Report on Banks

FEBRUARY 2008

Year V – No. 6

Contents

Note: This report contains information from February 2008 available on April 1, 2008. Description centers mainly on the behavior of the financial system (including breakdowns by uniform sub-groups). Figures provided (particularly in the case of profitability) are preliminary, and may be subject to change.

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Summary

- **Banks continued to increase financial intermediation in February, consolidating the trend seen in recent years.** During the month, deposit of the private sector growth was the most significant source of funding for the financial system, driving an increase in lending to companies and households. Despite the volatile international context, this behavior took place together with the preservation of adequate liquidity and an improvement in sector solvency.

- **The increase in total deposits was explained by the behavior of private sector deposits,** which rose 1.3% (25.9% y.o.y.) in the month, led mostly by time deposits (1.4%), and to a lesser extent by sight accounts (0.9%).

- **Liquidity levels remained high**. The liquidity indicator stood at 24.8% of total deposits in February, 0.2 p.p. less than in the previous month. There was a drop in the volume of repos with the Central Bank and an increase in current accounts held at the Central Bank and in cash holdings by financial entities, partially because February was the last month for the quarterly minimum cash position measurement period.

- **Lending to the private sector continued to increase at a good rhythm**. The most dynamic lines were personal loans (3.8%) and pledge-backed loans (2.8%). Bank lending to the corporate sector has increased by over 30% in the last 12 months. Nevertheless, there is still room for improvement in terms of the depth of corporate credit lines in at least two areas: the lengthening of maturity to stimulate investment and greater penetration in the SME segment. In the case of the latter, **bank leasing has been gaining ground as a financing tool. Although the rate slowed slightly at the beginning of 2008, funding for SME has continued to be obtained on the capital markets.**

- In February, non-performance remained at a level of 3.3% of lending to the private sector, showing a total reduction of 0.9 p.p. in the last 12 months. **The year-on-year drop in delinquency was explained by the dynamic of corporate lending.**

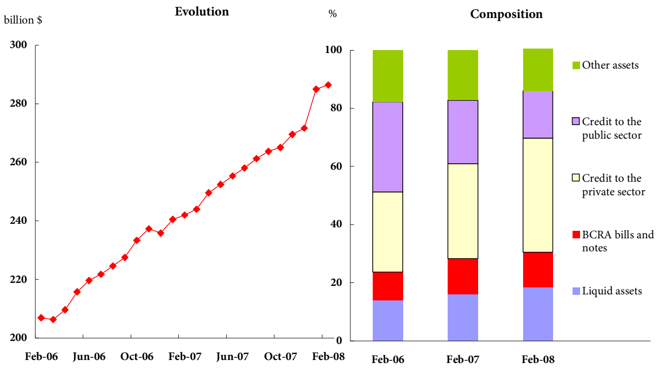
- Despite the turbulent international context, **in February a private bank issued a 9-months-floating interest rate corporate bond in pesos for $90 million**, the first such issue by a bank since June 2007. **Foreign credit lines of credit provided another source of funding** ($300 million). Over the last 12 months these lines have risen by 18%, reversing the declining trend seen since the end of the 2001-2002 crisis.

- **The sector continued to improve its solvency levels during the month.** Bank net worth grew by over $500 million (1.4% or 11.9% y.o.y.), an increase that was explained by profits and capital contributions of two private foreign banks. Book profits were lower in February, mainly because of the smaller gains on securities.

Chart 1

Netted Assets

Financial system

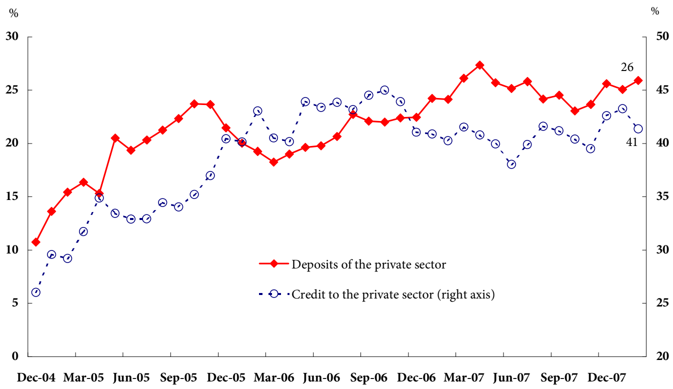


Source: BCRA

Chart 2

Financial Intermediation whith the Private Sector

Year on year % change

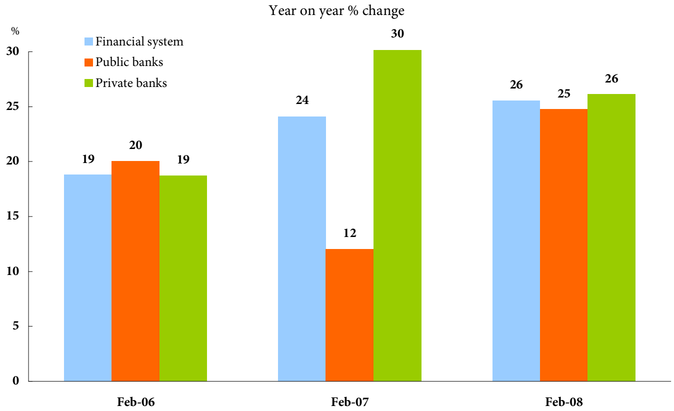


Source: BCRA

Chart 3

Deposits of the Private Sector

Year on year % change



Source: BCRA

Activity:

Financial intermediation with the private sector continues to increase

Financial system netted assets rose 0.5% in February (see Chart 1), **accumulating a year-on-year (y.o.y.) increase of 17.5%.** In the last twelve months expansion in netted assets was driven by steady growth in credit to the private sector, which reached almost 40% of that total. Liquid assets also increased their share, with an expansion of 2.4 p.p. in the last 12 months, to 18.4% of netted assets. Credit to the public sector saw a drop in its share of 5.5 p.p. of netted assets, to 16.3%[1].

The increase in deposits of the private sector (almost $2.1 billion) **formed the main source of funds for banks during February.** Also notable were the placements of corporate bonds by private banks and the receipt of foreign lines of credit. **The most significant application of funds in February was the increase in financing to the private sector** ($1.4 billion)[2]. Other notable uses of resources during the month were the decline in deposits of the public sector and an increase in Lebac and Nobac position. Here it should be noted that in recent years the increase in credit to the private sector has to a large extent been funded by deposits of the private sector (see Chart 2).

As in the case of the system as a whole, for private banks the principal source of funding was an increase in deposits of the private sector ($930 million) **in February**. Second in importance in the generation of funds was the reduction in Lebac and Nobac position (almost $700 million) and the placing of corporate bonds and the receipt of foreign lines of credit. The main use of funds in February was the growth in lending to the private sector ($840 million), together with a decline in public sector deposits.

Deposits and liquidity:

Time deposits drove the increase in private sector deposits

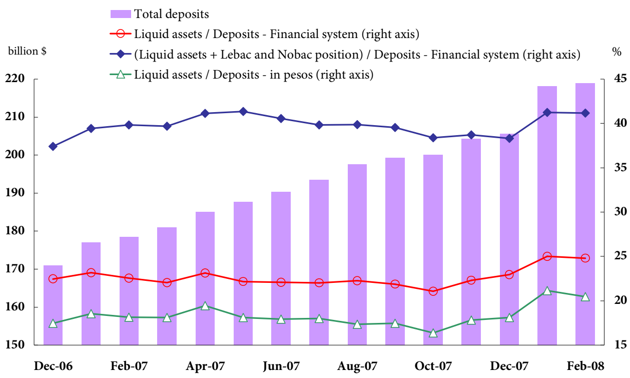
In February, deposits of the private sector boosted total deposits. Total non-financial deposits increased almost $1.1 billion (0.5% or 23.2% y.o.y.) in February. This higher total deposit stock was explained by increased deposits of the private sector ($2.1 billion,

[1] In terms of total bank assets, credit to the private sector stood at 37% and credit to the public sector reached 15.1% in February 2008.

[2] Adjusted to take into account the issuance of financial trusts during the month. Includes financing by means of leasing.

Chart 4

Deposits and Liquidity

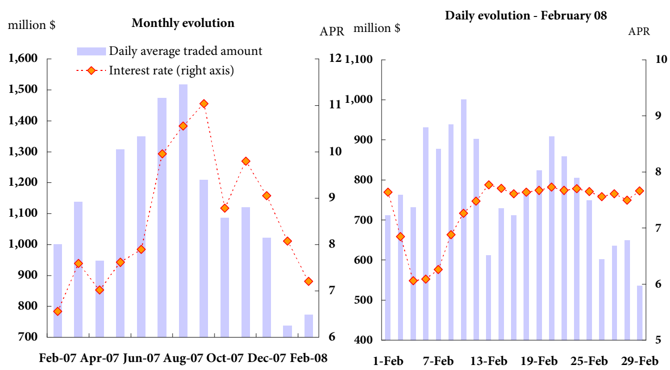


Source: BCRA

Chart 5

Call Market

1-day maturity operations in pesos

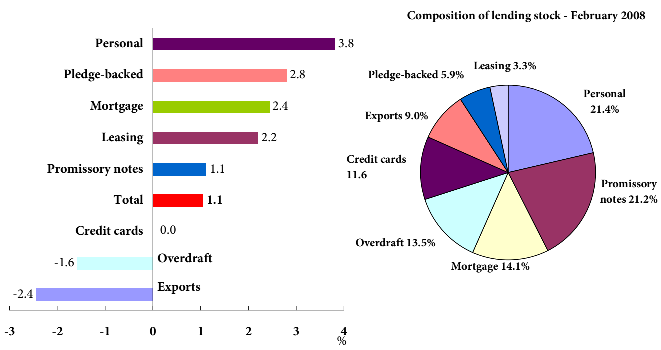


Source: BCRA

Chart 6

Credit to the Private Sector by Type of Line

Monthly % change - February 2008



Note: Stocks are not adjusted by financial trusts monthly issues
Source: BCRA

1.3% or 25.9% y.o.y.) (see Chart 3), as deposits of the public sector fell by $1 billion. **The increase for the month in time deposits of the private sector (1.4%) was higher than the increase in sight deposits (0.9%).**

Banks continue to record adequate liquidity levels. In February, bank **liquid assets** dropped slightly ($200 million). While the position in repos with the BCRA fell during the month ($4 billion), stock in current accounts held at the BCRA and in cash went up ($3.8 billion). This behavior for the month was partly explained by the end of the quarterly measurement period for the minimum cash position.

The **liquidity indicator**[3] stood at 24.8% of total deposits in February (see Chart 4), 0.2 p.p. less than in the previous month. The increased Lebac and Nobac position meant that the liquidity indicator that includes that position stood at 41.2% of total deposits. **The drop for the month in liquid assets was proportionately greater in the case of public banks.** The liquidity indicator for official financial entities dropped 0.3 p.p. in February, to 23.2% of total deposits. Private banks posted a drop of 0.1 p.p. in their liquidity ratio in February, to 25.8% of their total deposits.

Call market interest rates continued to drop in February. The one-day call money interest rate fell 0.9 p.p., averaging 7.2% during February (see Chart 5). The volume traded on this market reached a daily average of $770 million in February, similar to that of the previous month.

Financing:

Personal and pledge-backed loans showed the greatest dynamism during month

Credit to the private sector continued along is growth path in the second month of the year, increasing 1.1%. **This increase for the month ensured that the private lending growth rate rose above 40% in the last twelve months.** The most dynamic credit lines in February were personal loans and pledge-backed loans (up 3.8% and 2.8%, respectively) (see Chart 6). This development took place in a context of stable interest rates for personal loans, while in the case of pledge-backed loans there was a slight rise in the interest rate.

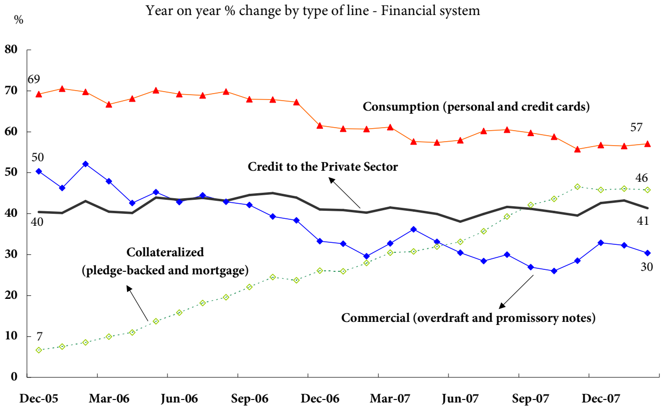
The stock of collateralized credit to the private sector (mortgage and pledge-backed loans) continued to rise

[3] Cash, current account deposits and repos with the Central Bank in terms of total deposits.

Chart 7

Credit to the Private Sector

Year on year % change by type of line - Financial system

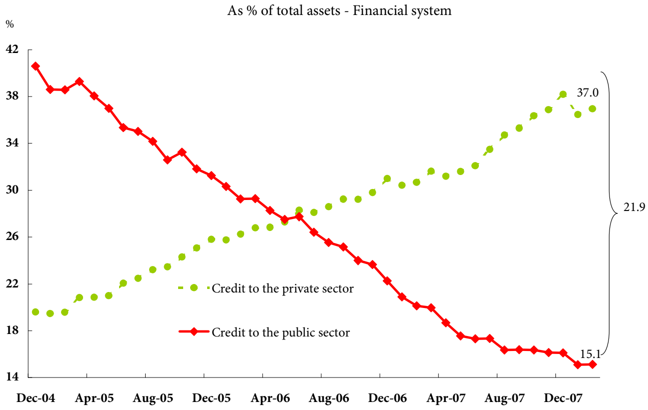


Source: BCRA

Chart 8

Public and Private Sector Exposure

As % of total assets - Financial system

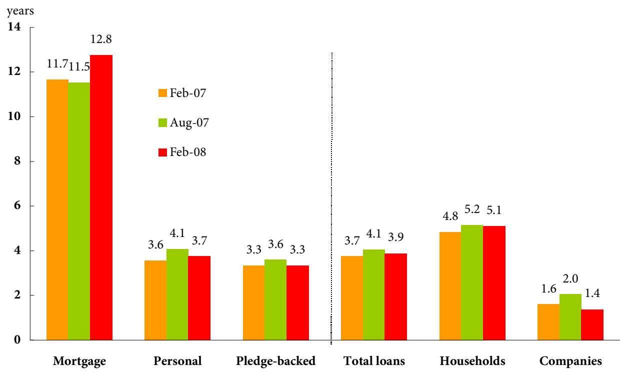


Source: BCRA

Chart 9

Lending to the Private Sector

Average maturity weighted by amount



NOTE: Excludes overdraft and credit cards.

Source: BCRA

at a good rate during February. During the month the increase in collateralized lending exceeded the rate of growth observed in consumer and commercial loans, having been higher on an annualized basis than the average increase for the private sector as a whole (see Chart 7). **There was notable growth by mortgage loans,** in both February and over the last twelve months (2.4% and 41.5%, respectively).

Certain **commercial credit lines** (overdrafts and export credit) registered a drop during the month. These movements were largely a reflection of specific transactions by a few large corporations.

In February exposure to the public sector remained steady at 15.1% of total assets (see Chart 8), **accumulating a drop of 5 p.p. in the last twelve months**. This change was driven by private financial entities, which lowered their exposure to the public sector by 0.1 p.p. in February (5.2 p.p. in the last twelve months), to a level of 8.7% of assets.

Compared with figures for the previous year, the greater contribution to total growth and the increase in **term to maturity from mortgage loans drove the rise in the average term of loans granted to the private sector.** Whereas in February 2007 the average maturity of mortgage loans was 11.7 years, by February 2008 these loans recorded an average term of 12.8 years (reaching 14.2 years in the case of mortgage loans to households). In this context, the average term for total loans to the private sector totaled almost 4 years, slightly above the level reached twelve months earlier (see Chart 9). Nevertheless, because of the rising volatility on international financial markets, in the second part of 2007 and the beginning of 2008 a slight reduction took place in the average maturity of loans granted, mainly from the dynamic of lending to companies and certain consumer credit lines, such as personal and pledge-backed loans.

Portfolio quality:

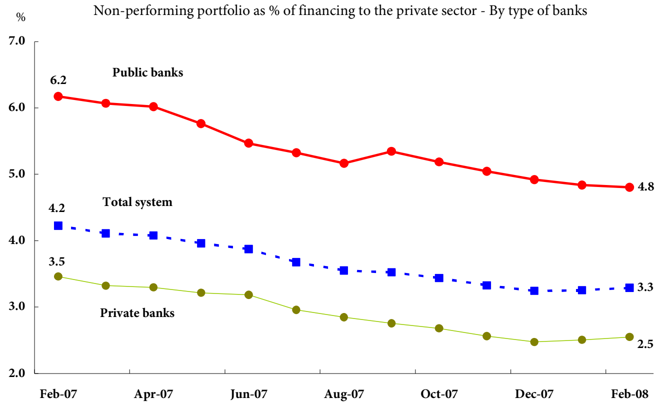
Corporate lending leads reduction in non-performance

In a context of steady growth in lending, the private sector records reduced delinquency levels. In February the private sector non-performing portfolio remained steady at 3.3%, showing a total reduction of 0.9 p.p. in the last 12 months. **The year-on-year drop in the non-performance ratio was greater in the case of public banks that in private banks.** Over the last twelve months the non-performance ratio in official financial

Chart 10

Financial System Non-Performance

Non-performing portfolio as % of financing to the private sector - By type of banks

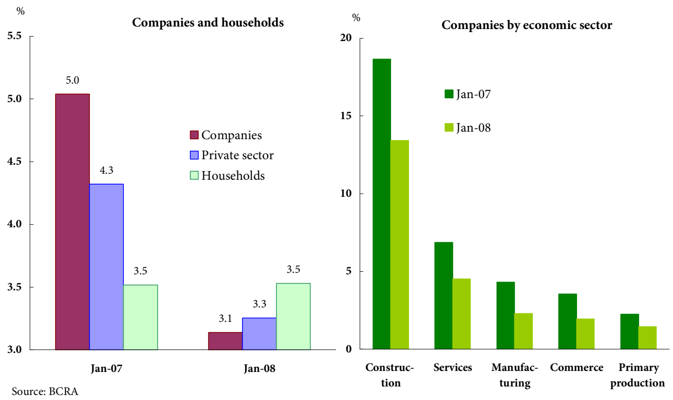


Source: BCRA

Chart 11

Non-Performing Credit to the Private Sector

Non-performing portfolio as % of total financing

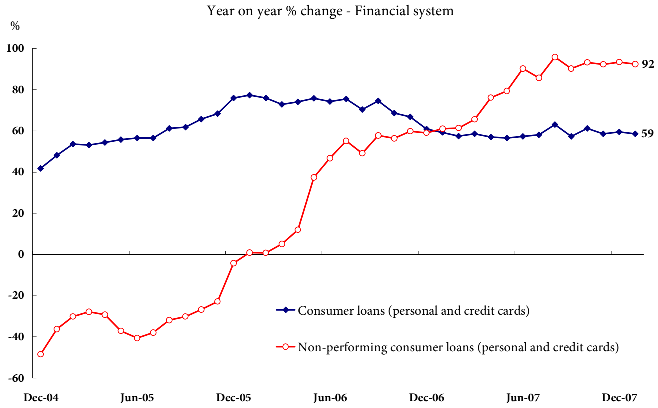


Source: BCRA

Chart 12

Total and Non-Performing Private Loans - Household Consumption

Year on year % change - Financial system



Source: BCRA

entities dropped 1.4 p.p., to 4.8%, while in private banks it dropped 0.9 p.p., to a level of 2.6% in February (see Chart 10).

On the basis of information as at January, it can be seen that **the improvement in portfolio quality is largely explained by the dynamic of lending to companies.** Non-performance in the case of corporate lending dropped 1.9 p.p. over 12 months to 3.1%, while in the case of households the ratio remained steady at 3.5% (see Chart 11).

The reduction in delinquency in the corporate financing was widespread across all economic sectors in the last 12 months. The best relative performance in January 2008 was seen in loans granted to the primary production and commerce, for which non-performance ratios were 1.4% and 1.9% of loans respectively.

Corporate sector delinquency presents two distinctive features: it is centered on large debtors, and is mainly accounted for by credit lines originating in the pre-crisis period[4].

Although the non-performance ratio for credit lines to households remained stable over the last 12 months, **there was some increase in delinquency in consumer credit lines**. Delinquency in household consumer credit lines reached 3.7%, 0.6 p.p. more than one year earlier. Although household consumer credit grew 59% in the last 12 months, the later performance was influenced by the increase in the nominal amount of non-performing portfolio, which almost doubled in size (see Chart12).

As an example of the **sound position of banks in the face of credit risk,** in February cover by means of provisions stood at 128% of the total non-performing portfolio, a level similar to that recorded 12 months earlier. Consequently the ratio for non-performing loans net of provisions in terms of net worth remains negative (-2.8%).

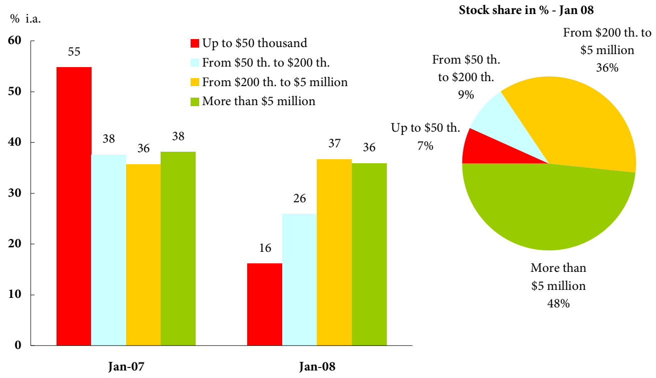
Lending to SME:

Bank leasing gains strength as financing tool

Bank financing to the corporate sector increased 34% in the last 12 months. Nevertheless, **there is still room for improvement in terms of the depth of corporate credit lines in at least two areas: the lengthening of maturity to stimulate investment, and greater penetration in**

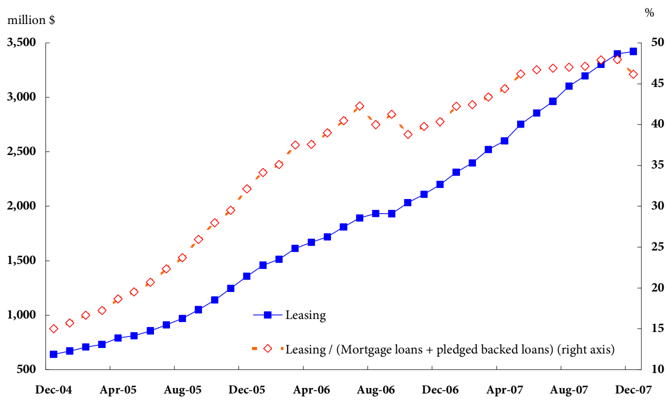
[4] For further details, see the Financial Stability Bulletin (FSB) for the first half of 2008.

Chart 13
Lending to Companies by Amount Range
Year on year % change - Financial system



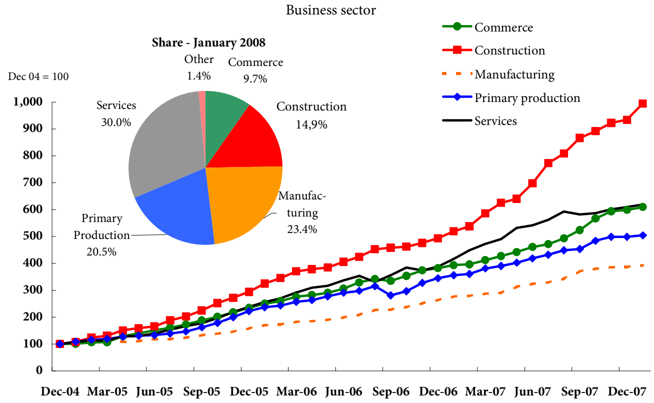
Source: BCRA

Chart 14
Banking Leasing to Companies



Source: BCRA

Chart 15
Leasing Operations
Business sector



Source: BCRA

the small business segment. Progress is gradually being made in both these areas.

Specifically, **bank lending to companies in the smallest residual stock segment** (below $5 million, mainly associated with micro, small and medium sized enterprises) **rose at an annual rate of 32% in the last 12 month, below the rate recorded in the same period of the previous year** (see Chart 13). These credit lines already have a significant weighting in the overall total (52% of financial system lending to companies). Loans with stocks of up to $5 million continue to record adequate performance levels in terms of delinquency (2.8% of loans), below the average for corporate lending.

Complementing traditional loans, **bank leasing has developed into a financing tool especially suited to the Micro and SME, and has gained in depth as a source of funding for the acquisition of machinery and technology.** In the last 12 months bank leasing recorded a greater than average growth rate of 51%. At the beginning of 2008 bank leasing accounted for 46% of pledge-backed and mortgage lending to companies, 4 p.p. more than the figure 12 months earlier (see Chart 14). This tool continues to be used to finance productive undertakings, particularly in the services and industry sectors (see Chart 15), with notable dynamism in the construction sector.

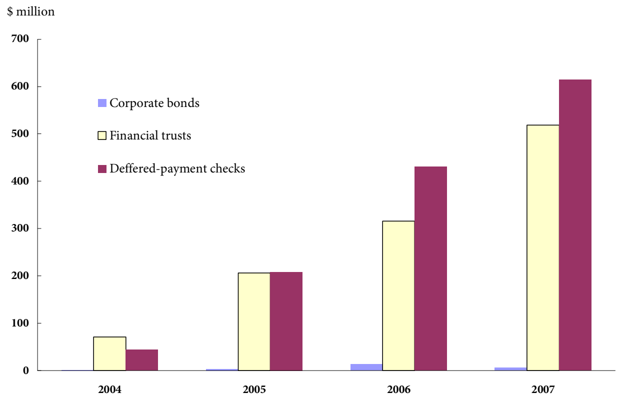
During 2007 Micro and SME increasingly obtained resources on the capital market. Deferred payment checks (CHPD) represent the main SME capital market financing instrument (see Chart 16), in preference to financial trusts and less commonly-used tools such as corporate bonds, the issue of short-term securities or share subscription. Transactions using CHPD have increased steadily since they began to be traded in December 2003. In 2007 over $600 million was negotiated in the form of deferred checks on the Buenos Aires Stock Exchange (BCBA), an increase of 43% compared with the previous year. In terms of negotiation segments in 2007, CHPD guaranteed by Mutual Guaranty Companies (SGR)[5] accounted for almost 90% of the total. In the last part of 2007 and the early months of 2008 some reduction in trading volumes has been noted, however.

The issue of financial trusts was the second leading source of SME capital market funding. The amount

[5] SGR are commercial limited liability companies that issue guarantees that can be used by SME to obtain financing. In addition, they provide accounting, financial and legal advisory services. Currently there are 24 SGRs authorized to operate. The SGR is an element that facilitates a reduction in credit risk, being necessary to ensure that lending to SME falls within the risk level admitted for lenders holding resources to finance productive investment.

Chart 16

Main Sources of SMEs Funding in Capital Markets

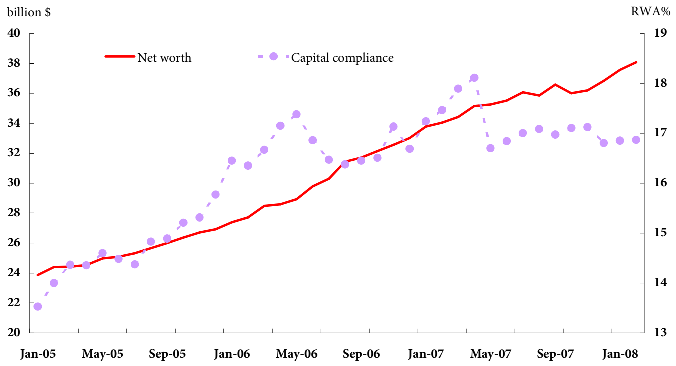


Source: BCRA

Chart 17

Solvency

Financial system

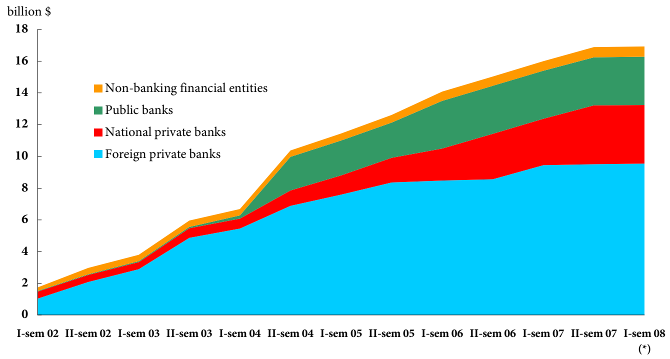


Source: BCRA

Chart 18

Capital Contributions

2002-2007



(*) At febrary
Source: BCRA

obtained by this means in the 2005-2007 period totaled over $1 billion (mostly in dollars).

Various public sector bodies are developing programs to encourage credit to SME. In particular, the Under-secretariat for Small and Medium-size Enterprises and Regional Development (SEPyME) drafts proposals and executes programs (in certain cases financed by IFIs such as the IDB). For its part, **the BCRA has acted to introduce measures to facilitate the granting of guarantees by SGRs and add dynamism to the deferred check discount mechanism**. In addition to these measures, **the main contribution by the BCRA in its efforts to promote credit for Micro and SME has been to ensure a context of monetary and financial stability.**

Solvency:

Solvency continues to benefit from profits and capital contributions

In February the financial system continued to strengthen its solvency. Bank net worth increased by over $500 million (1.4%) (see Chart 17), accumulating an increase in excess of $4 billion (11.9%) over the last 12 months. The increase for the month was led by private banks ($280 million), and to a lesser extent, by public banks ($210 million).

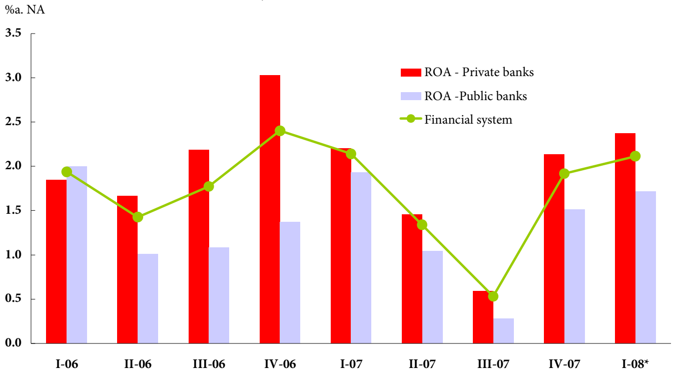
Factors behind net worth growth in February were the posting of book profits as a result of more stable revenue sources, and to a lesser extent, capital contributions. In the case of this latter item, capitalization was performed for $35 million by two private foreign banks. Consequently, in the last 12 months capitalization has been in excess of $1.8 billion, and was mainly channeled into foreign private banks, and to a lesser extent, into domestic private banks. Since 2002 capital contributions have totaled $16.9 billion (US$5.7 billion) (see Chart 18).

The financial system continued to display adequate levels of capital compliance in February, exceeding both minimum required locally and internationally-recommended levels. Bank excess compliance was equivalent to 81% of the total requirement. **In February, bank capital compliance stood at 16.9% of risk-weighted assets**, in a context of steady growth in lending to the private sector. As a result, local banks are in a sound position to confront any financial stress such as that currently being experienced as a consequence of international financial market turbulence.

Chart 19

Financial System Profitability

Quartely annualized - As % of netted assets

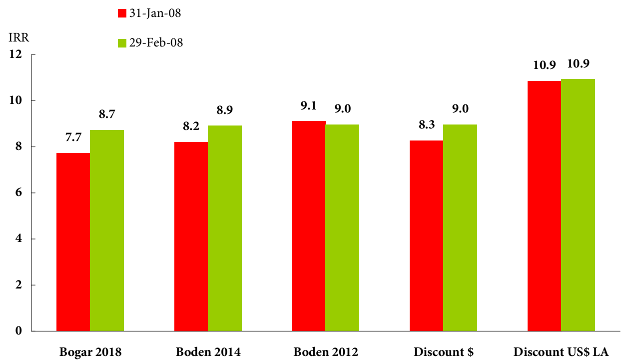


* Up to febrary
Sorce: BCRA

Chart 20

Evolution of Main Government Bonds

Febrary 2008

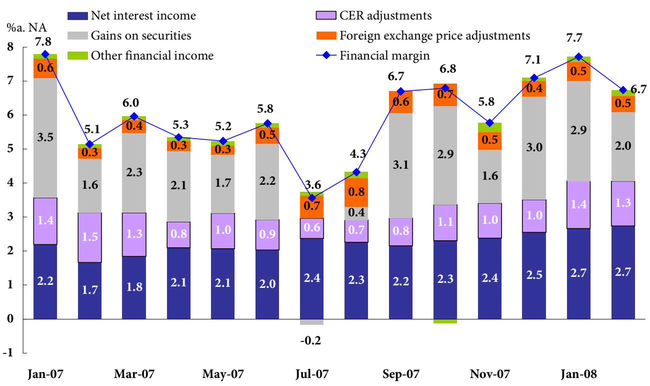


Source: Reuters and MAE

Chart 21

Financial Margin

Financial system



Source: BCRA

During February **book profits, derived mainly from the more stable revenue lines (net interest income plus CER and service income margin), were the leading force behind the improvement in bank solvency**. The financial system recorded profits for $390 million or 1.6%a. of assets in the month (ROE of 13.5%a.) (see Chart 19). **Private and public banks obtained positive results of 1.6%a. and 1.5%a. of assets in February**, respectively. In total, 68 of the 85 financial entities in operation posted book profits. As a result, in the first two months of 2008 the ROA has amounted to 2.1%a.

February profitability was lower than that of the previous month (1 p.p. of assets), mainly because of lower gains on securities as a result of the drop in prices of the leading government securities held in portfolios (see Chart 20), in a context of domestic capital market volatility. Gains on securities totaled 2%a. of assets in February, 0.9 p.p. less than in January. This reduction in gain on securities was the principal factor behind the 1 p.p. drop in bank financial margin, to 6.7%a. of assets in February (see Chart 21).

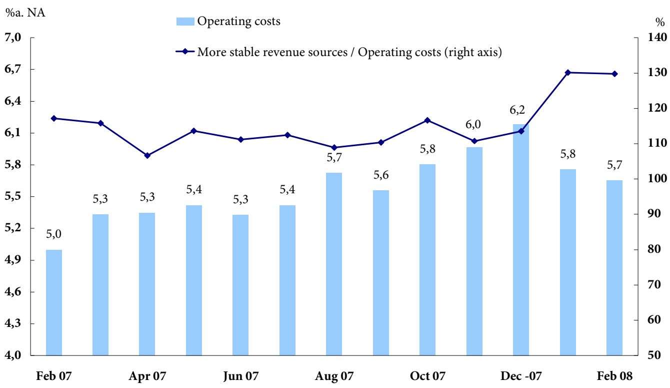
In a framework of sustained growth in financial intermediation with the private sector, **the most stable sources of net income in terms of bank assets remained at levels similar to those of the previous month**. Net interest income plus CER remained steady at 4%a. of assets in February, while service income margin stood at 3.3%a. of assets. In the first two months of 2008 these more stable revenue sources totaled almost $3.6 billion, up almost 40% compared with the same period of the previous year.

Loan loss provisions were down 0.1 p.p. in February, to 0.7%a. of assets. Although remaining at historically low levels, this accrued expenditure has been rising (in terms of assets) in the year-on-year comparison, in part because of the growing relative significance in assets of lending to the private sector.

Operating costs dropped 0.1 p.p. for the month, to 5.7%a. of assets. The gradual increase in employment and wages in the sector has been responsible for a rise in operating costs, which totaled almost $2.8 billion in the first 2 months of 2008, 32% more than in the same period of the previous year. As the more stable revenue sources grew at a higher annual rate than this expenditure, the coverage ratio improved to 130% in the first two months of 2008 (see Chart 22).

Adjustments to the valuation of loans to the public sector stood at 0.6%a. of assets in February, showing an

Chart 22
Operating Costs and Coverage with More Stable Revenue Sources
Financial system



Source: BCRA

increase mainly as a result of a transaction performed by one public bank. **Amortization of court-ordered releases remained at a low level** (0,5%a. of assets in February), **and will shortly disappear from bank income statements**. Lastly, the Others heading posted a gain of 0.3%a. of assets in February.

On the basis of the available information at the time this Report is being published, **it is expected that banks will continue to improve solvency levels in March as a result of the recording of book profits**. It is estimated that the more stable sources of financial system revenue will continue to be behind this profitability, within a framework of a steady increase in credit to the private sector, as well as in deposits. As was the case in February, volatility on international financial markets was responsible for a reduction in the prices of the main securities held in portfolios, so that it is again expected that results from the holding and trading of securities will be affected. Lastly, it is expected that for the rest of the year operating cost outflows will continue to rise because of wage level improvements and increased employment in the sector, following the steady growth in financial intermediation activity.

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" 4771 – 01/02/08**

Minimum capital regulations for financial entities have been modified. As from January 2008 changes have been made to the jurisdictions forming the categories used to establish the basic minimum capital requirement for financial entities. In addition, banks wishing to open branches in Zones III and IV will not need to obtain approval from the Board of the BCRA, as the SEFyC will confirm compliance with the requirements to be able to do so. Non-compliance reported by operating financial entities will lead to them being prevented from setting up representation offices abroad.

- **Communication "A" 4781 – 29/02/08**

Debtor classification. As from May 31, 2008, financial entities must notify all debtors of any negative change in the classification assigned to them. Such information must be remitted to the debtors concerned within 45 days of the reclassification having been made by the various means laid down in the regulation.

Methodology:

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

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

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

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

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

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

Glossary:

%a.: annualized percentage.
%i.a.: interannual percentage.
Adjusted profit: Total profit excluding payments made due to court-ordered releases and adjustments to the valuation of public sector assets according to Com. "A" 3911 and modifications.
ASE: Adjusted stockholders' equity, for Responsabilidad Patrimonial Computable (RPC) in Spanish. The measure for compliance with bank capital regulations.
Consolidated (or aggregate) assets and liabilities: Those arising from excluding operations between financial 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.
Liquid assets: Minimum cash compliance – cash, current account at BCRA and special accounts in guarantee – and other liquid items, including correspondent accounts.
Liquidity ratio: Liquid assets as a percentage of total deposits.
mill.: million.
Netted assets (NA) and liabilities: Those net of accounting duplications inherent to the recording of repurchase agreements, term transactions or unsettled spot transactions.
Net worth exposure to counterparty risk: Non-performing portfolio net of allowances in terms of net worth.
Non-performing portfolio: Portfolio in categories 3 to 6, as per the debtor classification system.
Operating costs: Includes remuneration, social security payments, services and fees, 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 stockholders´s equity, calculated towards meeting capital regulations. (Responsabilidad Patrimonial Computable)
SME: Small and Medium Enterprises.
US$: United States dollars.
RWA: Risk weighted assets.

Statistics Annex | Financial System

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

As %	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Feb 2007	2007	Jan 2008	Feb 2008
1.- Liquidity	22.3	26.1	23.1	25.0	23.4	19.6	22.8	29.1	29.6	20.1	22.5	22.6	23.0	25.0	24.8
2.- Credit to the public sector	16.9	16.2	16.2	18.0	17.3	23.0	48.5	46.5	40.6	31.3	22.3	20.1	16.1	15.1	15.1
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	30.7	38.2	36.5	37.0
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	4.2	3.2	3.3	3.3
5.- Net worth exposure to private sector	24.9	22.5	20.6	24.7	26.2	21.9	17.3	12.4	-1.0	-4.1	-3.3	-3.5	-3.0	-2.9	-2.8
6.- ROA	0.6	1.0	0.5	0.2	0.0	0.0	-8.9	-2.9	-0.5	0.9	1.9	2.3	1.5	2.6	2.1
7.- ROE	4.1	6.3	3.9	1.7	0.0	-0.2	-59.2	-22.7	-4.2	7.0	14.3	16.8	11.0	22.4	17.9
8.- Eficiency	142	136	138	142	147	143	189	69	125	151	167	185	161	193	185
9.- Capital compliance	23.8	20.8	20.3	21.0	20.1	21.4	-	14.5	14.0	15.3	16.8	17.7	16.8	16.9	16.9
10.- Excess capital compliance	64	73	49	54	58	54	-	116	185	173	134	107	92	83	81

Source: BCRA

Chart 2 | Balance Sheet

In million of current pesos	Dec 00	Dec 01	Dec 02	Dec 03	Dec 04	Dec 05	Dec 06	Feb 07	Dec 07	Jan 08	Feb 08	Change (%)		
												Last month	2008	Last 12 months
Assets	**163,550**	**123,743**	**187,532**	**186,873**	**212,562**	**221,962**	**258,384**	**272,452**	**297,971**	**319,715**	**318,628**	**-0.3**	**6.9**	**16.9**
Liquid assets[1]	20,278	13,005	17,138	27,575	29,154	20,819	37,991	34,367	46,320	43,994	47,778	8.6	3.1	39.0
Public bonds	10,474	3,694	31,418	45,062	55,382	66,733	64,592	73,689	62,677	75,359	71,690	-4.9	14.4	-2.7
Lebac/Nobac	-	-	-	-	17,755	28,340	29,289	40,050	36,022	48,725	45,418	-6.8	26.1	13.4
Portfolio	-	-	-	-	11,803	21,067	25,767	30,840	31,598	35,397	35,788	1.1	13.3	16.0
Repo	-	-	-	-	5,953	7,273	3,521	9,210	4,424	13,328	9,631	-27.7	117.7	4.6
Private bonds	633	543	332	198	387	389	813	860	382	373	345	-7.6	-9.8	-59.9
Loans	83,277	77,351	84,792	68,042	73,617	84,171	103,668	106,177	132,157	135,539	136,783	0.9	3.5	28.8
Public sector	15,164	22,694	44,337	33,228	30,866	25,836	20,874	20,421	16,772	17,809	17,855	0.3	6.5	-12.6
Private sector	64,464	52,039	38,470	33,398	41,054	55,885	77,832	81,122	110,355	113,048	114,140	1.0	3.4	40.7
Financial sector	3,649	2,617	1,985	1,417	1,697	2,450	4,962	4,634	5,030	4,682	4,788	2.3	-4.8	3.3
Provisions over loans	-6,907	-6,987	-11,952	-9,374	-7,500	-4,930	-3,728	-3,711	-4,080	-4,150	-4,204	1.3	3.0	13.3
Other netted credits due to financial intermediation	42,361	21,485	39,089	27,030	32,554	26,721	26,039	31,872	29,712	38,455	36,046	-6.3	21.3	13.1
Corporate bonds and subordinated debt	794	751	1,708	1,569	1,018	873	773	759	606	612	624	2.0	3.1	-17.7
Unquoted trusts	2,053	2,065	6,698	4,133	3,145	3,883	4,881	4,809	5,023	5,170	5,246	1.5	4.4	9.1
Compensation receivable	0	0	17,111	14,937	15,467	5,841	763	772	377	378	372	-1.6	-1.3	-51.8
Other	39,514	18,669	13,572	6,392	12,924	16,124	19,622	25,531	23,706	32,294	29,803	-7.7	25.7	16.7
Leasing	786	771	567	397	611	1,384	2,262	2,470	3,469	3,545	3,623	2.2	4.4	46.7
Shares in other companies	2,645	2,688	4,653	4,591	3,871	4,532	6,392	6,667	6,430	6,562	6,630	1.0	3.1	-0.5
Fixed assets and miscellaneous	4,939	4,804	8,636	8,164	7,782	7,546	7,619	7,624	7,643	7,661	7,697	0.5	0.7	0.9
Foreign branches	1,115	1,057	3,522	3,144	3,524	3,647	2,782	2,831	2,912	2,935	2,959	0.8	1.6	4.5
Other assets	3,950	5,334	9,338	12,043	13,180	10,950	9,953	9,606	10,347	9,442	9,282	-1.7	-10.3	-3.4
Liabilities	**146,267**	**107,261**	**161,446**	**164,923**	**188,683**	**195,044**	**225,369**	**238,412**	**261,140**	**282,144**	**280,551**	**-0.6**	**7.4**	**17.7**
Deposits	86,506	66,458	75,001	94,635	116,655	136,492	170,898	178,549	205,551	218,206	218,876	0.3	6.5	22.6
Public sector[2]	7,204	950	8,381	16,040	31,649	34,019	45,410	47,422	48,340	55,611	54,602	-1.8	13.0	15.1
Private sector[2]	78,397	43,270	59,698	74,951	83,000	100,809	123,431	128,531	155,048	159,758	161,841	1.3	4.4	25.9
Current account	6,438	7,158	11,462	15,071	18,219	23,487	26,900	27,850	35,245	36,493	36,710	0.6	4.2	31.8
Savings account	13,008	14,757	10,523	16,809	23,866	29,078	36,442	36,314	47,109	47,394	47,947	1.2	1.8	32.0
Time deposit	53,915	18,012	19,080	33,285	34,944	42,822	54,338	58,099	65,952	68,995	69,969	1.4	6.1	20.4
CEDRO	0	0	12,328	3,217	1,046	17	13	13	0	0	0	-	-	-
Other netted liabilities due to financial intermediation	55,297	36,019	75,737	61,690	64,928	52,072	46,037	51,321	46,225	54,469	52,201	-4.2	12.9	1.7
Interbanking obligations	3,545	2,550	1,649	1,317	1,461	2,164	4,578	4,264	4,310	3,973	4,046	1.8	-6.1	-5.1
BCRA lines	102	4,470	27,837	27,491	27,726	17,005	7,686	5,841	2,362	2,350	2,322	-1.2	-1.7	-60.2
Outstanding bonds	4,954	3,777	9,096	6,675	7,922	6,548	6,603	6,984	6,938	6,827	6,919	1.3	-0.3	-0.9
Foreign lines of credit	8,813	7,927	25,199	15,196	8,884	4,684	4,240	3,664	3,864	4,039	4,324	7.1	11.9	18.0
Other	37,883	17,295	11,955	11,012	18,934	21,671	22,930	30,569	28,752	37,281	34,591	-7.2	20.3	13.2
Subordinated debts	2,255	2,260	3,712	2,028	1,415	1,381	1,642	1,661	1,672	1,643	1,637	-0.4	-2.1	-1.5
Other liabilities	2,210	2,524	6,997	6,569	5,685	5,099	6,792	6,880	7,692	7,826	7,837	0.1	1.9	13.9
Net worth	**17,283**	**16,483**	**26,086**	**21,950**	**23,879**	**26,918**	**33,014**	**34,041**	**36,831**	**37,570**	**38,078**	**1.4**	**3.4**	**11.9**
Memo														
Netted assets	129,815	110,275	185,356	184,371	202,447	208,275	244,791	250,945	280,345	293,421	294,948	0.5	5.2	17.5
Consolidated netted assets	125,093	106,576	181,253	181,077	198,462	203,286	235,845	241,997	271,661	284,946	286,393	0.5	5.4	18.3

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

Source: BCRA

Statistics Annex | Financial System (cont.)

Chart 3 | Profitability Structure

	Annual								First 2 months		Monthly			Last
Amount in million of pesos	2000	2001	2002[1]	2003	2004	2005	2006	2007	2007	2008	Dec-07	Jan-08	Feb-08	12 months
Financial margin	7,291	6,943	13,991	1,965	6,075	9,475	13,262	15,346	2,694	3,500	1,658	1,864	1,636	16,152
Net interest income	5,106	4,625	-3,624	-943	1,753	3,069	4,150	5,744	804	1,308	595	643	665	6,248
CER and CVS adjustments	0	0	8,298	2,315	1,944	3,051	3,012	2,624	593	661	225	340	321	2,692
Foreign exchange price adjustments	185	268	5,977	-890	866	751	944	1,356	190	250	104	133	118	1,417
Gains on securities	1,481	1,490	3,639	1,962	1,887	2,371	4,923	5,356	1,060	1,200	710	708	492	5,496
Other financial income	519	559	-299	-480	-375	233	235	265	47	81	24	40	41	298
Service income margin	3,582	3,604	4,011	3,415	3,904	4,781	6,243	8,248	1,174	1,623	820	828	795	8,697
Loan loss provisions	-3,056	-3,096	-10,007	-2,089	-1,511	-1,173	-1,198	-1,895	-225	-362	-264	-189	-173	-2,033
Operating costs	-7,375	-7,362	-9,520	-7,760	-7,998	-9,437	-11,655	-14,632	-2,092	-2,763	-1,445	-1,391	-1,372	-15,302
Tax charges	-528	-571	-691	-473	-584	-737	-1,090	-1,537	-211	-318	-162	-159	-159	-1,643
Income tax	-446	-262	-509	-305	-275	-581	-595	-1,032	-269	-320	-49	-176	-144	-1,083
Adjustments to the valuation of government securities[2]	0	0	0	-701	-320	-410	-752	-851	-11	-141	-123	-2	-139	-981
Amortization payments for court-ordered releases	0	0	0	-1,124	-1,686	-1,867	-2,573	-1,735	-258	-244	-187	-113	-131	-1,722
Other	535	702	-3,880	1,738	1,497	1,729	2,664	1,996	147	49	360	-24	73	1,898
Monetary results	0	0	-12,558	69	0	0	0	0	0	0	0	0	0	0
Total results[3]	**3**	**-42**	**-19,162**	**-5,265**	**-898**	**1,780**	**4,306**	**3,908**	**950**	**1,025**	**608**	**636**	**388**	**3,982**
Adjusted results[4]	-	-	-	-3,440	1,337	4,057	7,631	6,494	1,219	1,409	919	752	657	6,685
Annualized indicators - As % of netted assets														
Financial margin	5.7	5.7	6.5	1.1	3.1	4.6	5.8	5.8	6.5	7.2	7.1	7.7	6.7	5.9
Net interest income	4.0	3.8	-1.7	-0.5	0.9	1.5	1.8	2.2	1.9	2.7	2.5	2.7	2.7	2.3
CER and CVS adjustments	0.0	0.0	3.9	1.3	1.0	1.5	1.3	1.0	1.4	1.4	1.0	1.4	1.3	1.0
Foreign exchange price adjustments	0.1	0.2	2.8	-0.5	0.4	0.4	0.4	0.5	0.5	0.5	0.4	0.5	0.5	0.5
Gains on securities	1.2	1.2	1.7	1.1	1.0	1.2	2.2	2.0	2.5	2.5	3.0	2.9	2.0	2.0
Other financial income	0.4	0.5	-0.1	-0.3	-0.2	0.1	0.1	0.1	0.1	0.2	0.1	0.2	0.2	0.1
Service income margin	2.8	3.0	1.9	1.9	2.0	2.3	2.7	3.1	2.8	3.3	3.5	3.4	3.3	3.2
Loan loss provisions	-2.4	-2.6	-4.7	-1.1	-0.8	-0.6	-0.5	-0.7	-0.5	-0.7	-1.1	-0.8	-0.7	-0.7
Operating costs	-5.8	-6.1	-4.4	-4.2	-4.1	-4.6	-5.1	-5.5	-5.0	-5.7	-6.2	-5.8	-5.7	-5.6
Tax charges	-0.4	-0.5	-0.3	-0.3	-0.3	-0.4	-0.5	-0.6	-0.5	-0.7	-0.7	-0.7	-0.7	-0.6
Income tax	-0.3	-0.2	-0.2	-0.2	-0.1	-0.3	-0.3	-0.4	-0.6	-0.7	-0.2	-0.7	-0.6	-0.4
Adjustments to the valuation of government securities[2]	0.0	0.0	0.0	-0.4	-0.2	-0.2	-0.3	-0.3	0.0	-0.3	-0.5	0.0	-0.6	-0.4
Amortization payments for court-ordered releases	0.0	0.0	0.0	-0.6	-0.9	-0.9	-1.1	-0.7	-0.6	-0.5	-0.8	-0.5	-0.5	-0.6
Other	0.4	0.6	-1.8	0.9	0.8	0.8	1.2	0.8	0.4	0.1	1.5	-0.1	0.3	0.7
Monetary results	0.0	0.0	-5.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ROA[3]	**0.0**	**0.0**	**-8.9**	**-2.9**	**-0.5**	**0.9**	**1.9**	**1.5**	**2.3**	**2.1**	**2.6**	**2.6**	**1.6**	**1.5**
ROA adjusted[4]	0.0	0.0	-8.9	-1.9	0.7	2.0	3.4	2.5	2.9	2.9	3.9	3.1	2.7	2.5
ROE[3]	*0.0*	*-0.2*	*-59.2*	*-22.7*	*-4.2*	*7.0*	*14.3*	*11.0*	*16.8*	*17.9*	*19.8*	*22.4*	*13.5*	*11.2*

(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 percentags	Dec 00	Dec 01	Dec 02	Dec 03	Dec 04	Dec 05	Dec 06	Feb 07	Dec 07	Jan 08	Feb 08
Non-performing loans (overall)	12.9	13.1	18.1	17.7	10.7	5.2	3.4	3.3	2.7	2.7	2.8
Non-performing loans to the non-financial private sector	**16.0**	**19.1**	**38.6**	**33.5**	**18.6**	**7.6**	**4.5**	**4.2**	**3.2**	**3.3**	**3.3**
Commercial portfolio (*)	14.9	20.7	44.0	38.0	22.8	9.3	5.0	4.7	3.1	3.0	3.0
Consumption and housing portfolio	17.3	17.5	31.4	28.0	11.0	4.8	3.5	3.5	3.4	3.5	3.6
Provisions / Non-performing loans	61.1	66.4	73.8	79.2	102.9	125.1	130.3	132.9	130.0	128.6	127.1
(Total non-perfoming - Provisions) / Overall financing	5.0	4.4	4.7	3.7	-0.3	-1.3	-1.0	-1.1	-0.8	-0.8	-0.7
(Total non-perfoming - Provisions) / Net worth	26.2	21.6	17.2	11.9	-1.0	-4.1	-3.3	-3.5	-3.0	-2.9	-2.8

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

Methodological note (chart 1):

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

Statistics Annex | Private Banks

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

As %	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Feb 2007	2007	Jan 2008	Feb 2008
1.- Liquidity	23.6	26.9	22.8	24.3	24.1	23.6	24.8	27.6	29.2	21.5	23.7	21.7	25.7	26.1	26.0
2.- Credit to the public sector	13.5	13.7	13.6	16.1	14.7	20.8	49.4	47.1	41.2	28.0	15.9	13.9	9.1	8.8	8.7
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	37.8	46.6	45.4	45.4
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	3.5	2.5	2.5	2.5
5.- Net worth exposure to private sector	21.6	14.3	13.2	11.5	13.4	11.4	18.6	11.2	1.9	-2.2	-3.0	-3.1	-3.6	-3.4	-3.3
6.- ROA	0.6	0.7	0.5	0.3	0.1	0.2	-11.3	-2.5	-1.0	0.5	2.2	2.3	1.6	3.1	2.4
7.- ROE	4.1	6.3	4.3	2.3	0.8	1.4	-79.0	-19.1	-8.1	4.1	15.3	15.7	10.9	24.4	18.5
8.- Eficiency	144	135	139	146	152	151	168	93	115	136	158	173	152	188	178
9.- Capital compliance	15.9	15.4	14.6	18.9	18.0	17.6	-	14.0	15.1	17.8	18.6	19.5	19.2	19.2	19.2
10.- Excess capital compliance	33	47	27	60	49	43	-	88	157	155	116	92	87	82	80

Source: BCRA

Chart 6 | Balance Sheet

In million of current pesos	Dec 00	Dec 01	Dec 02	Dec 03	Dec 04	Dec 05	Dec 06	Feb 07	Dec 07	Jan 08	Feb 08	Change (%) Last month	Change (%) 2008	Change (%) Last 12 months
Assets	**119,371**	**82,344**	**118,906**	**116,633**	**128,065**	**129,680**	**152,414**	**158,064**	**175,509**	**184,151**	**185,618**	**0.8**	**5.8**	**17.4**
Liquid assets[1]	13,920	10,576	11,044	14,500	15,893	14,074	22,226	19,585	29,418	27,382	28,862	5.4	-1.9	47.4
Public bonds	7,583	1,627	19,751	22,260	24,817	29,966	27,663	31,779	24,444	29,881	28,331	-5.2	15.9	-10.8
Lebac/Nobac	0	0	-	-	8,359	15,227	15,952	21,486	17,684	23,084	21,502	-6.9	21.6	0.1
Portfolio	0	0	-	-	5,611	12,899	14,220	17,990	15,639	18,024	17,580	-2.5	12.4	-2.3
Repo	0	0	-	-	2,749	2,328	1,732	3,496	2,045	5,061	3,922	-22.5	91.8	12.2
Private bonds	563	451	273	172	333	307	683	741	310	309	286	-7.3	-7.7	-61.4
Loans	56,035	52,319	51,774	47,017	50,741	56,565	69,294	70,454	88,898	90,778	91,568	0.9	3.0	30.0
Public sector	8,172	13,803	25,056	23,571	21,420	15,954	10,036	9,260	6,413	6,523	6,568	0.7	2.4	-29.1
Private sector	45,103	36,636	26,074	22,816	28,213	39,031	55,632	57,434	78,587	80,473	81,036	0.7	3.1	41.1
Financial sector	2,760	1,880	644	630	1,107	1,580	3,626	3,760	3,898	3,782	3,963	4.8	1.7	5.4
Provisions over loans	-3,248	-3,957	-7,463	-5,225	-3,717	-2,482	-2,227	-2,266	-2,365	-2,410	-2,438	1.2	3.1	7.6
Other netted credits due to financial intermediation	36,600	13,037	27,212	22,148	25,753	16,873	18,387	20,906	17,084	20,368	21,201	4.1	24.1	1.4
Corporate bonds and subordinated debt	724	665	1,514	1,394	829	675	618	604	430	440	452	2.6	5.1	-25.2
Unquoted trusts	1,609	1,637	6,205	3,571	2,362	2,444	2,982	3,338	3,456	3,656	3,774	3.2	9.2	13.1
Compensation receivable	0	0	15,971	13,812	14,657	5,575	760	772	377	378	372	-1.6	-1.3	-51.8
Other	34,267	10,735	3,523	3,370	7,905	8,179	14,027	16,193	12,822	15,893	16,603	4.5	29.5	2.5
Leasing	776	752	553	387	592	1,356	2,126	2,317	3,149	3,209	3,269	1.9	3.8	41.1
Shares in other companies	1,651	1,703	3,123	2,791	1,892	2,416	4,042	4,277	3,762	3,882	3,935	1.4	4.6	-8.0
Fixed assets and miscellaneous	3,225	3,150	5,198	4,902	4,678	4,575	4,677	4,693	4,685	4,714	4,735	0.4	1.1	0.9
Foreign branches	75	112	-109	-136	-53	-148	-139	-142	-154	-155	-156	0.6	1.3	9.7
Other assets	2,190	2,574	7,549	7,816	7,137	6,178	5,682	5,720	6,277	6,193	6,023	-2.7	-4.0	5.3
Liabilities	**107,193**	**70,829**	**103,079**	**101,732**	**113,285**	**112,600**	**131,476**	**136,508**	**152,153**	**160,173**	**161,360**	**0.7**	**6.1**	**18.2**
Deposits	57,833	44,863	44,445	52,625	62,685	75,668	94,095	98,039	116,719	122,176	122,571	0.3	5.0	25.0
Public sector[2]	1,276	950	1,636	3,077	6,039	6,946	7,029	7,225	7,564	8,739	8,125	-7.0	7.4	12.5
Private sector[2]	55,917	43,270	38,289	47,097	55,384	67,859	85,714	89,495	107,671	111,931	112,866	0.8	4.8	26.1
Current account	4,960	7,158	8,905	11,588	13,966	17,946	20,604	21,051	27,132	27,853	27,624	-0.8	1.8	31.2
Savings account	9,409	14,757	6,309	10,547	14,842	18,362	23,165	23,077	30,169	30,888	31,115	0.7	3.1	34.8
Time deposit	39,030	18,012	11,083	18,710	22,729	27,736	38,043	41,172	45,770	48,570	49,070	1.0	7.2	19.2
CEDRO	0	0	9,016	2,409	798	3	1	1	0	0	0	-	-	-
Other netted liabilities due to financial intermediation	46,271	22,629	49,341	42,367	45,083	32,349	31,750	32,850	29,323	31,762	32,648	2.8	11.3	-0.6
Interbanking obligations	2,293	1,514	836	726	1,070	1,488	3,383	2,927	1,979	1,519	1,505	-0.9	-23.9	-48.6
BCRA lines	83	1,758	16,624	17,030	17,768	10,088	3,689	1,931	675	687	689	0.3	2.1	-64.3
Outstanding bonds	4,939	3,703	9,073	6,674	7,922	6,548	6,413	6,794	6,686	6,576	6,668	1.4	-0.3	-1.9
Foreign lines of credit	5,491	4,644	15,434	9,998	5,444	2,696	2,249	1,662	1,833	2,008	2,277	13.4	24.2	37.1
Other	33,466	11,010	7,374	7,939	12,878	11,530	16,015	19,537	18,150	20,971	21,508	2.6	18.5	10.1
Subordinated debts	1,668	1,700	3,622	1,850	1,304	1,319	1,642	1,661	1,668	1,639	1,633	-0.4	-2.1	-1.7
Other liabilities	1,420	1,637	5,671	4,890	4,213	3,264	3,989	3,957	4,443	4,596	4,508	-1.9	1.5	13.9
Net worth	**12,178**	**11,515**	**15,827**	**14,900**	**14,780**	**17,080**	**20,938**	**21,557**	**23,356**	**23,978**	**24,259**	**1.2**	**3.9**	**12.5**
Memo														
Netted assets	88,501	73,796	117,928	115,091	121,889	123,271	143,807	145,293	166,231	171,836	172,635	0.5	3.9	18.8

(1) Includes margin accounts with the BCRA. (2) 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 2 months		Monthly			Last
	2000	2001	2002[1]	2003	2004	2005	2006	2007	2007	2008	Dec-07	Jan-08	Feb-08	12 months
Financial margin	5,441	5,282	10,628	2,575	3,415	5,253	7,778	8,960	1,566	2,129	918	1,169	959	9,522
Net interest income	3,598	3,519	-304	107	1,214	2,069	2,826	4,191	526	1,030	466	511	519	4,695
CER and CVS adjustments	0	0	1,476	1,082	900	1,215	858	662	159	168	51	91	77	671
Foreign exchange price adjustments	160	256	6,189	-312	666	576	740	990	112	188	76	100	88	1,066
Gains on securities	1,232	962	3,464	1,892	959	1,259	3,154	2,888	728	673	307	433	240	2,833
Other financial income	450	546	-197	-195	-322	134	199	229	42	70	19	35	35	257
Service income margin	2,554	2,598	2,782	2,341	2,774	3,350	4,459	5,881	847	1,157	582	588	568	6,191
Loan loss provisions	-2,173	-2,464	-6,923	-1,461	-1,036	-714	-737	-1,174	-157	-256	-155	-134	-123	-1,274
Operating costs	-5,263	-5,224	-6,726	-5,310	-5,382	-6,303	-7,741	-9,735	-1,394	-1,844	-971	-935	-910	-10,185
Tax charges	-379	-418	-512	-366	-393	-509	-769	-1,105	-150	-232	-119	-116	-116	-1,187
Income tax	-393	-216	-337	-295	-202	-217	-365	-380	-77	-206	-50	-119	-87	-508
Adjustments to the valuation of government securities[2]	0	0	0	-665	-51	-201	-170	-100	13	9	-26	21	-12	-104
Amortization payments for court-ordered releases	0	0	0	-791	-1,147	-1,168	-1,182	-1,466	-200	-159	-110	-78	-81	-1,425
Other	307	615	-4,164	1,178	846	1,156	1,641	1,576	114	74	300	42	32	1,578
Monetary results	0	0	-10,531	-20	0	0	0	0	0	0	0	0	0	0
Total results[3]	**93**	**174**	**-15,784**	**-2,813**	**-1,176**	**648**	**2,915**	**2,457**	**562**	**671**	**370**	**440**	**231**	**2,466**
Adjusted results[4]	-	-	-	-1,357	252	2,016	4,267	4,023	749	821	506	497	324	4,095
Annualized indicators - As % of netted assets														
Financial margin	6.2	6.4	7.6	2.3	2.9	4.3	5.9	5.8	6.5	7.5	6.6	8.3	6.8	6.0
Net interest income	4.1	4.3	-0.2	0.1	1.0	1.7	2.1	2.7	2.2	3.6	3.4	3.6	3.7	3.0
CER and CVS adjustments	0.0	0.0	1.1	0.9	0.8	1.0	0.6	0.4	0.7	0.6	0.4	0.6	0.5	0.4
Foreign exchange price adjustments	0.2	0.3	4.4	-0.3	0.6	0.5	0.6	0.6	0.5	0.7	0.5	0.7	0.6	0.7
Gains on securities	1.4	1.2	2.5	1.7	0.8	1.0	2.4	1.9	3.0	2.4	2.2	3.1	1.7	1.8
Other financial income	0.5	0.7	-0.1	-0.2	-0.3	0.1	0.2	0.1	0.2	0.2	0.1	0.2	0.2	0.2
Service income margin	2.9	3.2	2.0	2.0	2.4	2.7	3.4	3.8	3.5	4.1	4.2	4.2	4.0	3.9
Loan loss provisions	-2.5	-3.0	-5.0	-1.3	-0.9	-0.6	-0.6	-0.8	-0.6	-0.9	-1.1	-0.9	-0.9	-0.8
Operating costs	-6.0	-6.4	-4.8	-4.6	-4.6	-5.1	-5.9	-6.3	-5.8	-6.5	-7.0	-6.6	-6.4	-6.4
Tax charges	-0.4	-0.5	-0.4	-0.3	-0.3	-0.4	-0.6	-0.7	-0.6	-0.8	-0.9	-0.8	-0.8	-0.7
Income tax	-0.4	-0.3	-0.2	-0.3	-0.2	-0.2	-0.3	-0.2	-0.3	-0.7	-0.4	-0.8	-0.6	-0.3
Adjustments to the valuation of government securities[2]	0.0	0.0	0.0	-0.6	0.0	-0.2	-0.1	-0.1	0.1	0.0	-0.2	0.1	-0.1	-0.1
Amortization payments for court-ordered releases	0.0	0.0	0.0	-0.7	-1.0	-1.0	-0.9	-0.9	-0.8	-0.6	-0.8	-0.6	-0.6	-0.9
Other	0.4	0.7	-3.0	1.0	0.7	0.9	1.2	1.0	0.5	0.3	2.2	0.3	0.2	1.0
Monetary results	0.0	0.0	-7.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ROA[3]	**0.1**	**0.2**	**-11.3**	**-2.5**	**-1.0**	**0.5**	**2.2**	**1.6**	**2.3**	**2.4**	**2.7**	**3.1**	**1.6**	**1.6**
ROA adjusted[4]	0.1	0.2	-11.3	-1.2	0.2	1.6	3.2	2.6	3.1	2.9	3.7	3.5	2.3	2.6
ROE[3]	*0.8*	*1.4*	*-79.0*	*-19.1*	*-8.1*	*4.1*	*15.3*	*10.9*	*15.7*	*18.5*	*19.0*	*24.4*	*12.7*	*11.4*

(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 percentages	Dec 00	Dec 01	Dec 02	Dec 03	Dec 04	Dec 05	Dec 06	Feb 07	Dec 07	Jan 08	Feb 08
Non-performing loans (overall)	8.3	9.9	19.8	15.7	8.9	4.4	2.9	2.9	2.2	2.2	2.3
Non-performing loans to the non-financial private sector	**9.8**	**14.0**	**37.4**	**30.4**	**15.3**	**6.3**	**3.6**	**3.5**	**2.5**	**2.5**	**2.5**
Commercial portfolio (*)	8.4	15.4	44.7	39.0	18.2	7.3	3.8	3.6	2.0	2.0	1.9
Consumption and housing portfolio	11.9	12.4	26.0	17.2	10.0	4.2	3.2	3.2	3.2	3.3	3.5
Provisions / Non-performing loans	67.7	75.7	73.4	79.0	95.7	114.6	129.6	132.3	141.6	138.9	136.9
(Total non-perfoming - Provisions) / Overall financing	2.7	2.4	5.3	3.3	0.4	-0.6	-0.9	-0.9	-0.9	-0.9	-0.8
(Total non-perfoming - Provisions) / Net worth	13.4	11.4	18.6	11.2	1.3	-2.2	-3.0	-3.1	-3.6	-3.4	-3.3

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

Methodological note (chart 5):

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