

# Report on Banks

August 2010



BANCO CENTRAL  
DE LA REPÚBLICA ARGENTINA

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August 2010

Year VII, No. 12



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DE LA REPÚBLICA ARGENTINA

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Note | Information for August 2010 available by September 22, 2010 is included. This Report is focussed 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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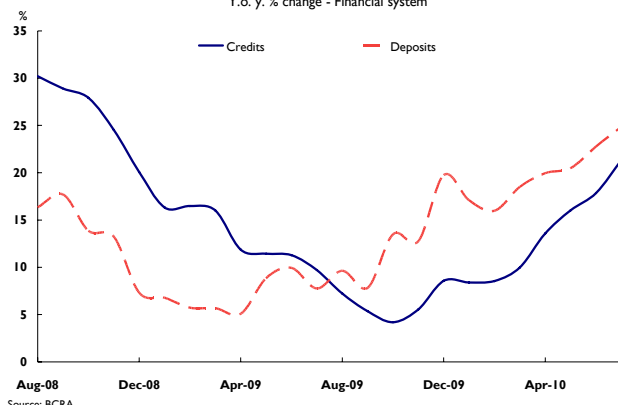
## Summary

- **During August financial entities continued to expand their financial intermediation activity with companies and households, at the same time as leading main banking indicators have continued to improve.** It should be noted that recently the Central Bank issued regulations for the introduction of a “Free Universal Account” (“*Cuenta Gratuita Universal*”) and a reduction in the cost of bank transfers with the aim of encouraging greater use of banking services.
- **Financial system balance sheet deposit stocks rose 3.7% in August**, mainly reflecting the impact of increased deposits from the public sector. Non-financial private sector deposits rose 2.6% during August (24.6% y.o.y.), driven mainly by time deposits.
- **In August the bank liquidity ratio** (for items in both national and foreign currency) **increased slightly to 29.5% of deposits**, a drop of 1.2 p.p. compared with the same period of 2009, mainly from the decline recorded by private banks. The broad liquidity ratio (which includes Lebac and Nobac not related to repos with the Central Bank) stood at 45.6% of total deposits.
- **Lending to households and companies went up 2.8% in August (25% y.o.y.), driven mainly by export credit and consumer loans (credit cards and personal loans).** As a result, total lending to the private sector went up an annualized (a.) 28% in the first eight months of 2010, well in excess of the figure for the same period of 2009. In the year to date bank lending to companies accelerated its pace of expansion compared with the same period of 2009, mainly because of the performance of the manufacturing, commerce and service sectors. Loans to households have also shown increasing dynamism over the course of the year, mainly in consumer credit lines. **In this context of increased lending to the private sector seen in recent months, there has been a downward trend in the spreads of the most traded credit lines.**
- **The private sector loan non-performance ratio remained steady at around 2.8% in August.** Delinquency in the case of loans to companies and households has dropped by 0.7 p.p. over the course of 2010, driven mainly by non-bank financial entities and private banks, following the improvement of consumer loan performance. Smaller-size household consumer loans recorded the highest non-performance ratio, although they have seen significant improvement over the course of the year. The non-performing portfolio for the financial system continues to display a high level of coverage by means of provisions (144%).
- **Financial system foreign currency mismatching** (which includes net undelivered term purchases of foreign currency) **fell in August for the third month in a row to 32.4% of net worth.** This change is accounted for by the drop in forward currency purchases, mainly by private banks.
- **Financial system consolidate net worth went up 2.3% (16.4% y.o.y.) during the month, mainly from the accrual of profits.** Capital compliance in terms of risk-weighted assets dropped slightly in August, to 17.8%, while the capital position remained steady at 88% of the regulatory requirement.
- **Bank profits were 2.6%a. of assets**, lower than in July, although above the monthly average for the year. All bank groups posted profits in August. Lower gains on securities and net interest income have explained the drop in profitability during the month. **For the year to date, ROA has been 2.5%a., 0.4 p.p. higher than the total in the same period of 2009, mainly because of lower loan loss provisions, mostly in private banks.**

## Activity

*There continue to be signs of increased dynamism in means of payment growth, and in financial intermediation*

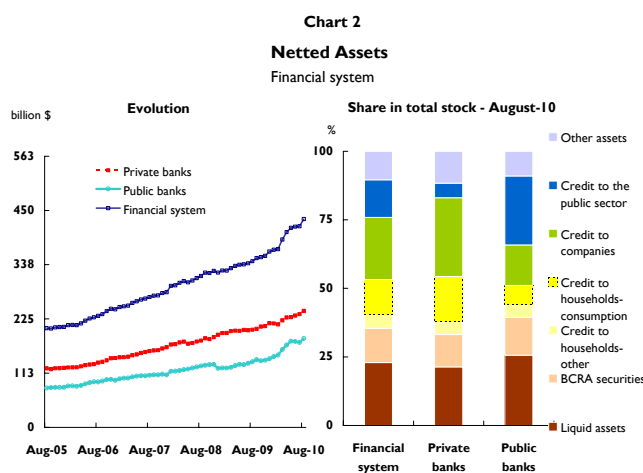
**Chart 1**  
Financial Intermediation with the Private Sector  
Y.o.y. % change - Financial system



Source: BCRA

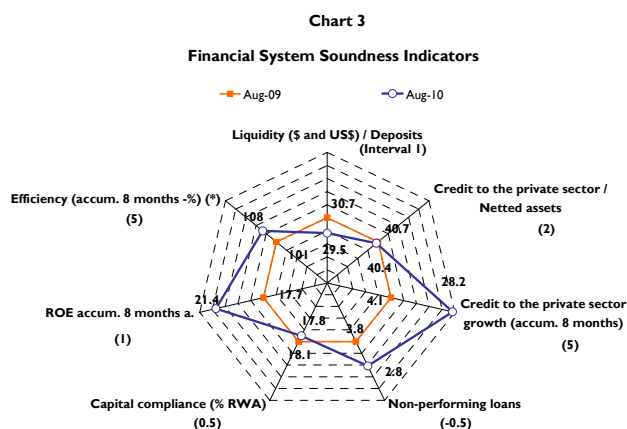
**Financial intermediation with the private sector continued to record sustained growth during August.** Household and company loan and deposit stocks continued to evolve favorably during the month (see Chart 1). Growth in lending to the private sector reached 24.7% y.o.y., while household and company deposits have risen 24.6% y.o.y. Financial system netted assets went up 3.6% during the month (an increase that took place mainly in public banks) for a total of 25.4% y.o.y.

**During August higher stocks for the most liquid assets (including Lebac and Nobac holdings) were the main reason for the growth in financial system netted assets, and they increased their share in total assets.** This monthly increase mainly reflects the behavior of public banks, and to a lesser extent, that of private banks (see Chart 2). Lending to households and companies maintained its weigh in terms of financial system netted assets at 40.4%, higher than in January 2010<sup>1</sup>.



Source: BCRA

**In terms of the financial system cash flow for August (estimated on the basis of balance sheet information), higher private sector deposits, and to a lesser extent higher deposits of the public sector, were the main sources of resources during the month (\$6.15 billion and \$5.9 billion respectively), followed by an increase in net worth. The most significant uses were the increased holdings of Lebac and Nobac (those not related to repos with the Central Bank) (\$6.1 billion) and a rise in liquid assets (\$5.9 billion).** Furthermore, continuing the trend seen in recent months, there was a rise in loans to companies and households in August, mainly accounted for by private banks.



(\*) Efficiency = [(Net interest income + Service income margin) - Loan loss provisions] / Operating costs

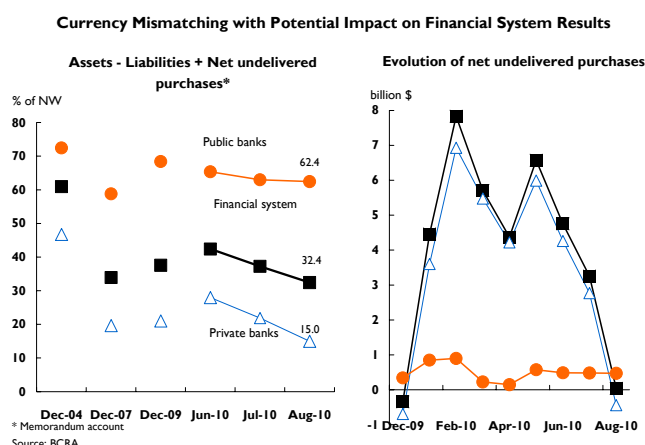
Source: BCRA

**Over the last 12 months, the expansion of financial intermediation was reflected in greater growth in lending to households and companies, accompanied by a drop in banks' liquidity indicators, and an improvement in loan portfolio quality and profitability, as well as in the efficiency of the sector (see Chart 3).** In this framework, banks as a whole continue to record high solvency levels.

**Financial system foreign currency mismatching (including net undelivered term purchases of foreign currency) fell for the third successive month in August**

<sup>1</sup> Lending to the private sector in terms of total assets is 38.2%.

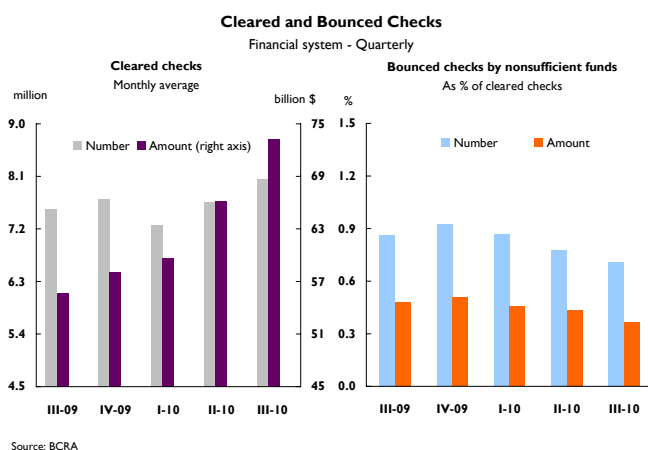
Chart 4



to 32.4% of net worth (-4.8 p.p. during the month) (see Chart 4). This change during the month was mainly explained by a drop in net undelivered term purchases (largely by private banks).

**During the third quarter of the year the value and number of cleared checks continued to increase, while the number of bounced checks by nonsufficient funds as a percentage of total cleared has again declined** compared with previous quarters (see Chart 5). Between July and September 2010 a total of 24.2 million checks were cleared, 7% more than in the same period of 2009. During the same period, the number of bounced checks for various reasons was 2.8% of the total, while bounced checks by exclusively nonsufficient funds were 0.7% of the total number, (equivalent to 0.4% of total amount), lower levels than those recorded in previous quarters.

Chart 5

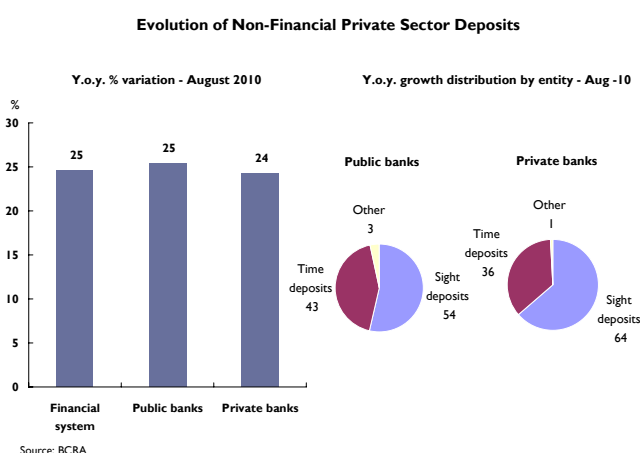


**Another signal of the gradual development of the payment system is the increase in the number of credit and debit cards in the local market<sup>2</sup>.** At the end of June 2010 the number of credit cards was 21% above the level in the same period of 2009, reaching a total of 20 million, of which three-quarters had been issued by private financial entities. Furthermore, the number of debit cards increased by 17% in the same period, to 19 million.

## Deposits and liquidity

*Private sector deposits have grown, particularly led by time deposits*

Chart 6



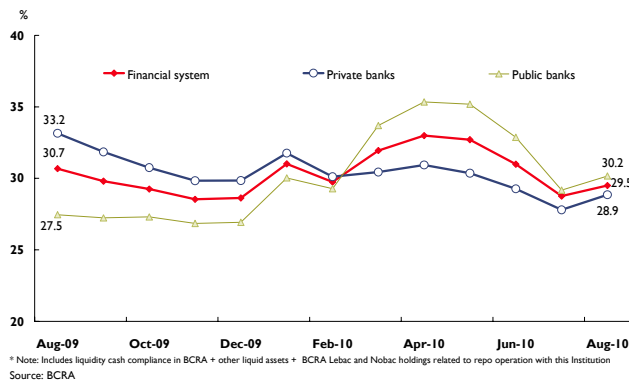
**Financial system balance sheet deposit stocks increased 3.7% in August (30.9% y.o.y.), mainly from public sector deposits (6.3%).** The rise during the month in total deposits took place mainly in those denominated in foreign currency (with a 5.5% increase in total balance sheet stocks<sup>3</sup>) and to a lesser extent, in those in pesos (3%). **Private sector deposit stocks went up 2.6% compared with July (24.6% y.o.y.), driven mainly by time deposits.**

**Public and private banks have shown a similar dynamism in the year-on-year growth in private non-financial sector deposits** (see Chart 6). The year-on-year increase in sight deposits explained most of the rise in company and household deposits, particularly in the case of private banks.

<sup>2</sup> For further detail on the development of means of payment in the economy, see Chapter VI of the Financial Stability Report for the second half of 2010.

<sup>3</sup> The increase of total deposits in dollar was 5.2% in August 2010.

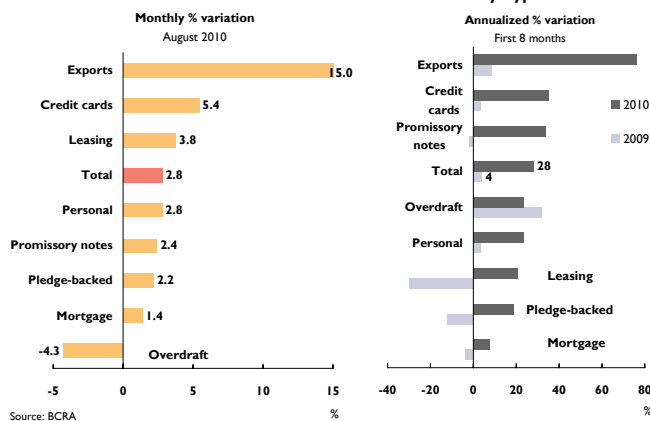
**Chart 7**  
**Liquidity**  
Liquid assets\* (pesos and dollar) / Deposits



**Financial system liquid assets increased during the month** as a result of greater foreign currency minimum cash compliance, partly offset by a slight drop in the stock of net repos with the Central Bank. The liquidity indicator (which includes items denominated in both pesos and foreign currency) rose by 0.7 p.p. of total deposits in August to 29.5%, a drop of 1.2 p.p. compared with the same month last year, mainly because of the fall recorded by private banks (see Chart 7)<sup>4</sup>. The broad liquidity indicator (which includes Lebac and Nobac not related to repos with the Central Bank) rose 2 p.p. in August to 45.6% of total deposits.

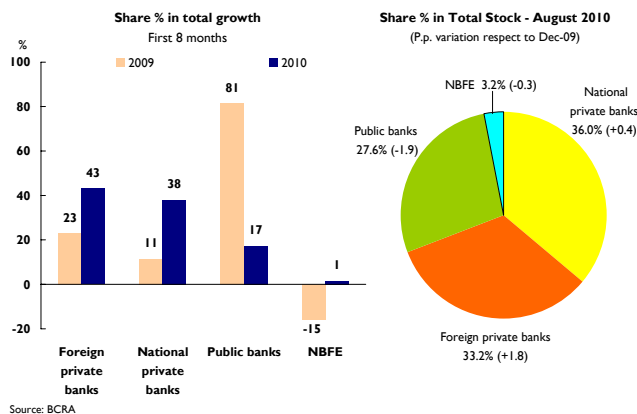
**Average daily trading volume on the call money market dropped slightly in August**, to \$845 million, at a time of rising financial system liquidity indicators. **The average interest rate, weighted by amounts traded on the market, remained unchanged during the month.** During September there was a slight increase in interest rates as well as a modest rise in trading volumes.

**Chart 8**  
**Credit to the Private Sector Balance Sheet Stocks by Type de Line**



It should be noted that the Central Bank has introduced a series of measures to increase the use of the banking system, stimulating the use of banking services and discouraging the use of cash. **As from October, banks must make available a “Free Universal Account” (“Cuenta Gratuita Universal”) – Com. “A” 5127-**denominated in pesos (for balances of up to \$10,000) available to households at no cost, the only requirement for opening being the presentation of a national identity document (DNI). This account includes a debit card without maintenance cost for transactions carried out at the ATMs of the card issuing bank<sup>5</sup>.

**Chart 9**  
**Credit to the Private Sector by Group of Banks**



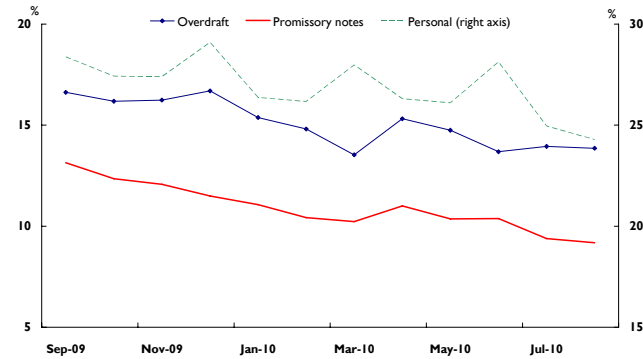
Furthermore, the BCRA **promote a reduction in interbank transfer costs**, which will now be free of charge as long as they do not exceed \$10,000 per day, whether performed via home banking (Internet) or ATMs. Commissions via bank teller are to be capped depending on the value of the transaction, having been set at a maximum of \$5 for transactions for up to \$50,000, \$10 for transactions of between \$50,000 and \$100,000, and \$300 on transactions for over \$100,000. These caps will serve as a reference for home banking transactions and ATM transactions in excess of \$10,000, for which commissions are limited to 50% of the cost set for transfers made via bank cashiers.

At the same time, **the use of Central Bank settlement’s checks in pesos and in dollars will be encouraged**, the latter being for use exclusively in real estate

<sup>4</sup> Liquidity in pesos stood at 20% of total local currency deposits, slightly below the figure for the previous month and for 12 months earlier.

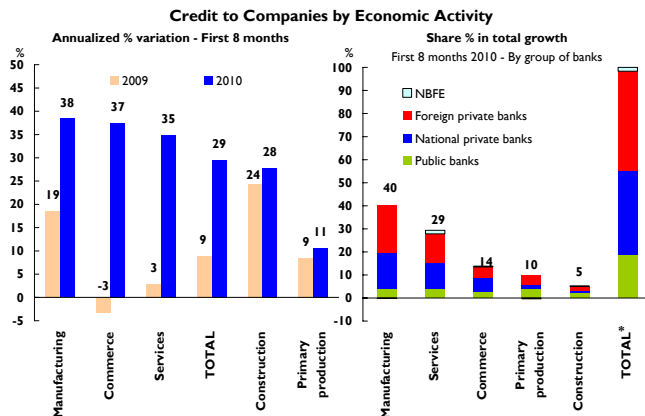
<sup>5</sup> For further details see Section 4 of the mentioned regulation.

**Chart 10**  
**Interest Rates Spreads - Peso Operations**  
 Difference between lending rate and costs of deposits



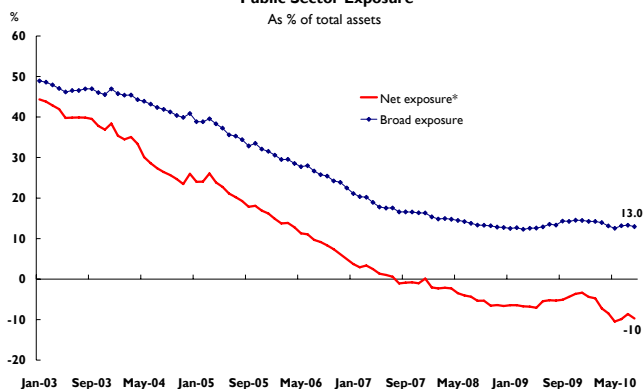
Source: BCRA

**Chart 11**



\*Note: Include other sectors (not specified) explaining 2% of the remainder growth  
 Source: BCRA

**Chart 12**  
**Public Sector Exposure**  
 As % of total assets



\* Note: (Public bonds position (without Lebac and Nobac) + loans to the public sector - public sector deposits) / Total assets  
 Source: BCRA

transactions. Such checks may be requested by those persons holding accounts and registered signatures at the bank through which the instrument has been requested.

## Financing

*Within a context of increased lending to the private sector, there have been signs of a downward trend in the spreads on the most traded credit lines*

Loans to households and companies stocks rose 2.8%<sup>6</sup> in August (25% y.o.y.), mainly driven by export credit assistance<sup>7</sup> and consumer loans (credit card and personal loans) (see Chart 8). As a result, total credit to the private sector has risen by an annualized (a.) 28% over the first 8 months of 2010, well in excess of the increase in the same period of 2009 (4%a.), as a consequence of an improved pace of growth for almost all loan lines<sup>8</sup>.

All financial entities groups recorded a monthly increase in loans to the private sector. Over the course of 2010, growth in lending to companies and households has mainly been accounted for by private banks (both national and foreign capital entities), which have therefore increased their share in the total balance stock (see Chart 9).

The growth in lending to the private sector during August took place at the same time as lending interest rates on peso operations were recording dissimilar, if slight, movements. Interest rates on mortgage loans, overdrafts and pledge-backed loans registered a slight increase during the month, while rates on personal loans and promissory notes recorded a drop. It should be noted that in recent months there has been a downward trend in the spreads for local currency transactions measured in terms of the funding cost of peso deposits<sup>9</sup> in the case of the most-traded lines (promissory notes, overdrafts and personal loans) (see Chart 10) across all types of banks.

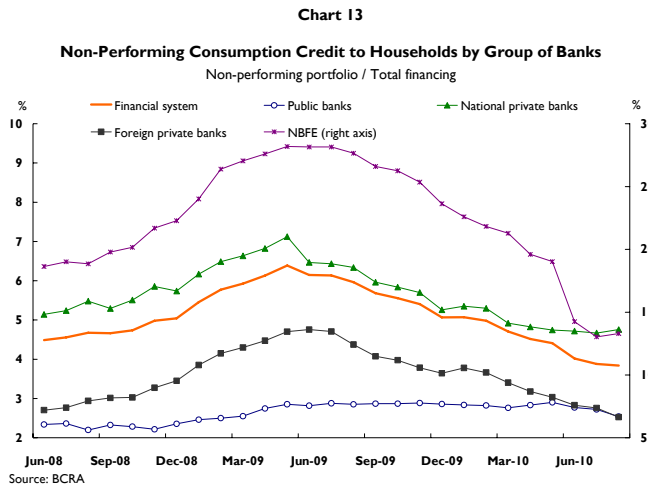
<sup>6</sup> If balance sheet stocks are adjusted for the assets securitized during the month, the change in lending to the private sector would amount to 3%. During August, five financial trusts issues were registered using bank loan portfolios as underlying assets for a total of \$272 million. All these trust issues were based on the securitization of personal loans.

<sup>7</sup> This increase for the month in the balance sheet export credit stock was partly explained by the transactions of one large bank which reclassified foreign currency loans on its books (from overdraft to export finance). If this effect is excluded, export finance would continue to be the most dynamic credit line during the month, with an increase of 5.8%, while advances rose 2%.

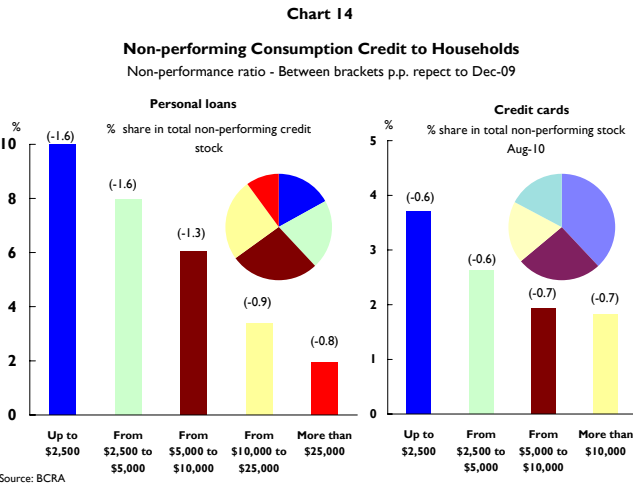
<sup>8</sup> The lower dynamism for overdraft compared with the same period of 2009 has been influenced in part by the accounting reclassification by one large financial institution (see foot note 7).

<sup>9</sup> Weighted average interest rate for the various types of deposits of both public and private sectors.



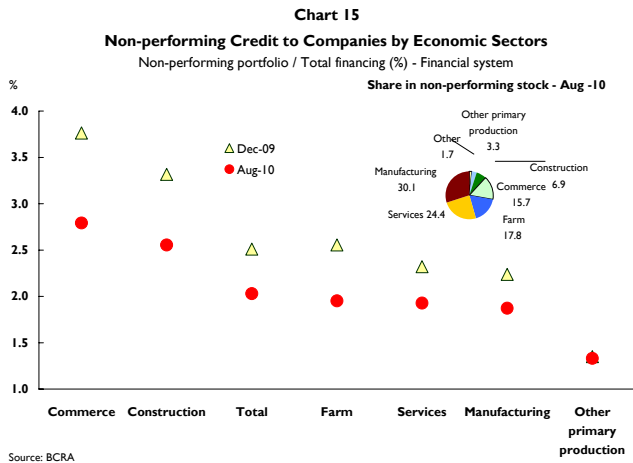


Over the course of 2010 lending to the corporate sector<sup>10</sup> continued to record a growth rate higher than that seen in the same period of 2009. Loans to manufacturing, commerce and services have been the most dynamic in the year to date, and have contributed most to lending growth, accounting for 85% of this increase. Foreign private banks have been the leading providers of loans to the manufacturing and services sectors, contributing approximately half the increase in both activities, while private domestic banks accounted for the larger part of lending to commerce (see Chart 11). Manufacturing and services continued to be the activities taking the greatest share of lending to companies (with shares of 33% and 26%, respectively).



Larger-size loans to companies<sup>11</sup> (over \$5 million) were the most dynamic in the first 8 months of 2010 (having grown by 39%a.), reaching 55% of total stocks (3 p.p. more than at the end of 2009). Smaller loans (less than \$5 million) increased 19%a. in the same period.

Loans to households were up 24%a. in the first eight months of the year, mainly led by consumer credit lines, which increased 28%a. (credit card loans rose 39%a. and personal loans went up 22%a.). Collateralized loans (10%a.) were driven mainly by pledge-backed loans (32%a.), which accounted for almost 80% of the increase in such loans for 2010 to date.



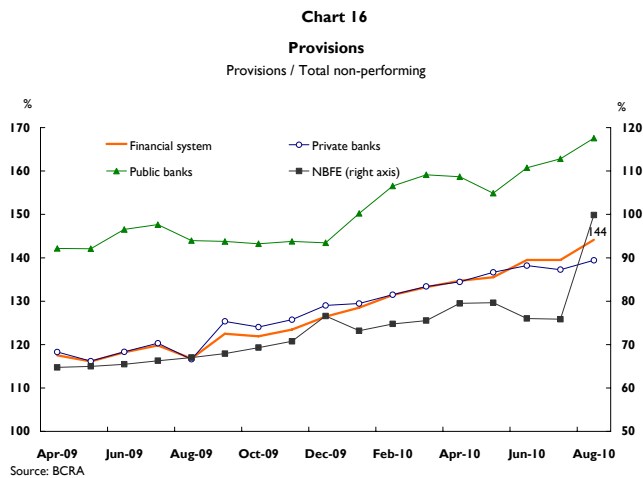
Growth in lending to the private sector took place together with a reduction in the exposure of the financial system to the public sector. Lending to this sector amounted to 13% of assets in August, 0.3 p.p. less than in July, a decline mainly accounted for by public banks. Taking into consideration the deposits it holds, the public sector continues to be a net creditor of the financial system as a whole (10% of total assets) (see Chart 12).

## Portfolio quality

*The ratio of non-performing loans to the private sector remained at a reduced level*

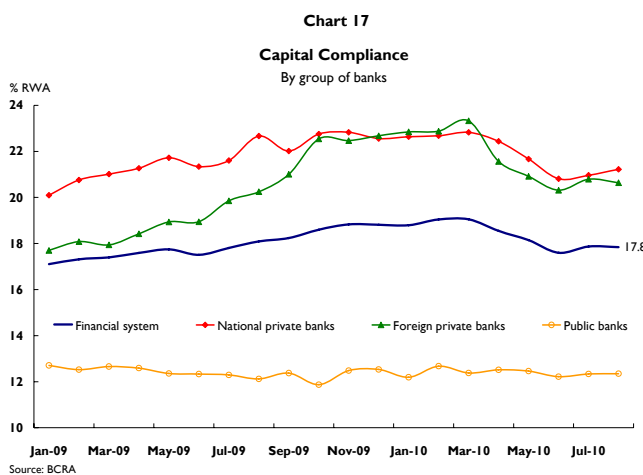
The non-performing ratio of lending to the private sector remained steady at close to 2.8% in August. As a result, delinquency for loans to companies and households posted a total drop of 0.7 p.p. over the course of 2010, mainly as a result of the behavior of loans by non-bank financial entities and private banks.

<sup>10</sup> Loans to companies are those granted to legal persons and commercial loans granted to individuals; remaining loans to individuals are considered within the households heading.  
<sup>11</sup> Based on residual balance stock.



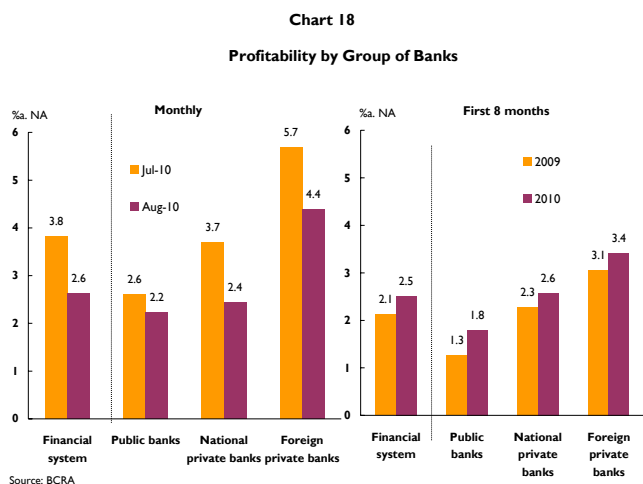
This improvement in credit portfolio quality in recent months was driven by household consumer lending. The non-performing ratio for household consumer loans stood at 3.8% in August, 1.2 p.p. below the level recorded in December 2009. Private banks (national and foreign) and non-bank financial entities made the greatest contribution to this decline (see Chart 13).

Smaller household consumer loans<sup>12</sup> recorded the highest non-performing ratios in the case of both personal loans and credit card lending, although they have achieved a significant improvement over the year to date (see Chart 14). In the case of personal loans, the residual stock range that includes loans between \$5,000 and \$10,000 accounted for the largest share of non-performing loans, while in the case of credit card loans, the highest proportion was recorded in the lowest-size segment (up to \$2,500).



Companies loans' non-performance was 2% in August, 0.5 p.p. less than at the end of 2009. Loans to all productive sectors recorded declining delinquency (see Chart 15), with notable improvement in the case of loans to retail and wholesale trade and construction.

In this context of steady improvement in terms of the private sector loan portfolio quality, the financial system has continued to record a high level of loan loss provision. The ratio for coverage of non-performing portfolio with provisions stood at 144% in August, 27 p.p. more than 12 months earlier (see Chart 16).



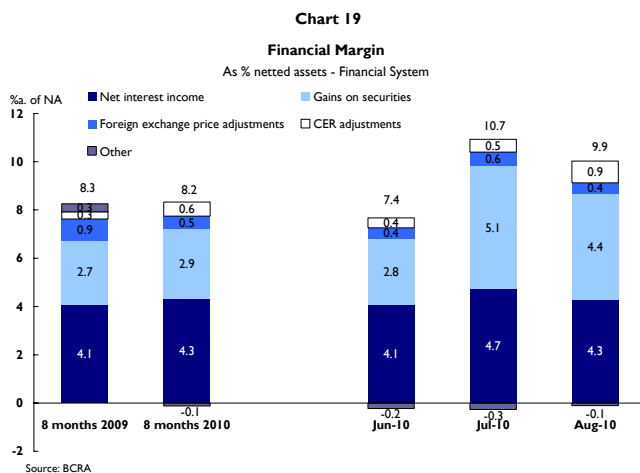
## Solvency

*Bank book profits have improved in 2010, mainly because of lower loan loss provisions*

Financial system consolidated net worth rose 2.3% during the month (16.4% y.o.y.), mainly from accrued profits. All bank groups recorded a rise in their net worth in August. Within the framework of accelerated growth in financial intermediation with the private sector, the capital compliance ratio for the financial system declined slightly in August (see Chart 17), to 17.8% of risk-weighted assets (0.3 p.p. less than 12 months earlier<sup>13</sup>). The excess of compliance in relation to the requirement reached 88% during the month (6 p.p. less than one year earlier).

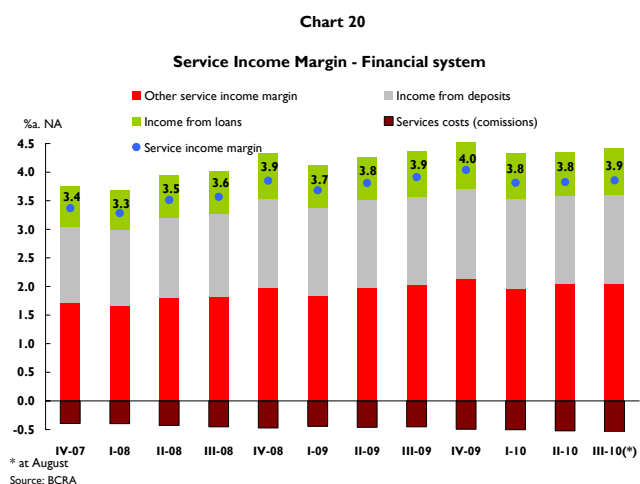
<sup>12</sup> Determined on the basis of residual balance stock value.

<sup>13</sup> It should be noted that in the first half of 2010 financial entities paid dividends on accumulated profits of previous periods totaling approximately \$2.5 billion.



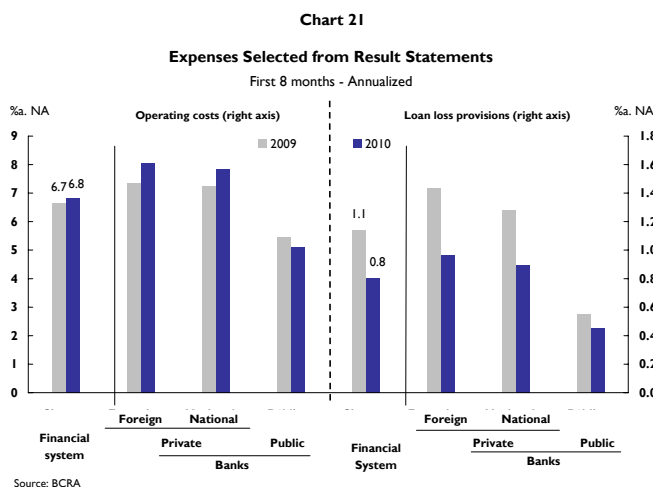
**In August the financial system accrued book profits equivalent to 2.6%a. of assets, less than in July, although more than the monthly average for 2010. All bank groups posted profits in August.** For the year to date financial system ROA has been 2.5%a., 0.4 p.p. higher than in the first 8 months of 2009 (see Chart 18), an increase seen in both public and private banks.

**Financial margin fell by 0.8 p.p. of assets in August to 9.9%a. (see Chart 19), explained mainly by a drop in net gains on securities, and to a lesser extent, by lower net interest income.** In the first eight months of the year financial margin has been 8.2%a. of assets, a slightly lower level than in the same period of 2009. Higher results from CER adjustments, gain on securities and accrued net interest income in 2010 were more than offset by the reduction in foreign exchange price adjustments and other financial results.



Comparing the first 8 months of 2010 with the same period of the previous year, there has been **a drop in the implicit lending interest rate of private sector loans that has been more than proportional to the reduction in the cost of deposits, generating a drop in the implicit spread.** The reduction in the implicit funding cost from deposits reflected the effect of declining deposit interest rates, despite the increased share accounted for by time deposits, particularly in the case of public banks.

**Service income margin dropped slightly in August to 3.8%a. of assets (see Chart 20).** Both public and private banks had a similar monthly performance. **In the year to date there have been no significant changes in service income margin compared with the first 8 months of 2009.**

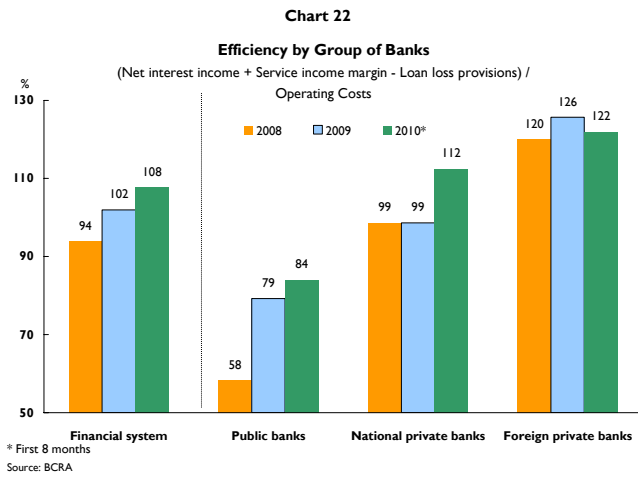


**Operating costs were lower in both public and private banks during the month, being equivalent to 6.8%a. of assets for the financial system as a whole. In 2010 to date, operating costs have been slightly higher than those in the same period of last year, an increase mainly seen in private banks. Loan loss provisions rose during the month, reaching 1.1%a. of assets.** Nevertheless, **during 2010 loan loss provisions have fallen significantly, mainly in national and foreign private banks, as well as to a lesser extent in public banks (see Chart 21), within the framework of improved loan portfolio quality.**

**Based on the development of the main income and expenditure accounts, during the year there has been a slight improvement in certain financial system**

**efficiency indicators** (see Chart 22). This improved performance has mainly taken place in national private banks, followed by public banks.

**According to information available at the date this Report has being published, it is estimated that in September the financial system will continue to maintain its solvency levels on the basis of the recording of further book profits.** In the context of greater dynamism in financial intermediation with the private sector, services income margin and net interest income earnings are expected to continue to provide the main source of bank profits, while gains on securities are expected to remain at levels similar to the average for recent months. Loan loss provisions are expected to gradually lose share of total income statement expenditure, in line with the progress being noted in the quality of the private sector loan portfolio.



## 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” 5108 – 02/08/10**

Minimum Cash and Deposit Guarantee Insurance rules have been modified to reflect the prohibition on remunerating current accounts (Com. “A” 5068).

### **Communication “A” 5114 – 19/08/10**

Financing to the non-financial public sector. No impediment under the terms of regulations on the financing of trusts established for specific purposes has been placed on financial entities acquiring debt securities (VRD) to be issued by “*Fideicomiso Financiero Mendoza 2010*” for a face value of up to \$ 420,000,000, as long as such maximum credit assistance limits for the non-financial public sector that may be applicable are not exceeded.

### **Communication “A” 5115 – 20/08/10**

Language to be used in information submitted to the Central Bank of the Republic of Argentina. It is established that information to be submitted in a language other than Spanish must be accompanied by its corresponding Spanish translation.

### **Communication “A” 5116 – 23/08/10**

Determining status as micro, small or medium-size company. In accordance with the terms of Resolution 21/2010 from the Small and Medium-Size Companies and Regional Development Secretariat at the Ministry of Industry, the reference amounts for determining the companies to be included in this category have been updated.

## Methodology

- (a) Aggregate balance sheet information is taken from the monthly accounting information system (unconsolidated balance sheets). In order to calculate aggregate data for the financial system, for financial entities that have not provided data for the month reviewed, the most recent information available is repeated in the aggregate balance sheet. On the other hand, for profitability analysis only the banks providing data for that month are considered.
- (b) Due to possible lack of data for some banks at the time this Report was drafted, and due to possible corrections to the data provided by financial entities later, the data included is of a preliminary nature –particularly for the last month included-. Therefore, and due to the fact that the most recent data available always used, data in connection with earlier periods may not match what was mentioned in earlier issues of the Report. In such cases, the latter release should be regarded as being of better quality.
- (c) Unless otherwise indicated, data about deposits and loans refer to balance sheet information, and do not necessarily agree with those compiled by the Centralized Information Requirement System (SISCEN). Reasons for discrepancies include the precise date considered in order to calculate monthly changes and the items included in the definition adopted in either case.
- (d) Profit ratio calculations are based on monthly results estimated from changes in the aggregate result amounts during the current fiscal year. Unless otherwise specified, profit ratios are annualized.
- (e) Initially, the breakdown by group of banks was determined based on majority decision making role –in terms of voting rights at shareholder meetings - distinguishing between private sector financial entities and public sector banks. In order to increase depth of the analysis, private sector entities were also classed according to the geographic and business scope of their operations. Wholesale banks were therefore defined as those specializing in the large corporations and investor sector, which in general do not rely on deposits from the private sector for their funding. On the other hand, retail banks were divided into those carrying out business nationwide, those located in certain geographic regions –municipalities, provinces, or regions- and entities that specialize in a financial sector niche market –usually smaller entities-. Finally, it is worth noting that the classifications defined above are solely for analytical purposes and does not mean it is the only methodology criteria by which to group them; while on the other hand, the listing of features for each financial entity group has been established in a general manner.
- (f) Indicators exhibited in Tables 1 and 5 of Statistical Appendix: 1.-  $(\text{Paid in liquidity at the BCRA} + \text{Other cash holding} + \text{Holdings of BCRA securities for repo transactions in cash}) / \text{Total deposits}$ ; 2.-  $(\text{Position in government securities (not including Lebac nor Nobac)} + \text{Loans to the public sector} + \text{Compensations to be received}) / \text{Total assets}$ ; 3.-  $(\text{Loans to the non-financial private sector} + \text{Leasing operations}) / \text{Total assets}$ ; 4.-  $\text{Irregular portfolio with the non-financial private sector} / \text{Loans to the non-financial private sector}$ ; 5.-  $(\text{Total irregular portfolio} - \text{Bad loan provisions}) / \text{Equity}$ . The irregular portfolio includes loans classed in situations 3, 4, 5 and 6; 6.-  $\text{Cumulative annual result} / \text{Average monthly netted assets} - \% \text{ annualized}$ ; 8.-  $(\text{Financial margin (Net interest income} + \text{CER and CVS adjustments} + \text{Gains on securities} + \text{Foreign exchange price adjustments} + \text{Other financial income}) + \text{Service income margin}) / \text{Cumulative annual operating costs}$ ; 9.-  $\text{Paid in capital (Calculated Equity Requirement)} / \text{Risk weighted assets, according to the BCRA rule on minimum capital}$ ; 10.-  $\text{Total capital position (Paid in capital less requirement, including flexibilities)} / \text{Capital requirement}$ .

# 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. Rescheduled Stabilization Coefficient.

**Financial margin:** Income less outlays of a financial nature. Includes interest income, gains from securities, CER/CVS adjustments, exchange rate differences and other financial results. Does not include the items affected by Com. A 3911.

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

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

**Interest income (interest margin):** Interest collected less interest paid on financial intermediation, on an accrual basis – taken from balance sheet – rather than on a cash basis. Includes interest on loans of government securities and premiums on repos and reverse repos.

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

**Liquid assets:** Minimum cash compliance – cash, current account at BCRA and special accounts in guarantee – and other liquid items (mainly correspondent accounts) plus repo position in cash with the BCRA.

**Liquidity ratio:** Liquid assets as a percentage of total deposits.

**mill.:** million.

**NBFE:** Non-banking financial entity.

**Netted assets (NA) and liabilities:** Those net of accounting duplications inherent to the recording of repurchase agreements, term transactions or unsettled spot transactions.

**Net worth exposure to counterpart risk:** Non-performing portfolio net of allowances in terms of net worth.

**Non-performing portfolio:** Portfolio in categories 3 to 6, as per the debtor classification system.

**Operating costs:** Includes remuneration, social security payments, services and fees, miscellaneous expenses, taxes and amortization.

**ON:** Corporate bonds (Obligaciones Negociables).

**OS:** Subordinated debt (Obligaciones Subordinadas).

**Other financial results:** Income from financial leasing, adjustments to valuation of credit to the public sector, contribution to the deposit guarantee fund, interest on liquid funds, difference in market price of gold and foreign exchange, premiums on the sale of foreign currency and other unidentified income (net).

**PN:** Net worth (Patrimonio Neto).

**p.p.:** percentage points.

**Private sector credit:** Loans to the private sector and private sector securities.

**Public sector credit:** Loans to the public sector, holdings of government securities, compensation receivable from the Federal Government and other credits to the public sector.

**Quotation differences:** Income from the monthly updating of foreign currency-denominated assets and liabilities. The heading also includes income arising from the purchase and sale of foreign currency, arising from the difference in the price agreed (net of direct costs generated by the transaction) and the book value.

**ROA:** Net profits as a percentage of netted assets. When referring to accumulated results the denominator includes the average netted assets for the reference months.

**ROE:** Net profits as a percentage of net worth. When referring to accumulated results the denominator includes the average net worth for the reference months.

**RPC:** Adjusted stockholder's equity, calculated towards meeting capital regulations. (Responsabilidad Patrimonial Computable)

**RWA:** Risk weighted assets.

**SME:** Small and Medium Enterprises.

**US\$:** United States dollars

# Statistics annex | Financial system

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

As %	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Aug 2009	2009	Jul 2010	Aug 2010
1.- Liquidity	22.3	26.1	23.1	25.0	23.4	19.6	22.8	29.1	29.6	20.1	22.5	23.0	27.9	30.7	28.6	28.8	29.5
2.- Credit to the public sector	16.9	16.2	16.2	18.0	17.3	23.0	48.9	47.0	40.9	31.5	22.5	16.3	12.7	13.3	14.5	13.3	13.0
3.- Credit to the private sector	50.8	47.7	48.4	44.9	39.9	42.7	20.8	18.1	19.6	25.8	31.0	38.2	39.4	38.0	38.3	38.1	38.2
4.- Private non-performing loans	16.2	13.8	12.2	14.0	16.0	19.1	38.6	33.5	18.6	7.6	4.5	3.2	3.1	3.8	3.5	2.8	2.8
5.- Net worth exposure to the private sector	24.9	22.5	20.6	24.7	26.2	21.9	17.3	12.4	-1.0	-4.1	-3.3	-3.0	-3.3	-2.0	-2.8	-3.7	-3.9
6.- ROA	0.6	1.0	0.5	0.2	0.0	0.0	-8.9	-2.9	-0.5	0.9	1.9	1.5	1.6	2.1	2.3	2.5	2.5
7.- ROE	4.1	6.3	3.9	1.7	0.0	-0.2	-59.2	-22.7	-4.2	7.0	14.3	11.0	13.4	17.7	19.2	21.2	21.4
8.- Efficiency	142	136	138	142	147	143	189	69	125	151	167	160	167	181	185	172	177
9.- Capital compliance	23.8	20.8	20.3	21.0	20.1	21.4	-	14.5	14.0	15.3	16.9	16.9	16.9	18.1	18.8	17.9	17.8
10.- Excess capital compliance	64	73	49	54	58	54	-	116	185	173	134	93	90	94	100	88	88

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	Aug 09	Dec 09	Jul 10	Aug 10	Change (in%)					
												Last month	2010	Last 12 months			
<b>Assets</b>	<b>187,532</b>	<b>186,873</b>	<b>212,562</b>	<b>221,962</b>	<b>258,384</b>	<b>297,963</b>	<b>346,762</b>	<b>369,534</b>	<b>387,381</b>	<b>445,433</b>	<b>457,418</b>	<b>2.7</b>	<b>18.1</b>	<b>23.8</b>			
Liquid assets <sup>1</sup>	17,138	27,575	29,154	20,819	37,991	46,320	58,676	68,540	71,067	81,196	87,851	8.2	23.6	28.2			
Public bonds	31,418	45,062	55,382	66,733	64,592	62,678	65,255	76,545	86,318	103,653	107,633	3.8	24.7	40.6			
Lebac/Nobac	-	-	17,755	28,340	29,289	36,022	37,093	42,189	43,867	62,879	67,032	6.6	52.8	58.9			
Portfolio	-	-	11,803	21,067	25,767	31,598	25,652	30,221	34,748	47,889	53,944	12.6	55.2	78.5			
Repo <sup>2</sup>	-	-	5,953	7,273	3,521	4,424	11,442	11,969	9,119	14,990	13,088	-12.7	43.5	9.4			
Private bonds	332	198	387	389	813	382	203	309	307	248	260	4.5	-15.6	-15.9			
Loans	84,792	68,042	73,617	84,171	103,668	132,157	154,719	158,803	169,868	194,872	199,769	2.5	17.6	25.8			
Public sector	44,337	33,228	30,866	25,836	20,874	16,772	17,083	17,689	20,570	23,903	24,141	1.0	17.4	36.5			
Private sector	38,470	33,398	41,054	55,885	77,832	110,355	132,844	137,340	145,247	166,619	171,241	2.8	17.9	24.7			
Financial sector	1,985	1,417	1,697	2,450	4,962	5,030	4,793	3,774	4,052	4,351	4,386	0.8	8.3	16.2			
Provisions over loans	-11,952	-9,374	-7,500	-4,930	-3,728	-4,089	-4,744	-5,459	-5,824	-5,938	-6,123	3.1	5.1	12.2			
Other netted credits due to financial intermediation	39,089	27,030	32,554	26,721	26,039	29,712	38,152	37,734	33,498	38,900	35,501	-8.7	6.0	-5.9			
Corporate bonds and subordinated debt	1,708	1,569	1,018	873	773	606	912	1,204	1,146	1,302	1,272	-2.3	11.1	5.7			
Unquoted trusts	6,698	4,133	3,145	3,883	4,881	5,023	5,714	5,875	5,942	5,637	5,824	3.3	-2.0	-0.9			
Compensation receivable	17,111	14,937	15,467	5,841	763	377	357	17	16	15	0	-99.8	-99.8	-99.9			
Other	13,572	6,392	12,924	16,124	19,622	23,706	31,169	30,638	26,395	31,946	28,405	-11.1	7.6	-7.3			
Leasing	567	397	611	1,384	2,262	3,469	3,935	3,100	2,933	3,208	3,329	3.8	13.5	7.4			
Shares in other companies	4,653	4,591	3,871	4,532	6,392	6,430	7,236	6,559	6,711	7,212	7,372	2.2	9.9	12.4			
Fixed assets and miscellaneous	8,636	8,164	7,782	7,546	7,619	7,643	7,903	8,140	8,239	8,538	8,598	0.7	4.3	5.6			
Foreign branches	3,522	3,144	3,524	3,647	2,782	2,912	3,153	4,159	3,926	3,188	3,206	0.6	-18.3	-22.9			
Other assets	9,338	12,043	13,180	10,950	9,953	10,347	12,275	11,105	10,337	10,357	10,023	-3.2	-3.0	-9.7			
<b>Liabilities</b>	<b>161,446</b>	<b>164,923</b>	<b>188,683</b>	<b>195,044</b>	<b>225,369</b>	<b>261,143</b>	<b>305,382</b>	<b>324,933</b>	<b>339,047</b>	<b>393,992</b>	<b>404,916</b>	<b>2.8</b>	<b>19.4</b>	<b>24.6</b>			
Deposits	75,001	94,635	116,655	136,492	170,898	205,550	236,217	256,571	271,853	324,061	335,911	3.7	23.6	30.9			
Public sector <sup>3</sup>	8,381	16,040	31,649	34,019	45,410	48,340	67,151	68,867	69,143	97,630	103,774	6.3	50.1	50.7			
Private sector <sup>3</sup>	59,698	74,951	83,000	100,809	123,431	155,048	166,378	183,980	199,278	223,392	229,287	2.6	15.1	24.6			
Current account	11,462	15,071	18,219	23,487	26,900	35,245	39,619	40,212	45,752	52,167	53,365	2.3	16.6	32.7			
Savings account	10,523	16,809	23,866	29,078	36,442	47,109	50,966	57,082	62,807	69,681	71,115	2.1	13.2	24.6			
Time deposit	19,080	33,285	34,944	42,822	54,338	65,952	69,484	79,548	83,967	92,853	96,022	3.4	14.4	20.7			
CEDRO	12,328	3,217	1,046	17	13	0	0	0	0	0	0	-	-	-			
Other netted liabilities due to financial intermediation	75,737	61,690	64,928	52,072	46,037	46,225	57,662	54,787	52,114	56,291	54,909	-2.5	5.4	0.2			
Interbanking obligations	1,649	1,317	1,461	2,164	4,578	4,310	3,895	2,991	3,251	3,577	3,621	1.2	11.4	21.1			
BCRA lines	27,837	27,491	27,726	17,005	7,686	2,362	1,885	724	270	271	199	-26.4	-26.1	-72.5			
Outstanding bonds	9,096	6,675	7,922	6,548	6,603	6,938	5,984	5,519	5,033	3,938	3,997	1.5	-20.6	-27.6			
Foreign lines of credit	25,199	15,196	8,884	4,684	4,240	3,864	4,541	3,564	3,369	3,260	3,432	5.3	1.9	-3.7			
Other	11,955	11,012	18,934	21,671	22,930	28,752	41,357	41,989	40,191	45,246	43,659	-3.5	8.6	4.0			
Subordinated debts	3,712	2,028	1,415	1,381	1,642	1,672	1,763	1,940	1,922	1,958	1,989	1.6	3.5	2.6			
Other liabilities	6,997	6,569	5,685	5,099	6,792	7,695	9,740	11,636	13,159	11,682	12,107	3.6	-8.0	4.0			
<b>Net worth</b>	<b>26,086</b>	<b>21,950</b>	<b>23,879</b>	<b>26,918</b>	<b>33,014</b>	<b>36,819</b>	<b>41,380</b>	<b>44,601</b>	<b>48,335</b>	<b>51,441</b>	<b>52,502</b>	<b>2.1</b>	<b>8.6</b>	<b>17.7</b>			
<b>Memo</b>																	
Netted assets	185,356	184,371	202,447	208,275	244,791	280,336	321,075	344,716	364,726	417,168	432,141	3.6	18.5	25.4			
Consolidated netted assets	181,253	181,077	198,462	203,286	235,845	271,652	312,002	337,608	357,118	408,351	423,284	3.7	18.5	25.4			

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

Source: BCRA



# Statistics annex | Financial system (cont.)

## Chart 3 | Profitability Structure

Amount in million of pesos	Annual								First 8 months		Monthly			Last
	2002 <sup>1</sup>	2003	2004	2005	2006	2007	2008	2009	2009	2010	Jun-10	Jul-10	Aug-10	12 months
Financial margin	13,991	1,965	6,075	9,475	13,262	15,134	20,462	28,858	18,195	21,785	2,558	3,669	3,546	32,448
Net interest income	-3,624	-943	1,753	3,069	4,150	5,744	9,573	13,917	8,993	11,458	1,398	1,625	1,529	16,382
CER and CVS adjustments	8,298	2,315	1,944	3,051	3,012	2,624	2,822	1,196	664	1,546	141	183	321	2,078
Foreign exchange price adjustments	5,977	-890	866	751	944	1,357	2,307	2,278	1,920	1,396	150	196	158	1,754
Gains on securities	3,639	1,962	1,887	2,371	4,923	5,144	4,398	11,004	5,887	7,696	948	1,756	1,577	12,813
Other financial income	-299	-480	-375	233	235	264	1,362	463	732	-311	-79	-90	-39	-580
Service income margin	4,011	3,415	3,904	4,781	6,243	8,248	10,870	13,052	8,345	10,164	1,359	1,359	1,346	14,872
Loan loss provisions	-10,007	-2,089	-1,511	-1,173	-1,198	-1,894	-2,839	-3,814	-2,510	-2,134	-245	-225	-390	-3,439
Operating costs	-9,520	-7,760	-7,998	-9,437	-11,655	-14,634	-18,767	-22,710	-14,682	-18,097	-2,430	-2,337	-2,344	-26,125
Tax charges	-691	-473	-584	-737	-1,090	-1,537	-2,318	-3,272	-2,111	-2,529	-320	-349	-356	-3,690
Income tax	-509	-305	-275	-581	-595	-1,032	-1,342	-4,226	-2,578	-2,902	-270	-814	-647	-4,549
Adjust. to the valuation of gov. securities <sup>2</sup>	0	-701	-320	-410	-752	-837	-1,757	-184	-138	-183	-21	-16	-16	-229
Amort. payments for court-ordered releases	0	-1,124	-1,686	-1,867	-2,573	-1,922	-994	-471	-214	-429	-123	-29	-58	-686
Other	-3,880	1,738	1,497	1,729	2,664	2,380	1,441	686	377	1,002	331	56	-142	1,311
Monetary results	-12,558	69	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total results<sup>3</sup></b>	<b>-19,162</b>	<b>-5,265</b>	<b>-898</b>	<b>1,780</b>	<b>4,306</b>	<b>3,905</b>	<b>4,757</b>	<b>7,920</b>	<b>4,684</b>	<b>6,677</b>	<b>837</b>	<b>1,314</b>	<b>938</b>	<b>9,913</b>
Adjusted results <sup>4</sup>	-	-3,440	1,337	4,057	7,631	6,665	7,508	8,575	5,036	7,289	982	1,359	1,013	10,828
<b>Annualized indicators - As % of netted assets</b>														
Financial margin	6.5	1.1	3.1	4.6	5.8	5.7	6.7	8.5	8.3	8.2	7.4	10.7	9.9	8.5
Net interest income	-1.7	-0.5	0.9	1.5	1.8	2.2	3.1	4.1	4.1	4.3	4.1	4.7	4.3	4.3
CER and CVS adjustments	3.9	1.3	1.0	1.5	1.3	1.0	0.9	0.4	0.3	0.6	0.4	0.5	0.9	0.5
Foreign exchange price adjustments	2.8	-0.5	0.4	0.4	0.4	0.5	0.8	0.7	0.9	0.5	0.4	0.6	0.4	0.5
Gains on securities	1.7	1.1	1.0	1.2	2.2	1.9	1.4	3.3	2.7	2.9	2.8	5.1	4.4	3.3
Other financial income	-0.1	-0.3	-0.2	0.1	0.1	0.1	0.4	0.1	0.3	-0.1	-0.2	-0.3	-0.1	-0.2
Service income margin	1.9	1.9	2.0	2.3	2.7	3.1	3.6	3.9	3.8	3.8	4.0	3.9	3.8	3.9
Loan loss provisions	-4.7	-1.1	-0.8	-0.6	-0.5	-0.7	-0.9	-1.1	-1.1	-0.8	-0.7	-0.7	-1.1	-0.9
Operating costs	-4.4	-4.2	-4.1	-4.6	-5.1	-5.5	-6.1	-6.7	-6.7	-6.8	-7.1	-6.8	-6.6	-6.8
Tax charges	-0.3	-0.3	-0.3	-0.4	-0.5	-0.6	-0.8	-1.0	-1.0	-1.0	-0.9	-1.0	-1.0	-1.0
Income tax	-0.2	-0.2	-0.1	-0.3	-0.3	-0.4	-0.4	-1.3	-1.2	-1.1	-0.8	-2.4	-1.8	-1.2
Adjust. to the valuation of gov. securities <sup>2</sup>	0.0	-0.4	-0.2	-0.2	-0.3	-0.3	-0.6	-0.1	-0.1	-0.1	-0.1	0.0	0.0	-0.1
Amort. payments for court-ordered releases	0.0	-0.6	-0.9	-0.9	-1.1	-0.7	-0.3	-0.1	-0.1	-0.2	-0.4	-0.1	-0.2	-0.2
Other	-1.8	0.9	0.8	0.8	1.2	0.9	0.5	0.2	0.2	0.4	1.0	0.2	-0.4	0.3
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
<b>ROA<sup>3</sup></b>	<b>-8.9</b>	<b>-2.9</b>	<b>-0.5</b>	<b>0.9</b>	<b>1.9</b>	<b>1.5</b>	<b>1.6</b>	<b>2.3</b>	<b>2.1</b>	<b>2.5</b>	<b>2.4</b>	<b>3.8</b>	<b>2.6</b>	<b>2.6</b>
ROA adjusted <sup>4</sup>	-8.9	-1.9	0.7	2.0	3.4	2.5	2.5	2.5	2.3	2.7	2.9	4.0	2.8	2.8
ROE <sup>3</sup>	-59.2	-22.7	-4.2	7.0	14.3	11.0	13.4	19.2	17.7	21.4	21.8	33.6	22.8	21.6

(1) Data at December 2002 currency (2) Com. "A" 391 I. Adjustments to the valuation of government unlisted securities according to Com. "A" 4084 are included under the "gains from securities" heading.

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

(4) Excluding amortization of payments for court-ordered releases and the effects of Com. "A" 391 I and 4084.

Source: BCRA

## Chart 4 | Portfolio Quality

As percentage	Dec 02	Dec 03	Dec 04	Dec 05	Dec 06	Dec 07	Dec 08	Aug 09	Dec 09	Jul 10	Aug 10
Non-performing loans (overall)	18.1	17.7	10.7	5.2	3.4	2.7	2.7	3.3	3.0	2.4	2.4
<b>Non-performing loans to the non-financial private sector</b>	<b>38.6</b>	<b>33.5</b>	<b>18.6</b>	<b>7.6</b>	<b>4.5</b>	<b>3.2</b>	<b>3.1</b>	<b>3.8</b>	<b>3.5</b>	<b>2.8</b>	<b>2.8</b>
Provisions / Non-performing loans	73.8	79.2	102.9	124.5	129.9	129.6	131.4	116.5	126.2	139.0	144.0
(Total non-performing - Provisions) / Overall financing	4.7	3.7	-0.3	-1.3	-1.0	-0.8	-0.8	-0.5	-0.8	-1.0	-1.0
(Total non-performing - Provisions) / Net worth	17.2	11.9	-1.0	-4.1	-3.3	-3.0	-3.3	-2.0	-2.9	-3.7	-4.1

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

Source: BCRA

## Statistics annex | Private banks

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

As %	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Aug 2009	2009	Jul 2010	Aug 2010
1.- Liquidity	23.6	26.9	22.8	24.3	24.1	23.6	24.8	27.6	29.2	21.5	23.7	25.7	34.1	33.2	29.8	28.2	28.9
2.- Credit to the public sector	13.5	13.7	13.6	16.1	14.7	20.8	50.0	47.7	41.6	28.5	16.3	9.5	6.3	5.7	6.2	5.3	5.0
3.- Credit to the private sector	51.0	46.7	47.6	44.6	38.4	45.4	22.4	19.9	22.5	31.1	37.9	46.6	44.0	42.9	43.3	47.1	47.5
4.- Private non-performing loans	11.1	8.5	7.7	8.9	9.8	14.0	37.4	30.4	15.3	6.3	3.6	2.5	2.8	3.6	3.3	2.7	2.6
5.- Net worth exposure to the private sector	21.6	14.3	13.2	11.5	13.4	11.4	18.6	11.2	1.9	-2.2	-3.0	-3.6	-3.4	-2.0	-3.1	-3.7	-3.8
6.- ROA	0.6	0.7	0.5	0.3	0.1	0.2	-11.3	-2.5	-1.0	0.5	2.2	1.6	1.9	2.6	3.0	2.9	3.0
7.- ROE	4.1	6.3	4.3	2.3	0.8	1.4	-79.0	-19.1	-8.1	4.1	15.3	10.9	15.2	20.6	22.9	22.0	22.5
8.- Efficiency	144	135	139	146	152	151	168	93	115	136	158	152	166	192	195	174	176
9.- Capital compliance	15.9	15.4	14.6	18.9	18.0	17.6	-	14.0	15.1	17.8	18.6	19.2	18.3	21.5	22.5	20.9	20.9
10.- Excess capital compliance	33	47	27	60	49	43	-	88	157	155	116	87	86	112	120	105	105

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	Aug 09	Dec 09	Jul 10	Aug 10	Change (in%)					
												Last month	2010	Last 12 months			
<b>Assets</b>	<b>118,906</b>	<b>116,633</b>	<b>128,065</b>	<b>129,680</b>	<b>152,414</b>	<b>175,509</b>	<b>208,888</b>	<b>216,896</b>	<b>229,549</b>	<b>249,549</b>	<b>254,295</b>	<b>1.9</b>	<b>10.8</b>	<b>17.2</b>			
Liquid assets <sup>1</sup>	11,044	14,500	15,893	14,074	22,226	29,418	37,044	42,028	43,562	45,292	48,652	7.4	11.7	15.8			
Public bonds	19,751	22,260	24,817	29,966	27,663	24,444	29,552	40,984	47,949	46,184	46,767	1.3	-2.5	14.1			
Lebac/Nobac	-	-	8,359	15,227	15,952	17,684	23,457	27,772	31,575	31,111	32,141	3.3	1.8	15.7			
Portfolio	-	-	5,611	12,899	14,220	15,639	12,858	21,246	27,413	25,502	28,471	11.6	3.9	34.0			
Repo <sup>2</sup>	-	-	2,749	2,328	1,732	2,045	10,598	6,525	4,161	5,609	3,670	-34.6	-11.8	-43.8			
Private bonds	273	172	333	307	683	310	127	173	233	147	158	8.0	-32.0	-8.5			
Loans	51,774	47,017	50,741	56,565	69,294	88,898	98,529	95,171	101,722	119,857	123,083	2.7	21.0	29.3			
Public sector	25,056	23,571	21,420	15,954	10,036	6,413	6,249	1,785	1,694	1,654	1,724	4.2	1.8	-3.4			
Private sector	26,074	22,816	28,213	39,031	55,632	78,587	88,426	90,438	96,790	114,714	117,836	2.7	21.7	30.3			
Financial sector	644	630	1,107	1,580	3,626	3,898	3,854	2,948	3,238	3,489	3,523	1.0	8.8	19.5			
Provisions over loans	-7,463	-5,225	-3,717	-2,482	-2,227	-2,365	-2,871	-3,386	-3,653	-3,833	-3,864	0.8	5.8	14.1			
Other netted credits due to financial intermediation	27,212	22,148	25,753	16,873	18,387	17,084	25,265	22,894	21,258	22,520	19,913	-11.6	-6.3	-13.0			
Corporate bonds and subordinated debt	1,514	1,394	829	675	618	430	699	847	734	773	722	-6.7	-1.7	-14.8			
Unquoted trusts	6,205	3,571	2,362	2,444	2,982	3,456	3,869	4,242	4,198	3,998	3,961	-0.9	-5.6	-6.6			
Compensation receivable	15,971	13,812	14,657	5,575	760	377	357	17	16	15	0	-	-	-			
Other	3,523	3,370	7,905	8,179	14,027	12,822	20,339	17,789	16,311	17,734	15,231	-14.1	-6.6	-14.4			
Leasing	553	387	592	1,356	2,126	3,149	4,351	2,701	2,569	2,830	2,952	4.3	14.9	9.3			
Shares in other companies	3,123	2,791	1,892	2,416	4,042	3,762	4,538	3,807	4,067	4,459	4,594	3.0	13.0	20.7			
Fixed assets and miscellaneous	5,198	4,902	4,678	4,575	4,677	4,685	4,926	5,055	5,096	5,335	5,405	1.3	6.1	6.9			
Foreign branches	-109	-136	-53	-148	-139	-154	-178	-203	-202	-214	-215	0.5	6.2	5.8			
Other assets	7,549	7,816	7,137	6,178	5,682	6,277	8,505	7,672	6,946	6,972	6,848	-1.8	-1.4	-10.7			
<b>Liabilities</b>	<b>103,079</b>	<b>101,732</b>	<b>113,285</b>	<b>112,600</b>	<b>131,476</b>	<b>152,153</b>	<b>182,596</b>	<b>188,510</b>	<b>198,438</b>	<b>217,184</b>	<b>221,168</b>	<b>1.8</b>	<b>11.5</b>	<b>17.3</b>			
Deposits	44,445	52,625	62,685	75,668	94,095	116,719	135,711	143,947	154,387	173,044	178,465	3.1	15.6	24.0			
Public sector <sup>3</sup>	1,636	3,077	6,039	6,946	7,029	7,564	19,600	19,249	17,757	23,712	24,742	4.3	39.3	28.5			
Private sector <sup>3</sup>	38,289	47,097	55,384	67,859	85,714	107,671	114,176	122,493	134,426	147,978	152,279	2.9	13.3	24.3			
Current account	8,905	11,588	13,966	17,946	20,604	27,132	30,188	29,963	35,127	38,782	39,756	2.5	13.2	32.7			
Savings account	6,309	10,547	14,842	18,362	23,165	30,169	32,778	36,208	40,999	44,522	45,362	1.9	10.6	25.3			
Time deposit	11,083	18,710	22,729	27,736	38,043	45,770	46,990	51,623	54,058	58,756	61,187	4.1	13.2	18.5			
CEDRO	9,016	2,409	798	3	1	0	0	0	0	0	0	-	-	-			
Other netted liabilities due to financial intermediation	49,341	42,367	45,083	32,349	31,750	29,323	39,298	35,514	34,235	35,077	33,470	-4.6	-2.2	-5.8			
Interbanking obligations	836	726	1,070	1,488	3,383	1,979	1,160	1,121	1,668	1,576	1,660	5.3	-0.5	48.0			
BCRA lines	16,624	17,030	17,768	10,088	3,689	675	649	72	41	38	34	-11.2	-18.5	-53.6			
Outstanding bonds	9,073	6,674	7,922	6,548	6,413	6,686	5,672	5,191	4,626	3,653	3,712	1.6	-19.8	-28.5			
Foreign lines of credit	15,434	9,998	5,444	2,696	2,249	1,833	2,261	1,153	1,262	1,197	1,363	13.9	8.0	18.2			
Other	7,374	7,939	12,878	11,530	16,015	18,150	29,555	27,976	26,638	28,614	26,701	-6.7	0.2	-4.6			
Subordinated debts	3,622	1,850	1,304	1,319	1,642	1,668	1,759	1,936	1,918	1,955	1,976	1.1	3.0	2.0			
Other liabilities	5,671	4,890	4,213	3,264	3,989	4,443	5,828	7,112	7,897	7,108	7,257	2.1	-8.1	2.0			
<b>Net worth</b>	<b>15,827</b>	<b>14,900</b>	<b>14,780</b>	<b>17,080</b>	<b>20,938</b>	<b>23,356</b>	<b>26,292</b>	<b>28,386</b>	<b>31,111</b>	<b>32,365</b>	<b>33,127</b>	<b>2.4</b>	<b>6.5</b>	<b>16.7</b>			
<b>Memo</b>																	
<b>Netted assets</b>	<b>117,928</b>	<b>115,091</b>	<b>121,889</b>	<b>123,271</b>	<b>143,807</b>	<b>166,231</b>	<b>192,074</b>	<b>202,551</b>	<b>216,100</b>	<b>234,630</b>	<b>241,467</b>	<b>2.9</b>	<b>11.7</b>	<b>19.2</b>			

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

Source: BCRA

## Statistics annex | Private banks (cont.)

### Chart 7 | Profitability Structure

Amount in million of pesos	Annual								First 8 months		Monthly			Last
	2002 <sup>1</sup>	2003	2004	2005	2006	2007	2008	2009	2009	2010	Jun-10	Jul-10	Aug-10	12 months
Financial margin	10,628	2,575	3,415	5,253	7,778	8,960	12,964	19,720	12,476	13,669	1,785	2,163	1,922	20,913
Net interest income	-304	107	1,214	2,069	2,826	4,191	7,727	10,068	6,664	8,073	1,045	1,122	1,096	11,476
CER and CVS adjustments	1,476	1,082	900	1,215	858	662	651	185	101	187	13	22	57	270
Foreign exchange price adjustments	6,189	-312	666	576	740	990	1,620	1,509	1,164	967	127	131	117	1,312
Gains on securities	3,464	1,892	959	1,259	3,154	2,888	1,637	7,343	3,783	4,580	661	961	672	8,140
Other financial income	-197	-195	-322	134	199	229	1,329	616	765	-136	-61	-73	-21	-285
Service income margin	2,782	2,341	2,774	3,350	4,459	5,881	7,632	9,198	5,895	7,209	942	963	955	10,512
Loan loss provisions	-6,923	-1,461	-1,036	-714	-737	-1,174	-1,863	-2,751	-1,777	-1,385	-149	-157	-178	-2,359
Operating costs	-6,726	-5,310	-5,382	-6,303	-7,741	-9,735	-12,401	-14,807	-9,581	-11,891	-1,636	-1,559	-1,531	-17,118
Tax charges	-512	-366	-393	-509	-769	-1,105	-1,715	-2,380	-1,531	-1,821	-230	-253	-251	-2,670
Income tax	-337	-295	-202	-217	-365	-380	-1,168	-3,001	-1,978	-1,762	-216	-354	-248	-2,785
Adjust. to the valuation of gov. securities <sup>2</sup>	0	-665	-51	-201	-170	-100	-267	3	-24	19	1	6	4	46
Amort. payments for court-ordered releases	0	-791	-1,147	-1,168	-1,182	-1,466	-688	-233	-103	-300	-105	-16	-44	-430
Other	-4,164	1,178	846	1,156	1,641	1,576	916	264	88	707	139	96	36	883
Monetary results	-10,531	-20	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total results<sup>3</sup></b>	<b>-15,784</b>	<b>-2,813</b>	<b>-1,176</b>	<b>648</b>	<b>2,915</b>	<b>2,457</b>	<b>3,412</b>	<b>6,014</b>	<b>3,466</b>	<b>4,445</b>	<b>530</b>	<b>890</b>	<b>666</b>	<b>6,992</b>
Adjusted results <sup>4</sup>	-	-1,357	252	2,016	4,267	4,023	4,367	6,244	3,593	4,726	634	899	705	7,376
<b>Annualized indicators - As % of netted assets</b>														
Financial margin	7.6	2.3	2.9	4.3	5.9	5.8	7.3	9.8	9.5	9.1	9.3	11.2	9.6	9.5
Net interest income	-0.2	0.1	1.0	1.7	2.1	2.7	4.4	5.0	5.1	5.4	5.5	5.8	5.5	5.2
CER and CVS adjustments	1.1	0.9	0.8	1.0	0.6	0.4	0.4	0.1	0.1	0.1	0.1	0.1	0.3	0.1
Foreign exchange price adjustments	4.4	-0.3	0.6	0.5	0.6	0.6	0.9	0.8	0.9	0.6	0.7	0.7	0.6	0.6
Gains on securities	2.5	1.7	0.8	1.0	2.4	1.9	0.9	3.7	2.9	3.1	3.5	5.0	3.4	3.7
Other financial income	-0.1	-0.2	-0.3	0.1	0.2	0.1	0.8	0.3	0.6	-0.1	-0.3	-0.4	-0.1	-0.1
Service income margin	2.0	2.0	2.4	2.7	3.4	3.8	4.3	4.6	4.5	4.8	4.9	5.0	4.8	4.8
Loan loss provisions	-5.0	-1.3	-0.9	-0.6	-0.6	-0.8	-1.1	-1.4	-1.4	-0.9	-0.8	-0.8	-0.9	-1.1
Operating costs	-4.8	-4.6	-4.6	-5.1	-5.9	-6.3	-7.0	-7.4	-7.3	-7.9	-8.6	-8.1	-7.7	-7.8
Tax charges	-0.4	-0.3	-0.3	-0.4	-0.6	-0.7	-1.0	-1.2	-1.2	-1.2	-1.2	-1.3	-1.3	-1.2
Income tax	-0.2	-0.3	-0.2	-0.2	-0.3	-0.2	-0.7	-1.5	-1.5	-1.2	-1.1	-1.8	-1.2	-1.3
Adjust. to the valuation of gov. securities <sup>2</sup>	0.0	-0.6	0.0	-0.2	-0.1	-0.1	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amort. payments for court-ordered releases	0.0	-0.7	-1.0	-1.0	-0.9	-0.9	-0.4	-0.1	-0.1	-0.2	-0.6	-0.1	-0.2	-0.2
Other	-3.0	1.0	0.7	0.9	1.2	1.0	0.5	0.1	0.1	0.5	0.7	0.5	0.2	0.4
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
<b>ROA<sup>3</sup></b>	<b>-11.3</b>	<b>-2.5</b>	<b>-1.0</b>	<b>0.5</b>	<b>2.2</b>	<b>1.6</b>	<b>1.9</b>	<b>3.0</b>	<b>2.6</b>	<b>3.0</b>	<b>2.8</b>	<b>4.6</b>	<b>3.3</b>	<b>3.2</b>
ROA adjusted <sup>4</sup>	-11.3	-1.2	0.2	1.6	3.2	2.6	2.5	3.1	2.7	3.2	3.3	4.7	3.5	3.4
ROE <sup>3</sup>	-79.0	-19.1	-8.1	4.1	15.3	10.9	15.2	22.9	20.6	22.5	22.2	36.7	25.6	24.0

(1) Data at December 2002 currency (2) Com. "A" 391 I. Adjustments to the valuation of government unlisted securities according to Com. "A" 4084 are included under the "gains from securities" heading.

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

(4) Excluding amortization of payments for court-ordered releases and the effects of Com. "A" 391 I and 4084.

Source: BCRA

### Chart 8 | Portfolio Quality

As percentage	Dec 02	Dec 03	Dec 04	Dec 05	Dec 06	Dec 07	Dec 08	Aug 09	Dec 09	Jul 10	Aug 10
Non-performing loans (overall)	19.8	15.7	8.9	4.4	2.9	2.2	2.5	3.5	3.1	2.6	2.5
<b>Non-performing loans to the non-financial private sector</b>	<b>37.4</b>	<b>30.4</b>	<b>15.3</b>	<b>6.3</b>	<b>3.6</b>	<b>2.5</b>	<b>2.8</b>	<b>3.6</b>	<b>3.3</b>	<b>2.7</b>	<b>2.6</b>
Provisions / Non-performing loans	73.4	79.0	97.0	114.3	129.3	141.3	134.1	116.6	128.9	137.2	139.4
(Total non-performing - Provisions) / Overall financing	5.3	3.3	0.4	-0.6	-0.9	-0.9	-0.9	-0.6	-0.9	-1.0	-1.0
(Total non-performing - Provisions) / Net worth	18.6	11.2	1.3	-2.2	-3.0	-3.6	-3.4	-2.0	-3.1	-3.7	-3.8

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

Source: BCRA