Report on Banks

June 2008

BANCO CENTRAL
DE LA REPÚBLICA ARGENTINA

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June 2008

Year V, Number 10

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DE LA REPÚBLICA ARGENTINA

Contents

Note: Information for June 2008 available by July 22, 2008 is included. This Report is focussed on the performance of the financial system, including breakdowns by homogeneous subsectors. The data reported (particularly, those referring to profitability) are provisional and are subject to changes later.

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Monthly summary

- **In June, private sector deposits returned to their upward path, following the decline reported in the previous month, thus consolidating their position as the main source of bank funding.** During the month financial entities increased their liquid assets, which represented the main use of resources for June. The rate of growth in lending to the private sector showed some moderation, in a context of limited credit risk. The financial system posted profits in June that helped improve its solvency levels.

- Private sector deposits went up $1.7 billion in June (1% or 16.5% y.o.y.), with increases in both sight and time deposits. **Most affected banks by the drop in private sector deposits during May began to recover these placements in June**. This upward trend in private sector deposits was maintained through July.

- **Liquidity levels improved during the month**. Financial system liquid assets posted an increase of $4.7 billion in June. As a result, liquidity stood at 24.7% of deposits (1.7 p.p. more than in May and 2.6 p.p. above the same period of the previous year) or 39.6% if Lebac and Nobac position is included (0.8 p.p. higher than in May).

- **Lending to the private sector rose in June, although there was a slight slowing in the year-on-year growth rate.** Lending to the private sector went up $800 million (0.6%) in the month. Personal loans, credit cards and mortgages were behind the increase for the month. Promissory notes and export finance fell in June. As a result, lending to households and companies recorded an increase of 37% y.o.y. towards the middle of 2008.

- **Private sector portfolio non-performance remained at a level of 3.3% in June, showing a drop of 0.6 p.p. over the last 12 months.** In a historical context of sound compliance levels, the household lending portfolio showed some signs of deterioration: delinquency stood at 3.9% of the total in May (0.5 p.p. more than at the end of 2007). This development was driven mainly by consumer loans (personal and credit card), for which the non-performance level rose 0.7 p.p. over the year to 4.3%, a widespread result among all financial entities operating in this business segment. In this scenario banks continue to record provisions that are almost 22 p.p. above the non-performing total portfolio.

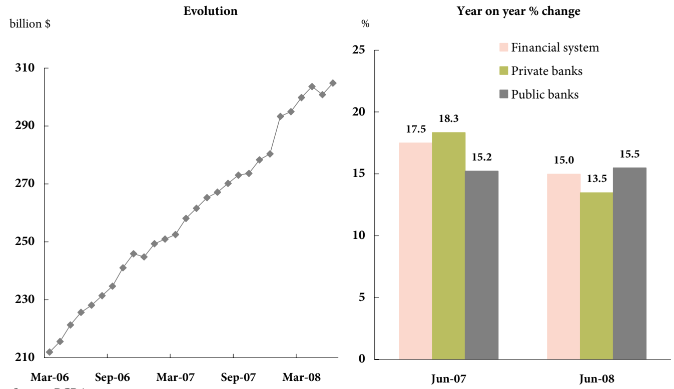
- **The net worth of the financial system increased $270 million (0.7% or 9.2% y.o.y.) in June, accumulating a rise of over $1.9 billion in 2008 to date**. Capital compliance stood at 16.5% of risk-weighted assets by the middle of the year (a drop for the month of 0.4 p.p. due to the increase in assets at risk), well in excess of both local requirements and international recommendations. The financial system excess capital compliance reached 82% of the total requirement by mid-2008.

- **The increase in financial system net worth was mainly driven by the positive monthly results.** Bank profits totaled $370 million in June (ROA of 1.5%a.), a lower level than in the previous month, in view of the increase in loan loss provisions. As a result, **financial system has now been recording book profits for the last three-and-a-half years.** In the first half of 2008 banks have accumulated profits of $2.4 billion (ROA of 1.6%a.), with a growing proportion being accounted for by net interest and service income.

Chart 1

Netted Assets

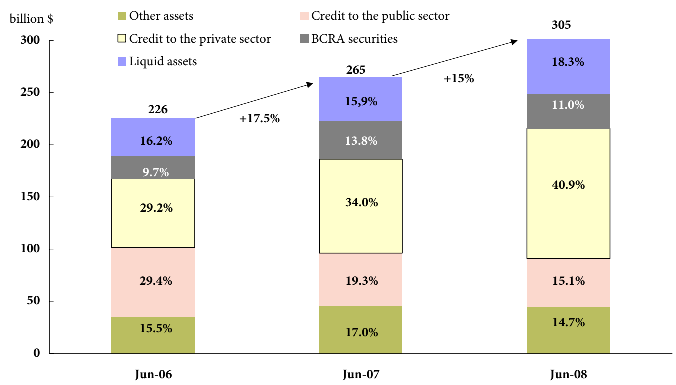
Financial system



Source: BCRA

Chart 2

Financial System Netted Assets

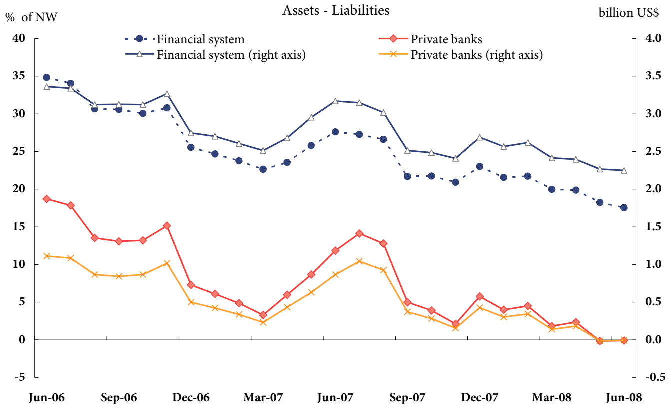


Source: BCRA

Chart 3

Currency Mismatch

Assets - Liabilities



Source: BCRA

Activity

The increase in deposits and reduction in securities was channeled towards liquid assets and increased lending to the private sector

There was an increase in financial intermediation activity with the private sector in June: deposits of the private sector rise 1% (16.5% y.o.y.) during the month, sign of a recovery after the decline in May. Credit to the private sector[1] rose 0.6% in the same period (37% y.o.y.) showing some moderation in their growth rate. **This growth in lending to the private sector in June took place simultaneously with an increase in bank liquidity levels**[2], in a month in which the Central Bank established a two-month (June/July) calculation period for the minimum cash requirements.

Financial system netted assets rose 1.3% in June (accumulating year-on-year growth of 15%), a development mainly driven by public banks (with an increase for the month of 2% or 15.5% y.o.y.) and, to a lesser extent, by private financial institutions (0.9% or 13.5% y.o.y.) (see Chart 1). Lending to the private sector reached 40.9% of financial system netted assets[3] (6.6 p.p. more than in June of the previous year) and liquid assets stood at 18.3% (1.3 p.p. more than in last May and 2.4 p.p. above the level in June 2007) (see Chart 2). Lending to the public sector continues to lose ground in bank portfolios (dropping 4.2 p.p. in the last 12 months), while holdings of Central Bank securities reduced their participation by 2.9 p.p. of netted assets year-on-year.

Increased deposit stocks for the private and public sectors ($1.7 and $1.4 billion, respectively), and a drop in Lebac and Nobac position ($1.55 billion) were the most significant sources of financial system resources during the month. **The most significant use of funds in June was the increase that took place in liquid assets ($4.7 billion), followed by growth in lending to the private sector ($1.05 billion)**[4]**.**

Reduction in Lebac and Nobac position ($1.3 billion) and increased liquid assets ($3 billion) were the main sources and uses of funds respectively for private banks during June. Public bank estimated cash flows showed some differences with the private bank segment. **Almost**

[1] Leasing contracts are included.

[2] These contain minimum cash compliance (cash, current accounts at Central Bank and special accounts in guarantee) and other liquid items, including correspondent accounts, as well as repos in cash with the Central Bank.

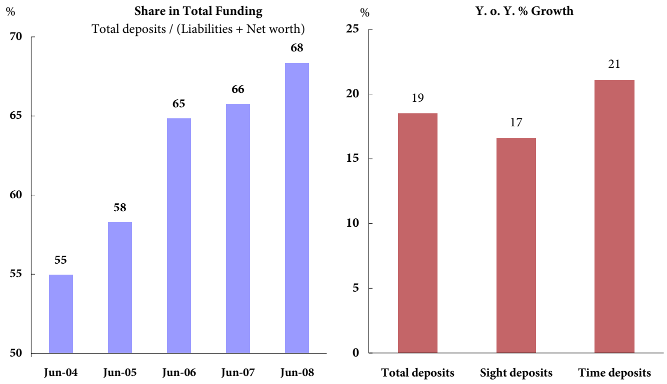
[3] In terms of total assets, lending to the private sector stood at 38.5% in June 2008.

[4] Stocks are adjusted for the financial trust issues during the month.

Chart 4

Total Deposits

Financial system

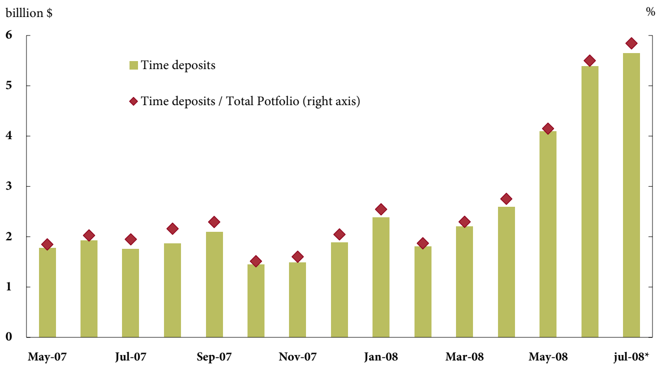


Source: BCRA

Chart 5

Time Deposits of Pension Funds

Total stock

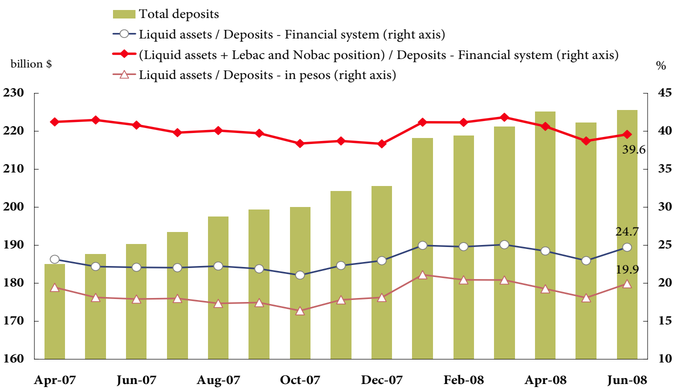


* Data until july, 15.

Source: BCRA on data released by the SAFJP

Chart 6

Deposits and Liquidity



Source: BCRA

all the increase for the month in lending to the private sector was accounted for official banks, while private banks posted a slight reduction for the month.

In June, banking foreign currency assets rose US$60 million, mainly driven by the increase in liquid assets. Foreign currency liabilities went up US$80 million in the month, a development mainly explained by the growth in private sector deposits. These movements, combined with the decline in the peso-dollar exchange rate between ends during June and the increase in financial system net worth, **explain the drop for the month of 0.7 p.p. in the foreign currency mismatching for the sector in terms of net worth** (see Chart 3) **to 17.5%** (5.5 p.p. below the level at the end of 2007). Practically the entire reduction was accounted by private banks, which achieved a slightly borrowing position in foreign currency in June.

Deposits and liquidity

Deposits of the private sector rose, and bank liquidity indicators have strengthened

In June, financial system total deposit recovered much of the ground lost in May. Total deposits went up $3.2 billion (1.5% or 18.5% y.o.y.) during the month, driven by both private sector placements ($1.7 billion) and those of the public sector ($1.4 billion). **As a result, deposits accounted for 68% of total bank funding** (liabilities plus net worth) **in June, showing year-on-year growth of 2 p.p.** (see Chart 4).

Private sector sight accounts rose $870 million (1% or 17.5% y.o.y.) in June, while time deposits from the same sector went up $630 million (0.9% or 15.7% y.o.y.), at a time when deposit interest rates were rising. The growth in sight accounts took place mainly in official banks, whereas the increase in time deposits derived almost entirely from the performance of private sector financial entities.

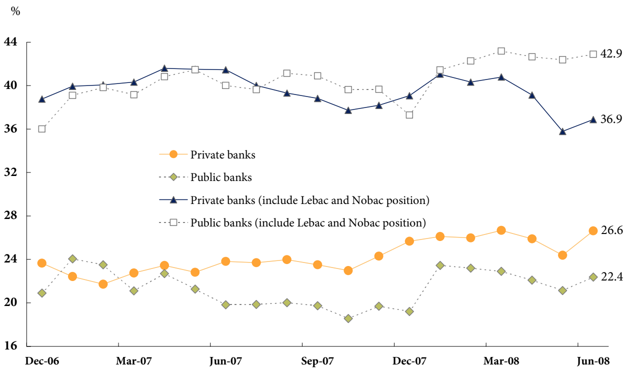
In June the private sector retail segment time deposit total steadied (showing only a slight decline)**, while wholesale deposits in this sector continued to increase** (pension fund deposits in particular went up $1.3 billion during the month) (see Chart 5)[5].

[5] This trend towards recovery by deposits of the private sector continued in July in a widespread manner across all types of deposit and depositor, while interest rates gradually began to decline (source: SisCen).

Chart 7

Deposits and Liquidity by Group of Banks

Liquid assets / Total deposits - Financial system

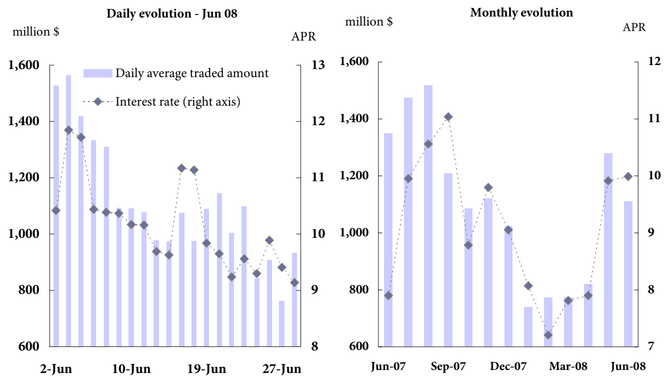


Source: BCRA

Chart 8

Call Market

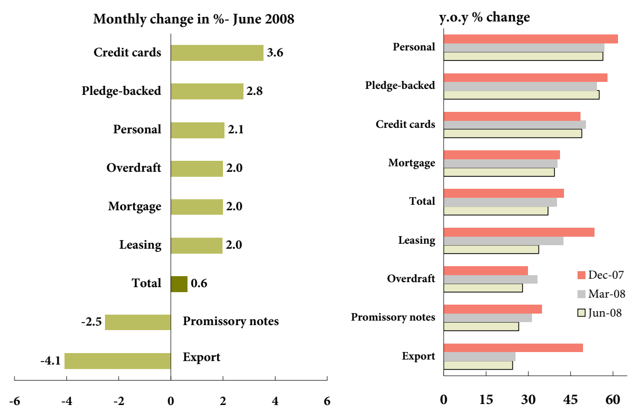
1-day maturity operations in pesos



Source: BCRA

Chart 9

Credit to the Private Sector by Type of Line



Source: BCRA

The increase in private sector deposits was widespread during June, with half of all financial entities, accounting for 85% of such placements, reporting higher stocks. **Those banks most impacted by the drop in private sector deposits during May began to recover their deposit levels in June.**

In a context of certain financial market volatility, domestic banks continued to maintain adequate liquidity levels, in part due to the measures adopted by the Central Bank. In June, bank liquid assets posted a rise of $4.7 billion, mainly a reflection of increased current accounts at the Central Bank and cash held at banks ($4.25 billion in total). The Central Bank established a two-month minimum cash requirement period (June/July), with the possibility of transferring excess liquidity[6]. The position in cash repos with the Central Bank recorded an increase of $450 million.

As a result, **the liquidity indicator for the system as a whole stood at 24.7% of total deposits in June**, 1.8 p.p. above the level recorded in May (see Chart 6). The increase for the month in liquid assets exceeded the drop of $1.55 billion in the Lebac and Nobac position, so that the broad liquidity indicator (which includes that position) rose 0.8 p.p. in June, reaching 39.6% of total deposits.

The increase for the month in liquid assets took place in both private and public sector entities. Private banks increased their liquidity ratio by 2.2 p.p. in June, to 26.6% of their deposits (see Chart 7). The liquidity indicator for public sector financial entities went up 1.2 p.p. during the month, to 22.4% of its deposits.

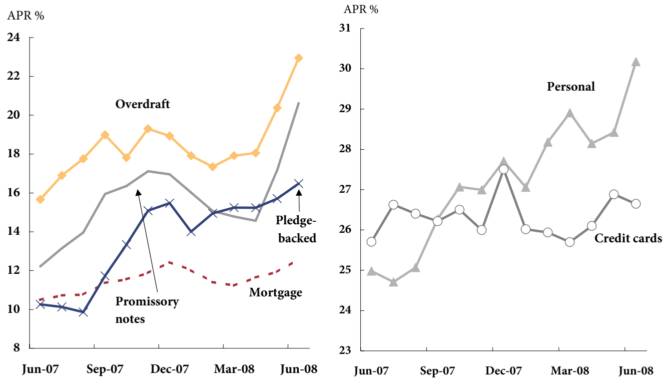
The interest rate on overnight inter-bank call money market recorded a gradual decline between ends during the month (see Chart 8), standing at an average of 10%. A drop was registered in the traded amount on this market: the average daily trading volume in June was $1.11 billion, 13.2% lower than in the previous month. Both interest rates and trading volumes on this market continued to record declines in July.

[6] Communication "A" 4813. This measure was adopted after it was confirmed that the two-month position originally established did not generate any excessively cautious behavior by banks that might have impacted on interest rates.

Chart 10

Lending Interest Rates

Credit to the private sector - Financial system

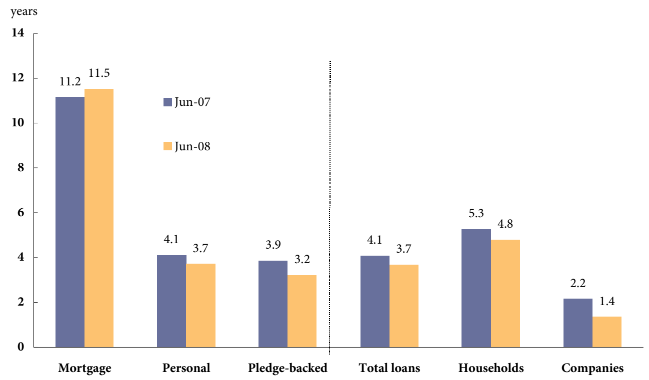


Source: BCRA

Chart 11

Lending to the Private Sector

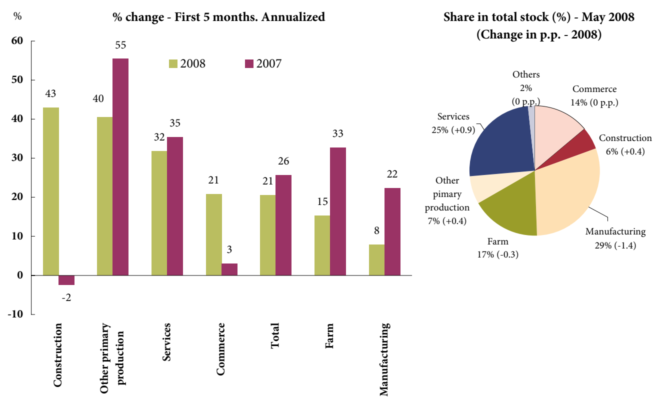
Average maturity weighted by amount



NOTE: Excludes overdraft and credit cards.
Source: BCRA

Chart 12

Lending to Companies by Economic Sector



Source: BCRA

Financing

Growth in lending to firms and households slows slightly

Lending to the private sector continued to grow in June, although its rhythm has smoothed. Lending to the private sector posted an increase of $800 million or 0.6% for the month ($1.05 billion or 0.8% if the stock is adjusted to take into account the issue of financial trusts in June). Personal loans, credit cards (each one went up $500 million) and mortgage loans (up $300 million) were behind the increase for the month. Promissory notes and export credit declined in June. The increase in lending to the private sector took place mainly in the public bank sector, and to a lesser extent among non-bank financial entities (NBFE), as private banks registered a slight reduction in their stock of financing. As a result, by mid-2008 lending to the private sector recorded an increase of 37% y.o.y., slightly below the rate recorded in recent months (see Chart 9).

The increase in credit to households and companies took place in a situation in which lending interest rates rose (see Chart 10). The largest interest rate hikes were recorded by commercial lines (overdrafts and promissory notes) and by personal loans. Credit card lending was the only category showing a slight decline in its interest rate during the month.

Mortgage credit lines were the only ones to show an increase in their term to maturity in the last 12 months. Whereas mortgage loans granted in June 2007 matured in slightly over 11 years, by mid-2008 the average term for new loans was almost 12 years (and 14 years in the case of mortgage lending to households). **The average maturity for all loans granted to the private sector posted a slight decline compared with June 2007** (see Chart 11), explained mainly by the performance by loans to companies.

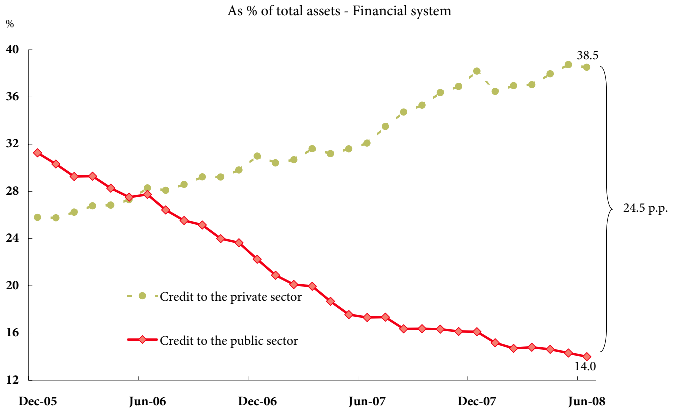
Some slowing has taken place in corporate lending growth[7] for the year to date. While manufacturing, the farm sector, services and the remaining areas of primary production recorded a reduction in the rate of credit growth when comparing the first five months of 2008 with the same period of the previous year, construction and commerce showed greater dynamism (see Chart 12). Only lending to farm and manufacturing grew at

[7] Loans to companies are considered to be those granted to legal persons and commercial credit to individuals, while remaining lending to individuals is included as part of the households heading.

Chart 13

Public and Private Sector Exposure

As % of total assets - Financial system

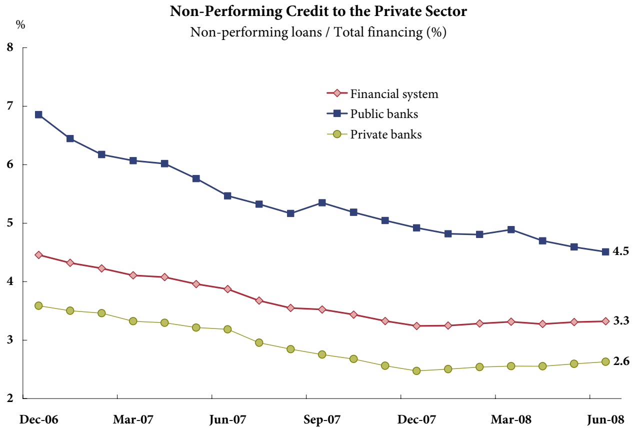


Source: BCRA

Chart 14

Non-Performing Credit to the Private Sector

Non-performing loans / Total financing (%)

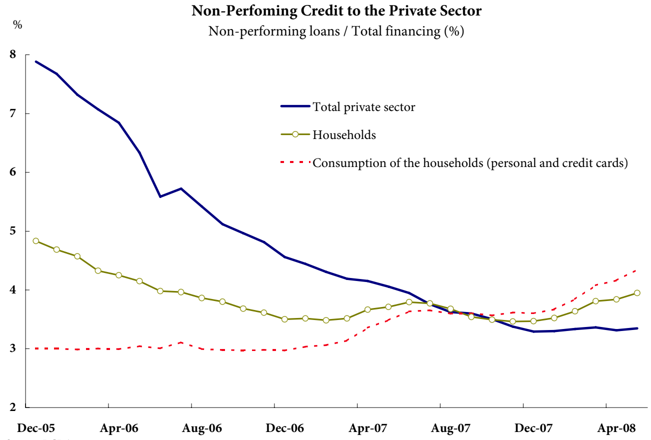


Source: BCRA

Chart 15

Non-Perfoming Credit to the Private Sector

Non-performing loans / Total financing (%)



Source: BCRA

below the average, losing share in total lending to companies over the course of 2008.

As a counterpart to the increase in credit for the private sector, lending to the public sector continued to fall. Exposure to the public sector dropped 0.3 p.p. of assets in June, to 14% (see Chart 13), for a total reduction of 3.3 p.p. in the last 12 months. The performance for the month was mainly explained by private banks, which continued to show a reduction in their public sector exposure levels.

Portfolio quality

Non-performance of financing to the private sector remains low, although some deterioration has taken place in lending to households

Increased lending to companies and families continued to take place within the framework of limited credit risk. Private sector non-performance remained at a level of 3.3% in June, a drop of 0.6 p.p. over the last 12 months. This year-on-year drop was led by public banks, which recorded a 1 p.p. reduction in their non-performance ratio for private sector lending, to 4.5% (see Chart 14). In the case of private banks, delinquency dropped 0.6 p.p. to a level of 2.6% in June. Provision levels stood at 122% of private sector non-performing loans during the month (with similar levels being recorded by both private and public banks), yet another sign of the sound position by banks in the face of private sector repayment risk.

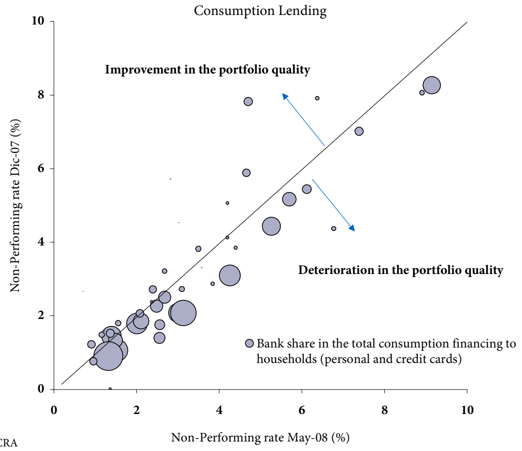
Household lending portfolio quality has been showing some signs of deterioration, with delinquency reaching 3.9% of the total (according to the latest information available dated May 2008), registering an increase of 0.5 p.p. in the year to date. This performance has mainly been driven by household consumer credit lines (personal loans and credit cards), for which non-performance rose 0.7 p.p. over the course of the year, to a level of 4.3% (see Chart 15). **The increase in delinquency for these lines has been widespread across all banks participating in this business segment** (see Chart 16), a trend that has also been evident in other Latin American economies, representing an aspect meriting increased monitoring by the supervisory authorities in the region.

The performance of lending to companies continued to show improvement. In May the non-performance ratio for corporate lending lines stood at 2.9% (0.3 p.p. less than at the end of 2007). **All productive sectors**

Chart 16

Non-Performing Credit to Households by Group of Banks

Consumption Lending

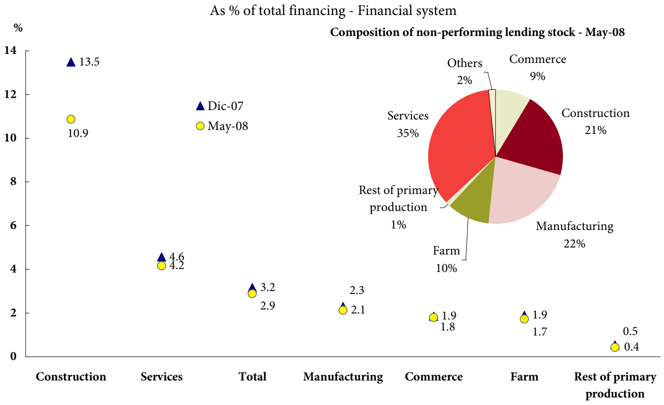


Source: BCRA

Chart 17

Lending to Companies by Economic Sector

As % of total financing - Financial system

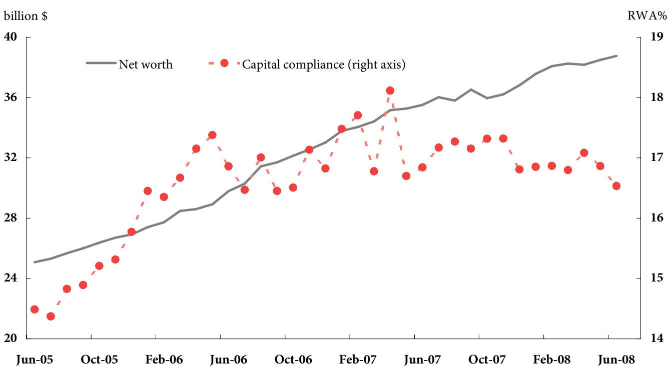


Source: BCRA

Chart 18

Solvency

Financial system



Source: BCRA

showed declines in their non-performance indicators in the first five months of 2008 (see Chart 17). There was a notable fall in the delinquency of credit lines for construction and companies in the service sector (2.6 p.p. and 0.4 p.p., to 10.9% and 4.2% of loans, respectively). The farm sector (with non-performance at 1.7%), the remaining primary production sectors (0.4%) and commerce (1.8%), are the sectors with the lowest delinquency levels.

Solvency

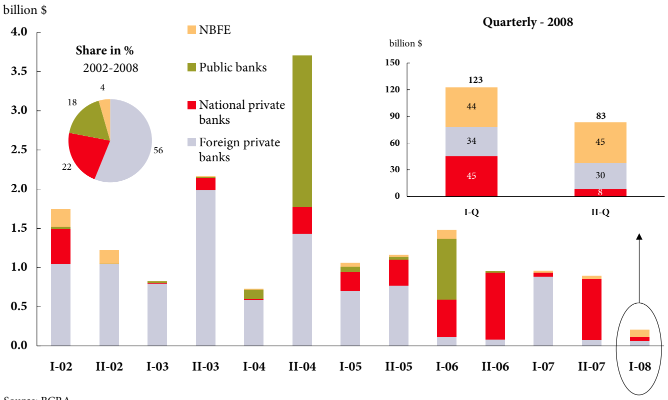
Financial system solvency remains high, as profits continue to be booked

Banking net worth rose $270 million in June (0.7% or 9.2% y.o.y.), accumulating a total of $1.95 billion in 2008 (see Chart 18). This positive performance for the month was common to all financial entity groups. Private banks recorded an increase in their net worth of $160 million (0.7% or 9.5% y.o.y.), while that of official banks rose $90 million (0.7% or 7.2% y.o.y.). This growth for the month in net worth was mainly a consequence of the recording of book profits, and to a lesser extent, to the receipt of new capital contributions. As regards the latter, **in June the fresh capital contribution totaled $15 million to a NBFE**. This financial entity segment accounted for almost 44% of all new capital influxes in the first half of 2008 (see Chart 19) (over $200 million in total), such resources having totaled $17.1 billion (US$5.75 billion) since 2002.

Banking sector capital compliance amounted to 16.5% of risk-weighted assets in June, exceeding both minimum levels recommended internationally and those required locally. During the month there was a slight reduction in the capital compliance indicator, at a time of rising participation by lending to households and corporations in bank loan portfolios. Nevertheless, excess capital compliance in terms of the total requirement increased 0.1 p.p. in June, to 82%.

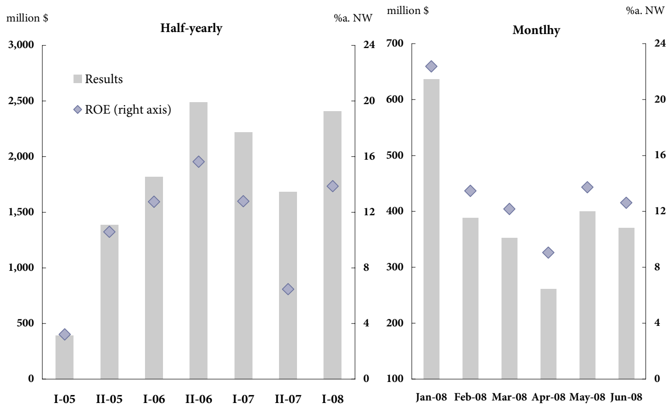
The financial system continued to record positive results in June. Profits totaled $370 million (ROA of 1.5%a. and ROE of 12.6%a.). Profits obtained during the month were 0.1 p.p. of assets below those for May, mainly because of the slight reduction in financial margin and increased loan loss provisions. During the month, private and public sector banks accrued profits for 1.9%a. and 1%a. of assets, respectively. As a result, **the financial system concluded its seventh consecutive profitable half-year.** In the year to date profits have

Chart 19
Financial Entities Capital Contribution
2002-2008



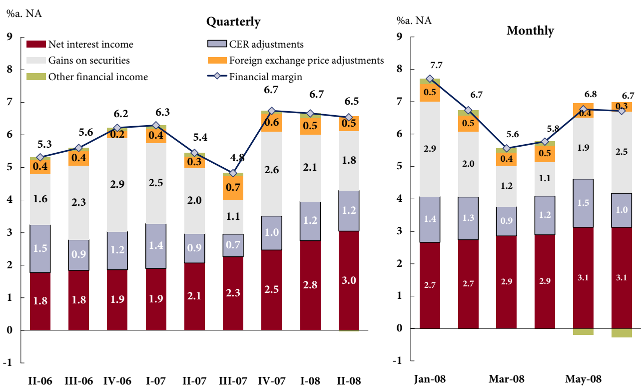
Source: BCRA

Chart 20
Profitability



Source: BCRA

Chart 21
Financial Margin
Financial system



Source: BCRA

totaled $2.4 billion, equivalent to 1.6%a. of assets or 13.9%a. of net worth (see Chart 20).

Banking financial margin was down 0.1 p.p. of assets in June, to a level of 6.7%a. During the month there was a recovery by earnings on securities, which were equivalent to 2.5%a. of assets (0.6 p.p. more than in May). This increase was more than offset by the reduction in CER adjustments as a result of the lower rise in that coefficient compared with the previous month, and because of the decline in the foreign exchange price adjustments due to the fall of the peso-dollar exchange rate and the reduction in foreign currency mismatching during the period. **Interest income remained steady in June at 3.1%a. of assets.** In the year to date **the financial margin has shown an improvement compared with the first half of last year,** rising by 0.6 p.p. of assets to 6.5%a. (see Chart 21).

Service income margin dropped slightly in June, totaling 3.5%a of assets, although showing a rising trend in recent periods, posting an increase of 0.5 p.p. of assets in the first part of 2008 compared with the same period of the previous year, to a level of 3.4%a. Service income margin **derives mainly from deposit-taking, although those generated by the increase in lending has been more dynamic** (see Chart 22), thus further deepening those less volatiles sources of bank revenue. During the first half, net service income accounted for 57% of total operating costs, slightly above the level seen in the first half of last year.

Loan loss provisions registered an increase for the month of 0.4 p.p. of assets to a level of 1.2%a**.,** in the context of the end of the quarterly accounting period. In the total for the year, this accrued expenditure reached 0.8%a. of assets, 0.2 p.p. higher than the figure for the first six months of 2007 (see Chart 23), **a development mainly associated with the steady increase in the stock of loans to the private sector,** as loan portfolio non-performance remains at a low level.

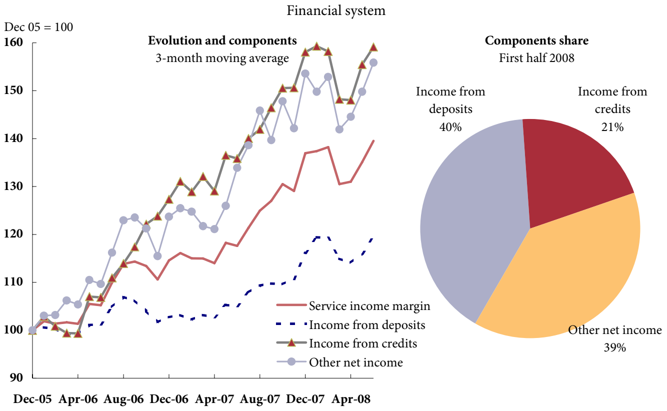
Operating costs recorded a drop for the month of 0.2 p.p. to 6.2%a. of assets. Nevertheless, **operating costs have been following an upward path as a result of rising employment in the financial sector and the wage level recovery process taking place.**

Valuation adjustment accrual regarding loans to the public sector dropped 0.3 p.p. in June to 0.6%a. of assets, while amortization of court-ordered releases remained at 0.3%a. Together over the course of the year to date these items have totaled 0.9%a. of assets, 0.1 p.p. above the total for the same period of 2007.

Chart 22

Service Income Margin

Financial system

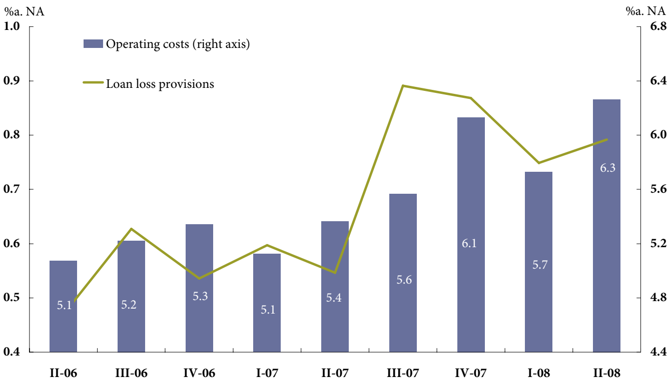


Source: BCRA

Chart 23

Operating Costs and Loan Loss Provisions

As % of netted assets - Quarterly



Source: BCRA

On the basis of information available at the time this Report is going to press, **it is expected that in the second part of the year banks will continue to strengthen their solvency as a result of the obtaining of book profits.** Grounded in an increase in both deposits and lending to the private sector, it is expected that the more stable sources of revenue will continue at a high level in July. Nevertheless, some reduction is foreseen in the results from the holding and trading of securities, as a result of the widespread decline in the prices of such assets during the month.

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" 4809 – 06/06/08**

As from September 2008, with the aim of ensuring financial entities offer a standard product facilitating comparison and transparency, regulations on savings accounts deposits, wage payments and special payments will include a standard basic account. Financial entities may opt not to offer the basic account, providing notification of this decision within 15 calendar days as from June 6, 2008 by means of a note addressed to the Superintendence of Financial and Exchange Entities. The offering of this basic account cannot be made conditional on the acceptance of other banking products, and evidence of the offering of such an account must remain on record at the financial institution. One distinctive feature will be the possibility of performing a certain number of withdrawal or deposit transactions without charge. In addition, the regular issue of statements with details of movements posted in such accounts will not be obligatory. Furthermore, it has been laid down that financial entities offering the "basic account" service should make use of the "Transparency Information Regime" to inform all the items it covers.

- **Communication "A" 4813 – 19/06/08**

Minimum cash regulations. The terms of Com. "A" 4807 in relation to the non-computation in future periods of possible excess compliance on the June position considered individually have been cancelled, the remaining regulations on the two-month June/July 2008 period remaining in force, with the clarification that when calculating the requirements for the two months on time deposits in June and July 2008, consideration should be given to the residual maturity structures for May and June respectively.

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 institutions 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 institutions 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 institutions 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 institutions that specialize in a financial sector niche market –usually smaller institutions-. 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 institution group has been established in a general manner.

(f) Indicators exhibited in Tables 1 and 5 of Statistical Appendix: 1.- (Paid in liquidity at the Central Bank + Other cash holding + Holdings of Central Bank securities for repo transactions in cash) / Total deposits; 2.- (Position in government securities (not including Lebac nor Nobac) + Loans to the public sector + Compensations to be received) / Total assets; 3.- (Loans to the non-financial private sector + Leasing operations) / Total assets; 4.- Irregular portfolio with the non-financial private sector / Loans to the non-financial private sector; 5.- (Total irregular portfolio – Bad loan provisions) / Equity. The irregular portfolio includes loans classed in situations 3, 4, 5 and 6; 6.- Cumulative annual result / Average monthly net assets - % annualized; 8.- (Financial margin (Interest result + CER and CVS adjustments + Asset based results + Exchange rate differences + Other financial results) + Service results) / Cumulative annual management outlays; 9.- Paid in capital (Calculated Equity Requirement) / Risk weighted assets, according to the Central Bank rule on minimum capital; 10.- Total capital position (Paid in capital less requirement, including flexibilities) / 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 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 plus repos 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 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 Methodology)

As %	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Jun 2007	2007	May 2008	Jun 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	22.1	23.0	23.0	24.7
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	17.3	16.1	14.3	14.0
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	32.1	38.2	38.7	38.5
4.- Private non-performing loans	16.2	13.8	12.2	14.0	16.0	19.1	38.6	33.5	18.6	7.6	4.5	3.9	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	-3.1	-3.0	-2.3	-2.4
6.- ROA	0.6	1.0	0.5	0.2	0.0	0.0	-8.9	-2.9	-0.5	0.9	1.9	1.7	1.5	1.7	1.6
7.- ROE	4.1	6.3	3.9	1.7	0.0	-0.2	-59.2	-22.7	-4.2	7.0	14.3	12.8	9.0	14.1	13.9
8.- Eficiency	142	136	138	142	147	143	189	69	125	151	167	168	161	166	166
9.- Capital compliance	23.8	20.8	20.3	21.0	20.1	21.4	-	14.5	14.0	15.3	16.8	16.8	16.8	16.9	16.5
10.- Excess capital compliance	64	73	49	54	58	54	-	116	185	173	134	92	92	81	82

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	Jun 07	Dec 07	May 08	Jun 08	Change (%)		
												Last month	2008	Last 12 months
Assets	**163,550**	**123,743**	**187,532**	**186,873**	**212,562**	**221,962**	**258,384**	**289,316**	**297,963**	**325,941**	**329,839**	**1.2**	**10.7**	**14.0**
Liquid assets[1]	20,278	13,005	17,138	27,575	29,154	20,819	37,991	37,595	46,320	47,212	51,491	9.1	11.2	37.0
Public bonds	10,474	3,694	31,418	45,062	55,382	66,733	64,592	77,284	62,678	67,533	65,970	-2.3	5.3	-14.6
Lebac/Nobac	-	-	-	-	17,755	28,340	29,289	44,913	36,022	41,660	40,714	-2.3	13.0	-9.4
Portfolio	-	-	-	-	11,803	21,067	25,725	35,598	31,598	35,045	33,486	-4.4	6.0	-5.9
Repo[2]	-	-	-	-	5,953	7,273	3,563	9,315	4,424	6,615	7,228	9.3	63.4	-22.4
Private bonds	633	543	332	198	387	389	813	795	382	563	753	33.7	97.0	-5.3
Loans	83,277	77,351	84,792	68,042	73,617	84,171	103,668	112,083	132,157	145,774	146,317	0.4	10.7	30.5
Public sector	15,164	22,694	44,337	33,228	30,866	25,836	20,874	16,734	16,772	17,269	17,422	0.9	3.9	4.1
Private sector	64,464	52,039	38,470	33,398	41,054	55,885	77,832	89,922	110,355	122,415	123,095	0.6	11.5	36.9
Financial sector	3,649	2,617	1,985	1,417	1,697	2,450	4,962	5,427	5,030	6,090	5,800	-4.8	15.3	6.9
Provisions over loans	-6,907	-6,987	-11,952	-9,374	-7,500	-4,930	-3,728	-3,748	-4,089	-4,383	-4,258	-2.8	4.1	13.6
Other netted credits due to financial intermediation	42,361	21,485	39,089	27,030	32,554	26,721	26,039	35,711	29,712	38,443	38,685	0.6	30.2	8.3
Corporate bonds and subordinated debt	794	751	1,708	1,569	1,018	873	773	724	606	717	688	-4.0	13.6	-5.0
Unquoted trusts	2,053	2,065	6,698	4,133	3,145	3,883	4,881	4,754	5,023	5,558	5,698	2.5	13.4	19.9
Compensation receivable	0	0	17,111	14,937	15,467	5,841	763	367	377	320	314	-2.1	-16.8	-14.4
Other	39,514	18,669	13,572	6,392	12,924	16,124	19,622	29,866	23,706	31,848	31,985	0.4	34.9	7.1
Leasing	786	771	567	397	611	1,384	2,262	2,945	3,469	3,860	3,936	2.0	13.5	33.7
Shares in other companies	2,645	2,688	4,653	4,591	3,871	4,532	6,392	6,842	6,430	6,669	6,734	1.0	4.7	-1.6
Fixed assets and miscellaneous	4,939	4,804	8,636	8,164	7,782	7,546	7,619	7,606	7,643	7,740	7,699	-0.5	0.7	1.2
Foreign branches	1,115	1,057	3,522	3,144	3,524	3,647	2,782	2,880	2,912	2,934	2,869	-2.2	-1.5	-0.4
Other assets	3,950	5,334	9,338	12,043	13,180	10,950	9,953	9,322	10,347	9,598	9,644	0.5	-6.8	3.5
Liabilities	**146,267**	**107,261**	**161,446**	**164,923**	**188,683**	**195,044**	**225,369**	**253,811**	**261,143**	**287,452**	**291,080**	**1.3**	**11.5**	**14.7**
Deposits	86,506	66,458	75,001	94,635	116,655	136,492	170,898	190,281	205,550	222,278	225,504	1.5	9.7	18.5
Public sector[3]	7,204	950	8,381	16,040	31,649	34,019	45,410	47,805	48,340	58,441	59,863	2.4	23.8	25.2
Private sector[3]	78,397	43,270	59,698	74,951	83,000	100,809	123,431	139,935	155,048	161,396	163,082	1.0	5.2	16.5
Current account	6,438	7,158	11,462	15,071	18,219	23,487	26,900	32,054	35,245	38,091	36,700	-3.7	4.1	14.5
Savings account	13,008	14,757	10,523	16,809	23,866	29,078	36,442	40,654	47,109	46,438	48,699	4.9	3.4	19.8
Time deposit	53,915	18,012	19,080	33,285	34,944	42,822	54,338	60,515	65,952	69,055	70,096	1.5	6.3	15.8
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	54,992	46,225	55,540	55,725	0.3	20.5	1.3
Interbanking obligations	3,545	2,550	1,649	1,317	1,461	2,164	4,578	4,864	4,310	5,327	5,115	-4.0	18.7	5.2
BCRA lines	102	4,470	27,837	27,491	27,726	17,005	7,686	3,585	2,362	2,252	2,223	-1.3	-5.9	-38.0
Outstanding bonds	4,954	3,777	9,096	6,675	7,922	6,548	6,603	8,003	6,938	6,601	6,376	-3.4	-8.1	-20.3
Foreign lines of credit	8,813	7,927	25,199	15,196	8,884	4,684	4,240	3,255	3,864	4,503	4,681	4.0	21.2	43.8
Other	37,883	17,295	11,955	11,012	18,934	21,671	22,930	35,285	28,752	36,857	37,330	1.3	29.8	5.8
Subordinated debts	2,255	2,260	3,712	2,028	1,415	1,381	1,642	1,657	1,672	1,638	1,589	-3.0	-5.0	-4.1
Other liabilities	2,210	2,524	6,997	6,569	5,685	5,099	6,792	6,880	7,695	7,996	8,263	3.3	7.4	20.1
Net worth	**17,283**	**16,483**	**26,086**	**21,950**	**23,879**	**26,918**	**33,014**	**35,506**	**36,819**	**38,489**	**38,759**	**0.7**	**5.3**	**9.2**
Memo														
Netted assets	129,815	110,275	185,356	184,371	202,447	208,275	244,791	265,130	280,336	300,821	304,813	1.3	8.7	15.0
Consolidated netted assets	125,093	106,576	181,253	181,077	198,462	203,286	235,845	255,334	271,652	290,872	295,228	1.5	8.7	15.6

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

Source: BCRA

Statistics Annex | Financial System (cont.)

Chart 3 | Profitability Structure

Amount in million of pesos	Annual								First 6 months		Monthly			Last
	2000	2001	2002[1]	2003	2004	2005	2006	2007	2007	2008	Apr-08	May-08	Jun-08	12 months
Financial margin	7,291	6,943	13,991	1,965	6,075	9,475	13,262	15,338	7,510	9,679	1,443	1,676	1,686	17,508
Net interest income	5,106	4,625	-3,624	-943	1,753	3,069	4,150	5,744	2,545	4,298	723	775	785	7,497
CER and CVS adjustments	0	0	8,298	2,315	1,944	3,051	3,012	2,624	1,449	1,814	299	368	263	2,989
Foreign exchange price adjustments	185	268	5,977	-890	866	751	944	1,357	499	659	120	108	74	1,517
Gains on securities	1,481	1,490	3,639	1,962	1,887	2,371	4,923	5,349	2,872	2,878	265	471	633	5,354
Other financial income	519	559	-299	-480	-375	233	235	264	144	30	36	-46	-69	151
Service income margin	3,582	3,604	4,011	3,415	3,904	4,781	6,243	8,248	3,752	5,033	865	887	878	9,529
Loan loss provisions	-3,056	-3,096	-10,007	-2,089	-1,511	-1,173	-1,198	-1,894	-732	-1,240	-184	-210	-298	-2,402
Operating costs	-7,375	-7,362	-9,520	-7,760	-7,998	-9,437	-11,655	-14,634	-6,721	-8,881	-1,542	-1,584	-1,565	-16,794
Tax charges	-528	-571	-691	-473	-584	-737	-1,090	-1,537	-681	-1,011	-170	-172	-201	-1,867
Income tax	-446	-262	-509	-305	-275	-581	-595	-1,032	-619	-670	-40	-110	-122	-1,083
Adjust. to the valuation of government securities[2]	0	0	0	-701	-320	-410	-752	-837	-49	-771	-165	-217	-154	-1,559
Amortization payments for court-ordered releases	0	0	0	-1,124	-1,686	-1,867	-2,573	-1,980	-975	-541	-75	-80	-65	-1,547
Other	535	702	-3,880	1,738	1,497	1,729	2,664	2,234	736	811	129	210	213	2,309
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**	**3,905**	**2,220**	**2,409**	**262**	**400**	**370**	**4,094**
Adjusted results[4]	-	-	-	-3,440	1,337	4,057	7,631	6,723	3,244	3,721	502	697	590	7,199
Annualized indicators - As % of netted assets														
Financial margin	5.7	5.7	6.5	1.1	3.1	4.6	5.8	5.8	5.9	6.5	5.8	6.8	6.7	6.2
Net interest income	4.0	3.8	-1.7	-0.5	0.9	1.5	1.8	2.2	2.0	2.9	2.9	3.1	3.1	2.6
CER and CVS adjustments	0.0	0.0	3.9	1.3	1.0	1.5	1.3	1.0	1.1	1.2	1.2	1.5	1.0	1.1
Foreign exchange price adjustments	0.1	0.2	2.8	-0.5	0.4	0.4	0.4	0.5	0.4	0.4	0.5	0.4	0.3	0.5
Gains on securities	1.2	1.2	1.7	1.1	1.0	1.2	2.2	2.0	2.2	1.9	1.1	1.9	2.5	1.9
Other financial income	0.4	0.5	-0.1	-0.3	-0.2	0.1	0.1	0.1	0.1	0.0	0.1	-0.2	-0.3	0.1
Service income margin	2.8	3.0	1.9	1.9	2.0	2.3	2.7	3.1	2.9	3.4	3.5	3.6	3.5	3.4
Loan loss provisions	-2.4	-2.6	-4.7	-1.1	-0.8	-0.6	-0.5	-0.7	-0.6	-0.8	-0.7	-0.8	-1.2	-0.8
Operating costs	-5.8	-6.1	-4.4	-4.2	-4.1	-4.6	-5.1	-5.6	-5.2	-6.0	-6.2	-6.4	-6.2	-5.9
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	-0.8	-0.7
Income tax	-0.3	-0.2	-0.2	-0.2	-0.1	-0.3	-0.3	-0.4	-0.5	-0.5	-0.2	-0.4	-0.5	-0.4
Adjust. 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	-0.5	-0.7	-0.9	-0.6	-0.6
Amortization payments for court-ordered releases	0.0	0.0	0.0	-0.6	-0.9	-0.9	-1.1	-0.8	-0.8	-0.4	-0.3	-0.3	-0.3	-0.5
Other	0.4	0.6	-1.8	0.9	0.8	0.8	1.2	0.8	0.6	0.5	0.5	0.8	0.8	0.8
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**	**1.7**	**1.6**	**1.0**	**1.6**	**1.5**	**1.4**
ROA adjusted[4]	0.0	0.0	-8.9	-1.9	0.7	2.0	3.4	2.6	2.5	2.5	2.0	2.8	2.3	2.5
ROE[3]	*0.0*	*-0.2*	*-59.2*	*-22.7*	*-4.2*	*7.0*	*14.3*	*9.0*	*12.8*	*13.9*	*9.0*	*13.7*	*12.6*	*9.4*

(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 4 | Portfolio Quality

As percentage	Dec 00	Dec 01	Dec 02	Dec 03	Dec 04	Dec 05	Dec 06	Jun 07	Dec 07	May 08	Jun 08
Non-performing loans (overall)	12.9	13.1	18.1	17.7	10.7	5.2	3.4	3.1	2.7	2.8	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**	**3.9**	**3.2**	**3.3**	**3.3**
Provisions / Non-performing loans	61.1	66.4	73.8	79.2	102.9	124.5	129.9	129.9	129.6	120.8	121.5
(Total non-perfoming - Provisions) / Overall financing	5.0	4.4	4.7	3.7	-0.3	-1.3	-1.0	-0.9	-0.8	-0.6	-0.6
(Total non-perfoming - Provisions) / Net worth	26.2	21.6	17.2	11.9	-1.0	-4.1	-3.3	-3.1	-3.0	-2.3	-2.4

(*) 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	May 2007	2007	May 2008	Jun 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	22.8	25.7	24.4	26.6
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	11.1	9.1	7.8	7.5
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	39.8	46.6	47.4	47.0
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	3.2	2.5	2.6	2.6
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	-3.0	-3.6	-2.8	-2.8
6.- ROA	0.6	0.7	0.5	0.3	0.1	0.2	-11.3	-2.5	-1.0	0.5	2.2	1.9	1.6	1.9	1.9
7.- ROE	4.1	6.3	4.3	2.3	0.8	1.4	-79.0	-19.1	-8.1	4.1	15.3	12.7	8.8	14.6	14.5
8.- Eficiency	144	135	139	146	152	151	168	93	115	136	158	163	152	163	163
9.- Capital compliance	15.9	15.4	14.6	18.9	18.0	17.6	-	14.0	15.1	17.8	18.6	20.1	19.2	18.6	18.1
10.- Excess capital compliance	33	47	27	60	49	43	-	88	157	155	116	95	87	75	77

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	Jun 07	Dec 07	May 08	Jun 08	Change (%)		
												Last month	2008	Last 12 months
Assets	**119,371**	**82,344**	**118,906**	**116,633**	**128,065**	**129,680**	**152,414**	**166,408**	**175,509**	**189,556**	**190,475**	**0.5**	**8.5**	**14.5**
Liquid assets[1]	13,920	10,576	11,044	14,500	15,893	14,074	22,226	23,293	29,418	27,270	30,540	12.0	3.8	31.1
Public bonds	7,583	1,627	19,751	22,260	24,817	29,966	27,663	32,298	24,444	23,454	21,964	-6.4	-10.1	-32.0
Lebac/Nobac	0	0	-	-	8,359	15,227	15,952	22,229	17,684	17,322	15,628	-9.8	-11.6	-29.7
Portfolio	0	0	-	-	5,611	12,899	14,220	18,668	15,639	13,891	12,582	-9.4	-19.5	-32.6
Repo[2]	0	0	-	-	2,749	2,328	1,732	3,561	2,045	3,432	3,046	-11.3	49.0	-14.5
Private bonds	563	451	273	172	333	307	683	639	310	457	578	26.5	86.2	-9.6
Loans	56,035	52,319	51,774	47,017	50,741	56,565	69,294	74,876	88,898	97,276	96,618	-0.7	8.7	29.0
Public sector	8,172	13,803	25,056	23,571	21,420	15,954	10,036	6,461	6,413	6,224	6,221	0.0	-3.0	-3.7
Private sector	45,103	36,636	26,074	22,816	28,213	39,031	55,632	64,311	78,587	86,304	85,943	-0.4	9.4	33.6
Financial sector	2,760	1,880	644	630	1,107	1,580	3,626	4,104	3,898	4,748	4,454	-6.2	14.3	8.5
Provisions over loans	-3,248	-3,957	-7,463	-5,225	-3,717	-2,482	-2,227	-2,293	-2,365	-2,558	-2,623	2.5	10.9	14.4
Other netted credits due to financial intermediation	36,600	13,037	27,212	22,148	25,753	16,873	18,387	20,136	17,084	25,093	24,646	-1.8	44.3	22.4
Corporate bonds and subordinated debt	724	665	1,514	1,394	829	675	618	583	430	529	506	-4.2	17.7	-13.2
Unquoted trusts	1,609	1,637	6,205	3,571	2,362	2,444	2,982	3,403	3,456	4,083	4,150	1.6	20.1	21.9
Compensation receivable	0	0	15,971	13,812	14,657	5,575	760	366	377	320	314	-2.1	-16.8	-14.4
Other	34,267	10,735	3,523	3,370	7,905	8,179	14,027	15,783	12,822	20,160	19,676	-2.4	53.5	24.7
Leasing	776	752	553	387	592	1,356	2,126	2,743	3,149	3,460	3,519	1.7	11.8	28.3
Shares in other companies	1,651	1,703	3,123	2,791	1,892	2,416	4,042	4,433	3,762	4,091	4,128	0.9	9.7	-6.9
Fixed assets and miscellaneous	3,225	3,150	5,198	4,902	4,678	4,575	4,677	4,676	4,685	4,774	4,750	-0.5	1.4	1.6
Foreign branches	75	112	-109	-136	-53	-148	-139	-145	-154	-155	-152	-2.0	-1.2	4.6
Other assets	2,190	2,574	7,549	7,816	7,137	6,178	5,682	5,753	6,277	6,396	6,506	1.7	3.7	13.1
Liabilities	**107,193**	**70,829**	**103,079**	**101,732**	**113,285**	**112,600**	**131,476**	**143,830**	**152,153**	**164,998**	**165,754**	**0.5**	**8.9**	**15.2**
Deposits	57,833	44,863	44,445	52,625	62,685	75,668	94,095	105,833	116,719	121,784	122,749	0.8	5.2	16.0
Public sector[3]	1,276	950	1,636	3,077	6,039	6,946	7,029	7,730	7,564	9,080	9,402	3.6	24.3	21.6
Private sector[3]	55,917	43,270	38,289	47,097	55,384	67,859	85,714	96,668	107,671	111,262	111,689	0.4	3.7	15.5
Current account	4,960	7,158	8,905	11,588	13,966	17,946	20,604	24,317	27,132	29,062	27,874	-4.1	2.7	14.6
Savings account	9,409	14,757	6,309	10,547	14,842	18,362	23,165	25,485	30,169	29,055	29,850	2.7	-1.1	17.1
Time deposit	39,030	18,012	11,083	18,710	22,729	27,736	38,043	42,582	45,770	47,712	48,850	2.4	6.7	14.7
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	32,598	29,323	37,041	36,797	-0.7	25.5	12.9
Interbanking obligations	2,293	1,514	836	726	1,070	1,488	3,383	3,204	1,979	2,271	2,179	-4.0	10.1	-32.0
BCRA lines	83	1,758	16,624	17,030	17,768	10,088	3,689	730	675	705	711	0.8	5.4	-2.6
Outstanding bonds	4,939	3,703	9,073	6,674	7,922	6,548	6,413	7,813	6,686	6,295	6,129	-2.6	-8.3	-21.6
Foreign lines of credit	5,491	4,644	15,434	9,998	5,444	2,696	2,249	1,286	1,833	2,457	2,706	10.1	47.6	110.4
Other	33,466	11,010	7,374	7,939	12,878	11,530	16,015	19,564	18,150	25,312	25,071	-1.0	38.1	28.1
Subordinated debts	1,668	1,700	3,622	1,850	1,304	1,319	1,642	1,653	1,668	1,634	1,585	-3.0	-5.0	-4.1
Other liabilities	1,420	1,637	5,671	4,890	4,213	3,264	3,989	3,745	4,443	4,539	4,623	1.9	4.1	23.4
Net worth	**12,178**	**11,515**	**15,827**	**14,900**	**14,780**	**17,080**	**20,938**	**22,578**	**23,356**	**24,558**	**24,720**	**0.7**	**5.8**	**9.5**
Memo														
Netted assets	88,501	73,796	117,928	115,091	121,889	123,271	143,807	154,184	166,231	173,380	174,967	0.9	5.3	13.5

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

Source: BCRA

Statistics Annex | Private Banks (cont.)

Chart 7 | Profitability Structure

	Annual								First 6 months		Monthly			Last
Amount in million of pesos	2000	2001	2002[1]	2003	2004	2005	2006	2007	2007	2008	Apr-08	May-08	Jun-08	12 months
Financial margin	5,441	5,282	10,628	2,575	3,415	5,253	7,778	8,960	4,407	6,018	847	1,092	1,063	10,571
Net interest income	3,598	3,519	-304	107	1,214	2,069	2,826	4,191	1,742	3,474	596	648	626	5,923
CER and CVS adjustments	0	0	1,476	1,082	900	1,215	858	662	401	429	63	94	55	690
Foreign exchange price adjustments	160	256	6,189	-312	666	576	740	990	387	732	106	185	180	1,334
Gains on securities	1,232	962	3,464	1,892	959	1,259	3,154	2,888	1,747	1,375	47	211	275	2,517
Other financial income	450	546	-197	-195	-322	134	199	229	131	9	34	-46	-73	107
Service income margin	2,554	2,598	2,782	2,341	2,774	3,350	4,459	5,881	2,713	3,549	617	613	602	6,717
Loan loss provisions	-2,173	-2,464	-6,923	-1,461	-1,036	-714	-737	-1,174	-518	-816	-128	-138	-168	-1,472
Operating costs	-5,263	-5,224	-6,726	-5,310	-5,382	-6,303	-7,741	-9,735	-4,475	-5,876	-1,002	-1,053	-1,034	-11,136
Tax charges	-379	-418	-512	-366	-393	-509	-769	-1,105	-486	-754	-128	-128	-156	-1,373
Income tax	-393	-216	-337	-295	-202	-217	-365	-380	-192	-461	-28	-98	-97	-649
Adjust. to the valuation of government securities[2]	0	0	0	-665	-51	-201	-170	-100	20	-111	-22	-60	-34	-231
Amortization payments for court-ordered releases	0	0	0	-791	-1,147	-1,168	-1,182	-1,466	-781	-356	-41	-39	-38	-1,041
Other	307	615	-4,164	1,178	846	1,156	1,641	1,576	666	404	39	73	128	1,314
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**	**1,353**	**1,597**	**155**	**260**	**267**	**2,701**
Adjusted results[4]	-	-	-	-1,357	252	2,016	4,267	4,023	2,115	2,064	218	360	338	3,972
Annualized indicators - As % of netted assets														
Financial margin	6.2	6.4	7.6	2.3	2.9	4.3	5.9	5.8	5.9	7.0	5.8	7.7	7.4	6.4
Net interest income	4.1	4.3	-0.2	0.1	1.0	1.7	2.1	2.7	2.3	4.0	4.1	4.6	4.4	3.6
CER and CVS adjustments	0.0	0.0	1.1	0.9	0.8	1.0	0.6	0.4	0.5	0.5	0.4	0.7	0.4	0.4
Foreign exchange price adjustments	0.2	0.3	4.4	-0.3	0.6	0.5	0.6	0.6	0.5	0.9	0.7	1.3	1.3	0.8
Gains on securities	1.4	1.2	2.5	1.7	0.8	1.0	2.4	1.9	2.3	1.6	0.3	1.5	1.9	1.5
Other financial income	0.5	0.7	-0.1	-0.2	-0.3	0.1	0.2	0.1	0.2	0.0	0.2	-0.3	-0.5	0.1
Service income margin	2.9	3.2	2.0	2.0	2.4	2.7	3.4	3.8	3.6	4.1	4.2	4.3	4.2	4.1
Loan loss provisions	-2.5	-3.0	-5.0	-1.3	-0.9	-0.6	-0.6	-0.8	-0.7	-0.9	-0.9	-1.0	-1.2	-0.9
Operating costs	-6.0	-6.4	-4.8	-4.6	-4.6	-5.1	-5.9	-6.3	-6.0	-6.8	-6.9	-7.4	-7.2	-6.7
Tax charges	-0.4	-0.5	-0.4	-0.3	-0.3	-0.4	-0.6	-0.7	-0.7	-0.9	-0.9	-0.9	-1.1	-0.8
Income tax	-0.4	-0.3	-0.2	-0.3	-0.2	-0.2	-0.3	-0.2	-0.3	-0.5	-0.2	-0.7	-0.7	-0.4
Adjust. to the valuation of government securities[2]	0.0	0.0	0.0	-0.6	0.0	-0.2	-0.1	-0.1	0.0	-0.1	-0.2	-0.4	-0.2	-0.1
Amortization payments for court-ordered releases	0.0	0.0	0.0	-0.7	-1.0	-1.0	-0.9	-1.0	-1.1	-0.4	-0.3	-0.3	-0.3	-0.6
Other	0.4	0.7	-3.0	1.0	0.7	0.9	1.2	1.0	0.9	0.5	0.3	0.5	0.9	0.8
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**	**1.8**	**1.9**	**1.1**	**1.8**	**1.9**	**1.6**
ROA adjusted[4]	0.1	0.2	-11.3	-1.2	0.2	1.6	3.2	2.6	2.8	2.4	1.5	2.5	2.3	2.4
ROE [3]	*0.8*	*1.4*	*-79.0*	*-19.1*	*-8.1*	*4.1*	*15.3*	*8.8*	*12.3*	*14.5*	*8.4*	*14.1*	*14.4*	*9.6*

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

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

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

Source: BCRA

Chart 8 | Portfolio Quality

As percentage	Dec 00	Dec 01	Dec 02	Dec 03	Dec 04	Dec 05	Dec 06	Jun 07	Dec 07	May 08	Jun 08
Non-performing loans (overall)	8.3	9.9	19.8	15.7	8.9	4.4	2.9	2.8	2.2	2.3	2.4
Non-performing loans to the non-financial private sector	**9.8**	**14.0**	**37.4**	**30.4**	**15.3**	**6.3**	**3.6**	**3.2**	**2.5**	**2.6**	**2.6**
Provisions / Non-performing loans	67.7	75.7	73.4	79.0	97.0	114.3	129.3	130.1	141.3	129.1	129.0
(Total non-perfoming - Provisions) / Overall financing	2.7	2.4	5.3	3.3	0.4	-0.6	-0.9	-0.8	-0.9	-0.7	-0.7
(Total non-perfoming - Provisions) / Net worth	13.4	11.4	18.6	11.2	1.3	-2.2	-3.0	-2.9	-3.6	-2.8	-2.8

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

Source: BCRA