

Report on Banks

June 2011



BANCO CENTRAL
DE LA REPÚBLICA ARGENTINA

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June 2011

Year VIII, No. 10



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Note | Information for June 2011 available by July 26, 2011 is included. This Report is focused on the performance of the financial system, including breakdowns by homogeneous sub-sectors. The data reported (particularly, those referring to profitability) are provisional and are subject to changes later. Except the opposite was indicated the data included corresponds to BCRA Information Regimes (end of month data).

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Summary

- **In the first half of 2011 the financial system consolidated its financial intermediation activity with the private sector. By the end of the first six months, lending to companies and households accounted for the largest share of total bank assets recorded in the last 10 years. This pattern of rising lending, which has been relatively more significant in the case of loans to the productive sector, took place within the framework of limited counterpart risk, as well as high liquidity and solvency indicators for the financial system as a whole.**
- **Since the end of April 2011 banks began to carry out “immediate credit” bank transfers, introduced by the Central Bank to encourage a greater use of banking services. In July 2011 the number of “immediate” transfers processed by the network rose above 1 million (for an amount of \$3.9 billion), up 22% compared with May. This measure by the Central Bank was in addition to another step mandating a significant reduction in the cost of transfers, particularly in the case of those for smaller amounts. In the first 9 months these regulations were in force (November 2010 to July 2011) a 24% increase was recorded in the total number of transfers for amounts of under \$10,000.**
- Furthermore, this Institution continues to promote the use of new financial tools. **In the fourth quarter of 2010 the Central Bank introduced the Free Universal Account (CGU), to be made available by banks to individuals holding no other form of account, at no cost and with the sole requirement for approval being the presentation of a national identity document (DNI). By mid-August the number of CGU holders totaled 74,300. Complementing this, and in order to ensure the safety of financial transactions, the Central Bank reintroduced the Settlement Check. From the date of its reintroduction through to July 2011, transactions were performed using Settlement Check in pesos for \$123 million (1,835 checks) and denominated in foreign currency for US\$150 million (2,770 checks).**
- **Lending to the private sector posted an increase of 4.6% in June (47.1% year-on-year -y.o.y.-), with an outstanding performance by promissory notes, pledge-backed loans and overdrafts. In the first half of 2011 the total stock of lending to the private sector in the banking system rose by an annualized (a.) 44%, driven mainly by lending to companies. The latter have recorded an increase in their loans of 45%a. in the year to date, exceeding for the second consecutive semester the rate of growth in lending to households. Manufacturing made the largest contribution to the increase for the six months in the total stock of loans to companies. Within the framework of the Bicentenary Productive Financing Program, the Central Bank held its sixth auction of funds, allocating \$292 million. As a result, the total amount awarded by Central Bank to date totaled almost \$1.83 billion, spread among 12 financial entities.**
- Total balance sheet deposit stocks of the financial system grew 2.2% in June, mainly driven by private sector deposits, which rose by 4.2%. **In the first half of 2011, total deposits posted an annualized increase of 30.1%, led by private sector deposits, which recorded growth of 34.7%a. in the semester. In this framework, financial system liquidity indicator, which only includes items denominated in pesos, reached 17.4% of deposits, 2.6 p.p. less than in May. The liquidity indicator that takes into account items in both local and foreign currency dropped by 2.6 p.p. of deposits for the month, to 24.5%, a movement seen in both public and private banks. The broad liquidity indicator (which includes Lebac and Nobac not related to repos with the Central Bank) fell by 2.3 p.p. of deposits in June, reaching 42.7%.**
- **Non-performing loans to the private sector posted a drop of 0.1 p.p. in June (accumulating a reduction of 0.4 p.p. in the first six months), reaching a new all-time low of 1.7% of total loans. The provision coverage of private sector non-performing loan portfolio stood at 155%, 12 p.p. higher than at the end of 2010.**
- **Consolidated financial system net worth increased 2.2% in June (22.9% y.o.y.), driven mainly by book profits, and to a lesser extent by capital contributions. Capitalization for the six months reached \$540 million, thus exceeding capital contributions received in the whole of 2009 and 2010 (in absolute terms and in relation to net worth). In this context of growth in lending to companies and households, the financial system capital compliance ratio fell slightly during the month to 16.5% of risk-weighted assets (RWA). Excess capital compliance totaled 72% of the requirement at June. Financial system profitability stood at 2.6% of assets (ROA) during June, thus ending the first part of the year with a ROA of 2.5%a., 0.2 p.p. more than in the first half of 2010. These higher results during the first part of the year were mainly explained by the accrual of lower costs (operating costs and loan loss provisions) as well as by improved gains on securities.**

Activity

The share of total financial system assets accounted for by loans to the private sector reached its highest level for the last 10 years

Bank financial intermediation with the private sector continued to expand in June, with a notable increase in loans and deposits. Financial system netted assets continued their growth trend, rising 1.5% in the month, in both private and public banks. As a result, netted assets have posted a rise of 30.3% year-on-year (y.o.y.). By the middle of 2011 both bank lending to the private sector and that sector's deposits were up significantly (47.1% y.o.y. and 35.9% y.o.y., respectively) (see Chart 1), during a period in which there was more moderate growth by the portfolio of assets showing greatest liquidity.

During June the main source of banking funds (estimated from balance sheet stock variations) was the increase in private sector deposits (\$12.0 billion) and, to a lesser extent, a reduction in liquid assets. Main uses included increased in lending to the private sector (\$10.9 billion). Other uses of bank resources were the increase in lending to the public sector and the acquisition of holdings of Lebac and Nobac not related to repos with the Central Bank.

Estimated bank flow of funds in the first half of 2011 show similar features to those seen in June, specifically: the increase in private sector deposits was the main source of funds, while in the same period of 2010 there had been a greater weight of public sector deposits. Resources obtained in 2011 were mainly used to increase lending to companies and households, and to a lesser extent, to increase bank portfolios of assets with greater liquidity, while this latter use had been the most significant in the first part of 2010 (see Chart 2).

As a result, **in 2011 private sector deposits (in both local and foreign currency) continued to increase their share of total bank funding, mainly by means of sight accounts. The stock of lending to the private sector continued to gain in importance within total financial system assets.** Banking system exposure to the private sector reached its highest level for the last 10 years (46.1% in June, 5.2 p.p. higher than the weighting seen 12 months earlier). This improvement was mainly driven by corporate credit lines (see Chart 3).

The growth in lending to the private sector that continued to be seen at the end of the first six months of the year took place together with a slight increase for the month in financial system exposure to the public sector,

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

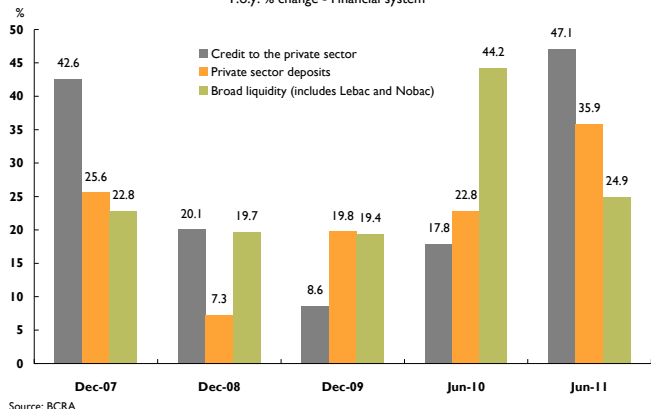


Chart 2
Flow of Funds Estimation
6-months accumulated - Financial system

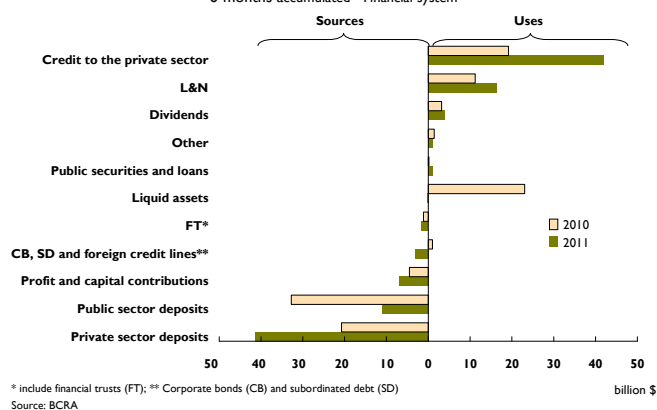


Chart 3
Financial System Balance Sheet Composition
Assets and funding⁶ - Financial system

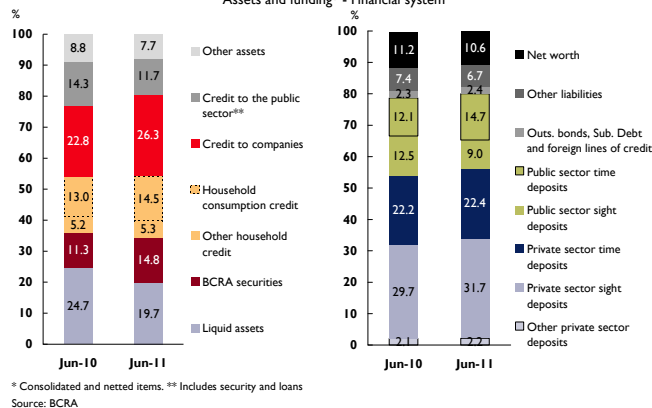
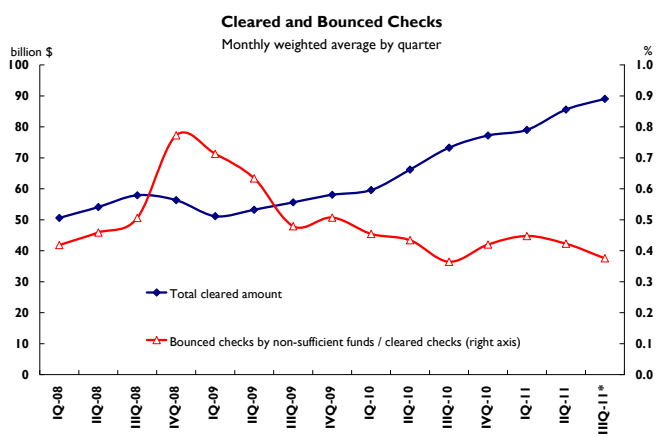
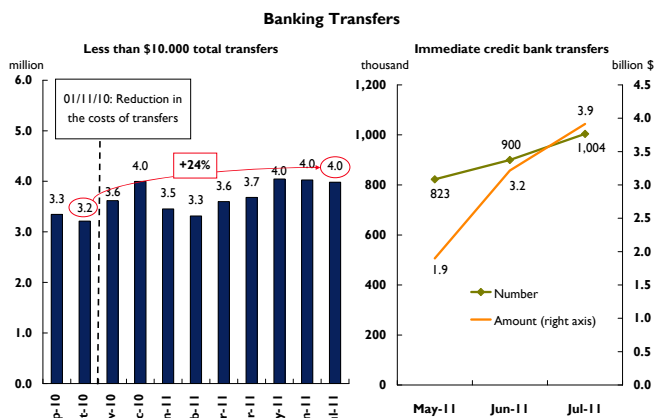


Chart 4



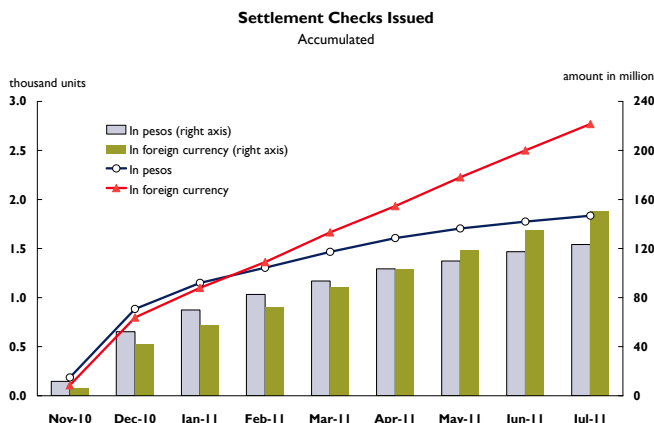
* At July

Chart 5



Source: BCRA

Chart 6



Source: BCRA

which reached 11.7% of assets¹. Nevertheless, **there continued to be signs of a reduction in exposure to the public sector for both the first half of 2011 and in year-on-year terms. If consideration is given to the funding obtained by the banking system from public sector deposits (on a consolidated basis for all its jurisdictions), this sector continued to show a net creditor position in relation to the financial system.**

Banking system foreign currency mismatching, including the difference between assets and liabilities, as well as foreign currency term purchases and sales, remained steady during the month at around 27.7% of net worth. In June the slight nominal increase in mismatching (caused by greater net foreign currency term purchases) was offset by growth in net worth.

The financial system has been progressing with the providing of means of payment services. **In June and at the start of the second half of the year, the volume and number of cleared checks has continued to rise.** In the seventh month of 2011 checks were cleared for a total of \$89 billion, an increase of 25.8% y.o.y. (see Chart 4). The volume of checks bounced by non-sufficient funds as a percentage of total cleared reached 0.38% during July, a similar level to that seen in the same month of 2010, and lower than that for the last three quarters.

The volume of bank transfers processed through the low-value clearing system has continued to rise². The value of transfers processed by this clearing house reached \$18.6 billion in July (1.25 million transactions) more than twice the amount in the same month of 2010. **As from the end of April 2011 banks have implemented an “immediate credit” bank transfer mechanism³. This measure, ordered by the Central Bank, seeks to encourage the population to make greater use of banking services.** By July 2011, the number of immediate transfers over the networks had exceeded one million (for an amount of \$3.9 billion), up 22% compared with May (see Chart 5). **This measure was additional to the steps taken as from November 2010 to lower the cost of transfers⁴, and particularly those for smaller amounts (those under \$10,000 executed through ATMs or home-banking are free).** From the date these regulations came into effect through

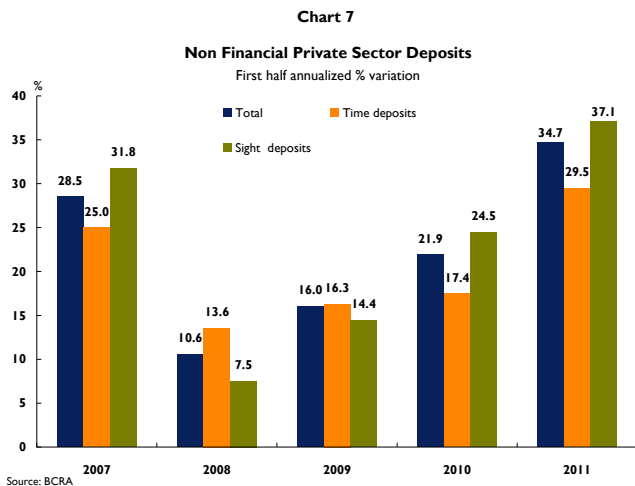
¹ Based on netted and consolidated assets. In terms of total assets, exposure to the public sector exposure reached 10.9% in June.

² This institution is used for the electronic processing of low-value instruments (checks, other clearing documents, direct debits, transfers). It is responsible for the settlement of financial entities cleared stocks by means of postings to their corresponding accounts at the Central Bank at the end of the daily session.

³ Initially applicable to transactions through ATMs or Internet; as from 4/25/11 for transactions in pesos (for amounts per day and per account of up to \$10,000 for those originated at ATMs and up to \$50,000 via Internet), and as from 5/31/11 for transactions in foreign currency (for amounts per day and per account of up to US\$2,500 for those originating at ATMs and US\$12,500 for transfers made via Internet).

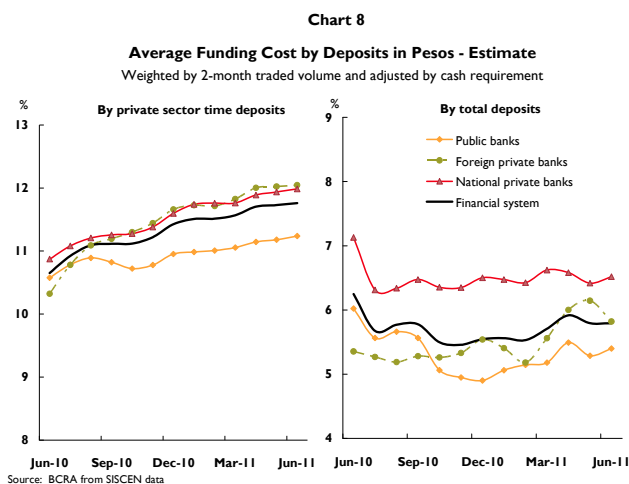
For further details, see Communication “A” 5194 dated 3/18/11.

⁴ Communication “A” 5127.



to July 2011, there was a rise of 24% in the total number of transfers for amounts of less than \$10,000.

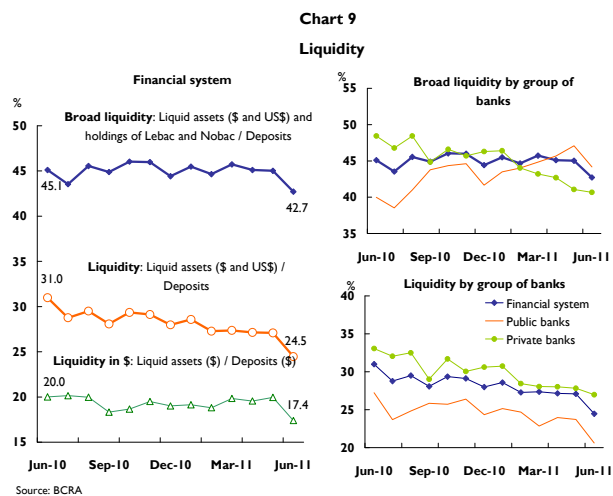
In the fourth quarter of 2010 **the Central Bank established the Free Universal Account (CGU)** that financial entities must make available at no cost to those individuals with no other account, the only requirement for opening being presentation of a national identity document (DNI). By mid-August the number of CGU holders had reached 74,300⁵. In a complementary manner, and with the aim of ensuring the safety of financial transactions, **the Central Bank has re-introduced the use of the Settlement Check**. Since the time of its introduction through July 2011, transactions were performed using settlement checks in pesos for \$123 million (1,835 checks) and in foreign currency for US\$150 million (2,770 checks) (see Chart 6).



Deposits and liquidity

Private sector deposits were behind the increase in total deposits in June, in a context of lower liquidity

Balance sheet stocks of financial system deposits rose 2.2% in June (31.9% y.o.y.), driven mainly by private sector deposits, which grew 4.2% (35.9% y.o.y.). Company and household sight account totals increased 6.9% during the month, while time deposits were up 0.2%. Public sector deposits were down 2.1% for the month (an increase of 24.7% y.o.y.). This behavior by deposit stocks was similar to that seen in previous years during June, and is partly related to the payment of the half-salary statutory bonus.

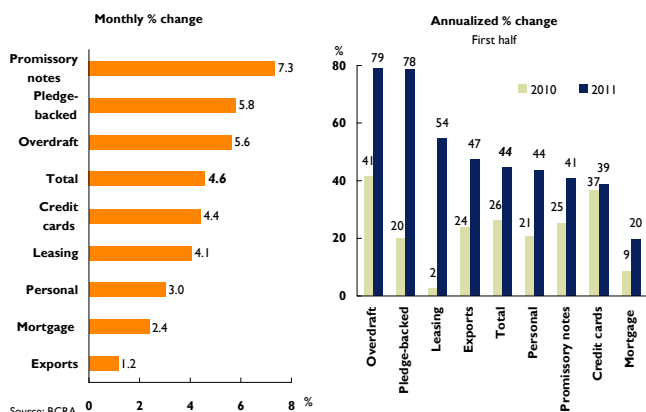


In the first half of 2011 total deposit stocks posted an annualized increase of 30.1%a., led by private sector deposits that recorded growth of 34.7%a. in the half, recovering the dynamism seen in the years prior to the international financial crisis (see Chart 7). This increase in private sector deposits was driven by both sight accounts (37.1%a.) and time deposits (29.5% a.).

The funding cost to the banking system by means of total deposits in pesos, estimated on the basis of the interest rates paid (weighted by the volume of transactions) held steady at around 5.8%. In a year-on-year comparison, the funding cost by deposits in pesos dropped by almost 0.5 p.p., a movement mainly accounted for by public banks and national private banks (see Chart 8).

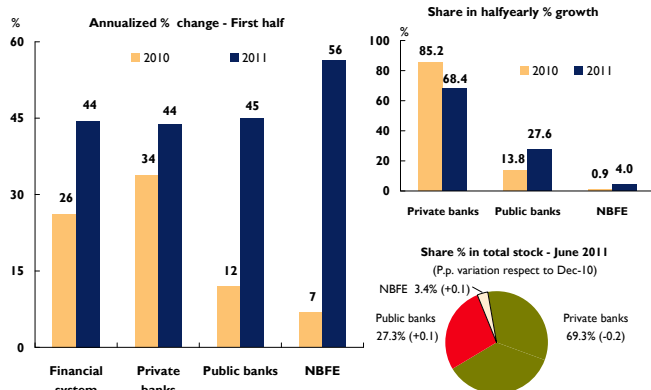
⁵ Of these, some 7,800 accounts are in the process of being validated, pending completion of the process of verification of the requirements for applicants.

Chart 10
Credit to the Private Sector by Type of Line



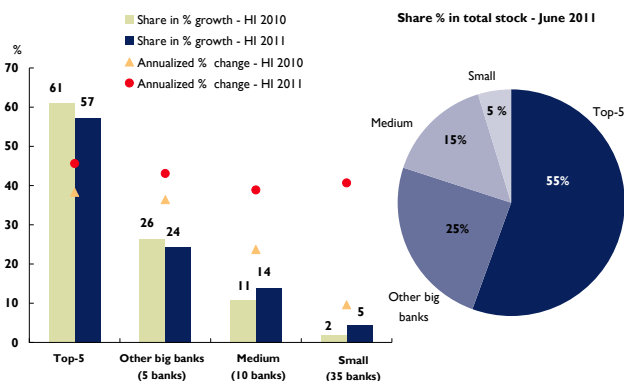
Source: BCRA

Chart 11
Credit to the Private Sector by Group of Financial Entities



Source: BCRA

Chart 12
Credit to the Private Sector Granted by Private Banks



Source: BCRA

In June, in the context of a significant increase in lending to the private sector, the financial system liquidity indicator that includes only peso-denominated items fell 2.6 p.p., to a level of 17.4% of deposits (see Chart 9). Similarly, the liquidity indicator that includes items denominated in both local and foreign currency dropped by 2.6 p.p. of deposits in the month to 24.5%, a movement seen in both public and private banks. The broad liquidity indicator (which takes into account Lebac and Nobac not related to repos with the Central Bank) fell by 2.3 p.p. of deposits in June, to 42.7%. **Broken out by component, in June there was a decline for the month in minimum cash compliance and net repos with the Central Bank, while Lebac and Nobac stocks increased slightly.**

Interest rates on the call market remained steady at around 9.5% in June. Daily average traded amount was \$1.03 billion, almost 19% more than in May.

Financing

Lending to companies has been the most dynamic for the second consecutive six-month period, leading the growth in total lending to the private sector

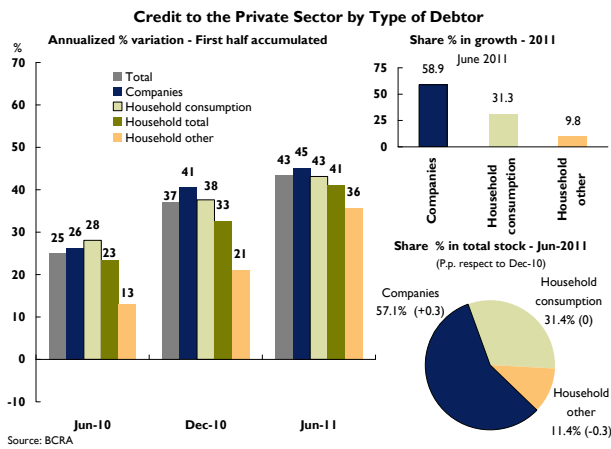
Lending to the private sector posted an increase of 4.6% in June⁶ (47.1 y.o.y.), with a notable performance from promissory notes, pledge-backed loans and overdrafts. As a result, in the first half of 2011 lending to the private sector grew at an annualized rate of 44%, 18 p.p. above the rate for the corresponding period of the previous year (see Chart 10). Based on this increase, lending to the private sector has risen to represent 46% of banking system netted assets (3 p.p. more than at the end of 2010).

Overdrafts, pledge-backed loans, leasing and export credits were the lines showing the greatest rate of increase for the six months, contributing 38% of the increase in lending to the private sector total stock for the period. Although the increase in promissory notes and personal loans was slightly below the average, as these lines have the greatest weighting in the total balance sheet stock, they have accounted for 39% of the increase in lending in the first 6 months of the year.

All groups of financial entities recorded increases for the month in their stocks of lending to the private sector,

⁶ If balance sheet stocks are adjusted by securitized assets during the month (using bank loans as underlying assets), the monthly variation in lending to the private sector would amount to 4.7%. During June 5 financial trusts were issued using bank loans as underlying assets for a total of \$332 million, the full amount corresponding to personal loan securitization.

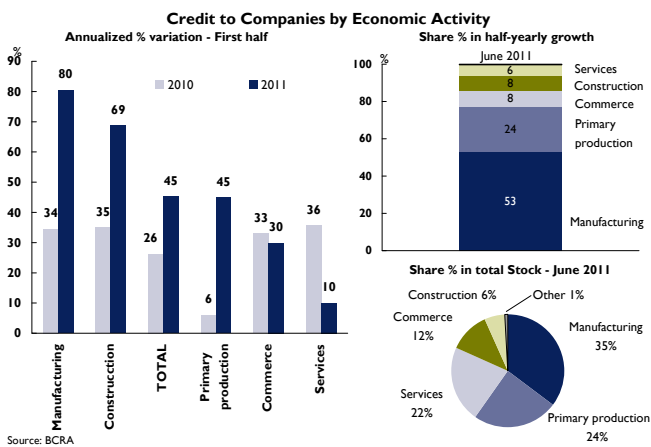
Chart 13



with public banks showing the greatest dynamism, followed by national private banks. **Public and private banks recorded similar growth rates in the first 6 months of 2011, and in both cases it was higher than that recorded in the same period of 2010** (see Chart 11). Private banks made the greatest contribution to the increase in the stock of loans to companies and households in the first six months, while public banks increased their share in the growth compared with the same period of the previous year.

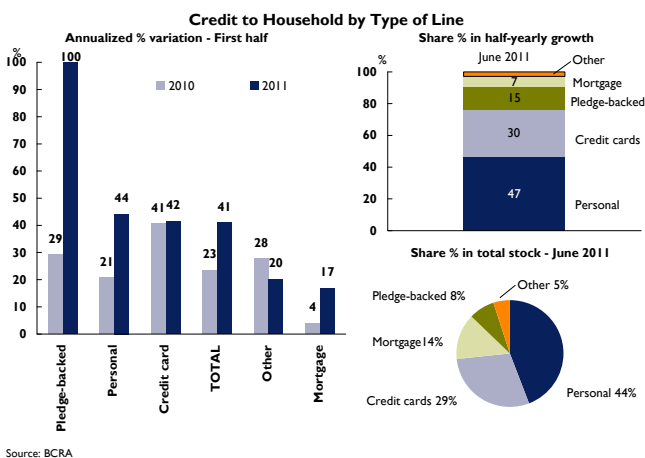
In the first half of 2011 all private bank sub-groups according to size⁷ posted a growth rate in their lending to the private sector far higher than that observed in the same period of the previous year (see Chart 12). The 10 largest private banks continued to explain around 80% of the growth in lending to the private sector stock.

Chart 14



Lending to companies increased 5.1% in June, accumulating an increase of 45%a. in the first six months of the year, exceeding the rate of growth in household lending, and even in consumer credit, for the second consecutive half-year (see Chart 13). As a result, loans to the corporate sector accounted for almost 59% of the growth in total private sector loans in the first half of the year. Loans to manufacturing⁸ and the construction sector were the most dynamic in the first half of 2011(see Chart 14), in a context in which most productive sectors recorded increased borrowing rates compared with the same period of the previous year⁹. **Manufacturing also stood out as the activity with the highest participation in the growth for the six months in the total stock of loans to companies.**

Chart 15



Within the framework of the Bicentenary Productive Financing Program, set up with the aim of providing funding to financial entities to be channeled into lending for investment purposes, the Central Bank held its sixth auction of funds in July, allocating \$292 million. As a result, the total amount awarded by Central Bank to date totaled almost \$1.83 billion, spread among 12 financial entities. So far, approximately 80% of the total amount committed by banks to corporate financing has been used for productive projects in the manufacturing sector.

Lending to households grew 3.4% in June (with a notable performance by pledge-backed loans and credit card lending) **ending the first half of the year with an accumulated annualized increase of 41.1%** (see Chart

⁷ Based on size of loan portfolios.

⁸ Based on the Financial System Debtor Center sector classification.

⁹ This growth in lending to manufacturing has been influenced by the reclassification of items by one large institution. If an adjustment is made for this movement, annualized lending growth for the six-month period would total 63% and that for services 28%. In a similar manner, the share of growth in corporate lending accounted for by loans to manufacturing would amount to 43% of the total (16% in the case of loans to companies in the services sector).

Chart 16
Interest Rates Spreads on Peso Transactions
 Lending interest rates minus deposit costs*

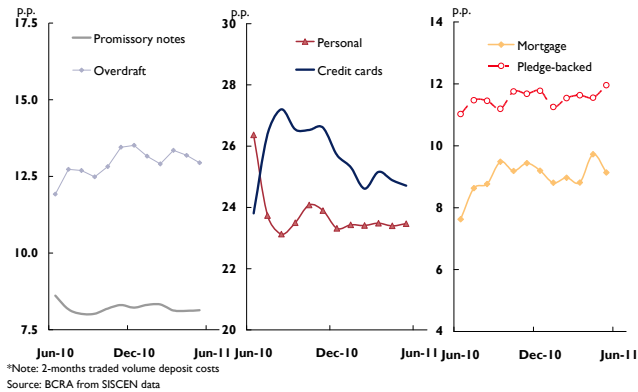


Chart 17

Non-Performing Credit to the Private Sector by Group of Banks
 Non-performing portfolio / Total financing

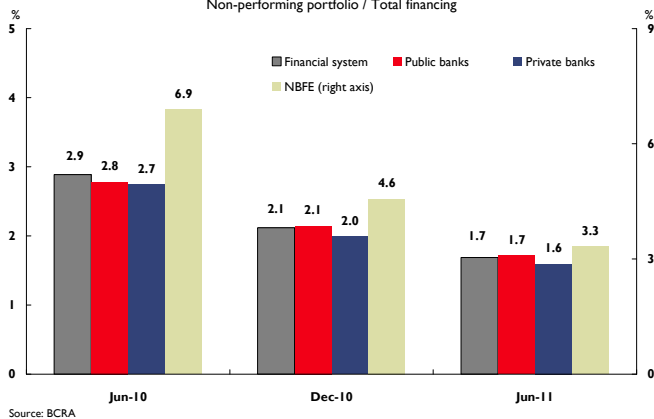
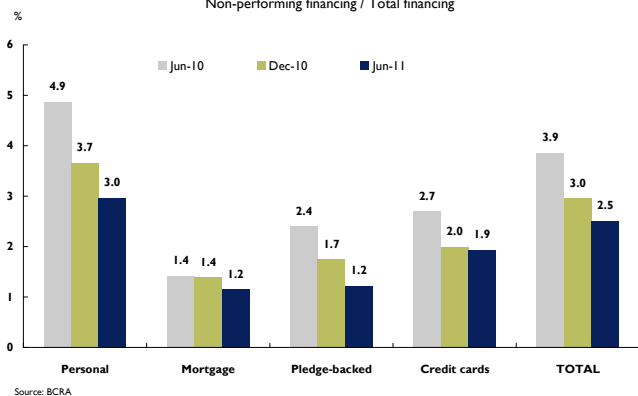


Chart 18

Non-Performing Credit to Household
 Non-performing financing / Total financing



15). Over the last six months, pledge-backed loans have been the most dynamic, growing at a rate of almost 100% a. and accounting for nearly 15% of the increase in lending to families in the period. Consumer credit lines posted growth of 43.1% a. (personal loans rose 44.2% a. and credit card lending rose 41.6% a.), contributing a little over three-quarters of the increase in household lending.

In June a drop was recorded in lending rate on commercial lines (overdrafts and promissory notes) and rates for consumer credit (personal loans and credit card lending), whereas there was an increase in the case of collateralized loans (mortgage and pledge-backed). **In the last 12 months interest rates on personal loans and commercial credit lines fell, holding relatively steady in the case of credit card lending, and posting an increase in the case of collateralized loans.** In terms of spreads between lending rates and the cost of funding, there has been a year-on-year decline in the case of promissory notes and personal loans, while the rest of the loan types showed increases, which were most significant in the case of collateralized lending (see Chart 16).

Portfolio quality

Private sector loan non-performance declined in the first half of 2011 because of the improvement in portfolio quality, both of loans to companies and households

Growth in bank lending to the private sector took place in the context of reduced credit risk levels. This was reflected in the non-performance ratio for loans to the private sector, which fell once again during the month (-0.1 p.p.), to stand at a new record low of 1.7%. This indicator has dropped 0.4 p.p. in 2011 to date (-1.2 p.p. in year-on-year terms), reflecting an improvement in portfolio quality for all homogeneous groups of financial entities (see Chart 17). Although in the first half of the year there was a decline in delinquency for all sub-groups of banks according to relative size, there was a notable performance by medium-size and small entities, both of which cut their non-performance rate by approximately 0.8 p.p..

Household loan non-performance declined 0.1 p.p. in the month to 2.5%. **In the first half of the year the reduction in household loan delinquency reached 0.4 p.p., in a context in which all household credit lines have shown an improvement in quality.** Personal loan non-performance in particular showed a positive evolution (falling 0.7 p.p. during the period) (see Chart

18), this type of loan having the greatest weighting in the total stock of loans to households.

Although **corporate sector loan delinquency** remained steady at around 1.1% in June, **over the course of 2011 this indicator dropped 0.4 p.p.** This movement was driven by almost all productive sectors, **with notable declines in construction, manufacturing and commerce** (see Chart 19). It should be noted that those economic activities with the greatest weighting in lending to companies (manufacturing, primary production) have recorded non-performance levels of under 1% at the end of the first six months of the year.

In this scenario, **the banking system has continued to record high provisioning levels. The level of provisions coverage of non-performing portfolios of the financial system reached almost 155% in June, 12 p.p. above the level at the end of 2010** a growth recorded across all groups of banks.

Chart 19

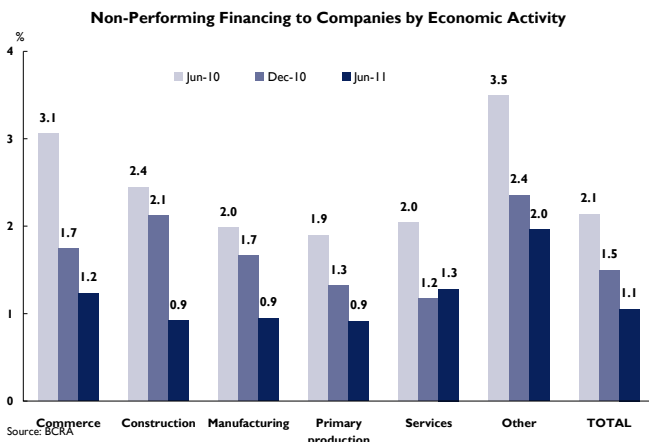
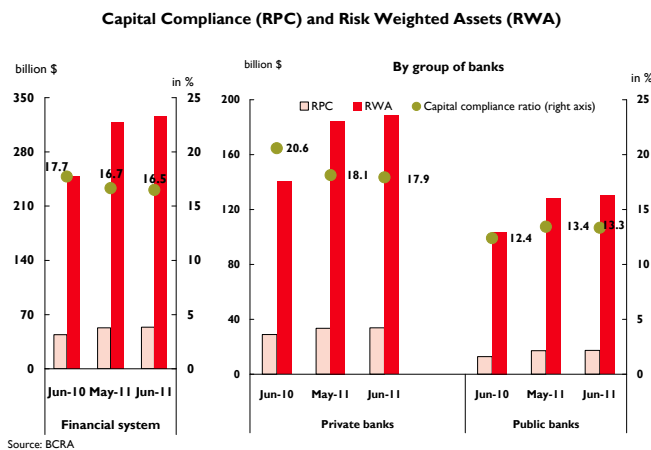


Chart 20

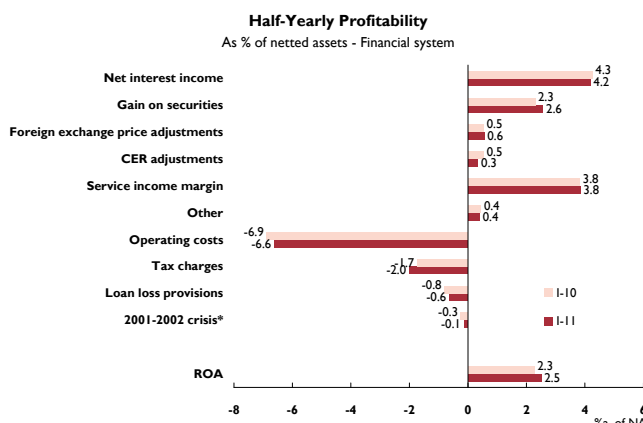


Solvency

The financial system concluded the first half of the year with book profits slightly higher than those in the first part of 2010

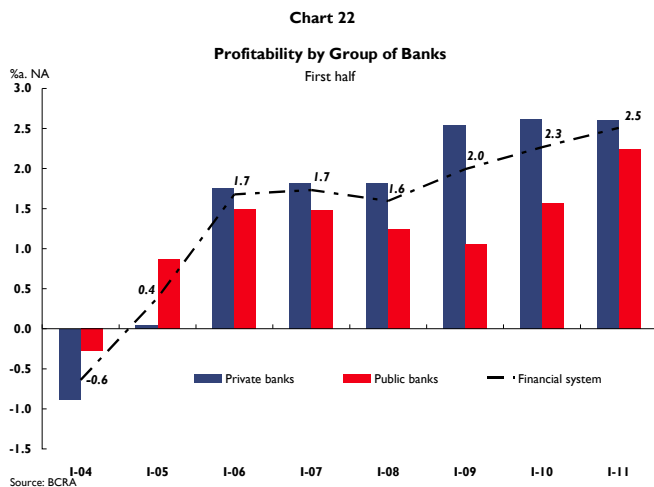
Consolidated financial system net worth has recorded an increase for the month of 2.2% (or 22.9% y.o.y.), driven mainly by book profits, and to a lesser extent by capital contributions. In June capitalization was carried out for \$80 million, for a total in the first half of 2011 of approximately \$540 million, as a result exceeding total capital contributions during the whole of 2009 and 2010.

Chart 21



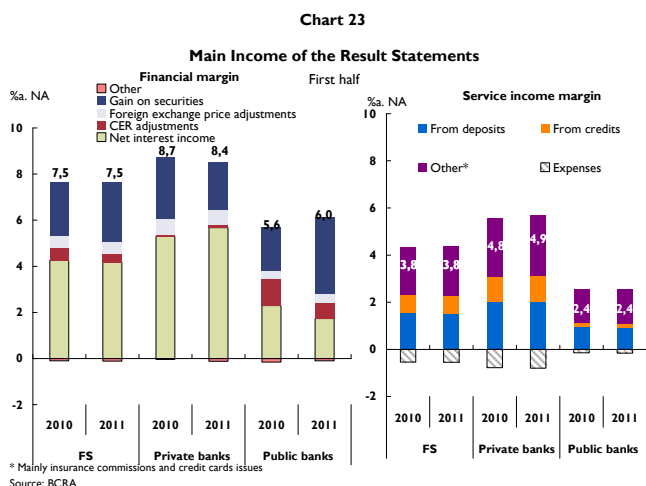
Banking system capital compliance stood at 16.5% of risk-weighted assets (RWA) during the month, down 0.2 p.p. compared with May. This movement was mainly explained by the greater relative increase of RWA (see Chart 20), **in the context of a steady increase in lending to the private sector.** In the last 12 months the capital compliance ratio has fallen by 1.2 p.p., in a period in which a group of financial entities allocated profits from previous periods for distribution among shareholders. As at June, excess capital compliance was equivalent to 72% of the regulatory requirement.

In June, financial system profitability stood at 2.6% a. of assets, recovering from the previous month's level mainly as a result of the release of certain provisions and other sundry results. Consequently, **the banking system ended the first part of the year with a ROA of**



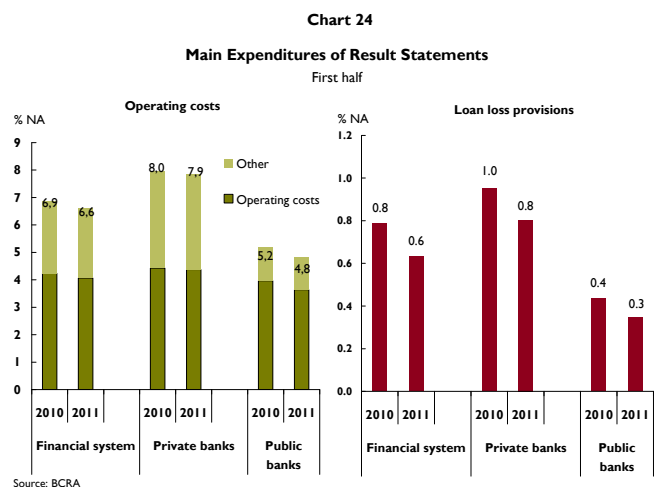
2.5%a., 0.2 p.p. above the level in the first half of 2010, reflecting the effects of lower operating cost and loan loss provisions accruals, as well as higher gains on securities (see Chart 21) that were largely recorded by the public banks group (see Chart 22).

Bank financial margin stood at 7.3%a. of assets in June, slightly below the rate recorded in the previous month, mainly because of lower gains on securities in the month. **Financial margin ended the first half of the year at 7.5%a. of assets**, in line with the level recorded in the first part of 2010. **In year-on-year terms, the lower income from interest and CER adjustments for the financial system as a whole were offset by increased gains on securities and foreign exchange price adjustments.** In the comparison with the same period of the previous year, it can be seen that there has been a slight reduction in private bank financial margin, and an increase in that of public banks (see Chart 23).



Financial entities service income margin remained steady during the month at around 4.1%a. of assets. **In the year-to-date these results have also remained in line with the levels in the first half of 2010 (3.8%a. of assets)**, a greater share being accounted for by insurance commissions and credit card issuance, among others, followed by resources generated by deposits, mainly in the case of private banks (see Chart 23).

In June, financial system operating costs were broadly similar to those recorded in the previous month (with a slight decline of 0.1 p.p. of assets to 7%a.). Nevertheless, **over the course of the year operating costs have been 0.3 p.p. of assets below the level observed in the first half of 2010, totaling 6.6%a.** The year-on-year decline has mainly been accounted for by public banks.



In June loan loss provisions continued to lose weight on the income statement, dropping by 0.1 p.p. of assets to 0.5%a. Dynamic for the month was mainly explained by private banks. **At the end of the first half of the year there was a slight year-on-year decline of 0.2 p.p. of assets in this expenditure category, to 0.6%a.** (see Chart 24), in a context in which loan portfolio quality has continued to improve.

Analyzing the main sources of income and expenditure on the financial system income statement during the first half of the year, **the efficiency indicator¹⁰ has reached 112%, 6 p.p. more than recorded in the first part of 2010.** This improvement was explained by the performance of private banks.

¹⁰ (Interest income + Service income – Loan loss charges) / Operating costs.

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” 5204 – 14/06/11

Changes have been made to the procedure to be adopted for the closing of savings accounts used for the payment of the universal child allowance for social protection. It is established that the closing will take place as determined by the ANSES. Once the account has been closed, if there are any remaining funds, they shall be transferred to immobilized stocks. Previously, accounts were closed when there were no debit or credit movements over a period of 180 consecutive days.

Communication “A” 5205 – 16/06/11

Lending to the non-financial public sector. There are no objections to the purchase by financial entities of Bills to be issued by the Treasury of the Province of Chaco – subject to certain conditions – as long as such financing does not exceed the applicable maximum limits for credit assistance to the non-financial public sector.

Communication “A” 5207 – 27/06/11

As from 7.01.11 financial entities with ATMs and that allow their customers to operate using home banking systems must display at all their branches and close to their ATMs informative signs on the basic characteristics of the immediate credit transfers of funds, according to the specimen attached to the Communication.

Methodology

- (a) Aggregate balance sheet information is taken from the monthly accounting information system (unconsolidated balance sheets). In order to calculate aggregate data for the financial system, for financial entities that have not provided data for the month reviewed, the most recent information available is repeated in the aggregate balance sheet. On the other hand, for profitability analysis only the banks providing data for that month are considered.
- (b) Due to possible lack of data for some banks at the time this Report was drafted, and due to possible corrections to the data provided by financial entities later, the data included is of a preliminary nature –particularly for the last month included-. Therefore, and due to the fact that the most recent data available always used, data in connection with earlier periods may not match what was mentioned in earlier issues of the Report. In such cases, the latter release should be regarded as being of better quality.
- (c) Unless otherwise indicated, data about deposits and loans refer to balance sheet information, and do not necessarily agree with those compiled by the Centralized Information Requirement System (SISCEN). Reasons for discrepancies include the precise date considered in order to calculate monthly changes and the items included in the definition adopted in either case.
- (d) Profit ratio calculations are based on monthly results estimated from changes in the aggregate result amounts during the current fiscal year. Except the opposite was specified, profit ratios are annualized.
- (e) Initially, the breakdown by group of banks was determined by the majority of decision making role -in terms of voting rights at shareholder meetings- distinguishing between private sector financial entities (national or foreign depending on their residence) and public banks. In order to increase depth of the analysis, private sector entities were also classed according to the geographic coverage and business scope of their operations. Investment banking is defined as those specializing in large corporations and investor sector, which in general do not rely on deposits from the private sector for their funding. On the other hand, retail banks were divided into those carrying out business nationwide, those located in certain geographic regions -municipalities, provinces, or regions- and entities specialized in a financial sector niche market -usually smaller entities-. Finally, it is worth noting that the classifications defined above are solely for analytical purposes and does not mean it is the only methodology criteria by which to group them; while on the other hand, the listing of features for each financial entity group has been established in a general manner.
- (f) Indicators exhibited in Tables 1 and 5 of Statistical Appendix: 1.- (Minimum cash compliance at the BCRA in pesos and foreign currency + Other cash holding in pesos and foreign currency + Creditor net balance for BCRA repo transactions with Lebac and Nobac) / Total deposits; 2.- (Position in government securities (with out Lebac and Nobac) + Loans to the public sector + Compensations receivable) / Total assets; 3.- (Loans to the non-financial private sector + Leasing) / Total assets; 4.- Non-performing portfolio with the non-financial private sector / Loans to the non-financial private sector; 5.- (Total non-performing portfolio – Loan loss provisions) / Net worth. Non-performing portfolio includes loans classified into situations 3, 4, 5 and 6; 6.- Cumulated annual result / Average monthly netted assets - % annualized; 7.- Cumulated annual result / Average monthly net worth - % annualized; 8.- (Financial margin (Net interest income + CER and CVS adjustments + Gains on securities + Foreign exchange price adjustments + Other financial income) + Service income margin) / Cumulated annual operating costs; 9.- Capital compliance (Capital requirement) / Risk weighted assets, according to the BCRA rule on minimum capital; 10.- Total capital position (Capital compliance - Capital requirement) / Capital requirement.

Glossary

%a.: annualized percentage.

%i.a.: interannual percentage.

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

ASE: Adjusted stockholders' equity, for RPC in Spanish. The measure for compliance with bank capital regulations.

Consolidated (or aggregate) assets and liabilities: Those arising from excluding operations between financial entities.

Consolidated result: Excludes results related to shares and participations in other local financial entities.

CEDRO: Certificado de Depósito Reprogramado. Scheduled Stabilization Coefficient.

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

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

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

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

Lebac and Nobac: Bills and notes of the BCRA.

Liquid assets: Cash disposal (Minimum cash compliance – cash, current account at BCRA and special accounts in guarantee – and other liquid items mainly correspondent accounts) plus Creditor net balance for BCRA repo transactions with Lebac and Nobac.

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

mill.: million.

NBFE: Non-banking financial entity.

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

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

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

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

ON: Corporate bonds (Obligaciones Negociables).

OS: Subordinated debt (Obligaciones Subordinadas).

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

PN: Net worth (Patrimonio Neto).

p.p.: percentage points.

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

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

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

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

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

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

RWA: Risk weighted assets.

SME: Small and Medium Enterprises.

US\$: United States dollars

Statistics annex | Financial system

Chart 1 | Financial Soundness Indicators (see Metodology)

As %	2002	2003	2004	2005	2006	2007	2008	2009	Jun 2010	2010	May 2011	Jun 2011
1.- Liquidity	22.8	29.1	29.6	20.1	22.5	23.0	27.9	28.6	31.0	28.0	27.1	24.5
2.- Credit to the public sector	48.9	47.0	40.9	31.5	22.5	16.3	12.7	14.4	13.1	12.2	10.3	10.9
3.- Credit to the private sector	20.8	18.1	19.6	25.8	31.0	38.2	39.4	38.3	37.5	39.8	41.3	42.9
4.- Private non-performing loans	38.6	33.5	18.6	7.6	4.5	3.2	3.1	3.5	2.9	2.1	1.8	1.7
5.- Net worth exposure to the private sector	16.6	11.5	1.1	-2.5	-0.8	-1.5	-1.7	-1.3	-2.0	-3.2	-3.9	-3.7
6.- ROA	-8.9	-2.9	-0.5	0.9	1.9	1.5	1.6	2.3	2.3	2.8	2.5	2.5
7.- ROE	-59.2	-22.7	-4.2	7.0	14.3	11.0	13.4	19.2	19.1	24.4	23.1	23.3
8.- Efficiency	189	69	125	151	167	160	167	185	165	179	174	172
9.- Capital compliance	-	14.5	14.0	15.3	16.9	16.9	16.9	18.8	17.7	17.7	16.7	16.5
10.- Capital compliance Tier I	-	-	13.5	14.1	14.1	14.6	14.2	14.5	15.1	13.1	12.5	12.2
11.- Excess capital compliance	-	115.9	185.1	173.5	134.0	92.8	89.8	99.8	85.4	86.3	75.8	72.5

Source: BCRA

Chart 2 | Balance Sheet

In million of current pesos	Dec 02	Dec 03	Dec 04	Dec 05	Dec 06	Dec 07	Dec 08	Dec 09	Jun 10	Dec 10	May 11	Jun 11	Change (in %)			
													Last month	2011	Last 12 months	
Assets	187,532	186,873	212,562	221,962	258,384	297,963	346,762	387,381	442,536	510,304	565,579	568,891	0.6	11.5	28.6	
Cash disposal ¹	17,138	27,575	29,154	20,819	37,991	46,320	58,676	71,067	87,384	93,085	100,554	95,762	-4.8	2.9	9.6	
Public bonds	31,418	45,062	55,382	66,733	64,592	62,678	65,255	86,318	100,711	117,951	128,399	128,131	-0.2	8.6	27.2	
Lebac/Nobac	-	-	17,755	28,340	29,289	36,022	37,093	43,867	61,227	76,948	90,728	89,633	-1.2	16.5	46.4	
Portfolio	-	-	11,803	21,067	25,767	31,598	25,652	34,748	45,951	61,855	75,355	78,335	4.0	26.6	70.5	
Repo ²	-	-	5,953	7,273	3,521	4,424	11,442	9,119	15,275	15,093	15,373	11,298	-26.5	-25.1	-26.0	
Private bonds	332	198	387	389	813	382	203	307	256	209	220	267	21.6	27.8	4.5	
Loans	84,792	68,042	73,617	84,171	103,668	132,157	154,719	169,868	191,200	230,127	260,226	274,731	5.6	19.4	43.7	
Public sector	44,337	33,228	30,866	25,836	20,874	16,772	17,083	20,570	23,701	25,907	25,848	29,371	13.6	13.4	23.9	
Private sector	38,470	33,398	41,054	55,885	77,832	110,355	132,844	145,247	163,186	199,202	228,630	238,913	4.5	19.9	46.4	
Financial sector	1,985	1,417	1,697	2,450	4,962	5,030	4,793	4,052	4,313	5,018	5,748	6,446	12.1	28.5	49.5	
Provisions over loans	-11,952	-9,374	-7,500	-4,930	-3,728	-4,089	-4,744	-5,824	-6,232	-6,449	-6,425	-4.4	3.1	9.3		
Other netted credits due to financial intermediation	39,089	27,030	32,554	26,721	26,039	29,712	38,152	33,498	37,181	39,009	44,828	38,633	-13.8	-1.0	3.9	
Corporate bonds and subordinated debt	1,708	1,569	1,018	873	773	606	912	1,146	1,360	1,433	1,812	1,819	0.4	26.9	33.8	
Unquoted trusts	6,698	4,133	3,145	3,883	4,881	5,023	5,714	5,942	5,985	6,824	7,054	7,009	-0.6	2.7	17.1	
Compensation receivable	17,111	14,937	15,467	5,841	763	377	357	16	15	0	0	0	0.0	-19.0	-99.9	
Other	13,572	6,392	12,924	16,124	19,622	23,706	31,169	26,395	29,822	30,752	35,962	29,805	-17.1	-3.1	-0.1	
Leasing	567	397	611	1,384	2,262	3,469	3,935	2,933	2,969	3,936	4,702	4,893	4.1	24.3	64.8	
Shares in other companies	4,653	4,591	3,871	4,532	6,392	6,430	7,236	6,711	6,982	7,921	8,172	8,044	-1.6	1.6	15.2	
Fixed assets and miscellaneous	8,636	8,164	7,782	7,546	7,619	7,643	7,903	8,239	8,497	9,071	9,396	9,479	0.9	4.5	11.6	
Foreign branches	3,522	3,144	3,524	3,647	2,782	2,912	3,153	3,926	3,158	3,283	3,465	3,481	0.5	6.1	10.2	
Other assets	9,338	12,043	13,180	10,950	9,953	10,347	12,275	10,337	10,075	11,943	12,064	11,895	-1.4	-0.4	18.1	
Liabilities	161,446	164,923	188,683	195,044	225,369	261,143	305,382	339,047	392,455	452,752	505,922	507,917	0.4	12.2	29.4	
Deposits	75,001	94,635	116,655	136,492	170,898	205,550	236,217	271,853	325,484	376,344	420,048	429,235	2.2	14.1	31.9	
Public sector ³	8,381	16,040	31,649	34,019	45,410	48,340	67,151	69,143	101,910	115,954	129,753	127,035	-2.1	9.6	24.7	
Private sector ³	59,698	74,951	83,000	100,809	123,431	155,048	166,378	199,278	220,041	257,595	286,938	298,986	4.2	16.1	35.9	
Current account	11,462	15,071	18,219	23,487	26,900	35,245	39,619	45,752	52,371	61,306	69,346	71,031	2.4	15.9	35.6	
Savings account	10,523	16,809	23,866	29,078	36,442	47,109	50,966	62,807	68,753	82,575	88,245	97,445	10.4	18.0	41.7	
Time deposit	19,800	33,285	34,944	42,822	54,338	65,952	69,484	83,967	90,216	104,492	118,538	119,012	0.4	13.9	31.9	
CEDRO	12,328	3,217	1,046	17	13	0	0	0	0	0	0	0	-	-	-	
Other netted liabilities due to financial intermediation	75,737	61,690	64,928	52,072	46,037	46,225	57,662	52,114	54,231	60,029	69,874	64,172	-8.2	6.9	18.3	
Interbanking obligations	1,649	1,317	1,461	2,164	4,578	4,310	3,895	3,251	3,530	4,201	4,794	5,414	12.9	28.9	53.4	
BCRA lines	27,837	27,491	27,726	17,005	7,686	2,362	1,885	270	268	262	700	801	14.6	205.3	199.0	
Outstanding bonds	9,096	6,675	7,922	6,548	6,603	6,938	5,984	5,033	4,059	3,432	5,874	5,897	0.4	71.8	45.3	
Foreign lines of credit	25,199	15,196	8,884	4,684	4,240	3,864	4,541	3,369	3,272	3,897	4,693	4,966	5.8	27.4	51.8	
Other	11,955	11,012	18,934	21,671	22,930	28,752	41,357	40,191	43,102	48,236	53,814	47,094	-12.5	-2.4	9.3	
Subordinated debts	3,712	2,028	1,415	1,381	1,642	1,672	1,763	1,922	1,973	2,165	1,896	1,851	-2.4	-14.5	-6.2	
Other liabilities	6,997	6,569	5,685	5,099	6,792	7,695	9,740	13,159	10,766	14,213	14,103	12,659	-10.2	-10.9	17.6	
Net worth	26,086	21,950	23,879	26,918	33,014	36,819	41,380	48,335	50,081	57,552	59,657	60,974	2.2	5.9	21.8	
Memo																
Netted assets	185,356	184,371	202,447	208,275	244,791	280,336	321,075	364,726	416,256	482,532	534,075	542,265	1.5	12.4	30.3	
Consolidated netted assets	181,253	181,077	198,462	203,286	235,845	271,652	312,002	357,118	407,671	472,934	523,851	531,188	1.4	12.3	30.3	

(¹) Includes margin accounts with the BCRA. (²) Booked value from balance sheet (it includes all the counterparties). (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
	2002 ¹	2003	2004	2005	2006	2007	2008	2009	2010	2010	2011	Apr-11	May-11	Jun-11	12 months	
Financial margin	13,991	1,965	6,075	9,475	13,262	15,134	20,462	28,937	35,490	14,726	19,367	3,271	3,320	3,287	40,131	
Net interest income	-3,624	-943	1,753	3,069	4,150	5,744	9,573	14,488	17,963	8,304	10,746	1,720	1,842	1,896	20,406	
CER and CVS adjustments	8,298	2,315	1,944	3,051	3,012	2,624	2,822	1,196	2,434	1,042	888	144	132	149	2,279	
Foreign exchange price adjustments	5,977	-890	866	751	944	1,357	2,307	2,588	2,100	1,043	1,429	280	176	243	2,486	
Gains on securities	3,639	1,962	1,887	2,371	4,923	5,144	4,398	11,004	13,449	4,518	6,588	1,179	1,218	1,047	15,519	
Other financial income	-299	-480	-375	233	235	264	1,362	-339	-457	-182	-284	-52	-48	-48	-560	
Service income margin	4,011	3,415	3,904	4,781	6,243	8,248	10,870	13,052	16,089	7,459	9,852	1,664	1,806	1,816	18,482	
Loan loss provisions	-10,007	-2,089	-1,511	-1,173	-1,198	-1,894	-2,839	-3,814	-3,267	-1,536	-1,623	-301	-283	-223	-3,354	
Operating costs	-9,520	-7,760	-7,998	-9,437	-11,655	-14,634	-18,767	-22,710	-28,756	-13,416	-16,991	-2,740	-3,133	-3,132	-32,331	
Tax charges	-691	-473	-584	-737	-1,090	-1,537	-2,318	-3,272	-4,120	-1,824	-2,649	-449	-466	-492	-4,945	
Adjust. to the valuation of gov. securities ²	0	-701	-320	-410	-752	-837	-1,757	-262	-214	-151	-191	-23	-26	-24	-255	
Amort. payments for court-ordered releases	0	-1,124	-1,686	-1,867	-2,573	-1,922	-994	-703	-635	-342	-136	-24	-25	-26	-429	
Other	-3,880	1,738	1,497	1,729	2,664	2,380	1,441	918	2,079	1,041	1,304	197	103	420	2,343	
Monetary results	-12,558	69	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total results before tax ¹	-18,653	-4,960	-623	2,360	4,901	4,938	6,100	12,145	16,665	5,957	8,933	1,596	1,297	1,626	19,641	
Income tax	-509	-305	-275	-581	-595	-1,032	-1,342	-4,226	-4,904	-1,532	-2,494	-460	-397	-475	-5,866	
Resultado total³	-19,162	-5,265	-898	1,780	4,306	3,905	4,757	7,920	11,761	4,425	6,439	1,136	899	1,151	13,775	
Resultado ajustado ⁴	-	-3,440	1,337	4,057	7,631	6,665	7,508	8,885	12,610	4,918	6,766	1,183	950	1,201	14,458	
Annualized indicators - As % of netted assets																
Financial margin	6.5	1.1	3.1	4.6	5.8	5.7	6.7	8.6	8.5	7.5	7.5	7.6	7.5	7.3	8.4	
Net interest income	-1.7	-0.5	0.9	1.5	1.8	2.2	3.1	4.3	4.3	4.3	4.2	4.0	4.2	4.2	4.2	
CER and CVS adjustments	3.9	1.3	1.0	1.5	1.3	1.0	0.9	0.4	0.6	0.6	0.3	0.3	0.3	0.3	0.5	
Foreign exchange price adjustments	2.8	-0.5	0.4	0.4	0.4	0.5	0.8	0.8	0.5	0.6	0.6	0.6	0.4	0.5	0.5	
Gains on securities	1.7	1.1	1.0	1.2	2.2	1.9	1.4	3.3	3.2	2.1	2.6	2.7	2.8	2.3	3.2	
Other financial income	-0.1	-0.3	-0.2	0.1	0.1	0.1	0.4	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	
Service income margin	1.9	1.9	2.0	2.3	2.7	3.1	3.6	3.9	3.8	3.8	3.8	3.8	4.1	4.1	3.8	
Loan loss provisions	-4.7	-1.1	-0.8	-0.6	-0.5	-0.7	-0.9	-1.1	-0.8	-0.8	-0.6	-0.7	-0.6	-0.5	-0.7	
Operating costs	-4.4	-4.2	-4.1	-4.6	-5.1	-5.5	-6.1	-6.7	-6.9	-6.8	-6.6	-6.3	-7.1	-7.0	-6.7	
Tax charges	-0.3	-0.3	-0.3	-0.4	-0.5	-0.6	-0.8	-1.0	-1.0	-0.9	-1.0	-1.0	-1.1	-1.1	-1.0	
Adjust. to the valuation of gov. securities ²	0.0	-0.4	-0.2	-0.2	-0.3	-0.3	-0.6	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	
Amort. payments for court-ordered releases	0.0	-0.6	-0.9	-0.9	-1.1	-0.7	-0.3	-0.2	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	
Other	-1.8	0.9	0.8	0.8	1.2	0.9	0.5	0.3	0.5	0.5	0.5	0.5	0.2	0.9	0.5	
Monetary results	-5.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Total results before tax ¹	-8.7	-2.7	-0.3	1.1	2.2	1.9	2.0	3.6	4.0	3.0	3.5	3.7	2.9	3.6	4.1	
Income tax	-0.2	-0.2	-0.1	-0.3	-0.3	-0.4	-0.4	-1.3	-1.2	-0.8	-1.0	-1.1	-0.9	-1.1	-1.2	
ROA³	-8.9	-2.9	-0.5	0.9	1.9	1.5	1.6	2.3	2.8	2.2	2.5	2.6	2.0	2.6	2.9	
ROA adjusted ⁴	-8.9	-1.9	0.7	2.0	3.4	2.5	2.5	2.6	3.0	2.4	2.6	2.7	2.2	2.7	3.0	
ROE before tax ³	-57.6	-21.4	-2.9	9.3	16.2	13.9	17.2	29.5	34.5	30.9	38.8	35.0	28.0	34.4	37.3	
ROE ³	-59.2	-22.7	-4.2	7.0	14.3	11.0	13.4	19.2	24.4	19.1	23.3	25.0	19.4	24.3	26.1	

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

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

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

Source: BCRA

Chart 4 | Portfolio Quality

As percentage	Dec 02	Dec 03	Dec 04	Dec 05	Dec 06	Dec 07	Dec 08	Dec 09	Jun 10	Dec 10	May 11	Jun 11
Non-performing loans (overall)	18.1	17.7	10.7	5.2	3.4	2.7	2.7	3.0	2.5	1.8	1.5	1.5
Provisions / Non-performing loans	72.3	76.8	97.8	115.3	108.2	115.2	117.0	115.3	125.0	147.7	161.7	160.0
(Total non-performing - Provisions) / Overall financing	5.0	4.1	0.2	-0.8	-0.3	-0.4	-0.5	-0.5	-0.6	-0.9	-1.0	-0.9
(Total non-performing - Provisions) / Net worth	18.2	13.3	0.8	-2.6	-0.9	-1.6	-1.8	-1.7	-2.4	-3.6	-4.3	-4.1
Non-performing loans to the non-financial private sector	38.6	33.5	18.6	7.6	4.5	3.2	3.1	3.5	2.9	2.1	1.8	1.7
Provisions / Non-performing loans	73.8	79.0	96.9	114.8	107.6	114.4	116.4	111.8	120.9	142.8	156.3	154.7
(Total non-performing - Provisions) / Overall financing	10.1	7.0	0.6	-1.1	-0.3	-0.5	-0.5	-0.4	-0.6	-0.9	-1.0	-0.9
(Total non-performing - Provisions) / Net worth	16.6	11.5	1.1	-2.5	-0.8	-1.5	-1.7	-1.3	-2.0	-3.2	-3.9	-3.7

Source: BCRA

Statistics annex | Private banks

Chart 5 | Financial Soundness Indicators (see Metodology)

As %	2002	2003	2004	2005	2006	2007	2008	2009	Jun 2010	2010	May 2011	Jun 2011
1.- Liquidity	24.8	27.6	29.2	21.5	23.7	25.7	34.1	29.8	29.3	26.0	27.6	25.3
2.- Credit to the public sector	50.0	47.7	41.6	28.5	16.3	9.5	6.3	6.1	5.0	4.4	3.5	3.5
3.- Credit to the private sector	22.4	19.9	22.5	31.1	37.9	46.6	44.0	43.3	46.8	50.3	50.5	52.5
4.- Private non-performing loans	37.4	30.4	15.3	6.3	3.6	2.5	2.8	3.3	2.7	2.0	1.6	1.6
5.- Net worth exposure to the private sector	19.1	12.9	3.6	-0.4	-1.4	-2.0	-1.8	-1.6	-2.2	-3.4	-4.2	-3.9
6.- ROA	-11.3	-2.5	-1.0	0.5	2.2	1.6	1.9	3.0	2.6	3.2	2.6	2.6
7.- ROE	-79.0	-19.1	-8.1	4.1	15.3	10.9	15.2	22.9	19.6	24.5	21.7	22.1
8.- Efficiency	168	93	115	136	158	152	166	195	169	176	169	169
9.- Capital compliance	-	14.0	15.1	17.8	18.6	19.2	18.3	22.6	20.6	20.4	18.1	17.9
10.- Capital compliance Tier I	-	-	14.7	16.1	15.3	16.7	15.0	17.2	17.7	15.2	15.3	15.0
11.- Excess capital compliance	-	88.2	157.1	155.0	115.8	86.9	86.4	121.3	101.6	100.4	79.6	79.1

Source: BCRA

Chart 6 | Balance Sheet

In million of current pesos	Dec 02	Dec 03	Dec 04	Dec 05	Dec 06	Dec 07	Dec 08	Dec 09	Jun 10	Dec 10	May 11	Jun 11	Change (in %)		
													Last month	2011	Last 12 months
Assets	118,906	116,633	128,065	129,680	152,414	175,509	208,888	229,549	245,082	280,025	320,716	320,994	0.1	14.6	31.0
Cash disposal ¹	11,044	14,500	15,893	14,074	22,226	29,418	37,044	43,562	45,305	49,730	54,067	54,480	0.8	9.6	20.3
Public bonds	19,751	22,260	24,817	29,966	27,663	24,444	29,552	47,949	46,393	48,903	52,114	50,638	-2.8	3.5	9.2
Lebac/Nobac	-	-	8,359	15,227	15,952	17,684	23,457	31,575	32,157	34,422	39,165	36,952	-5.7	7.3	14.9
Portfolio	-	-	5,611	12,899	14,220	15,639	12,858	27,413	26,348	31,148	29,720	31,457	5.8	1.0	19.4
Repo ²	-	-	2,749	2,328	1,732	2,045	10,598	4,161	5,809	3,274	9,445	5,494	-41.8	67.8	-5.4
Private bonds	273	172	333	307	683	310	127	233	153	184	165	172	4.5	-6.2	12.8
Loans	51,774	47,017	50,741	56,565	69,294	88,898	98,529	101,722	117,151	143,202	164,233	170,979	4.1	19.4	45.9
Public sector	25,056	23,571	21,420	15,954	10,036	6,413	6,249	1,694	1,622	1,625	1,464	1,286	-12.2	-20.9	-20.7
Private sector	26,074	22,816	28,213	39,031	55,632	78,587	88,426	96,790	112,123	137,308	157,805	164,270	4.1	19.6	46.5
Financial sector	644	630	1,107	1,580	3,626	3,898	3,854	3,238	3,406	4,270	4,963	5,423	9.3	27.0	59.2
Provisions over loans	-7,463	-5,225	-3,717	-2,482	-2,227	-2,365	-2,871	-3,653	-3,767	-3,926	-4,076	-4,048	-0.7	3.1	7.5
Other netted credits due to financial intermediation	27,212	22,148	25,753	16,873	18,387	17,084	25,265	21,258	21,278	20,241	31,351	25,290	-19.3	24.9	18.9
Corporate bonds and subordinated debt	1,514	1,394	829	675	618	430	699	734	821	757	980	965	-1.5	27.5	17.5
Unquoted trusts	6,205	3,571	2,362	2,444	2,982	3,456	3,869	4,198	4,348	4,500	4,420	4,332	-2.0	-3.7	-0.4
Compensation receivable	15,971	13,812	14,657	5,575	760	377	357	16	15	0	0	0	-	-	-
Other	3,523	3,370	7,905	8,179	14,027	12,822	20,339	16,311	16,093	14,984	25,951	19,993	-23.0	33.4	24.2
Leasing	553	387	592	1,356	2,126	3,149	3,451	2,569	2,610	3,519	4,216	4,381	3.9	24.5	67.9
Shares in other companies	3,123	2,791	1,892	2,416	4,042	3,762	4,538	4,067	4,258	4,934	5,112	5,009	-2.0	1.5	17.6
Fixed assets and miscellaneous	5,198	4,902	4,678	4,575	4,677	4,685	4,926	5,096	5,290	5,808	6,115	6,173	0.9	6.3	16.7
Foreign branches	-109	-136	-53	-148	-139	-154	-178	-202	-213	-215	-223	-225	0.8	5.0	5.9
Other assets	7,549	7,816	7,137	6,178	5,682	6,277	8,505	6,946	6,623	7,646	7,642	8,144	6.6	6.5	23.0
Liabilities	103,079	101,732	113,285	112,600	131,476	152,153	182,596	198,438	213,673	243,766	284,558	283,983	-0.2	16.5	32.9
Deposits	44,445	52,625	62,685	75,668	94,095	116,719	135,711	154,387	171,258	198,662	224,346	229,581	2.3	15.6	34.1
Public sector ³	1,636	3,077	6,039	6,946	7,029	7,564	19,600	17,757	23,318	23,598	29,754	29,124	-2.1	23.4	24.9
Private sector ³	38,289	47,097	55,384	67,859	85,714	107,671	114,176	134,426	146,126	173,203	192,486	198,471	3.1	14.6	35.8
Current account	8,905	11,588	13,966	17,946	20,604	27,132	30,188	35,127	39,489	46,297	51,025	52,519	2.9	13.4	33.0
Savings account	6,309	10,547	14,842	18,362	23,165	30,169	32,778	40,999	43,654	53,085	57,650	63,331	9.9	19.3	45.1
Time deposit	11,083	18,710	22,729	27,736	38,043	45,770	46,990	54,058	57,290	67,568	76,418	75,308	-1.5	11.5	31.5
CEDRO	9,016	2,409	798	3	1	0	0	0	0	0	0	0	-	-	-
Other netted liabilities due to financial intermediation	49,341	42,367	45,083	32,349	31,750	29,323	39,298	34,235	33,704	34,427	49,963	44,248	-11.4	28.5	31.3
Interbanking obligations	836	726	1,070	1,488	3,383	1,979	1,160	1,668	1,845	1,903	1,971	2,362	19.8	24.1	28.0
BCRA lines	16,624	17,030	17,768	10,088	3,689	675	649	41	37	57	171	193	12.8	239.5	428.4
Outstanding bonds	9,073	6,674	7,922	6,548	6,413	6,686	5,672	4,626	3,750	2,802	4,740	4,779	0.8	70.6	27.5
Foreign lines of credit	15,434	9,998	5,444	2,696	2,249	1,833	2,261	1,262	1,182	1,716	2,497	2,794	11.9	62.8	136.4
Other	7,374	7,939	12,878	11,530	16,015	18,150	29,555	26,638	26,891	27,949	40,584	34,119	-15.9	22.1	26.9
Subordinated debts	3,622	1,850	1,304	1,319	1,642	1,668	1,759	1,918	1,970	2,148	1,879	1,833	-2.4	-14.6	-7.0
Other liabilities	5,671	4,890	4,213	3,264	3,989	4,443	5,828	7,897	6,741	8,528	8,370	8,321	-0.6	-2.4	23.4
Net worth	15,827	14,900	14,780	17,080	20,938	23,356	26,292	31,111	31,409	36,259	36,158	37,011	2.4	2.1	17.8
Memo															
Netted assets	117,928	115,091	121,889	123,271	143,807	166,231	192,074	216,100	231,852	267,364	298,539	303,635	1.7	13.6	31.0

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

Source: BCRA

Statistics annex | Private banks (cont.)

Chart 7 | Profitability Structure

Amount in million of pesos	Annual									First 6 months		Monthly			Last
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2010	2011	Apr-11	May-11	Jun-11	12 months
Financial margin	10,628	2,575	3,415	5,253	7,778	8,960	12,964	19,724	21,837	9,584	11,936	2,079	1,996	2,088	24,189
Net interest income	-304	107	1,214	2,069	2,826	4,191	7,727	10,572	12,842	5,854	8,081	1,353	1,417	1,458	15,069
CER and CVS adjustments	1,476	1,082	900	1,215	858	662	651	185	244	108	144	27	28	25	281
Foreign exchange price adjustments	6,189	-312	666	576	740	990	1,620	1,646	1,493	718	970	164	160	174	1,745
Gains on securities	3,464	1,892	959	1,259	3,154	2,888	1,637	7,343	7,464	2,947	2,907	564	419	459	7,424
Other financial income	-197	-195	-322	134	199	229	1,329	-22	-205	-42	-166	-29	-28	-28	-329
Service income margin	2,782	2,341	2,774	3,350	4,459	5,881	7,632	9,198	11,345	5,291	6,955	1,193	1,252	1,266	13,009
Loan loss provisions	-6,923	-1,461	-1,036	-714	-737	-1,174	-1,863	-2,751	-2,253	-1,051	-1,143	-216	-208	-153	-2,346
Operating costs	-6,726	-5,310	-5,382	-6,303	-7,741	-9,735	-12,401	-14,807	-18,819	-8,800	-11,201	-1,845	-2,003	-2,003	-21,220
Tax charges	-512	-366	-393	-509	-769	-1,105	-1,715	-2,380	-2,927	-1,317	-1,897	-327	-333	-359	-3,507
Adjust. to the valuation of gov. securities ²	0	-665	-51	-201	-170	-100	-267	0	47	9	-40	0	0	0	-2
Amort. payments for court-ordered releases	0	-791	-1,147	-1,168	-1,182	-1,466	-688	-367	-441	-241	-62	-10	-12	-12	-262
Other	-4,164	1,178	846	1,156	1,641	1,576	916	398	1,382	575	908	108	128	231	1,716
Monetary results	-10,531	-20	0	0	0	0	0	0	0	0	0	0	0	0	0
Total results before tax ¹	-15,447	-2,518	-973	865	3,279	2,836	4,579	9,014	10,171	4,050	5,457	982	820	1,057	11,578
Income tax	-337	-295	-202	-217	-365	-380	-1,168	-3,001	-2,733	-1,161	-1,754	-319	-255	-374	-3,326
Resultado total¹	-15,784	-2,813	-1,176	648	2,915	2,457	3,412	6,014	7,438	2,889	3,703	663	565	683	8,252
Resultado ajustado ⁴	-	-1,357	252	2,016	4,267	4,023	4,367	6,381	7,832	3,121	3,804	673	577	696	8,516
Annualized indicators - As % of netted assets															
Financial margin	7.6	2.3	2.9	4.3	5.9	5.8	7.3	9.8	9.3	8.7	8.4	8.7	8.1	8.3	9.1
Net interest income	-0.2	0.1	1.0	1.7	2.1	2.7	4.4	5.3	5.5	5.3	5.7	5.7	5.8	5.8	5.7
CER and CVS adjustments	1.1	0.9	0.8	1.0	0.6	0.4	0.4	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Foreign exchange price adjustments	4.4	-0.3	0.6	0.5	0.6	0.6	0.9	0.8	0.6	0.6	0.7	0.7	0.7	0.7	0.7
Gains on securities	2.5	1.7	0.8	1.0	2.4	1.9	0.9	3.7	3.2	2.7	2.0	2.4	1.7	1.8	2.8
Other financial income	-0.1	-0.2	-0.3	0.1	0.2	0.1	0.8	0.0	-0.1	0.0	-0.1	-0.1	-0.1	-0.1	-0.1
Service income margin	2.0	2.0	2.4	2.7	3.4	3.8	4.3	4.6	4.8	4.8	4.9	5.0	5.1	5.1	4.9
Loan loss provisions	-5.0	-1.3	-0.9	-0.6	-0.6	-0.8	-1.1	-1.4	-1.0	-1.0	-0.8	-0.9	-0.8	-0.6	-0.9
Operating costs	-4.8	-4.6	-4.6	-5.1	-5.9	-6.3	-7.0	-7.4	-8.0	-8.0	-7.9	-7.7	-8.1	-8.0	-8.0
Tax charges	-0.4	-0.3	-0.3	-0.4	-0.6	-0.7	-1.0	-1.2	-1.2	-1.2	-1.3	-1.4	-1.4	-1.4	-1.3
Adjust. to the valuation of gov. securities ²	0.0	-0.6	0.0	-0.2	-0.1	-0.1	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amort. payments for court-ordered releases	0.0	-0.7	-1.0	-1.0	-0.9	-0.9	-0.4	-0.2	-0.2	-0.2	0.0	0.0	0.0	0.0	-0.1
Other	-3.0	1.0	0.7	0.9	1.2	1.0	0.5	0.2	0.6	0.5	0.6	0.5	0.5	0.9	0.6
Monetary results	-7.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total results before tax ¹	-11.1	-2.2	-0.8	0.7	2.5	1.8	2.6	4.5	4.3	3.7	3.8	4.1	3.3	4.2	4.3
Income tax	-0.2	-0.3	-0.2	-0.2	-0.3	-0.2	-0.7	-1.5	-1.2	-1.1	-1.2	-1.3	-1.0	-1.5	-1.2
ROA³	-11.3	-2.5	-1.0	0.5	2.2	1.6	1.9	3.0	3.2	2.6	2.6	2.8	2.3	2.7	3.1
ROA adjusted ⁴	-11.3	-1.2	0.2	1.6	3.2	2.6	2.5	3.2	3.3	2.8	2.7	2.8	2.3	2.8	3.2
ROE before tax ³	-77.3	-17.1	-6.7	5.5	17.2	12.6	20.4	34.4	33.5	33.0	39.1	36.1	29.6	37.4	35.8
ROE ³	-79.0	-19.1	-8.1	4.1	15.3	10.9	15.2	22.9	24.5	19.6	22.1	24.4	20.4	24.1	25.5

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

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

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

Source: BCRA

Chart 8 | Portfolio Quality

As percentage	Dec 02	Dec 03	Dec 04	Dec 05	Dec 06	Dec 07	Dec 08	Dec 09	Jun 10	Dec 10	May 11	Jun 11
Non-performing loans (overall)	19.8	15.7	8.9	4.4	2.9	2.2	2.5	3.1	2.6	1.9	1.6	1.5
Provisions / Non-performing loans	71.3	73.0	89.2	102.7	114.2	123.4	118.5	115.9	122.4	143.5	156.8	154.5
(Total non-performing - Provisions) / Overall financing	5.7	4.2	1.0	-0.1	-0.4	-0.5	-0.5	-0.5	-0.6	-0.8	-0.9	-0.8
(Total non-performing - Provisions) / Net worth	20.1	14.4	3.4	-0.4	-1.4	-2.1	-1.9	-1.7	-2.3	-3.4	-4.2	-4.0
Non-performing loans to the non-financial private sector	37.4	30.4	15.3	6.3	3.6	2.5	2.8	3.3	2.7	2.0	1.6	1.6
Provisions / Non-performing loans	72.2	75.0	88.3	102.4	113.9	122.7	118.0	115.1	122.1	143.0	156.0	153.7
(Total non-performing - Provisions) / Overall financing	10.4	7.6	1.8	-0.1	-0.5	-0.6	-0.5	-0.5	-0.6	-0.9	-0.9	-0.9
(Total non-performing - Provisions) / Net worth	19.1	12.9	3.6	-0.4	-1.4	-2.0	-1.8	-1.6	-2.2	-3.4	-4.2	-3.9

Source: BCRA