

# Report on Banks

December 2012



BANCO CENTRAL  
DE LA REPÚBLICA ARGENTINA

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December 2012

Year X, N° 4



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DE LA REPÚBLICA ARGENTINA**

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Note | Information for December 2012 available by January 28<sup>th</sup>, 2013, 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 subject to changes. Except otherwise provided, end-of the month data is included

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## Summary for month

- **The total balance of lending to the private sector** (in domestic and foreign currency) **expanded 4.8% in December, evidencing one of the greatest monthly hikes in the last 2 years.** Loans in pesos rose 5.3% over the period while loans in foreign currency continued declining. **The momentum observed in financing to the private sector by the end of 2012 was mainly boosted by credits granted to companies,** by expanding 6.4% over the period (the greatest monthly increase in the last 8 years). In turn, loans granted to households climbed 3%, evidencing improvements in all lines.
- **Total deposits stock** (in domestic and foreign currency) within the financial system **grew 3.3% over the month, with an important expansion in the case of private sector deposits, which rose 6.4%.** The increase observed in private sector deposits in pesos was primarily driven by sight accounts (8.7%) and, to a lesser extent, time deposits (3.6%).
- **The liquidity indicator** (in domestic and foreign currency) **stood at 26.9% of deposits, with a slight 0.4 p.p. reduction in December.** Regarding liquidity, and considering its broad definition (which includes LEBAC and NOBAC holdings), it dropped (-1.1 percentage points —p.p.—), down to 38.7% of deposits in a context of sustained momentum shown by credit.
- **Financial system net worth increased 2.2% in December.** The capital compliance level reached 17.1% of credit risk-weighted assets (RWA) at the end of 2012. Excess in capital compliance accounted for 59% of the requirement, falling 3 p.p. over the month resulting from progress made in the implementation of the scheme regarding the operational risk capital requirement. **Financial system book profits climbed 0.4 p.p. of total netted assets in December until standing at 3.2% in annualized —a.— terms,** boosted by better gains on securities and net income interest.

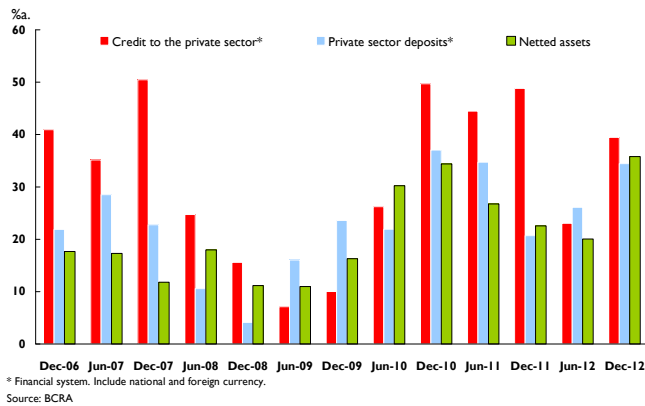
## Summary for year

- **Private sector lending (in domestic and foreign currency) grew 31% during 2012; such growth was mainly driven by the granting of loans in pesos (41.4% y.o.y.).** Loans granted to companies expanded 30.8% y.o.y., and a sharp rise was observed in the contribution made by public banks to such change (they provided 42.1% of the total y.o.y. expansion recorded in this credit segment). **Particularly, the growth of financing to companies accelerated in the second half of the year, especially as a result of the Credit Line for Productive Investment,** and expanded 43.4% a. (exceeding the figure recorded for lines to households, which was 36% a.).
- The **Credit Line for Productive Investment** surpassed the target set for 2012 in relation to the total amount of loans to be issued (which amounted to \$14.93 billion); therefore, total disbursements equaled \$16.763 billion as of December. When the issue of loans agreed upon in segments finalize, the total will equal \$17.993 billion, exceeding the target initially set by 20%. It has been estimated that loans granted through this line during the second half of 2012 and the first half of 2013 will account for about 1.5% of GDP. Meanwhile, and within the framework of the **Bicentenary Productive Financing Program,** the BCRA has conducted 20 fund auctions for a total of \$6.184 billion; 68% of this amount has already been granted to companies.
- **The use of tools facilitating access by the population to financial services, such as the Universal Free Bank Account (CGU) and transactions conducted through electronic means of payment increased in 2012.** The accumulated amount of immediate fund transfers expanded 120% y.o.y. in the second half of the year (72% y.o.y. in terms of quantity) accounting for 7.2% of GDP, almost doubling transfers made a year before.
- **The non-performing ratio for loans to the private sector stood at 1.7% in December 2012,** slightly above the figure recorded 12 months before. **This indicator has remained at a relatively low level in terms of a historic and international comparison. The financial system ended the year exhibiting high provisioning levels.**
- **Private sector deposits in pesos increased 40.7% over the year,** mainly due to the expansion of time accounts (49% y.o.y.). The latter reached 38.9% of the total balance of private sector deposits in December 2012 (up 4.9 p.p. y.o.y.). **The financial system broad liquidity indicator** (which includes LEBAC and NOBAC holdings) **rose 1.1 p.p. last year.**
- **Banks' net worth ended the year posting a 29.7% annual rise due to book profits obtained** and, to a lesser extent, capital contributions. **Capital compliance grew 1.5 p.p. of RWA in 2012,** unlike what happened in 2011, when this indicator fell 2.1 p.p.. A specific schedule started being applied in February 2012 to comply with the capital requirement in order to cover operating risks, resulting in a reduction of the excess in financial system capital compliance in relation to the requirement, within a framework where **all bank groups continued exhibiting excess in capital compliance.**
- **The financial system accrued profits totaling 2.9% of assets between January and December 2012, up 0.2 p.p. against the previous year. All bank groups raised profitability annual ratios.** The most stable net income levels in 2012 (net interest income and service income margin) gained share within total income.

# I. Activity

Chart 1

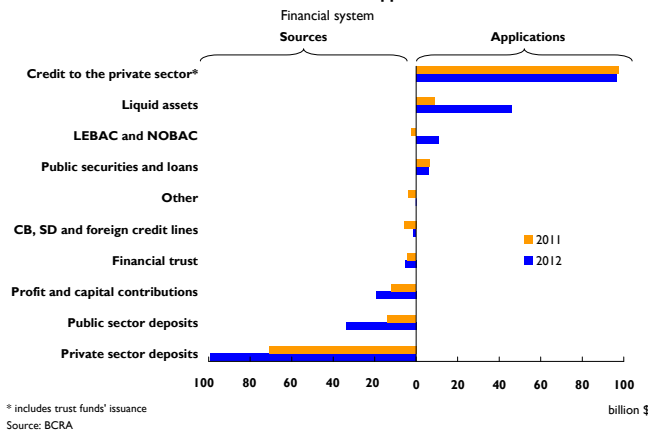
Financial Intermediation  
Annualized 6-month % variation



The financial system continued raising financial intermediation levels with the private sector in 2012 and a higher growth pace was observed in the last part of the year (see Chart 1). Thus, the balance of financing to companies and households increased 31% over the year (39.5%a. in the second half of the year) whilst deposits from the same sector<sup>1</sup> expanded 30.2% (34.5%a. in the second half of the year). Within this framework, netted assets<sup>2</sup> grew 27.7% in 2012 (35.8%a. in the second half of the year).

In December, credit to the private sector was the financial system's main application of funds (they grew \$18.8 billion), followed by a contraction observed in public sector deposits (\$6.7 billion). Funds were also applied to the rise in the balance of liquid assets. The increase in funding in December stemmed mainly from private sector deposits (\$25.7 billion) and, to a lesser extent, from the expansion evidenced by net worth and less holding of BCRA bills and notes.

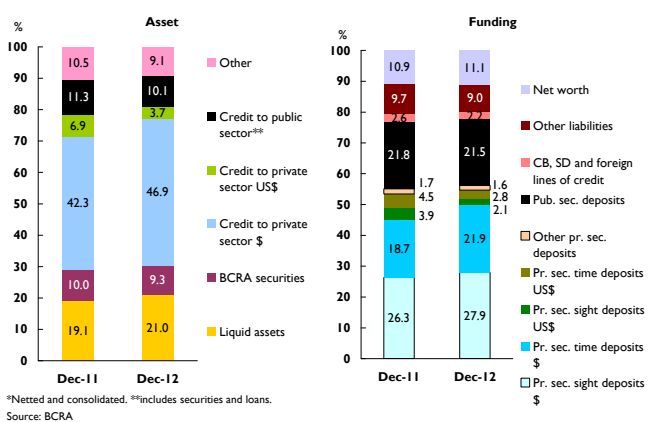
Chart 2  
Estimation of Main Sources and Applications of Funds



The most relevant application of funds of the financial system in 2012 was the rise observed in lending to the private sector (\$96.4 billion) followed by an increase in liquid assets (\$45.8 billion). LEBAC and NOBAC holdings also climbed in 2012 albeit to a lesser extent. The expansion of private sector deposits (\$99.2 billion) was the main fund source over the period. The hike exhibited by public sector deposits during the year (\$33.8 billion) as well as profits and capital contributions (\$19.3 billion) were also fund sources for the financial system (see Chart 2).

Chart 3

Balance Sheet Composition\* of the Financial System



Considering a year on year (y.o.y.) comparison, items in pesos making up the banking balance sheet gained share gradually. In the case of assets, the share of lending to the private sector in pesos rose 4.6 p.p., up to 46.9% (see Chart 3). Liquid assets also gained weighing within bank assets albeit to a lesser extent. In turn, the most dynamic items in bank funding — liabilities and net worth — were private sector deposits in pesos, especially time deposits, which raised their share by 3.2 p.p. until accounting for 21.9% of total funding. Private sector sight deposits in pesos also gained more relative share, up to 27.9% (up 1.6 p.p. against a year before).

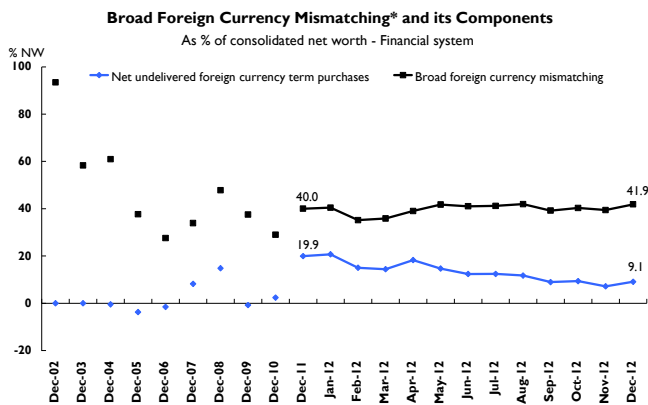
Meanwhile, financial system foreign currency broad mismatching<sup>3</sup> accounted for 41.9% of net worth, going up 2.4 p.p. against last month (see Chart 4). The

<sup>1</sup> Based on balance sheet stocks corresponding to items in domestic and foreign currency.

<sup>2</sup> Assets are netted to take into consideration accounting duplications from repo, term and unsettled spot transactions.

<sup>3</sup> Including the difference between assets and liabilities, as well as term purchases and sales of foreign currency recorded in memorandum accounts (without delivery of underlying assets).

Chart 4

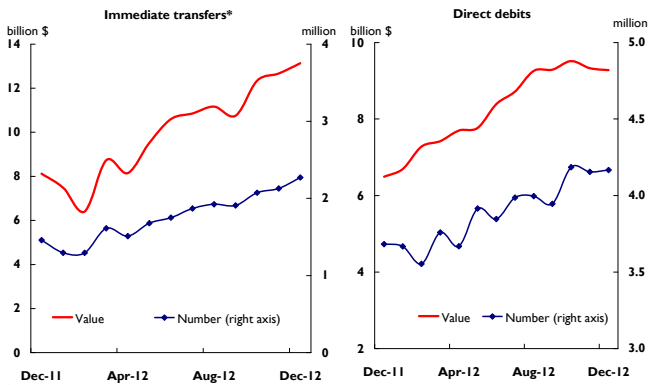


\* Assets - Liabilities + Net undelivered foreign currency term purchases (memorandum account)  
Source: BCRA

monthly performance was mainly accounted for by an increase in assets in foreign currency pertaining to public banks and more net term purchases of foreign currency by foreign private banks. **This mismatching remained at a moderate level in the last 12 months** and climbed 1.9 p.p. in terms of net worth y.t.d..

**In line with the rise observed in the level of financial intermediation, the use of electronic means of payment increased in 2012.** The momentum shown by instant transfers in the last month of the year, both in the value of the transaction (3.7%) and in the quantity of transfers (6.7%), should be underscored; meanwhile, direct debits remained relatively stable (-0.5% in terms of the value and +0.3% in terms of quantity). **Instant transfers and direct debits posted outstanding momentum throughout 2012** (see Chart 5). The value of instant transfers in the second half of the year grew 120% y.o.y. and 72% y.o.y. in the case of quantity of transactions. Similarly, the use of direct debits in the second half of 2012 grew 48% y.o.y. in terms of values and 11% y.o.y. in relation to the quantity of operations.

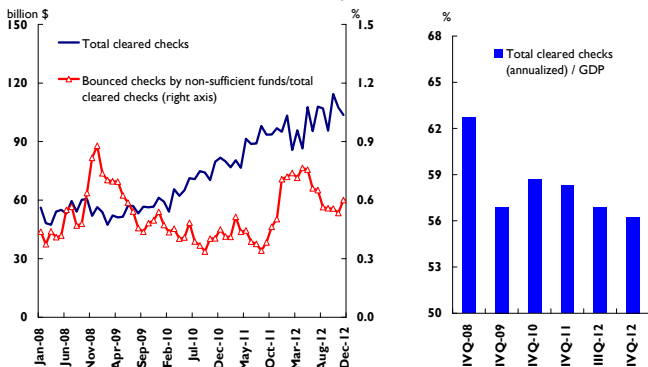
Chart 5  
Electronic Means of Payment



\*Immediate transfers through Link and Banelco  
Source: BCRA

The quantity and value of checks cleared fell 6.7% and 3.6% respectively in December. **In the last 6 months the value of checks issued rose 12.3% y.o.y. and the quantity fell 4.8% y.o.y..** On the other hand, the value of checks rejected on account of insufficient funds exhibited a slight monthly rise in terms of the total value traded. Nevertheless, these levels were below those recorded at the end of 2011 and the start of 2012 (see Chart 6).

Chart 6  
Cleared and Bounced Checks  
Amounts Operated



Source: BCRA

In order to reduce the use and movement of cash and to make operations more secure, especially in the case of high amounts, the BCRA implemented, once again, the use of settlement checks (ChC) at the end of 2010. **The volume of settlement checks in pesos amounted to \$209 million since they were launched until the end of 2012; in the case of dollars, such volume totaled US\$248 million.** The BCRA recently ordered that companies may use settlement checks in pesos<sup>4</sup> for their operations.

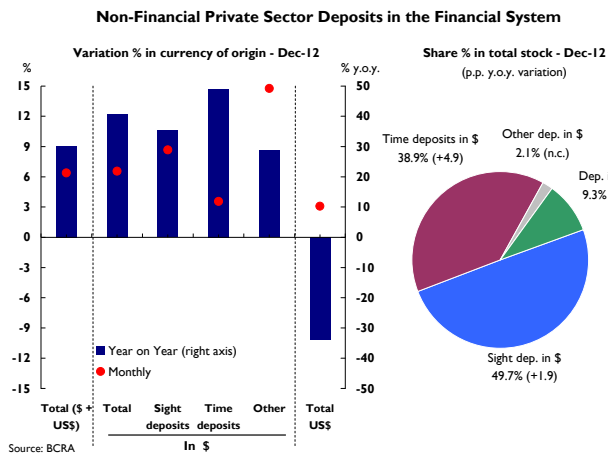
**The amount of Universal Free Bank Accounts (CGU) reached 126,000<sup>5</sup> by the end of 2012, up 41% y.o.y..** The opening of such accounts was mainly registered in public banks, which accounted for almost 57% of the total.

<sup>4</sup> Communication "A" 5385.

<sup>5</sup> Out of which 20,000 are under validation process.

## II. Deposits and liquidity

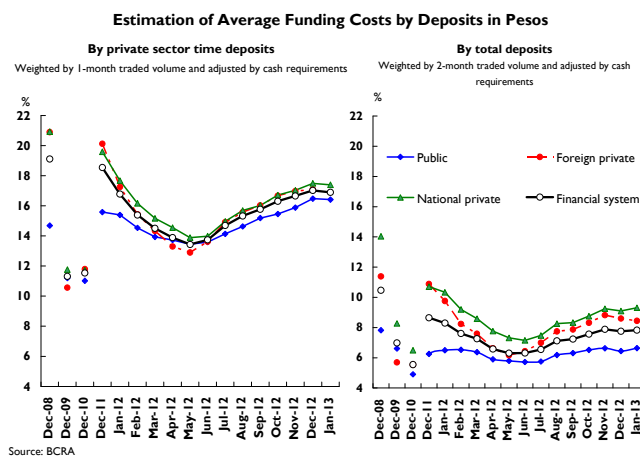
Chart 7



**Total deposits stock** (in domestic and foreign currency) within the financial system rose 3.3% in December due to the momentum shown by private sector deposits, which climbed 6.4%. Particularly, **private sector deposits in pesos increased 6.5% over the month, boosted by sight accounts (8.7%) and time accounts (3.6%)** (see Chart 7).

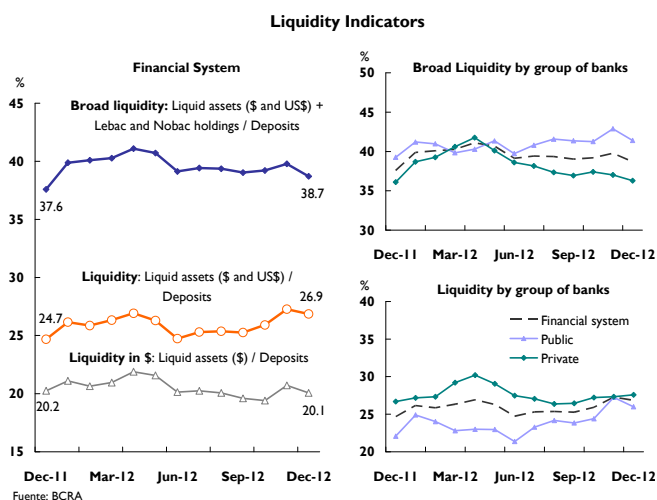
**Total deposits increased 28.8% y.o.y.**, driven by rises in deposits from the private sector (30.2% y.o.y.) and the public sector (26.1% y.o.y.). The expansion observed in deposits is **mainly accounted for by private sector deposits in pesos, which climbed 40.7% over the last 12 months. Time accounts grew the most in this segment during the year (49% y.o.y.), increasing their share in the total stock of private sector deposits by 4.9 p.p. (accounting for 38.9%)**. In turn, private sector deposits in dollars (currency of origin) fell 34% in year-to-date terms over the period under study. Within the framework of the macroprudential regulation in force, this drop in foreign currency deposits did not affect banks' financial intermediation and banks could face fund withdrawals while a substitution of credit lines in dollars with loans in pesos was observed.

Chart 8



**The funding cost estimated for the financial system in January 2013 was slightly lower than the figure recorded over the same month in 2012 (-0.5 p.p.)**, mainly due to a reduction in borrowing interest rates. However, the funding cost registered at the start of the year exceeded that of December 2012 slightly given a rise in weighing of fixed time deposits (see Chart 8).

Chart 9



**The broad liquidity ratio (which includes LEBAC and NOBAC holdings) fell in December (-1.1 p.p.) against the month before, down to 38.7%**, due to a higher increase in deposits in relation to liquid assets (see Chart 9). Meanwhile, **the liquidity indicator (that does not include LEBAC and NOBAC holdings) also reduced on the margin (-0.4 p.p.), reaching 26.9%**. Liquidity reduction in financial institutions is partly explained by greater demand for transactional money on account of seasonal factors.

**The broad liquidity indicator rose 1.1 p.p. against December 2011.** Regarding the evolution by type of bank, it was observed that public banks ended the year with a broad liquidity ratio that exceeded the value recorded at the end of 2011 by 2.1 p.p. Meanwhile, the broad liquidity indicator for private banks surpassed that of the previous year slightly.

In December, the non-homogeneous reduction of minimum cash requirement ratios —based on the zone where institutions receiving deposits are located and on

Chart 10

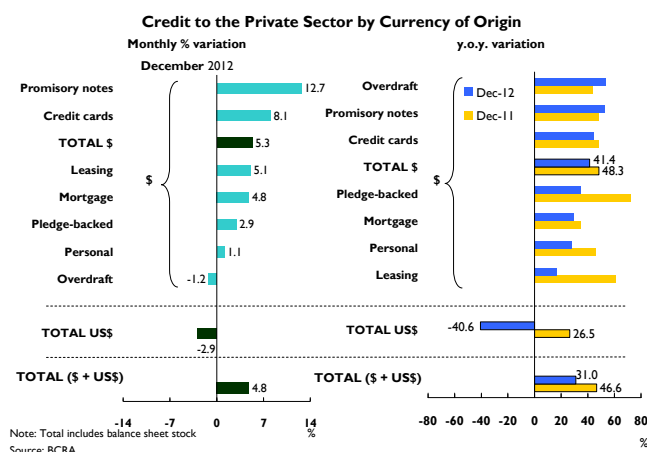


Chart 11

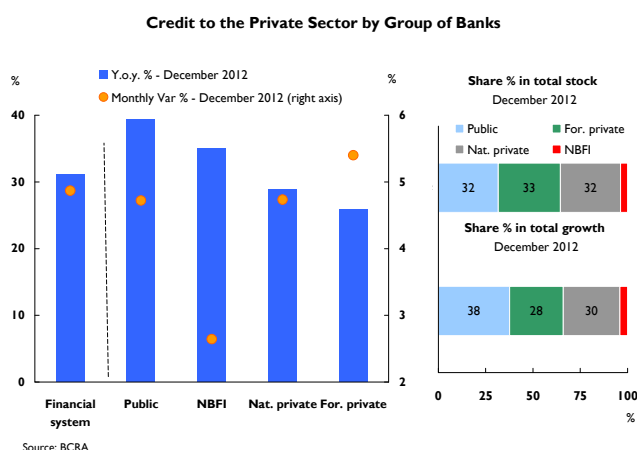
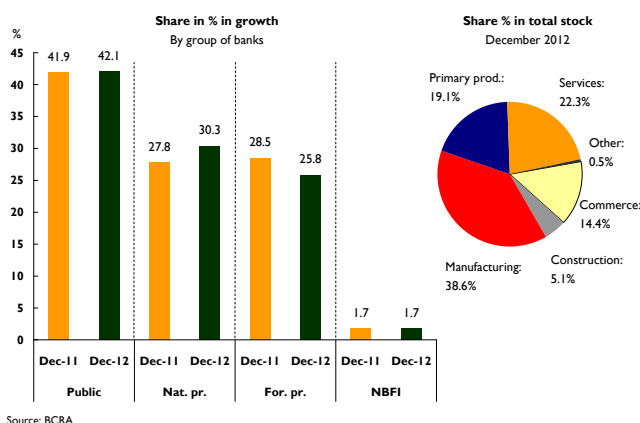


Chart 12  
Credit to Companies



the share of financing granted to smaller companies— continued<sup>6</sup>. The new minimum reserve requirement scheme became effective in October 2012 in order to promote financial services in areas with less economic development and population and to channel lending towards small and medium-sized enterprises.

### III. Financing

Lending to the private sector expanded 4.8%<sup>7</sup> in December thereby evidencing one of the most important monthly rises in the last 2 years. Particularly, loans in pesos climbed 5.3% over the month whilst lending in foreign currency remained falling. Almost all credit lines in pesos expanded in December. Promissory notes together with credit cards were the lines that exhibited the greatest relative growth (see Chart 10). Total lending to the private sector increased 51.3% a., in the last quarter of the year, 15 p.p. more than the expansion registered in the same 2011 period. Thus, total financing (in pesos and in foreign currency) granted to companies and households grew 31% y.o.y. during 2012 explained for by loans in pesos, which increased 41.4% y.o.y..

The expansion of lending to the private sector in 2012 was observed in all groups of financial institutions (see Chart 11). Loans granted by public banks were the most dynamic, growing 39% y.o.y.. In turn, although private banks (national and foreign) evidenced lower growth rates, they represented more than 58% of the y.o.y. growth observed in financing to this sector. Consequently, private banks reduced their share in the total balance of lending to the private sector by 2 p.p. (down to 64.7%) against the values recorded at the end of 2011; meanwhile, public banks increased their weighing practically in the same proportion, up to 31.7% of the total.

Loans granted to companies<sup>8</sup> grew 6.4% in December, registering the highest monthly expansion rate in the last 8 years. All economic sectors raised their bank financing over the period. Credits to the manufacturing and service sectors were the most dynamic in the month, accounting for almost 70% of the growth observed in lending to companies. Loans granted to companies over the last 12 months climbed 30.8% y.o.y. (see Chart 12). It should be noted that lines granted to companies accelerated their expansion in the second half of 2012, evidencing

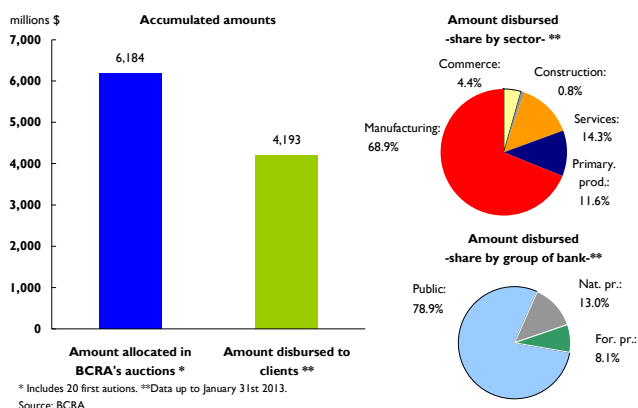
<sup>6</sup> Communication “A” 5356.

<sup>7</sup> If balance sheet stocks are adjusted by the assets securitized during December (using bank loans granted as underlying assets), the monthly change in private sector lending would amount to 5.1%. By the end of 2012, nine financial trusts were issued for a total of \$1.122 billion, six of those trusts corresponded to securitizations of personal loans (\$1.001 billion); one, to securitization of credit card coupons (\$53 million); one, to securitizations of leasing agreements (\$38 million) and one, to securitizations of pledge-backed loans (\$31 million).

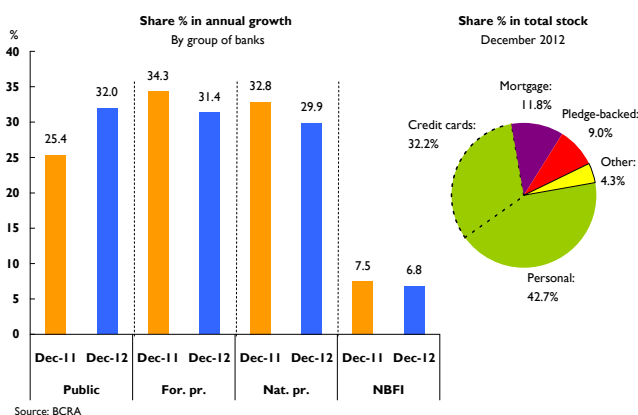
<sup>8</sup> They include total balances (in domestic and foreign currency). Loans to companies include those granted to legal persons as well as commercial loans granted to natural persons. In turn, loans granted to natural persons are considered within financing to households unless they serve commercial purposes.



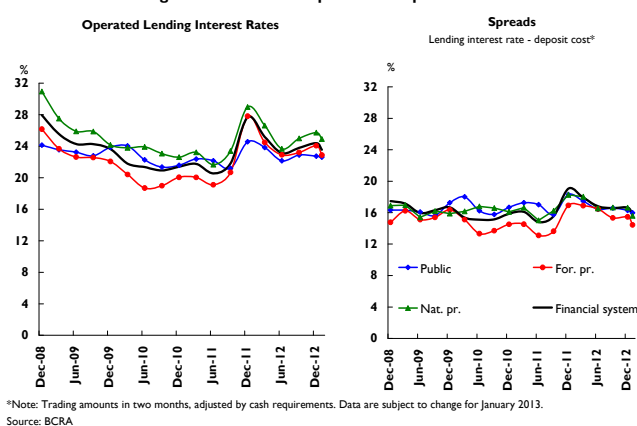
**Chart 13**  
**Bicentenary Productive Financing Program**



**Chart 14**  
**Credit to Households**



**Chart 15**  
**Lending Interest Rate and Spreads for Operations in Pesos**



a 43.4% annualized growth rate in the second half of the year, surpassing the value recorded in the first half (19.3% a.).

**Public banks were the main driver of lines granted to companies, exhibiting a 40.5% y.o.y. growth in the segment and accounting for 42.1% of the total expansion.** Thus, public banks had a significant countercyclical role in 2012. National private banks also raised their share in the growth of lending to this sector up to 30.3%.

The BCRA continued deepening measures aimed at stimulating bank financing for productive purposes by the end of 2012. The **Credit Line for Productive Investment**<sup>9</sup> exceeded the target set for 2012 regarding loans to be issued (it originally amounted to \$14.9 billion) and the total amount of loans disbursed equaled \$16.8 billion as of December. In addition, when the disbursement of loans agreed in sections is over, the total will reach \$18 billion thereby surpassing the target set for 2012 in the relevant regulation by 20%. Out of the total disbursed, 53% corresponded to micro, small and medium-sized enterprises (MiPyMEs) with manufacturing and primary production being the sectors receiving the greatest amounts<sup>10</sup>. Given its significant countercyclical and investment promotion role, **the BCRA decided to renew this instrument<sup>11</sup> at the end of 2012**, keeping the same prior general conditions and considering as benchmark 5% of the stock of deposits in pesos corresponding to the private sector as of November 2012. It has been estimated that loans granted through this line in the second half of 2012 and the new loans to be granted in the first half of 2013 will account for about 1.5% of GDP.

The BCRA has conducted 20 auctions through the **Bicentenary Productive Financing Program**<sup>12</sup> since its implementation in June 2010 and has allocated a total of \$6.2 billion amongst 14 financial institutions. Participating banks credited companies with a total of \$4.2 billion (almost 68% of the total amount allocated) as of January 2013. Lending granted under this program was primarily boosted by public banks, which explained 79% of the total amount credited (see Chart 13). Manufacturing and service companies continued being the sectors with the greatest share in the total disbursed (68.9% and 14.3% respectively).

**Financing to households rose 3% in December, evidencing a hike in all lines.** This performance was mainly accounted for by credit cards due to more spending related to the end of the year. Thus, lines for

<sup>9</sup> Communication "A" 5319 and "A" 5338

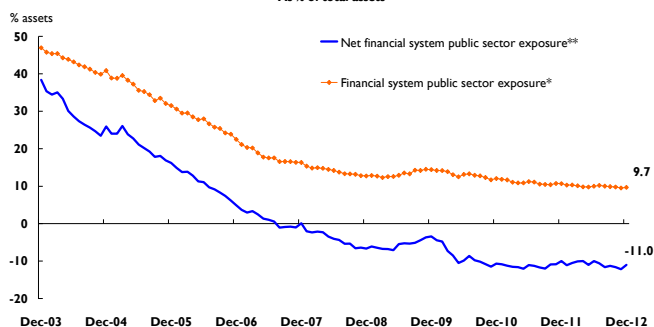
<sup>10</sup> Latest information available as of November 30th, 2012

<sup>11</sup> Communication "A" 5380.

<sup>12</sup> Communication "A" 5303.

Chart 16

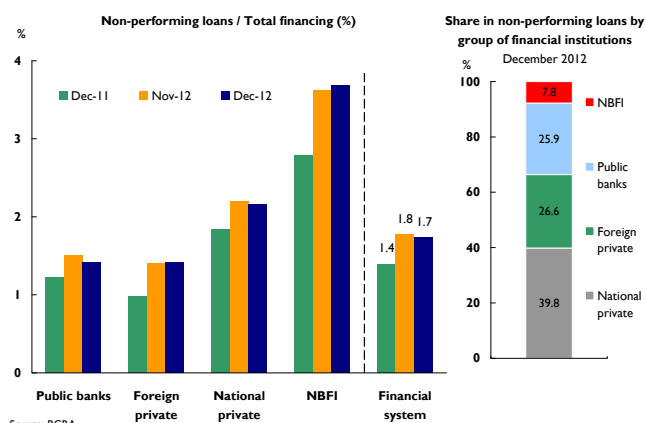
Public Sector Exposure to the Financial System  
As % of total assets



\*: (Position in government securities (not including Lebac or Nobac) + Loans to the public sector / Total Assets  
 \*\*: (Position in government securities (not including Lebac or Nobac) + Loans to the public sector - Public sector deposits) / Total Assets  
 Note: Public sector includes all jurisdictional levels (national, provincial and municipal).  
 Source: BCRA

Chart 17

Non-Performing Loans to the Private Sector by Group of Banks

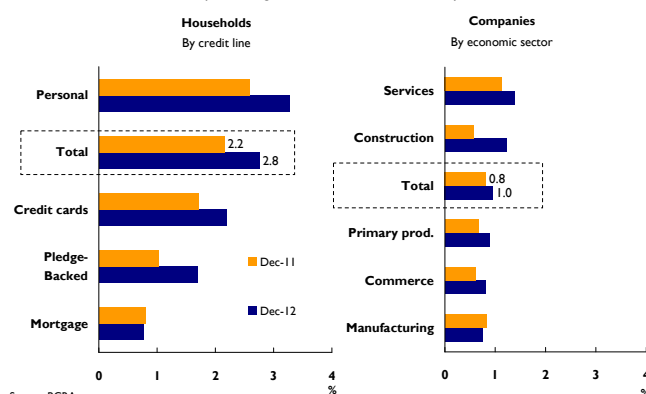


Source: BCRA

Chart 18

Non performing Financing

Non-performing loans / Total loans - Financial System



Source: BCRA

consumption purposes (personal loans and credit cards) contributed more than 97% to the monthly growth of financing to households and represented over three quarters of the total balance of financing to this sector in December (see Chart 14). **Loans to households increased 32% y.o.y. in the last 12 months**, slightly exceeding the expansion rate observed in credits granted to companies. However, the annualized growth rate of loans to households recorded in the second half of 2012 stood at 36%a., below that observed in the case of companies. Public banks contributed the most to the y.o.y. rise exhibited by credits to households and were followed by foreign private banks (32% and 31.4%) respectively.

**Lending interest rates in pesos fell, on average, in all groups of financial institutions at the start of 2013** (see Chart 15), even though they evidenced heterogeneous performance amongst credit lines. Lending rates in pesos charged on credit cards, mortgage loans and overdrafts fell over the month whilst those on pledge-backed loans, personal loans and promissory notes increased. **Considering monthly and y.o.y. terms, the fall recorded by lending interest rates exceeded the reduction in the funding cost, boosting a decrease in spreads from transactions in pesos.**

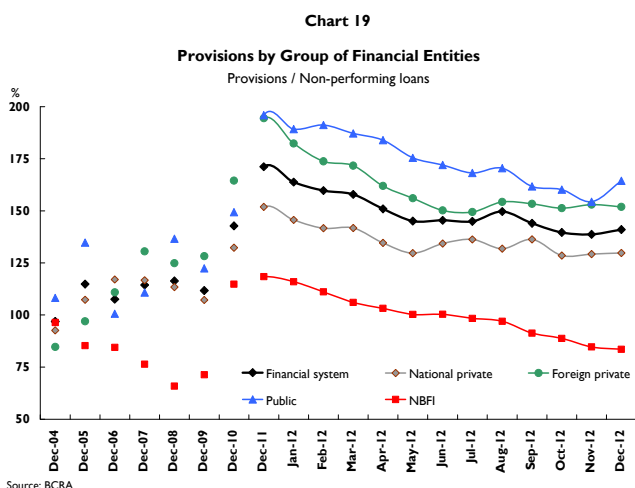
**The financial system exposure to the public sector<sup>13</sup> increased slightly over the month, up to 9.7% of total assets, even though it fell 1 p.p. y.o.y.** (see Chart 16). Considering the stock of deposits of the public sector, this sector continued exhibiting a net creditor position in relation to the financial system which equaled 11% of total assets (1.1 p.p. above the level observed a year before).

## IV. Portfolio quality

**The non-performing ratio for loans granted to the private sector dropped 0.1 p.p. in December, down to 1.7%.** Even though this indicator increased 0.3 p.p. in the last 12 months, **the financial system continues evidencing low delinquency levels from a historic and an international comparison level.** This performance was particularly observed in the first part of the year in all groups of financial institutions. Foreign private banks and non-bank financial institutions (NBFI) posted the highest relative rises (see Chart 17).

**Delinquency in loans granted to companies remained stable in December, at 1% of the total sector portfolio.** Manufacturing, commerce, and primary production, which together accounted for over 72% of

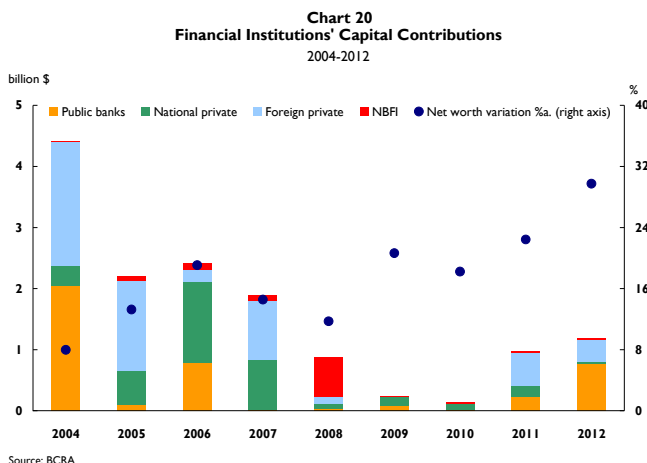
<sup>13</sup> (Position in government securities (without LEBAC and NOBAC) + Loans to the public sector + Compensations receivable + Bonds and Participation Certificates in financial trusts with securities from the public sector as underlying items + Other credits to the public sector) / Total Assets.



financing to companies, evidenced the lowest non-performing ratios in the month, below 0.9%. **This indicator increased 0.2 p.p. in the last 12 months, a performance observed in almost all economic sectors with the exception of manufacturing (see Chart 18).**

**The non-performing ratio for loans granted to households stood at 2.8% over the month, resulting from a slight deterioration observed in the performance of personal loans (see Chart 18). Delinquency of loans to households rose 0.6 p.p. y.o.y., particularly in the portfolio of foreign private banks.**

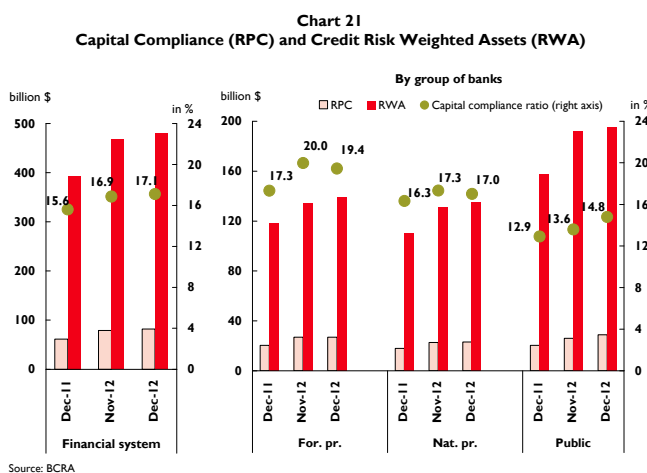
**In December, the share of loans granted to the private sector with preferred guarantees<sup>14</sup> reached 16.8% of the total, up 0.7 p.p. against a year before.** The non-performing ratio of these loans stood at 1.2% over the month, remaining stable against the end of 2011. Delinquency of loans to the private sector without guarantees was 1.8% in December and grew 0.4% in the last 12 months.



**Coverage of the private sector non-performing portfolio with provisions stood at 141% in December, up 2.3 p.p. against the month before.** This performance was mainly explained by that of public banks (see Chart 19). Thus, **the financial system ended the year with high provisioning levels** in a context where all groups of financial institutions reduced their coverage ratio gradually in the last 12 months.

## V. Solvency

**Financial system consolidated net worth rose 2.2% in December, being primarily boosted by book profits. Thus, the financial system ended the year with a 29.7% growth in net worth with a similar expansion for all groups of banks.** During the month, one public bank capitalized retained earnings for \$360 million. The banking sector received capitalizations totaling almost \$1.2 billion from January to December 2012, which were mostly channeled to public institutions (see Chart 20).

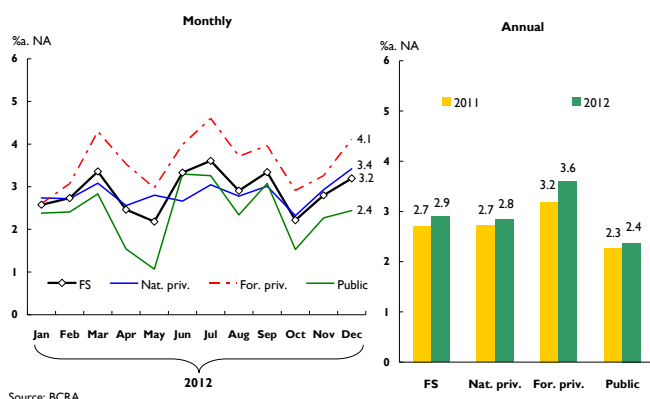


**The financial system capital compliance ratio rose 0.2 p.p. of credit-risk-weighted assets (RWA) in December, up to 17.1% (see Chart 21), thereby increasing 1.5 p.p. in 2012.** In turn, according to the scheme regarding the scheme set for operational risk capital compliance<sup>15</sup>, **the requirement for large and medium-sized banks rose in December. Consequently, excess in capital compliance in relation to the requirement fell 3 p.p. in the last**

<sup>14</sup> They consist in the ceding or assignment of rights in relation to securities or notes (Preferred Class "A") and real rights on assets or third party commitments (Preferred Class "B"). For further details, see Central Bank's ordered text on Guarantees.

<sup>15</sup> Communication "A" 5346.

**Chart 22**  
Profitability by Group of Banks  
As % of netted assets

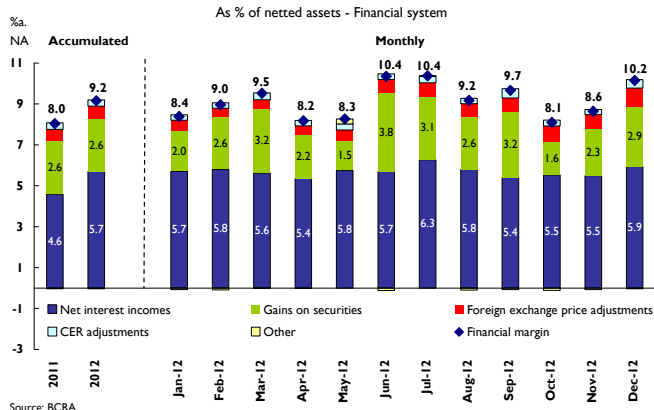


month of the year, down to 59%, accumulating a 10 p.p. annual decline. By the end of 2012, all bank groups exhibited a capital position in excess of regulatory requirements.

On December, financial system book profits increased 0.4 p.p. of assets against the month before, up to 3.2%a. (see Chart 22), with higher profitability levels in all groups of banks. The financial system accrued profits for 2.9% of assets in 2012, up 0.2 p.p. against the figure recorded last year. All groups of banks improved their annual profits, particularly foreign private banks.

Banks' financial margin climbed 1.6 p.p. of assets up to 10.2%a. in December (see Chart 23). The monthly hike was boosted by greater profits obtained from securities (especially in foreign private banks) and interest (especially, in public banks). The financial margin stood at 9.2% of assets during 2012, up 1.2 p.p. against the previous year, a change primarily driven by net income derived from interest and observed in all groups of banks.

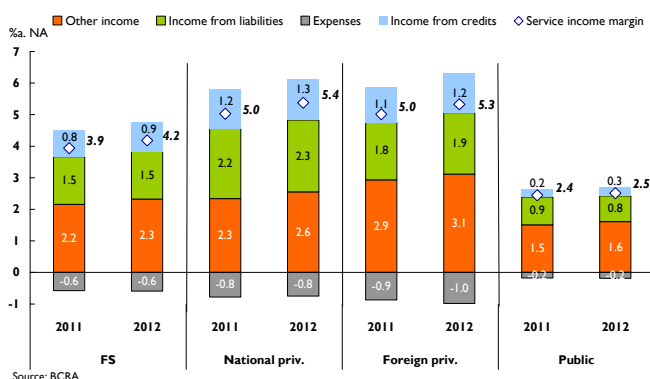
**Chart 23**  
Financial Margin  
As % of netted assets - Financial system



Financial system's net income from services rose slightly in December, up to 4.3%a. of assets. This income statement ended the year at 4.2% of assets y.t.d.(see Chart 24), up 0.3 p.p. against 2011, mainly due to more income derived from commissions related to credit transactions, the issue of credit cards, and insurance policies.

In 2012, income from interest gained share within the main financial system income sources, especially to the detriment of more volatile income, which includes income from securities.

**Chart 24**  
Service Income Margin by Group of Banks  
As % of netted assets



Loan loss provisions grew 0.3 p.p. of assets monthly, up to 1.2%a., this dynamic was mostly observed in national private banks. This expenditure increased 0.2 p.p. of assets in 2012, up to 0.9% in the financial system, an evolution mainly evidenced by private banks (both national and foreign). In turn, operating costs climbed slightly at the end of 2012, up to 7.1%a. On an annual comparison, this expenditure increased 0.3 p.p. of assets up to 7%, a trend observed in all bank groups.

The coverage ratio of operating costs with more stable net income (net of loan loss provisions) stood at 128% for the group of banks, 11 p.p. higher than a year ago, evidencing a similar performance amongst all groups of banks.

## 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” 5380 – 21/12/2012**

Credit line for productive investment. Financial institutions comprised within the financing quota for 2012 and 2013 are defined as well as the applicable terms and conditions for both periods. Those institutions that have disbursed loans for an amount exceeding the figure set as quota for 2012 may apply 50% of such excess to the financing margin anticipated for the quota for 2013. In the case of shortfall application of the 2013 quota, this will lead to a rise in the minimum cash requirement in pesos.

# 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 institution 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. Profit ratios are annualized with the exception of those ,.
- (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 institutions (national or foreign depending on their residence) and public banks. In order to increase depth of the analysis, private sector institutions 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 institutions specialized 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 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 (without 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 (Responsabilidad Patrimonial Computable) / Risk - adjusted assets according to the regulation of BCRA about Minimum Capital Compliance; 10.- Capital compliance Tier 1 / Risk weighted assets, according to the BCRA rule on minimum capital; 11.- (Capital compliance - Capital requirement) / Capital requirement. Included exemptions.

# 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.

**CABA:** Ciudad Autónoma de Buenos Aires

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

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

**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.

**Net 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.

**Net 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.

**NBFI:** Non-banking financial institution.

**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<sup>1</sup> | Financial system

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

As %	Dec 05	Dec 06	Dec 07	Dec 08	Dec 09	Dec 10	Dec 11	Nov 12	Dec 12
1.- Liquidity	20.1	22.5	23.0	27.9	28.6	28.0	24.7	27.3	26.9
2.- Credit to the public sector	31.5	22.5	16.3	12.7	14.4	12.1	10.7	9.5	9.7
3.- Credit to the private sector	25.8	31.0	38.2	39.4	38.3	39.8	47.4	47.5	49.5
4.- Private non-performing loans	7.6	4.5	3.2	3.1	3.5	2.1	1.4	1.8	1.7
5.- Net worth exposure to the private sector	-2.5	-0.8	-1.5	-1.7	-1.3	-3.2	-4.3	-2.9	-3.1
6.- ROA	0.9	1.9	1.5	1.6	2.3	2.8	2.7	2.9	2.9
7.- ROE	7.0	14.3	11.0	13.4	19.2	24.4	25.3	25.5	25.8
8.- Efficiency	151	167	160	167	185	179	179	189	190
9.- Capital compliance	15.3	16.9	16.9	16.9	18.8	17.7	15.6	16.9	17.1
10.- Capital compliance Tier I	14.1	14.1	14.6	14.2	14.5	13.1	10.9	12.3	11.9
11.- Excess capital compliance	173	134	93	90	100	87	69	62	59

Source: BCRA

## Chart 2 | Balance Sheet

In million of current pesos	Dec 08	Dec 09	Dec 10	Dec 11	Nov 12	Dec 12	Change (in %)	
							Last month	2012
<b>Assets</b>	<b>346,762</b>	<b>387,381</b>	<b>510,304</b>	<b>628,381</b>	<b>784,369</b>	<b>790,113</b>	<b>0.7</b>	<b>25.7</b>
Cash disposal <sup>1</sup>	58,676	71,067	93,085	104,389	129,253	148,559	14.9	42.3
Public bonds	65,255	86,318	117,951	112,906	140,902	123,383	-12.4	9.3
Lebac/Nobac	37,093	43,867	76,948	71,050	101,588	84,064	-17.2	18.3
Portfolio	25,652	34,748	61,855	59,664	72,098	70,576	-2.1	18.3
Repo <sup>2</sup>	11,442	9,119	15,093	11,386	29,490	13,488	-54.3	18.5
Private bonds	203	307	209	212	290	251	-13.5	18.4
Loans	154,719	169,868	230,127	332,317	412,772	433,804	5.1	30.5
Public sector	17,083	20,570	25,907	31,346	37,301	39,951	7.1	27.4
Private sector	132,844	145,247	199,202	291,708	365,757	383,559	4.9	31.5
Financial sector	4,793	4,052	5,018	9,263	9,714	10,294	6.0	11.1
Provisions over loans	-4,744	-5,824	-6,232	-7,173	-9,179	-9,591	4.5	33.7
Other netted credits due to financial intermediation	38,152	33,498	39,009	40,805	57,562	38,781	-32.6	-5.0
Corporate bonds and subordinated debt	912	1,146	1,433	1,657	2,224	2,255	1.4	36.1
Unquoted trusts	5,714	5,942	6,824	7,967	9,931	10,895	9.7	36.8
Leasing	3,935	2,933	3,936	6,222	6,861	7,203	5.0	15.8
Shares in other companies	7,236	6,711	7,921	9,123	11,439	11,708	2.4	28.3
Fixed assets and miscellaneous	7,903	8,239	9,071	10,111	10,951	11,247	2.7	11.2
Foreign branches	3,153	3,926	3,283	3,525	4,214	4,358	3.4	23.6
Other assets	12,275	10,337	11,943	15,944	19,303	20,410	5.7	28.0
<b>Liabilities</b>	<b>305,382</b>	<b>339,047</b>	<b>452,752</b>	<b>558,264</b>	<b>695,423</b>	<b>699,214</b>	<b>0.5</b>	<b>25.2</b>
Deposits	236,217	271,853	376,344	462,517	576,669	595,651	3.3	28.8
Public sector <sup>3</sup>	67,151	69,143	115,954	129,885	170,382	163,726	-3.9	26.1
Private sector <sup>3</sup>	166,378	199,278	257,595	328,463	402,022	427,709	6.4	30.2
Current account	39,619	45,752	61,306	76,804	98,290	103,150	4.9	34.3
Savings account	50,966	62,807	82,575	103,636	111,901	125,095	11.8	20.7
Time deposits	69,484	83,967	104,492	135,082	177,144	183,747	3.7	36.0
Other netted liabilities due to financial intermediation	57,662	52,114	60,029	76,038	92,245	74,994	-18.7	-1.4
Interbanking obligations	3,895	3,251	4,201	7,947	8,137	8,321	2.3	4.7
BCRA lines	1,885	270	262	1,920	3,443	3,535	2.7	84.1
Outstanding bonds	5,984	5,033	3,432	6,856	9,280	9,101	-1.9	32.7
Foreign lines of credit	4,541	3,369	3,897	6,467	5,572	4,992	-10.4	-22.8
Other <sup>1</sup>	13,974	14,891	17,426	24,137	24,297	26,336	8.4	9.1
Subordinated debts	1,763	1,922	2,165	2,065	2,633	2,647	0.5	28.2
Other liabilities	9,740	13,159	14,213	17,644	23,876	25,922	8.6	46.9
<b>Net worth</b>	<b>41,380</b>	<b>48,335</b>	<b>57,552</b>	<b>70,117</b>	<b>88,945</b>	<b>90,900</b>	<b>2.2</b>	<b>29.6</b>
<b>Memo</b>								
<b>Netted assets</b>	321,075	364,726	482,532	601,380	743,405	767,832	3.3	27.7
<b>Consolidated netted assets</b>	312,002	357,118	472,934	586,805	727,187	750,701	3.2	27.9

(<sup>1</sup>) Includes margin accounts with the BCRA. (<sup>2</sup>) Booked value from balance sheet (it includes all the counterparts)

(<sup>3</sup>) Does not include accrual on interest or CER.

Source: BCRA

<sup>1</sup> Note | Data available in Excel in [www.bcra.gov.ar](http://www.bcra.gov.ar)



# Statistics annex 1 | Financial system (cont)

## Chart 3 | Profitability Structure

Amount in million of pesos	Annual					Monthly		
	2008	2009	2010	2011	2012	Oct-12	Nov-12	Dec-12
Financial margin	20,462	28,937	35,490	43,670	61,657	4,817	5,313	6,435
Net interest income	9,573	14,488	17,963	24,903	38,353	3,287	3,377	3,765
CER and CVS adjustments	2,822	1,196	2,434	1,725	2,080	171	151	260
Foreign exchange price adjustments	2,307	2,588	2,100	3,025	4,124	451	429	572
Gains on securities	4,398	11,004	13,449	14,228	17,361	977	1,405	1,860
Other financial income	1,362	-339	-457	-211	-261	-69	-49	-22
Service income margin	10,870	13,052	16,089	21,391	28,162	2,643	2,605	2,745
Loan loss provisions	-2,839	-3,814	-3,267	-3,736	-6,116	-508	-544	-770
Operating costs	-18,767	-22,710	-28,756	-36,365	-47,298	-4,164	-4,271	-4,528
Tax charges	-2,318	-3,272	-4,120	-6,047	-8,974	-860	-859	-935
Adjust. to the valuation of gov. Securities <sup>1</sup>	-1,757	-262	-214	-336	-338	-31	-30	-31
Amort. payments for court-ordered releases	-994	-703	-635	-290	-274	-18	-12	-63
Other	1,441	918	2,079	2,963	2,520	263	105	168
Total results before tax <sup>2</sup>	6,100	12,145	16,665	21,251	29,340	2,142	2,308	3,021
Income tax	-1,342	-4,226	-4,904	-6,531	-9,843	-823	-588	-995
<b>Total result<sup>2</sup></b>	<b>4,757</b>	<b>7,920</b>	<b>11,761</b>	<b>14,720</b>	<b>19,497</b>	<b>1,319</b>	<b>1,720</b>	<b>2,026</b>
Adjusted Result <sup>3</sup>	7,508	8,885	12,610	15,345	20,109	1,368	1,761	2,120
<b>Annualized indicators - As % of netted assets</b>								
Financial margin	6.7	8.6	8.5	8.0	9.2	8.1	8.6	10.2
Net interest income	3.1	4.3	4.3	4.6	5.7	5.5	5.5	5.9
CER and CVS adjustments	0.9	0.4	0.6	0.3	0.3	0.3	0.2	0.4
Foreign exchange price adjustments	0.8	0.8	0.5	0.6	0.6	0.8	0.7	0.9
Gains on securities	1.4	3.3	3.2	2.6	2.6	1.6	2.3	2.9
Other financial income	0.4	-0.1	-0.1	0.0	0.0	-0.1	-0.1	0.0
Service income margin	3.6	3.9	3.8	3.9	4.2	4.4	4.2	4.3
Loan loss provisions	-0.9	-1.1	-0.8	-0.7	-0.9	-0.9	-0.9	-1.2
Operating costs	-6.1	-6.7	-6.9	-6.7	-7.0	-7.0	-7.0	-7.1
Tax charges	-0.8	-1.0	-1.0	-1.1	-1.3	-1.4	-1.4	-1.5
Adjust. to the valuation of gov. Securities <sup>1</sup>	-0.6	-0.1	-0.1	-0.1	-0.1	-0.1	0.0	0.0
Amort. payments for court-ordered releases	-0.3	-0.2	-0.2	-0.1	0.0	0.0	0.0	-0.1
Other	0.5	0.3	0.5	0.5	0.4	0.4	0.2	0.3
Total results before tax <sup>2</sup>	2.0	3.6	4.0	3.9	4.4	3.6	3.8	4.8
Income tax	-0.4	-1.3	-1.2	-1.2	-1.5	-1.4	-1.0	-1.6
<b>ROA<sup>2</sup></b>	<b>1.6</b>	<b>2.3</b>	<b>2.8</b>	<b>2.7</b>	<b>2.9</b>	<b>2.2</b>	<b>2.8</b>	<b>3.2</b>
ROA adjusted <sup>3</sup>	2.5	2.6	3.0	2.8	3.0	2.3	2.9	3.3
ROE before tax	17.2	29.5	34.5	36.5	38.9	31.7	33.4	42.9
ROE <sup>2</sup>	13.4	19.2	24.4	25.3	25.8	19.5	24.9	28.8

(<sup>1</sup>) Com. "A" 3911. Adjustments to the valuation of government unlisted securities according to Com. "A" 4084 are included under the "gains from securities" heading.

(<sup>2</sup>) 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.

(<sup>3</sup>) 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 05	Dec 06	Dec 07	Dec 08	Dec 09	Dec 10	Dec 11	Nov 12	Dec 12
<b>Non-performing loans (overall)</b>	<b>5.2</b>	<b>3.4</b>	<b>2.7</b>	<b>2.7</b>	<b>3.0</b>	<b>1.8</b>	<b>1.2</b>	<b>1.6</b>	<b>1.5</b>
Provisions / Non-performing loans	115	108	115	117	115	148	176	142	144
(Total non-performing - Provisions) / Overall financing	-0.8	-0.3	-0.4	-0.5	-0.5	-0.9	-0.9	-0.7	-0.7
(Total non-performing - Provisions) / Net worth	-2.6	-0.9	-1.6	-1.8	-1.7	-3.6	-4.6	-3.2	-3.3
<b>Non-performing loans to the non-financial private sector</b>	<b>7.6</b>	<b>4.5</b>	<b>3.2</b>	<b>3.1</b>	<b>3.5</b>	<b>2.1</b>	<b>1.4</b>	<b>1.8</b>	<b>1.7</b>
Provisions / Non-performing loans	115	108	114	116	112	143	171	139	141
(Total non-performing - Provisions) / Overall financing	-1.1	-0.3	-0.5	-0.5	-0.4	-0.9	-1.0	-0.7	-0.7
(Total non-performing - Provisions) / Net worth	-2.5	-0.8	-1.5	-1.7	-1.3	-3.2	-4.3	-2.9	-3.1

Source: BCRA

<sup>1</sup> Note | Data available in Excel in [www.bcra.gov.ar](http://www.bcra.gov.ar)

# Statistics annex<sup>1</sup> | Private banks

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

As %	Dec 05	Dec 06	Dec 07	Dec 08	Dec 09	Dec 10	Dec 11	Nov 12	Dec 12
1.- Liquidity	21.5	23.7	25.7	34.1	29.8	26.0	26.7	27.3	27.6
2.- Credit to the public sector	28.5	16.3	9.5	6.3	6.1	4.7	3.4	3.3	3.1
3.- Credit to the private sector	31.1	37.9	46.6	44.0	43.3	50.3	54.5	57.0	58.4
4.- Private non-performing loans	6.3	3.6	2.5	2.8	3.3	2.0	1.4	1.8	1.8
5.- Net worth exposure to the private sector	-0.4	-1.4	-2.0	-1.8	-1.6	-3.4	-4.4	-3.1	-3.1
6.- ROA	0.5	2.2	1.6	1.9	3.0	3.2	3.0	3.2	3.2
7.- ROE	4.1	15.3	10.9	15.2	22.9	24.5	25.6	26.0	26.4
8.- Efficiency	136	158	152	166	195	176	178	188	189
9.- Capital compliance	17.8	18.7	19.2	18.4	22.6	20.3	16.8	18.7	18.2
10.- Capital compliance Tier I	16.1	15.4	16.8	15.0	17.2	15.2	12.5	13.9	13.4
11.- Excess capital compliance	155	117	87	87	121	102	72	67	57

Source: BCRA

## Chart 6 | Balance Sheet

In million of current pesos	Dec 08	Dec 09	Dec 10	Dec 11	Nov 12	Dec 12	Change (in %)	
							Last month	2012
<b>Assets</b>	<b>208,888</b>	<b>229,549</b>	<b>280,025</b>	<b>364,122</b>	<b>422,171</b>	<b>432,736</b>	<b>2.5</b>	<b>18.8</b>
Cash disposal <sup>1</sup>	37,044	43,562	49,730	58,877	76,828	85,691	11.5	45.5
Public bonds	29,552	47,949	48,903	50,055	48,629	43,281	-11.0	-13.5
Lebac/Nobac	23,457	31,575	34,422	34,246	36,472	30,538	-16.3	-10.8
Portfolio	12,858	27,413	31,148	23,908	29,396	27,664	-5.9	15.7
Repo <sup>2</sup>	10,598	4,161	3,274	10,338	7,076	2,874	-59.4	-72.2
Private bonds	127	233	184	164	163	188	15.4	14.7
Loans	98,529	101,722	143,202	202,117	244,579	256,602	4.9	27.0
Public sector	6,249	1,694	1,625	1,215	1,514	1,601	5.8	31.8
Private sector	88,426	96,790	137,308	193,126	234,593	246,459	5.1	27.6
Financial sector	3,854	3,238	4,270	7,777	8,472	8,541	0.8	9.8
Provisions over loans	-2,871	-3,653	-3,926	-4,574	-5,922	-6,190	4.5	35.3
Other netted credits due to financial intermediation	25,265	21,258	20,241	29,338	24,837	18,607	-25.1	-36.6
Corporate bonds and subordinated debt	699	734	757	796	976	988	1.2	24.1
Unquoted trusts	3,869	4,198	4,500	5,268	6,349	7,145	12.5	35.6
Leasing	3,451	2,569	3,519	5,452	5,955	6,287	5.6	15.3
Shares in other companies	4,538	4,067	4,934	5,998	7,693	7,919	2.9	32.0
Fixed assets and miscellaneous	4,926	5,096	5,808	6,663	7,298	7,592	4.0	13.9
Foreign branches	-178	-202	-215	-240	0	0	-	-
Other assets	8,505	6,946	7,646	10,271	12,111	12,759	5.4	24.2
<b>Liabilities</b>	<b>182,596</b>	<b>198,438</b>	<b>243,766</b>	<b>321,123</b>	<b>367,177</b>	<b>376,532</b>	<b>2.5</b>	<b>17.3</b>
Deposits	135,711	154,387	198,662	253,705	302,914	317,331	4.8	25.1
Public sector <sup>3</sup>	19,600	17,757	23,598	27,664	35,114	33,311	-5.1	20.4
Private sector <sup>3</sup>	114,176	134,426	173,203	223,141	265,360	281,506	6.1	26.2
Current account	30,188	35,127	46,297	57,586	74,344	77,227	3.9	34.1
Savings account	32,778	40,999	53,085	66,891	67,530	76,015	12.6	13.6
Time deposit	46,990	54,058	67,568	89,924	113,634	117,855	3.7	31.1
Other netted liabilities due to financial intermediation	39,298	34,235	34,427	53,973	47,610	41,665	-12.5	-22.8
Interbanking obligations	1,160	1,668	1,903	3,524	3,374	3,465	2.7	-1.7
BCRA lines	649	41	57	456	664	694	4.5	52.1
Outstanding bonds	5,672	4,626	2,802	5,119	6,220	6,001	-3.5	17.2
Foreign lines of credit	2,261	1,262	1,716	4,252	2,696	2,168	-19.6	-49.0
Other	11,125	12,015	13,849	19,059	19,832	21,141	6.6	10.9
Subordinated debts	1,759	1,918	2,148	1,948	2,236	2,253	0.8	15.7
Other liabilities	5,828	7,897	8,528	11,497	14,417	15,283	6.0	32.9
<b>Net worth</b>	<b>26,292</b>	<b>31,111</b>	<b>36,259</b>	<b>42,999</b>	<b>54,993</b>	<b>56,203</b>	<b>2.2</b>	<b>30.7</b>
<b>Memo</b>								
<b>Netted assets</b>	<b>192,074</b>	<b>216,100</b>	<b>267,364</b>	<b>344,101</b>	<b>407,891</b>	<b>424,923</b>	<b>4.2</b>	<b>23.5</b>

(<sup>1</sup>) Includes margin accounts with the BCRA. (<sup>2</sup>) Booked value from balance sheet (it includes all the counterparts).

(<sup>3</sup>) Does not include accrual on interest or CER.

Source: BCRA

<sup>1</sup> Note | Data available in Excel in [www.bcra.gov.ar](http://www.bcra.gov.ar)

# Statistics annex<sup>1</sup> | Private banks (cont.)

## Chart 7 | Profitability Structure

Amount in million of pesos	Annual					Monthly		
	2008	2009	2010	2011	2012	Oct-12	Nov-12	Dec-12
Financial margin	12,964	19,724	21,837	27,234	38,147	3,092	3,327	3,877
Net interest income	7,727	10,572	12,842	18,518	27,886	2,512	2,481	2,651
CER and CVS adjustments	651	185	244	288	350	28	26	36
Foreign exchange price adjustments	1,620	1,646	1,493	2,064	2,451	253	248	329
Gains on securities	1,637	7,343	7,464	6,358	7,429	339	591	853
Other financial income	1,329	-22	-205	6	31	-40	-20	7
Service income margin	7,632	9,198	11,345	15,243	20,069	1,871	1,828	1,909
Loan loss provisions	-1,863	-2,751	-2,253	-2,633	-4,405	-386	-370	-577
Operating costs	-12,401	-14,807	-18,819	-23,821	-30,871	-2,685	-2,793	-2,958
Tax charges	-1,715	-2,380	-2,927	-4,300	-6,450	-650	-623	-675
Adjust. to the valuation of gov. Securities <sup>1</sup>	-267	0	47	-40	0	0	0	0
Amort. payments for court-ordered releases	-688	-367	-441	-133	-199	-11	-6	-56
Other	916	398	1,382	1,723	1,860	140	120	307
Total results before tax <sup>2</sup>	4,579	9,014	10,171	13,272	18,150	1,371	1,482	1,827
Income tax	-1,168	-3,001	-2,733	-4,293	-6,075	-511	-442	-511
<b>Total result<sup>2</sup></b>	<b>3,412</b>	<b>6,014</b>	<b>7,438</b>	<b>8,980</b>	<b>12,075</b>	<b>860</b>	<b>1,040</b>	<b>1,316</b>
Adjusted Result <sup>3</sup>	4,367	6,381	7,832	9,153	12,274	871	1,046	1,373
<b>Annualized indicators - As % of netted assets</b>								
Financial margin	7.3	9.8	9.3	9.0	10.2	9.4	9.9	11.1
Net interest income	4.4	5.3	5.5	6.1	7.4	7.6	7.4	7.6
CER and CVS adjustments	0.4	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Foreign exchange price adjustments	0.9	0.8	0.6	0.7	0.7	0.8	0.7	0.9
Gains on securities	0.9	3.7	3.2	2.1	2.0	1.0	1.8	2.4
Other financial income	0.8	0.0	-0.1	0.0	0.0	-0.1	-0.1	0.0
Service income margin	4.3	4.6	4.8	5.0	5.4	5.7	5.4	5.5
Loan loss provisions	-1.1	-1.4	-1.0	-0.9	-1.2	-1.2	-1.1	-1.7
Operating costs	-7.0	-7.4	-8.0	-7.8	-8.2	-8.2	-8.3	-8.5
Tax charges	-1.0	-1.2	-1.2	-1.4	-1.7	-2.0	-1.9	-1.9
Adjust. to the valuation of gov. Securities <sup>1</sup>	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amort. payments for court-ordered releases	-0.4	-0.2	-0.2	0.0	-0.1	0.0	0.0	-0.2
Other	0.5	0.2	0.6	0.6	0.5	0.4	0.4	0.9
Total results before tax <sup>2</sup>	2.6	4.5	4.3	4.4	4.8	4.2	4.4	5.2
Income tax	-0.7	-1.5	-1.2	-1.4	-1.6	-1.6	-1.3	-1.5
<b>ROA<sup>2</sup></b>	<b>1.9</b>	<b>3.0</b>	<b>3.2</b>	<b>3.0</b>	<b>3.2</b>	<b>2.6</b>	<b>3.1</b>	<b>3.8</b>
ROA adjusted <sup>3</sup>	2.5	3.2	3.3	3.0	3.3	2.7	3.1	3.9
ROE before tax	20.4	34.4	33.5	37.8	39.7	33.4	35.4	42.8
ROE <sup>2</sup>	15.2	22.9	24.5	25.6	26.4	21.0	24.8	30.8

<sup>(1)</sup> 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.

<sup>(2)</sup> 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.

<sup>(3)</sup> Excluding amortization of payments for court-ordered releases and the effects of Com. "A" 391 I and 4084.

## Chart 8 | Portfolio Quality

As percentage	Dec 05	Dec 06	Dec 07	Dec 08	Dec 09	Dec 10	Dec 11	Nov 12	Dec 12
<b>Non-performing loans (overall)</b>	<b>4.4</b>	<b>2.9</b>	<b>2.2</b>	<b>2.5</b>	<b>3.1</b>	<b>1.9</b>	<b>1.3</b>	<b>1.7</b>	<b>1.7</b>
Provisions / Non-performing loans	103	114	123	119	116	144	168	141	139
(Total non-performing - Provisions) / Overall financing	-0.1	-0.4	-0.5	-0.5	-0.5	-0.8	-0.9	-0.7	-0.7
(Total non-performing - Provisions) / Net worth	-0.4	-1.4	-2.1	-1.9	-1.7	-3.4	-4.4	-3.2	-3.2
<b>Non-performing loans to the non-financial private sector</b>	<b>6.3</b>	<b>3.6</b>	<b>2.5</b>	<b>2.8</b>	<b>3.3</b>	<b>2.0</b>	<b>1.4</b>	<b>1.8</b>	<b>1.8</b>
Provisions / Non-performing loans	102	114	123	118	115	143	167	139	139
(Total non-performing - Provisions) / Overall financing	-0.1	-0.5	-0.6	-0.5	-0.5	-0.9	-0.9	-0.7	-0.7
(Total non-performing - Provisions) / Net worth	-0.4	-1.4	-2.0	-1.8	-1.6	-3.4	-4.4	-3.1	-3.1

Source: BCRA

<sup>1</sup> Note | Data available in Excel in [www.bcr.gov.ar](http://www.bcr.gov.ar)