	-4.0	-4.3
Non-performing loans to the non-financial private sector	37.4	30.4	15.3	6.3	3.6	2.5	2.8	3.3	2.7	2.0	1.6	1.5
Provisions / Non-performing loans	72.2	75.0	88.3	102.4	113.9	122.7	118.0	115.1	123.2	143.0	154.1	159.8
(Total non-performing - Provisions) / Overall financing	10.4	7.6	1.8	-0.1	-0.5	-0.6	-0.5	-0.5	-0.6	-0.9	-0.9	-0.9
(Total non-performing - Provisions) / Net worth	19.1	12.9	3.6	-0.4	-1.4	-2.0	-1.8	-1.6	-2.3	-3.4	-3.9	-4.2

Source: BCRA